

THE FIRST WAVE OF CASES UNDER THE ACPA

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The Anticybersquatting Consumer Protection Act (“ACPA” or “the Act”),¹ creates a new civil action against a person who, with “bad faith intent to profit” from the mark, registers, traffics in, or uses a domain name that is identical or “confusingly similar” to a trademark that was distinctive or famous at the time the domain name was registered.² While the ACPA significantly expands the application of trademark law in the context of the Internet, it is properly limited to acts with a bad faith intent to profit from others’ marks.

This Note surveys the first wave of cases decided under the ACPA and identifies issues that consistently arise in courts’ applications of the ACPA. Although most courts properly apply the ACPA to cybersquatting cases, some courts have broadly interpreted the ACPA to reach cases beyond its scope. This Note cautions that when courts apply the ACPA, they should consider the ACPA merely as a special tool aimed at cybersquatting practices, not as a weapon to replace or expand trademark law.

I. BACKGROUND

A. The Problem of Cybersquatting

As the Internet has become an important medium for business and communication, it has become critically important to have the right domain name. A simple and inexpensive registration process, combined with the low cost of maintaining domain name rights,³ however, has provided many people with the opportunity to engage in “cybersquatting.”⁴ In general, cybersquatting is the practice of registering or using a domain name in which others have legitimate interests, and then attempting to sell the name either to the trademark owner or to the highest bidder.⁵ This practice has caused serious problems for many legitimate trademark holders who

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1. 15 U.S.C. § 1125(d) (Supp. 2001).

2. *Id.* § 1125(d)(1)(A).

3. For example, VeriSign charges \$29 per year for .com domain name registrations. VeriSign Web Address Registration, at http://www.netsol.com/en_US/ (last visited Feb. 10, 2002).

4. S. REP. NO. 106-140, at 4 (1999).

5. *Id.*

seek to establish a web presence that is readily identifiable with their trademarks.⁶

B. Legal Protections Prior to the ACPA

Before the enactment of the ACPA, domain name disputes were addressed primarily through trademark infringement or dilution actions.⁷ Trademark infringement actions focused on the traditional "likelihood of confusion" test.⁸ Dilution actions applied only to famous marks.⁹ For a plaintiff to succeed in either of these two actions, a defendant must have made a "commercial use" of the mark.¹⁰

The trademark infringement approach proved problematic because most cybersquatters did not offer goods or services in connection with the domain names that would lead to consumer confusion.¹¹ Thus, there was little or no chance of finding cybersquatters liable for trademark infringement under the traditional "likelihood of confusion" test. Recognizing this unique problem in cybersquatting cases, some courts held that the brief "initial interest confusion" which lured the users to defendant's website was actionable, even if there was no transaction.¹² This approach, however, has been widely criticized.¹³

Given the limitations of trademark infringement actions in cybersquatting cases, many trademark owners relied on dilution claims to combat

6. *Id.* at 5.

7. *See, e.g.*, *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. 1999) (applying trademark infringement analysis in a domain name dispute); *Intermatic, Inc. v. Toepfen*, 947 F. Supp. 1227 (N.D. Ill. 1996) (applying dilution analysis in a domain name dispute).

8. The "likelihood of confusion" test considers factors such as the strength of the senior user's mark, similarity of the marks, similarity of the goods/services, channels of trade, sophistication of consumers, wrongful intent, actual confusion, and whether the challenged use is within the senior user's zone of natural expansion. *See Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

9. *See* Federal Trademark Dilution Act, 15 U.S.C. § 1125(c)(1).

10. *Id.* §§ 1125(a) and (c)(1).

11. S. REP. NO. 106-140, at 7 (1999).

12. *See, e.g.*, *Interstellar Starship Servs. v. Epix, Inc.* 184 F.3d 1107, 1111-12 (9th Cir. 1999) (holding that initial interest confusion is actionable in the domain name context); *Planned Parenthood Fed'n of Am. v. Bucci*, No. 97 CIV. 0629, 1997 WL 133313, *1 (S.D.N.Y. Mar. 24, 1997), *aff'd*, 152 F.3d 920 (2d Cir. 1998) (holding that domain names are "external labels that, on their face, cause confusion among Internet users.").

13. *See, e.g.*, *Hasbro, Inc. v. Clue Computing*, 66 F. Supp. 2d 117, 125 (D. Mass. 1999) (explicitly repudiating the initial interest confusion approach); *see also* Bryce J. Maynard, *The Initial Interest Confusion Doctrine and Trademark Infringement on the Internet*, 57 WASH. & LEE L. REV. 1303 (2000) (arguing that the initial interest confusion doctrine does not serve the goals of trademark law).

cybersquatters. The critical issue in these claims was to determine whether the mark at issue was famous.¹⁴ Early cases set a low threshold of fame, and dilution, in order to reach cybersquatters.¹⁵ Over time, however, courts have become reluctant to stretch the famousness test, and have limited dilution actions to claims involving truly famous marks.¹⁶ The Second Circuit has gone even further, ruling that dilution actions apply only to marks that are both famous and inherently distinctive.¹⁷ In light of these recent limitations, the number of marks protectable through dilution actions is likely to be reduced.¹⁸

Commercial use of domain names is also difficult to prove in most cybersquatting cases.¹⁹ Most cybersquatters merely registered domain names to interfere with trademark owners' abilities to use their marks on the Internet; they never used the domain names as actual website addresses.²⁰ While courts generally hold that the mere registration of a domain name does not constitute commercial use as traditionally defined, *per se*,²¹ some courts have found commercial use in situations where cybersquatters reserved domain names with the intent to sell the domain names to trademark owners.²² This approach was limited in its effectiveness, however, because many cybersquatters simply waited for mark owners to make an initial purchase offer.²³

14. 15 U.S.C. § 1125(c)(1).

15. *See, e.g.*, *Archdiocese of St. Louis v. Internet Entm't Group, Inc.*, 34 F. Supp. 2d 1145, 1146 (E.D. Mo. 1999).

16. *See Avery Dennison Corp v. Sumpton*, 189 F.3d 868 (9th Cir. 1999) (finding that defendant's use of *avery.net* as e-mail address was not dilutive of plaintiff's Avery and Dennison marks).

17. *TCPIP Holding Co. v. Haar Communication Inc.*, 244 F.3d 88, 101 (2d Cir. 2001) (holding that the mark *Children's Place* was not entitled to protection under the Federal Trademark Dilution Act ("FTDA") because it is a descriptive mark).

18. *See Sally M. Abel, eVolution or Revolution? Trademark Law on the Internet* (June 18, 2001), at http://www.fenwick.com/pub/ip_pubs/Trademarks_&_Internet/main2.htm.

19. S. REP. NO. 106-140, at 7 (1999).

20. *Id.*

21. *See, e.g.*, *Panavision Int'l L.P. v. Toeppen*, 141 F.3d 1316, 1324 (9th Cir. 1998); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949 (C.D. Cal. 1997), *aff'd*, 194 F.3d 980 (9th Cir. 1999).

22. *See, e.g.*, *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1239-40 (N.D. Ill. 1996) (finding that defendant's "business" was the capture and ransom of a domain name).

23. Jason Kaplan, *The Anticybersquatting Consumer Protection Act: Will it End the Reign of the Cybersquatter?*, 8 UCLA ENT. L. REV. 43 (2000).

C. The Anticybersquatting Consumer Protection Act

Congress enacted the ACPA to clarify the rights of trademark owners in response to concerns about the limitations of existing trademark law in dealing with cybersquatters.²⁴ Congress designed the Act to balance the property rights of trademark owners with the First Amendment interests of Internet users.²⁵

Under the ACPA, a defendant is liable if, with “bad faith intent to profit”, he registers, traffics in, or uses a domain name that is identical or “confusingly similar to” a mark that is either distinctive or famous at the time the domain name is registered.²⁶

The ACPA expands trademark law in the Internet context.²⁷ For example, the ACPA does not require commercial use of a mark—the mere act of registering a domain name can violate the Act.²⁸ The ACPA also applies to either distinctive or famous marks, eliminating the fame threshold required under dilution actions.²⁹ Finally, the Act applies to domain names that are “confusingly similar” to a distinctive or famous mark, a standard that is easier to satisfy than the traditional “likelihood of confusion” standard.³⁰

24. S. REP. NO. 106-140, at 7 (1999) (stating that cybersquatting cases are growing dramatically “because there is no clear deterrent and little incentive for cybersquatters to discontinue their abusive practices.”). The Uniform Domain Name Dispute Resolution Policy (“UDRP”), which was created by the ICANN and adopted by major domain registrars by January 3, 2000, is another important means for trademark owners to combat cybersquatters. While the UDRP is cheaper and preferred in straightforward domain name disputes, the ACPA is sometimes favored for several reasons. First, the ACPA allows trademark owners to stop the domain name uses immediately by requesting temporary restraining orders. Second, the ACPA allows discovery, which parties generally prefer in complex cases. Furthermore, the possibility of getting statutory damages atop traditional damages makes it more attractive to go through judicial resolutions than through UDRP proceedings. Importantly, the ACPA can be used to overrule a UDRP decision. *See Sallen v. Corinthians Licenciamentos LTDA*, No. 01-1197, 2001 WL 1518455 (1st Cir. 2001). For a detailed analysis on the UDRP, see Patrick Kelley, Note, *Emerging Patterns in Arbitration Under the Uniform Domain-Name Dispute-Resolution Policy*, 17 BERKELEY TECH. L.J. 181.

25. S. REP. NO. 106-140, at 9 (1999). *See also* H.R. REP. NO. 106-464, at 109 (1999).

26. 15 U.S.C. § 1125(d)(1)(A).

27. *See* P. Wayne Hale, Note, *The Anticybersquatting Consumer Protection Act & Sporty’s Farm L.L.C. v. Sportyman’s Market, Inc.*, 16 BERKELEY TECH. L.J. 205 (2001).

28. 15 U.S.C. § 1125(d)(1)(A).

29. *Id.* However, only famous marks are protected against domain names that are dilutive. *See* 145 CONG. REC. S. 10513-20 (daily ed. Aug. 5, 1999) (Statements of Sens. Hatch, Abraham, and Leahy).

30. *See infra* Part II.A.

The ACPA also contains procedural and remedial provisions that make it an easier and more effective means to combat cybersquatters than traditional trademark law.³¹ For example, the Act allows a trademark owner to bring an *in rem* action against the domain name itself.³² The *in rem* provision applies when the domain name violates the owner's substantive trademark right, and the cybersquatter is either beyond the personal jurisdiction of the court or cannot be located despite the trademark owner's exercise of due diligence.³³ The Act also provides that trademark owners may seek statutory damages ranging from \$1000 to \$100,000 per domain name.³⁴

In spite of these "expansions" of trademark law in the Internet context, ACPA actions are limited to bad-faith registrations or uses of others' marks by persons seeking to profit unfairly from the marks.³⁵ The ACPA provides nine nonexclusive factors to guide courts in determining bad faith intent.³⁶ The Act also includes a safe harbor provision, stating that bad faith intent "shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful."³⁷ Additionally, the Act expressly retains traditional defenses, such as the parody defense.³⁸

The ACPA has received mixed reviews. Proponents stress that the ACPA eliminates loopholes in traditional trademark law by creating a legal tool aimed specifically at cybersquatters.³⁹ Others voice concern that the ACPA significantly broadens traditional trademark law and serves as a weapon for big corporations to attack innocent individual domain name registrants.⁴⁰ This Note analyzes the first wave of cases decided under the

31. See S. REP. NO. 106-140, at 10 (1999); see also *id.* at 7 (stating that the difficulty of obtaining damages in standard trademark infringement and dilution actions are significant obstacles for legitimate trademark holders).

32. 15 U.S.C. § 1125(d)(2).

33. *Id.*

34. *Id.* § 1117(d). Statutory damages are not available in *in rem* actions.

35. *Id.* § 1125(d)(1). See also *infra* Part II.B. (discussing the bad faith intent requirement).

36. *Id.* § 1125(d)(1)(B). See *infra* note 54 for a list of the nine factors.

37. *Id.* § 1125(d)(1)(B)(ii).

38. *Id.* § 1051. See also S. REP. NO. 106-140, at 11 (1999).

39. See, e.g., Allon Lifshitz, *Cybersquatting*, 38 HARV. J. ON LEGIS. 529 (2001); Jennifer Alvey, *Trademarks: Trademark Interests Welcome Cybersquatting Law, Others See New Dispute Policy Derailed*, BNA PATENT, TRADEMARK & COPYRIGHT LAW DAILY NEWS, December 10, 1999.

40. See, e.g., Gregory B. Blasbalg, *Masters of Their Domains: Trademark Holders Now Have New Ways to Control Their Trademarks in Cyberspace*, 5 ROGER WILLIAMS

ACPA. It further examines whether the ACPA has been effective in fighting cybersquatting, and whether courts have expanded the ACPA beyond Congressional intent.

II. ANALYSIS OF THE CASES

The first wave of cases decided under the ACPA have addressed several recurring issues: (1) determining whether a domain name is identical or “confusingly similar” to a distinctive or famous mark; (2) finding a “bad faith intent to profit”; (3) applying the parody defense, and; (4) interpreting the *in rem* provision. Courts have exercised broad discretion in dealing with these issues, and have sometimes misinterpreted the ACPA to reach their desired result.

A. Identical or “Confusingly Similar”

The threshold requirement for an ACPA action is for a plaintiff to show that the domain name at issue is identical or “confusingly similar” to its distinctive or famous mark.⁴¹

Determining whether a domain name and a mark are identical has been relatively straightforward. For example, courts have noted that the presence of a top-level domain name is inconsequential.⁴² Furthermore, because domain names normally do not contain apostrophes and ampersands, the mere absence of such characters in a domain name is insufficient to distinguish the name from the mark.⁴³ Accordingly, the domain

U. L. REV. 563 (2000); Justin Graham et al., *Cybersquatting: the Latest Challenge in Federal Trademark Protection*, 2001 DUKE L. & TECH. REV. 9 (2001); Kaplan, *supra* note 23. Some commentators also express concerns that the ACPA will create chilling effects on freedom of speech. *See, e.g.*, Eric D. Paulsrud, *The First Amendment on the Internet: Challenges in a New Media*, 27 WM. MITCHELL. L. REV. 1637 (2001).

41. Courts used traditional trademark law definitions to decide whether a mark is distinctive or famous. *See, e.g.*, *Prime Publishers, Inc. v. American-Republican, Inc.* 160 F. Supp. 2d 266, 278 (D. Conn. 2001) (holding the mark Voices distinctive because it is at least suggestive of a newspaper); *Mattel, Inc. v. Adventure Apparel*, No. 00 CV. 4085, 2001 WL 1035140 (S.D.N.Y. Sept. 7, 2001) (holding the mark Barbie famous under the FTDA definition).

42. *See Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 202 F.3d 489, 497-98 (2d Cir. 2000). A domain name is made up of a top-level domain and a secondary-level domain. *Id.* at 492-93. For instance, in *www.disney.com*, “.com” is the top-level domain name, and “.disney” is the second-level domain name.

43. *See, e.g., id.* at 497-98; *Morrison & Foerster LLP v. Wick*, 94 F. Supp. 2d 1125, 1130 (D. Colo. 2000).

name sportys.com is identical to the Sporty's mark,⁴⁴ and the domain name morrisonfoerster.com is identical to Morrison & Foerster.⁴⁵

If the domain name and the mark are not identical, they must be "confusingly similar" for the ACPA to apply. While some courts use the "likelihood of confusion" test to analyze the "confusingly similar" element,⁴⁶ most courts simply compare the domain name with the mark to determine whether they are similar in appearance. Under this "similar in appearance" approach, courts have held that misspelled marks meet the confusingly similar standard.⁴⁷ Adding a generic or geographic term to a distinctive mark, moreover, has also proven insufficient to distinguish the domain name from the mark.⁴⁸

The "similar in appearance" approach to the "confusingly similar" analysis suggests a lower standard than that used in a "likelihood of confusion" test. This lower standard is consistent with the plain language of the ACPA, which explicitly states that parties' goods or services are irrelevant to a cybersquatting claim.⁴⁹ Furthermore, Congress intended that the ACPA reach cases where parties register domain names without any intention to use them in commerce.⁵⁰ Thus, requiring a showing of "likelihood of confusion" in ACPA cases would narrow the scope of the ACPA and undermine Congressional intent.

44. *Sporty's*, 202 F.3d at 497-98.

45. *Morrison & Foerster*, 94 F. Supp. 2d at 1130.

46. See *Victoria's Cyber Secret Ltd. P'ship v. V Secret Catalogue, Inc.*, 161 F. Supp. 2d 1339, 1350-53 (S.D. Fla. 2001) (invoking traditional likelihood of confusion test to find the domain name victoriasexsecret.com confusingly similar to the Victoria's Secret mark); see also *Advanced Magazine Publishers Inc. v. Vogue Intern.*, 123 F. Supp. 2d 790, 799 (D.N.J. 2000) (holding that a number of the "likelihood of confusion" factors suggest domain names teenvogue.com and vogueinternational.com are "confusingly similar" to the Vogue mark).

47. See, e.g., *Shields v. Zuccarini*, 254 F.3d 476, 483 (3d Cir. 2001) (holding domain names containing misspelling variations of Joe Cartoon confusingly similar); *Morrison & Foerster*, 94 F. Supp. 2d. at 1130 (holding domain names containing misspelling variations of Morrison & Foerster confusingly similar).

48. See, e.g., *Harrods Ltd. v. Sixty Internet Domain Names*, 157 F. Supp. 2d 658, 677 (E.D. Va. 2001) (finding domain names consisting of the word "harrods" and another generic or geographic term confusingly similar to plaintiff's Harrods trademark); *Ford Motor Co. v. Lapertosa*, 126 F. Supp 2d 463 (E.D. Mich. 2001) (holding domain name fordrecalls.com confusingly similar to the famous mark Ford). *But see* *Lucent Techs. Inc. v. Lucentucks.com*, 95 F. Supp. 2d 528, 535 (E.D. Va. 2000) (finding in *dictum* that lucentucks.com is not confusingly similar to the Lucent mark because average consumers would understand that the domain name was a parody of Lucent and would not be confused).

49. 15 U.S.C. § 1125(d)(1) .

50. S. REP. NO. 106-140, at 7 (1999).

On the other hand, courts should ensure that the “confusingly similar” analysis is not arbitrary and overly broad.⁵¹ For instance, courts should be careful in assessing domain names which are not similar to the mark in appearance, but are nonetheless similar in either sound or meaning.⁵² Courts should also be consistent with their application of the “confusingly similar” standard to provide domain name registrants some certainty about the legitimacy of their domain names.

B. “Bad Faith Intent to Profit”

While the ACPA expands traditional trademark law by requiring a low “confusingly similar” standard, its scope is significantly narrowed by the bad faith intent element.⁵³ The central issue in most ACPA cases to date is whether the defendant acted with a bad faith intent to profit from the plaintiff’s mark.

1. *Applying the Nine Statutory Factors*

The ACPA provides nine nonexclusive factors to guide courts in determining bad faith intent.⁵⁴ The first four factors focus on the domain

51. See *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 271 (4th Cir. 2001) (“The ACPA was not enacted to give companies the right to fence off every possible combination of letters that bears any similarity to a protected mark.”).

52. In *West Licensing Corp. v. Eastlaw, L.L.C.*, No. 00-2645, 2001 WL 501200 (D. Minn. May 9, 2001), Westlaw sued the registrant of the domain name eastlaw.com under the ACPA. The case was dismissed on other grounds, but raised an interesting issue whether the domain name eastlaw.com is “confusingly similar” to Westlaw.

53. S. REP. NO. 106-140, at 8-10 (1999).

54. The relevant section of the ACPA states:

(B)(i) In determining whether a person has a bad faith intent described under subparagraph (a), a court may consider factors such as, but not limited to—

(I) the trademark or other intellectual property rights of the person, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(III) the person’s prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(IV) the person’s bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the person’s intent to divert consumers from the mark owner’s online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

name holder's legitimate rights, such as trademarks, legal names, prior use of the domain names, or legitimate noncommercial fair use of the mark.⁵⁵ The presence of these factors suggests an absence of bad faith.⁵⁶ The next four factors focus on typical cybersquatting behaviors, such as creating a likelihood of confusion with the trademark, offering to sell the domain name, providing false contact information, or "warehousing" numerous domain names.⁵⁷ The presence of these factors favors a finding of bad faith intent.⁵⁸ The ninth factor, focusing on the extent to which the mark is or is not distinctive and famous, can be used to establish either the presence or the absence of bad faith intent.⁵⁹ The more distinctive or famous a mark is, the more likely that the defendant has a bad faith intent.⁶⁰ In contrast, the fact that a mark is not well known may suggest a lack of bad faith intent.⁶¹ While some of the factors incorporate traditional infringement and dilution analyses,⁶² Congress intended courts to weigh the facts of each case against all the nine statutory factors in order to balance

(VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name. The person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section.

15 U.S.C. § 1125(d)(1)(B).

55. *Id.* § 1125(d)(1)(B)(i)(a)(I)-(IV).

56. H.R. REP. NO. 106-464, at 100 (1999).

57. § 1125(d)(1)(B)(i)(a)(V)-(VIII). "Warehousing" refers to the act of "register[ing] multiple domain names—sometimes hundreds, even thousands—that mirror the trademarks of others." S. REP. NO. 106-140, at 16 (1999).

58. H.R. REP. NO. 106-464, at 100 (1999).

59. § 1125(d)(1)(B)(i)(a)(IX).

60. H.R. REP. NO. 106-464, at 112 (1999).

61. *Id.*

62. § 1125(d)(1)(B)(i)(a)(V) and (IX).

trademark owners' property rights with Internet users' legitimate interests.⁶³

a) A typical cybersquatting case

In *Shields v. Zucarrini*,⁶⁴ defendant registered thousands of domain names that were misspellings of trademarks or celebrities' names. Among these domain names were misspellings of plaintiff's Joe Cartoon mark.⁶⁵ A web user who reached defendant's websites would be "mousetrapped" in the sites and thus could not exit these sites without clicking on a succession of advertisements.⁶⁶ The court found defendant's conduct clearly satisfied a number of the nine statutory factors, and consequently held that there was a bad faith intent to profit.⁶⁷ The court noted that "typosquatting," registering domain names that were intentional misspellings of distinctive or famous names, was exactly the type of behavior Congress intended to prohibit under the ACPA.⁶⁸

b) Cases requiring careful balancing of the factors

In most ACPA cases, the evidence of bad faith is not as clear as the evidence in *Shields*. Courts have therefore exercised great discretion in applying and balancing the nine statutory factors.⁶⁹ Some courts have even stretched the meanings of the factors to reach their desired results.⁷⁰

In *Northern Light Technology, Inc. v. Northern Lights Club*,⁷¹ plaintiff owned the Northern Light service mark and operated a search engine at the website northernlight.com. Defendant registered thousands of "catchy" domain names that contained famous marks.⁷² Defendant additionally reg-

63. S. REP. NO. 106-140, at 12-16 (1999).

64. 254 F.3d 476 (3d Cir. 2001).

65. The domain names were joescartoon.com, joecarton.com, joecartons.com, joescartoons.com, and cartoonjoe.com. *Id.* at 483.

66. Defendant received between ten to twenty-five cents from advertisers for each click. *Id.* at 480.

67. *Id.* at 485.

68. *Id.*

69. *See, e.g.*, *Northern Light Tech., Inc. v. Northern Lights Club*, 236 F.3d 57 (1st Cir. 2001); *Mattel, Inc. v. Adventure Apparel*, No. CV. 4085, 2001 WL 1035140 (S.D.N.Y. Sept. 7, 2001); *Harrods Ltd. V. Sixty Internet Domain Names*, 157 F. Supp. 2d 658 (E.D. Va. 2001); *Hartog & Co. v. Swix.com*, 136 F. Supp. 2d 531 (E.D. Va. 2001).

70. *See, e.g.*, *Prime Publishers, Inc. v. American-Republican, Inc.* 160 F. Supp. 2d 266 (D. Conn. 2001); *Ford Motor Co. v. Lapertosa*, 126 F. Supp. 2d 463 (E.D. Mich. 2000).

71. 236 F.3d 57 (1st Cir. 2001).

72. *Id.* at 65. These domain names included rollingstones.com, evinrude.com, givenchy.com.

istered the domain name northernlights.com, which contained an unfamous mark, on behalf of an unincorporated association called "Northern Lights Club."⁷³ Soon after the registration, defendant licensed the name to an e-mail service, and provided e-mail accounts under northernlights.com through that service.⁷⁴ Two years later, plaintiff approached defendant about purchasing northernlights.com, but negotiations were unsuccessful and plaintiff filed suit under the ACPA.⁷⁵

In analyzing bad faith intent, the First Circuit placed great emphasis on the fact that defendant was "warehousing" domain names.⁷⁶ The court explained that although the Northern Light mark itself was not famous, defendant's well-established pattern of registering multiple domains names containing famous trademarks was highly relevant to the determination of bad faith intent.⁷⁷ Thus, even though defendant had been using northernlights.com as an e-mail domain name for two years, and had been reluctant to sell the domain name, the court found bad faith intent.⁷⁸

In *Prime Publisher, Inc. v. American-Republican, Inc.*,⁷⁹ plaintiff published a local tabloid newspaper called "Voices."⁸⁰ Defendant published a competing tabloid newspaper, "Countrylife", in a market that overlapped with that of "Voices."⁸¹ Plaintiff brought suit against defendant, alleging that defendant's registration and use of the domain name ctvoices.com violated the ACPA.⁸²

The court applied the nine statutory factors to the case, and found that defendant registered the domain name with a bad faith intent to profit. Most importantly, the court found it was likely that business advertisers and Internet users could be confused as to the source, sponsorship, affiliation, or endorsement of the website.⁸³ To support a finding of bad faith intent, the court stretched the meaning of a number of the statutory factors. For example, the court found the factor directed to the typical behavior of

73. The Northern Lights Club's stated mission was to bring together devotees of the Northern Lights, or *aurora borealis*. *Id.* at 59. There were no actual club members at the time of domain name registration. *Id.*

74. *Id.*

75. *Id.* at 60.

76. *Id.* at 65.

77. *Id.*

78. *Id.* The court ultimately decided that it was unnecessary to decide the case under the ACPA because defendant was liable for trademark infringement. *Id.* at 67.

79. 160 F. Supp. 2d 266 (D. Conn. 2001).

80. *Id.* at 269.

81. *Id.* at 270.

82. *Id.* at 276.

83. *Id.* at 280.

domain name warehousing cut against defendant, even though defendant only registered a single domain name.⁸⁴ Furthermore, the court held that because the Voices mark was not merely descriptive of a newspaper, the factor directed to the extent to which the mark is or is not distinctive or famous also supported an inference of bad faith intent.⁸⁵

Interestingly, the *Prime Publisher* court also held that defendant's use of plaintiff's Voices mark in its domain name constituted trademark infringement.⁸⁶ The court nevertheless decided that this case was better resolved under the ACPA, and chose to stretch the meaning of several statutory factors to find bad faith intent.

A similar problem occurred in *Ford Motor Company v. Lapertosa*.⁸⁷ Ford Motor Company sued a website operator who used the domain name fordrecalls.com to sell pornography.⁸⁸ The court found bad faith intent primarily because defendant used the famous Ford mark without any legitimate reason.⁸⁹ This raises the issue of whether it is better to decide the case under the dilution statute, or under the ACPA and subsequently infer bad faith intent from the famousness of the mark.⁹⁰

c) Comments

While the ACPA was enacted to remedy the ineffectiveness of traditional trademark law in fighting cybersquatters, it is not intended to replace traditional trademark law in all domain name disputes. Because it is possible to obtain large statutory damage awards under the ACPA, however, parties may have a strong incentive to invoke the ACPA even in non-

84. *Id.* at 273. ("Although the statutory factor refers to the registration of 'multiple' domain names, we find that the registration of a single domain name with the knowledge that it incorporates a competitor's mark similarly informs an inference of bad faith intent.").

85. Since "voices" is such a commonly used word, the court's rationale in applying this factor only makes sense when both parties conduct business in the same field.

86. *Prime Publisher*, 160 F. Supp. 2d at 283.

87. 126 F. Supp. 2d 463, 465-66 (E.D. Mich. 2000).

88. *Id.* at 464. The court found fordrecalls.com confusingly similar to the Ford mark. *Id.* at 466.

89. *Id.* at 466. *But see* *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 269 (4th Cir. 2001) (holding that the mere fact that one mark is famous and that defendant has no prior use of the domain name is circumstantial evidence which alone could not establish a bad faith intent).

90. Indeed, other courts have addressed cases involving the use of someone else's famous mark to sell pornography under trademark dilution. *See, e.g.*, *Hasbro, Inc. v. Internet Entm't Group, Ltd.*, No. C96-130 WD, 1996 WL 84853 (W.D. Wash. Feb. 9, 1996) (holding that an online adult entertainment service using the domain name candyland.com was dilutive of the famous Candyland mark).

cybersquatting cases. When called upon to resolve domain name disputes, courts should be aware of the narrow scope of the ACPA, and apply the ACPA only in cases involving registration or use with a bad faith intent to profit.

The nine statutory factors provide guidance for a court to make the critical determination of bad faith intent, and allow a court to carefully balance the property interest of trademark owners with the legitimate interests of Internet users. While courts inevitably have to exercise their discretion in applying these factors, they should not interpret them too broadly. In cases where the ACPA is not appropriate, courts should simply acknowledge the limits of the statute, rather than stretch its meaning to reach their desired results.

2. *Unique Circumstances of the Cases*

Since the nine statutory factors are nonexclusive, some courts have looked beyond these factors in their bad faith intent analyses to consider the unique circumstances of the cases. While some courts have only considered those unique circumstances that involve direct evidence of bad faith intent,⁹¹ other courts have considered circumstances that are only remotely indicative of bad faith intent.⁹² These approaches have provided courts with more discretion and flexibility than merely applying the statutory factors in cybersquatting cases.

a) Cases involving direct evidence of bad faith intent to profit

In *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*,⁹³ plaintiff owned the Sporty's trademark for its aviation catalogue sales business.⁹⁴ Defendant registered the domain name sportys.com after deciding to enter into direct competition with plaintiff.⁹⁵ Applying the nine statutory factors, the First Circuit found that there was more than enough evidence to establish bad faith intent.⁹⁶ The court, however, emphasized that the most important basis for finding bad faith intent was the unique circumstance of the case: defendant planned to compete directly with plaintiff and registered the

91. See, e.g., *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 268-69 (4th Cir. 2001); *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 202 F.3d 489, 499 (2d Cir. 2000).

92. See, e.g., *Morrison & Foerster LLP v. Wick*, 94 F. Supp. 2d 1125, 1133 (D. Colo. 2000); *Prime Publisher, Inc. v. American-Republican, Inc.*, 160 F. Supp. 2d 266, 281 (D. Conn. 2000).

93. 202 F.3d 489 (2d Cir. 2000).

94. *Id.* at 493.

95. *Id.* at 494.

96. *Id.* at 499.

domain name for the primary purpose of depriving plaintiff of the domain name.⁹⁷

In *Virtual Works, Inc. v. Volkswagen of America, Inc.*,⁹⁸ Virtual Works registered the domain name vw.net.⁹⁹ At the time of registration, Virtual Works recognized the possibility of confusion between its name and Volkswagen's VW mark, and that it might be able to sell the domain name to Volkswagen.¹⁰⁰ After using vw.net for two years, Virtual Works negotiated with Volkswagen to sell the domain name.¹⁰¹ During the negotiation, Virtual Works threatened to sell the domain name to the highest bidder.¹⁰² Failing to reach a sales agreement with Virtual Works, Volkswagen sued Virtual Works under the ACPA.¹⁰³

In determining whether Virtual Works acted with bad faith intent to profit, the Fourth Circuit decided that it was unnecessary to even consider the nine statutory factors. Instead, the court held, "the most important grounds for finding bad faith 'are the unique circumstances of th[e] case, which do not fit neatly into the specific factors enumerated by Congress but may nonetheless be considered under the statute.'"¹⁰⁴ The Court found that Virtual Works acted with a bad faith intent to profit, especially in light of Virtual Works' knowledge of the possible confusion of vw.net with the VW mark, its hope to profit from selling the domain name to Volkswagen, and its statement that it might sell the domain name to the highest bidder.¹⁰⁵ Although the court noted that any particular piece of the evidence might not have been dispositive on the issue, it held that Virtual Works had demonstrated bad faith intent under the totality of the circumstances.¹⁰⁶

b) Cases without direct evidence of bad faith intent to profit

In *Morrison & Foerster LLP v. Wick*,¹⁰⁷ Morrison & Foerster sued defendant, who registered several domain names containing the Morrison &

97. *Id. Cf. Harrods Ltd. v. Sixty Internet Domain Names*, 157 F. Supp. 2d 658 (E.D. Va. 2001) (finding that an intent to compete with the trademark owner invokes a number of the nine statutory factors).

98. 238 F.3d 264 (4th Cir. 2001).

99. *Id.* at 266.

100. *Id.*

101. *Id.* at 267.

102. *Id.*

103. *Id.*

104. *Id.* at 268 (citing *Sporty's Farm*, 202 F.3d at 499).

105. *Id.* at 269-70.

106. *Id.*

107. 94 F. Supp. 2d 1125 (D. Colo. 2000).

Foerster mark or its misspelling variations.¹⁰⁸ In concluding that defendant acted with bad faith intent, the court found that “the most persuasive reason,” which did not fit neatly into the enumerated factors, was defendant’s intent to use its website to parody corporate America and law firms.¹⁰⁹

In *Primer Publisher, Inc. v. American Republican, Inc.*,¹¹⁰ defendant registered the allegedly infringing domain name several months after summary judgment was entered against it in its copyright suit against plaintiff.¹¹¹ The court took this evidence into consideration in its finding of bad faith intent.¹¹²

c) Comments

In considering the unique circumstances of the cases in their bad faith intent analyses, courts should be particularly careful not to go beyond the scope of the ACPA. Relying too much on the unique circumstances of a case would allow a court to establish bad faith intent based on evidence that only tangentially relates to the practice of cybersquatting.¹¹³ Given the low standard for the other elements of the ACPA,¹¹⁴ a relaxed standard for the bad faith intent element would make the ACPA a powerful weapon for trademark owners in many types of domain name disputes. To maintain the narrow scope of the ACPA that Congress intended, courts should focus only on facts that show direct evidence of bad faith intent in considering the unique circumstances of the cases.

3. *The Safe Harbor Provision*

The safe harbor provision of the ACPA provides that “bad faith intent . . . shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”¹¹⁵ Congress inserted the

108. *Id.* at 1129. The domain names included morrisonfoester.com, morrisonandfoester.com, morrisonforster.com, and morrisonandforster.com. *Id.* at 1127.

109. *Id.* at 1133.

110. 160 F. Supp. 2d 266 (D. Conn. 2000).

111. *Id.* at 281.

112. *Id.*

113. See also Jonathan Ward, *The Rise and Fall of Internet Fences: the Overbroad Protection of Anticybersquatting Consumer Protection Act*, 5 MARQ. INTELL. PROP. L. REV. 211 (2001) (cautioning that the ad hoc approach to bad faith intent would make the nine statutory factors superfluous, and could ultimately be detrimental to the certainty of outcomes under the ACPA).

114. See *supra* Parts I.C and II.A.

115. 15 U.S.C. § 1125(B)(ii) .

safe harbor provision to protect domain name holders without bad faith, whose actions might otherwise satisfy the requirements of the ACPA.¹¹⁶

a) Cases refusing to apply the safe harbor provision

In *Virtual Works*, the court refused to apply the safe harbor provision to excuse a defendant who knew its domain name strongly resembled a famous mark, but nonetheless registered the name with intent to sell the name.¹¹⁷ The court reasoned that since it was easy for any cybersquatter to put forth at least some lawful motives for his behavior, broadly applying the safe harbor provision would frustrate Congress' purpose by artificially limiting the statute's reach.¹¹⁸

Several courts have followed the reasoning in *Virtual Works* and refused to construe the safe harbor provision broadly.¹¹⁹ For example, in *Harrods Limited v. Sixty Internet Domain Names*,¹²⁰ defendants invoked the safe harbor provision, arguing that it reasonably believed that registering domain names that contained its own trademark was lawful. The court refused to apply the safe harbor provision, however, finding the evidence of defendant's bad faith intent to profit overwhelming.¹²¹ Similarly, the court in *People for the Ethical Treatment of Animals v. Doughney*¹²² refused to use the safe harbor provision to relieve a defendant who believed he was within his First Amendment rights to parody plaintiff's organization.¹²³ The court explained that in order for the safe harbor provision to apply, defendant not only had to believe his use of the domain name was lawful, but also needed to have reasonable grounds for his belief.¹²⁴

116. See J. THOMAS MCCARTHY, 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25: 78 (2000) (calling the safe harbor provision a "reasonable belief defense" provision).

117. *Virtual Works*, 238 F.3d at 266.

118. *Id.* at 270.

119. See, e.g., *Harrods Ltd. v. Sixty Internet Domain Names*, 157 F. Supp. 2d 658, 679 (E.D. Va. 2001); *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 369 (4th Cir. 2001).

120. 157 F. Supp. 2d at 679.

121. *Id.*

122. 263 F. 3d at 369.

123. *Id.* at 369.

124. *Id.* See also *Northern Light Tech., Inc. v. Northern Lights Club*, 236 F. 3d 57, 65 (1st Cir. 2001) (holding that "defendants' oft-changing explanations for the purpose of [its] website evince a lack of subjective belief in the domain name's fair use").

b) Cases applying the safe harbor provision

The cases that have applied the safe harbor provision considered the provision only after first determining that there was no bad faith intent.¹²⁵ For example, in *Chatam International, Inc. v. Bodum, Inc.*,¹²⁶ plaintiff owned the trademark Chambord for food products. Plaintiff sued defendant, who owned the same mark for coffee makers, under the ACPA for using the domain name chambord.com to advertise coffee makers. The court refused to conduct a bad faith intent analysis, first noting that “the Act leaves open the present combination of circumstances—in which both parties can invoke legitimate grounds for the registration of the same domain name for their respective products.”¹²⁷ The court then found that defendant’s act also fit into the ACPA’s safe harbor provision because it had reasonable grounds to believe that its use of the mark was lawful.

c) Comments

The *Virtual Works* court broadly stated that “[a] defendant who acts even partially in bad faith in registering a domain name is not, as a matter of law, entitled to benefit from the Act’s safe harbor provision.”¹²⁸ If one reads this statement literally to suggest that a defendant acting even partially in bad faith was not entitled to the safe harbor protection, then the safe harbor provision would seem useless. Curiously, courts have only applied the safe harbor provision in cases in which plaintiff could not establish bad faith intent.¹²⁹ It is therefore unclear when the safe harbor provision would be useful.

In deciding whether or not to apply the safe harbor provision in future cases, courts should not read the safe harbor provision so narrowly as to render the provision meaningless. On the other hand, courts should be careful not to read the provision so broadly as to undermine Congress’ sole intent to fight cybersquatting.

125. See *Chatam Int’l, Inc. v. Bodum, Inc.* 157 F. Supp. 2d 549 (E.D. Pa. 2001); *Hartog & Co. v. Swix.com*, 136 F. Supp. 2d 531, 540-541 (refusing to find bad faith intent based on the nine statutory factors and further because of the safe harbor provision).

126. *Chatam*, 157 F. Supp. 2d at 551.

127. *Id.* at 554.

128. *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 270 (4th Cir. 2001).

129. See *supra* Part II.B.2.b).

C. Parody Defense

The ACPA does not affect traditional trademark defenses, such as the parody defense.¹³⁰ Some courts suggest that if a defendant uses a website for a parody, he would not be found liable under the ACPA.¹³¹ Most courts, however, have held that a defendant will violate the ACPA unless the domain name itself conveys a parodic message.¹³²

In *Morrison & Foerster*, defendant argued that his use of *morrisonfoerster.com* and other similar websites to parody the law firm Morrison & Forester was protected under the First Amendment.¹³³ The court rejected this argument, pointing out that to be recognized as parody, the expression in the domain name must convey two simultaneous and contradictory messages: “that it is the original, but also that it is not the original and is instead a parody.”¹³⁴ Unfortunately for defendant, the court determined that the disputed domain names conveyed only the first message, and were therefore not protected by a parody defense.¹³⁵

Similarly in *Doughney*, an organization bearing the name “People Eating Tasty Animals” established a website with the domain name *peta.org*.¹³⁶ The name of defendant’s organization was clearly a parody of the animal rights organization “People for the Ethical Treatment of Animals” (“PETA”), and the website contained sarcastic commentaries about PETA’s philosophies.¹³⁷ Defendants’ parody defense failed, however, because the domain name *peta.org* itself did not convey the parodic message.¹³⁸

Holding that a domain name user is not entitled to parody defense unless the domain name itself suggests a parody is consistent with the ACPA’s purpose of curtailing cybersquatting.¹³⁹ Most cybersquatters reg-

130. 15 U.S.C. § 1051. *See also* S. REP. NO. 106-140, at 11 (1999).

131. *See, e.g.*, *Mattel, Inc. v. Adventure Apparel*, No. 00 CV. 4085, 2001 WL 1035140 (S.D.N.Y. Sept. 7, 2001) (stating that if the website is really a parody, it would have been protected); *Shields v. Zuccarini*, 254 F.3d 476, 485-86 (3d Cir. 2001) (suggesting that if defendant had been using the website to criticize plaintiff prior to the lawsuit, it might be protected).

132. *Morrison & Foerster LLP v. Wick*, 94 F. Supp. 2d 1125 (D. Colo. 2000); *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001).

133. *Morrison & Foerster*, 94 F. Supp. 2d at 1131.

134. *Id.* at 1134.

135. *Id.*

136. *Doughney*, 263 F.3d at 362-63.

137. *Id.*

138. *Id.*

139. Domain names that do convey a parody message are not per se protectable, however. *See Lucent Techs. v. Johnson*, No. CV. 00-05668, 2000 WL 1604055 (C.D.

ister domain names without intending to provide any goods or services on the website. It would therefore be easy for a cybersquatters to put some sort of a parody on their websites as a shield against ACPA actions.¹⁴⁰ Furthermore, the fact that a website contains a parody is already a factor to consider in the bad faith intent analysis.¹⁴¹ If the parody on the website alone can be a valid defense against an ACPA claim, it would seem redundant for Congress to include it as a factor in determining bad faith.

D. The *In Rem* Provision

Prior to the ACPA, many cybersquatters were able to elude trademark enforcement actions either because they were located in foreign countries and were beyond the *in personam* jurisdictions of U.S. courts, or because they provided false contact information to domain name registrars and could not be found.¹⁴² To address these problems, Congress included an *in rem* provision in the ACPA.¹⁴³

Under the *in rem* provision, a trademark owner can hold a domain name “hostage” in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located.¹⁴⁴ Courts have upheld the validity of this provision, holding that domain names are a kind of property sufficient to form a basis for an *in rem* action.¹⁴⁵

Cal. Sept. 12, 2000). Thus, in order to invoke the parody defense against an ACPA claim, both the domain name and the website’s content must convey the parodic message.

140. S. REP. NO. 106-140, at 9 (1999) (“To recognize such an exemption would eviscerate the protections of the bill by suggesting a blueprint for cybersquatters who would simply create criticism sites in order to immunize themselves from liability despite their bad-faith intentions.”).

141. See 15 U.S.C. § 1125(d)(1)(B)(i)(IV); *Northland Ins. Cos. v. Blaylock*, 115 F. Supp. 2d 1108 (D. Minn. 2000) (holding that defendant’s using its website to criticize an insurance company tipped the balance against the finding of bad faith). *Contra Morrison & Foerster LLP v. Wick*, 94 F. Supp. 2d 1125, 1133 (D. Colo. 2000) (holding that an intent to parody corporate America was “the most persuasive reason for finding a bad faith”).

142. S. REP. NO. 106-140, at 10 (1999).

143. 15 U.S.C. § 1125(d)(2)(A).

144. *Id.* See also *FleetBoston Fin. Corp. v. Fleetbostonfinancial.com*, 138 F. Supp. 2d 121 (D. Mass. 2001) (holding that the *in rem* provision of the ACPA can be invoked only in the judicial district where the domain registrar, registry, or other authority is located).

145. See, e.g., *Caesars World, Inc. v. Caesars-Palace.com*, 112 F. Supp. 2d 502 (E.D. Va. 2000); *Cable News Network L.P. v. Cnews.com*, 162 F. Supp. 2d 484 (E.D. Va. 2001) (holding that the ACPA *in rem* action is a true *in rem* action, rather than a quasi *in rem* action). *But see NSI v. Umbro Int’l Inc.*, 529 S.E. 2d 80 (Va. 2000) (holding that a registrant’s interest in a domain name was merely contractual and hence cannot be garnished).

The *in rem* provision contains a substantive prong and a procedural prong. The substantive prong requires the trademark owner to prove that the accused domain name “violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under” 15 U.S.C. §1125(a) or (c).¹⁴⁶ The procedural prong requires a mark owner to show that he is either unable to obtain personal jurisdiction against the domain name holder, or cannot find the domain name holder after exercising due diligence.¹⁴⁷ In both situations, the owner must show that the domain name holder “would have been a defendant in a civil action under paragraph (1)”, the *in personam* provision of the Act.¹⁴⁸

1. Courts' Interpretations of the Two Prongs

Courts have taken inconsistent approaches in interpreting the two prongs of the *in rem* provision. Some courts have held that trademark owners must prove every element in the *in personam* provision in order to satisfy the procedural prong in the *in rem* provision.¹⁴⁹ Others have ignored the fact that the *in rem* provision mentions the *in personam* provision twice. Rather, these courts have held that the *in rem* provision and the *in personam* provision are completely separate provisions, and that the elements of the *in personam* provision are inapplicable in an *in rem* action.¹⁵⁰

McCarthy seems to have taken a middle ground in his treatise. He suggests that the fact that the procedural prong in the *in rem* provision mentions the *in personam* provision does not add any substantive requirement.¹⁵¹ Nevertheless, the elements in the *in personam* provision can be the basis for violation of the substantive prong of the *in rem* provision.¹⁵²

146. 15 U.S.C. § 1125(d)(2)(A)(i).

147. *Id.* § 1125(d)(2)(A)(ii).

148. *Id.* § 1125(d)(2)(A).

149. *See, e.g.*, Harrods Ltd. v. Sixty Internet Domain Names, 110 F. Supp. 2d 420, 425 (E.D. Va. 2000).

150. *See, e.g.*, Jack in the Box v. Jackinthebox.org, 143 F. Supp 2d 590, 592 (E.D. Va. 2001) (refusing to “borrow” the terms from the *in personam* provision to an *in rem* action).

151. MCCARTHY, *supra* note 116, § 25:79 (suggesting that “the person who would have been a defendant in a civil action under paragraph (1)” in the procedural prong merely defines the proper defendant in an *in rem* proceeding and “does not add an extra requirement of a substantive violation”).

152. According to McCarthy, the trademark owner can assert four possible substantive violations in an *in rem* proceeding: Lanham Act § 32(1) for infringement of a registered mark; Lanham Act § 43(a) for infringement of an unregistered mark; Lanham Act § 43(c) for dilution of a famous mark; and Lanham Act § 43(d) for cybersquatting of a registered mark. *Id.*

2. *Bad Faith Intent Requirement*

Because of their different approaches in interpreting the *in rem* provision, courts have also been inconsistent in deciding whether plaintiffs must prove that the domain name registrant had a bad faith intent to profit from plaintiff's mark in an *in rem* action.

Most courts have held that bad faith intent was a substantive element in an *in rem* action.¹⁵³ These courts based their conclusions on several grounds. First, the procedural prong of the *in rem* provision makes two explicit references to the *in personam* provision. Therefore, the elements of the *in personam* provision, including the bad faith intent element, are incorporated into the *in rem* provision.¹⁵⁴ Second, Congress intended to use the bad faith intent element to narrow the breadth of the statute. Eliminating the bad faith intent requirement in an *in rem* proceeding would extend the ACPA beyond its intended scope.¹⁵⁵ In responding to challenges that bad faith intent could not be established in default proceedings, these courts have held that the mere act of registering a domain name with false contact information could lead to a finding of bad faith intent.¹⁵⁶

The court in *Jack in the Box v. Jackinthebox.org*¹⁵⁷ took a different approach. Plaintiff Jack in the Box sued under the *in rem* provision to seek the transfer of the domain names jackinthebox.org and jackinthebox.net, both of which were registered by unknown parties who never used the domain names. Contrary to the majority of cases, the court held that it was unnecessary to consider bad faith intent in this *in rem* action, because the "plain terms" of the ACPA clearly states that the bad faith intent element only applies to *in personam* actions.¹⁵⁸ Instead of relying on the elements in the *in personam* provision, the court found that the domain names infringed plaintiff's trademarks because the mere act of registering domain names constituted "commercial use" and caused "likelihood of confusion."¹⁵⁹

153. See *Hartog & Co. v. Swix.com*, 136 F. Supp. 2d 531 (E.D. Va. 2001); *Harrods Ltd. v. Sixty Internet Domain Names*, 110 F. Supp. 2d 420 (E.D. Va. 2000); *Broadbridge Media L.L.C. v. HyperCD.com*, 106 F. Supp. 2d 505 (S.D.N.Y. 2000).

154. See, e.g., *Harrods*, 110 F. Supp. 2d at 425; *Broadbridge*, 106 F. Supp. 2d at 511.

155. See *Broadbridge*, 106 F. Supp. 2d at 511.

156. See, e.g., *Harrods*, 110 F. Supp. 2d at 426. *But see* S. REP. NO. 106-140, at 9 (1999) (stating that "the fact that a defendant provided erroneous information in applying for a domain name registration. . . does not necessarily show bad faith").

157. 143 F. Supp. 2d 590 (E.D. Va. 2001).

158. *Id.* at 597.

159. *Id.* at 595. The holding that the act of registration alone constitutes commercial use is clearly inconsistent with courts' general recognition that registration of a domain name alone is not commercial use.

3. *Comments*

The inconsistent approaches to the *in rem* provision stem from the ambiguity of the statutory language.¹⁶⁰ On the one hand, the substantive prong of the *in rem* provision seems to suggest that one can bring an *in rem* action on trademark infringement or dilution grounds, which does not require proof of bad faith intent.¹⁶¹ On the other hand, eliminating the bad faith intent requirement in an *in rem* action would greatly broaden the scope of the ACPA. It is also unclear how an *in rem* action based on trademark infringement or dilution grounds would further the ACPA's goal to deter cybersquatting. Taken together, it seems more appropriate to limit *in rem* actions to cases where a plaintiff can plead and prove bad faith intent.

Congress should amend the statute to eliminate the ambiguity of the statutory language, and clarify the requirements of the *in rem* action. In so doing, Congress should keep in mind that the ACPA is a special tool created to fight cybersquatting, not a weapon to replace or expand well-established trademark law.

III. CONCLUSION

While the ACPA has proven effective in typical cybersquatting suits, it is not suitable to resolve every dispute arising within the Internet context. Because of the procedural and remedial advantages of an ACPA action, however, some parties have invoked the ACPA even when the case is better resolved under traditional trademark principles. In deciding these cases, some courts have interpreted the ACPA broadly in order to reach their desired result. This Note has stressed, however, that the ACPA is a tool created specifically to deter cybersquatters. Accordingly, courts should limit the application of the ACPA to cases when there is clear evidence of bad faith intent.

160. At least one court has pointed out the ambiguity of the statute. *See Cable News Networks L.P. v. Cnnnews.com*, No. 00-2022-A, 2001 WL 1657492 (E.D. Va. Dec. 21, 2001) (noting that the *in rem* provision is ambiguous because its terms give rise to more than one meaning).

161. *See MCCARTHY*, *supra* note 116, § 25:79. *But see Harrods Ltd. v. Sixty Internet Domain Names*, 110 F. Supp. 2d 420, 422-23 (E.D. Va. 2000) (explicitly rejecting trademark infringement and dilution actions brought *in rem*).