

JURISPRUDENCE UNDER THE *IN REM* PROVISION OF THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT

By *Bhanu K. Sadasivan*

The Anticybersquatting Consumer Protection Act (“ACPA”)¹ provides a cause of action for trademark owners against cybersquatters², who register domain names³ containing trademarks in order to profit from the marks. Cybersquatters fall into two categories: (1) those who can be found, and on whom a United States court can assert personal jurisdiction; (2) those who cannot be found, or are beyond personal jurisdiction because they are located in foreign countries. The ACPA addresses both categories of cybersquatters. The trademark provision⁴ of the ACPA imposes liability on cybersquatters who can be found and are within a United States court’s personal jurisdiction while the *in rem* provision⁵ grants relief against those cannot be found or are beyond personal jurisdiction.

It is the *in rem* provision of the ACPA that is the focus of this Note. In Part I, this Note surveys the jurisprudence that has developed under the *in*

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1. 15 U.S.C. § 1125(d) (2000).

2. Cybersquatting “refers to the deliberate, bad faith, and abusive registration of Internet domain names in violation of the rights of trademark owners.” S. REP. NO. 106-140, at 4 (1999); see Benjamin B. Cotton, Comment, *Prospecting or Cybersquatting: Registering Your Name Before Someone Else Does*, 35 J. MARSHALL L. REV. 287, 296-97 (2002) (describing three types of cybersquatters: “ransom grabbers” who register a domain name in hopes of selling it to the mark owner at a substantial profit; “competitor grabbers” who register domain names containing typographical errors of famous names; and those who “warehouse” their domain names. “Warehousers” register a domain name but do not put it to commercial use; instead they wait for the mark owner to realize that his domain name has been taken by someone else and then bargain a transfer fee with the mark owner for the domain name.).

3. Domain names are easy-to-remember textual addresses that correspond to a numerical address called the IP address, which is assigned to every computer attached to the Internet. Domain names consist of a second-level domain (“SLD”) and a top-level domain (“TLD”). For example, in the domain name Harrods.com, Harrods is the SLD and com is the TLD. See *Sporty’s Farm L.L.C. v. Sportsman’s Market, Inc.*, 202 F.3d 489, 492-93 (2d Cir. 2000) (describing the domain name system).

4. 15 U.S.C. § 1125(d)(1).

5. *Id.* § 1125(d)(2). “*In rem*” is a “technical term used to designate proceedings or actions instituted against the thing, unlike personal actions, which are said to be *in personam*.” BLACK’S LAW DICTIONARY 797 (7th ed. 1999).

rem provision of the ACPA.⁶ This Note then examines in Part II the bad faith intent to profit element of the ACPA and analyzes the conflicting constructions by the courts regarding bad faith intent to profit as an element of the *in rem* provision. Finally, in Part III this Note explores the criticisms concerning the constitutionality and international overreach of the *in rem* provision of the ACPA.

I. BACKGROUND

The ACPA can be broadly divided into two sections: trademark and *in rem*. The trademark section of the ACPA imposes liability on a person, such as a cybersquatter, while the *in rem* section authorizes jurisdiction of a court over a domain name rather than a person.⁷

A. The Trademark Provision of the ACPA

This section provides a cause of action against a person for registering, trafficking in, or using a domain name confusingly similar or identical to a distinctive or famous mark with bad faith intent to profit.⁸ In order to bring a successful suit under this provision, the plaintiff must show that: a) her mark is distinctive or famous; b) the domain name is identical or confusingly similar to a distinctive or famous mark or is dilutive of a famous mark; and c) the registrant registered, used, or trafficked in the domain name with a bad faith intent to profit from plaintiff's mark.⁹ The ACPA contains a safe harbor provision to allow innocent registrants a defense of good faith and any other defense that is available to the defendant under the Lanham Act.¹⁰ Finally, the provision provides both injunctive relief, including forfeiture, cancellation and transfer,¹¹ and damages remedy including statutory damage award for the offending domain name¹² and attorney fees to the prevailing plaintiff.¹³

6. For a review of jurisprudence under the trademark provision of the ACPA, see Jian Xiao, Note, *The First Wave of Cases Under the ACPA*, 17 BERKELEY TECH. L.J. 159, 160-62 (2002).

7. In *in rem* jurisdiction, the court has jurisdiction over property such as a domain name. By contrast, in personal jurisdiction, the court has jurisdiction over the person.

8. 15 U.S.C. § 1125(d)(1).

9. *Id.* § 1125(d)(1)(A).

10. See 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:78, at 25-268 (4th ed. 2000) (discussing availability of other defenses to a defendant under the ACPA through a savings clause).

11. 15 U.S.C. § 1125(d)(1)(C).

12. *Id.* § 1117(d). Under the statute, the court has the discretion to award statutory damages ranging from a minimum of \$1000 per infringing domain name to a maximum of \$100,000. See, e.g., *E. & J. Gallo Winery v. Spider Webs Ltd.*, 129 F. Supp. 2d 1033,

It is easier for a mark owner to prevail under the ACPA than under traditional trademark law. Plaintiffs bear a lower burden in proving fame or distinctiveness. The plaintiff is only required to show that the mark is either distinct or famous but not both.¹⁴ Moreover, in determining whether a mark is famous or distinctive, courts are not restricted to the factors enumerated in traditional trademark law, but may consider other circumstances of the case.¹⁵

Similarly, the plaintiff need only show that the domain name is “confusingly similar” to the mark rather than meet the tougher “likelihood of confusion” standard.¹⁶ Under the “confusingly similar” standard, courts compare only the domain name and the mark without reference to the goods or services of the parties.¹⁷ In addition, the plaintiff need not shoulder the more stringent burden of proving that the domain name is dilutive of a famous mark because the plaintiff need only show that the mark is distinctive.¹⁸

Finally, plaintiffs seem to enjoy remarkable success in meeting the bad faith intent to profit element. Courts have consistently found bad faith intent to profit by domain name registrants in a majority of cases examined

1048 (S.D. Tex. 2001) (awarding \$25,000 in statutory damages for use of the infringing domain name ERNESTANDJULIOGALLO.COM).

13. 15 U.S.C. § 1117(a). Courts in exceptional cases may also award reasonable attorney fees to the prevailing party in addition to statutory damages per offending domain name. *See, e.g.*, *Shields v. Zuccarini*, 254 F.3d 476, 487 (3d Cir. 2001) (affirming an award of attorney fees of almost \$40,000 because of the egregiousness of Zuccarini’s conduct and also awarding \$10,000 for each offending domain name). *But see* *People for Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 370 (4th Cir. 2001) (refusing to award attorney fees because defendant believed he had a legitimate right to make a parody website using plaintiff’s trademark).

14. 15 U.S.C. § 1125(d)(1)(A)(ii). *See* *Sporty’s Farm L.L.C. v. Sportsman’s Market, Inc.*, 202 F.3d 489, 497 (2d Cir. 2000) (discussing the requirements of famous and distinctive marks).

15. *See, e.g.*, *Victoria’s Cyber Secret Ltd. P’ship v. V Secret Catalogue, Inc.*, 161 F. Supp. 2d 1339, 1350 (S.D. Fla. 2001) (finding mark famous based on the nonenumerated factor of large advertising budgets and extensive worldwide promotion of merchandise bearing the mark).

16. *See* *Xiao*, *supra* note 6, at 164-66.

17. *N. Light Tech., Inc. v. N. Lights Club*, 97 F. Supp. 2d 96, 117-18 (D. Mass. 2000).

18. *See* *MCCARTHY*, *supra* note 10, § 25:78, at 25-270 n.28 (commenting that a mark owner is more likely to show that the mark is distinctive rather than proving “dilutive of famous mark” because the latter requires proof of two factors: the mark is famous and the offending domain name is dilutive of the famous mark).

so far.¹⁹ Indeed, commentators have criticized the courts for their ready finding of bad faith intent to profit and their reluctance to use the safe harbor provision.²⁰ Nevertheless, bad faith intent to profit remains the critical element in prevailing under the trademark provision of an ACPA suit²¹ and is also the central issue in the courts' split on the elements of an *in rem* suit.²²

B. The *in rem* provision of the ACPA

The *in rem* provision authorizes a court's exercise of jurisdiction over a domain name where a domain name registrant cannot be found or served in the United States.²³ To bring a claim under this provision, the plaintiff must show that: a) the trademark is registered with the United States Patent and Trademark Office ("USPTO") or is protected under Section 43(a) or (c) of the Lanham Act,²⁴ and b) the plaintiff was unable to establish personal jurisdiction over the registrant or was unable to locate the registrant after the exercise of due diligence.²⁵ Under the *in rem* provision, remedy is limited to forfeiture, cancellation, or transfer of the domain name to the mark owner; it does not extend to the plaintiff's money damages or attorney's fees.²⁶ This limitation is appropriate considering that the parties' rights in the property are adjudicated *in absentia*.²⁷

By allowing a mark owner to file an action against the domain name itself, Congress tacitly declared that domain names are property, thereby expanding United States courts' reach to include foreign registrants. Courts, however, have been circumspect in construing the *in rem* provi-

19. See Elizabeth D. Lauzon, Annotation, *Validity, Construction, and Application of Anticybersquatting Consumer Protection Act*, 15 U.S.C. § 1125(D), 177 A.L.R. FED. 1 § 27 (2002) (listing cases where courts have found good faith intent to profit or the lack thereof).

20. See John Brogan, Note, *Much Ado About Squatting: The Constitutionally Precarious Application of the Anticybersquatting Consumer Protection Act*, 88 IOWA L. REV. 163, 194 (2002); Jonathan Ward, Comment, *The Rise and Fall of Internet Fences: The Overbroad Protection of the Anticybersquatting Consumer Protection Act*, 5 MARQ. INTELL. PROP. L. REV. 211, 228 (2001); Xiao, *supra* note 6, at 175.

21. See *infra* Part II.1.

22. See *infra* Part II.2.

23. Prior to the enactment of the ACPA, mark owners did not prevail in an *in rem* action. Although Trademark Dilution Act did not expressly preclude such actions, it was construed to favor *in personam* actions alone. *Porsche Cars N. Am., Inc. v. Porsch.com*, 51 F. Supp. 2d 707, 712 (E.D. Va. 1999).

24. 15 U.S.C. § 1125(d)(2)(A)(i) (2000).

25. *Id.* § 1125(d)(2)(A)(ii).

26. *Id.* § 1125(d)(2)(D)(i).

27. *Alitalia-Linee Aeree Italiane S.p.A. v. Casinoalitalia.Com*, 128 F. Supp. 2d 340, 346 n.11 (E.D. Va. 2001).

sion, imposing restrictions on the availability of forums for *in rem* jurisdiction and adding to the plaintiff's requirements for establishing a court's personal jurisdiction over the domain name registrant.

1. *Domain names are property*

Prior to the passage of the ACPA, courts were split as to whether a domain name is property or a service contract right. In *Network Solutions, Inc. v. Umbro Intern., Inc.*,²⁸ the court concluded that a domain name was a product of a service contract between a domain name registrant and a registrar because domain names do not exist absent the registrar's services to make them operational Internet addresses.²⁹

By contrast, the Northern District of California concluded in *Kremen v. Cohen*³⁰ that domain names are intangible property. The court reached this decision based on the dissent's position in *Network Solutions, Inc. v. Umbro Intern., Inc.*³¹ that the right to use domain names "exists separate and apart"³² from the various services required to make domain names operational Internet addresses.³³

Since the passage of the ACPA, courts have viewed domain names as property.³⁴ Even where courts have considered domain names to be merely data, they have found them to be property: "Congress can make data property and assign its place of registration as its situs."³⁵

2. *Establishing lack of personal jurisdiction over the registrant can be difficult*

To bring an *in rem* action, a mark owner must show the absence of personal jurisdiction over the registrant in *any* judicial district in the United States.³⁶ Proving lack of personal jurisdiction can be burdensome.

28. 529 S.E.2d 80 (Va. 2000).

29. *Id.* at 86. See *Dorer v. Arel*, 60 F. Supp. 2d 558, 560-61 (E.D. Va. 1999) (analyzing domain names containing trademarks under trademark law and stating that trademarks are "not assets that can be freely traded apart from the goodwill to which they are attached").

30. 99 F. Supp. 2d 1168 (N.D. Cal. 2000).

31. 529 S.E.2d 80.

32. *Id.* at 89.

33. *Kremen*, 99 F. Supp. 2d at 1173 n.2.

34. *Caesars World, Inc. v. Caesars-Palace.Com*, 112 F. Supp. 2d 505, 508 (E.D. Va. 2000); *Lucent Techs., Inc. v. LucentSucks.com*, 95 F. Supp. 2d 528, 535 (E.D. Va. 2000).

35. *Lucent Techs.*, 95 F. Supp. 2d at 535 (quoting Judge Bryan in *Caesars World, Inc. v. Caesars-Palace.Com*, NO. 99-550-A, at *5 (E.D. Va. filed Mar. 3, 2000)).

36. *Goldstein v. Gordon*, No. 3:00-CV-0022-P, 2002 WL 324289, at *4 n.5 (N.D. Tex. Feb. 27, 2002).

As the court noted in *Heathmount A.E. Corp. v. Technodome.com*,³⁷ the burden of proving the absence of personal jurisdiction by a preponderance of evidence “is difficult to apply—requiring the plaintiff to prove a negative.”³⁸ In *Alitalia-Linee Aeree Italiane S.p.A. v. Casinoalitalia.Com*,³⁹ the court declined to assert *in rem* jurisdiction over the domain name holding that personal jurisdiction over the registrant was available.⁴⁰ In this case, the mark owner, an Italian Airline, brought suit against the registrant, a Dominican entity, for infringing on its mark by using a domain name similar to its own in the registrant’s online gambling business.⁴¹ Although the registrant was a foreigner and had no offices in the United States, the court found personal jurisdiction over the registrant because the registrant had conducted activities aimed at the forum state⁴² and therefore had sufficient minimum contacts with the forum state to satisfy due process requirements.⁴³ This case exemplifies the difficulty the plaintiff faces in proving a court’s lack of personal jurisdiction over the domain name registrant.

Not only must the plaintiff establish a lack of personal jurisdiction over the registrant, she must establish an absence of personal jurisdiction in *any* forum in the United States and not just the forum where the suit is filed.⁴⁴ In *Goldstein v. Gordon*,⁴⁵ a Texas court refused to assert *in rem* jurisdiction stating that personal jurisdiction was available over the registrant in the State of California.⁴⁶ Courts have required that the plaintiff establish a lack of personal jurisdiction over the registrant in *all* forums in

37. 106 F. Supp. 2d 860 (E.D. Va. 2000).

38. *Id.* at 862.

39. 128 F. Supp. 2d 340 (E.D. Va. 2001).

40. Alitalia argued that because 15 U.S.C. § 1125(d)(4) provides that “*in rem* jurisdiction established under [paragraph 2] shall be in addition to any other jurisdiction that otherwise exists, whether *in rem* or *in personum*,” both *in rem* and *in personum* actions can be maintained simultaneously. The court rejected this argument stating that such a reading “paralyze[s] with one hand what [Congress] sought to promote with the other.” *Id.* at 345 n.9.

41. *Id.* at 342.

42. The activities included providing real-time gambling opportunities to residents of Virginia and requiring members to enter into contract with Casinoalitalia.Com in order to play games. *Id.* at 349-50.

43. *Id.*

44. *Goldstein v. Gordon*, No. 3:00-CV-0022-P, 2002 WL 324289, at *3 (N.D. Tex. Feb. 27, 2002).

45. No. 3:00-CV-0022-P, 2002 WL 324289 (N.D. Tex. Feb. 27, 2002).

46. *Id.* at *4.

the United States although the ACPA does not explicitly require such a showing.⁴⁷

Such a strict requirement that the plaintiff show a lack of personal jurisdiction over the registration anywhere in the United States is in keeping with the settled principle that *in rem* jurisdiction is an alternative basis for jurisdiction where *in personam* jurisdiction is unavailable.⁴⁸ The legislative intent behind the enactment of the *in rem* provision of the ACPA is also consistent with such a strict requirement.⁴⁹ Congress enacted the *in rem* provision to address the difficulty of obtaining personal jurisdiction over cybersquatters who live in foreign countries or provide false contact information when registering their domain names.⁵⁰ Thus, where personal jurisdiction is available, *in rem* action should not be allowed.

Nonetheless, the Fourth Circuit, in *Porsche Cars North America, Inc. v. Porsche.Net*,⁵¹ ruled that a court could, under certain circumstances, continue to exercise *in rem* jurisdiction over a defendant after personal jurisdiction becomes available.⁵² In this case, the defendants raised an objection to the court's *in rem* jurisdiction just three days prior to the trial date although a full nine months had passed since their initial jurisdictional challenge,⁵³ stating that they had decided to submit to personal jurisdiction in another court in the United States.⁵⁴ In light of this lengthy delay, the court refused to dismiss *in rem* jurisdiction stating that "the existence of jurisdiction should not be subject to manipulation in the later stages of litigation," for otherwise "a person with an interest in a case could properly yank it across the country a few days before trial merely to express his outrage, thus increasing the opponent's costs and imposing additional expense on the federal courts as a whole."⁵⁵

47. *Alitalia-Linee Aeree Italiane S.p.A. v. Casinoalitalia.Com*, 128 F. Supp. 2d 340, 347 n.14 (E.D. Va. 2001).

48. See generally CHARLES A. WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 1070 (2d ed. 1987) ("Jurisdiction based on property most typically is invoked when one or more defendants or persons with potential claims to the property are nonresidents or jurisdiction over their person cannot be secured In this sense *in rem* or quasi-*in-rem* jurisdiction represents an alternative to *in personam* jurisdiction.").

49. S. REP. NO. 106-140, at 10 (1999) (stating that the bill will enable a mark owner to institute an *in rem* action in those cases where, "after due diligence, a mark owner is unable to proceed against the domain name registrant because the registrant has provided false contact information and is otherwise not to be found").

50. H.R. REP. NO. 106-412, at 14 (1999).

51. 302 F.3d 248 (4th Cir. 2002).

52. *Id.* at 258-59.

53. *Id.*

54. *Id.* at 253.

55. *Porsche Cars N. Am., Inc. v. Porsche.Net*, 302 F.3d 248, 258 (4th Cir. 2002).

3. *Exercising due diligence in locating the registrant*

Proving that the plaintiff exercised due diligence⁵⁶ to find the registrant has also been difficult. Courts, in construing the ACPA, have not provided clear direction on how to meet the requirements. In *Lucent Technologies, Inc. v. Lucentucks.com*,⁵⁷ the court found that the plaintiff had failed to exercise due diligence by waiting for only eight days after sending the notice to the registrant and before filing an *in rem* action.⁵⁸ The court stated that due process requires reasonable time⁵⁹ and reasonable time would be more than eight days since most statutes provide a waiting period of at least ten days.⁶⁰ Nevertheless, the court did not specify what the minimum period was, but stated instead that they were “certain that eight days is insufficient.”⁶¹

Similarly, courts have not provided clear instruction on how to meet the requirement to publish notice of the action. Although the ACPA provides that a plaintiff publish notice of the action “as the court may direct,”⁶² in *Shri Ram Mission v. Sahajmarg.org*,⁶³ the court held that the mark owner must publish notice of the action.⁶⁴ The court stated that the discretion afforded by the statute is merely over the manner of publication such as when and how often notice is published, and not over whether or not to order publication.⁶⁵ In contrast, in *Banco Inverlat, S.A. v. www.inverlat.com*,⁶⁶ the court dispensed with the notice of action requirement stating that the defendants had been properly served and had received actual notice of the *in rem* suit.⁶⁷

In summary, depending on the facts of the case, courts appear to have disparate “exercise of due diligence” requirements, thereby making it hard for a plaintiff to determine whether she has complied with the requirements of “due diligence.”

56. 15 U.S.C. § 1125(d)(2)(A)(ii)(II) (2000). Due diligence is obtained by sending notice of the alleged violation and an intent to institute *in rem* action to the postal and email address of the registrant listed in the registrar’s Whois database and by publishing notice in a newspaper, if the court so directs, after filing the action.

57. 95 F. Supp. 2d 528 (E.D. Va. 2000).

58. *Id.* at 533.

59. *Id.* at 532-33.

60. *Id.* at 533-34.

61. *Id.* at 533.

62. 1125(d)(2)(A)(ii)(II)(bb).

63. 139 F. Supp. 2d 721 (E.D. Va. 2001).

64. *Id.* at 724.

65. *Id.*

66. 112 F. Supp. 2d 521 (E.D. Va. 2000).

67. *Id.* at 523-24.

4. *Limiting the forum for in rem jurisdiction*

Courts have limited *in rem* jurisdiction to the judicial district where the domain registrar or registry is located, although the ACPA provides for jurisdiction in the judicial district where the registration documents are deposited.⁶⁸ Courts have ruled that filing of registration documents does not provide an alternative basis for jurisdiction,⁶⁹ stating that such a provision would violate the Due Process clause. A statute that creates a property right and then gives a plaintiff the right to transfer that property to any forum of its choice “offends notions of fair play.”⁷⁰

Thus, despite the clear language in the statute allowing a court to have control and authority over the *in rem* suit where the relevant documents have been deposited, the courts have consistently interpreted this provision narrowly under the rubric of the Due Process clause. Such a reading is prudent given that it is easy for a mark holder to pick the forum of choice by simply depositing the domain name registration documents in the court and thereby reap the benefits of the ACPA.

II. BAD FAITH INTENT TO PROFIT

A. Bad faith intent to profit is a requirement of the trademark provision

Congress crafted the ACPA to prohibit the bad faith registration of domain names that incorporate trademarks with the intent to profit from the goodwill associated with such marks.⁷¹ Underscoring the importance

68. 15 U.S.C. § 1125(d)(2) (2000). Two provisions of the ACPA contain language referring to the judicial district where a plaintiff can file an *in rem* action. Under § 1125(d)(2)(A), *in rem* jurisdiction is available in the judicial district where the domain name registrar, registry, or other domain name authority is located, while § 1125(d)(2)(C) provides that a domain name has “its situs in the judicial district in which documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.”

69. See *FleetBoston Fin. Corp. v. FleetBostonFinancial.com*, 138 F. Supp. 2d 121, 135 (D. Mass. 2001) (holding that *in rem* jurisdiction does not lie in the district merely because papers creating that domain name are deposited there); *Mattel, Inc. v. Barbie-Club.Com*, No. 00 CIV 8705 DLC, 2001 WL 436207, *2-3 (S.D.N.Y. May 1, 2001) *aff'd*, No. 01-7680, 2002 U.S. App. LEXIS 23149 (2d Cir. Nov. 7, 2002) (following *FleetBoston*); *Standing Stone Media, Inc. v. Indiantcountrytoday.com*, 193 F. Supp. 2d 528, 535 (N.D.N.Y. 2002) (following *FleetBoston* and limiting *in rem* jurisdiction to the home district of the registrar).

70. *FleetBoston*, 138 F. Supp. 2d at 135.

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

of this element, the ACPA lists nine factors for courts to consider in analyzing the cybersquatter's bad faith intent to profit.⁷² However, a court is not restricted to the nine factors listed in the ACPA but is free to consider other factors in its inquiry into bad faith.⁷³

Courts have analyzed bad faith intent under two types of tests: a nine-factor test and a "unique circumstances of the case" test. Under the nine-factor test, the court considers the list of nine factors provided in the ACPA to determine whether the registrant shows bad faith intent to profit from the plaintiff's mark. Under the unique circumstances test, the courts look to the special circumstances of the case in analyzing the registrant's bad faith intent to profit.

Courts have examined a series of cybersquatting cases under the nine-factor bad faith test of the ACPA.⁷⁴ For example, in *Shields v. Zuccarini*⁷⁵

72. 15 U.S.C. § 1125(d)(1)(B)(i) (2000). Out of the nine factors, the first four factors consider the registrant's right to the domain name, while the remaining five factors examine the mark owner's right to the domain name. The factors include: 1) the trademark or other intellectual property rights of the registrant in the domain name; 2) the relationship of the registrant's legal or other names to the domain name; 3) the registrant's prior use of the domain name for bona fide offering of services or goods; 4) the registrant's legitimate noncommercial or fair use of the mark under the domain name; 5) the registrant's intent to divert consumers from the mark owner's site for commercial gain or tarnish or disparage the mark by creating a likelihood of confusion as to the source, sponsorship, affiliation or endorsement of the site; 6) the registrant's offer to sell, transfer or otherwise assign the domain name to the mark owner or third party for commercial gain without any intent to use the domain name for a bona fide purpose; 7) providing false and misleading address information by the registrant when applying for domain name registration; 8) registration or acquisition of multiple domains identical or confusingly similar to marks of others; and 9) distinctness and fame of the mark.

73. *See id.* § 1125(d)(1)(B) (stating that "court may consider such factors as, but not limited to," the nine-factor list).

74. *See, e.g.,* *N. Light Tech., Inc. v. N. Lights Club*, 236 F.3d 57 (1st Cir. 2001) (finding bad faith intent to profit in the registrant's warehousing of multiple domain names, even though the mark name was not famous, the registrant had used the domain name for email purposes for two years, and the registrant had been unwilling to sell it); *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 202 F.3d 489 (2d Cir. 2000) (finding bad faith intent by Sporty's Farm in registering the name "Sportys.com" for the sole purpose of competing with Sportsman's Market and to prevent it from using the domain name); *Prime Publishers, Inc. v. Am.-Republican, Inc.*, 160 F. Supp. 2d 266 (D. Conn. 2001) (finding defendant's bad faith intent to profit in registering ctvoices.com because the domain name could create confusion as to whether it represented the plaintiffs newspaper *Voices* or the defendant's tabloid *Countrylife*); *Zipee Corp. v. U.S. Postal Serv.*, 140 F. Supp. 2d 1084 (D. Or. 2000) (inferring bad faith from the registrant's lack of services or connection to the domain name); *Ford Motor Co. v. Lapertosa*, 126 F. Supp. 2d 463 (E.D. Mich. 2000) (finding bad faith intent to profit in registering fordrecalls.com for no legitimate reason other than that Ford is a famous mark); *see also* Heather E. Nolan,

the court found bad faith intent to profit by Zuccarini in registering domain names that included several typographical misspellings of Shields' domain name joecartoon.com.⁷⁶ Users who accidentally typed misspellings of joecartoon.com were trapped in Zuccarini's websites and "were unable to exit" without clicking on the advertisements in the website.⁷⁷ For every click on the advertisement, Zuccarini earned between ten and twenty-five cents and thereby profited at the expense of Shields and the consumers. The court, applying the nine-factor test, found that at least five out of the nine factors pointed towards bad faith registration by Zuccarini⁷⁸ and found in favor of Shields.

Under the unique circumstances of the case test, courts look to the totality of circumstances in determining bad faith intent by the registrant.⁷⁹ In *Virtual Works, Inc. v. Volkswagen of America, Inc.*,⁸⁰ the appellant's purposeful registration of the domain name, vw.net, with the knowledge that the name could cause confusion with Volkswagen trademark, and the appellant's offer to sell the domain name to the highest bidder were found sufficient under the totality of circumstances to infer the appellant's bad faith intent to profit from the domain name.⁸¹ Similarly, in *Victoria's Cyber Secret Ltd. Partnership v. V Secret Catalogue, Inc.*,⁸² the registrant's particular choice of words in the domain name victoriasssexsecret.com and other such domain names—for no reason other than to exploit a famous and distinctive mark—was held under the totality of circumstances test

Note, *Protecting Consumers from Cybersquatters: Is the ACPA Standing Up?*, 14 LOY. CONSUMER L. REV. 175 (2002); Xiao, *supra* note 6; but see *Pocono Int'l Raceway, Inc. v. Pocono Mountain Speedway, Inc.*, 171 F. Supp. 2d 427 (M.D. Pa. 2001) (finding no liability under the ACPA where defendant was user of the name in a true business

75. 254 F.3d 476 (3d Cir. 2001).

76. *Id.* at 485. This practice is also known as "typo-squatting." See, e.g., *Elecs. Boutique Holdings Corp. v. Zuccarini*, No. Civ.A. 00-4055, 2000 WL 1622760 (E.D. Pa. Oct. 30, 2000) (similar fact pattern and ruling as *Shields v. Zuccarini*).

77. *Shields v. Zuccarini*, 254 F.3d 476, 480 (3d Cir. 2001).

78. *Id.* at 485. Zuccarini had no intellectual property rights in the names; the domain name contained no variation of either Zuccarini's real name or other names used to identify him; Zuccarini had never used the domain name for bona fide offering of goods or services nor made legitimate noncommercial or fair use of the website; and Zuccarini knowingly registered multiple domain names confusingly similar to marks of others.

79. See *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 268 (4th Cir. 2001) (holding that "the most important grounds for finding bad faith are the unique circumstances of the case, which do not fit neatly into the specific factors enumerated by Congress but may nevertheless be considered under the statute").

80. 238 F.3d 264 (4th Cir. 2001).

81. *Id.* at 269-70.

82. 161 F. Supp. 2d 1339 (S.D. Fla. 2001).

sufficient to find bad faith intent.⁸³ Likewise, in *Primer Publishers, Inc. v. American-Republican, Inc.*,⁸⁴ the court considered the defendant's alleged registration of the domain name several months after a summary judgment was entered against him in a copyright suit, a factor distinct from those enunciated in the ACPA, in ruling for bad faith intent to profit.⁸⁵

Overall, bad faith intent remains the critical element for determining whether a plaintiff prevails under the ACPA. Although commentators have expressed concern about the judicial expansion of bad faith element under the "totality of circumstances" test,⁸⁶ the facts in the specific cases comport with the policy behind the enactment of the ACPA and have been appropriately applied in the relevant cases.⁸⁷

B. Split in courts on the requirement of bad faith intent to profit in an in rem suit.

Although bad faith intent to profit is an element of the trademark provision of the ACPA, courts are split on whether bad faith intent to profit is also an element of the *in rem* provision of the ACPA. While most district courts require a showing of bad faith intent to profit,⁸⁸ one district court and the Court of Appeals for the Fourth Circuit have held otherwise and Professor McCarthy has agreed with them.⁸⁹

Courts are split primarily because the statute itself is ambiguous on this point. It provides, in pertinent part:

[t]he owner of a mark may file an in rem civil action against a domain name . . . if the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office,

83. *Id.* at 1347-49.

84. 160 F. Supp. 2d 266 (D. Conn. 2000).

85. *Id.* at 281.

86. *See* Ward, *supra* note 20, at 228-29; Xiao, *supra* note 6, at 173.

87. *See* Nolan, *supra* note 74, at 198-200.

88. *See* Cable News Network L.P., L.L.L.P. v. CNNEWS.com, 177 F. Supp. 2d 506, 523 (E.D. Va. 2001) (stating that the purpose of the ACPA is "given proper effect by resolving the ambiguity [in the statute] in favor of requiring bad faith in ACPA *in rem* actions"); Hartog & Co. AS v. SWIX.com, 136 F. Supp. 2d 531, 539 (E.D. Va. 2001) (finding lack of bad faith by the registrants and hence denying relief under the ACPA); BroadBridge Media, L.L.C. v. Hypercd.com, 106 F. Supp. 2d 505, 511 (S.D.N.Y. 2000) (limiting *in rem* jurisdiction to bad faith claims).

89. Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 214, 228 (4th Cir. 2002); Jack In The Box, Inc. v. Jackinthebox.org, 143 F. Supp. 2d 590, 591 (E.D. Va. 2001); MCCARTHY, *supra* note 10, § 25:79, at 25-296 (stating that where a registrant cannot be located, it may be very difficult for plaintiff to have any evidence of bad faith and the court should therefore "interpret the 'bad faith' requirement with considerable leniency and flexibility, or else the usefulness of the *in rem* procedure will be curtailed").

or protected under subsection (a) or (c) of this section; and the court finds that the owner is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under [the trademark section of the ACPA].⁹⁰

1. *Textual analysis favors a reading against the bad faith intent requirement*

In construing the statute to require bad faith intent to profit as an element of the *in rem* provision, district courts have interpreted “jurisdiction over a person who would have been a defendant under [trademark provision of the ACPA]” to incorporate the bad faith element of the trademark provision.⁹¹

In contrast, those who find that bad faith intent to profit is not a requirement of the *in rem* provision argue that “jurisdiction over a person who would have been a defendant” serves only to identify persons beyond the jurisdiction of any United States court.⁹² They conclude that this section does not incorporate the bad faith element of the trademark provision; rather, it imposes procedural restrictions on the *in rem* provision by requiring that the registrant not be amenable to personal jurisdiction in United States courts.

Opponents of the bad faith intent requirement in the *in rem* provision further contend that the *in rem* provision provides a cause of action where “the domain name violates any right” of the mark owner and not merely where the registrant exhibits bad faith intent to profit.⁹³ Because the phrase “any right of the owner of a mark” expresses a broad reading of rights, the phrase should also include infringement and dilution claims.⁹⁴ Indeed, “[i]f Congress had intended for subsection (d)(2) to provide for *in rem* jurisdiction only for [trademark section of the ACPA] claims, it could easily have said so directly.”⁹⁵ Thus, the *in rem* provision of the ACPA has been construed to include infringement and dilution claims in addition to claims based on a registrant’s bad faith intent to profit—favoring a reading against the bad faith intent to profit requirement in an *in rem* suit.

90. 15 U.S.C. § 1125(d)(2)(A) (2000).

91. *Harrods*, 302 F.3d at 223 n.6; *Jack In The Box*, 143 F. Supp. 2d at 591.

92. *Cable News Network*, 177 F. Supp. 2d at 523.

93. *Harrods*, 302 F.3d at 228; see Jonathan S. Jennings, *Significant Trademark/Domain Name Issues in Cyberspace*, 663 PLI/PAT 649, 664 (2001). The *in rem* provision allows the plaintiff to bring claims where “the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) [infringement] or (c) [dilution] of this section.” 15 U.S.C. § 1125(d)(2)(A).

94. *Harrods*, 302 F.3d at 228.

95. *Id.*

2. *Legislative history favors a reading against the bad faith intent requirement*

The district courts in favor of the bad faith intent to profit element have so construed the statute based on the ACPA's overall purpose to prevent bad faith registration of domain names with intent to profit. Thus, in *Cable News Network L.P., L.L.L.P. v. CNNEWS.com*,⁹⁶ the court acknowledged that the *in rem* provision does not explicitly mention bad faith intent but nonetheless concluded that bad faith intent to profit was an element of an *in rem* suit based on the ACPA's purpose.⁹⁷ Similarly, in *BroadBridge Media, L.L.C. v. Hypercd.com*,⁹⁸ the court concluded that bad faith intent was a necessary element of *in rem* suits because legislative intent comports with such a narrow reading of the statute.⁹⁹ The court in *Hartog & Co. AS v. SWIX.com*¹⁰⁰ followed the *Broadbridge* reasoning stating, "[j]ust as th[e] . . . statute gives *in rem* plaintiffs relief against a broad class of confusingly similar domain names, it subjects them to Congress's clear intent to apply the statute to a narrow class of domain name registrants: those who act with bad faith intent."¹⁰¹

However, legislative history of the *in rem* provision does not require a showing of bad faith intent to profit. The *in rem* provision was enacted to provide a cause of action where "the domain name itself violates substantive Federal trademark law"¹⁰² and does not refer to the bad faith registration described elsewhere in the ACPA. Instead, the *in rem* provision "speaks in terms of violations of trademark law generally."¹⁰³ Thus, the drafters' purpose in enacting the *in rem* provision appears separate from the general goal of the ACPA to prevent bad faith conduct by cybersquatters.¹⁰⁴

In summary, courts' interpretation of the *in rem* provisions to *not* require a showing of bad faith intent to profit is in keeping with statutory

96. 177 F. Supp. 2d 506 (E.D. Va. 2001).

97. *Id.* at 522-23.

98. 106 F. Supp. 2d 505 (S.D.N.Y. 2000).

99. *Id.* at 511; see H.R. REP. NO. 106-412, at 10 (1999) (commenting that the bill was "carefully and narrowly tailored . . . to extend only to cases where the plaintiff can demonstrate that the defendant . . . used the offending domain name with bad-faith intent to profit from the goodwill of a mark belonging to someone else.").

100. 136 F. Supp. 2d 531 (E.D. Va. 2001).

101. *Id.* at 539.

102. S. REP. NO. 106-140, at 10 (1999) (emphasis added); H.R. REP. NO. 106-412, at 14.

103. *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 231 (4th Cir. 2002).

104. *Id.*

construction and legislative intent. Such a textual analysis is compelling in its straightforward interpretation of the express provision of the statute. It is consistent with the legislative history behind the enactment of the *in rem* provision, although it appears to run counter to the overall purpose of the ACPA. Nonetheless, a mark owner who can show infringement or dilution of his mark under traditional trademark law is also likely to meet the bad faith intent to profit requirement¹⁰⁵ and thereby satisfy the overall goal of the ACPA. Thus, in practice, interpretation of the *in rem* provision to not require a showing of bad faith intent to profit is likely to satisfy the specific goal of the *in rem* provision, as well as the overall goal of the ACPA to prevent bad faith registrants.

3. *Lack of bad faith intent requirement does not expand judicial scope*

Allowing a mark owner to prevail in an *in rem* suit in the absence of a showing of bad faith intent to profit does not expand a court's jurisdiction. The only remedies available under the *in rem* provision are transfer, forfeiture and cancellation of domain name,¹⁰⁶ unlike claims under trademark law where both damages and attorney costs are available. Thus, a mark owner is unlikely to be tempted to use the *in rem* provision over others.

Moreover, it is also more difficult to prevail on infringement and dilution claims under traditional trademark law. After all, it was the ineffectiveness of traditional trademark law against cybersquatters that prompted Congress to pass the ACPA.¹⁰⁷ Thus, allowing such claims does not expand judicial scope.

Finally, the mark owner must prove either the unavailability of personal jurisdiction over the registrant or her inability to find the registrant after the exercise of due diligence. Both of these requirements are difficult to prove,¹⁰⁸ and therefore an owner is unlikely to bring these claims unless she has no other option. Overall, allowing infringement and dilution claims in an *in rem* action does not undermine a registrant's rights or unfairly find innocent registrants liable.

105. Under traditional trademark law, mark owners have to meet the "use in commerce" requirement. Such a showing is likely to satisfy the bad faith intent to profit requirement.

106. *Harrods*, 302 F.3d at 223.

107. See Xiao, *supra* note 6, at 160-61 (discussing the ineffectiveness of legal protections prior to the ACPA).

108. See *supra* Part II.A.2-3.

III. CRITICISMS OF THE *IN REM* PROVISION

By allowing jurisdiction over a domain name when personal jurisdiction is unavailable, the *in rem* provision has sparked a number of criticisms. Some commentators have questioned the constitutionality of the *in rem* provision while others have denounced the provision as imposing United States trademark law on the rest of the world.

A. Constitutionality of the *in rem* provision

Defendants in ACPA suits and commentators have questioned the constitutionality of the *in rem* provision of the ACPA.¹⁰⁹ They contend that in cases, such as *in rem* ACPA suits, where personal jurisdiction cannot be asserted due to a registrant's lack of United States contacts, the same lack of contacts will also render *in rem* jurisdiction unconstitutional.¹¹⁰ They argue that this is because due process requires "minimum contacts" between the registrant and the forum state irrespective of whether the jurisdiction asserted is *in personam* or *in rem*.¹¹¹

Nevertheless, the lack of minimal contacts may be irrelevant because "when claims to the property itself are the source of the underlying controversy between the plaintiff and the defendant, it would be unusual for the State where the property is located not to have jurisdiction."¹¹² Thus, in ACPA *in rem* cases, where the property is the domain name and the domain name is the source of the underlying controversy, the court in the judicial district where the domain name is located should have jurisdiction irrespective of the results of "minimum contacts" analysis. Indeed, the Court in *Shaffer* stated that in *in rem* cases "[t]he State's strong interests in assuring the marketability of property within its borders and in providing a procedure for peaceful resolution of disputes about the possession of that property would also support jurisdiction, as would the likelihood that important records and witnesses will be found in the State."¹¹³

In keeping with such analysis, courts have upheld the constitutionality of *in rem* jurisdiction in the judicial district where the domain name registrar, registry, or other domain name authority is located. In *Heathmount A.E. Corp v. Technodome.com*,¹¹⁴ the registrant, a Canadian citizen, had

109. Catherine T. Struve & R. Polk Wagner, *Realspace Sovereigns in Cyberspace: Problems with the ACPA*, 17 BERKELEY TECH. L.J. 989 (2002).

110. *Id.* at 991.

111. *Id.* at 1006; see *Shaffer v. Heitner*, 433 U.S. 186, 212 (1977) (concluding that "all assertions of state court jurisdiction must meet the 'minimum contacts' standard").

112. *Shaffer*, 433 U.S. at 207.

113. *Id.* at 208.

114. 106 F. Supp. 2d 860 (E.D. Va. 2000).

no contact with the United States other than registering the domain name.¹¹⁵ The registrant argued that the court could not establish *in rem* jurisdiction where the court could not assert personal jurisdiction over him.¹¹⁶ The court nevertheless held that *in rem* jurisdiction was proper, stating, “where property is the entire subject matter of the dispute, and the suit is properly brought *in rem*, due process does not require a level of contact with the forum sufficient for *in personam* jurisdiction over the defendant.”¹¹⁷ Similarly, in *Caesars World, Inc. v. Caesars-Palace.Com*,¹¹⁸ the court held that it was unnecessary for minimum contacts in *in rem* ACPA suits to meet personal jurisdiction standards.¹¹⁹

Commentators have nonetheless argued that even in cases where the property is the source of the underlying controversy, “the presence of that property within the Forum State will not always support the inference of contacts between the defendant and the forum.”¹²⁰ They point to the *Shaffer* court’s opinion suggesting that in some circumstances the presence of property in the forum state will not suffice for minimum contacts, such as when the property is brought into the forum without the owner’s consent or when the plaintiff fraudulently induced the owner to bring the property into the forum.¹²¹

However, these circumstances are unlikely to be applicable in ACPA suits. Domain names are not brought into the forum in ACPA suits without the owner’s knowledge. Indeed, it is likely that the registrant is aware of the nationality of the registrar, if not the physical location of the registrar.¹²² Moreover, in cases where the domain name is brought into the forum without the registrant’s knowledge such as by depositing documents

115. *Id.* at 863.

116. *Heathmount A.E. Corp. v. Technodome.com*, No. CA-00-00714-A, 2000 U.S. Dist. LEXIS 20316, *6-7 (E.D. Va. Dec. 29, 2000).

117. *Id.* at *8.

118. 112 F. Supp. 2d 502 (E.D. Va. 2000).

119. *Id.* at 504; *see Cable News Network L.P., L.L.L.P. v. CNNEWS.com*, 162 F. Supp. 2d 484, 491 (E.D. Va. 2001) (holding that the owner of the property is not required to have minimum contacts with the forum where ACPA actions are “properly categorized as ‘true *in rem*’”).

120. *Struve & Wagner, supra* note 109, at 1010.

121. *See Shaffer v. Heitner*, 433 U.S.186, 208 n.25 (citing RESTATEMENT (SECOND) OF CONFLICTS OF LAWS 60, cmts. c, d).

122. *See* <http://www.verisign-grs.com/registrar/custalph.html> (Feb. 20, 2003) (listing nationality of registrars); <http://www.signatoredomains.com/contact.jsp> (Feb. 20, 2003) (providing location information).

establishing control of the domain name, courts have refused to assert *in rem* jurisdiction over the registrant.¹²³

In summary, the *in rem* provision of the ACPA should continue to withstand constitutional challenge. The source of the controversy, the domain name, is located in the judicial district where the court is located and the court should therefore have jurisdiction over that property. More importantly, Congress has expressly provided for such a jurisdiction,¹²⁴ further buttressing the constitutionality of the provision.

B. The *in rem* provision and its global impact

Commentators have evinced concern at the reach of the *in rem* jurisdiction in bringing foreign parties to a United States court simply based on the location of the domain name.¹²⁵ In *Heathmount A.E. Corp v. Technodome.com*,¹²⁶ both the plaintiffs and the defendants were Canadians and the court, nevertheless, asserted jurisdiction over the property.¹²⁷ Similarly, in *Harrods Ltd. v. Sixty Internet Domain Names*,¹²⁸ the court exercised jurisdiction although both parties were foreigners, prompting the concern that any one who registers a domain name with a registry located in the United States, such as the registry for .com, could potentially lose that website.¹²⁹

It was the recognition of the global nature of the domain name system that led to the creation of the Internet Corporation for Assigned Names and Numbers ("ICANN") and its Uniform Domain Name Dispute Resolution Policy ("UDRP").¹³⁰ Nevertheless, a recent ruling by a United States court has expanded the reach of the ACPA to a global scale.¹³¹ Under *Bar-*

123. See *supra* Part II.B.4.

124. 15 U.S.C. § 1125(d)(2) (2000).

125. Steven J. Coran, The Anticybersquatting Consumer Protection Act's In Rem Provision: Making American Trademark Law the Law of the Internet?, 30 HOFSTRA L. REV. 169 (2001); Andrew Lothian, I'll See Your Domain Name in (US) Court!, at <http://www.theregister.co.uk/content/archive/26957.html> (Feb. 20, 2003).

126. 106 F. Supp. 2d 860 (E.D. Va. 2000).

127. *Id.* at 861.

128. 302 F.3d 214 (4th Cir. 2002).

129. See Lothian, *supra* note 125 (commenting that the *Harrods* case "now affirm[s] a principle that is perhaps worrying for those 20 million or so .com domain name registrants who live outside the USA.>").

130. For a description of ICANN and UDRP, see generally Ryan Owens, *Domain-Name Dispute-Resolution after Sallen v. Corinthians Licenciamentos & Barcelona.com, Inc. v. Excelentisimo Ayuntamiento de Barcelona*, 18 BERKELEY TECH. L.J. 257 (2003).

131. See generally Sally M. Abel & Andrew Song, *Homer and Dr. Evil Meet: The Anticybersquatting Consumer Protection Act*, 4 E-COMMERCE L. REP. 13 (2002) (describing situations where the ACPA is likely to have an international impact).

celona.Com, Inc. v. Excelentísimo Ayuntamiento de Barcelona,¹³² a foreign trademark owner can now sue foreign domain holders in a United States court to enforce his foreign trademarks under the ACPA.¹³³ Similarly, a foreign domain holder who has lost in a UDRP proceeding may sue in a United States court under the ACPA to prevent the termination or transfer of his domain name.¹³⁴ Thus, under the ACPA, it is feasible for the judicial reach of a United States court to be as broad as the Internet itself, an alarming proposition likely to fuel concerns over United States dominance of domain name adjudication.

These concerns are especially troubling in the context of the widely variant trademark registration schemes in different countries. The United States employs a use-based system in which “the first producer to use the mark obtains the rights with respect to the goods upon which and geographical areas in which use occurred.”¹³⁵ In contrast, most other countries employ a first to register system, in which the first party to register a mark obtains an exclusive right to use the mark on the goods or services at issue.¹³⁶ Thus, a foreigner who first registers a domain name should have as much right to the domain name as an American who uses it first.¹³⁷ Nonetheless, if the domain name is litigated in the United States, a foreign registrant is likely to lose his domain name even though he would have a legal right to it if the domain names were litigated in his country. This raises valid concerns about imposition of United States trademark law upon the world.

IV. CONCLUSION

Courts until now have been careful to ensure that the *in rem* provision is available only as a last resort even while expanding the substantive requirements of the *in rem* provision by allowing infringement and dilution claims. Although criticized, these cases have typically provided a careful balancing of rights aimed at reaching the correct results. However, recent ACPA decisions suggest an international overreach by United States courts, and these raise troubling questions about the parity of applying United States trademark law across differing national trademark regimes.

132. 189 F. Supp. 2d 367 (E.D. Va. 2002).

133. *Id.* at 373.

134. *Id.*

135. Graeme B. Dinwoodie, *(National) Trademark Laws and the (Non-National) Domain Name System*, 21 U. PA. J. INT'L ECON. L. 495, 502 (2000).

136. *Id.*

