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Suing an Electronic Address: In Rem Domain Name Actions Under the ACPA

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SUING AN ELECTRONIC ADDRESS: *IN REM* DOMAIN NAME ACTIONS UNDER THE ACPA

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I. INTRODUCTION

Imagine yourself as a trademark owner when domain names were first introduced. Your first thought of “it’s just a fad” quickly fades and you decide that your business needs a website, whatever that may be. You hire an eighteen-year-old web designer, tell him to register two different domain names for the site, and sit back. An unexpected

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problem pops up. Your designer tells you that both of the domain names you have chosen are already registered by two different people, Moe and Curly, who reside at different addresses. You are aghast. There must be some mistake, you think, because the domain names you chose are your federally registered trademarks. You even consistently follow your attorney's advice and use the little circle with an "R" in it next to each one.

Further investigation reveals that neither Moe nor Curly have any trademark rights in the selected names. In addition, Moe's website has nothing on it and Curly's website is being used to exhibit his collection of hand-tinted straw hats. You call your attorney and have her send each registrant a polite, yet forceful, letter regarding your trademark rights. Each letter is sent to the proper registrant at the mailing address listed in the registrar's database. You feel satisfied that everything will be taken care of and return to building the rest of your website for its grand unveiling. More problems pop up.

The letter to Moe is returned as "undeliverable" because the mailing address does not exist. Your attorney sends the letter to Moe via the listed email address. The email is returned with an error message that says it was undeliverable because the email address does not exist. Further attempts to find Moe are unsuccessful. You are upset. You have spent a substantial amount of money (for your small business) and have had no luck. You want the domain name. Your attorney rambles on about *in personam* jurisdiction using obscure legalese. You suddenly remember an article you once had to read in a pre-law class in college. "We can use *in rem* jurisdiction and sue the domain name itself," you roar triumphantly, forcing your attorney to explain that *in rem* actions against domain names are not possible. Although somewhat crestfallen, you are still confident that you will get your second choice.

The letter to Curly is returned as "no longer at this address" but you are able to track down the registrant's new address and resend the letter. Still more problems raise their little heads. Curly replies to your letter with a simple "I got it first and you can't have it," and then offers to sell you the name for \$25,000.

Feeling that you have no choice, you instruct your attorney to sue Curly to gain control of the domain name. Your attorney explains that the courts have not decided many cases regarding domain names, so it is hard to tell what will happen. You smile benignly and sue Curly knowing that your trademark rights will prevail. It just so happens that Curly lives in a small town about thirty miles away. Your attorney is happy because *in personam* jurisdiction will not be a problem. You are happy and more than willing to incur the various legal costs necessary to pursue the case. Your attorney presents what seems to be overwhelming evidence in your favor under §§ 32, 43(a), and

43(c) of the Lanham Act and you confidently await the court's decision.

The last problem hits you hard and without warning. The court finds that Curly is not using the domain name "in commerce" and so §§ 32 and 43(a) do not apply. "But Curly offered to sell me the domain name," you scream. "How is that not 'commerce'?" The court also says that your mark is not "famous" and so § 43(c) does not apply. From what you can tell, § 43(b) never applied, was misplaced, or something else happened to it. You file an appeal and the court's decision is upheld. It is over. You have lost. Neither of your carefully protected federal trademarks can be used as your domain name.

The problems faced by the trademark owner in this story were all too common in early domain name litigation. The following Article briefly examines the legal tools originally available to trademark owners (under federal law and an alternate dispute resolution procedure) and the deficiencies of each tool in anti-cybersquatting litigation. This Article presents an overview of the Anticybersquatting Consumer Protection Act (ACPA) and examines how it addresses some of the failures of prior legal tools, with particular emphasis on the ACPA's *in rem* jurisdiction provision.

II. PRE-ANTICYBERSQUATTING CONSUMER PROTECTION ACT REMEDIES

Domain names have been the subject of litigation almost since their introduction. The very reasons for their existence (*e.g.*, so people do not have to remember long numerical addresses) make certain domain names highly valuable. In the first-come, first-served world into which domain names were originally introduced, anyone with seventy dollars could register a domain name that had not already been registered. Each name is unique, so, once registered, that name is locked up worldwide.

Because a domain name can logically denote a source of a service or product, trademark owners tend to be very interested in securing domain names that are identical or similar to their trademarks. Due to the potential value of such domain names, individuals other than the trademark owner may also be interested. Such individuals, frequently referred to as "cybersquatters," may register a domain name that is identical or similar to a trademark and then offer to sell it to the trademark owner for an exorbitant fee.¹ Alternatively, the cybersquatter may offer to sell the domain name to competitors of the trademark owner, or may use the domain name to increase traffic to another website.² Some cybersquatters simply buy up large numbers of domain names that they think will be valuable and then wait for

1. See S. REP. NO. 106-140 at 5 (1999).

2. See *id.* at 5-6.

prospective purchasers to approach them.³ This is known as “warehousing” the domain names.

The original legal toolbox from which trademark owners could select a trademark enforcement tool to fix a cybersquatting problem was fairly empty. “Traditional” federal trademark law provided some leverage to trademark owners, but proved to be deficient in certain circumstances. Alternative tools, like the Internet Corporation for Assigned Names and Numbers (ICANN) and the Uniform Domain-Name Dispute-Resolution Policy (UDRP), attempt to address the cybersquatting issue but may also fall short of affording trademark owners the protection they want. The most recent tool, known as the Anticybersquatting Consumer Protection Act (ACPA), has provided trademark owners with a considerably bigger and better hammer with which to fight cybersquatters who register domains identical or similar to their marks.

A. *The Lanham Act*⁴

1. Trademark Infringement Under §§ 32 and 43(a)⁵

Sections 32 and 43(a) of the Lanham Act are, at first blush, appropriate tools to use against a cybersquatter. After all, the plain language of § 32 (for registered trademarks) and § 43 (for unregistered trademarks) seems to contain text that can be aimed squarely at cybersquatters. For example, § 32(1) applies to anyone who, without consent of the trademark owner, shall:

use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.⁶

Similarly, § 43(a) states that it applies to anyone who:

on or in connection with any goods or services . . . uses in commerce any word, term, name, symbol, or device . . . which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.⁷

The actual application of these sections to cybersquatters, however, has shed some light on the inadequacies of the “traditional” trademark provisions to effectively combat domain name/trademark issues.

3. *See id.* at 5.

4. 15 U.S.C. §§ 1051–29 (2000).

5. As the courts apply §§ 32 and 43(a) in a similar manner, the discussion focuses on § 43(a) but applies equally to § 32.

6. Lanham Act § 32(1)(a), 15 U.S.C. § 1114(1)(a) (2000).

7. Lanham Act § 43(a), 15 U.S.C. § 1125(a)(1) (2000).

While various articles and cases have examined these issues in some depth, this Article will highlight certain issues for the sole purpose of fleshing out the background against which the ACPA was formulated and enacted.

A principal point of concern to the courts in applying § 43(a) to cybersquatting is that § 43(a) requires that an accused cybersquatter use the domain name “in commerce.” The term “use in commerce” is defined in § 45 as “the bona fide use of a mark in the ordinary course of trade.”⁸ Accordingly, a cybersquatter who merely reserves a domain name but does not use it in commerce may have done nothing that is actionable under § 43(a).⁹ This means that a cybersquatter who “warehouses” domain names and waits for someone to approach with an offer to buy one of the warehoused names may be safe from legal action under § 43(a).¹⁰

Furthermore, while registering a domain name with the intent to sell it to the trademark owner may be actionable,¹¹ offering the domain name to the trademark holder for an exorbitant fee may not be a use “in commerce” under § 43(a).¹² The difference between the two seemingly contradictory outcomes may lie in whether the court finds “bad faith” during the actual registration process, versus registration of the domain name without “bad faith” and a later offer to sell the name at a steep markup. Because such distinctions exist in applying the “in commerce” element, § 43(a) does not provide the all-purpose tool that trademark owners would like.¹³

2. Trademark Dilution Under § 43(c) of the Lanham Act

Section 43(c) applies to “famous marks” and affords a cause of action for dilution. Specifically, § 43(c) states that “[t]he owner of a famous mark shall be entitled . . . to an injunction against another

8. Lanham Act § 45, 15 U.S.C. § 1127 (2000).

9. *555-1212.com, Inc. v. Communication House Int'l, Inc.*, 157 F. Supp. 2d 1084, 1092 (N.D. Cal. 2001); *see Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 957 (C.D. Cal. 1997) (holding that “registration of a domain name, without more, does not constitute use of the name as a trademark”), *aff'd*, 194 F.3d 980 (9th Cir. 1999).

10. *Juno Online Servs. v. Juno Lighting, Inc.*, 979 F. Supp. 684, 691 (N.D. Ill. 1997) (“The mere ‘warehousing’ of the domain name is not enough to find that defendant placed the mark on goods or ‘used or displayed [the mark] in the sale or advertising of services’ as required” under § 43(2). (alteration in the original) (quoting 15 U.S.C. § 1127)).

11. *See generally Intermatic, Inc. v. Toepfen*, 947 F. Supp. 1227, 1233–34 (N.D. Ill. 1996).

12. *See K.C.P.L., Inc. v. Nash*, No. 98 CIV. 3773 (LMM), 1998 WL 823657, 49 USPQ2d 1584 (S.D.N.Y. Nov. 24, 1998) (finding that defendant was not in the business of registering domain names solely to sell them to owner of trademark and so was not a cybersquatter).

13. Obviously, even if the use is “in commerce,” other factors must be present for a trademark owner to prevail (*e.g.*, there must be a likelihood of confusion as required by § 43(a)).

person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark"¹⁴ The term "dilution" is defined as "lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of . . . likelihood of confusion, mistake, or deception."¹⁵ This provides a relatively broad umbrella of protection for the owners of famous marks, as no likelihood of confusion must be proven.

Several courts turned to § 43(c) as a solution to cybersquatting when it became clear that § 43(a) could not be applied in certain circumstances. However, like §§ 32(1) and 43(a), § 43(c) presents difficulties when applied to the classic cybersquatter.

One limitation under § 43(c) is similar to a limitation that applied to § 43(a). The use must be "in commerce." As described previously, some cybersquatters may not be using the domain name in commerce as defined by the Lanham Act. Despite this, courts have displayed a tendency to stretch the definition of "use in commerce" under § 43(c) to cover behavior of which they disapproved, while admitting that they were creating an anti-dilution variant.¹⁶

Another rather obvious limitation is the requirement that the mark in question be "famous." While § 43(c) allows courts some leeway in deciding whether a given mark is famous, it quickly becomes apparent that a great many marks are not famous and never will be. Therefore, the owners of these non-famous marks cannot use § 43(c) to evict cybersquatters. Like §§ 32 and 43(a), § 42(c) does not provide trademark owners with a highly effective tool for working out cybersquatting issues.

3. Jurisdiction Under the Lanham Act

Even if the Lanham Act applies because the use of the domain name is "in commerce," obtaining jurisdiction over the accused cybersquatter may range from the difficult to the impossible. For example, if the cybersquatter is in a foreign country, a trademark owner may find it virtually impossible to take action. Furthermore, it may be difficult to even find the cybersquatter if incorrect contact information is provided during the registration process. The contact information used during the registration process is provided by the registrant and is not verified, making the use of aliases highly appealing to cybersquatters trying to avoid service of process.

A court may attempt to gain jurisdiction over a cybersquatter through *in personam* jurisdiction, subject-matter jurisdiction, or *in rem*

14. Lanham Act § 43(c)(1), 15 U.S.C. § 1125(c)(1) (2000).

15. Lanham Act § 45, 15 U.S.C. § 1127 (2000).

16. See, e.g., *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1325–26 (9th Cir. 1998).

jurisdiction. Although beyond the scope of this Article, *in personam* (personal) jurisdiction may be satisfied if an accused cybersquatter has “minimum contacts” with the forum state that satisfy constitutional requirements as set forth by the U.S. Supreme Court in *International Shoe Co. v. Washington*.¹⁷ Subject-matter jurisdiction over a cybersquatter requires that there be a “use in commerce” under the Lanham Act as previously described. *In rem* jurisdiction allows a suit to proceed against property and generally involves legal actions where the property itself is the subject of the action. As will be described later, the ACPA expressly deals with this issue. However, prior to the enactment of the ACPA, the applicability of *in rem* jurisdiction to domain name disputes was not a settled subject.

Although *in rem* actions were not expressly recognized by the Lanham Act prior to the ACPA, the federal court system has illustrated a willingness to extend judicial power in the interest of justice in trademark cases.¹⁸ This line of law seems to encourage *in rem* actions against domain names held by cybersquatters, but such reasoning hit a brick wall in a suit by the internationally famous car manufacturer Porsche.¹⁹ Porsche filed an action *in rem* under § 43(c) of the Lanham Act against 128 domain names that included variations of their registered trademarks “Porsche” and “Boxster.”²⁰

Porsche’s complaint is a virtual laundry list of cybersquatting issues. According to Porsche, one domain name was registered by a cybersquatter who then offered it for sale;²¹ other domain names directed visitors to hardcore pornography sites;²² and still others were affiliated with sites that sold, without Porsche’s permission, parts and accessories for Porsche automobiles.²³

Furthermore, some of the domain names were originally registered by an entity that listed a Honduras post office box as its address.²⁴ Other domain names had been transferred to entities in countries such as Iran.²⁵ Still other domain names had been registered by appli-

17. 326 U.S. 310 (1945).

18. See *Steele v. Bulova Watch Co.*, 344 U.S. 280, 283 (1952) (stating that the Lanham Act should be construed to “confer broad jurisdictional powers upon the courts of the United States”); *Reebok Int’l, Ltd. v. Marnatech Enters., Inc.*, 970 F.2d 552, 559 (9th Cir. 1992) (finding that the trial court had inherent power to “carefully fashion remedies which will take all the economic incentive out of trademark infringement”).

19. *Porsche Cars N. Am., Inc. v. Porsch.com*, 51 F. Supp. 2d 707 (E.D. Va. 1999), vacated by 215 F.3d 1320 (4th Cir. 2000) (remanding for consideration under the ACPA).

20. See Verified Complaint at ¶ 1a, *Porsche Cars N. Am., Inc. v. Porsch.com*, 51 F. Supp. 2d 707 (E.D. Va. 1999).

21. *Id.* at ¶ 22a.

22. *Id.* at ¶¶ 21a, 39a–41.

23. *Id.* at ¶¶ 44, 53.

24. *Id.* at ¶ 17a.

25. *Id.*

cants who used nonexistent suite numbers or other fictitious addresses in their registration applications.²⁶

Despite the case being a perfect example of why trademark owners needed protection from cybersquatters, the court decided that it had no jurisdiction over the domain names because “the Trademark Dilution Act [§ 43(c)] speaks only of remedies against ‘persons’ who commit trademark dilution.”²⁷ This decision was reached even though the court noted that nothing in the Trademark Dilution Act “expressly preclude[s] *in rem* lawsuits.”²⁸ The case has since been remanded to the trial court for consideration under the ACPA.²⁹ It is clear that, prior to the ACPA, trademark owners could not rely on the courts to support *in rem* actions under the Lanham Act.

B. ICANN’s Uniform Domain-Name Dispute-Resolution Policy (UDRP)

The Internet Corporation for Assigned Names and Numbers (ICANN) is a non-profit organization started in 1998, with the responsibility for managing the domain name system.³⁰ The year following its inception, ICANN developed and enacted the Uniform Domain-Name Dispute-Resolution Policy (UDRP) in an attempt to provide trademark owners with a relatively inexpensive and streamlined process for domain name disputes.³¹ Between the implementation of the current UDRP (Oct. 24, 1999) and July 2, 2002, ICANN had reached decisions in 5159 proceedings involving 8812 domain names, and had 708 undisposed proceedings involving 935 domain names.³² Of the decisions made, the complainant was successful in having the domain name transferred or cancelled approximately eighty percent of the time.³³

The UDRP provides for an *in rem*-type action using the nomenclature “Mutual Jurisdiction,” which is defined as:

a court jurisdiction at the location of either (a) the principal office of the Registrar (provided the domain-name holder has submitted in its Registration Agreement to that jurisdiction for court adjudica-

26. *Id.*

27. *Porsche Cars N. Am., Inc. v. Porsch.com*, 51 F. Supp. 2d 707 (E.D. Va. 1999), vacated by 215 F.3d 1320 (4th Cir. 2000).

28. *Id.*

29. *Porsche Cars N. Am., Inc. v. Allporsche.com*, 215 F.3d 1320 (4th Cir. 2000), vacating 51 F. Supp. 2d 707 (E.D. Va. 1999).

30. See generally ICANN, TIMELINE FOR THE FORMULATION AND IMPLEMENTATION OF THE UNIFORM DOMAIN-NAME DISPUTE-RESOLUTION POLICY, at <http://www.icann.org/udrp/udrp-schedule.htm> (last modified Feb. 5, 2002).

31. *Id.*

32. ICANN, STATISTICAL SUMMARY OF PROCEEDINGS UNDER UNIFORM DOMAIN-NAME DISPUTE-RESOLUTION POLICY, at <http://www.icann.org/udrp/proceedings-stat.htm> (last modified June 14, 2002) (on file with the Texas Wesleyan Law Review).

33. *Id.*

tion of disputes concerning or arising from the use of the domain name) or (b) the domain-name holder's address as shown for the registration of the domain name in Registrar's Whois database at the time the complaint is submitted to the Provider.³⁴

Accordingly, the complainant must "submit, with respect to any challenges to a decision in the administrative proceeding canceling or transferring the domain name, to the jurisdiction of the courts in at least one specified Mutual Jurisdiction."³⁵

It should be noted that the UDRP, at least as viewed by the United States government, is aimed squarely at cybersquatting.³⁶ Accordingly, it is not intended to be used to settle disputes between parties claiming legitimate rights in a mark.³⁷ From a trademark owner's perspective, however, the UDRP provides a relatively inexpensive tool against cybersquatters who fall under its jurisdiction. This is particularly true when the success rate of complainants is considered.

Like any legislation, the UDRP has its share of detractors. For example, one common criticism leveled against the UDRP is that there is a lack of equality in the treatment of the parties. Exacerbating this seeming unfairness is the inability of the public to review the complaint and response in the cases, making it difficult to accurately assess the fairness of a particular case.

III. THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT (ACPA)

A. *General Overview*

The ACPA was clearly enacted with cybersquatters in mind, as Congress stated that:

cybersquatters have become increasingly sophisticated as the case law has developed and now take the necessary precautions to insulate themselves from liability. For example, many cybersquatters are now careful to no longer offer the domain name for sale in any

34. INTERNET CORP. FOR ASSIGNED NAMES AND NUMBERS, Rules for Uniform Domain Name Dispute Resolution Policy § 1 Definitions at <http://www.icann.org/dndr/udrp/uniform-rules.htm> (Oct. 24, 1999).

35. *Id.* § 3(b)(xiii).

36. United States Dept. of Commerce, Docket No. 980212036-8146-02, WHITE PAPER ON MANAGEMENT OF INTERNET NAMES AND ADDRESSES, (1998), at <http://www.icann.org/general/white-paper-05jun98.htm>.

[I]t should be clear that whatever dispute resolution mechanism is put in place by the new corporation, that mechanism should be directed toward disputes about cybersquatting and cyberpiracy and not to settling the disputes between two parties with legitimate competing interests in a particular mark. Where legitimate competing rights are concerned, disputes are rightly settled in an appropriate court.

Id.

37. *Id.*

manner that could implicate liability under existing trademark dilution case law.³⁸

By providing a new cause of action for use by trademark owners under the Lanham Act, the ACPA is intended to “provide clarity in the law for trademark owners by prohibiting the bad-faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks—a practice commonly referred to as ‘cybersquatting.’”³⁹

This cause of action provides a tool for trademark owners under § 43(d), which reads in part:

[a] person shall be liable in a civil action by the owner of a mark, . . . if, without regard to the goods or services of the parties, that person (i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and (ii) registers, traffics in, or uses a domain name⁴⁰

that falls into one of the three following categories. The domain name must (1) in the case of a mark that is distinctive at the time of registration of the domain name, be identical or confusingly similar to that mark; (2) in the case of a famous mark that is famous at the time of registration of the domain name, be identical or confusingly similar to or dilutive of that mark; or (3) be a trademark, word, or name protected by law (such as the “Red Cross” or the interlocking Olympic rings).⁴¹

With this language, the ACPA sweeps away many of the problems previously facing trademark owners. No longer does the cybersquatter have to use the mark “in commerce” for the trademark owner to take action under §§ 43(a) or 43(c). Bad faith is weighed by the application of a number of “bad faith” factors enumerated in § 43(d)(1)(B)(i), and the court can take additional factors into account.

While the language of the ACPA is broad, it does draw boundaries. For example, the ACPA apparently requires that the accused cybersquatter has both a bad faith intent to profit *and* registers, traffics in, or uses a domain name.⁴² Of the three categories into which the domain name must fall, the first requires that the mark be “distinctive *at the time of registration* of the domain name.”⁴³ Accordingly, the registration of a domain name that has not yet acquired distinctiveness is not actionable through this portion of the ACPA. The second category requires that the mark be famous (much like § 43(c)), and the

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

39. *Id.* at 4.

40. Lanham Act § 43(d), 15 U.S.C. § 1125(d) (2000).

41. *Id.* § 1125(d)(1)(A)(ii)(I)–(III).

42. There is some dispute as to whether the bad faith requirement applies to *in rem* actions. See *infra* note 50 and accompanying text.

43. Lanham Act § 43(d)(1)(A)(ii)(I), 15 U.S.C. § 1125(d)(1)(A)(ii)(I).

third applies only to a special class of protected marks, so both of these criteria are limited as well. The ACPA also provides a “safe harbor” in § 43(d)(1)(B)(ii), but this appears to be fairly narrow in scope.⁴⁴

B. In Rem Jurisdiction

The ACPA also overcomes some of the jurisdictional issues that previously haunted trademark owners by providing a specific provision granting courts *in rem* jurisdiction in certain domain name disputes.⁴⁵ More specifically, § 43(d)(2)(A) lays out the *in rem* requirements and states that the “owner of a mark may file an *in rem* civil action against a domain name 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” if a two-pronged standard is satisfied.

First, a court should determine whether the “domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c).”⁴⁶ Second, the court must find either that the trademark owner “is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under” § 43(d)(1) or that the trademark owner, “through due diligence was not able to find a person who would have been a defendant in a civil action under” § 43(d)(1).⁴⁷ The due diligence provision may be met by:

sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and publishing notice of the action as the court may direct promptly after filing the action.⁴⁸

44. See, e.g., *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 369 (4th Cir. 2001) (finding that a subjective belief must be reasonable); *Domain Name Clearing Co. v. F.C.F., Inc.*, No. 00-2509, 2001 U.S. App. LEXIS 15619, at *7 (4th Cir. July 12, 2001) (refusing to allow defendant use of ACPA’s safe harbor when he renewed domain name after becoming aware of plaintiff’s mark).

45. Lanham Act § 43(d)(2)(A), 15 U.S.C. § 1125(d)(2)(A) (2000). For example, an *in rem* action can be brought “if and only if” personal jurisdiction cannot be established. *Lucent Techs., Inc. v. Lucentucks.com*, 95 F. Supp. 2d 528, 531–32 (E.D. Va. 2000) (denying *in rem* jurisdiction because (1) plaintiff could have asserted personal jurisdiction; and (2) even if no personal jurisdiction existed, plaintiff failed to give defendant a reasonable time to respond to cease and desist letter, where court did not define “reasonable” but said that a waiting period of eight days “does not demonstrate the requisite ‘due diligence’”).

46. Lanham Act § 43(d)(2)(A)(i), 15 U.S.C. § 1125(d)(2)(A)(i).

47. *Id.* § 1125(d)(2)(A)(ii).

48. *Id.* § 1125(d)(2)(A)(ii)(II)(aa)–(bb).

The necessity of such a notice may differ depending on the venue, and no definitive answer seems to have been reached.⁴⁹

The *in rem* provision enables a trademark owner to sue the domain name itself despite the fact that the cybersquatter cannot be reached by personal jurisdiction (*e.g.*, he is out of the country) or that the cybersquatter registered the domain name with false contact information. Although the *in rem* provision provides jurisdiction, the trademark owner will still likely have to prove both a bad faith intent to profit *and* registration, trafficking, or use of a domain name by the accused cybersquatter. The modifier “likely” is used in the previous sentence due to a current split regarding the bad faith requirement, with courts differing over whether bad faith is required in an *in rem* action.⁵⁰

1. Is a Domain Name Really “Property”?

Because an *in rem* action is taken against property, and a string of numbers seems like rather odd property, an obvious question is whether a domain name should be considered an appropriate subject for an *in rem* action. Furthermore, this introduces constitutional questions of due process as a court may be able to exercise power over individuals outside of the court’s personal jurisdiction. One viewpoint

49. *See, e.g.*, *Banco Inverlat SA v. Www.inverlat.com*, 112 F. Supp. 2d 521, 523 (E.D. Va. 2000) (finding that the publication of a domain name lawsuit was in the court’s discretion); *Harrods Ltd. v. Sixty Internet Domain Names*, 110 F. Supp. 2d 420 (E.D. Va. 2000). *But see* *Shri Ram Chandra Mission v. Sahajmarg.org*, 139 F. Supp. 2d 721, 723–24 (E.D. Va. 2001) (limiting court’s discretion to manner of publication, not to whether publication is required, and distinguishing *Banco Inverlat* because registrant in *Banco* had actual notice of *in rem* action).

50. *Compare* *Jack in the Box, Inc. v. Jackinthebox.org*, 143 F. Supp. 2d 590, 592 (E.D. Va. 2001) (holding that the bad faith requirement does not apply to *in rem* actions because “[t]he plain terms of the statute clearly state that the ‘bad faith’ analysis applies only to . . . the *in personam* prong, not . . . the *in rem* prong”), *and* *CNN v. CNNNews.com*, 162 F. Supp. 2d 484, 492 n.23 (noting that “[a]lthough the element of bad faith is discussed *solely* in the *in personam* section of the ACPA, some courts have held that bad faith is a substantive element of an ACPA *in rem* action”), *with* *Broad-Bridge Media, L.L.C. v. Hypercd.com*, 106 F. Supp. 2d 505, 510–11 (S.D.N.Y. 2000) (concluding “that bad faith . . . is a necessary element”), *and* *Harrods*, 110 F. Supp. 2d at 427 (finding bad faith a “necessary element of an *in rem* action”). The requirement of bad faith appears to find support in the Senate Report, which states that:

[u]nder the bill, as amended, the abusive conduct that is made actionable is appropriately limited just to bad-faith registrations and uses of others’ marks by persons who seek to profit unfairly from the goodwill associated therewith. Specifically, the bill prohibits ‘the registration, trafficking in, or use of a domain name that is identical to, confusingly similar to, or dilutive of’ a mark that is distinctive (*i.e.*, had attained trademark status) at the time the domain name is registered, ‘with bad-faith intent to profit from the goodwill associated with that mark.

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

of the courts seems to be simple: a domain name is *not* property.⁵¹ Instead, these courts find a domain name registration to be contractual in nature.⁵² What effect does this viewpoint have on the ACPA's *in rem* provision? Apparently, not much at all.

Despite the contractual, non-property nature of domain names, recent decisions consistently uphold the constitutionality of the ACPA's *in rem* provision.⁵³ In one of the first *in rem* cases brought under the ACPA, the court stated that:

[i]n further support of its constitutional challenge, defendant Casares.com . . . contends, among other things, a domain name is merely data that forms part of an Internet addressing computer protocol and therefore, is not property. Defendant Casares.com contends further that even if it were property, it has no situs in Virginia. The court finds this line of argument unpersuasive. There is no prohibition on a legislative body making something property. Even if a domain name is no more than data, Congress can make data property and assign its place of registration as its situs.⁵⁴

This judicial approach finds support when the congressional intent behind the enactment of the *in rem* provision is examined. Congress made it very clear that it understood the problems facing trademark owners trying to get cybersquatters into court, noting that “[a] significant problem faced by trademark owners in the fight against cybersquatting is the fact that many cybersquatters register domain names under aliases or otherwise provide false information in their registration applications in order to avoid identification and service of process by the mark owner.”⁵⁵ Therefore, “[a]llowing a trademark owner to proceed against the domain names themselves, provided they are, in fact, infringing or diluting under the Trademark Act, decreases the need for trademark owners to join the hunt to chase down and root out these dissidents or others seeking anonymity on the Net.”⁵⁶ Such language leaves little doubt that, at least under the ACPA, Congress intended that a domain name constitute property for the purpose of *in rem* jurisdiction.

51. See *Lockheed v. Network Solutions*, 194 F.3d 980, 981–82 (9th Cir. 1999); *CNN*, 162 F. Supp. 2d at 486–87; *Network Solutions, Inc. v. Umbro Int'l, Inc.*, 529 S.E.2d 80, 83–85 (Va. 2000).

52. See, e.g., *Lockheed*, 194 F.3d 980; *Network Solutions*, 529 S.E.2d at 86.

53. See, e.g., *CNN*, 162 F. Supp. 2d at 489 (finding that *in rem* jurisdiction exists under the ACPA based on the location of the “.com” registry in the United States); *Caesar's World, Inc. v. Caesars-Palace.com*, 112 F. Supp. 2d 502, 504 (E.D. Va. 2000) (considering enactment of the ACPA “a proper and constitutional use of *in rem* jurisdiction”); *Heathmount A.E. Corp. v. Technodome.com*, 106 F. Supp. 2d 860, 867–68 (E.D. Va. 2000), *appeal dismissed*, No. 01-1153, 2002 U.S. App. LEXIS 475 (4th Cir. Jan. 10, 2002).

54. *Caesar's World*, 112 F. Supp. 2d at 504–05.

55. S. REP. NO. 106-140, at 10.

56. *Id.* at 11.

2. Limitations

Although the *in rem* provision can provide an invaluable tool, it does limit trademark owners in some circumstances. For example, a trademark owner can seek forfeiture, cancellation, or transfer of a domain name using an *in rem* action, but cannot seek damages.⁵⁷

IV. CONCLUSION

The *in rem* provision of the ACPA provides trademark owners with a new tool to use against cybersquatters. With mounting court authority and the clear blessing of Congress, trademark owners can now proceed against cybersquatters regardless of where they hide. The following practice tips summarize some general issues that should be considered with respect to ACPA *in rem* proceedings.

- If you cannot obtain personal jurisdiction over a cybersquatter or serve notice after due diligence, use the “*in rem*” provision and sue the domain name.
- You must pursue the case 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.”
- Publish notice of the *in rem* action as directed by the court.
- Remember that you can only seek forfeiture, cancellation, or transfer of a domain name. You cannot get damages.
- Do not rely on not having to prove “bad faith.”

57. Lanham Act § 43(d)(2)(D)(i), 15 U.S.C. § 1125(d)(2)(D)(i) (2000).