UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

RADIO COMPUTING SERVICES, INC.,

Plaintiff,

-against-

ROLAND COMPUTING SERVICES and KEVIN FALL

Defendants.

00 Civ. 1950 (GBD)

MEMORANDUM DECISION AND ORDER

GEORGE B. DANIELS, District Judge:

This case arises out of a dispute between parties over the rights to the domain name, "rcs.com." Plaintiff, Radio Computing Services, Inc. ("Plaintiff") filed a complaint against defendant Kevin Fall and his company, Roland Computing Services ("Defendant") for the alleged violations of the Anticybersquatting Consumer Protection Act, 15 U.S.C. Section 1125(d), violations of the Lanham Act, 15 U.S.C. Sections 1114(1)(a), 1116(1)(B), 1125(a), 1125(c), unfair competition, and misappropriation. Defendant moved to dismiss pursuant to Fed. R. Civ. P. Section 12(b)(2) for want of personal jurisdiction. For the reasons below, this motion is granted.

Plaintiff, a New York corporation incorporated in New Jersey, is engaged in the development of computer hardware for use in the operation and management of radio and television facilities. Plaintiff has used the trademarks "RCS and Design" and "RCS" in connection with its business since 1979. Plaintiff obtained registration for this trademark with the U.S. Trademark Office in 1993. Shortly thereafter, defendant, a resident of California operating a sole proprietorship also located in California, registered the domain name, "rcs.com", under the name of his sole proprietorship, Roland Computing Services. Sometime in 1995,

plaintiff looked to register the domain name "rcs.com" and found that it already belonged to defendant. After contacting defendant and unsuccessfully attempting to convince defendant to relinquish his rights to that name for a price, negotiations came to a halt and the present action was instituted.

The Court must look first to the long-arm statute of the State of New York, Section 302(a) of the New York Civil Practice Law and Rules ("CPLR")[1] when considering whether defendant is subject to personal jurisdiction. PDK Labs v. Friedlander, 103 F.3d 1105, 1108 (2d Cir. 1997). Once the Court finds that personal jurisdiction exists under the long-arm statute, the Court must then decide whether such exercise comports with the requisites of due process. See, Metro. Life Ins. Co. v. Robertson-Ceco Corp., 84 F.3d 560, 567 (2d Cir.). In finding personal jurisdiction over defendant, plaintiff encourages the Court to look to the particular set of cases dealing with the Anticybersquatting Consumer Protection Act ("ACPA"), 15 U.S.C. Section 1125(d), passed by Congress in November 1999, which prohibits "trafficking" in domain names.

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[1]CPLR Section 302(a) provides:

Acts which are the basis of jurisdiction. As to a cause of action arising from any of the acts enumerated in this section, a court may exercise personal jurisdiction over any non-domiciliary, or his executor or administrator, who in person or through an agent:

1. Transacts any business within the state or contracts anywhere to supply goods or services in the state; or
2. Commits a tortious act within the state, except as to a cause of action for defamation of character arising from the act; or
3. Commits a tortious act without the state causing injury to person or property within the state, . . . if he
   (i) regularly does or solicits business, or engages in any other persistent course of conduct, or derives substantial revenue from goods used or consumed or services rendered, in the state, or
   (ii) expects or should reasonably expect the act to have consequences in the state and derives substantial revenue from interstate or international commerce; or
4. Owns, uses or possesses any real property situated within the state.

In these cases, courts held that personal jurisdiction over out-of-state defendants was legitimate based upon defendant's purposeful acts of extortion upon plaintiffs.

In Morgan Stanley Dean Witter & Co. v. Smart Ideas, 99 Civ. 8921 (S.D.N.Y. December 15, 1999), Judge Hellerstein found that the defendant's offers to sell its domain name, "msdwonline.com", to Morgan Stanley for a high price were in effect the transaction of business sufficient to confer jurisdiction under CPLR Section 302(a)(1). Judge Hellerstein went on to say, "[t]he very purpose of the defendant's act ... is to attack Morgan Stanley and to extort money from Morgan Stanley because of a confusingly similar domain name that was created for no legitimate purpose." Id. Another case plaintiffs deem analogous is Panavision International, L.P. v. Toeppen, 141 F.3d 1316, 1322 (9th Cir. 1998), where the court found that an Illinois defendant's scheme to register plaintiff's trademark as his domain name for the purpose of extorting money from plaintiff was enough to subject him to jurisdiction in California, plaintiff's home state. In further support of their position, plaintiffs also cite the case of David Guardala Mouthpieces v. Sugal Mouthpieces, 779 F.Supp. 335, 337 (S.D.N.Y. 1991) where the court found that defendant's offers to sell infringing goods, even without resulting sales, was sufficient to subject defendant to New York jurisdiction. In all three of these cases, the defendant took some *purposeful* action which constituted conducting business within that particular state. As Judge Hellerstein remarked in Morgan Stanley, "[t]he services rendered in the State that they offer is elimination of a confusingly similar name if their outrageous terms are accepted. That's business. It may not be nice business, but it's business." Morgan Stanley, supra. Here, the record points to facts that are very different from the facts of the three cited cases.

Here, defendant had a legitimate purpose for registering the domain name "rcs.com".

This domain name fits the acronym of defendant's business, "Roland Computing Services." In fact, when defendant had registered the domain name, he had never even heard of plaintiff's business, "Radio Computing Services." (Fall Aff. ¶10). Furthermore, it was not defendant who had approached plaintiff for the purpose of *selling* the domain name for a specified price. Rather, it was plaintiff who contacted defendant repeatedly and continuously over a three month period of time making requests to *buy* the domain name. Defendant twice rejected plaintiff's request to buy the domain name from defendant. (Nygreen Aff. Ex. B). Plaintiff then suggested to defendant that he would reimburse defendant for his expenses in obtaining a domain name other than "rcs.com." Id. After plaintiff's second request for a response, defendant finally notified plaintiff he would consider selling it for $5,000.00. (Nygreen Aff. ¶ 6). Plaintiff refused the offer but in subsequent correspondence offered to split the difference between what plaintiff was willing to pay and what defendant was willing to accept. Id. at ¶ 8. Defendant notified plaintiff that at that later date, defendant would consider selling its domain name for $20,000. Id. Plaintiff again refused but attempted to reinitiate negotiations. In subsequent communications defendant informed plaintiff that it was one of five companies that wanted the domain name and that under the circumstances plaintiff would sell it for $25,000 or rent out use of the name for $200 a month. Id. at ¶ 9. Plaintiff at this point informed defendant that the present action before this Court was imminent, but made a final offer of $5,000 to "avoid the costs of litigation." (Letter from Nygreen to Fall of 1/11/00 at 2, Nygreen Aff. Ex. I).

The record clearly establishes that defendant did not register the domain name "rcs.com" for the purposes of extorting money from the New York plaintiff, an act recognized by the courts in Morgan Stanley and Panavision as transacting business within the state under CPLR Section

302(a)(1). Rather, defendant registered "rcs.com" for legitimate business purposes, and after being approached by plaintiff to negotiate the sale of that domain name to plaintiff, refused.

Because defendant does not transact any business in the state of New York, the only other provisions in CPLR Section 302 that can be used to assert personal jurisdiction over defendant are Sections 302(a)(2) or 302(a)(3). Section 302(a)(2) provides that a New York court may exercise personal jurisdiction over a non-domiciliary who "in person or through an agent" commits a tortious act within the state. As decided by the Second Circuit Court of Appeals in Bensusan Restaurant Corp. v. King, 126 F.3d 25, 29 (2d Cir. 1997), "the authorization and creation of ... [a] web site ...does not establish a tortious act in the state of New York within the meaning of §302(a)(2)." Therefore, defendant's maintenance of a domain name, even coupled with possible sale negotiations with a New York party, is insufficient to assert jurisdiction on the basis of a tortious act committed in New York State.

CPLR Section 302(a)(3) provides in pertinent part that New York courts may exercise jurisdiction over a non-domiciliary who commits a tortious act without the state, causing injury to person or property within the state. This section is limited in its scope, however, to persons who expect or should reasonably expect the tortious act to have consequences in the state and in addition derive substantial revenue from interstate commerce. Defendant's business was local and he only used the domain name for e-mails. There is nothing in the record to support the claim that defendant derived any revenue from interstate commerce. Furthermore, neither defendant's use or maintenance of the domain name, nor sale negotiations with plaintiff, can be characterized as causing injury to plaintiff within the state of New York.

Plaintiff here has failed to establish a legitimate basis for this Court to assert personal jurisdiction over defendant. Defendant transacts no business within the state of New York. Defendant has not committed a tortious act within the state of New York. Finally, defendant has not committed a tortious act without the state of New York that defendant could have reasonably expected to have consequences within New York, nor does he derive a revenue from this state. For all the foregoing reasons, defendant's motion to dismiss for want of personal jurisdiction is granted.

Dated: March 12, 2003
New York, New York

SO ORDERED:

George B. Daniels

GEORGE B. DANIELS
United States District Judge