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OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT (MARCH 25, 2021)

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

FRANCE.COM, INC., A CALIFORNIA CORPORATION,

Plaintiff-Appellee,

v.

THE FRENCH REPUBLIC; ATOUT FRANCE; THE MINISTRY FOR EUROPE AND FOREIGN AFFAIRS; FRANCE.COM, A DOMAIN NAME,

Defendants-Appellants.

and

JEAN-YVES LE DRIAN, IN HIS OFFICIAL CAPACITY AS THE FRENCH REPUBLIC'S MINISTER FOR EUROPE AND FOREIGN AFFAIRS; VERISIGN, INC.,

Defendants.

No: 20-1016

Appeal from the United States District Court
for the Eastern District of Virginia, at Alexandria.
Liam O'Grady, Senior District Judge.
(1:18-cv-00460-LO-IDD)

Before: MOTZ, FLOYD and RUSHING,
Circuit Judges.

DIANA GRIBBON MOTZ, Circuit Judge:

This appeal involves a dispute as to the ownership of the domain name <France.com>. In 1994, a California corporation, France.com, Inc. ("the Corporation") purchased and registered the domain name <France.com> and trademarks for "France.com." Twenty years later, the Corporation initiated a lawsuit in France alleging that a Dutch company's use of the France.com trademark constituted trademark infringement. The French Republic and its tourism office intervened, seeking to protect their country's identity on the Internet and establish its right to the domain name <France.com>. Following extensive litigation, French trial and appellate courts declared the French Republic the rightful owner of the domain name.

The Corporation then filed this action in federal district court against the French entities, which moved to dismiss the case, asserting sovereign immunity under the Foreign Sovereign Immunities Act ("FSIA"), 28 U.S.C. § 1604. After the district court denied the motion, concluding that entitlement to immunity "would be best raised after discovery has concluded," the French entities timely appealed. For the reasons that follow, we reverse the judgment of the district court and remand the case with instructions to dismiss the complaint with prejudice.

I.

A.

In 1994, Jean-Noel Frydman purchased and registered the domain name <France.com>, which sold various services relating to travel in France, including tours and lodging. Frydman incorporated his business

in California as France.com, Inc. and assigned his interest in the domain name to the California corporation. He also trademarked "France.com" in the United States and in the European Union.

In May 2014, the Corporation sued a Dutch company in the Tribunal de Grande Instance de Paris ("Paris District Court"), alleging trademark infringement and seeking transfer of trademarks containing the words "France.com." In April 2015, the French Republic and Atout France, its tourism agency, intervened in that litigation. They asserted the exclusive right to use the term "France" commercially, contending that under French law, the name "France" cannot be appropriated or used commercially by a private enterprise because doing so violates the French Republic's exclusive right to its name and infringes on its sovereignty. They further asserted that "France" expresses the country's "geographic, historic, economic and cultural identity." The Corporation opposed the attempt to intervene.

In November 2015, the Paris District Court permitted intervention and agreed with the French entities that the Corporation's use of the domain name "infringes the rights of the French State to its name, which refers to a sovereign state and identifies [the] country." The court concluded that the transfer of the domain name <France.com> to the French Republic was appropriate.

The Corporation appealed to the Cour d'Appel de Paris ("Paris Court of Appeals"), which on September 22, 2017, affirmed the order of the Paris District Court. The Paris Court of Appeals explained that "the designation 'France' constitutes for the French State an element of identity akin to the family name of a

natural person." The Corporation then appealed to the Cour de Cassation ("French Supreme Court"), where we are told the case is now pending.

In March 2018, the French entities presented a copy of the Paris Court of Appeals decision to the domain name registrar Web.com—which was then hosting <France.com>—and Web.com transferred the domain name to Jean-Yves Le Drian, the Minister of Europe and Foreign Affairs of the French Republic.

B.

A month later, the Corporation filed this action in the District Court for the Eastern District of Virginia against the French Republic, Atout France, the Ministry for Europe and Foreign Affairs, Le Drian, the domain name <France.com>, and the domain registry Verisign, Inc. The Corporation alleged that the defendants engaged in cybersquatting and reverse domain name hijacking in violation of the Anticybersquatting Consumer Protection Act, trademark infringement, federal unfair competition, and expropriation.

The Corporation voluntarily dismissed the claims against Verisign. The French Republic, Atout France, the Ministry for Europe and Foreign Affairs, and <France.com> moved to dismiss, arguing that the Corporation failed to state a claim upon which relief could be granted and that they possessed sovereign immunity under the FSIA. The district court concluded that entitlement to FSIA immunity "would best be raised after discovery has concluded," but granted the motion to dismiss for failure to state a claim without prejudice and invited the Corporation to file an amended complaint. When the French entities noted an appeal, we dismissed for lack of jurisdiction. *France.*

com, Inc. v. The French Republic et al., No. 19-1659 (4th Cir. Aug. 27, 2019) (ECF No. 23). Because the district court's dismissal was without prejudice, we concluded that it was neither a final order nor an appealable interlocutory or collateral order. *See Goode v. Cent. Va. Legal Aid Soc'y, Inc.*, 807 F.3d 619, 623-24 (4th Cir. 2015).

Soon after, the Corporation filed an amended complaint and the French Republic, Atout France, the Ministry for Europe and Foreign Affairs, and <France.com> again moved to dismiss. They did not assert that the Corporation failed to state a claim but instead relied on their asserted entitlement to FSIA immunity. The district court dismissed the claims against Le Drian after the United States filed a "Suggestion of Immunity." However, the court refused to dismiss the action as to the other defendants, again reasoning that possible FSIA immunity did "not call for dismissal at this time" but "would be best raised after discovery has concluded." The French Republic, Atout France, the Ministry for Europe and Foreign Affairs, and <France.com> (collectively, the "French State") then noted this appeal.

II.

In a preliminary motion, the Corporation again challenged our jurisdiction to hear the French State's appeal. We concluded that we have jurisdiction over the instant appeal because the district court rested its order not on a failure to state a claim but solely on a denial of sovereign immunity, which constitutes an appealable collateral order. *France.com, Inc. v. The French Republic, et al.*, No. 20-1016 (4th Cir. March 27, 2020) (ECF No. 25); *see Abelesz v. Magyar Nemzeti*

Bank, 692 F.3d 661, 667 (7th Cir. 2012) ("[W]e and other circuits treat denials of sovereign immunity defenses as appealable collateral orders."). We review *de novo* the district court's denial of sovereign immunity under the FSIA. *Wye Oak Tech., Inc. v. Republic of Iraq*, 666 F.3d 205, 212 (4th Cir. 2011).

We first address the district court's concern that its final decision on sovereign immunity should be postponed pending discovery. The Supreme Court has instructed that the existence of sovereign immunity under the FSIA constitutes a "threshold" question. *See, e.g.*, *Verlinden B.V. v. Cent. Bank of Nigeria*, 461 U.S. 480, 493 (1983). While jurisdictional discovery can sometimes be appropriate, it cannot "supplant the pleader's duty to state those facts at the outset of the case." *Arriba Ltd. v. Petroleos Mexicanos*, 962 F.2d 528, 534 n.17 (5th Cir. 1992). Indeed, because the FSIA seeks to "free a foreign sovereign from suit," immunity should be addressed "as near to the outset of the case as is reasonably possible." *Bolivarian Republic of Venezuela v. Helmerich & Payne Int'l Drilling Co.*, 137 S. Ct. 1312, 1317 (2017).

The FSIA provides that a "foreign state" enjoys immunity "from the jurisdiction of the courts of the United States" unless a specific, enumerated exception applies. 28 U.S.C. § 1604; *OBB Personenverkehr AG v. Sachs*, 577 U.S. 27, 31 (2015). The Corporation does not contend that any of the remaining defendants fails to qualify as a "foreign state" within the meaning of the FSIA. *See id.* § 1603(a), (b) ("foreign state" includes "an agency or instrumentality of a foreign state"). Thus, the defendants are "presumptively immune from the jurisdiction of United States." *Sachs*, 577 U.S. at 31.

To overcome the FSIA presumption of immunity, a complaint must set forth "sufficient facts to support a reasonable inference that [the] claims" satisfy one of the specific, enumerated exceptions in the FSIA. *Rux v. Republic of Sudan*, 461 F.3d 461, 468 (4th Cir. 2006). The Corporation maintains that its complaint sets forth sufficient facts to establish two of the exceptions: the "commercial activity" exception, *see* 28 U.S.C. § 1605(a)(2), and the "expropriation" exception, *see id.* § 1605(a)(3). Accordingly, we turn to consideration of those exceptions.

III.

The "commercial activity" exception strips foreign states of immunity in cases "based upon a commercial activity carried on in the United States by the foreign state; or upon an act performed in the United States in connection with a commercial activity of the foreign state elsewhere; or upon an act outside the territory of the United States in connection with a commercial activity of the foreign state elsewhere and that act causes a direct effect in the United States." 28 U.S.C. § 1605(a)(2). The FSIA defines "commercial activity" as "either a regular course of commercial conduct or a particular commercial transaction or act." *Id.* § 1603(d).

The FSIA mandates that the "commercial character" of an activity "be determined by reference to the nature of the course of conduct," not "by reference to its purpose." *Id.* § 1603(d). Thus, "the issue is whether the particular actions that the foreign state performs (whatever the motive behind them) are the type of actions by which a private party engages in 'trade and traffic or commerce.'" *Republic of Argentina v.*

Weltover, Inc., 504 U.S. 607, 614 (1992) (quoting *Black's Law Dictionary* 270 (6th ed. 1990)). A foreign sovereign engages in "commercial activity" only when it exercises "those powers that can also be exercised by private citizens," not when it employs "powers peculiar to sovereigns." *Id.* (quoting *Alfred Dunhill of London, Inc. v. Republic of Cuba*, 425 U.S. 682, 704 (1976)).

In determining whether the commercial activity exception applies here, we begin by identifying the conduct on which the action is "based." *See Saudi Arabia v. Nelson*, 507 U.S. 349, 356 (1993); *see also Garb v. Republic of Poland*, 440 F.3d 579, 586 (2d Cir. 2006) (noting that the "threshold step" is identifying the "act of the foreign sovereign State that serves as the basis for plaintiffs' claims"). To do so, we look to the "gravamen of the complaint," meaning the "basis" or "foundation" for it. *Nelson*, 507 U.S. at 357 (citing *Callejo v. Bancomer, S.A.*, 764 F.2d 1101, 1109 (5th Cir. 1985)). We examine the "core of [the] suit," that is, the "acts that actually injured" the plaintiff. *Sachs*, 577 U.S. at 35.

The Corporation argues that the act providing the basis for its suit is the French State's use of <France.com> to offer links to tours, accommodations, restaurants and other tourism resources and to sell advertisements. But study of the complaint makes clear that the conduct that the Corporation asserts "actually injured" it is not subsequent use of the website, but the adverse French judgment holding that <France.com> properly belongs to the French State. All asserted injuries alleged in the complaint flow from that French judgment. *Cf. Valambhia v. United Republic of Tanzania*, No. 18-cv-370, 2019 WL 1440198, at *4 (D.D.C. Mar. 31, 2019), *aff'd*, 964 F.3d 1135 (D.C. Cir. 2020)

(holding an action for recognition of a foreign judgment was not a "commercial activity" because courts may not "consider the underlying commercial conduct that gave rise to the foreign judgment").

For example, the complaint repeatedly alleges that the French State's use of the website and "any commercial revenue flowing from" that use are a "direct result of [the French State] illegally seizing the <[F]rance.com> website domain from plaintiff." It further alleges that the French State "illegally seiz[ed] the <[F]rance.com> website domain"; that the French State "misused the French judicial system to seize the domain from Plaintiff"; that the French State "lack[ed] [] authority to seize property"; and that the French State "usurp[ed]" and "expropriated" the domain name.

As explained below, it is not at all clear that the French State's actions in obtaining the website in a judicial proceeding constitute a "seizure" or an "expropriation" for purposes of the FSIA's "expropriation" exception to immunity. But even if those actions did constitute an "expropriation" under the FISA, they clearly do not constitute a "commercial activity." Rather, it is well established that a "seizure" by a foreign government constitutes a sovereign activity. *See, e.g.*, *de Csepel v. Republic of Hungary*, 714 F.3d 591, 600 (D.C. Cir. 2013) ("expropriation 'constitute[s] a quintessentially sovereign act' falling outside the scope of the commercial activity exception") (cleaned up); *Hunt v. Mobil Oil Corp.*, 550 F.2d 68, 73 (2d Cir. 1977) ("Expropriations . . . are traditionally considered to be public acts of the sovereign removed from judicial scrutiny."). The complaint's repeated references to the French State's "seizure" of the domain name makes clear that this case is "in essence based on

disputed takings of property," and not any "subsequent treatment" of that property. *Garb*, 440 F.3d at 586, 588.

Nor does it matter what motivated the French State to intervene in the French lawsuit for purposes of the commercial activity exception. The Corporation suggests that France sought to take control of the domain name in order to take advantage of the Corporation's "market share." And the complaint quotes a French official stating that "[i]t is imperative to take advantage of the www.France.com domain name to ensure our tourist promotion." But the Supreme Court has repeatedly held that the text of the FSIA requires us to examine the nature, or the "outward form of the conduct that the foreign state performs," rather than the purpose, or the "reason why the foreign state engages in the activity." *Weltover*, 504 U.S. at 617; *see also Nelson*, 507 U.S. at 361-62.

Finally, to the extent that the Corporation contends that only the transfer of the domain name harmed it, and not the preceding court judgment, that argument too fails. The French judgment—which was affirmed by an appellate court—provided the sole basis for France's request to Web.com to transfer the domain name. Without the judgment issued by the French trial and appellate courts, there would have been no ground for the request. In sum, none of the conduct that the Corporation alleges harmed it would have occurred without that judgment. *See Garb*, 440 F.3d at 587. The Corporation's attempt to reframe this case as one about competitive harm in order to "evade the Act's restrictions through artful pleading" fails. *Sachs*, 577 U.S. at 36.

The Corporation's claims arise from an adverse judgment of a foreign court—in a proceeding initiated by the Corporation itself—resulting in the transfer of the domain name, not any commercial activity that may have followed that transfer. Accordingly, the commercial activity exception to FSIA immunity does not apply.

IV.

The Corporation also invokes the "expropriation" exception to FSIA immunity. The expropriation exception applies when property is "taken in violation of international law" and that property is either "present in the United States in connection with a commercial activity carried on in the United States by the foreign state" or "owned or operated by an agency or instrumentality of the foreign state and that agency or instrumentality is engaged in a commercial activity in the United States." 28 U.S.C. § 1605(a)(3). To establish the expropriation exception, a plaintiff must show that "(1) rights in property are in issue; (2) that the property was 'taken'; (3) that the taking was in violation of international law; and (4) that one of the two nexus requirements is satisfied." *Zappia Middle E. Constr. Co. v. Emirate of Abu Dhabi*, 215 F.3d 247, 251 (2d Cir. 2000).

The complaint's factual allegations do not permit a reasonable inference that its claims satisfy the expropriation exception. First, it is unclear whether the alleged conduct qualifies as an "expropriation" for FSIA purposes. The French State did not engage in "the nationalization" of the website. *Id.* (citing H.R. Rep. No. 94-1487, at 19 (1976), reprinted in 1976 U.S. C.C.A.N. 6604, 6618). Nor did the French State take

the property through eminent domain. *See Expropriation*, BLACK'S LAW DICTIONARY (11th ed. 2019) ("A governmental taking or modification of an individual's property rights, esp. by eminent domain; CONDEMNATION").

Rather, French courts held that the French State owns the word "France" because it is integral to its identity as a nation, and so was also entitled to <France.com>. The French courts so held after the French State intervened in litigation in France initiated by the Corporation itself. And the French courts acted only after years of litigation. Although the Corporation now asserts the French courts were biased, it points to nothing that suggests it did not receive a full and fair (and lengthy) opportunity to present its position.

But even if the French judicial decree constitutes an "expropriation" for purposes of the FSIA, the Corporation fails to identify any international law that this "expropriation" violated. *See Fed. Republic of Germany v. Philipp*, 141 S. Ct. 703, 715 (2021) (holding that the international law of property governs whether a foreign sovereign committed a taking in violation of international law). The Corporation argues repeatedly that the French court applied French law in a way that conflicts with or is "hostile to" the laws of the United States. Even if this is accurate, it does not demonstrate a violation of international law, as is required to satisfy the expropriation exception to FSIA immunity. *Id.* at 714 ("United States law governs domestically but does not rule the world." (citing *Kiobel v. Royal Dutch Petroleum Co.*, 569 U.S. 108, 115 (2013)).

The Corporation also asserts that the French courts had no authority to declare the domain name <France.com> the property of the French State. The Corporation claims that the order doing so is "specious" and was rendered absent "legitimate legal process." Other than assertedly reaching a result contrary to the laws of the United States, the Corporation does not explain or even allege how this is so. The French courts are courts of competent jurisdiction. Neither in its amended complaint nor its brief does the Corporation assert facts supporting a claim that the French legal process was not "legitimate." Moreover, this would seem to be a difficult and unlikely claim given that the Corporation itself invoked the power of the French courts. Only because it did so could the French State intervene in that action to obtain the result challenged here.

In short, the Corporation has alleged no "expropriation" in violation of international law, and thus the expropriation exception to the FSIA also does not apply.*

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* The Corporation's brief argument that a United States court can exercise *in rem* jurisdiction over the domain name <France.com> also fails. Under the FSIA, foreign property is immune from prejudgment arrest unless three conditions are satisfied: the property is "used for a commercial activity in the United States"; the foreign state "has explicitly waived its immunity from attachment prior to judgment"; and the purpose of the attachment is to "secure satisfaction of a judgment" that may be entered against the foreign state, and "not to obtain jurisdiction." 28 U.S.C. §§ 1609, 1610(d)(1), (2). France has certainly not waived immunity, and the Corporation seeks arrest of <France.com> to obtain jurisdiction. Thus, the Corporation asserts no basis for *in rem* jurisdiction.

V.

For the foregoing reasons, we reverse the judgment of the district court. We remand the case with instructions to dismiss with prejudice for lack of subject matter jurisdiction under the FSIA.

REVERSED AND REMANDED WITH INSTRUCTIONS

JUDGMENT OF THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT (MARCH 25, 2021)

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

FRANCE.COM, INC., A CALIFORNIA CORPORATION,

Plaintiff-Appellee,

v.

THE FRENCH REPUBLIC; ATOUT FRANCE; THE MINISTRY FOR EUROPE AND FOREIGN AFFAIRS; FRANCE.COM, A DOMAIN NAME,

Defendants-Appellants.

and

JEAN-YVES LE DRIAN, in his official capacity as the French Republic's Minister for Europe and Foreign Affairs; VERISIGN, INC.,

Defendants.

No: 20-1016
(1:18-cv-00460-LO-IDD)

In accordance with the decision of this court, the judgment of the district court is reversed. This case is remanded to the district court for further proceedings consistent with the court's decision.

This judgment shall take effect upon issuance of this court's mandate in accordance with Fed. R. App. P. 41.

/s/ PATRICIA S. CONNOR
CLERK

ORDER OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA (DECEMBER 6, 2019)

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

FRANCE.COM, INC.,

Plaintiff,

v.

THE FRENCH REPUBLIC, ATOUT FRANCE, THE MINISTRY FOR EUROPE AND FOREIGN AFFAIRS, JEAN-YVES LE DRIAN, IN HIS OFFICIAL CAPACITY AS THE FRENCH REPUBLIC'S MINISTER FOR EUROPE AND FOREIGN AFFAIRS, <FRANCE.COM>, A DOMAIN NAME, AND VERISIGN, INC.,

Civil Action No. 1:18-cv-460

Before: Hon. Liam O'GRADY,
United States District Judge.

This matter comes before the Court on two motions to dismiss under Federal Rule of Civil Procedure 12(b)(1): a Motion to Dismiss by Defendants Atout France, the French Republic, the Ministry for Europe and Foreign Affairs, and <france.com> (Dkt. 61) and a Motion to Dismiss by Defendant Jean-Yves Le Drian (Dkt. 59). Defendant Jean-Yves Le Drian raises an

independent immunity argument and joins the other Defendants in the arguments enumerated in their motion to dismiss.

Also before the Court is a Suggestion of Immunity Submitted by the United States of America. Dkt. 67. The United States informs the Court of its interest in the present action, and that "the Executive Branch has decided to recognize Foreign Minister Le Drian's immunity from this suit." *Id.* ¶ 1. Recognizing the Executive Branch's constitutional role in managing foreign relations, the Court defers to the United States' determination of immunity in this case. As such, the Motion to Dismiss by Jean-Yves Le Drian (Dkt 59) is hereby GRANTED.

The Motion to Dismiss by Atout France, the French Republic, the Ministry for Europe and Foreign Affairs, and <france.com> (Dkt. 61) is hereby DENIED. The Federal Rule of Civil Procedure 12(b)(1) arguments raised in Defendants' brief state that Plaintiff has failed to allege an applicable exception to the Foreign Sovereign Immunities Act ("FSIA") and that the suit violates the principles of comity. The Court does not find that these issues call for dismissal at this time; as noted in the Court's Order of May 31, 2019, they "would best be raised after discovery has concluded." Dkt. 40 at 1.

The Amended Complaint is hereby DISMISSED as to Foreign Minister Le Drian only. The remaining Defendants shall file an answer within ten days of this Order. A scheduling order shall issue forthwith.

It is SO ORDERED.

/s/ Liam O'Grady
United States District Judge

December 6, 2019
Alexandria, Virginia

ORDER OF THE DISTRICT COURT ON MOTION TO DISMISS (MAY 31, 2019)

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

FRANCE.COM, INC.,

Plaintiff,

v.

THE FRENCH REPUBLIC, ATOUT FRANCE, THE MINISTRY FOR EUROPE AND FOREIGN AFFAIRS, JEAN-YVES LE DRIAN, IN HIS OFFICIAL CAPACITY AS THE FRENCH REPUBLIC'S MINISTER FOR EUROPE AND FOREIGN AFFAIRS, <FRANCE.COM>, A DOMAIN NAME, AND VERISIGN, INC.,

Civil Action No. 1:18-cv-460

Before: Hon. Liam O'GRADY,
United States District Judge.

This matter comes before the Court on a Motion to Dismiss by Defendants Atout France, the French Republic, the Ministry for Europe and Foreign Affairs, and <france.com>, Dkt. 19, and a Motion to Dismiss by Defendant Jean-Yves Le Drian. Dkt. 21.

The Motion to Dismiss by Jean-Yves Le Drian, Dkt. 21, is DENIED. The Court finds the issue of whether Jean-Yves Le Drian was acting in his official or individual

capacity requires a period of discovery and would best be raised at the summary judgment stage.

The Motion to Dismiss by Atout France, the French Republic, the Ministry for Europe and Foreign Affairs, and <france.com>, Dkt. 19, is GRANTED IN PART AND DENIED IN PART. The case is DISMISSED WITHOUT PREJUDICE. The Court finds the Federal Rule of Civil Procedure 12(b)(1) issues raised by Atout France, the French Republic, the Ministry for Europe and Foreign Affairs, and <france.com> regarding the application of the Foreign Sovereign Immunities Act would best be raised after discovery has concluded. Therefore, to the extent their Motion relies on these arguments, it is denied. However, the Court finds Plaintiff's Complaint lacks sufficient factual allegations in order to state a claim upon which relief can be granted. Thus, Defendant's Motion to Dismiss is granted pursuant to Federal Rule of Civil Procedure 12(b)(6).

Plaintiff must file an amended complaint within thirty days of the date of this Order. Otherwise the case will be dismissed with prejudice.

It is SO ORDERED.

/s/ Liam O'Grady
United States District Judge

May 31, 2019
Alexandria, Virginia

ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT DENYING PETITION FOR REHEARING (APRIL 19, 2021)

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

FRANCE.COM, INC., A CALIFORNIA CORPORATION,

Plaintiff-Appellee,

v.

THE FRENCH REPUBLIC; ATOUT FRANCE; THE MINISTRY FOR EUROPE AND FOREIGN AFFAIRS; FRANCE.COM, A DOMAIN NAME,

Defendants-Appellants.

and

JEAN-YVES LE DRIAN, IN HIS OFFICIAL CAPACITY AS THE FRENCH REPUBLIC'S MINISTER FOR EUROPE AND FOREIGN AFFAIRS; VERISIGN, INC.,

Defendants.

No: 20-1016
(1:18-cv-00460-LO-IDD)

The petition for rehearing en banc was circulated to the full court. No judge requested a poll under Fed. R. App. P. 35. The court denies the petition for rehearing en banc.

For the Court

/s/ Patricia S. Connor
Clerk

PETITION FOR REHEARING OF APPELLEE FRANCE.COM, INC. (APRIL 8, 2021)

RECORD NO. 20-1016

IN THE UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

FRANCE.COM, INC., A CALIFORNIA CORPORATION,

Plaintiff-Appellee,

v.

THE FRENCH REPUBLIC; ATOUT FRANCE; THE MINISTRY FOR EUROPE AND FOREIGN AFFAIRS; FRANCE.COM, A DOMAIN NAME,

Defendants-Appellants.

and

JEAN-YVES LE DRIAN, IN HIS OFFICIAL CAPACITY AS THE FRENCH REPUBLIC'S MINISTER FOR EUROPE AND FOREIGN AFFAIRS; VERISIGN, INC.,

Defendants.

On Appeal from the United States District Court
for the Eastern District of Virginia, at Alexandria.
Liam O'Grady, Senior District Judge.
(1:18-cv-00460-LO-IDD)

PETITION FOR REHEARING *EN BANC*
OF APPELLEE FRANCE.COM, INC.

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Table of Authorities Omitted }

RULE 35(B) STATEMENT

Pursuant to Rule 35 of the Federal Rules of Appellate Procedure, Plaintiff-Appellant France.com respectfully files this Petition for Rehearing *en Banc* of the panel opinion in *France.com, Inc. v. French Republic*, No. 20-1016 (4th Cir. Mar. 25, 2021) (ECF No. 41). The Panel's opinion conflicts with controlling authority and authoritative decisions in other Circuits and raises questions of exceptional importance regarding (1) United States citizens' ability to enforce trademark rights against foreign sovereigns within the United States, (2) the supremacy of United States law, (3) the role of United States Courts in protecting United States-based property and property rights, and (4) the enforceability of United States intellectual property rights.[1]

INTRODUCTION

France.com's suit below asserts separate claims for cybersquatting, reverse domain name hijacking, expropriation, trademark infringement, and unfair competition. France.com alleged each of those claims to protect its United States-based property, namely, property rights in the domain name <France.com> as well as its rights in U.S. Trademark Registration No. 4514330 for FRANCE.COM.[2]

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[1] Defendants are collectively referred to herein as the French Republic.

[2] Registered in, among other classes, I.C. 35 for promoting tourism.

THE LAWSUIT BELOW INVOLVES DIFFERENT RIGHTS GIVING RISE TO DIFFERENT CLAIMS.

<France.com> was a domain/property owned by Plaintiff and located in Northern Virginia – Plaintiff's claim of expropriation is the avenue to address the taking of that property. FRANCE.COM is a long-standing trademark owned by Plaintiff.[3] Encroachment of trademark rights and resulting injury are addressed through claims of trademark infringement, cybersquatting, unfair competition, and reverse domain name hijacking. Plaintiff's trademark rights do not arise from ownership of a domain but rather arise statutorily by virtue of registration.[4]

Defendants have not disputed that they have used both the Plaintiff's <France.com> domain name and thus the FRANCE.COM mark in the United States since March 2018. Defendants use the <France.com> domain name and FRANCE.COM to redirect traffic to France's own commercial tourism website at www.france.fr.

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[3] *United States Pat. & Trademark Off. v. Booking.com B. V.*, 140 S. Ct. 2298, 2302, 207 L.Ed.2d 738 (2020) ("The Lanham Act . . . arms trademark owners with federal claims for relief; importantly, it establishes . . . trademark registration. The owner of a mark . . . enjoys "valuable benefits," including a presumption that the mark is valid [of validity].")

[4] Infringement upon intellectual property rights within the United States is not permissible simply because actions do not constitute infringement outside of the United States. Dismissing Plaintiff's infringement-related claims with prejudice – claims that have had no factual discovery or testing by a lower Court – in effect, holds they can.

Below, Plaintiff argued the commercial activity exception to FSIA immunity applies because its trademark claims are based upon Defendants' activities within the United States (including their ongoing infringement and internet activity) and that the expropriation exception to the FSIA applied to the taking of Plaintiff's domain name. The court determined factual discovery was required in order to resolve those FSIA immunity questions. Defendants appealed, arguing postponement of that determination, in forcing them to continue litigation, denied immunity.

The Panel reviewed *de novo* questions of whether the FSIA confers immunity to Defendants for their unauthorized use of Plaintiff's <France.com> domain name and FRANCE.COM trademark, and whether Plaintiffs plead facts sufficient to assert Defendants actions in obtaining the domain name <France.com> constituted expropriation.

Defendants argued transferring the domain did not constitute expropriation and neither taking the domain nor using it or FRANCE.COM was commercial activity-thus shielding them from Plaintiff's expropriation and infringement-related claims. Defendants argued, and the panel agreed, that FSIA exceptions are inapplicable as the gravamen of the case is an undomesticated French Court order (currently on appeal) granting the French Republic a right of publicity to the generic word "France" and ordering Plaintiff to voluntarily transfer the domain to Defendants or face a fine.[5] Defendants avoided discussing claims related to infringement, arguing Plaintiff's

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[5] *See* ECF No. 24, at 8; JA 268-289, JA 293-304.

lawsuit is merely sour grape re-litigation of the adverse judgment which actually injured the Plaintiff.

The Panel explained that "whether the commercial activity exception applies . . . [requires] identifying the conduct on which the action is "based."[6] The Panel then determined that "[a]ll asserted injuries alleged in the complaint flow from that French judgment"[7] and "[t]he claims arise from [that] judgment."[8] By treating the Plaintiff's claims as a whole and focusing its analysis on a single non-commercial factual predicate instead of the conduct that "actually injured" France.com, the Panel placed this Circuit into conflict with the United States Supreme Court and other Circuits.

The Panel's opinion conflicts with Supreme Court decisions in *Nelson* and *Sachs*,[9] as well as the Eleventh Circuit's *Devengoechea* decision[10] the Second Circuit's *Pablo Star* decision,[11] and this Circuit's own *Globe Nuclear* decision.[12] Each of those controlling or

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6 ECF No. 41, at * 3, *citing Saudi Arabia v. Nelson*, 507 U.S. 349, 356, 113 S.Ct. 1471, 123 L.Ed.2d 47 (1993).

7 *Id.*

8 *Id.* at *5.

9 *OBB Personenverkehr AG v. Sachs*, 577 U.S. 27, 136 S. Ct. 390, 396, 193 L.Ed. 2d 269 (2015)

10 *Devengoechea v. Bolivarian Republic of Venezuela*, 889 F.3d 1213 (11th Cir. 2018)

11 *Pablo Star Ltd. v. Welsh Gov't*, 961 F.3d 555, 562 (2d Cir. 2020), *cert. denied*, 141 S. Ct. 1069 (2021)

12 *Globe Nuclear Servs. & Supply (GNSS), Ltd. v. AO Techsnabexport*, 376 F.3d 282 (4th Cir. 2004)

authoritative decisions unambiguously provides that a reviewing Court determines the gravamen – *i.e.*, the conduct that actually injured the plaintiff – in FSIA exception cases on a claim-by-claim basis.

The Panel's departure creates myriad problems of exceptional public importance. It creates conflict concerning the correct determination of "gravamen" in FSIA exception cases within this Circuit and elsewhere, expands FSIA immunity beyond its logical limits, encourages foreign sovereigns to avoid judicial review of foreign orders, and threatens the validity and enforceability of United States intellectual property rights. Accordingly, France.com respectfully seek rehearing *en banc*.

SPECIFIC QUESTIONS

1. *En banc* Rehearing Is Necessary to Resolve the Conflict Between the Panel's Analysis and (a) the Supreme Court's Decisions in *Nelson* and *Sachs,* (b) This Court and Other Circuit Court Opinions Interpreting Them, and (c) Its Expropriation Analysis

Summarizing its "gravamen" analysis, the Panel held that "[t]he Corporation's claims arise from an adverse judgment of a foreign court . . . not . . . commercial activity that may have followed that transfer" without individually examining the Plaintiff's distinct claims.[13] The Panel treated the Plaintiff's claims as

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[13] ECF No. 41, at *3 (The panel opinion, save discussing the expropriation exception, does not even mention Plaintiff's individual claims after describing the contents of the filed lawsuit in recounting the background below).

single unit and focused its analysis on a single preceding event, but not one causing Plaintiff's various injuries.[14]

The Panel's approach conflicts with Supreme Court precedent, and decisions of this Circuit, the Eleventh, and Second Circuits. The *Nelson* and *Sachs* decisions require courts to review a plaintiff's claim on a claim-by-claim basis to determine what conduct each claim is "based-upon" and "actually injured" the plaintiff. Here, Plaintiff's claims each seek redress for injuries occurring in the United States apart from any "adverse judgment." Plaintiff's Amended Complaint alleges Defendants' conduct in the United States (*i.e.*, the taking and infringement), are what "actually injured" the Plaintiff. The Plaintiff's cybersquatting, reverse domain name hijacking, trademark infringement, and unfair competition are claims are "based upon" admitted conduct by the Defendants in the United States.

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[14] As stated in oral argument, *Garb v. Republic of Poland*, 440 F.3d 579, 586 (2d Cir. 2006) is inapplicable. *Garb* involved rights in property confiscated by the Nazi regime. The *Garb* Plaintiffs sued because of the confiscation – not expropriation because the property was within the borders of Poland. The *Garb* Plaintiffs then argued for jurisdiction because later commercial property sales met the commercial activities exception. The *Garb* Court said no, the later commercial activity does not render the taking commercial under of FSIA. That is not this case. Plaintiff's trademark related claims arise independently of the transfer of the domain name. Indeed, if Defendant's argument was correct, every claim of infringement would center not on acts of infringement but rather the manner of acquisition of property later used to infringe.

2. *En Banc* Rehearing Is Necessary to Address the Ramifications of the Panel's Opinion in the Areas of Domestication of Foreign Judgments and Intellectual Property Rights

Defendants did not domesticate the adverse foreign judgment (which conflicted with United States intellectual property law by granting the French Republic a "right of publicity" to the generic word "France").[15] The adverse foreign judgment carried no authority in the United States and did not direct the domain registrar or Defendants to transfer the domain name. Plaintiff's expropriation claim is "based upon" Defendants' efforts in the United States to convince a United States domain name registrar, Web.com, to divest the Plaintiff of its United States property, the <France.com> domain name. Based on the Panel's opinion, a foreign sovereign can argue in their own courts what they cannot in the United States, obtain a favorable ruling, and then privately enforce parts of that ruling without ever presenting it to a United States court for review – and in so doing make United States property subject to foreign law. Here, intangibility of the property allowed the transfer to occur without United States court review,[16] and the Panel's opinion stands for the proposition that the only path for

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[15] In the past, the French Republic expressly disclaimed such an argument in the United States. *See* ECF 24, at 7-8.

[16] The foreign judgment did not direct anyone except the Plaintiff (working through the prescribed channels of appealing) to take action and Plaintiff had neither opportunity to prevent the domain transfer in U.S. Courts nor notice of the need to take such action.

redress or to enforce rights in that transferred property is in a foreign tribunal.

ARGUMENT

1. *NELSON*, *SACHS*, AND THEIR PROGENY REQUIRE THE GRAVAMEN OF A LAWSUIT TO BE ADDRESSED ON A CLAIM-BY-CLAIM BASIS

a. *Nelson* and *Sachs*

In *Saudi Arabia v. Nelson*, a plaintiff argued for jurisdiction over a sovereign for torts occurring overseas on the theory that the action was "based upon" the sovereign's preceding commercial activity (job recruitment) in the United States.[17] The *OBB Personenverkehr AG v. Sachs* plaintiff argued for jurisdiction over a sovereign for injuries sustained in a fall overseas because of a preceding commercial activity (sale of a train ticket) in the United States.[18] In both instances, the Supreme Court explained that it is the activity giving rise to the specific claim that is key, not preceding conduct disconnected it. France.com concedes that questions involving the domain transfer are squarely at issue in its expropriation claim[19] and that damages arise because of the transfer, but all other claims arise out of statutory trademark rights

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[17] *Saudi Arabia v. Nelson*, 507 U.S. at 356-358.

[18] *Sachs*, 577 U.S. at 35-37.

[19] The expropriation claim cannot center on a non-executable judgment that did not give the defendants or anyone else rights to act. Damage and injury to Plaintiff was caused not by the French court's direction to anyone but rather by what actors decided to do with that judgment (a judgment on appeal).

and injuries/damages related to the rights in the trademark – not rights in the domain.

The Panel misapplication of *Nelson* and *Sachs* (in dismissing all commercial activity related to the elements of France.com's actual claims because of what they found to be non-commercial activity in a preceding event) is what *Sachs* expressly warned against. The *Sachs* Court wrote,

> We cautioned in *Nelson* that the reach of our decision was limited, and similar caution is warranted here . . . we consider here only a case in which the gravamen of each claim is found in the same place.

Sachs, 577 U.S. at 36 n.2 (internal citation omitted) (emphasis added). The Supreme Court expressly noted the importance of a claim-by-claim analysis and the possibility that gravamina for different claims might lie in different places.

This Circuit, in *Globe Nuclear Servs. & Supply (GNSS), Ltd. v. AO Techsnabexport*, heeded the Supreme Court's direction. In reversing the district court decision finding a lawsuits gravamen our side of the each claim's elements, this Court explained that "[t]he district court's capacious view of the conduct upon which [the] lawsuit is "based" cannot be reconciled with the Supreme Court's decision in *Nelson*." *Id.* at 286-87. This Court highlighted that under *Nelson* a court "must turn [its] attention . . . to the specific claim[s] . . . asserted . . . and the elements of claim[s] that, if proven, would entitle [a plaintiff] to relief." *Id.* Just as the district court's decision in *Globe* conflicted with *Nelson*, so too does the Panel's.

b. Conflicting Decisions in Other Circuits

The Eleventh Circuit, in *Devengoechea v. Bolivarian Republic of Venezuela*, 889 F.3d 1213 (11th Cir. 2018), provided similar guidance. The Eleventh Circuit explained that "the [*Sachs*] Court found that the conduct making up the gravamen of Sachs's suit happened in Austria because [a]ll . . . claims turn[ed] on the same tragic episode [occurring there]." *Devengoechea*, 889 F.3d at 1223. The Eleventh Circuit stressed that *Sachs* "expressly recognized that the gravamina of different claims may occur in different locations." *Id*. The Eleventh Circuit specified that reviewing courts must "identify the conduct on which [plaintiff] bases his suit" and look to "the conduct that actually injured [him or her]" and "therefore that makes up the gravamen of [his] lawsuit." The Eleventh Circuit then proceeded to examine the plaintiff's two separate claims.

Most recently, the Second Circuit in *Pablo Star Ltd. v. Welsh Gov't*, 961 F.3d 555, 562 (2d Cir. 2020)[20], applied the above guidance in the context of intellectual property infringement case against a sovereign. In *Pablo Star*, the Welsh government argued (as the Defendants have below) that the promotion of tourism is not commercial activity. In accord with *Sachs* and *Nelson*, the Second Circuit focused on the conduct of the defendant that actually injured the plaintiff. It specifically focused on the act of alleged infringement itself, and held that "[f]or purposes of the commercial-activity exception, the relevant "activity" on which the claims are based is the . . . [allegedly infringing] use of the photographs

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20 *cert. denied*, 141 S. Ct. 1069 (2021).

in question [by the Welsh government." *Pablo Star Ltd.,* 961 F.3d at 560-61.

Hence, no matter the type of claim, reviewing courts have taken a consistent approach in understanding that it is the actual claims presented that are to be examined in a gravamen analysis. Though seemingly different on their faces, when examined the cases are similar. *Nelson's* torture, *Sachs'* fall, and *Garb's* property confiscation couldn't survive the analysis because none of the elements of the claims involved Plaintiffs' alleged threshold commercial activity. *Devengoechea* was allowed to proceed because the commercial activity alleged was directly tied to the individual claims made. In *Pablo Star*, the suit could proceed because the commercial activity alleged was the infringement alleged. In all of the cases, with all of the claims, one thing remains constant: *Nelson* and *Sachs* require claim-by-claim analysis of the conduct of the Defendant that actually injured the plaintiff[21]

c. Application of the *Nelson*/*Sachs* Claim By Claim Analysis to the Current Suit

This Court has explained the elements of each of the claims made by France.com.[22] As detailed below,

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[21] Unchallenged recent District of Columbia opinions reached similar results. *See Jam v. Int'l Fin. Corp.*, 481 F. Supp. 3d 1 (D.D.C. 2020); *Rodriguez v. Pan Am. Health Org.*, No. CV 20-928 (JEB), 2020 WL 6561448 (D.D.C. Nov. 9, 2020).

[22] *See Lamparello v. Falwell*, 420 F.3d 309, 318 (4th Cir. 2005) (explaining elements of cybersquatting); *Barcelona.com, Inc. v. Excelentisimo Ayuntamiento De Barcelona*, 330 F.3d 617, 626 (4th Cir. 2003) (reverse domain name hijacking); Dkt. 41, citing *Zappia Middle E. Constr. Co. v. Emirate of Abu Dhabi*, 215 F.3d

only the claim of expropriation can be argued to have the manner of transfer of the domain or any other property as an element. The transfer of the domain name to France is only at issue in the claim of expropriation, where a party must show both that rights in property are at issue and that the property was taken. *See Zappia*, 215 F.3d at 251. Reverse domain name hijacking requires a Plaintiff to show that it was a registrant of a domain name that was transferred because of a registrar's policy – but such a claim is about infringement[23] *See Barcelona.com*, 330 F.3d at 626. Each of the remaining three claims deals only with statutory rights and remedies created by the Lanham Act in Plaintiff's registered trademark. Those claims do not revolve around, hinge upon, or even involve as a defense one's ownership of a domain. In response to a claim of trademark infringement or unfair competition, the issue is the protection of a Plaintiff's rights in a trademark and not whether or not a defendant has rights in an object they are using to infringe. Ownership or possession of a domain does not invalidate one's rights in a valid registered trademark, especially one such as FRANCE.COM that was

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247, 251 (2d Cir. 2000) (expropriation); *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 152 (4th Cir. 2012) (TM infringement); *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Virginia, Inc.*, 43 F.3d 922, 930 (4th Cir. 1995) *citing* 15 U.S.C. § 1114(1) (unfair competition).

[23] In reverse domain name hijacking, a Plaintiff's domain gets transferred because an owner of a trademark complains to a registrar that the domain infringes upon their trademark – the Plaintiff then files suit and shows that their use of the domain was actually not infringing).

registered decades prior to the Defendant's use of a domain (however obtained).

d. Expropriation

The Panel's analysis of the expropriation claim is perplexing. It states "[t]he complaint's factual allegations do not permit a reasonable inference that its claims satisfy the expropriation exception," but after reciting uncertainty about other elements it based its holding on Plaintiff's supposed "failure to identify any international law that [the] expropriation violated. Dkt. 41, at *5. Despite briefing and oral argument, the Panel apparently understood the alleged violation of international law to be allegations "the French court applied French law in a way that conflicts with or is hostile to the laws of the United States."

Though the decision and rationale is indeed hostile to United States law, the Amended Complaint is replete with allegations that the transfer of the domain occurred without compensation in violation of international law. As Plaintiff argued, "a state is responsible under international law for injury resulting from: (1) a taking by the state of the property of a national of another state that . . . is not accompanied by provision for just compensation. . . . " RESTATEMENT (THIRD) OF FOREIGN RELATIONS LAW § 712 (AM. LAW INST. 1987).

2. The Panel's Opinion Impact on United States Intellectual Property Rights and Questions of Domestication of Foreign Judgments

If the Panel opinion stands, federally registered intellectual property rights are at risk so long as there is a foreign government willing to use their own courts

to stake a claim to those same rights. That is no overstatement. In determining that the gravamen of any infringement lawsuit is actually a factual predicate rather the infringement itself, and thus non-commercial, the Court has determined that, in the Fourth Circuit, the foreign actor is shielded by the FSIA as long as the factual predicate is non-commercial.

Further, the Court has invited foreign actors to simply avoid the domestication process and judicial review and enforce such orders privately – and yet claim the benefits of review and domestication should their private efforts be challenged. The Court's fundamental misapplication of the gravamen analysis and apparent grant of deference and comity to a foreign judicial decision never subjected to challenge or even the slightest of judicial reviews warrants *en banc* review.

CONCLUSION AND RELIEF SOUGHT

For the foregoing reasons, Appellee France.com respectfully requests that this Court grant this Petition for Rehearing En Banc, reverse the District Court's Order(s) dismissing the Complaint and Amended Complaint, and reinstate and remand the case for further proceedings on the merits.

Respectfully submitted,

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