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VeriSign Settles Sex.com Lawsuit.

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Byline: Chris O'Brien

Apr. 21--VeriSign will pay about \$15 million to settle a lawsuit that claims it improperly transferred the Sex.com domain name.

The settlement comes after a decade-long legal battle waged by entrepreneur Gary Kremen to prove he was the rightful owner of the lucrative Internet address. Perhaps more significantly, the case established the legal precedent that Internet domains were indeed property and that owners could sue to protect their rights.

"It's good to settle and get it out of the way," said Gary Kremen, owner of Sex.com. "Now I can move on with my business."

Kremen, a San Francisco entrepreneur best known as the founder of the online dating site Match.com, would not confirm the settlement amount. A VeriSign spokesman also declined to comment on the case.

However, a source close to the case put the figure at more than \$15 million.

The case stretches back to 1994, when Kremen registered the Sex.com domain name with Network Solutions, a Virginia company that had an exclusive contract with the U.S. government to maintain the database of Internet addresses.

The next year, a pornographer named Stephen Cohen forged a letter to Network Solutions claiming Kremen had transferred rights to the address to him. The company transferred the name to Cohen, setting off Kremen's legal odyssey to get it back.

Cohen turned Sex.com into a profitable pornography site that reportedly grossed more than \$40 million during the late 1990s. VeriSign of Mountain View inherited the case when it acquired Network Solutions.

In November 2000, a U.S. District Court judge ruled that Cohen must pay Kremen \$65 million and return the Sex.com site. However, the judge also said VeriSign was not liable for its mistake, in part because Internet addresses were not real property due legal protections.

Kremen appealed the case against VeriSign, and in July 2003 the U.S. 9th Circuit Court of Appeals ruled that domain names were indeed property and that VeriSign was liable. The case was sent back to U.S. District Court for trial. The settlement announced Tuesday means that trial won't happen.

Since regaining Sex.com, Kremen has turned the site into an adult search engine. Cohen has left the country and has yet to pay a dime to Kremen. But the courts did seize Cohen's mansion in Rancho Santa Fe near San Diego, where Kremen now lives.

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