

1 David W. Kesselman (SBN 203838)
 2 *dkesselman@kbslaw.com*
 3 Amy T. Brantly (SBN 210893)
 4 *abrantly@kbslaw.com*
 5 Kara D. McDonald (SBN 225540)
 6 *kmcdonald@kbslaw.com*
 7 **KESSELMAN BRANTLY STOCKINGER LLP**
 8 1230 Rosecrans Ave., Suite 690
 9 Manhattan Beach, CA 90266
 10 Telephone: (310) 307-4555
 11 Facsimile: (310) 307-4570
 12 *Attorneys for [Proposed] Intervenor*
 13 **ZA Central Registry, NPC**

14 **UNITED STATES DISTRICT COURT**
 15 **CENTRAL DISTRICT OF CALIFORNIA – WESTERN DIVISION**

16 DOTCONNECTAFRICA TRUST, a
 17 Mauritius Charitable Trust,
 18 Plaintiff,
 19 v.

CASE NO. 2:16-cv-00862 RGK (JCx)
*Assigned for all purposes to the
 Honorable R. Gary Klausner*

20 INTERNET CORPORATION FOR
 21 ASSIGNED NAMES AND
 22 NUMBERS; a California
 23 corporation; DOES 1 through 50,
 24 inclusive,
 25 Defendants.

**ZA CENTRAL REGISTRY, NPC’S
 SUPPLEMENTAL BRIEF
 ADDRESSING WHETHER ZACR
 IS AN INDISPENSABLE PARTY
 PURSUANT TO FEDERAL RULE
 OF CIVIL PROCEDURE 19**

1 **I. INTRODUCTION**

2 On September 22, 2016, this Court ordered the parties and proposed
3 intervenor, ZA Central Registry, N.P.C (“ZACR”), to file supplemental briefs
4 addressing whether ZACR is an indispensable party to Plaintiff DotConnectAfrica
5 Trust’s (“DCA”) Tenth Claim for Declaratory Relief. Dkt. No. 134. For the
6 reasons set forth herein, ZACR asserts that the answer is “yes.”

7 **II. ANALYSIS**

8 In its Tenth Claim for Relief, DCA requests a judicial declaration that
9 ZACR’s application to ICANN for the .Africa gTLD was deficient, and that the
10 Registry Agreement signed between ZACR and defendant Internet Corporation
11 for Assigned Names and Numbers (“ICANN”) be declared null and void. Dkt.
12 No. 10 (First Amended Complaint ¶¶ 126-132).

13 By including a request for declaratory relief that directly impacts ZACR’s
14 property rights,¹ including a declaration that the Registry Agreement between
15 ZACR and ICANN be declared null and void, ZACR is a required party under
16 Fed. R. Civ. P. 19(a).² The law in the Ninth Circuit is clear that a claim for
17 declaratory relief that seeks to invalidate a written agreement makes all parties to

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19 ¹ In its order, this Court requested that the parties limit the briefing to
20 Plaintiff’s Tenth Claim for Declaratory Relief. However, ZACR respectfully
21 asserts that the Ninth Cause of Action for Declaratory Relief also implicates
22 ZACR’s rights to the .Africa gTLD. By its Ninth Cause of Action, DCA appears
23 to seek a declaration requiring ICANN to delegate the .Africa gTLD to DCA.
24 FAC ¶ 124. Because an order requiring ICANN to delegate the .Africa gTLD to
25 DCA instead of ZACR necessarily affects ZACR’s property interest in its Registry
26 Agreement with ICANN, ZACR is an indispensable party to the Ninth Cause of
27 Action, as well.

28 ² Rule 19(a) provides that an absentee party will be deemed a required party
if failure to join it creates a risk that (1) complete relief cannot be accorded among
the existing parties; *or* (2) disposing of the action will impair or impede the
person’s ability to protect its interest; *or* (3) the defendant will be subjected to
double liability or inconsistent obligations because of the interest. *See also*
Moore’s Federal Practice 4-19, § 19.02.

1 that agreement “required” parties. *See Wilbur v. Locke*, 423 F.3d 1101, 1113 (9th
 2 Cir. 2005) (“it is a ‘fundamental principle’ that a ‘party to a contract is necessary,
 3 and if not susceptible to joinder, indispensable to litigation seeking to decimate
 4 the contract’”) (citation omitted), *overruled on other grounds; Dawavendewa v.*
 5 *Salt River Project*, 276 F.3d 1150, 1156-57 (9th Cir. 2002); *Northrop Corp. v.*
 6 *McDonnell Douglas Corp.* 705 F.2d 1030, 1044 (9th Cir. 1983) (“All parties who
 7 may be affected by a suit to set aside a contract must be present”). Under these
 8 authorities, the litigation cannot proceed without ZACR – as ZACR’s ability to
 9 protect its interests would be impaired.

10 The next step in the analysis is whether, as a required party, ZACR’s
 11 joinder to the litigation destroys this Court’s subject matter jurisdiction. Moore’s
 12 Federal Practice 4-19, § 19.02[3][b]. If the answer is yes, then, subject to the
 13 factors set forth in Fed. R. Civ. P. 19(b), ZACR must be deemed an
 14 “indispensable” party.³ *See Wilbur*, 423 F.3d at 1113; *Dawavendewa*, 276 F.3d at
 15 1157.

16 Here, DCA and ZACR are both foreign entities. DCA is a non-profit
 17 organization established under the laws of the Republic of Mauritius with its
 18 principal place of business in Kenya. Dkt. No. 10 (FAC ¶ 7). ZACR is a non-
 19 profit South African company with its principal place of business in South Africa.
 20 *See id.* (FAC ¶ 9.) The presence of foreign nationals on both sides of an action
 21 normally destroys a federal court’s diversity jurisdiction. *See Craig v. Atlantic*
 22

23 ³ In determining whether ZACR is an indispensable party, the Court
 24 considers the factors enumerated in Fed. R. Civ. P. 19(b) “in equity and good
 25 conscience.” The factors include: (1) the extent to which a judgment rendered in
 26 the person’s absence might prejudice that person or the existing parties; (2) the
 27 extent to which any prejudice could be lessened or avoided by: (A) protective
 28 provisions in the judgment; (B) shaping the relief; or (C) other measures; (3)
 whether a judgment rendered in the person’s absence would be adequate; and (4)
 whether the plaintiff would have an adequate remedy if the action were dismissed
 for nonjoinder.

1 *Richfield Co.*, 19 F.3d 472, 476 (9th Cir. 1994) (no diversity where foreign
2 plaintiff sued both foreign and US defendants); *Nike, Inc. v. Comercial Iberica De*
3 *Exclusives Desportivas, S.A.*, 20 F.3d 987, 990-91 (9th Cir. 1994) (presence of
4 citizen plaintiff does not salvage diversity jurisdiction in case with foreign
5 plaintiff and defendants); *Fayesound, Ltd. v. United Coconut Chemicals, Inc.*, 878
6 F.2d 290, 294 (9th Cir. 1989).

7 Where, as here, diversity jurisdiction is destroyed due to the intervention of
8 a required party, ZACR is an indispensable party pursuant to Fed. R. Civ. P.
9 19(b). The resulting prejudice from proceeding without ZACR is manifest, and it
10 cannot be lessened or avoided while DCA maintains its claims for declaratory
11 relief.⁴ Moreover, DCA has an adequate remedy if the case is dismissed for lack
12 of subject matter jurisdiction – it can simply proceed in state court where it
13 originally filed the case. In this circumstance, the matter must be remanded to the
14 state court. *See Takeda v. Northwestern Nat’l Life Ins. Co.*, 765 F.2d 815, 819
15 (9th Cir. 1985) (“Intervention destroys diversity if the intervening party is
16 indispensable” and remanding matter to state court); *see also Neuman v. Baker*,
17 2006 U.S. Dist. LEXIS 86691, at *11-12 (S.D. Cal. Nov. 27, 2006) (granting
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19

20 ⁴ In DCA’s Response to ZACR’s Motion to Intervene, DCA suggested that
21 “[e]ven if the Court finds that ZACR is a required party that cannot be joined due
22 to jurisdiction, the court should allow the case between ICANN and DCA to
23 proceed pursuant to Fed. R. Civ. P. 19(b).” Dkt. No. 128. DCA provides no basis
24 for this suggestion. The Ninth Circuit cases referenced herein make clear that the
25 litigation cannot proceed without ZACR so long as DCA seeks declaratory relief
26 that directly impacts ZACR’s rights to the .Africa gTLD. However, if this Court
27 concludes that ZACR is not indispensable under Fed. R. Civ. P. 19(b), the result is
28 that the Court retains jurisdiction but ZACR remains a party by virtue of being a
required party under Fed. R. Civ. P. 19(a) and one entitled to intervene as of right
under Fed. R. Civ. P. 24(a). *See Mattel, Inc. v. Bryant*, 446 F.3d 1011, 1012-14
(9th Cir. 2006) (finding intervenor to be dispensable, and thus holding that district
court retained jurisdiction).

1 motion to intervene and remanding case to state court because adding
2 indispensable party necessarily divested district court of diversity jurisdiction).

3 **III. CONCLUSION**

4 Because of the manner in which DCA pled its claims for declaratory relief,
5 ZACR is an indispensable party. DCA should either dismiss its claims for
6 declaratory relief, or accept that its First Amended Complaint divests this Court of
7 subject matter jurisdiction. ZACR respectfully submits that, if DCA refuses to
8 dismiss its claims for declaratory relief, this Court lacks subject matter
9 jurisdiction, its prior rulings must be vacated, and the case remanded to the state
10 court for further proceedings. See *Takeda*, 765 F.2d at 820, 822 (directing district
11 to vacate its preliminary injunction order after holding that a third party was
12 indispensable and destroyed diversity); see also *Wang Zong Xiao v. Barr*, 979
13 F.2d 151, 156 (9th Cir. 1992) (“Lacking jurisdiction, the district court erred in
14 entering the preliminary injunction . . . Consequently, the preliminary injunction is
15 VACATED”); *City of San Diego v. Whitman*, 242 F.3d 1097, 1102 (9th Cir. 2001)
16 (“The district court lacked subject matter jurisdiction. . . . The preliminary
17 injunction is vacated and this case is remanded to the district court with
18 instructions to dismiss the City's underlying action.”).

19 Because the Court’s preliminary injunction is currently on appeal, the Court
20 lacks jurisdiction at this juncture to vacate it. *Prudential Real Estate Affiliates,*
21 *Inc. v. PPR Realty, Inc.*, 204 F.3d 867, 880 (9th Cir. 2000) (holding that district
22 court lacked jurisdiction to vacate preliminary injunction order that had been
23 appealed). Accordingly, if the Court concludes that it lacks subject matter
24 jurisdiction, ZACR submits that the proper procedure is for this Court to enter an
25 order under Fed. R. Civ. P. 62.1 stating the Court’s conclusion and its intention to
26 vacate the preliminary injunction and to dismiss the case for lack of jurisdiction.
27 That will allow the parties to seek an appropriate order from the Ninth Circuit
28 remanding the case to this Court for that disposition.

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KESSELMAN BRANTLY STOCKINGER LLP

By: /s/ David W. Kesselman

David W. Kesselman
Amy T. Brantly
Kara D. McDonald
Attorneys for [Proposed] Intervenor
ZA Central Registry, NPC