

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION**

VIRTUALPOINT, INC.,

Plaintiff,

v.

**POARCH BAND OF CREEK
INDIANS, dba PCI GAMING
AUTHORITY, et al.,**

Defendants.

Case No.: SACV 15-02025-CJC(KESx)

**ORDER GRANTING WITH LEAVE
TO AMEND DEFENDANT’S MOTION
TO DISMISS**

I. INTRODUCTION

Plaintiff Virtualpoint, Inc. (“Virtualpoint”) brings this action against Defendants the Poarch Band of Creek Indians (“PBCI” or the “Tribe”) and the National Arbitration Forum, Inc. (“NAF”) for violations of the Anti-Cybersquatting Consumer Protection Act

1 (“ACPA”), 15 U.S.C. § 1125(d); cancellation of trademark registrations pursuant to the
2 Lanham Act, 15 U.S.C. §§ 1051 *et seq.*; and common law fraud. Virtualpoint seeks
3 damages, a permanent injunction, and declaratory relief. Before the Court is the Tribe’s
4 motion to dismiss the claims against it for lack of subject-matter and personal
5 jurisdiction. (Dkt. 22.) For the following reasons, the motion is GRANTED, and
6 Virtualpoint’s claims against the Tribe are DISMISSED. Virtualpoint is GRANTED
7 LEAVE TO AMEND.¹

9 II. BACKGROUND

10
11 Virtualpoint is a “premier website developer” that owns and develops website
12 domains. (Dkt. 13 [“FAC”] ¶ 14.)² It is the owner of the domain name at issue in this
13 case—<windcreek.com>—as well as a number of related domain names (including
14 <www.windcatcher.com>, <www.windcircle.com>, and others). (*Id.* ¶¶ 15–16.) The
15 <windcreek.com> domain was evidently created in January 2003. (*Id.* ¶ 15.)

16
17 The Tribe is a federally recognized Indian tribe with a principal place of business
18 in Atmore, Alabama. (FAC. ¶ 7.) It operates a casino in Alabama and has registered
19 three trademarks related to that casino: “Wind Creek Casino & Hotel,” “Escape at Wind
20 Creek,” and “Wind Creek.” (*Id.* ¶¶ 20; 31.) In 2013, a representative of the Tribe
21 reached out to Virtualpoint to inquire about purchasing the domain <windcreek.com>.
22 (*Id.* ¶ 33.) Virtualpoint informed the Tribe that the domain was not for sale. (*Id.*)

23
24
25
26
27 ¹ Having read and considered the papers presented by the parties, the Court finds this matter appropriate
28 for disposition without a hearing. *See* Fed. R. Civ. P. 78; Local Rule 7-15. Accordingly, the hearing set
for May 16, 2016 at 1:30 p.m. is hereby vacated and off calendar.

² The Tribe describes Virtualpoint as a “domain name reseller.” (*See* Dkt. 22 [“Motion”] at 3.)

1 A little over two years later, in September 2015, the Tribe filed an administrative
2 complaint against Virtualpoint before Defendant NAF, pursuant to the Uniform Domain
3 Resolution Policy (“UDRP”). (FAC ¶ 34.) A court in the Western District of
4 Washington has explained that policy as follows:

5
6 The UDRP is a policy adopted by the Internet Corporation for Assigned
7 Names and Numbers (“ICANN”), which administers domain name
8 registration matters. The UDRP is incorporated by reference into
9 contractual agreements between registrants of domain names and the party
10 accepting the registration. When third parties challenge a registration, they
11 may seek arbitration under the UDRP even though they are not parties to the
12 registration contract.

13
14 *Stenzel v. Pifer*, No. C06-49Z, 2006 WL 1419016, at *1 (W.D. Wash. May 22, 2006)
15 (internal parentheticals and citations omitted).

16
17 The Tribe’s UDRP complaint alleged that Virtualpoint was operating
18 <windcreek.com> as a “pay-per-click website” that advertised “competing sites that offer
19 hotel and resort services virtually identical to” those of the Tribe. (Dkt. 22-3 [“Smith
20 Decl.”] Exh. 1 [“UDRP Compl.”] at 5.) Basically, when Internet users looking for
21 information on the Tribe’s Wind Creek properties visit <windcreek.com>, they are
22 directed to the Tribe’s competitors. Specifically, the Tribe argued, the <windcreek.com>
23 domain, was “confusingly similar” to its registered trademarks, Virtualpoint had no
24 legitimate interest in the domain name, and Virtualpoint had registered and was using the
25 domain name in bad faith. (*Id.*) Accordingly, the Tribe requested that the domain name
26 be transferred from Virtualpoint to it. (*Id.* at 8.)³

27
28

3 The UDRP provides that an arbitrator may transfer a domain name upon hearing and adjudicating a
dispute in which a complainant can demonstrate that a domain name is “identical or confusingly similar
to a trademark or service mark in which the [c]omplainant has rights,” that the respondent has “no rights
or legitimate interests in respect of the domain name,” and that “the domain name should be considered
as having been registered and being used in bad faith.” (Smith Decl. Exh. 8 [“UDRP Policy”] at 90–91;
93.)

1 NAF appointed Antonina Pakharenko-Anderson (the “neutral”) to hear the dispute.
2 The neutral considered submissions from the parties and issued a decision on November
3 13, 2015, finding that “the disputed domain name is confusingly similar to [the Tribe’s]
4 earlier trademark,” that Virtualpoint “failed to establish that it has rights or legitimate
5 interests in the disputed domain name,” and that Virtualpoint registered and was using the
6 domain “in bad faith.” (Smith Decl. Exh. 3 [Decision] at 33; 35–37.) Accordingly, the
7 neutral ordered that the <windcreek.com> domain name be transferred from Virtualpoint
8 to the Tribe. (*Id.* at 38.)

9
10 Unhappy with the outcome of the arbitration, Virtualpoint filed its Complaint in
11 this Court on December 4, 2015, and then its FAC on March 25, 2016. (Dkt. 1.) The
12 FAC alleges five counts. The first, Count I, seeks a declaration that Virtualpoint is not
13 infringing the Tribe’s trademark rights, unfair competition laws, or the ACPA, that
14 Virtualpoint is using the domain name <windcreek.com> in good faith, and that
15 Virtualpoint is the rightful owner of that domain name, as well as injunctive relief
16 enabling Virtualpoint to “retain ownership” of the domain name. (FAC ¶¶ 40–45.) The
17 second, Count II, alleges a cause of action under the ACPA, 15 U.S.C. § 1125(d).
18 Virtualpoint alleges that the Tribe “sought the transfer of [<windcreek.com>] in bad
19 faith,” knowing that it had procured its trademarks fraudulently, that it submitted
20 “intentionally manipulated and modified evidence” to the neutral, and that it made
21 “knowing and material misrepresentations” which ultimately prompted the transfer of the
22 domain name. (FAC ¶¶ 46–58.) Based on these allegations, Virtualpoint seeks actual
23 damages, statutory damages, and attorney’s fees. (*Id.* ¶ 57–58.)

24
25 Count III is for cancellation of trademark registrations pursuant to 15 U.S.C.
26 §§ 1064 and 1119. Virtualpoint alleges that the Tribe made “knowingly false material
27 representations” in the trademark applications it submitted to the PTO regarding whether
28 “Wind Creek” has geographical significance, and that based on these misrepresentations,

1 the Tribe’s trademarks should be cancelled. (FAC ¶¶ 59–61.) Counts IV and V are
2 alleged against Defendant NAF only, and this motion does not pertain to them.

3
4 On April 14, 2016, the Tribe moved to dismiss Counts I, II, and III. It argues that
5 it is entitled to tribal sovereign immunity, so the Court lacks subject-matter jurisdiction
6 over Virtualpoint’s claims against it, and that even if subject-matter jurisdiction existed,
7 the Tribe is not subject to personal jurisdiction in this District.

8 9 **III. DISCUSSION**

10 11 **1. Subject-Matter Jurisdiction**

12 13 **A. Legal Standard**

14
15 “Tribal sovereign immunity protects Indian tribes from suit absent express
16 authorization by Congress or clear waiver by the tribe.” *Pistor v. Garcia*, 791 F.3d 1104,
17 1110 (9th Cir. 2015) (quoting *Cook v. AVI Casino Enter.*, 548 F.3d 718, 725 (9th Cir.
18 2008)). The issue of tribal sovereign immunity is “quasi jurisdictional,” *Alto v. Black*, 738
19 F.3d 1111, 1125 (9th Cir. 2013), and Federal Rule of Civil Procedure 12(b)(1) is the
20 “proper vehicle for invoking sovereign immunity from suit,” *Pistor*, 791 F.3d at 1111.

21
22 When a tribe moves to dismiss a suit on the ground of sovereign immunity, “the
23 party asserting subject matter jurisdiction”—here, Virtualpoint—“has the burden of
24 proving its existence, i.e. that immunity does not bar the suit.” *Pistor*, 791 F.3d at 1111
25 (citing *Miller v. Wright*, 705 F.3d 919, 923 (9th Cir. 2012)). Crucially, although tribes
26 may expressly waive their sovereign immunity, there exists a “strong presumption against
27 waiver of tribal sovereign immunity,” *Demontiney v. U.S.*, 255 F.3d 801, 811 (9th Cir.
28 2001), and when a tribe does waive its immunity and consent to suit, “any conditional

1 limitation it imposes on that consent” should be “strictly construed and applied,”
2 *Missouri River Servs., Inc. v. Omaha Tribe of Nebraska*, 267 F.3d 848, 852 (8th Cir.
3 2001). A tribe’s waiver of sovereign immunity therefore may be limited, and a partial
4 waiver may not necessarily encompass matters that are related to the subject of the
5 waiver, “even if those matters arise from the same set of underlying facts.” *McClendon*
6 *v. U.S.*, 885 F.2d 627, 630 (9th Cir. 1989).

7 8 **A. Application**

9
10 Virtualpoint does not dispute that the Tribe has sovereign immunity, but it argues
11 that that immunity was waived when the Tribe agreed to participate in the UDRP
12 proceedings. Virtualpoint cites to two UDRP documents as support for this position.
13 The first, the UDRP Policy, provides that the administrative proceeding requirements
14 described in the UDRP “shall not prevent” either the complainant or the respondent from
15 “submitting the dispute to a court of competent jurisdiction for independent resolution.”
16 (UDRP Policy ¶ 4(k).) And the second, the UDRP Rules, provides that the UDRP
17 complainant—here, the Tribe—must “submit, with respect to any challenges to a
18 decision in the administrative proceeding canceling or transferring the domain name, to
19 the jurisdiction of the courts in at least one specified [jurisdiction].” (Smith Decl. Exh. 9
20 [“UDRP Rules”] ¶ 3(xii).) Neither party disputes that the Tribe, by initiating the UDRP
21 proceeding, agreed to be bound by these documents, and Viewpoint argues that these two
22 provisions, operating in tandem, establish that the Tribe waived any sovereign immunity
23 challenge to an “independent resolution” of the dispute between the two parties. The
24 Tribe responds that the first provision, ¶ 4(k), is not a waiver of immunity at all, and that
25 the second provision, ¶ 3(xii), is a limited waiver restricted to “challenges to a decision in
26 the administrative proceeding,” and that this action is not such a challenge.

1 The Tribe is correct. UDRP Policy ¶ 4(k) simply states that the UDRP proceeding
2 will not “prevent” the parties from initiating separate legal proceedings “in court[s] of
3 competent jurisdiction.” (UDRP Policy ¶ 4(k).) The Tribe’s acknowledgement of this
4 provision is not a waiver of sovereign immunity, but a recognition that the UDRP
5 proceedings are limited in scope and do not prevent parties from attempting to vindicate
6 their rights in court. Indeed, the provision’s prominent reference to courts *of competent*
7 *jurisdiction* indicates that the purpose of the provision is not to force parties to waive
8 jurisdictional challenges to future actions.

9
10 The Tribe is also correct that the second provision, UDRP Rules ¶ 3(xii),
11 constitutes a limited waiver. By agreeing to arbitrate under this provision, the Tribe *did*
12 consent to “submit . . . to the jurisdiction of the courts in at least one specified
13 [jurisdiction],” but only “with respect to any *challenges to a decision in the*
14 *administrative proceedings canceling or transferring the domain name.*” UDRP Rules
15 ¶ 3(xii) (emphasis added). The only relevant inquiry here, then, is whether this action can
16 be properly considered to be a challenge to the neutral’s decision to transfer the domain
17 name to the Tribe.

18
19 The Tribe insists that it cannot. It points out that the *only* issue before the neutral
20 arbitrator in the UDRP proceeding was whether the domain name should be transferred
21 from Virtualpoint to the Tribe. This main issue was a function of three smaller subissues:
22 (1) whether Virtualpoint’s domain name is “identical or confusingly similar” to the
23 Tribe’s trademarks, (2) whether Virtualpoint has “rights or legitimate interests” in the
24 domain, and (3) whether Virtualpoint registered or is using the domain name in bad faith.
25 (Decision at 31.) The neutral explicitly refused to take up other issues, including whether
26 the Tribe’s trademarks should be cancelled. (*See* Decision at 35 (describing
27 Virtualpoint’s “attack on [the Tribe’s] trademark on the basis of fraud and geographic
28 descriptiveness” as being “well outside the scope of UDRP proceedings” and quoting a

1 prior UDRP panel’s description of the UDRP’s “very limited and focused jurisdiction”).
2 Accordingly, the Tribe says, any possible “challenge to [the] decision in the
3 administrative proceedings” could only possibly seek alternative resolutions of the
4 limited questions the UDRP neutral took up. Because each of Virtualpoint’s causes of
5 action against the Tribe requires the Court to consider much broader questions, the Tribe
6 argues, this action is not a challenge to the UDRP proceeding and therefore the Tribe did
7 not waive its sovereign immunity to be sued here, on these counts.

8
9 The Tribe does not devote significant effort to describing what a “challenge to
10 [the] decision in the administrative proceedings” would actually look like. However, the
11 Lanham Act explicitly provides for such challenges. “The Lanham Act permits UDRP
12 Respondents to challenge a[n] adverse decision in court.” *Domain Vault LLC v. Bush*,
13 No. 14-cv-2621-WJM-CBS, 2015 WL 1598099, at *2 (D. Colo. April 8, 2015).
14 Specifically, 15 U.S.C. § 1114(2)(D)(v) provides,

15
16 A domain name registrant whose domain name has been suspended,
17 disabled, or transferred under a policy [such as the UDRP] may, upon notice
18 to the mark owner, file a civil action to establish that the registration or use
19 of the domain name by such registrant is not unlawful under this chapter.
20 The court may grant injunctive relief to the domain name registrant,
including the reactivation of the domain name or transfer of the domain
name to the domain name registrant.

21 Additionally, 15 U.S.C. § 1114(2)(D)(iv) provides that if an authority like UDRP
22 transfers a domain name

23
24 based on a knowing and material misrepresentation by any other person that
25 a domain name is identical to, confusingly similar to, or dilutive of a mark,
26 the person making the knowing and material misrepresentation shall be
27 liable for any damages, including costs and attorney’s fees, incurred by the
28 domain name registrant as a result of such action. The court may also grant
injunctive relief to the domain name registrant, including the reactivation of
the domain name or the transfer of the domain name to the domain name
registrant.

1 Consistent with these statutory provisions, a number of district courts have
2 entertained claims brought under 15 U.S.C. § 1114(2)(D) that have been aimed at
3 reversing actions by UDRP panels. *See, e.g., Domain Vault*, 2015 WL 1598099, at *2;
4 *Barcelona.com, Incorporated v. Excelentísimo Ayuntamiento De Barcelona*, 330 F.3d
5 617, 622 (4th Cir. 2003) (describing § 1114(2)(D)(v) as “the provision of the [ACPA]
6 that authorizes a domain name owner to seek recovery or restoration of its domain name
7 when a trademark owner has overstepped its authority in causing the domain name to be
8 suspended, disabled, or transferred”); *Storey v. Cello Holdings, L.L.C.*, 347 F.3d 370, 379
9 (2d Cir. 2003).

10
11 Virtualpoint has not taken the usual statutory course in challenging the UDRP
12 decision, since its FAC does not contain a cause of action for a violation of 15 U.S.C.
13 § 1114. The Court will therefore examine the causes of action that the FAC does include
14 to see whether those causes of action seek substantially the same remedies as § 1114 and
15 can therefore be construed as challenges to the UDRP proceeding or if, by contrast, they
16 concern matters beyond the scope of the UDRP proceeding.

17 18 **1. Count I**

19
20 Count I of the FAC seeks

21
22 a declaration and judgment that [Virtualpoint] is not infringing [the Tribe’s]
23 trademark rights, that [Virtualpoint] is not violating unfair competition laws
24 and/or the ACPA, that [Virtualpoint’s] registration and use of
25 [<windcreek.com>] is in good faith, that [Virtualpoint] has a legitimate
26 interest in, and is the rightful owner of, [<windcreek.com>], and injunctive
27 relief to retain ownership of [<windcreek.com>].

28 Some of this requested relief could be consistent with a challenge to the UDRP
proceedings—for example, findings that Virtualpoint’s domain name is not confusingly

1 similar to the Tribe’s marks, that Virtualpoint is operating the domain name in good faith,
2 and that ownership of the domain name should remain with Virtualpoint. But other parts
3 of this requested relief require examination of issues not before the arbitrator: whether
4 Virtualpoint is violating unfair competition laws, for example. The Tribe did not waive
5 its sovereign immunity to be sued over those issues. Accordingly, Count I seeks relief
6 beyond what the Tribe’s waiver would permit.

7

8 **2. Count II**

9

10 Count II is for a violation of 15 U.S.C. § 1125(d), which provides that the owner of
11 a mark may bring a civil action against any individual who has “a bad faith intent to
12 profit from that mark” and who “registers, traffics in, or uses a domain name” that is,
13 among other things, identical or confusingly similar to the mark. 15 U.S.C.
14 § 1125(d)(1)(A). Here again, adjudicating this claim would require the consideration of
15 issues beyond the scope of the Tribe’s waiver, including (1) whether Virtualpoint owns
16 any marks, and (2) whether the Tribe is attempting to profit off those marks in bad faith.
17 Accordingly, this claim too would infringe upon the sovereign immunity of the Tribe.⁴

18

19 **3. Count III**

20

21 Virtualpoint’s third count is the clearest example of a claim that is not a
22 “challenge[] to the decision in the administrative proceeding” at issue here. It seeks
23 cancellation of the Tribe’s trademark registrations, an issue the arbitrator explicitly
24 refused to take up. (*See* Decision at 35.) The Tribe did not waive its sovereign immunity
25 against challenges to its trademarks.

26
27
28 ⁴ Virtualpoint does not argue that the Lanham Act abrogates tribal sovereign immunity such that it
could bring this claim against the Tribe in the normal course.

1 For the above reasons, each of the three claims alleged against the Tribe seeks to
2 adjudicate issues that go beyond those considered by the neutral in the UDRP
3 proceedings. Tribal sovereign immunity therefore bars this Court from considering any
4 of those claims, and they are DISMISSED WITH LEAVE TO AMEND. Should
5 Virtualpoint wish to allege an appropriate cause of action challenging the UDRP neutral's
6 findings and decision to transfer the domain—either under 15 U.S.C. § 1114(2)(D) or by
7 seeking corresponding declaratory relief—it may do so.

8 9 **B. Personal Jurisdiction**

10
11 The Tribe also argues that Counts I–III should be dismissed for lack of personal
12 jurisdiction. As the Court has dismissed those claims on subject-matter jurisdiction
13 grounds, there is no need to take up the issue in detail. However, as Virtualpoint points
14 out, the Tribe agreed to submit to jurisdiction *in the Central District* “with respect to any
15 challenges to a decision in the administrative proceeding.” (UDRP Complaint at 11
16 (identifying the Central District of California as “the court having jurisdiction” over
17 challenges to the Decision).) As a result, should Virtualpoint adequately mount such a
18 challenge, the Tribe will be bound by its agreement to be subject to jurisdiction in this
19 District.

20 21 **C. Stay on UDRP Order Enforcement**

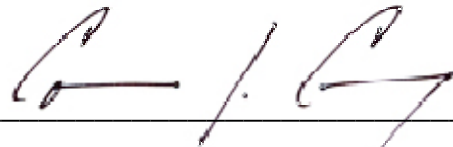
22
23 Finally, the Tribe requests that this Court lift the stay that ICANN imposed upon
24 enforcement of its order to transfer ownership of <windcreek.com> to the Tribe. The
25 UDRP Policy imposes a ten-day waiting period in between a neutral's decision to transfer
26 a domain and ICANN's enforcement of that decision. If the losing party before the
27 neutral provides ICANN with “official documentation (such as a copy of a complaint,
28 file-stamped by the clerk of the court) that [the losing party has] commenced a lawsuit

1 against the complainant” challenging the administrative decision, then ICANN will stay
2 enforcement of the transfer or cancellation until the conclusion of the court proceedings.
3 (UDRP Policy ¶ 4(k).) Here, Virtualpoint filed the Complaint and gave a copy to
4 ICANN within the ten-day waiting period, but did not timely serve the Tribe and
5 ultimately had to file its FAC and serve a new summons. The Tribe argues that the Court
6 should accordingly order ICANN to lift the stay and immediately enforce the transfer of
7 <windcreek.com>. However, as Virtualpoint points out, ICANN’s procedure requires the
8 commencement of a lawsuit, and Federal Rule of Civil Procedure 3 specifies that a “civil
9 action is commenced by filing a complaint with the court.” Virtualpoint evidently filed
10 the complaint within the requisite time period and therefore met ICANN’s procedural
11 requirements. The Tribe’s request for an order lifting the stay is DENIED.

12
13 **IV. CONCLUSION**

14
15 For the foregoing reasons, the Tribe’s motion to dismiss Counts I–III is
16 GRANTED, and those causes of action are DISMISSED WITHOUT PREJUDICE to
17 Virtualpoint’s filing an amended complaint which appropriately mounts a challenge to
18 the underlying UDRP proceeding. Virtualpoint will have 21 days from the issuance of
19 this Order to do so.

20
21
22
23 DATED: May 10, 2016



24
25 CORMAC J. CARNEY
26 UNITED STATES DISTRICT JUDGE
27
28