

Cyberpiracy — The U.S. Legislative Response

by
John M. Cone*

I. INTRODUCTION

During the 1990s, Americans embraced a new personal and commercial communication medium — the Internet. When the World Wide Web and millions of websites were introduced in the early 1990s, the Internet changed from an obscure tool for exchanging military and scientific information to a ubiquitous communication technology. During this period, some people sought to capitalize on the Internet's increasing commercial potential by reserving Internet use of famous corporate names and then selling the reserved names back to the companies for hefty profits. Lawsuits concerning this practice — dubbed “cybersquatting” or “cyberpiracy” — produced inconsistent results. By the end of the decade, Congress responded with a comprehensive federal statute, the Anticybersquatting Consumer Protection Act (“ACPA”).¹ This article addresses the mechanics of ACPA claims and assesses the ACPA's effect on the cyberpiracy problem.

II. BACKGROUND: THE ORIGINS OF CYBERPIRACY

The Internet's utility lies in its system of connected websites that enable people and businesses to post information that Internet users can easily find and use. Each website bears a unique identifying address — its domain name. Websites and pages are organized in categories of domains such as the “.com” top-level domain (“TLD”), which became the premiere location for commercial web pages during the second half of the 1990s.

A party may reserve the use of a particular domain name for a .com-TLD address by registering the name with a registrar such as Network Solutions, Inc. (“NSI”). An Internet user can access a website by typing its corresponding domain name into the computer's Internet browser software. After the user types the domain name, the browser translates it into the website's computer code address and takes the user to the website. To make the Web easier to use, NSI allows website owners to select well-known words as domain names — as long as no one else has registered the same domain name.

* Mr. Cone is a partner at Akin Gump Strauss Hauer & Feld, LLP, in Dallas, Texas.

1. Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, §§ 3001-10 (1999), 113 Stat. 1501A-545 (codified at 15 U.S.C. § 1125(d)).

Under NSI's first-to-register system, many companies wanted to register domain names that incorporated their own famous trademarks. Recognizing the value of such domain names to trademark owners, opportunists began to register those domain names and later, to offer to sell them to the trademark owners at high prices.

Trademark owners seeking legal protection from what they viewed as the registrants' unfair practices could not confidently rely on existing trademark-protection theories. Those theories did not squarely address the novel actions of domain-name registrants — who commonly held the addresses without using them to sell any products or to do any business at the associated websites. Thus, trademark owners were left to shoehorn the novel cybersquatting practice into trademark law developed in response to actual use of trademarks by infringers.

In the 1998 case *Panavision International, Inc. v. Toeppen*,² the Ninth Circuit stretched the then-existing trademark law to provide relief in a cybersquatting case. Dennis Toeppen, an early pioneer of cybersquatting, had successfully registered and sold domain names incorporating many famous trademarks. When Toeppen registered "panavision.com" and tried to sell it to Panavision, the company sued him under the federal trademark dilution statute, 15 U.S.C. § 1125(c). The statute addresses "commercial use in commerce of a mark or trade name,"³ which traditionally has involved using another person's trademark to sell a distinct product. The court concluded that registering the domain name and attempting to sell it to Panavision — even without using the mark to sell a separate product — was itself a commercial use in commerce of the Panavision trademark.⁴

In reaching this conclusion, the court did not follow the traditional construction of the statute's "use in commerce" definition, which would not have included Toeppen's cybersquatting practices. Instead, the court relied on its interpretation of the Fifth Circuit's rationale in *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Manufacturing, Inc.*⁵ — that "trademark law should protect the trademark itself."⁶ In *Boston Professional Hockey*, the defendant had sold badges embroidered with professional sports teams' names and emblems. The Fifth Circuit recognized that the defendant had merely sold trademark reproductions rather than using trademarks to sell distinct products. But the court decided that this practice established the commercial-use element

2. 141 F.3d 1316, 1319 (9th Cir. 1998).

3. Federal Trademark Dilution Act of 1995, 15 U.S.C. § 1125(c)(1).

4. See *Panavision*, 141 F.3d at 1325-26.

5. 510 F.2d 1004, 1011 (5th Cir. 1975)

6. *Panavision*, 141 F.3d at 1326 n.5 (discussing *Boston Professional Hockey*).

of a trademark-infringement claim under 15 U.S.C. § 1114.⁷ The *Panavision* court's reliance on the reasoning of *Boston Professional Hockey* to accommodate Panavision's cybersquatting-based dilution claim demonstrated the court's desire to provide relief to trademark holders even though the existing statutes arguably did not apply.

Under trademark-dilution theories, courts were initially inconsistent in ruling on requests for injunctions under § 1125(c). In *Teletech Customer Care Management, Inc. v. Tele-Tech Co.*,⁸ a California district court determined that the plaintiff, a trademark owner, had suffered disproportionately from the defendant's continued use of the "teletech.com" domain name — a use that precluded the plaintiff's use of its own trademark as a domain name and diminished the mark's commercial value.⁹ But in *Avery Dennison Corp. v. Sumpton*,¹⁰ the Ninth Circuit reversed an injunction in favor of the trademark owners when the cybersquatter-defendant, instead of trying to resell the names, had used the names that it had registered — "Avery.net" and "Dennison.net."¹¹ The *Avery Dennison* court distinguished the case from *Panavision* because the defendant had not engaged in commercial uses of the words "avery" and "dennison" as trademarks and because the defendant had shown legitimate uses for the domain names.¹² Even with inconsistent caselaw on dilution and cybersquatting issues, however, courts generally took notice during this period that a domain name comprises something "more than an address" and implicates the interests of both the public and the trademark owners in securing speedy and accurate access to information on the Web.¹³

In 1999, Congress sought to clarify the law on cybersquatting by passing the ACPA, now codified in the Lanham Act at 15 U.S.C. § 1125(d).¹⁴ The ACPA's purpose, as reflected in its legislative history, is to deter confusion and consumer fraud, to encourage electronic commerce, to protect the goodwill of existing trademarks and the rights to revenue from the use of those trademarks, and to reduce the burdens associated with protecting one's own trademark.¹⁵

7. *Boston Professional Hockey*, 510 F.2d at 1011.

8. 977 F. Supp. 1407 (C.D. Cal. 1997).

9. *See Id.* at 1412.

10. 189 F.3d 868 (9th Cir. 1999).

11. *Id.* at 879-80.

12. *See id.* at 880.

13. *See Panavision*, 141 F.3d at 1326-27.

14. Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, §§ 3001-10 (1999), 113 Stat. 1501A-545 (codified at 15 U.S.C. § 1125(d)).

15. *See S. REP. NO. 106-140*, at 4-7 (1999).

III. OUTLINE OF THE STATUTE

Under the ACPA, a trademark owner can sue a person who registers or uses a domain name with a bad-faith intent to profit from the owner's trademark.¹⁶ The statute prohibits registering, trafficking in, or using a domain name that is either identical to or confusingly similar to a distinctive or famous trademark. The statute also proscribes registering, trafficking in, or using a domain name that dilutes a famous trademark. But this protection against dilution does not apply if the trademark is merely distinctive — rather than famous — when the domain name is registered.

The statute defines "trafficking" and "domain name" but not "confusingly similar." It lists nine nonexclusive factors that the court may consider in deciding whether the defendant has acted in bad faith.¹⁷ The federal antidilution statute, 15 U.S.C. § 1125(c), lists the attributes of a famous mark.¹⁸

In addition to an *in personam* claim against a person who "registers, traffics in, or uses the domain name," the ACPA also provides an *in rem* claim against the domain name itself.¹⁹ Remedies under the statute include forfeiture, cancellation, or transfer of the domain name. Specifically for *in personam* actions, the statute authorizes injunctions and monetary awards under the existing provisions of the Lanham Act.²⁰ For *in rem* actions, the statute requires that once the action has been filed, the registrar, registry, or other domain-name authority must deposit the domain-name registration into the registry of the court pending resolution of the dispute.²¹

Congress also amended the Lanham Act to protect domain-name authorities, under some circumstances, from injunctive and monetary liability. The amendments apply if the plaintiff's claim arises from a transfer, suspension, or modification of a domain name in connection with proceedings under the ACPA, or if the plaintiff's claim arises from the implementation of a reasonable policy to prevent cyberspiracy.²²

In a later amendment to the Lanham Act, Congress provided a counterclaim for a registrant whose domain name was refused registration, removed from registration, transferred, disabled, or canceled based on a "knowing and

16. See 15 U.S.C. § 1125(d)(1)(A).

17. See *id.* § 1125(d)(1)(B)(i).

18. See *id.* § 1125(c).

19. See *id.* § 1125(d)(2)(A).

20. See *id.* §§ 1116, 1117.

21. See *id.* § 1125(d)(2)(D)(i)(I).

22. See *id.* § 1114(2)(D)(i)-(iii).

material misrepresentation” that the domain name was identical to, confusingly similar to, or dilutive of a mark.²³ Under this amendment, the person making the misrepresentation may be liable for damages, costs, and attorney’s fees. The court may also order reactivation or transfer of the domain name.²⁴

If a domain name is suspended, disabled, or transferred during dispute-resolution proceedings adopted by a registrar, the registrant may file a civil action contesting the results of the proceeding.²⁵ If the court finds that the registration or use of the domain name is not unlawful under the ACPA, it may order reactivation of the name for the original registrant or retransfer of the name to that registrant.²⁶

IV. APPLICATION OF THE STATUTE

Since the ACPA’s effective date, courts and litigants have been busy fleshing out the Act’s procedural and substantive requirements. Published ACPA cases address the major issues of litigating claims under the statute, such as personal and *in rem* jurisdiction, elements of claims and defenses, and remedies. And courts have interpreted the ACPA to apply retroactively. For example, the Second Circuit applied the ACPA to decide a case that had originally been argued in the district court under the trademark-dilution statute.²⁷ Under the ACPA, courts have granted injunctions, default judgments, and summary judgments as well as monetary damages.

Courts have also considered specific issues raised by the ACPA, including: (1) whether any consideration is to be given to differences in goods and services; (2) what activities constitute registering, trafficking in, or using a domain name; (3) what circumstances are evidence of a bad-faith intent to profit from a trademark; and (4) what circumstances qualify the defendant for the safe-harbor provision. Yet it still unclear what tests courts should use to decide whether a registered domain name is confusingly similar to a trademark.

In the paragraphs that follow, this article discusses the developing caselaw under the ACPA and the specific issues that have not yet been fully addressed by the courts.

23. See *id.* § 1114(2)(D)(iv).

24. *Id.*

25. See *id.* § 1114(2)(D)(v).

26. *Id.*

27. *Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 496-97 (2d Cir. 2000).

A. Personal Jurisdiction

Nonresident defendants in ACPA cases commonly argue that the court lacks personal jurisdiction over them. Such defendants typically stay outside the forum state, preventing plaintiffs from personally serving them with process — an act that would confer personal jurisdiction under most circumstances.²⁸ As in any civil action in the U.S., a nonresident not served within the forum state is subject to suit only if the court's jurisdiction over the party: (a) is authorized by the long-arm statute of the state in which the court sits; and (b) comports with the U.S. Constitution's guarantee of due process.²⁹ State long-arm statutes commonly extend jurisdiction as far as the reach of constitutional due process. Therefore, personal jurisdiction usually exists if it meets the two requirements of due process: (1) the defendant must have sufficient contacts with the forum state so that it should reasonably foresee being haled into court in that state, and (2) maintaining the suit in the forum state must not offend traditional notions of fair play and substantial justice.³⁰

Internet-based litigation (of which ACPA claims are but one type) has required courts to consider whether a defendant's connection to the Web (such as operating a website or registering a domain name) establishes contact with the forum state sufficient for personal jurisdiction under the Due Process Clause. Courts have generally recognized that merely registering a domain name with a registrar located in the forum state does not create jurisdiction in that state.³¹ Nor does personal jurisdiction exist over a website owner merely because the website resides on a server in the forum state.³² Courts have instead required a more directed availment — either by targeting business toward the state or by dealing directly with state residents in the cybersquatting context.

Maintaining a site on the Web is not always sufficient to confer jurisdiction, even though the state's residents can access the site.³³ In assessing such jurisdiction, the courts have generally classified websites as: (1) interactive (used to conduct business on the Web); (2) semi-interactive (allowing exchange

28. *N. Light Tech., Inc. v. N. Lights Club*, 236 F.3d 57, 62 (1st Cir. 2001).

29. *Provident Nat'l Bank v. Cal. Fed. Sav. & Loan Ass'n*, 819 F.2d 434, 436 (3d Cir. 1987).

30. *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 319-20 (1945).

31. *Am. Online, Inc. v. Huang*, 106 F. Supp. 2d 848 (E.D. Va. 2000).

32. *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 419-20 (9th Cir. 1997); *Amberson Holdings L.L.C. v. Westside Story Newspaper*, 110 F. Supp. 2d 332, 336 (D.N.J. 2000).

33. *Mink v. AAAA Dev., L.L.C.*, 190 F.3d 333, 336 (5th Cir. 1999).

of information with the host computer); and (3) passive (not allowing exchange of information with the host computer).³⁴

For interactive sites, the Constitution permits a state to exercise personal jurisdiction over a nonresident whose website solicits participation from state residents and whose actions tortiously injure the plaintiff.³⁵ In *Aztar Corp. v. MGM Casino*, for example, the Virginia court had jurisdiction over the foreign defendant when the plaintiff, a Virginia resident, accessed the defendant's interactive gambling website, resulting in a "tortious injury" to the plaintiff in Virginia.³⁶ One court, however, has held that the mere existence of an interactive website advertising products for sale is insufficient to confer personal jurisdiction in any particular state, even though state residents could access the site and could thereby suffer injury.³⁷ For example, in *Digital Control, Inc. v. Boretronics, Inc.*, the district court held that nationwide advertising on a commercial website is insufficient for personal jurisdiction without evidence that the website owner made the choice to "dive into a particular forum" and target its business to the forum's residents.³⁸

Unlike interactive sites such as those in *Aztar Corp.* and *Boretronics*, passive sites provide no basis for personal jurisdiction.³⁹ Semi-interactive sites, by contrast, require case-by-case decisions based on the degree of interactivity and the commercial nature of the site.⁴⁰

While courts have used these classifications to determine personal jurisdiction in many Internet-based cases, some courts have interpreted the ACPA as requiring "something more" — such as deliberate efforts by the registrant to obtain money from a trademark owner residing in the forum state.⁴¹ In

34. *Id.*

35. *Aztar Corp. v. MGM Casino*, No. 00-833-A, 2001 U.S. Dist. LEXIS 13118, at *3 (E.D. Va. Mar. 12, 2001).

36. *Id.*

37. *Digital Control, Inc. v. Boretronics, Inc.*, 161 F. Supp. 2d 1183, 1186 (W.D. Wash. 2001).

38. *Id.*

39. *Mink*, 190 F.3d at 336.

40. *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119, 1124 (W.D. Pa. 1997).

41. *McRae's, Inc. v. Hussain*, 105 F. Supp. 2d 594, 600 (S.D. Miss. 2000); *Cello Holdings L.L.C. v. Lawrence-Dahl Cos.*, 89 F. Supp. 2d 464, 471 (S.D.N.Y. 2000); *PurCo Fleet Servs., Inc. v. Towers*, 38 F. Supp. 2d 1320, 1324 (D. Utah 1999) (discussing the Ninth Circuit's decision in *Panavision Int'l, Inc. v. Toeppen*, 141 F.3d 1316, 1319-22 (9th Cir. 1998)).

Panavision, Toeppen's act of registering Panavision's trademarks as domain names and then attempting to sell them to California-based Panavision was sufficient contact with California for personal jurisdiction.⁴² Toeppen's acts constituted purposeful availment because he had aimed the conduct at Panavision, which suffered harm as a result.⁴³ This heightened requirement for finding personal jurisdiction restricts the instances in which courts have jurisdiction and limits application of the ACPA to a narrow range of cases. While courts have continued to find jurisdiction based on offers to sell the domain name to a resident of the forum state, at least one court has set additional requirements for personal jurisdiction. That court — an Oregon district court — declined to find jurisdiction because there was no evidence that the defendant had registered the domain name while knowing that the trademark owner existed or could be harmed.⁴⁴

In a case involving a non-U.S. defendant, a court may exercise jurisdiction based on the aggregation of the defendant's contacts with the U.S. as a whole, even though there would be insufficient contacts with any one state to support jurisdiction in any state.⁴⁵ In *Quokka Sports, Inc. v. Cup International Ltd.*, the court applied this theory and Federal Rule of Civil Procedure 4(k)(2) to hold that the New Zealand registrant of "www.americascup.com" was subject to jurisdiction in the Northern District of California.⁴⁶

B. *In rem* Jurisdiction

An *in rem* action under the ACPA is a proceeding against the domain name itself rather than against the person who registered the domain name. Under the Act, such an action may be filed in the judicial district of "the domain name registrar, the domain name registry, or other domain name authority that registered . . . or assigned the domain name."⁴⁷ This provision allows *in rem* actions in two sets of circumstances: (1) the registrant is not subject to personal jurisdiction; or (2) the registrant's identity cannot be discovered after reasonable

42. *Panavision Int'l, Inc. v. Toeppen*, 141 F.3d 1316, 1321 (9th Cir. 1998).

43. *Id.*

44. *Perry v. RightOn.com*, 90 F. Supp. 2d 1138, 1141 (D. Or. 2000).

45. *Quokka Sports, Inc. v. Cup Int'l Ltd.*, 99 F. Supp. 2d 1105, 1110 (N.D. Cal. 1999).

46. *Id.* at 1110-11.

47. 15 U.S.C. § 1125(d)(2)(A).

inquiry.⁴⁸ In *Caesars World, Inc. v. Caesars-palace.com*,⁴⁹ a district court in the Eastern District of Virginia — which is the home of NSI — upheld the constitutionality of the *in rem* provision.⁵⁰

Under *Caesars World*, merely registering a domain name and incurring the consequential contacts with NSI in Virginia were insufficient to confer personal jurisdiction over a foreign registrant.⁵¹ Thus, the first prong of the *in rem* statute has often been applied in the Eastern District of Virginia. Yet in finding the *in rem* statute constitutional, the district court remarked: “To the extent that minimum contacts are required for *in rem* jurisdiction under *Shaffer*, . . . the fact of domain name registration with Network Solutions, Inc., in Virginia supplies that.”⁵² In that case, however, the court merely concluded that, in light of the limited relief available under the *in rem* proceeding (namely, forfeiture of the domain name), the registrant’s contact with NSI satisfied due process.

For *in rem* jurisdiction, the Eastern District of Virginia requires a showing that despite reasonable inquiries (termed “due diligence” in some cases), no contacts between the registrant and any U.S. state have been found.⁵³ The court requires this preliminary showing to satisfy the statute’s requirement that the registrant is not subject to personal jurisdiction.⁵⁴ In two cases, *Heathmount A.E. Corp. v. Technodome.com*⁵⁵ and *Alitalia-Linee Aeree Italiane S.P.A. v. Casinoalitalia.com*,⁵⁶ the court reasoned that Congress intended the first prong of the *in rem* statute to apply only if the domain-name registrant is not subject to personal jurisdiction in *any* U.S. court. The legislative history of the ACPA shows that Congress regarded the *in rem* proceeding as a last resort, available

48. *Id.*

49. 112 F. Supp. 2d 502, 504 (E.D. Va. 2000).

50. *Id.* at 503; see *Shri Ram Chandra Mission v. Sahajmarg.org*, 139 F. Supp. 2d 721, 722 (E.D. Va. 2001).

51. *Caesars World*, 112 F. Supp. 2d at 504-05; see *Am. Online, Inc. v. Huang*, 106 F. Supp. 2d 848, 854 (E.D. Va. 2000).

52. *Caesars World*, 112 F. Supp. 2d at 504.

53. See *Heathmount A.E. Corp. v. Technodome.com*, 106 F. Supp. 2d 860, 863 (E.D. Va. 2000) (finding reasonable showing that domain-name registrant was not subject to court’s jurisdiction and ordering notice under 28 U.S.C. § 1655).

54. *See id.*

55. *See id.* at 867.

56. See *Alitalia-Linee Aeree Italiane S.P.A. v. Casinoalitalia.com*, 128 F. Supp. 2d 340, 347 (E.D. Va. 2001).

only when there is no U.S. forum in which an *in personam* action can be filed.⁵⁷ Further, the *Alitalia-Linee* court also held that the plaintiff in an *in rem* action must disprove the existence of personal jurisdiction in any judicial district — not just in the state where the domain-name registrar is located.⁵⁸

After deciding that personal jurisdiction does not exist, courts commonly enter an order under 28 U.S.C. § 1655 requiring the plaintiff to notify the absent registrant of the filing of an *in rem* proceeding. This notice also sets a deadline by which the registrant must either intervene or allow the case to proceed without its input.⁵⁹ Yet the Eastern District of Virginia has not consistently interpreted the statute as requiring notice by publication. In *Banco Inverlat, S.A. v. www.Inverlat.com*, the court indicated that it has discretion to excuse service by publication, at least if the registrant has actual notice of the proceedings.⁶⁰ But in *Shri Ram Chandra Mission v. Sahajmarg.org*, the court held that the statute clearly and unambiguously requires notice by publication.⁶¹ In that case, in which the domain-name registrant was an Indian entity, the court ordered the plaintiff to provide notice by publication in *India Abroad*, *India Abroad online*, and *The Washington Post*.⁶²

In *Alitalia-Linee*, the plaintiff filed both an *in personam* action and an *in rem* action against the registration.⁶³ The court ruled that the two actions were mutually exclusive — that a plaintiff cannot pursue both simultaneously.⁶⁴ Under the Virginia long-arm statute, the court concluded that personal jurisdiction existed over the registrant, a Dominican Republic entity that had used the domain name “www.casinoalitalia.com” for its online gambling business.⁶⁵ The court reasoned that the www.casinoalitalia.com website — an interactive site accessible to Virginia residents — could injure the plaintiff

57. See *id.* at 347 nn.14 & 16.

58. See *id.* at 347 n.14.

59. See *Heathmount*, 106 F. Supp. 2d at 868.

60. See *Banco Inverlat, S.A. v. www.Inverlat.com*, 112 F. Supp. 2d 521, 523 (E.D. Va. 2000); *Harrods Ltd. v. Sixty Internet Domain Names*, 110 F. Supp. 2d 420, 422-24 (E.D. Va. 2000).

61. 139 F. Supp. 2d 721, 723-24 (E.D. Va. 2001).

62. *Id.* at 724.

63. *Alitalia-Linee Aeree Italiane S.P.A. v. Casinoalitalia.com*, 128 F. Supp. 2d 340, 341 (E.D. Va. 2001).

64. See *id.* at 344.

65. See *id.* at 351.

Alitalia-Linee in Virginia, as well as dilute the distinctiveness of the famous mark ALITALIA in Virginia.⁶⁶

In *Lucent Technologies, Inc. v. LucentSucks.com*,⁶⁷ which was filed under the second prong of the *in rem* statute, the court granted the defendant-registrant's motion to dismiss because the plaintiff knew the registrant's identity at the time the suit was filed.⁶⁸ Importantly in *Lucent Technologies*, the plaintiff did not rely on the first prong of the *in rem* statute (a lack of *in personam* jurisdiction), but relied on the second prong (the inability to "find" the registrant).⁶⁹ But the facts indicated that Lucent Technologies had actually found the registrant, Russell Johnson.⁷⁰

In dicta, the court observed that the California resident's registration of the domain name with NSI in Virginia was sufficient to create personal jurisdiction in the Eastern District of Virginia.⁷¹ But in *America Online v. Huang*,⁷² a later *in personam* case involving a California resident, the Virginia court distinguished *Lucent Technologies* as an *in rem* case and remarked: "While the court in *Lucent Technologies* noted that personal jurisdiction in Virginia would be available over a person by virtue of his having registered a domain name with NSI, the question was not squarely before the court, and the statement is thus dicta."⁷³

Thus, on the issue of personal jurisdiction — which is relevant under the first prong of the *in rem* statute as well as in a traditional *in personam* jurisdiction case — federal courts have differed in their analyses and their

66. See *id.* at 348.

67. 95 F. Supp. 2d 528 (E.D. Va. 2000).

68. See *id.* at 533.

69. See *id.* at 531-32.

70. See *id.* at 534.

71. See *id.* at 531 n.5.

72. 106 F. Supp. 2d 848 (E.D. Va. 2000).

73. *Id.* at 858 n.32 (discussing *Lucent Technologies*, 95 F. Supp. 2d at 531 n.5).

conclusions.⁷⁴ But it is fairly well settled that lack of personal jurisdiction is essential for an *in rem* action to proceed.⁷⁵

In an *in rem* action, the domain name is deemed to have its situs in the judicial district in which (1) "the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or [(2)] documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court" under 15 U.S.C. § 1125(1)(2)(c). But courts have declined to allow bootstrap jurisdiction by use of the required deposit procedures of 15 U.S.C. § 1125(d)(2)(i).⁷⁶

In *Fleetboston Financial Corp. v. Fleetbostonfinancial.com*, the plaintiff first filed suit in a Massachusetts district court under the *in rem* provisions.⁷⁷ The plaintiff then deposited the domain name's registration certificate with the district court under subsection 1125(d)(2)(i).⁷⁸ The district court held that jurisdiction over the *res* must exist at the time the action is filed and that it cannot be created later by depositing a certificate into a court that has no relationship to the *res* other than having been selected as the forum.⁷⁹ The Southern District of New York followed *Fleetboston* in *Mattel, Inc. v. Barbie-Club.com*.⁸⁰

74. Compare *id.* (in *in personam* case involving California defendant, holding that contact with NSI in Virginia is not sufficient to support personal jurisdiction) with *Lucent Technologies*, 95 F. Supp. 2d at 531 n.5 (in *in rem* case involving California defendant and second prong of the statute, suggesting that contact with NSI in Virginia is sufficient to support personal jurisdiction); cf. *Fleetboston Fin. Corp. v. Fleetbostonfinancial.com*, 138 F. Supp. 2d 121, 127-28 (D. Mass. 2001) (in *in rem* case involving California defendant and first prong of the statute, holding that the statute did not apply because the defendant was subject to personal jurisdiction in California).

75. *Harrods Ltd. v. Sixty Internet Domain Names*, 110 F. Supp. 2d 420, 422 (E.D. Va. 2000).

76. *Fleetboston*, 138 F. Supp. at 124; see also 15 U.S.C. § 1125(1)(2)(c).

77. See *Fleetboston*, 138 F. Supp. 2d at 124.

78. See *id.* at 123.

79. See *id.*

80. *Mattel, Inc. v. Barbie-Club.com*, No. 00.CIV-8705 DLC, 2001 WL 436207, at *2 (S.D.N.Y. May 1, 2001).

C. Confusing Similarity

To show infringement under the ACPA, the plaintiff must prove that the challenged domain name is “identical, or confusingly similar” to a mark that was “distinctive” at the time of domain-name registration.⁸¹ Trademark law has thoroughly analyzed distinctiveness, classifying marks as arbitrary/fanciful, descriptive, suggestive, or generic, when applied to the relevant goods or services.⁸² Arbitrary/fanciful and suggestive marks are inherently distinctive,⁸³ and a descriptive mark may acquire distinctiveness if the purchasing public associates the mark with the source of the goods or services.⁸⁴

Unlike distinctiveness, confusing similarity has not been clearly defined. The concept apparently differs from the likelihood-of-confusion test in trademark infringement, which considers the similarity of goods or services, the trade channels through which they are distributed, and the identity of the customers.⁸⁵ In *Virtual Works v. Volkswagen of America, Inc.*, for example, the defendant used the name “vw.net” for its service as an ISP, but the court did not consider the differences in commercial activity — ISP service versus automobile sales — in holding that the name was confusingly similar to the VW trademark.⁸⁶ A trademark holder may therefore have broader protection under the ACPA than under the infringement or dilution statutes.⁸⁷

In an early case, the Second Circuit noted that confusing similarity is a different standard from likelihood of confusion, but the court did not develop a test for confusing similarity.⁸⁸ Similarly, in *Virtual Works*, the Fourth Circuit found “vw.net” to be confusingly similar to the VW mark without clearly articulating the standard to be applied.⁸⁹ Only a few general principles have emerged concerning confusing similarity under the ACPA.

81. See *BroadBridge Media, L.L.C. v. Hypercd.com*, 106 F. Supp. 2d 505, 510 (S.D.N.Y. 2000).

82. See *Hartog & Co. v. Swix.com*, 136 F.2d 531, 537 n.7 (E.D. Va. 2001).

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

84. See *id.*

85. *N. Light Tech. v. N. Lights Club*, 97 F. Supp. 2d 96, 109-10 (D. Mass. 2000); *Hartog*, 136 F. Supp. 2d at 538; *N. Light Tech.*, 97 F. Supp. 2d at 117.

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

87. *Hartog*, 136 F.2d at 537-38.

88. *Sporty's Farm L.L.C. v. Sportman's Mkt., Inc.*, 202 F.3d 489, 498 n.11 (2d Cir. 2000).

89. See *Virtual Works*, 238 F.3d at 271.

Courts have generally ignored the TLD portion of the domain name, such as “.com.” or “.org.”⁹⁰ Instead, they have focused on what comes before the TLD portion and have compared that part with the trademark.⁹¹ Courts tend to find confusing similarity when the relevant part of a domain name differs from a mark only in punctuation or spelling.⁹² In a recent case against a cyberpirate, the Third Circuit found the names “joescartoon.com,” “joescartoons.com,” “joecarton.com,” “joescartons.com,” and “cartoonjoe.com” confusingly similar to the “Joe Cartoon” mark.⁹³ In another case, a district court found the domain name “electronicbotique.com” confusingly similar to the mark “Electronics Boutique” and found the names “ebworl.com” and “ebwold.com” confusingly similar to the term “ebworld.com.”⁹⁴

D. Bad-Faith Intent to Profit

The ACPA’s legislative history demonstrates that Congress intended the ACPA to prohibit only bad-faith and abusive domain-name registration of preexisting distinctive trademarks by those who intend to profit from the marks’ goodwill.⁹⁵ The statute does not address the innocent or good-faith registration of domain names that may infringe existing trademarks. The Congressional record states: “The bill is carefully and narrowly tailored . . . to extend only to cases where the plaintiff can demonstrate . . . bad-faith intent to profit Thus the bill does not extend to . . . someone who . . . registers a domain name containing the mark for any purpose other than with the bad-faith intent to profit”⁹⁶

90. *Sporty’s Farm*, 202 F.3d at 496-97.

91. *See id.*

92. *See, e.g., Morrison & Foerster LLP v. Wick*, 94 F. Supp. 2d 1125, 1130 (D. Colo. 2000) (finding that “morrisonfoerster.com,” “morrisonandfoerster.com,” “morrisonforester.com,” and “morrisonandforrester.com” were identical or confusingly similar to Morrison & Foerster’s mark); *Mattel, Inc. v. Internet Dimensions, Inc.*, No. 99 Civ. 10066(HB), 2000 U.S. Dist. LEXIS 9747, at *10 (S.D.N.Y. July 13, 2000) (finding that “barbiesplaypen.com” was confusingly similar to the Barbie mark).

93. *Shields v. Zuccarini*, 254 F.3d 476, 486 (3d Cir. 2001).

94. *Elecs. Boutique Holdings Corp. v. Zuccarini*, 56 U.S.P.Q.2d (BNA) 1705, 1710 (E.D. Pa. 2000).

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

96. 145 CONG. REC. S14,708 (daily ed. Nov. 17, 1999), available at <http://www.aipla.org/html/s1948analysis.html>.

Although the ACPA lists nine, nonexclusive factors to be considered in the bad-faith analysis, courts have held that the ACPA allows courts to consider “the totality of the circumstances.”⁹⁷ The Fourth Circuit followed this approach in *Virtual Works*, in which the court concluded that bad faith can be found even if the registrant has a reasonable purpose in addition to a bad-faith purpose in registering the domain name.⁹⁸

Virtual Works, an ISP, registered the domain name “vw.net.”⁹⁹ The top-level domain, “.net,” was initially registered only to ISP companies, but the restriction was dropped in 1995.¹⁰⁰ When Virtual Works obtained its domain name, it did not use “VW” as a trademark or a trade name. Furthermore, Virtual Works recognized that members of the public were likely to associate its “vw.net” domain name with Volkswagen.¹⁰¹ Indeed, the evidence suggested that one attraction of the domain name was the possibility of later selling it to Volkswagen “for a lot of money.”¹⁰² Virtual Works used the domain name for two years before it received inquiries from Volkswagen dealers expressing interest in acquiring the domain name.¹⁰³ Virtual Works then called Volkswagen and informed it that unless Volkswagen purchased the domain name within 24 hours, it would be sold to the highest bidder.¹⁰⁴

The Fourth Circuit affirmed a summary judgment of bad-faith registration and use, refusing to allow Virtual Works to set up the safe-harbor defense based on its two-year use of the domain name.¹⁰⁵ As the court explained, 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.”¹⁰⁶

In some cases, there can be little doubt that a finding of bad faith is proper. This is true, for example, when a registrant owns many domain names that contain well-known trademarks or offers to sell registered domain names

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

98. *Id.*

99. *Id.* at 266.

100. *Id.*

101. *Id.*

102. *Id.*

103. *Id.* at 266-67.

104. *Id.* at 267.

105. *Id.* at 270.

106. *Id.*

to the corresponding trademark owners for large sums of money.¹⁰⁷ In such cases, it is not merely the number of registrations obtained but the inclusion of other people's names and marks that indicates bad faith. The following factors also indicate bad faith:

- (1) the defendant had no intellectual-property rights in the domain name;
- (2) the domain name was not the registrant's legal or commonly used name;
- (3) the registrant had not made a bona fide use of the domain name in connection with goods or services; and
- (4) the registrant had not made a bona fide noncommercial or fair use of the mark on a site accessible under the domain name.¹⁰⁸

For *in rem* proceedings, as well, the plaintiff is required to show bad-faith intent.¹⁰⁹ The plaintiff failed to make this showing in *GreenPoint Financial Corp. v. Sperry & Hutchinson Co.*¹¹⁰ There, the owner of the trademark "GreenPoint" complained of Sperry & Hutchinson's use of the names "Greenpoints" and "greenpoints.com." Sperry & Hutchinson operated the Green Stamp program and used the term "Greenpoints" in conjunction with marketing its gift-redemption program.¹¹¹ In preliminary-injunction proceedings, the district court held that Sperry & Hutchinson had a credible, good-faith reason to register "greenpoints.com" for its well-known Green Stamps program.¹¹²

Similarly, a registrant's bona fide noncommercial use of its domain name may prevent a finding of a bad-faith intent to profit. In *Northland Insurance*

107. See, e.g., *Shields v. Zuccarini*, 254 F.3d 476, 479-80 (3d Cir. 2001); *N. Light Tech., Inc. v. N. Lights Club*, 236 F.3d 57, 59 (1st Cir. 2001); *Spear, Leeds, & Kellogg v. Rosa do*, 122 F. Supp. 2d 403, 404 (S.D.N.Y. 2000), *aff'd*, 242 F.3d 368 (2d Cir. 2000); *Elecs. Boutique Holdings Corp. v. Zuccarini*, 56 U.S.P.Q.2d (BNA) 1705, 1708 (E.D. Pa. 2000).

108. 15 U.S.C. § 1125(d)(1)(B)(i) (2000).

109. *BroadBridge Media, L.L.C. v. Hypercd.com*, 106 F. Supp. 2d 505, 510 (S.D.N.Y. 2000).

110. 116 F. Supp. 2d 405, 408 (S.D.N.Y. 2000).

111. *Id.*

112. *Id.* at 414.

Cos. v. Blaylock, the district court denied a preliminary injunction to the mark's owner, Northland Insurance, against Blaylock, a disgruntled former insured who had registered "northlandinsurance.com."¹¹³ Blaylock had established a website at that address — a site that contained material criticizing Northland Insurance. Consequently, the court held that the noncommercial use of the domain name strongly refuted the ACPA's bad-faith requirement.¹¹⁴

Not surprisingly, a defendant's bad-faith intent to profit is commonly a fact issue. In *Cello Holdings, L.L.C. v. Lawrence-Dahl Cos.*, for example, the district court denied a summary-judgment motion by the mark's owner, Cello, against the registrant of "cello.com."¹¹⁵ Familiar with Cello's high-end audio equipment business, the registrant had also registered several other domain names that could have been of interest to Cello and then tried to sell them.¹¹⁶ The application for "cello.com" had been one of 20 involving different musical instruments, including "guitar.com," "drums.com," and "violin.com."¹¹⁷ The court held that a jury could properly decide, based on the evidence, that the defendant was seeking to register the names of 20 common musical instruments and not to extort money from a trademark owner.¹¹⁸ Accordingly, the court ruled that a genuine fact issue precluded summary judgment.¹¹⁹

E. Safe-Harbor Provisions

The statute provides a shelter against a bad-faith finding for some defendants — those who reasonably believed that the use of the domain name was a fair use or was otherwise lawful.¹²⁰ For example, when the defendant has a co-existing right to the mark contained in the domain name, registration of the domain name by the junior trademark owner generally is not considered bad faith; thus, the safe harbor provisions apply.¹²¹

113. 115 F. Supp. 2d 1108, 1125 (D. Minn. 2000).

114. *Id.* at 1124.

115. 89 F. Supp. 2d 464, 467, 475 (S.D.N.Y. 2000).

116. *Id.* at 467-68.

117. *Id.* at 468.

118. *Id.* at 474.

119. *Id.*

120. 15 U.S.C. § 1125(d)(1)(B)(ii).

121. See, e.g., *Strick Corp. v. Strickland*, 162 F. Supp. 2d 372, 380 (E.D. Pa. 2001) (holding that defendant Strickland's domain name "strick.com" — which was based on his nickname "Strick" — could co-exist with plaintiff's trademark "Strick"); *Chatam Int'l, Inc. v. Bodum, Inc.*, 157 F. Supp. 2d 549, 554 (E.D.

In addition, the statute also recognizes that the law should protect certain types of uses of confusingly similar or dilutive domain names. For example, a domain name may provide a forum for online public commentary or "cybergripping," including the use of "[company namesucks].com" as a forum for critical commentary about the named company. Recognizing the free-speech interests that such uses serve, Congress included, as the fourth factor in determining bad faith, the "bona fide noncommercial or fair use of the mark in a site accessible under the domain name."¹²² The House Judiciary Committee explained that this provision is intended to

[b]alance the interests of trademark owners with the interests of those who would make the lawful noncommercial, or fair use of others' marks online, such as in comparative advertising, comment, criticism, parody, [and] newsreporting The fact that a person may use a mark in a site in such a lawful manner may be an appropriate indication that the person's registration of the domain name lacked the required element of bad faith.¹²³

F. Remedies

The ACPA limits remedies in an *in rem* action to the cancellation or transfer of the domain name.¹²⁴ For *in personam* actions, however, the ACPA provides the full range of remedies for trademark actions under the federal statute, including recovery of the defendant's profits, any damages suffered by the plaintiff, and court costs, as identified in 28 U.S.C. § 1920.¹²⁵ Attorney's fees are recoverable only in an "exceptional case."¹²⁶ While a finding of bad faith is necessary to establish cybersquatting under 15 U.S.C. § 1125(d), this

Pa. 2001) (stating that both parties could invoke legitimate grounds for the registration of domain names that included the word "Chambord"); *cf.* *Morrison & Foerster LLP v. Wick*, 94 F. Supp. 2d 1125, 1135 (D. Colo. 2000) (refusing to apply the safe-harbor provisions when there was no showing that challenged websites served otherwise lawful purposes); *People for the Ethical Treatment of Animals, Inc. v. Doughney*, 113 F. Supp. 2d 915, 921 (E.D. Va. 2000) (same), *aff'd*, 263 F.3d 359 (4th Cir. 2001).

122. 15 U.S.C. § 1125(d)(1)(B)(i)(IV).

123. H.R. CONF. REP. NO. 106-412, at 9 (1999); *see also* *Lucent Techs., Inc. v. LucentSucks.com*, 95 F. Supp. 2d 528, 535 (E.D. Va. 2000).

124. 15 U.S.C. § 1125(d)(2)(D)(i).

125. *Id.* § 1117(a); *see* *People for the Ethical Treatment of Animals, Inc. v. Doughney*, 263 F.3d 359, 371 (4th Cir. 2001).

126. 15 U.S.C. § 1117(a).

finding is not necessarily sufficient to make the case exceptional under 15 U.S.C. § 1117(a).¹²⁷ As in trademark actions, the court has discretion to increase damages up to three times actual damages and to vary the recovery of lost profits as the court finds just.¹²⁸

The ACPA also provides for recovery of statutory damages of not less than \$1,000 and not more than \$100,000 per domain name.¹²⁹ In *E. & J. Gallo Winery v. Spider Webs, Ltd.*,¹³⁰ the district court awarded statutory damages of \$25,000 for the bad-faith registration of “*ernestandjuliogallo.com*.” Although the domain name had not been used to “sell poor quality wine or to market tawdry items bearing the Gallo name,” the court noted that information had been posted on the website “regarding this litigation and the damages of alcohol consumption” and that this information “placed Gallo at risk of losing business and of having its business reputation tarnished.”¹³¹ Similarly, in *Shields v. Zuccarini*, the Third Circuit awarded \$10,000 for each infringing domain name.¹³² And one district court has imposed maximum statutory damages when there was strong evidence of willful intent to pirate domain names.¹³³

Several courts have granted interlocutory interim relief, usually to prevent the use and transfer of the contested domain name before trial. Some courts, however, have ordered a transfer of the domain name to the plaintiff in a temporary restraining order or preliminary injunction.¹³⁴ In *Porsche Cars North America, Inc. v. Spencer*,¹³⁵ the district court granted a preliminary injunction enjoining the defendant from transferring ownership of the domain name “*porschesource.com*” and ordering him to inactivate the website on which the

127. *Doughney*, 263 F.3d at 370 (holding that the district court did not abuse its discretion in refusing to award attorney’s fees, despite finding bad faith under 15 U.S.C. § 1125(d)).

128. 15 U.S.C. § 1117(a).

129. *Id.* § 1117(d).

130. 129 F. Supp. 2d 1033, 1047-48 (S.D. Tex. 2001).

131. *Id.* at 1048.

132. *Shields v. Zuccarini*, 254 F.3d 476, 487 (3d Cir. 2001).

133. *See Elecs. Boutique Holdings Corp. v. Zuccarini*, 56 U.S.P.Q.2d (BNA) 1705, 1713 (E.D. Pa. 2000).

134. *Ford Motor Co. v. Lapertosa*, 126 F. Supp. 2d 463, 467-68 (E.D. Mich. 2001); *BroadBridge Media, L.L.C. v. Hypercd.com*, 106 F. Supp. 2d 505, 512 (S.D.N.Y. 2000).

135. 55 U.S.P.Q.2d (BNA) 1026 (E.D. Cal. 2000).

domain name was offered for sale.¹³⁶ Furthermore, one court concluded that a finding of liability on a cybersquatting claim established irreparable harm justifying a permanent injunction.¹³⁷

A court may also narrowly craft an injunction to suit the facts of the case, as a California district court did in *Nissan Motor Co. v. Nissan Computer Corp.*¹³⁸ There, Nissan Computer Corp. had registered the domain names "nissan.com" and "nissan.net," but had used the nissan.com website to promote automobile-related products through third-party advertisements and weblinks. Nissan Motor Co. sued Nissan Computer, alleging trademark infringement and cyberpiracy under the ACPA. It also sought a preliminary injunction requiring the defendant to stop offering advertisements, promotions, or links on the website.¹³⁹ The district court found that there was a likelihood of confusion from the defendant's use of the domain name but that a less restrictive injunction could adequately protect the plaintiff.¹⁴⁰ The court ordered that the website must carry a prominent notice identifying it as Nissan Computer's site and disclaiming any affiliation with Nissan Motor Co.¹⁴¹

V. THE ACPA'S RELATIONSHIP TO THE UDRP AND ICANN

If timely filed, an ACPA action may proceed despite the implementation of the Uniform Domain Name Dispute Resolution Policy ("UDRP").¹⁴² The UDRP is not binding on a United States court in proceedings under the ACPA.¹⁴³ Indeed, the UDRP expressly provides that the mandatory nature of the

136. *Id.* at 1033.

137. *Elecs. Boutique*, 56 U.S.P.Q.2d (BNA) at 1711-12.

138. *Nissan Motor Co., Ltd. v. Nissan Computer Corp.*, 89 F. Supp. 2d 1154, 1157 (C.D. Cal. 2000).

139. *Id.*

140. *Id.* at 1164-65.

141. *Id.* at 1165.

142. INTERNET CORP. FOR ASSIGNED NAMES & NUMBERS, Uniform Domain Name Dispute Resolution Policy, at <http://www.icann.org/udrp> (Oct. 24, 1999) [hereinafter ICANN Policy] (the UDRP is a dispute-resolution process established by ICANN, the entity charged with assigning domain names).

143. *Sallen v. Corinthians Licenciamentos LTDA*, 273 F.3d 14, 26 (1st Cir. 2001); *Weber-Stephen Products Co. v. Armitage Hardware & Bldg. Supply*, 54 U.S.P.Q.2d (BNA) 1766, 1768 (N.D. Ill. 2000); see *Strick Corp. v. Strickland*,

UDRP does not prevent either party from submitting the dispute to a court.¹⁴⁴ Instead, a decision from a UDRP proceeding that cancels or transfers a domain name is stayed for ten business days to allow the filing of court proceedings, and the Internet Corporation for Assigned Names and Numbers ("ICANN") defers to the results of the court proceeding.

In *Sallen v. Corinthians Licenciamentos LTDA*,¹⁴⁵ a recent First Circuit case, Corinthians had successfully challenged a registration of the domain name "corinthians.com" in a UDRP proceeding. Sallen filed a declaratory action in federal court seeking to reverse the arbitration panel's decision.¹⁴⁶ Corinthians expressly disclaimed any intent to sue Sallen under the ACPA and moved to dismiss the action on the basis that there was no Article III case or controversy.¹⁴⁷ The district court agreed and dismissed the action.¹⁴⁸ On appeal, the First Circuit held that the ACPA provided an affirmative claim for registrants who have lost domain names in UDRP proceedings.¹⁴⁹ Since both Sallen and Corinthians claimed the right to use the domain name, a controversy existed for purposes of Article III jurisdiction.¹⁵⁰

In *Weber-Stephen Products Co. v. Armitage Hardware & Building Supply*,¹⁵¹ an Illinois district court stayed the litigation to await the outcome of the UDRP panel's decision, which was due within days of the court's interlocutory decision. The court, however, declined to indicate the standard it would use to review the panel's decision or the deference, if any, it would give to the panel's decision.¹⁵² In other cases, such as *Parisi v. Netlearning, Inc.*, district courts have concluded that a decision in a UDRP proceeding is not

162 F. Supp. 2d 372, 374 n.5 (E.D. Pa. 2001).

144. ICANN Policy, *supra* note 142, at 4(k).

145. *Sallen*, 273 F.3d at 17.

146. *Id.* at 18.

147. *Id.*

148. *Id.*

149. *Id.*

150. *Id.*

151. 54 U.S.P.Q.2d (BNA) 1766, 1768 (N.D. Ill. 2000).

152. See *BroadBridge Media, L.L.C. v. Hypercd.com*, 106 F. Supp. 2d 505, 509 (S.D.N.Y. 2000) (denying motion to dismiss ACPA proceeding because the ICANN proceeding had previously and properly been filed by the plaintiff).

entitled to the deference that the Federal Arbitration Act provides to an arbitration award.¹⁵³

VI. CONCLUSION

The ACPA is intended to provide trademark protection in situations that, due to the novelty of the Internet as a communication medium, had confounded earlier courts applying traditional trademark law. The business world has benefitted from the ACPA's customized response to cyberpiracy. But as Internet users and technology become more sophisticated, there will almost certainly be other efforts to unfairly profit through the Internet. Therefore, the ACPA is likely to be only the first in a series of legislative responses to cyberpiracy.

153. *Parisi v. Netlearning, Inc.*, 139 F. Supp. 2d 745, 751 (E.D. Va. 2001); *see* 9 U.S.C. §§ 3, 4, 9-12.