



Sex.com, VeriSign settle domain name suit

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The original owner of the Sex.com domain name has settled his lawsuit against VeriSign, ending a protracted battle over the transfer of the domain.

The settlement comes roughly nine months after the 9th U.S. Circuit Court of Appeals ruled that **Gary Kremen**, who first registered the Sex.com name in 1994, had **property rights to the stolen domain** and that Network Solutions, **then owned by VeriSign**, was liable for transferring ownership without proper authorization. The landmark case put domain names in the same playing field as real property, giving them protections similar to a house or a car.

"I'm ecstatic that we have reached a settlement, so we can put the case behind us and find peace in knowing that the Ninth Circuit's opinion in the Sex.com case will have an influential role in holding Internet registrars responsible for mishandling their customers' domain name properties," Kremen said in a statement.



Terms of the settlement were not disclosed. However, sources close to the agreement said it was in excess of \$15 million.

VeriSign declined to comment on the settlement.

Kremen lost his rights to the Sex.com domain name in 1995, when a man named Stephen Cohen contacted Network Solutions and convinced the registrar to authorize transfer of the domain to himself. Cohen claimed in a letter that Kremen's company, "Online Classifieds," did not have an Internet connection and authorized the transfer of the domain name. Network Solutions transferred the domain without contacting Kremen or verifying the authenticity of the letter.

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Cohen went on to make at least \$40 million over the next few years, using the site, Kremen's attorneys said.

Kremen ultimately [sued Network Solutions and Cohen](#). A lower court ruled that Network Solutions was not liable, because domain names were not covered by the same rules as tangible property. Kremen subsequently won a \$65 million judgment against Cohen, who promptly transferred his assets overseas and fled the country. The original owner of the domain posted a [\\$50,000 reward notice](#) for Cohen on his newly returned Sex.com site, but the con man remains at large.

The U.S. Appeals Court, however, last July ruled that Network Solutions should be held responsible for giving it to someone else without properly informing its rightful owner.

"Hundreds of domain name registrants lost their valuable property due to the negligence of domain name registrars," William Bode, an attorney at [Bode & Grenier](#) and general counsel for the [American Internet Registrants Association](#), said in a statement. "The court's decision proclaimed that those afflicted registrants have a remedy under law to recover their damages--providing much-needed protection to Internet entrepreneurs."

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CNET News.com's John Borland contributed to this report.

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