

UNPUBLISHED

**UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT**

CABLE NEWS NETWORK, LP, LLLP,
Plaintiff-Appellee,

v.

CNNEWS.COM,
Defendant-Appellant,

MAYA ONLINE BROADBAND NETWORK
(HK) COMPANY, LIMITED,
Appellant.

ELECTRONIC FRONTIER FOUNDATION,
Amicus Supporting Appellant.

AT&T CORPORATION,
Amicus Supporting Appellee.

No. 02-1112

Appeal from the United States District Court
for the Eastern District of Virginia, at Alexandria.
T. S. Ellis, III, District Judge.
(CA-00-2022-A)

Argued: October 30, 2002

Decided: January 23, 2003

Before LUTTIG, MICHAEL, and TRAXLER, Circuit Judges.

Vacated in part, affirmed in part, and final order affirmed by unpublished per curiam opinion.

COUNSEL

ARGUED: James Wilson Dabney, PENNIE & EDMONDS, L.L.P., New York, New York, for Appellants. David J. Stewart, ALSTON & BIRD, L.L.P., Atlanta, Georgia, for Appellee. **ON BRIEF:** Hailing Zhang, Nanda K. Alapati, PENNIE & EDMONDS, L.L.P., New York, New York, for Appellants. John D. Haynes, ALSTON & BIRD, L.L.P., Atlanta, Georgia; Janis Orfe, THE LAW OFFICES OF JANIS ORFE, P.C., Fairfax, Virginia, for Appellee. Cindy Cohn, Legal Director, ELECTRONIC FRONTIER FOUNDATION, San Francisco, California; Eric C. Grimm, CYBERBRIEF, P.L.C., Ann Arbor, Michigan, for Amicus Curiae Foundation. Laura A. Kaster, Frank L. Politano, Michele A. Farber, AT&T CORP., Basking Ridge, New Jersey; Alan Charles Raul, Frank R. Volpe, Edward R. McNicholas, Julie M. Zampa, SIDLEY, AUSTIN, BROWN & WOOD, L.L.P., Washington, D.C., for Amicus Curiae AT&T.

Unpublished opinions are not binding precedent in this circuit. See Local Rule 36(c).

OPINION

PER CURIAM:

Cable News Network LP, LLLP (CNN) brought this in rem action against the domain name cnnnews.com under the Anticybersquatting Consumer Protection Act of 1999 (ACPA), alleging that the use of the domain name by a Chinese news service provider both infringed on and diluted the CNN trademark. CNN sought an order transferring ownership of the domain name from Maya HK, a Chinese company, to CNN. The district court granted CNN's motion for summary judgment on the trademark infringement claim. The court then entered an order transferring the domain name cnnnews.com to CNN. We affirm.

I.

When a company wants the rights to a new domain name, it contacts a registrar. The registrar submits the domain name to a registry,

which enters the assigned domain name into a database. Network Solutions, Inc. (NSI), a Virginia corporation that was bought out after the commencement of this action, operated both a registrar and a registry, with these functions being performed by separate units within the corporate structure. The registry unit, now known as VeriSign Global Registry Services (VeriSign GRS), is the sole registry for .com domain names. Its right to this position stems in part from a contract with the U.S. Department of Commerce.

Maya HK, a Chinese company, is a subsidiary of Shanghai Maya, another Chinese company. In November 1999 Heyu Wang, Maya HK's general manager, registered the domain name cnews.com with NSI; NSI served as both the registrar and registry in that transaction. Wang remained the nominal owner of the domain name, which was licensed to Shanghai Maya, and Maya HK earned royalties from Shanghai Maya's use of the name. Maya HK has registered six other domain names used by Shanghai Maya, including cnmaya.com, cnnav.com, cnsport.com, and cncities.com.

Beginning in April 2000 CNN wrote to Wang, demanding that he transfer the rights to the cnews.com site to CNN. Wang refused and appears to have transferred ownership of the domain name to Maya HK in October or November 2000. Around the same time, Maya HK had Eastcom, a Chinese company, register the domain name, severing any link with NSI (or its successor) as a registrar. VeriSign GRS, as the sole registry for ".com" domain names, remains the company's registry.

The cnews.com site primarily carries Chinese language news. Some of these news stories refer to CNN stories. The site contains some English language content and includes links to English language sites. Shanghai Maya's primary shareholder, Tom.com, has expressed a desire to reach the worldwide Chinese-language community, although Tom.com seems to regard expansion in mainland China as a more realistic short-term goal. Moreover, Maya HK and Shanghai Maya claim that they have no connections to the United States except their use of NSI's (now VeriSign GRS's) registry. Indeed, Shanghai Maya has said that it does not accept payment from those outside the mainland.

In December 2000 CNN brought an in rem action against the domain name `cnnews.com` in the United States District Court for the Eastern District of Virginia to gain the rights to the domain name. Jurisdiction was asserted under the in rem provisions of the ACPA, which is part of the Lanham Act. 15 U.S.C. § 1125(d)(2)(a). At the behest of counsel for CNN and VeriSign GRS, Eastcom deposited a registrar certificate with the district court, which gave the court control over the registration of `cnnews.com`.

Maya HK filed a motion to dismiss in April 2001, contesting the validity of the court's in rem jurisdiction. The district court denied the motion. The court explained first that a plaintiff asserting in rem jurisdiction did not have to demonstrate that the defendant had minimum contacts with the forum. The court held that the statute explicitly allows in rem suits to be brought where the registry for the domain name is located. Because the registry for `cnnews.com`, VeriSign GRS, is in the Eastern District of Virginia, the court had jurisdiction. Second, the court found that CNN did not need to plead and prove bad faith to satisfy the jurisdictional requirements. Third, it denied Maya HK's claim that CNN had failed to join an indispensable party. Finally, the district court found that CNN had perfected service.

Following the denial of this initial motion to dismiss, the parties conducted discovery and both ultimately submitted motions for summary judgment. In its summary judgment order, the district court first considered whether CNN had demonstrated the required elements for a trademark infringement claim. The court required CNN to show (1) that it possessed a mark; (2) that Maya HK used the mark; (3) that Maya HK's use of the mark was "in commerce," which the Lanham Act defines as a use that is connected to or has an effect on U.S. commerce; (4) that Maya HK's use of the mark was connected with the sale, distribution, or advertising of goods or services; and (5) that Maya HK's use of the mark was likely to confuse consumers. After determining that only elements (3) and (5) were contested, the court concluded that CNN had satisfactorily demonstrated that Maya HK's use of `cnnews.com` affected U.S. commerce and was likely to cause consumer confusion. Moreover, the court rejected Maya HK's request that it apply the Supreme Court's analysis in *Steele v. Bulova Watch Co.*, 344 U.S. 280, 285-89 (1952), to determine whether extraterritorial application of the Lanham Act was appropriate. The court deter-

mined instead that because the res was located within the United States, the Act's application was domestic, not extraterritorial. The court then decided that CNN was required to establish that Maya HK had acted with bad faith to prevail on a trademark infringement claim. Concluding that Maya HK had acted with bad faith, the court granted summary judgment to CNN on its trademark infringement claim. The court, however, rejected CNN's trademark dilution claim because CNN did not demonstrate actual harm to the mark. Based on these determinations the district court ordered that the domain name *cnnews.com* be transferred to CNN.

II.

Maya HK appeals, arguing primarily that the district court lacked jurisdiction because Maya HK did not have sufficient minimum contacts with the forum. Maya HK also appeals (1) the district court's determination that Maya HK acted in bad faith, (2) the court's refusal to apply the *Steele* factors to determine whether it should apply the Lanham Act extraterritorially, (3) the court's grant of summary judgment to CNN on its trademark infringement claim, and (4) the court's order transferring ownership of the domain name *cnnews.com* to CNN.

The district court properly exercised in rem jurisdiction over the domain name *cnnews.com*. See *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 225 (4th Cir. 2002). The court decided the merits, including the issue of Maya HK's bad faith, prior to our holding that a plaintiff may prevail in an in rem trademark infringement and dilution action without alleging and proving bad faith. *Harrods Ltd.*, 302 F.3d at 232. The portions of the district court's summary judgment opinion dealing with the bad faith issue are therefore vacated. In light of *Harrods Ltd.* there is no need for us to address the issue of whether Maya HK acted in bad faith. This, however, does not alter the outcome because the district court determined that CNN had established all of the essential elements of a trademark infringement claim. As to the issue of trademark infringement and all remaining issues raised on appeal, we affirm on the reasoning of the district court. *Cable News Network L.P., L.L.L.P. v. cnnews.com*, 177 F. Supp. 2d 506 (E.D. Va. 2001) (opinion granting CNN's motion for

summary judgment). The district court's final order transferring the domain name cnews.com to CNN is also affirmed.

*VACATED IN PART AND AFFIRMED
IN PART; FINAL ORDER AFFIRMED*