

TICK, TOCK, TIME IS RUNNING OUT TO NAB CYBERSQUATTERS: THE DWINDLING UTILITY OF THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT

DAVID S. MAGIER*

What's in a name? That which we call a rose By [sic] any other name would
smell as sweet.¹

Despite Shakespeare's entreaty to the contrary, there is much in a name in the modern cultural and commercial world. Consider the following situation: You are walking through a supermarket, and with little thought you take from the shelf a Heinz Ketchup bottle, confident of the contents of this highly recognizable container. Imagine your surprise (and anger at the Heinz company), if, when you went to use your Heinz Ketchup on a plate of french fries, it was Skippy peanut butter that streamed out instead.²

The Lanham Act, which provides for trademark protection, seeks to prevent situations similar to the above hypothetical by imposing liability upon a person's commercial use, in connection with goods or services, of "any word,

* Emory University School of Law, J.D. (Expected 2006), B.A. (2002) The University of Pennsylvania. I would like to thank my Advisor Professor Peter Hay, as well as Shannon Venable and Erin Payne for their helpful comments.

¹ William Shakespeare, *Romeo and Juliet*, act 2, scene 2, 1020 (Random House 1975).

² After all, you had purchased Heinz Ketchup in that same bottle numerous times before, and each time your expectation of ketchup was met. In a sense the Heinz bottle itself had become linked in your mind with the ketchup product. Observing this common phenomenon of associating products and services with certain visual markers, Justice Frankfurter once noted that trademark protection "is the law's recognition of the psychological function of symbols;" of the individual's tendency to form a mental link between a product or service and a logo, phrase, or even bottle. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 873 (9th Cir. 1999) (quoting *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942)).

term, name, symbol, or device, or any combination thereof . . . which is likely to cause confusion . . . or to deceive as to the . . . origin, sponsorship, or approval of his or her goods . . . [or] services.”³ The Lanham Act ensures that consumers’ expectations about the source of a good are met,⁴ and it preserves a product’s good will, in which the producer of that product has great economic interest.⁵

Now imagine that the Internet is like an aisle in that hypothetical supermarket, except the shelves are stocked with Heinz.com, and when you open this electronic “container” (by loading it onto your Internet browser) you would have similarly confident expectations about its contents. In this case, when you went to Heinz.com expecting a site about the ketchup maker, you find instead a site dedicated to Skippy peanut butter. Arriving at the wrong website might not lead to such dire consequences as a ruined plate of french fries, but the results could be equally, if not more, egregious.⁶

The consumer in a real supermarket can avoid confusion, as well as attempts by third parties to mislead, by physically inspecting goods or by questioning the supermarket’s employees before making a purchase. In contrast,

Online consumers have a difficult time distinguishing a genuine site from a pirate site, given that the only indications of source and authenticity of the site, or the goods and services made available thereon, are the graphical interface on the site itself and *the Internet address at which it resides*.⁷

³ 15 U.S.C. § 1125(a)(1) (2005).

⁴ The Lanham Act seeks to prevent the consumer from being misled or confused by the branding of a product. *See Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 873 (9th Cir. 1999) (citing *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-64 (1995)) (“Two goals of trademark law are reflected in the [Lanham Act] . . . On the one hand, the law seeks to protect consumers who have formed particular associations with a mark. On the other hand, trademark law seeks to protect the investment in a mark made by the owner.”).

⁵ *See id.*

⁶ As Congress has noted, the misuse of trademarks as Internet domain names

(A) results in consumer fraud and public confusion as to the true source or sponsorship of goods and services;

(B) impairs electronic commerce, which is important to interstate commerce and the United States economy;

(C) deprives legitimate trademark owners of substantial revenues and consumer goodwill; and

(D) places unreasonable, intolerable, and overwhelming burdens on trademark owners in protecting their valuable trademarks.

Sen. Rpt. 106-140 at 2 (Aug. 5, 1999).

⁷ *Id.* at 5 (emphasis added).

Because of the limited source signifiers on the Internet, consumers critically depend on well known brand names when making purchases.⁸ Consequently, where an individual makes use of a trademark associated with another brand as a domain name, there is a high likelihood that the consumer will be “deceived and defrauded, or at a minimum, confused.”⁹ Thus, it is critical that plaintiffs have an effective legal remedy to combat the potential for consumer deception, fraud, and confusion.¹⁰

The need for effective protection is especially acute today. The rise of the Internet has brought about a remarkable shift in how we conduct our commerce.¹¹ An increasing amount of business now occurs over the Internet, and this trend is likely to increase at a rapid pace in the coming years. Because of the borderless, ubiquitous, and often anonymous nature of cyberspace, the increase in e-commerce brings to the fore significant jurisdictional challenges for those seeking to protect their intellectual property.

This Comment argues that Congress’s response to the jurisdictional challenges involved with prosecuting the misuse of trademarks as Internet domain names,¹² the Anticybersquatting Consumer Protection Act (“ACPA”),¹³ raises significant constitutional and international concerns in the short term and will be wholly ineffective in the long term. Consequently, this Comment proposes an alternative solution.

Part I begins by providing basic background on domain names. The Comment then introduces the ACPA and provides a brief outline of the ACPA’s problems. Part II explains the ACPA’s *in rem* personal jurisdiction provision, which is central to its effectiveness against cybersquatting. Part III discusses constitutional problems that the ACPA’s *in rem* provision presents by first tracing the development of *in rem* personal jurisdiction up to the seminal case of *Shaffer v. Heitner*¹⁴ and then arguing that the *in rem* provision must be largely

⁸ *Id.* In the Heinz Ketchup example, for instance, the consumer, for lack of any other indication of source, must rely principally on the assumption that Heinz.com is associated with the Heinz Company brand and that any ketchup he or she purchased on that site would be made by Heinz. *See id.*

⁹ Sen. Rpt. 106-40 at 5.

¹⁰ *Id.* at 7-8.

¹¹ Between 1999 and 2002 e-commerce grew by over 255 billion dollars. *See* U.S. Census Bureau, *2002 E-Commerce Multi-Sector Historical Data Tables* (available at <http://www.census.gov/eos/www/historical/2002ht.pdf>).

¹² A practice known as cybersquatting. *See infra* nn. 25-26 and accompanying text for a description of cybersquatting.

¹³ 15 U.S.C. § 1125(d).

¹⁴ 433 U.S. 186, 189 (1977).

eviscerated in order to circumvent constitutional due process problems. By utilizing a typical case involving an ACPA *in rem* action, *America Online v. Huang*,¹⁵ Part III also demonstrates why the ACPA's *in rem* provision is hindered by constitutional requirements.

Part IV details the international problems that arise when the *in rem* provision is applied extraterritorially. These problems are approached from the perspective of domestic precedent, international treaty, and broad theoretical principles of international law. Part IV also proposes that the diplomatic effects of the ACPA's *in rem* provision may be felt in other areas of international intellectual property law. Part V introduces the basic mechanics of domain name registration and how they relate to the ACPA's *in rem* provision. Further, it discusses how the internationalization of the domain name administrative industry will severely undermine the effectiveness of the ACPA's *in rem* provision. Finally, Part IV concludes that in the long term a solution based in international treaty is the most viable means of fighting cybersquatting.

I. THE ACPA

A. *A Primer On Internet Domain Names*

A basic knowledge of Internet domain names is necessary in order to understand how trademark infringement occurs in the Internet context and how the ACPA seeks to combat trademark infringement. The Internet is popularly conceived of as an "information super highway."¹⁶ Seizing upon this analogy for purposes of explanation, it is possible to think of Internet domain names as street addresses along this highway. Addresses in the real world have specific components: A building number, street name, and zip code. Similarly, all Internet domain names consist of two parts: A Top Level Domain ("TLD") and a Second Level Domain ("SLD").¹⁷ The TLD is the rightmost part of the Internet domain name, and includes .net, .org, .gov, and .edu.¹⁸ The SLD, in contrast, comes at the beginning of the Internet domain name and may consist of almost any combination of letters and/or numbers.¹⁹ Trademark problems arise where

¹⁵ 106 F. Supp. 2d 848, 856 (E.D. Va. 2000).

¹⁶ See e.g. *Information Superhighway*, <http://www.computerhope.com/jargon/i/infosupe.htm> (accessed Nov. 23, 2005).

¹⁷ ICANN, *FAQs*, <http://www.icann.org/faq/> (accessed Nov. 23, 2005).

¹⁸ *Id.* at <http://www.icann.org/faq/#dns> (accessed Nov. 23, 2005).

¹⁹ See *SLD (Second Level Domain)*, <http://www.ecommerce-dictionary.com/s/sld.html> (accessed Nov. 23, 2005).

an individual combines letters and/or numbers to form a SLD which is identical or confusingly similar to a character combination that already enjoys some form of trademark protection.²⁰

B. The Rise Of The Internet Brings New Legal Challenges

Internet domain names have become a ripe target for misuse and trademark infringement.²¹ The process by which one acquires a domain name is now simple enough and cheap enough that virtually anyone can register a potentially infringing mark.²² Substantively, the elements of trademark infringement over the Internet are similar to those involved with traditional trademark infringement actions.²³ However, where personal jurisdiction is involved, Internet infringement actions present distinct challenges to trademark law.²⁴ Because the Internet is accessible from anywhere on earth, defendants are often beyond the reach of the Lanham Act's traditional personal jurisdiction provisions.²⁵

C. The Cybersquatting Problem And Congress's Response

A particular concern of trademark owners in recent years is "a new form of piracy on the Internet caused by acts of 'cybersquatting.'"²⁶ Cybersquatting is most commonly defined as "the registration as domain names of well-known trademarks by non-trademark holders who then try to sell names back to the

²⁰ See 15 U.S.C. 1125(d)(1)(A).

²¹ See Sen. Rpt. 106-140 at 4-7 (Aug. 5, 1999).

²² See Juliet M. Moringiello, *Seizing Domain Names to Enforce Judgments: Looking Back to Look to the Future*, 72 U. Cin. L. Rev. 95, 99-101 (2003) (stating that domain name applicants need only visit the registrar's site to submit the proposed domain name, that the registrar does not verify whether other parties have trademark rights in the proposed domain name, and that the applicant need only pay a small annual fee to obtain the domain name).

²³ For purposes of this Comment, which is limited to an examination of *in rem* personal jurisdiction, note that "[t]o bring an *in rem* action against a domain name under the ACPA, the plaintiff must satisfy the test under either the traditional unfair competition statute or trademark dilution statute." Xuan-Thao N. Nguyen, *The Digital Trademark Right: A Troubling New Extraterritorial Reach of United States Law*, 81 N.C. L. Rev. 483, 487 (2003).

²⁴ See Sen. Rpt. 106-140 at 2.

²⁵ See *Fleetboston Fin. Corp. v. Fleetbostonfinancial.com*, 138 F. Supp. 2d 121, 123 (D. Mass. 2001) ("In an effort to resolve [I]nternet domain name disputes involving names registered to persons or entities who are difficult to find or beyond the reach of the United States courts, Congress provided in the ACPA for *in rem* jurisdiction under certain circumstances.").

²⁶ Sen. Rpt. 106-140 at 4.

trademark owners.”²⁷ On a practical level, cybersquatting encompasses a broader range of activities, including:

[T]he registration of a domain name that is either ‘identical or confusingly similar to’ a trademark, registering a domain name in order to block the trademark owner from using it, registering the name in order to sell it to the highest bidder regardless of who owns the trademark, and registering domain names with slight variations on a trademark so as to direct poor typists to your [website].²⁸

Congress sought to combat the cybersquatting problem by expanding the jurisdictional reach of the Lanham Act. In 1999, Congress enacted the ACPA.²⁹ The ACPA has greater jurisdictional reach than the traditional Lanham Act because, where the plaintiff can demonstrate an inability to obtain *in personam* personal jurisdiction,³⁰ it authorizes³¹ *in rem* personal jurisdiction over infringing domain names.³²

D. The ACPA: Troubled In The Short Term, Useless In The Long Term

This Comment argues that the ACPA was a “quick fix” to the jurisdictional problems presented by cybersquatting, one that is problematic in the short term and largely ineffective at providing American plaintiffs with a remedy against foreign and anonymous cybersquatters in the long term. In the short term, the ACPA faces problems because of 1) case law which may condition the

²⁷ Michael P. Allen, *Article: In Rem Jurisdiction from Pennoyer to Shaffer to the Anticybersquatting Consumer Protection Act*, 11 Geo. Mason L. Rev. 243, 250 (2002) (quoting *Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 493 (2d Cir. 1999)) (This definition “of cybersquatting tracks the Second Circuit’s description”). *Id.* at 250. *See also* Sen. Rpt. 106-140 at 4.

²⁸ Allen, *supra* n. 27, at 250-51 (citing Robert A. Badgley, *Domain Name Disputes* § 1.01 1-4 (Aspen Supp. 2003)); Jonathan M. Ward, Student Author, *The Rise and Fall of Internet Fences: The Overbroad Protection of the Anticybersquatting Consumer Protection Act*, 5 Marq. Intell. Prop. L. Rev. 211, 215 (2001)).

²⁹ Allen, *supra* n. 27, at 244.

³⁰ 15 U.S.C. § 1125(d)(2)(A)(ii)(I-II). The inability to obtain *in personam* personal jurisdiction over the defendant may arise because the defendant is not within the jurisdictional reach of the court or because the plaintiff is unable to find the defendant through due diligence. *Id.*

³¹ The Grant of *in rem* personal jurisdiction is conditioned upon the plaintiff meeting certain conditions. *See* 15 U.S.C. § 1125(d)(2)(A), (C).

³² *Id.* at § 1125(d)(2).

constitutionality of *in rem* actions upon the existence of minimum contacts,³³ and 2) international criticism of the ACPA as “unilaterally expand[ing] U.S. trademark rights beyond the permissible boundary of the territoriality doctrine.”³⁴ In the long term, the ACPA will be increasingly eviscerated by the continued internationalization of the domain name administration and regulation industries. Consequently, this Comment proposes that a long term solution to cybersquatting necessitates extrajudicial diplomacy in order to amend the Madrid Agreement, an international treaty which currently provides international trademark protection to party nations, so that its protections extend to cybersquatting.³⁵ Finally, this Comment argues that utilization of the ACPA in the short term will actually hinder attempts to bring about a long term diplomatic solution to cybersquatting.

E. The Importance Of Strong Trademark Protection for E-Commerce

An effective measure to combat cybersquatting, one that provides plaintiffs with a workable legal remedy, as well as strong American trademark protection for Internet domain names, is integral to America’s future growth. Intellectual property is currently the cornerstone of American economic growth and “[a]n enforceable system of intellectual property rights is key to a nation’s effectiveness in the new economy.”³⁶ Countries with the strongest intellectual property protections (including those for trademarks) have historically encouraged and attracted greater investment and commerce and have seen greater economic growth.³⁷ As an ever greater percentage of American commerce is con-

³³ A minimum contacts requirement directly undermines the aims of the ACPA’s *in rem* provision. See generally Jason W. Callen, Student Author, *Asserting In Personam Jurisdiction over Foreign Cybersquatters*, 69 U. Chi. L. Rev. 1837 (2002).

³⁴ Nguyen, *supra* n. 23, at 487.

³⁵ *Madrid Agreement Concerning the International Registration of Marks*, art 1 (Apr. 14, 1981) (available at http://www.wipo.int/madrid/en/legal_texts/pdf/madrid_agreement.pdf) [hereinafter *Madrid Agreement*].

³⁶ David Milton Whalin, *John C. Calhoun Becomes the Tenth Justice: State Sovereignty, Judicial Review, and Environmental Law after June 23, 1999*, 27 B.C. Envtl. Aff. L. Rev. 193, 238 (citing Lester C. Thurow, *Building Wealth: The New Rules For Individuals, Companies, and Nations in A Knowledge-Based Economy*, 116-25, 261-62 (1st ed., HarperCollins 1999)).

³⁷ See e.g. Peter K. Yu, *Toward a Nonzero-Sum Approach to Resolving Global Intellectual Property Disputes: What We Can Learn from Mediators, Business Strategists, and International Relations Theorists*, 70 U. Cin. L. Rev. 569, 634-35 (2001).

Historically, developed and less developed countries have deep disagreements over the availability, scope, and use of intellectual property rights. Developed

ducted over the Internet,³⁸ the strength of Internet trademark laws will increasingly determine the strength and effectiveness of our trademark protection regime. Consequently, our continued ability to protect against misuse of trademarks as domain names is an important factor in fostering future American commercial competitiveness through strong intellectual property protections.³⁹

Effective cybersquatting laws are also necessary to protect consumers.⁴⁰ This is especially true at a time when “pharmaceuticals, financial services, and even groceries” are being sold over the Internet.⁴¹ For instance, in one case of cybersquatting the website “propeciasales.com” sold pharmaceuticals online, but was not associated with the actual producer of the drug Propecia, Merck.⁴² Therefore, it was unclear to consumers who was selling the drug, and consumers had no way to verify that they were getting the real thing, as opposed to a placebo or even a counterfeit drug.⁴³

II. THE ACPA *IN REM* PROVISION

Cybersquatters attempt to capitalize on the distinct opportunities for consumer confusion which the Internet presents, often in order to either profit commercially from the resulting traffic diverted to the infringing site or to force the infringed party to compensate them to cease or transfer the domain name.⁴⁴ Before passage of the ACPA, cybersquatting was often prosecuted under laws

countries consider intellectual property rights important to economic development . . . [and they argue that such] rights will attract foreign investment, increase taxes, create new jobs, and facilitate technology transfer.

Id.

³⁸ See *supra* n. 11 and accompanying text.

³⁹ Whalin, *supra* n. 36.

⁴⁰ The practice of cybersquatting harms consumers, electronic commerce, and the goodwill equity of valuable United States [sic] brand names, upon which consumers increasingly rely to locate the true source of genuine goods and services on the Internet Regardless of what is being sold, the result of online brand name abuse, as with other forms of trademark violations, is the erosion of consumer confidence in brand name identifiers and in electronic commerce generally.

Sen. Rpt. 106-140 at 5.

⁴¹ *Id.*

⁴² *Id.* at 7.

⁴³ *Id.*

⁴⁴ *Id.* at 5-6.

which provided only for *in personam* personal jurisdiction.⁴⁵ However, in the cybersquatting context, defendants often elude personal jurisdiction because they are either anonymous or foreign. Thus, when a court lacked *in personam* personal jurisdiction over a defendant, pre-ACPA laws did not provide a cause of action.⁴⁶

In 1999, Congress passed the ACPA to address the jurisdictional shortcomings of the Lanham Act.⁴⁷ Recognizing that foreign and anonymous cybersquatters frequently eluded *in personam* personal jurisdiction under the FTDA, the ACPA's drafters included a provision authorizing *in rem* personal jurisdiction over an infringing domain name itself.⁴⁸ In an *in rem* action the court asserts personal jurisdiction over a defendant's property rather than a defendant's person.⁴⁹ In ACPA cases the property, or res, consists of the controverted domain name.⁵⁰

As a threshold matter, in order for the court to obtain *in rem* personal jurisdiction a defendant must have property located within that court's jurisdiction.⁵¹ But is this all that precedent and the Constitution requires? Since *Shaffer v. Heitner*, the courts have disagreed over how to apply the minimum contacts requirement in *in rem* actions.⁵² The issue is that, traditionally, the courts have recognized three distinct types of *in rem* actions;⁵³ however, they have yet to

⁴⁵ Compare Elizabeth D. Lauzon, *Validity, Construction, and Application of Anticybersquatting Consumer Protection Act*, 15 U.S.C.A. § 1125(d), 177 A.L.R. Fed. 1 (2004) (providing only for *in personam* jurisdiction) with 15 U.S.C. § 1125(d)(2) (providing for *in rem* jurisdiction).

⁴⁶ Lauzon, *supra* n. 45, at § 21(b).

⁴⁷ The Lanham Act provided only for *in personam* personal jurisdiction. See 15 U.S.C. 1125(a). Moreover, the Senate Report to the ACPA notes that the ACPA was passed in order

[T]o protect consumers and American Businesses, to promote the growth of online commerce, and 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.’

Sen. Rep. No. 106-140, at 4.

⁴⁸ 15 U.S.C. § 1125(d)(2).

⁴⁹ Allen, *supra* n. 27, at 255 (citing *Shaffer*, 433 U.S. at 199). *In rem* actions contrast with *in personam* actions in that the court obtains personal jurisdiction over the defendant's property rather than the defendant's person.

⁵⁰ 15 U.S.C. 1125(d)(2)(A).

⁵¹ E.g. *Shaffer*, 433 U.S. at 199 (“If jurisdiction is based on the court's power over property within its territory, the action is called ‘in rem’ . . .”).

⁵² Lauzon, *supra* n. 45, at § 22(b).

⁵³ E.g. *Hanson*, 357 U.S. at 246 n. 12.

agree whether the minimum contacts requirement should apply equally to each type.⁵⁴

As with traditional *in rem* actions, remedies under the ACPA are “limited to forfeiture, cancellation, or transfer of the domain name to the mark owner . . . [and] do[] not extend to the plaintiff’s money damages or attorney’s fees.”⁵⁵ Under this provision a suit can be brought in the district where the domain name registrar⁵⁶ or domain name registry is located.⁵⁷ Thus, *in rem* jurisdiction under the ACPA is only available when the infringing domain name is registered with a registrar or registry located in a judicial district within the United States.⁵⁸

In order to make use of the *in rem* provision, the ACPA requires a plaintiff to demonstrate that he or she used “due diligence” in trying to find the defendant for purposes of obtaining *in personam* personal jurisdiction, but was unsuccessful.⁵⁹ In addition, the plaintiff “must establish that the domain name registrant registered or use[d] the domain name with a bad faith intent to profit from the goodwill of the plaintiff’s trademark.”⁶⁰

⁵⁴ Lauzon, *supra* n. 45, at § 22(b). This Comment argues that there are valid justifications for a broad reading of *Shaffer*, and thus a broad application of the minimum contacts requirement to *in rem* personal jurisdiction. See discussion *infra* Part III.B.

⁵⁵ Bhanu K. Sadasivan, *Annual Review of Law and Technology: I. Intellectual Property: C. Trademark: 1. Domain Name: Jurisprudence Under the in rem Provision of the Anticybersquatting Consumer Protection Act*, 18 Berkeley Tech. L.J. 237, 240 (2003) (citing 15 U.S.C. 1125(d)(2)(D)(i)).

⁵⁶ 15 U.S.C. § 1125(d)(2)(A). Registrars are responsible for compiling domain names, verifying that proposed domain names are available, and providing their compilations to each registry. Moringiello, *supra* n. 22, at 99-100.

⁵⁷ 15 U.S.C. § 1125(d)(2)(A). The ACPA provides for *in rem* actions 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” *Id.* (emphasis added). Each registry exclusively services one top-level domain (TLD) (the TLD of the web address www.accommodationwhistler.com is “.com”), and then points Internet users to the IP number that corresponds to the domain name. Moringiello, *supra* n. 22, at 97, 99.

⁵⁸ See 15 U.S.C. § 1125(d)(2)(A).

⁵⁹ 15 U.S.C. § 1125(d)(2)(A)(ii)(II). Due diligence under the ACPA consists of sending notice to the alleged cybersquatter’s postal and email address. *Id.* at § 1125(d)(2)(A)(ii)(II)(aa). In addition, the plaintiff must “publish[] notice of the action as the court may direct promptly after filing the action.” *Id.* at § 1125(d)(2)(A)(ii)(II)(bb).

⁶⁰ Nguyen, *supra* n. 23, at 516. The bad faith determination is made using nine factors laid out in the ACPA, which together take into consideration a wide range of facts. 15 U.S.C. § 1125(d)(1)(B)(i)(I-IX).

III. DUE PROCESS AND THE CONSTITUTIONALITY OF *IN REM* ACTIONS UNDER THE ACPA

The ACPA's primary advantage over prior trademark laws is that it authorizes *in rem* personal jurisdiction. In the context of cybersquatting, however, this form of jurisdictional grant is arguably constitutionally problematic. The Supreme Court's decision and reasoning in *Shaffer v. Heitner*,⁶¹ along with a number of district court cases which refined Internet-based jurisdictional analysis,⁶² suggest that the ACPA's *in rem* provision is largely eviscerated by constitutional due process requirements. A number of courts and commentators argue that the language and reasoning of the *Shaffer* decision lead to the conclusion that the minimum contacts requirement does, in fact, apply to all three types of *in rem* actions; consequently, they call for the wholesale application of minimum contacts analysis to all *in rem* actions.⁶³

A. Pennoyer, International Shoe and the Development of In Rem Personal Jurisdiction

In order to fully understand the controversy surrounding *Shaffer v. Heitner*, it is necessary to trace the development of *in rem* jurisdiction from its inception. The concept of *in rem* personal jurisdiction was first introduced in the landmark case of *Pennoyer v. Neff*.⁶⁴ The *Pennoyer* Court identified two distinct ways in which a court could legitimately exercise its power in order to issue binding judgments.⁶⁵ First, a court could exert power directly over an individual in what came to be known as *in personam* jurisdiction.⁶⁶ Alternatively, a court could exercise its power over a defendant's property through *in rem* ju-

⁶¹ 433 U.S. 186.

⁶² See e.g. *Am. Online*, 106 F. Supp. 2d at 848; *Heathmount A.E. Corp. v. Technodome.com*, 106 F. Supp. 2d 860 (E.D. Va. 2000) (mem.).

⁶³ See e.g. *Ford Motor Co. v. Great Domains.com, Inc.*, 177 F. Supp. 2d 656, 659 (E.D. Mich. 2001); *FleetBoston Fin. Corp.*, 138 F. Supp. 2d at 133; Paul Schiff Berman, *The Globalization of Jurisdiction*, 151 U. Pa. L. Rev. 311, 351, 351 n. 145 (2002); Catherine T. Struve & R. Polk Wagner, *Realspace Sovereigns in Cyberspace: Problems with the Anticybersquatting Consumer Protection Act*, 17 Berkeley Tech. L.J. 989, 1012 (2002).

⁶⁴ See generally *Pennoyer v. Neff*, 95 U.S. 714 (1878).

⁶⁵ *Id.* at 733-34.

⁶⁶ *Shaffer*, 433 U.S. at 199.

risdiction.⁶⁷ Under either form of personal jurisdiction, however, *Pennoyer* limited each court's power to persons or property within its territory.⁶⁸

The Supreme Court next addressed the concept of personal jurisdiction in *International Shoe Co. v. Washington*.⁶⁹ Because no basis for *in rem* personal jurisdiction existed in *International Shoe*,⁷⁰ the Court could only adjudicate the dispute through *in personam* personal jurisdiction.⁷¹ In determining whether the Court had *in personam* personal jurisdiction over the defendant, it dispensed with the notion of territoriality set forth in *Pennoyer*.⁷² Instead, the Court asserted that the Constitution's due process requirements dictated only that the defendant have certain "minimum contacts" with the forum state so that the suit did not offend "traditional notions of fair play and substantial justice."⁷³ Thus, *International Shoe* established that where a court asserts *in personam* personal jurisdiction over a defendant, constitutional due process requires sufficient minimum contacts between the defendant and the forum state.⁷⁴ With respect to *in rem* actions, the *International Shoe* decision is significant because the Court only addressed minimum contacts with respect to *in personam* personal jurisdiction; the Court left the door open for later courts to extend minimum contacts to *in rem* actions.

In the period between *International Shoe* and *Shaffer*, the Court's decisions emphasized that "a critical element of [minimum contacts] analysis was whether the defendant had undertaken a voluntary action with respect to the forum that was related to the claim, or whether the connection to the forum was more rightly characterized as flowing solely from the plaintiff's unilateral actions."⁷⁵

⁶⁷ *Id.*

⁶⁸ 95 U.S. at 722.

⁶⁹ 326 U.S. 310 (1945).

⁷⁰ *Id.* at 313.

⁷¹ The defendant's property had not been attached before suit. *Id.*

⁷² *Id.* at 316.

⁷³ *Id.* (quoting *Milliken v. Meyer*, 311 U.S. 457, 463 (1940)).

⁷⁴ *Id.* at 319.

⁷⁵ Allen, *supra* n. 27, at 257 (citing *Hanson v. Denckla*, 357 U.S. 235, 253-54 (1958); *McGee v. Intl. Life Ins. Co.*, 355 U.S. 220, 223-24 (1957)).

B. The Shaffer Controversy

The Supreme Court's next major decision concerning personal jurisdiction, *Shaffer v. Heitner*,⁷⁶ was seminal to the constitutionality of the ACPA's *in rem* provision.

Since *International Shoe*, three different types of *in rem* actions have been delineated by the courts over the years.⁷⁷ "True" *in rem* actions occur when a court determines the rights to disputed property with respect to "every potential rights holder," not just the individuals named in a case.⁷⁸ The hybrid action first described in *Pennoyer*, which has come to be known as quasi *in rem*, occurs when a court adjudicates the rights to property between distinct and delineated persons.⁷⁹ Within quasi *in rem* actions, the court makes a further distinction based on the relationship between the property at issue and the underlying claim.⁸⁰ In a quasi *in rem* I action, the property at issue is itself the subject of the litigation: the property dispute has directly led the parties to court.⁸¹ In a quasi *in rem* II action, in contrast, the underlying claim is unrelated to the property that forms the basis of jurisdiction.⁸² Rather, the plaintiff in such cases "seeks to apply what he concedes to be the property of the defendant to the satisfaction of a claim against him."⁸³

In *Shaffer v. Heitner*, the plaintiff instituted a derivative shareholder suit in Delaware against present and former directors of the Greyhound Corporation, charging that the "defendants had violated their [fiduciary] duties to [the corporation]."⁸⁴ None of the defendants, however, were residents of Delaware.⁸⁵ Moreover, the defendants' connections with Delaware were limited to some having served as officers and directors of Greyhound, which was incorporated in Delaware, and to 21 of the defendants owning stock or options in the com-

⁷⁶ 433 U.S. 186.

⁷⁷ E.g. *Hanson*, 357 U.S. at 246 n. 12. The Supreme Court first made a distinction between different types of *in rem* actions in *Pennoyer*, where it noted that some actions could not be classified as purely *in rem* or *in personam*. Allen, *supra* n. 27, at 255 (citing *Pennoyer*, 95 U.S. at 733).

⁷⁸ *Shaffer*, 433 U.S. at 199 n. 17 (quoting *Hanson*, 357 U.S. at 246 n. 12); *FleetBoston Fin. Corp.*, 138 F. Supp. 2d at 132.

⁷⁹ *Shaffer*, 433 U.S. at 199 n. 17 (quoting *Hanson*, 357 U.S. at 246 n. 12).

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² *Id.*

⁸³ *Id.*

⁸⁴ *Id.* at 189-90.

⁸⁵ *Id.* at 190.

pany.⁸⁶ The Court found that, under the standards set forth in *International Shoe*, such contacts were insufficient to establish *in personam* personal jurisdiction over the defendants.⁸⁷ Instead, the plaintiff sought to establish *in rem* personal jurisdiction by attaching the defendants' stocks and options held in the Greyhound Corporation.⁸⁸ *Shaffer*, then, concerned a quasi *in rem* II action: the stocks and options attached by the plaintiff had nothing to do with his claim that the defendants had violated their fiduciary duty to Greyhound's shareholders.⁸⁹ The defendants subsequently moved to vacate the order attaching their property, arguing that "ex parte" seizure was unconstitutional because it "did not accord them due process of law"⁹⁰

The Court was thus presented with the question of whether the Delaware statute authorizing "sequestration . . . as applied in this case violates the Due Process Clause of the Fourteenth Amendment . . . because it permits . . . courts to exercise jurisdiction despite the absence of sufficient contacts among the defendants, the litigation, and the State of Delaware"⁹¹ The *Shaffer* Court found, as a threshold matter, that the defendants' Greyhound stocks and options could suffice as res for purposes of personal jurisdiction, but that this property had no connection to the claim at issue.⁹² Reasoning that "[t]he fiction that an assertion of jurisdiction over property is anything but an assertion of jurisdiction over the owner of the property supports an ancient form without substantial modern justification," the Court held that such jurisdiction must still be held to the standards of *International Shoe*.⁹³ Since, on a practical level, assertions of *in rem* and *in personam* jurisdiction affected a defendant's interests in the same way, constitutional due process had to afford some form of protec-

⁸⁶ *Id.* at 190-91, 213-14.

⁸⁷ *Id.* at 213 ("If it exists . . . jurisdiction must have some other foundation.").

⁸⁸ *Id.* at 194. The stocks and options constituted property within Delaware because of a Delaware law which provided that all stocks and options of a Delaware corporation were located in Delaware. Allen, *supra* n. 27, at 254.

⁸⁹ *Shaffer*, 433 U.S. at 214.

⁹⁰ *Id.* at 193.

⁹¹ *Id.* at 189. The defendants argued in the affirmative, noting that "[t]he parties agree that the principal purpose of sequestration is *to force appellants to enter a general appearance and submit to unlimited in personam jurisdiction*. [Defendants] contend that all assertions of in personam jurisdiction, *under any guise or label*, are subject to the same due process requirements." Appellants' Reply Br. at 8, *Shaffer v. Heitner*, 433 U.S. 186 (1977) (emphasis added).

⁹² *Shaffer*, 433 U.S. at 214. This is known as a quasi *in rem* II action. See *id.* at 199 n. 17 (quoting *Hanson*, 357 U.S. at 246 n. 12).

⁹³ *Id.* at 212.

tion to defendants under both types of jurisdiction.⁹⁴ Consequently, the *Shaffer* Court held that there must still be minimum contacts between the defendant and the forum state even where the defendant's property had been attached prior to the action.⁹⁵ Any distinction between attachment of a defendant's property and attachment of a defendant's person, with respect to the defendant's due process interests, was too theoretical⁹⁶ to carry legal weight with the Court in framing concrete jurisdictional principles.

C. In Rem Jurisdiction After *Shaffer*

Did the decision in *Shaffer* eliminate all constitutional due process distinctions between *in personam* and *in rem* personal jurisdiction? At a minimum, it is clear that the *Shaffer* court extended the minimum contacts requirement to quasi *in rem* II personal jurisdiction.⁹⁷ *Shaffer* itself dealt squarely with a quasi *in rem* II action, as the defendants' property, stocks and options held in Greyhound, had no connection to the plaintiff's claim of fiduciary breach.⁹⁸ Furthermore, the Court's argument that there was no real distinction between subjecting a defendant to *in personam* jurisdiction and targeting the defendant's property solely in order to compel the defendant to submit to personal jurisdiction is most forceful in the context of quasi *in rem* II actions.⁹⁹ With respect to quasi *in rem* I actions, however, disagreement exists over the extent to which *Shaffer* should apply.¹⁰⁰ Those who favor a narrow reading of *Shaffer*'s holding

⁹⁴ *Id.* at 207.

⁹⁵ The Court found that the *Shaffer* defendants lacked the requisite minimum contacts with Delaware and thus held that it lacked *in rem* personal jurisdiction. *Id.* at 216-17.

⁹⁶ The distinction was overly theoretical in the sense that it ignored the realities of the relationship between a person and their property.

⁹⁷ See e.g. *Burnham v. Super. Ct. of Cal.*, 495 U.S. 604, 621 (1990).

⁹⁸ *Shaffer*, 433 U.S. at 213.

⁹⁹ *Shaffer*'s argument that "[t]he phrase, 'judicial jurisdiction over a thing,' is a customary elliptical way of referring to jurisdiction over the interests of persons in a thing . . ." is most sound where the plaintiff's interest is solely in the defendant, for purposes of obtaining adjudication over unrelated rights, rather than in the attached property. 433 U.S. at 207 (quoting Restatement (Second) of Conflict of Laws § 56, Introductory Note [1971]) (alteration in original).

¹⁰⁰ Compare *Ford Motor Co v. Great Domains.com, Inc.*, 177 F. Supp. 2d at 658-59 (E.D. Mich. 2001) (noting that the presence in a judicial district of domain name registration documents would not provide minimum contacts sufficient to support *in rem* I jurisdiction and thus implying that *Shaffer* applies to such jurisdiction) with *Mattel, Inc. v. Barbie-Club.com*, 310 F.3d 293, 302-03 (2d Cir. 2002) (arguing that *Shaffer*, in specifically noting a

restrict it to the specific facts in that case and argue that the minimum contacts requirement only applies to quasi *in rem* II actions.¹⁰¹

However, both the language and the reasoning underlying the *Shaffer* decision provide compelling arguments for a broader view of its holding.¹⁰² Those taking this broader view argue that the real issue in *Shaffer* was whether there was a distinction between *in personam* and *in rem* jurisdiction more generally, and that the nature of its holding was such that it did not distinguish between quasi *in rem* I and II.¹⁰³ In fact, the *Shaffer* Court's own articulation of its holding made no distinction between quasi *in rem* I and II, stating instead that "all assertions of state-court jurisdiction," should be subject to the minimum contacts requirement of *International Shoe*.¹⁰⁴

Likewise, the Court's reasoning is clearly valid in the context of quasi *in rem* I actions. Even where the defendant's property is related to the claim at issue, it is plausible to say that an assertion of jurisdiction over that property is tantamount to an assertion of jurisdiction over the defendant themselves. In such cases, the plaintiff's attachment of the defendant's property is still merely an attempt to compel the defendant to appear at trial and to mount a defense.¹⁰⁵ Permanent seizure of the property only occurs as a last resort, where the court is unable to realize a full and ideal adversarial process between the parties because the defendant fails to appear, leading the court to issue a default judgment.¹⁰⁶

Moreover, those courts which have taken issue with the ACPA's constitutionality have done so based upon the broad reasoning underlying *Shaffer*. In *Fleetboston Financial Corp. v. FleetbostonFinancial.com*, the court specifically

lack of due process concerns in most judicial assertions of quasi *in rem* I jurisdiction, restricted its decision to quasi *in rem* II jurisdiction).

¹⁰¹ See e.g. *Mattel, Inc.*, 310 F.3d at 302.

¹⁰² Allen, *supra* n. 27, at 259-62.

¹⁰³ *Id.* at 262 (quoting *Burnham*, 495 U.S. at 621).

¹⁰⁴ *Shaffer*, 433 U.S. at 212.

¹⁰⁵ See Allen, *supra* n. 27, at 271:

Shaffer is premised on a recognition of the reality that all civil litigation involves the assertion of power over the interests of a person . . . [and that] the courts should develop rules with an eye toward the reality that personal interests are at stake in all cases.

Id. (footnotes omitted).

¹⁰⁶ See e.g. *Jack in the Box, Inc. v. Jackinthebox.org*, 2001 U.S. Dist. LEXIS 9586, at *17 (E.D. Va. Apr. 17, 2001) (court granted default judgment and ordered transfer of controverted domain names where defendant failed to file an answer or any responsive pleadings and plaintiff made showing of necessary elements for an ACPA *in rem* action), *acq. in result*, *Jack in the Box, Inc. v. Jackinthebox.org*, 143 F. Supp. 2d 590 (E.D. Va. 2001).

invoked a broad reading of *Shaffer* to reject Congress's assumption of the in rem provision's constitutionality.¹⁰⁷ The court noted that

[The] effort to narrow the reach of the *Shaffer* holding does not appear altogether consistent with the reasoning of the *Shaffer* opinion or subsequent Supreme Court precedent * * * [rather] [d]icta in *Shaffer* suggests that *the Supreme Court intended its holding to extend the minimum contacts test of International Shoe to all in rem jurisdiction*, not solely to the subcategory of [quasi in rem II] jurisdiction.¹⁰⁸

Similarly, in *Ford Motor Co. v. Great Domains.com, Inc.*, the Court implicitly recognized a broad reading of *Shaffer* and the need for minimum contacts to support quasi in rem I jurisdiction.¹⁰⁹ The plaintiff argued that quasi in rem I jurisdiction lay in the Eastern District of Michigan, relying on the ACPA's designation of a domain name's situs as being anywhere "documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court."¹¹⁰ The plaintiff asserted that the location of the domain name's situs was also the location of the domain name itself, the res in such an action, and therefore sufficient to support quasi in rem I jurisdiction.¹¹¹ The court refused to consider the merits of this argument.¹¹² It noted that even if the ACPA did provide for jurisdiction on the basis of situs, constitutional due process requirements of minimum contacts, as announced in *Shaffer*, would be fatal to this provision.¹¹³ The only contact between the domain name's situs and the defendant was the presence of control documents, which by itself did not provide sufficient minimum contacts.¹¹⁴ The court thus concluded that the minimum contacts requirement applied to quasi in rem I jurisdiction based on a broad reading of *Shaffer*.¹¹⁵

To be sure, there are solid arguments in support of a narrow reading of *Shaffer* specifically, and of the constitutionality of in rem actions under the

¹⁰⁷ 138 F. Supp. 2d 121, 133 (D. Mass. 2001) (rejecting House report's contention that the Supreme Court, while taking *Shaffer* into account, has explicitly affirmed the constitutionality of true in rem actions in the absence of minimum contacts).

¹⁰⁸ *Id.* (emphasis added).

¹⁰⁹ 177 F. Supp. 2d at 659.

¹¹⁰ *Id.* at 658 (quoting 15 U.S.C. § 1125(d)(2)(C)).

¹¹¹ *Id.*

¹¹² *Id.* at 659-60.

¹¹³ *Id.* at 658-59.

¹¹⁴ *Id.* at 659-60. The Court also employed *Shaffer's* argument that assertions of jurisdiction over a piece of property were, in reality, assertions of jurisdiction over the defendant's interest in that property. *Id.* at 659.

¹¹⁵ *See Id.* at 660.

ACPA more generally.¹¹⁶ Furthermore, such actions are not without some validation from the courts.¹¹⁷ Nevertheless, questions and argument continue to linger. This is troubling for a number of reasons. The ACPA *in rem* provision has come under attack as impermissibly extending the authority of United States courts to defendants in other countries.¹¹⁸ Where, as here, the United States cannot come to a strong consensus about whether a law comports with constitutional requirements, it adds fuel and legitimacy to the argument that this law should not be so aggressively applied extraterritorially.¹¹⁹ Moreover, as the Internet continues to move to a central role in society's affairs, trademark laws dealing with the Internet will become increasingly important, and it is therefore critical that such laws have firm support and foundation, both within legal precedent and legal scholarship.¹²⁰

¹¹⁶ Those arguing for a narrow reading of *Shaffer* note that its

[1] [L]anguage regarding true *in rem* and quasi *in rem* I matters was unnecessary to the holding and is therefore non-binding dicta. . . . [2] [Because] neither a true *in rem* case, nor a quasi *in rem* I case was before the [Court], the case's holding does not reach those categories. . . . [3] Finally, to hold that *Shaffer* requires the same minimum contacts in all *in rem* cases as for *in personam* cases would run counter to historical practice and common sense.

Cable News Network, L.P. v. CNNews.com, 162 F. Supp. 2d 484, 491 (E.D. Va. 2001) (footnotes omitted).

¹¹⁷ See e.g. *Caesars World, Inc. v. Caesars-Palace.com*, 112 F. Supp. 2d 502, 504 (E.D. Va. 2000) (concluding that *Shaffer's* minimum contacts requirement applies only to assertions of quasi *in rem* type II jurisdiction, and that ACPA actions, by their very nature, involve assertions of quasi *in rem* type I jurisdiction); *Cable News Network*, 162 F. Supp. 2d at 489-92 (arguing that the weight and persuasiveness of precedent are in favor of applying *Shaffer's* minimum contacts requirement solely to quasi *in rem* type II jurisdiction, that *Shaffer's* discussion regarding quasi *in rem* type I jurisdiction was "unnecessary" dicta, and that requiring "the same minimum contacts in all *in rem* cases as for *in personam* cases would run counter to historical practice and common sense.").

¹¹⁸ See *infra* Part IV.

¹¹⁹ See *id.*

¹²⁰ See Jay P. Kesan & Thomas S. Ulen, *Symposium: Intellectual Property Challenges In The Next Century: Article Foreword: Intellectual Property Challenges In The Next Century*, 2001 U. Ill. L. Rev. 57, 59-60 (2001) ("As important as intellectual property issues are today, they are destined to become even more important in the near future. As Bruce Lehman, former Commissioner of the U.S. Patent and Trademark Office, notes, intellectual property law is 'the law of the 21st century.'").

D. Minimum Contacts Requirements And Current ACPA Actions

Since enactment of the ACPA, there has been a clear division in the courts' treatment of *Shaffer v. Heitner*. A number of courts have strongly questioned the constitutionality of quasi in rem I jurisdiction in the absence of minimum contacts.¹²¹ Further, even where courts have found that the ACPA in rem provision passes constitutional muster, they "have been circumspect in construing the in rem provision, 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."¹²²

E. Requiring Minimum Contacts For In Rem Actions Eviscerates The ACPA's Main Purpose

Assuming that the ACPA is facially constitutional, but that, nevertheless, constitutional due process requires minimum contacts in order for the court to establish in rem jurisdiction, the ACPA is, under many circumstances, jurisdictionally impotent against foreign and anonymous cybersquatters. In the typical ACPA case, the plaintiff seeks to assert in rem jurisdiction over a foreign or anonymous defendant whose contacts with the state consist solely of registering the controverted domain name with a registrar or registry located in that state.¹²³ Following the reasoning in *America Online, Inc. v. Huang*,¹²⁴ however, some courts have held that mere registration of a domain name is insufficient to constitute minimum contacts.¹²⁵

In *America Online*, the District Court for the Eastern District of Virginia examined whether the registration of two domain names with Network Solutions, Inc. ("NSI"), a Virginia registrar, constituted sufficient "contacts with

¹²¹ See *supra* nn. 95, 97.

¹²² Sadasivan, *supra* n. 53, at 240-41.

¹²³ See e.g. *Heathmount A.E. Corp v. Technodome.com*, 106 F. Supp. 2d 860, 861-62 (E.D. Va. 2000) (involving Canadian registrant whose sole contact with the United States was registration of the controverted domain name); *FleetBoston Fin. Corp. v. Fleetbostonfinancial.com*, 138 F. Supp. 2d 121,123 (D. Mass. 2001) (involving Brazilian registrant whose sole contact with the United States was registration of the controverted domain name).

¹²⁴ *America Online v. Huang*, 106 F. Supp. 2d 848, 856 (E.D. Va. 2000).

¹²⁵ See e.g. *Heathmount A.E. Corp.*, 106 F. Supp. 2d at 865 ("This Court is inclined to follow the reasoning of the *America Online* court."); *Panavision Intl, L.P. v. Toeppen*, 141 F.3d 1316, 1322 (9th Cir. 1998) (citing *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 418 (9th Cir.1997)).

Virginia for purposes of personal jurisdiction.”¹²⁶ Defendant, eAsia, was a California corporation and had its principal place of business in Taiwan. At the outset of its due process analysis, the Court noted that “the defendant must have ‘purposely availed itself of the privilege of conducting activities within the forum state,’ . . . to ensure that a defendant will not be haled into a jurisdiction solely as a result of ‘random,’ ‘fortuitous,’ or ‘attenuated’ contacts.”¹²⁷ In this decision-making context, the mere existence of a domain name registration contract between eAsia and NSI was less important to the court than were the circumstances surrounding eAsia’s registration process and its interaction with NSI.¹²⁸ The court ultimately concluded that the act of registration did not, by itself, constitute “purposeful availment.”¹²⁹ In determining that eAsia’s communications and transactions with NSI were insubstantial from a minimum contacts standpoint, the court paid particular attention to the specific facts underlying eAsia’s registration process:

[1] With respect to the circumstances of the contract’s execution, eAsia entered into a standard registration agreement with NSI, and therefore there would have been no occasion for preliminary negotiations between eAsia and NSI, in Virginia or anywhere else. [2] On each occasion in which eAsia contacted NSI in the course of registering the allegedly infringing domain names, it did so by way of NSI’s web page, using a computer located in either California . . . or Taipei, Taiwan. . . . [3] Each transaction with NSI was certainly brief, and involved little interaction, and no negotiation of terms [4] Similarly, the agreement between eAsia and NSI created no occasion for future substantive interaction between eAsia and NSI, in Virginia or anywhere else, other than the payment of the annual fee. [5] Finally, NSI does not hold itself out as a Virginia company, and eAsia did not choose to register its domain names with NSI on the basis of its residency in Virginia. . . . [Further-

¹²⁶ 106 F. Supp. 2d at 856. It is important to note that this case is binding precedent for the Eastern District of Virginia. Because a substantial number of ACPA *in rem* actions are currently brought in this district (where jurisdiction often lies due to the presence of the .com TLD registry), the *America Online* holding currently applies to a large proportion of ACPA *in rem* actions.

¹²⁷ *America Online*, 106 F. Supp. 2d at 855-56 (quoting *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 475 (1985) (quoting *Hanson v. Denckla*, 357 U.S. 235, 253 (1958))).

¹²⁸ *Id.* at 856. The Court’s analysis did not lay down a blanket rule that in all cases domain name registration would not provide sufficient minimum contacts. Rather, the Court seemed to suggest that the minimum contacts determination should be made based upon the factual details of each registration process. *Id.*

¹²⁹ *America Online*, 106 F. Supp. 2d at 857.

more, it is quite possible that] eAsia may not have even known the component of NSI with which it dealt was located in Virginia.¹³⁰

The facts underlying the court's decision in *America Online* would seem to be typical of any cybersquatting case involving a foreign defendant. The vast majority of registration contracts are standard forms and thus do not call for personal negotiations in the state in which the registrar is located, or anywhere else.¹³¹ By necessity, a cybersquatter located in another country will likely undertake registration-related communications with the registrar via the Internet, as it is the most efficient and economical means of doing so. Furthermore, even where alternative avenues are available, any potential registrant experienced and comfortable enough with the Internet to be registering a domain name is likely to prefer electronic registration. Because of the standardized nature of both the domain name registration process and the terms of the registration contract, the transaction will rarely involve much interaction between registrar and registrant, and will even more rarely involve negotiation of terms.¹³² By the same token, the registration contract will not usually call for any prospective interaction aside from the registrant's payment of an annual fee.¹³³ It is also hard to conceive of any reason why a registrant would consider geographic location when choosing a particular registrar. Finally, it is increasingly likely that foreign registrants will have no knowledge of the location of the registrar. The use of the Internet for registration, in combination with the rise of large corporations that provide registrar, registry and numerous other services and have op-

¹³⁰ *Id.* at 856-857. In support of its assertion that eAsia may not have known it was dealing with an entity located in Virginia, the court noted that while the domain name registration contract contained a forum selection clause, it is very common for corporations to operate in a number of states but to choose to litigate all contract claims in one particular state. *Id.* at 857.

¹³¹ See Brief of Amici Curiae Network Solutions, Inc. at 1, *Heathmount A.E. Corp.*, 106 F. Supp. 2d 860, available at http://briefbank.samuelsonclinic.org/brief.cfm?brief=20010725_nsi_amicus_brief.htm&prev=browse#fn5 (accessed on Nov. 20, 2005) ("NSI . . . drafted the first domain name registration contract for domain name registrants, now a standardized form used for approximately 30 million registrations."). The current domain name registration agreement is available at http://www.networksolutions.com/en_US/legal/static-service-agreement.jhtml.

¹³² NSI's domain name registration process, for instance, does not allow for any contract negotiation. The registrant simply scrolls through the agreement online and then clicks a check box to denote his or her acceptance of the agreement. From *How To Register A Domain Name*, at <http://customersupport.networksolutions.com/article.php?id=148> (accessed on Nov. 20, 2005).

¹³³ See e.g. *NSI Service Agreement*, at Para. 3, available at <http://www.networksolutions.com/legal/static-service-agreement.jhtml> (accessed on Feb. 23, 2006).

erations in many foreign and domestic locations, makes it less likely that registrants will be aware of, or will even be able to determine, the precise physical location of the corporation's registrar service.¹³⁴ This ignorance is exacerbated by the fact that the foreign registrant will often be relying solely on the world wide web, as well as their lack of familiarity with United States geography and the nature of the large multi-service corporation.¹³⁵

IV. THE TERRITORIALITY PROBLEM

The ACPA raises concerns not only with domestic courts but from the international community as well. The ACPA's in rem provision has been subject to international criticism in that, at least as detractors see it, it impermissibly applies United States' trademark laws extraterritorially. This extraterritorial application is inconsistent with international treaty, domestic legal precedent and long held principles of international law.¹³⁶

A. *The ACPA In Rem Action Contradicts And Undermines The Basic Aims Of The Paris Convention*

International critics argue that extraterritorial application of United States trademark laws through the ACPA's in rem provision runs counter to the country's responsibilities as a member of the Paris Convention.¹³⁷ The Paris Convention, established in 1883, sought to create greater uniformity and standardization of intellectual property protections, including those for trademarks, across different nations.¹³⁸ By guaranteeing that aliens who complied with do-

¹³⁴ VeriSign, for example, which acquired NSI in 2000 and then sold a portion of it in 2003, is headquartered in Mountain View, California, but maintains its registry operations in Dulles, Virginia. In addition, NSI continues to provide registrar services as a partially owned subsidiary of VeriSign, in Herndon, Virginia. Given the complexity of this corporate structure it is unlikely that a potential registrant will know the exact geographic location of the registrar.

¹³⁵ See e.g. *FleetBoston Fin. Corp. v. Fleetbostonfinancial.com*, 138 F. Supp. 2d 121, 122 (D. Mass. 2001) (plaintiff was Brazilian citizen who registered the controverted domain names from Brazil and had no knowledge of the location of the registrar).

¹³⁶ See Nguyen, *supra* n. 23, at 540-59.

¹³⁷ See *Id.* at 544 (arguing that "the in rem provision of the ACPA erodes the territoriality principle" because it fails to "recognize each trademark as having a separate legal existence in each sovereign territory in which it is registered or legally recognized as a trademark.").

¹³⁸ See WIPO, *Summary of the Paris Convention for the Protection of Industrial Property*, available at http://www.wipo.int/treaties/en/ip/paris/summary_paris.html (accessed on Nov. 20, 2005); Marshall A. Leaffer, *The New World of International Trademark Law*, Marq. Intell. Prop. L. Rev. 1, 9-10 (1998) ("The Paris Convention is primarily concerned with har-

mestic trademark registration procedures and laws were entitled to the same protections as nationals, the Paris Convention attempted to make it safer for member countries' citizens to conduct business abroad and thus facilitated international commerce.¹³⁹ Inherent in the underlying aim of the Paris Convention, and in its explicit pronouncement that trademark rights and protections exist discretely in each country in which the mark was registered, is the notion that trademark laws had to be territorially limited.¹⁴⁰ It is necessary for member nations to observe the territoriality requirement as doctrine for two reasons. First, as a logistical matter, "[t]his principle enables countries with different trademark laws to join the Convention without changing their basic national laws. Common law countries thus continue to grant trademark protection based on use, while civil law countries grant trademark protection based on registration."¹⁴¹ Perhaps more fundamentally, failure to respect the territoriality doctrine undermines the very purpose of the Paris Convention. Such a failure makes it impossible for member nations to guarantee the protection of local trademark laws to aliens,¹⁴² making the Paris Convention ineffective at facilitating international commerce and trade. Non-adherence further undermines rule of law concepts underlying the Paris Convention. Non-adherence to the territoriality doctrine creates uncertainty among individuals as to what trademark laws they will be subject to in a given country. If an individual in China could possibly be subject to provisions of the ACPA, in addition to or in lieu of Chinese trademark laws, she is unable to act to reduce her risk of liability. As a result, those individuals who are risk averse may not undertake otherwise desirable economic activities.¹⁴³

monization of substantive trademark law and is premised on the fundamental principle that Member States are not allowed to discriminate between their nationals and nationals of other Member States. Thus, nationals of Member States enjoy the same rights, advantages, and protections as nationals in every other Member State of the Paris Convention.”).

¹³⁹ Leaffer, *supra* n. 138, at 9-10.

¹⁴⁰ Nguyen, *supra* n. 23, at 543 (citing *Convention of Paris for the Protection of Industrial Property* art. 6 (March 20, 1883, as revised at the Stockholm Revision Conference, July 14, 1967), 5 Stat. 1780).

¹⁴¹ *Id.* at 542.

¹⁴² Conversely, failure to adhere to the territoriality doctrine makes it impossible for member nations to guarantee that individuals will not be liable even if they fully comply with local trademark laws. In both cases, the individual might still be subject to another nation's trademark laws.

¹⁴³ See Duncan Kennedy, *Form and Substance in Private Law Adjudication*, 89 Harv. L. Rev. 1685, 1688-89 (1976) (arguing that legal “[c]ertainty . . . is valued for its effect on the citizenry: if private actors can know in advance the incidence of official intervention, they will adjust their activities in advance to take account of them. From the point of view of the state,

As a member of the Paris Convention, the United States has agreed not to apply its trademark laws extraterritorially. The ACPA's *in rem* provision arguably does not honor this agreement because "[a] U.S. court's order . . . to transfer the domain name from the foreign registrant to the United States trademark owner . . . forces other nations [and their citizens] to recognize United States trademark rights and to acknowledge that the U.S. trademarks have been harmed globally where the allegedly similar domain names are accessible."¹⁴⁴

B. *Bulova Defines a Narrow Scope of Permissible Extraterritorial Application of Pre-ACPA Lanham Act Provisions Which Should Likewise Be Applied to the ACPA*

While the ACPA presents novel jurisdictional issues with respect to cyberspace, the Supreme Court's decision in *Steele v. Bulova Watch Co.*,¹⁴⁵ and the line of cases which sprung from it have already addressed the extent to which pre-ACPA laws under the Lanham Act may be applied extraterritorially. Inasmuch as this precedent sets forth general guidelines and requirements for application of the Lanham Act to conduct outside of the United States, some critics argue that it should overlay the *in rem* provisions of the ACPA.¹⁴⁶ Under this view, the ACPA's *in rem* provision leads courts to adjudicate cases in the absence of proper subject matter jurisdiction,¹⁴⁷ goes beyond the established precedent, and should be criticized a result.¹⁴⁸

In *Bulova*, the Court considered whether a United States District Court had subject matter jurisdiction to render judgment against an American citizen who had violated the Lanham Act while in Mexico.¹⁴⁹ The Court, in holding

this increases the likelihood that private activity will follow a desired pattern. From the point of view of the citizenry, it removes the inhibiting effect on action that occurs when one's gains are subject to sporadic legal catastrophe.").

¹⁴⁴ Nguyen, *supra* n. 23, at 543.

¹⁴⁵ 344 U.S. 280 (1952).

¹⁴⁶ See e.g. Nguyen, *supra* n. 23, at 545-46.

¹⁴⁷ In order to adjudicate a dispute, in addition to personal jurisdiction over the defendant, a court must have subject matter jurisdiction over the action. Subject matter exists where the plaintiff "file[s] suit in a court permitted by relevant law to entertain the type of claim asserted." Richard D. Freer & Wendy Collins Perdue, *Civil Procedure Cases, Materials, and Questions*, 91 (3d ed., Anderson Publg. Co. 2001).

¹⁴⁸ Nguyen, *supra* n. 23, at 544.

¹⁴⁹ *Bulova*, 344 U.S. at 281-82. While in Mexico the defendant both registered "Bulova" as a trademark and sold watches under the "Bulova" name, as well as imported American parts for assembly. *Id.* at 285.

that subject matter jurisdiction was proper, pointed to three factors as especially important in its determination. Subsequent lower courts have refined these factors to create a distinct three part test¹⁵⁰ for the appropriateness of subject matter jurisdiction over extraterritorial Lanham Act claims:

One, the defendant is a citizen of the United States or has extensive contact and presence in the United States. Two, the issuance of the injunction should not cause any conflict of law with the foreign nation within whose borders the extraterritorial conduct was to be prohibited. Three, the defendant's conduct is not confined in its effects to the foreign nation where it occurs--the defendant's extraterritorial conduct has adverse effects on U.S. commerce by harming the reputation and goodwill of the plaintiff-registrant's trademark in the United States.¹⁵¹

The test "is a balancing one: no one factor is dispositive, but all must be considered . . . [t]he object of the balancing is to determine whether 'the contacts and interest of the United States are sufficient to support the exercise of extraterritorial jurisdiction.'"¹⁵² The *Bulova* Court itself held that application of the Lanham Act was proper because the defendant was an American citizen, the holding did not conflict with any Mexican law, and the defendant had sold his watches in America.¹⁵³ However, the Court implied that in the face of a valid Mexican registration of the "Bulova" trademark, American application of the Lanham Act might create a conflict with Mexican law.¹⁵⁴ Held to these guidelines, the ACPA's in rem provision runs counter to the test laid out in *Bulova* and the cases which followed it.

As an illustration, subject matter jurisdiction would not have been proper under the *Bulova* factors in the *America Online* case discussed earlier. As to the first element, the defendant corporation in *America Online* did not have extensive contact with or presence within the country. Its principal place of business was in Taiwan.¹⁵⁵ The defendant's contacts with the United States consisted of incorporation in California and registration of the disputed domain

¹⁵⁰ *Nintendo of Am., Inc. v. Aeropower Co.*, 34 F.3d 246, 250 (4th Cir. 1994) (From *Bulova*'s implication that all three . . . factors were critical to the Court's . . . [ruling], lower federal courts have deduced a general rule.").

¹⁵¹ See Nguyen, *supra* n. 23, at 544-45. Nguyen constructs her specific formulation of the test from *Nintendo*'s discussion of lower courts' treatment of *Bulova*.

¹⁵² *Nintendo*, 34 F.3d at 251 (citing *Totalplan Corp. of Am. v. Colborne*, 14 F.3d 824, 830-31 (2d Cir. 1994); *Am. Rice, Inc. v. Ark. Rice Growers Coop. Assn.*, 701 F.2d 408, 414 n.5 (5th Cir. 1983)).

¹⁵³ *Bulova*, 344 U.S. at 288.

¹⁵⁴ See *id.*

¹⁵⁵ *America Online*, 106 F. Supp. 2d at 849.

name in Virginia.¹⁵⁶ It did not market or sell to consumers in the United States. Thus, the first element would likely weigh against the propriety of subject matter jurisdiction.¹⁵⁷ The second factor would similarly tip the balance against subject matter jurisdiction because adjudication in a United States Court could potentially lead to conflict with the laws of China, the defendant's residence. Under Chinese law, domain names registered outside of the country are subject to resolution under the Uniform Domain Name Dispute Resolution Policy ("UDRP").¹⁵⁸ The UDRP mandates mediation in a proceeding administered by the Internet Corporation for Assigned Numbers and Names ("ICANN").¹⁵⁹ UDRP orders, however, are neither recognized by nor binding on American courts, meaning that the plaintiff could seek a contrary result in an American court subsequent to receiving an unfavorable outcome under the UDRP.¹⁶⁰ If such a contrary result was achieved, a conflict would arise between American and Chinese law. Finally, under the third factor, the defendant's conduct is very unlikely to have had any effect on commerce in America, for the defendant "directs its products and services primarily, if not exclusively, at Chinese-speaking regions of Asia . . . eAsia's web pages are written in Chinese . . . [and its] products and services are aimed at, and marketed exclusively in, Asia."¹⁶¹ Therefore, given facts similar to those of *America Online*, application of the ACPA's *in rem* provision goes beyond the scope of permissible extraterritorial Lanham Act actions outlined by *Bulova* and the cases which followed it.¹⁶²

¹⁵⁶ *Id.* at 849-850.

¹⁵⁷ *Id.* at 850.

¹⁵⁸ Nguyen, *supra* n. 23, at 546 (citing Richard Wu, *New Rules for Resolving Chinese Domain Name Disputes – A Comparative Analysis*, 1 J. Info. L. & Tech. 4 (Feb. 28, 2001), <http://elj.warwick.ac.uk/jilt/01-1/wu.html>).

¹⁵⁹ Moringiello, *supra* n. 22, at 99.

¹⁶⁰ Nguyen, *supra* n. 23, at 546-47.

¹⁶¹ *America Online*, 106 F. Supp. 2d at 850.

¹⁶² Even if the facts in *America Online* had been more favorable to support subject matter jurisdiction, most courts find such jurisdiction improper where only two of the *Bulova* factors are unmet. *Nintendo*, 34 F.3d at 251 (citing *Totalplan Corp. of Am.*, 14 F.3d at 830-31). Note also that the facts in *America Online* are necessarily typical of ACPA *in rem* actions. For, in order to successfully utilize the *in rem* provision the defendant's contacts with the United States must be sufficiently attenuated so that it is not possible to obtain jurisdiction *in personam*. See *supra* n. 18.

C. The ACPA's In Rem Provision Disregards the International Law Principle of Jurisdiction to Prescribe

A further criticism of the ACPA's *in rem* provision is that it disregards the broader international law principle of "jurisdiction to prescribe."¹⁶³ This principle underlies the Paris Convention and the factors laid out in *Bulova*, and serves to flesh out the ACPA's more theoretical problems.¹⁶⁴

1. Jurisdiction to Prescribe

A given nation has "jurisdiction to prescribe" where it has "the authority . . . to make its law applicable to persons or activities."¹⁶⁵ In turn, a nation has such authority outside the country if the particular conduct at issue has a significant domestic effect, or if the actor is a citizen of the United States.¹⁶⁶ Returning to the fact situation in *America Online*, the United States would not have had jurisdiction to prescribe since the defendant's website was directed and marketed toward Asia, and written almost entirely in Chinese.¹⁶⁷ Thus the domestic effects of the defendant's act would not be great enough to warrant such extra-territorial jurisdiction. Furthermore, the defendant was not an American citizen, meaning that neither basis for jurisdiction to prescribe would be fulfilled.¹⁶⁸

Validity aside, the fact that detractors of the ACPA strongly assert that it's *in rem* provision violates doctrines of territoriality and international law is problematic. It will become increasingly important for Internet-centered intellectual property laws to elicit agreement and have strong foundations as the Internet comes to occupy a more central role in commerce, American society, and the world at large.¹⁶⁹

¹⁶³ Nguyen, *supra* n. 23, at 552.

¹⁶⁴ *See id.* at 550-56.

¹⁶⁵ *Hartford Fire Ins. Co. v. Cal.*, 509 U.S. 764, 813 (1993) (Scalia, J. dissenting) (quoting *Restatement (Third) of Foreign Relations Law of the United States* 231, 235 (1987)).

¹⁶⁶ *Id.*

¹⁶⁷ *America Online*, 106 F. Supp. 2d at 859, n. 35.

¹⁶⁸ *Id.* at 849.

¹⁶⁹ See Jay P. Kesan & Thomas S. Ulen, *Symposium: Intellectual Property Challenges In The Next Century* (Foreword), 2001 U. Ill. L. Rev. 57, 57 (2001) ("As the changes continue in the twenty-first century and as laypersons gain familiarity with some of these changes, such as those in genetic biotechnology and the Internet, the law will have to respond and respond far more quickly than it has to this point. The principal point at which those changes will impact on law and on society is in the area of property. In our capitalist economy, property is at the base of our legal system, and with regard to the remarkable changes in society following in

2. Broader Diplomatic Concerns

There is an additional concern with international criticism of the ACPA's in rem provision. Assertions of United States courts' subject matter jurisdiction abroad do not occur in a vacuum. The Supreme Court itself has recognized that actions by the judicial branch of government may affect international diplomacy, and it has gone so far as to allow the Executive to nullify the judiciary's orders in situations where such orders undermine the Executive's conduct of foreign policy.¹⁷⁰

Further, as the United States continues to mature into a primarily information and service-based economy, one of our sole remaining net exports to the world is intellectual property.¹⁷¹

It is therefore imperative that other nations respect and honor our attempts to protect our intellectual property and to capture as much revenue as possible from its sale. Regardless of the merits of international criticism of the ACPA, American disregard of the Paris Convention, *Bulova*,¹⁷² and the broad international law principle of jurisdiction to prescribe may lead to diminished international willingness to respect and encourage our intellectual property protections.¹⁷³

the train of the new technologies, it is intellectual property that will be the legal foundation of the new society.”).

¹⁷⁰ See e.g. *Dames & Moore v. Regan*, 453 U.S. 654 (1981) (Supreme Court nullified lower court judgment for plaintiff in contract claim against Iran because that judgment conflicted with Executive's authorization to resolve foreign policy conflict).

¹⁷¹ See e.g. Time Warner, *Intellectual Property*, http://www.timewarner.com/corp/citizenship/public_policy/intellectual_property.html (accessed Nov. 5, 2005) (“according to a 2002 study by Economists, Inc. . . . this sector of the economy has grown nearly twice as fast as the remainder of the U.S. economy and employs 3.5% of the U.S. workforce. In addition, 2001 foreign exports reached nearly \$89 billion, leading all major industry sectors.”).

¹⁷² American disregard of the precedent set by *Bulova* would be particularly troublesome to the international community because it demonstrates an explicit domestic awareness of the ACPA's problems.

¹⁷³ See Kesan & Ulen, *supra* n. 162, at 61 (“the intangible nature of the new forms of property creates problems when traditional legal paradigms of jurisdiction are applied. The new property is not subject to the constraints of national borders. Therefore, the thrust of many international treaties on these matters is to establish some common intellectual property rights in every nation on the globe. The United States is, naturally, a major moving force in this effort in that its citizens have tens of billions of dollars to protect from international copyright infringement. The major challenge in this effort is showing developing nations that protecting these intellectual property rights is in their best interests. Many of those developing nations are angry at the developed nations for seeking to charge their citizens relatively high prices

V. DOMAIN NAME ADMINISTRATION AND THE ACPA *IN REM* PROVISION

As noted previously, the ACPA presents both constitutional and international law problems in the short term. In the longer term, however, these problems will become irrelevant, having been superceded because the ACPA, as a jurisdictional tool for American plaintiffs, will have lost its effectiveness. In short, the internationalization of domain name registrars and registries will eliminate the sole bases upon which the ACPA's *in rem* provision rests, and thus preclude the provision's use against cybersquatters.

A. *Acquiring a Domain Name*

The process by which a potential registrar obtains a domain name is relatively simple.¹⁷⁴ When someone wishes to acquire a domain name they must first seek to register that name with a domain name registrar.¹⁷⁵ Once the person seeking to register submits a potential domain name, the registrar verifies that no one else has registered this name.¹⁷⁶ The verification process does not verify the domain name's trademark status.¹⁷⁷ That is, the registrar does not determine whether the domain name has been registered as a trademark with the Patent and Trademark Office, nor does it check to see if the domain name is in use as a non-registered trademark.¹⁷⁸ If the domain name is available, the registrant must begin payment of a small annual fee and must provide contact information, the accuracy of which is also not subject to any verification by the registrar.¹⁷⁹ Generally speaking, once these steps have been completed the registrant has acquired the rights to the domain name.¹⁸⁰ The registrar submits the domain name to a registry, which acts as a depository for all of the domain names within a particular TLD. Each TLD is controlled exclusively by one registry.¹⁸¹

for the use of intellectual property that they view as either a public good or something that they should be able to purchase at a greatly reduced price.”).

¹⁷⁴ When someone wishes to acquire a particular domain name they technically seek to reserve a combination of letters and/or numbers as an SLD. See *supra* Part I.A.

¹⁷⁵ Moringiello, *supra* n. 22, at 100.

¹⁷⁶ *Id.*

¹⁷⁷ *Id.*

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

¹⁸⁰ *Id.* at 99-101.

¹⁸¹ *Id.* at 99.

B. *The Internationalization Of Domain Name Administration*

Under the ACPA, *in rem* personal jurisdiction hinges on the location of the registrar or the registry associated with the alleged cybersquatter's domain name and one or the other must be within a judicial district of the United States.¹⁸² In the early days of the Internet, a majority of domain name registrars and registries were located within the United States. In more recent years, however, an increasing proportion of registrars and registries now operate from outside of the United States.¹⁸³

Upon closer examination, the internationalization of these two industries is unambiguous.

1. Domain Name Registrars

When Congress drafted the ACPA in 1998, a single registrar, Network Solutions, had the exclusive right to register domain names.¹⁸⁴ Because Network Solutions was located in Virginia, the District Court for the Eastern District of Virginia, pursuant to the ACPA, had *in rem* personal jurisdiction over virtually all domain names. The ACPA was, at the time of its drafting, a highly potent jurisdictional tool for the courts.

Beginning in 1999, however, Network Solutions ceded its total control of the registrar function, as the industry was opened to competitors.¹⁸⁵ The number of registrars has since grown dramatically and registrars have spread across the globe. As of October 1, 2004 there are 359 domain name registrars, with only 40% of those located in the United States.¹⁸⁶ The ACPA's *in rem* provision has thus become less potent and less useful to American plaintiffs because it has become increasingly easy¹⁸⁷ to avoid the use of United States-based registrars when acquiring a domain name. Someone who wishes to cybersquat can choose to register their desired domain name with one of the many registrars

¹⁸² 15 U.S.C. § 1125(d)(2)(A) (1999).

¹⁸³ See *supra* Part V.B.1-2.

¹⁸⁴ ICANN, *ICANN Names Competitive Domain-Name Registrars*, <http://www.icann.org/announcements/icann-pr21apr99.htm> (Apr. 21, 1999).

¹⁸⁵ *Id.*

¹⁸⁶ ICANN, *ICANN-Accredited Registrars*, <http://www.icann.org/registrars/accredited-list.html> (accessed Nov. 18, 2005).

¹⁸⁷ With 60% of registrars located outside of the United States it seems that the cybersquatter has a good probability of evading registrar-based *in rem* jurisdiction even if he or she had no intention of cybersquatting at the time of domain name acquisition.

outside of the United States, thereby sidestepping a basis for in rem personal jurisdiction under the ACPA.

2. Domain Name Registries

While clearly significant, the increase in foreign registrars does not by itself allow the defendant cybersquatter to completely circumvent the ACPA's in rem hook. The registrar is only the first of two jurisdictionally significant administrative bodies that deal with domain name acquisition. The second, the registry, also provides a basis for in rem *jurisdiction*.¹⁸⁸ As noted previously, once the registrar assigns the domain name to the registrant it sends the domain name's information to the registry that governs its particular TLD.¹⁸⁹ Since a majority of domain names, especially those of a commercial nature, currently use the .com TLD, they are registered with the registry governing the .com TLD, VeriSign Global Registry Services ("VeriSign"), which is located in Virginia.¹⁹⁰ Consequently, ACPA in rem jurisdiction extends to domain names in the .com TLD on the basis of VeriSign's location within a judicial district of the United States.¹⁹¹

The ubiquity of the .com TLD, however, will necessarily end as the number of websites, as well as the demand for more customized domain names and TLDs, increases.¹⁹² Consequently, as alternatives to the .com TLD appear, this in rem basis will fade in usefulness as well. Indeed, just as registrars are becoming more international, a similar trend is underway in the domain name registry area. The shift in control of the .net TLD, an important and popular alternative to the .com TLD,¹⁹³ is emblematic of the industry's wider change in

¹⁸⁸ 15 U.S.C. 1125(d)(2)(A) (2000).

¹⁸⁹ See *supra* Part II.A.

¹⁹⁰ ICANN, *Registry Listing*, <http://www.icann.org/registries/listing.html> (last updated Aug. 30, 2005).

¹⁹¹ See e.g. *Caesars World, Inc., v. Caesars-Palace.com*, 112 F. Supp. 2d 502, 503-04 (E.D. Va. 2000); *Lucent Technologies, Inc. v. LucentSucks.com*, 95 F. Supp. 2d 528, 532 (E.D. Va. 2000).

¹⁹² See e.g. ICANN, *Announcement ICANN: Progress in Process for Introducing New Top-Level Domains*, <http://www.icann.org/announcements/announcement-19mar04.htm> (Mar. 19, 2004) (announcing that ICANN, "in response to a request for proposals . . . has received [and is reviewing] ten applications for new sponsored top-level domains," and that this "phase is part of the continuing expansion of the domain name system"). Six out of these ten proposed new TLDs are located outside of the United States. *Id.*

¹⁹³ Bidisha Banerjee, *How Much for That Domain? Who Sells .net? To whom? And Why Does it Matter?*, <http://www.slate.com/id/2112476/> (Jan. 24, 2005) (".net matters because it still has a lot of room to grow. (It has only 5 million users while .com has 35 million . . . [meaning

geographic dynamic. The .net TLD, which has five million registered domain names, is currently controlled by VeriSign.¹⁹⁴ VeriSign's contract expires on June 30th, 2005, however, and ICANN,¹⁹⁵ which also administers the bidding process for contracts to run certain TLDs, is accepting bids by other companies to assume control of .net.¹⁹⁶ Of the five companies planning to bid on .net,¹⁹⁷ only VeriSign, which seeks to renew its contract, is located in the United States.¹⁹⁸ As a result, there is a good probability that the .net TLD, with its five million domain names and potential for high future growth in users relative to .com, will come under foreign control, thereby slipping outside of the ACPA's jurisdictional purview.¹⁹⁹

The internationalization of registries is not limited to existing TLDs. As the number of new TLDs increases, the number of registries increases as well, and many of these registries will inevitably operate outside of the United States. In the 1980s seven TLDs were created.²⁰⁰ Then, in November of 2000, an additional seven were created.²⁰¹ Of these fourteen, three are currently located out-

that most of .com's] short, snappy addresses have already been claimed.)"). Furthermore, "[e]ach year, \$700 billion worth of commercial transactions happen on .net . . . [and,] some people prize their .net address precisely because it doesn't have the commercial taint associated with .com." *Id.*

¹⁹⁴ *Id.*

¹⁹⁵ "ICANN is a private, not-for-profit organization designed to represent the interests of the various worldwide Internet constituencies, including domain name registries and registrars, the technical community, Internet service providers (ISPs), and commercial, not-for-profit, and individual Internet users." Moringiello, *supra* n. 22, at 99 (footnote omitted) (citing A. Michael Froomkin, *Wrong Turn in Cyberspace: Using ICANN to Route Around the APA and the Constitution*, 50 Duke L.J. 17, 68 (2000)).

¹⁹⁶ Elizabeth Olson, *VeriSign Has Challengers to Run .Net, the Domain*, <http://www.nytimes.com/2005/01/17/technology/17domain.html> (accessed Jan. 17, 2005).

¹⁹⁷ ICANN, *ICANN Receives Five Applications to Operate.NET*, <http://www.icann.org/announcements/announcement-19jan05.htm> (accessed Jan. 19, 2005).

¹⁹⁸ The other four companies are DENIC eG, based in Frankfurt, Germany, Afiliás Limited, based in Dublin, Ireland, CORE++ Asociación sin ánimo de lucro, based in Barcelona, Spain, and Sentan Registry Services, Inc., based in Tokyo, Japan. DENIC eG, *DENIC eG*, <http://www.denic.de/en/denic/index.html> (last updated Aug. 26, 2005); Afiliás, *About Afiliás*, http://www.afiliás.info/about_afiliás/ (last updated Jan. 14, 2005); CORE++, *About CORE++*, <http://www.core-plusplus.net/about.do> (accessed Nov. 10, 2005); Sentan, *About Sentan*, <http://www.sentanregistry.net/about/> (accessed Nov. 10, 2005).

¹⁹⁹ *See supra* n. 55.

²⁰⁰ The original seven were: .com, .edu, .gov, .int, .mil, .net, and .org. ICANN, *Top-Level Domains*, <http://www.icann.org/tlds/> (last updated Dec. 16, 2003) [hereinafter *Top-Level Domains*].

²⁰¹ The seven created in November of 2000 were: .biz, .info, .name, .pro, .aero, .coop, and .museum. *Id.*

side of the United States.²⁰² In addition, “TLDs with two letters have been established for over 240 countries and external territories and are referred to as ‘country-code’ TLDs or ‘ccTLDs.’”²⁰³ The increasing complexity of Internet commerce and communication creates a drive to establish more specific and personalized domain names and TLDs.²⁰⁴ This, in turn, will spur the creation of more TLDs²⁰⁵ and more registries in many different countries. As the need for more TLDs increases, therefore, registries will follow the same pattern of internationalization seen in the registrar industry. Consequently, the ACPA’s in rem personal jurisdiction provision will be further undermined and of less and less use to American plaintiffs in taking action against cybersquatters.

C. *Internationalization Of The Domain Name Administrative Industry Undermines The ACPA’s Effectiveness*

The ACPA will become increasingly ineffective as the industries administering domain names become more and more internationalized. The ACPA’s in rem jurisdictional grants are based upon the assumption that the domain name registrars and registries will be located in the United States.²⁰⁶ At the time of the ACPA’s drafting it was highly probable that either the registrar or registry associated with the domain name would be located in the United States.²⁰⁷ This is no longer the case and will continue to become an even less prevalent circumstance as other countries begin to adopt the Internet more vig-

²⁰² Examples of ccTLDs include .de, .mx, and .jp. *Top-Level Domains*, *supra* n. 191.

²⁰³ *Id.* ccTLDs are not necessarily any more stable in geographic location than traditional TLDs, as many are licensed out for use by third parties with no relation to the particular country. See e.g. Tom Zeller, Jr., *After Years of Battle, Some '.md' Web Sites Are Going Online*, <http://www.nytimes.com/2004/12/13/technology/13domain.html?ex=1260594000&en=ac8b6926ff894e02&ei=5090&partner=rssuserland> (Dec. 13, 2004).

²⁰⁴ See *id.* The .md TLD, which belongs to Moldova, is now available for use by those in the medical profession desiring to tailor website names more closely to their business. *Id.* Johnson & Johnson, for instance, has purchased 120 domain names in the .md TLD. *Id.*

²⁰⁵ Madhurima Panwar Mridul, *The Impact of New Generic Top Level Domains on Trademarks*, 10 Murdoch U. Elec. J. L. 1, ¶ 12 (2003) (available at <http://www.murdoch.edu.au/elaw/issues/v10n1/mridul101.html>). “The use of the Internet has been growing at an exponential rate and . . . [this growth] has increased the demand for easily identifiable domain names. [In particular, demand has increased for n]ames that provide legitimate representations of real world business in [the] cyber world business environment.” *Id.*

²⁰⁶ See *supra* Part V.B.

²⁰⁷ See *supra* Part V.B.1-2.

ously and create demand for greater internationalization of the registrar and registry industries.

VI. A LONG TERM DIPLOMATIC SOLUTION

The internationalization of the domain name administrative industry will foreclose domestic legislative and legal efforts to provide in rem or *in personam* personal jurisdiction over foreign cybersquatters. Consequently, a future solution to the cybersquatting problem requires international diplomacy in order to create bilateral mechanisms to protect and vindicate trademark rights in the cybersquatting context. One possible solution is to amend the Madrid Agreement,²⁰⁸ an existing international trademark treaty, to provide special protections against cybersquatting, and then implement this treaty through domain name registrars and registries. Further, a domain name dispute resolution process currently implemented by ICANN, the UDRP, could be integrated into the amended Madrid Agreement to provide an adjudicatory body.

A. *The Madrid Agreement Concerning The International Registration Of Trademarks*

One possible long term cybersquatting solution is to expand and make greater use of the Madrid Agreement Concerning the International Registration of Trademarks (“Madrid Agreement”), which was concluded by member nations of the World Intellectual Property Organization (“WIPO”).²⁰⁹ International registration under the Madrid Agreement provides for trademark protection among party nations such that “the protection of the mark in each of the contracting countries concerned shall be the same as if the mark had been filed therein direct.”²¹⁰ In its current form, the Madrid Agreement, in contrast to United States’ practice, utilizes a registration-based system rather than a use-

²⁰⁸ *Madrid Agreement*, *supra* n. 35.

²⁰⁹ See generally *Convention Establishing the World Intellectual Property Organization* (Sept. 28, 1979), http://www.wipo.int/treaties/en/convention/trtdocs_wo029.html. WIPO was formed in 1967 in order to “promote the protection of intellectual property throughout the world” by creating an administrative infrastructure and enforcement mechanism for various intellectual property treaties. World Intellectual Property Organization, *Summary of the Convention Establishing the World Intellectual Property Organization (WIPO Convention)*, http://www.wipo.int/treaties/en/convention/summary_wipo_convention.html (accessed Nov. 10, 2005).

²¹⁰ *Madrid Agreement*, *supra* n. 35, at art. 4.

based system.²¹¹ Because of this systemic difference, as well as certain secondary differences, the Madrid Agreement, if utilized by the United States, would leave American trademark holders peculiarly vulnerable to attack.²¹² Consequently, the United States has not acceded to the Madrid Agreement.²¹³

B. Amending The Madrid Agreement

Ultimately, then, the key to gaining stronger international protection for American plaintiffs lies in global harmonization of trademark laws. The more the United States can influence and shape the trademark laws applied in other nations the greater the protection available to American plaintiffs in those countries.²¹⁴ Harmonization of the entire trademark protection regime, however, is a long and costly process, and will not be a realistic goal for some time.²¹⁵ Instead, as recognition of the fact that expeditious diplomatic efforts are necessary to keep up with the rapid development of the Internet,²¹⁶ the Madrid Agreement should be amended to include a cybersquatting provision. This provision would call for harmonization only in the narrow context of cybersquatting. The United States and other party nations would create an international anti cybersquatting trademark registration, in addition to the international trademark registration protection currently offered by the Madrid Agreement.²¹⁷ In addition, special trademark laws for application to the international anti cybersquatting registration would also be created. Such laws would draw from the party nations' traditional trademark laws, but would be specially tailored to cybersquatting and the jurisdictional challenges which the Internet presents. The lawmaking process would give the United States ample opportunity to make its case for integrating elements of the United States trademark protection regime, but also for strong anti cybersquatting trademark protections. The amended Madrid Agreement

²¹¹ Carlo Cotrone, *The United States and the Madrid Protocol: A Time to Decline, A Time to Accede*, 4 Marq. Intell. Prop. L. Rev. 75, 80 (2000).

²¹² *Id.* at 80-81.

²¹³ *Id.* at 80.

²¹⁴ In a sense this approach is analogous to the charge that the ACPA applies United States trademark laws extraterritorially, but it achieves a similar end while maintaining respect for international law because it is achieved in a bilateral fashion.

²¹⁵ Leaffer, *supra* n. 138, at 29-31.

²¹⁶ See Kesan, *supra* n. 164, at 57 ("As the changes continue in the twenty-first century . . . such as those in . . . the Internet, the law will have to respond and respond far more quickly than it has to this point.").

²¹⁷ *Madrid Agreement*, *supra* n. 35, at art. 4.

would ultimately afford American plaintiffs protection equal to that which they would have received from American courts in an ACPA action.

C. *Enforcement Of The Amended Madrid Agreement*

Once created, the cybersquatting provision could initially be implemented through the domain name acquisition process. As gatekeepers in the distribution and allocation of all domain names, registrars and registries are best situated to prevent cybersquatting before it can occur.²¹⁸ Domain name registrars would require potential registrants to agree to submit to the jurisdiction of the amended Madrid Agreement, thereby avoiding the personal jurisdiction holes faced by the ACPA.

Further, domain name registrars and registries could, themselves, be required to submit to the provisions of the amended Madrid Agreement in order to conduct business within the member nations. This would assure cooperation in enforcing the amended Madrid agreement, while also limiting the potential for noncompliance by the domain name administrative industry as it becomes more international in nature.²¹⁹

A plaintiff who acquired an international anti cybersquatting registration for his or her trademark would thus enjoy the amended Madrid Agreement protections when a potential cybersquatter sought to register an infringing domain name. In this scenario, the domain name registrar would first check the amended Madrid Agreement's international anti cybersquatting registrations to determine if the mark had already been registered. If an identical, or depending on the standards set in the Madrid Agreement, a confusingly similar mark had been registered, the domain name registrar would then reject the domain name request. Implementation of the amended Madrid Agreement by domain name registrars would prevent cybersquatting at the outset, thus avoiding any damage to consumers or to the trademark's good will.

Where disputes arose subsequent to domain name acquisition, the amended Madrid Agreement would provide for judicial resolution, drawing upon the trademark laws that the party nations had decided to integrate into the cybersquatting provisions. Domain name registrars would require potential registrants to agree to submit to the jurisdiction of the amended Madrid Agreement judicial body.

²¹⁸ See *supra* Part V.A.

²¹⁹ The ACPA, in contrast, would face a much greater risk of noncompliance by the domain name administrative industry as it internationalizes. See *supra* Part V.B.1.

D. Use Of The Uniform Dispute Resolution Process

The UDRP is administered by ICANN, and is currently used to resolve some cybersquatting disputes.²²⁰ The UDRP could provide a ready-made judicial body for the amended Madrid Agreement, and should be utilized as a mechanism for dispute resolution. However, the UDRP would have to be amended beforehand. The UDRP will be ineffective against cybersquatting because it applies only to “registrars in the .biz, .com, .info, .name, .net, and .org top-level domains.”²²¹ As noted previously, TLDs are increasing in number and variety, meaning that the UDRP will reach a smaller and smaller proportion of disputes in the future. The UDRP must thus be amended so that it applies to domain names in all TLDs.

E. The Impact Of ACPA Actions In The Short Term

In the short term, whether or not courts remove doubt about the constitutionality of the ACPA in rem provision, foreign nations will continue to see it as an impermissible expansion of United States trademark rights. Therefore, continued aggressive judicial use of the ACPA’s in rem provision may actually be antithetical to the United States’ long term success in combating the practice of cybersquatting. Should the United States eventually pursue international diplomatic solutions, such as amendment of the Madrid Agreement, continued ACPA use will have soured the international environment and made other nations less willing to negotiate.

VII. CONCLUSION

In the long term, greater international cooperation and diplomacy will be critical to successful prosecution of cybersquatters. Any purely domestic legal solution, while possibly circumventing constitutional problems through judicial creativity, will continue to offend fundamental principles of international law.²²² Moreover, the internationalization of the domain name administra-

²²⁰ Miguel C. Danielson, *Confusion, Illusion and the Death of Trademark Law in Domain Name Disputes*, U. Fla. J. Tech. L. & Policy 219, 220-21 (Fall 2001) (available at <http://grove.ufl.edu/~techlaw/vol6/issue2/danielson.pdf>). The UDRP does not currently provide an effective adjudicatory mechanism for American cybersquatting plaintiffs because it fails to draw on any coherent body of trademark law. *Id.*

²²¹ ICANN, *Uniform Domain-Name Dispute-Resolution Policy*, <http://www.icann.org/udrp/udrp.htm> (accessed Nov. 25, 2001).

²²² See *supra* Part IV.

tive industry will not only make it progressively harder to establish any basis for in rem jurisdiction, but will also make it progressively less likely that the growing number of foreign industry members will cooperate with or recognize seizure orders handed down by American courts. Consequently, expansion of the existing Madrid Agreement to include anti cybersquatting registration and dispute settlement is the most pragmatic approach to fighting cybersquatting in the future. To be sure the challenges involved in this solution are significant.²²³ Because cybersquatting is largely based upon an underlying violation of substantive trademark law, amending the Madrid Agreement will require some level of substantive legal harmonization between countries. Accordingly, limiting harmonization to the cybersquatting context will make amendment of the Madrid Agreement more feasible. In any event, in the face of the ACPA's future ineffectiveness, international diplomacy is preferable to allowing cybersquatters to evade personal jurisdiction.

The importance of preventing cybersquatting, as well as affording adequate protection for trademarks on the Internet more generally, cannot be understated. As one legal scholar notes:

The strain that new technologies [principally the Internet] place on the law may be taken as a bellwether of the stresses that those technologies impose on both individual citizens and nations taken as a whole. Viewed at its worst, the information revolution has precipitated an unwelcome 'intellectual-property land grab,' supported by an unprepared . . . [United States Trademark] Office in a land without legal borders²²⁴

Given the growing prevalence and reality of this view,²²⁵ the United States must seek to bring its trademark protection regime up to speed with the challenges wrought by globalization and the rise of the Internet. This should begin with the transition from a domestic anticybersquatting law, the ACPA, that is no longer tenable to the amended Madrid Agreement.

²²³ See Leaffer, *supra* n. 138, at 30 ("despite noticeable progress, much more needs to be accomplished in the harmonization of national laws. Even the Trademark Law Treaty allows too much disparity [to] remain[] in local law . . . Unfortunately, despite the overwhelming adoption of TRIPS norms within the WTO, and the European Union Harmonization Directive, a wide discrepancy in local practice persists, calling for sustained multilateral efforts for further harmonization.").

²²⁴ Kesan, *supra* n. 166, at 58 (quoting Dan Gillmor, *Politicians Ignore Vital Technology Issues*, Denver Post F11 (Sept. 18, 2000)).