

Due Process and In Rem Jurisdiction Under the Anti-Cybersquatting Consumer Protection Act

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INTRODUCTION

If the diminishing quantity of internet jargon that courts enclose in quotation marks is an indication of their growing internet-savvy, then recent years have borne substantial progress: the internet is no longer “the internet,” virus is no longer “virus,” and domain name is no longer “domain name.” Recent decisions involving domain name disputes, notwithstanding their dearth of quotation marks, have underscored the difficulties endemic to jurisdiction over internet conduct, since the non-geocentric nature of the property interest complicates the minimum contacts and state sovereignty analyses traditionally used to evaluate due process. Recognizing the instability abiding in the law’s application to

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¹ *See, e.g.*, *United States v. Morris*, 928 F.2d 504, 505 (2d Cir. 1991).

² *See, e.g.*, *Panavision Int’l, L.P. v. Toepfen*, 141 F.3d 1316, 1318 (9th Cir. 1998).

³ The challenges associated with internet jurisdiction extend well beyond the domain name context. *See, e.g.*, David R. Johnson & David Post, *Law and Borders—The Rise of the Law in Cyberspace*, 48 *STAN. L. REV.* 1367 (1996); Joel P. Trachtman, *Cyberspace, Sovereignty, Jurisdiction, and Modernism*, 5 *IND. J. GLOBAL LEGAL STUD.* 561 (1998).

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internet jurisdiction, and internet conduct more generally, Congress and the courts have endeavored to bring the internet within the ken of extant legal categories. The trademark dilution-based remedies afforded by 1999's Anti-Cybersquatting Consumer Protection Act, are illustrative of this incorporative trend. Despite the ACPA's stabilizing effect on

⁴The internet has spawned confusion and uncertainty elsewhere in intellectual property law. See, e.g., Johnson & Post, *supra* note 3; Jeffrey J. Look, *The Virtual Wild, Wild West (WWW): Intellectual Property Issues in Cyberspace—Trademarks, Service Marks, Copyrights, and Domain Names*, 22 U. ARK. LITTLE ROCK L. REV. 49 (1999). For commentary on the relationship between domain names and trademarks, see Jessica Litman, *The DNS Wars: Trademarks and the Internet Domain Name System*, 4 J. SMALL & EMERGING BUS. L. 149 (2000). For a more general discussion of trademarks in the internet context, see Sally Abel, *Trademark Issues in Cyberspace: The Brave New Frontier*, 5 MICH. TELECOMM. TECH. L. REV. 91 (1998-1999).

⁵ For example, Congress has twice targeted purveyors of internet smut using traditional obscenity doctrine. See generally *Reno v. ACLU*, 521 U.S. 844 (1997) (striking down the Communications Decency Act of 1996, 47 U.S.C. § 223 (1996), on First Amendment grounds); *ACLU v. Reno*, 217 F.3d 162 (3rd Cir. 2000) (issuing preliminary injunction to prohibit enforcement of the Child Online Protection Act, 47 U.S.C. § 231 (1998)). Courts have likewise applied tort principles such as libel, see, e.g., *Bochan v. LaFontaine*, 68 F.Supp.2d 692 (E.D. Va. 1999); defamation, see, e.g., *Blumenthal v. Drudge*, 992 F.Supp. 44 (D.D.C. 1998); and trespass to chattels, see, e.g., *Intel Corp. v. Hamidi*, 1999 WL 450944 (Cal. Sup. Ct. Apr. 28, 1999). See also *eBay, Inc. v. Bidder's Edge*, 100 F.Supp.2d 1058 (N.D. Cal. 2000). Federal criminal law has also been readily used to combat illicit conduct taking place online. See, e.g., *United States v. Thomas*, 74 F.3d 701 (6th Cir. 1996). Some of these applications, however, have been criticized. For a critique of applying trespass to chattels to internet activity, see Dan Burk, *The Trouble With Trespass*, 4 J. SMALL & EMERGING BUS. L. 27.

⁶ The Anti-Cybersquatting Consumer Protection Act (hereinafter ACPA) § 43(d), 15 U.S.C. § 1125(d) (1999).

⁷ A fascinating debate has arisen amongst lawyers and commentators over how best to approach internet governance. One pole of the continuum regards the internet as generating "distinct doctrine, applicable to a clearly demarcated sphere, created primarily by legitimate, self-regulatory processes." See, e.g., Johnson & Post, *supra* note 3, at 1400-1401. This libertarian view argues that existing legal doctrines—from jurisdiction to intellectual property to torts to criminal law—cannot capture the novel activities taking place online. Cyberspace simply falls outside the sphere of traditional legal analyses. Rather than try to rope in the internet using traditional legal categories, the internet should evolve free of

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domain name disputes, however, the statute contains in rem jurisdiction

governmental interference, as the norms that arise within cyberspace are, or will be, best suited to its governance. *See id.* at 1400-1402; *see also* Henry H. Perritt, Jr., *Jurisdiction in Cyberspace*, 41 VILL. L. REV. 1 (1996). For a fascinating argument that government-free development of internet norms is a case study in Jürgen Habermas's "discourse ethics," *see* A. Michael Froomkin, *Habermas@discourse.net: Towards a Critical Theory of Cyberspace* (last modified Nov. 24, 1999) <<http://www.discourse.net>>.

At the other pole of the continuum are those who decry the manufacture of a highly specialized branch of law dedicated to the internet. They argue that the law, in its current form, is fully able to capture the nuances of online activities. Judge Easterbrook admonished those attending the "Law of Cyberspace" conference at the University of Chicago in 1996 to "go home," as there is no "Law of Cyberspace" anymore than there is a "Law of the Horse." *See* Lawrence Lessig, *The Law of the Horse: What Cyberspace Might Teach*, 113 HARV. L. REV. 501 (1999) (commenting on Frank H. Easterbrook, *Cyberspace and the Law of the Horse*, 1996 U. CHI. LEGAL F. 207 (1996)). According to these views, the "dilettantes" engaged in developing the "Law of Cyberspace" miss the point: the law is more about developing general rules than it is fabricating narrow rules designed for narrow applications. *See, e.g.*, Easterbrook, *supra*. For a less pessimistic and dismissive view, *see* Richard A. Posner, *Antitrust in the New Economy* (visited Dec. 1, 2000) <<http://www.techlawjournal.com/atr/20000914posner.asp>> (arguing that internet ventures, along with other new economy enterprises, pose formidable challenges for antitrust that are best addressed by changing the institutional structures behind antitrust law).

A third group straddles the debate and borrows insights from both poles. Proponents of this incorporative view acknowledge the unique legal challenges posed by the internet, and are skeptical that the internet can be wholly subsumed under, and analyzed in light of, existing doctrine. On the other hand, these commentators recognize the need for some measure of state regulation, and question the libertarian view that effective, authoritative norms can be distilled from the increasingly pluralistic internet. *See, e.g.*, Mark Lemley, *The Law and Economics of Internet Norms*, 73 CHI-KENT L. REV. 1257 (1998); Margaret Jane Radin, *Property Evolving in Cyberspace*, 15 J.L. & COM. 509, 515-516 (1996); Margaret Jane Radin & R. Polk Wagner, *The Myth of Private Ordering: Rediscovering Legal Realism in Cyberspace*, 73 CHI.-KENT L. REV. 1295 (1998). Indeed, one commentator has convincingly argued that the set of norms that would spring from a wholly self-governed internet would offend liberal conceptions of democracy and law. *See* Neil Weinstock Netanel, *Cyberspace Self-Governance: A Skeptical View From Liberal Democratic Theory*, 88 CALIF. L. REV. 395 (2000). Many of these scholars conclude that traditional legal doctrine, with some tweaking here and there, is best suited to the unique legal challenges posed by the internet. Congress and the courts have adopted the incorporative approach, *see supra* text accompanying note 6, a pursuit I attempt to further by this writing.

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provisions that raise a novel constitutional due process concern: is the statutory “presence” of a domain name within a jurisdiction sufficient to confer to courts in that forum authority over the status of the domain name? The court in *Caesar’s World, Inc. v. Caesars-Palace.com* said yes, and upheld the ACPA in rem provisions accordingly. However, little reasoning was offered for this holding beyond the bare assertion that mere domain name registration suffices to establish in rem jurisdiction. This article seeks to strengthen the argument for upholding the ACPA in rem provisions, and thereby to lend further stability to cybersquatting jurisprudence.

The notion that domain names embody a property interest capable of standing as a res for in rem jurisdiction is quite novel, and caselaw is far from lucid on the extent of minimum contacts required to satisfy due process outside the internet context—let alone what such a standard should look like in cybersquatting cases. Accordingly, courts scrutinizing the ACPA’s in rem provisions should stick close to the actual language and the practical effect of the provisions on cybersquatters’ rights, taking into account the unique nature of the injury sought to be remedied. This article therefore confines its due process analysis to the in rem provisions contained in the ACPA, and leaves open the broader, more intractable question of whether in rem jurisdiction, divorced from the manner in which it operates under a specific set of

⁸ *Caesar’s World, Inc. v. Caesars-Palace.com*, 112 F.Supp.2d 502 (E.D. Va. 2000).

⁹ *Id.* at 504.

¹⁰ Courts have rejected the challenge that domain names cannot stand as a res: “[e]ven if a domain name is no more than data, Congress can make data property,” as it did in the enactment of the ACPA. *Caesar’s World*, 112 F.Supp.2d at 504; *accord* *Lucent Technologies, Inc. v. LucentSucks.com*, 95 F.Supp.2d 528, 535 (E.D. Va. 2000). Moreover, it is well-settled that intangible property can stand as a res. *See, e.g., Harris v. Balk*, 198 U.S. 215 (1905). Outside the ACPA in rem context, however, the status of the property interest is less settled. *See generally* *Network Solutions, Inc. v. Umbro Int’l, Inc.*, 529 S.E.2d 80 (Va. 2000) (holding that domain names arise out of a contractual arrangement between the domain name registrar and the registrant, and consequently that domain names cannot be subject to garnishment).

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circumstances, requires the same level of minimum contacts as personal jurisdiction. This article proposes a relaxed minimum contacts standard for in rem jurisdiction as it applies narrowly to the ACPA, primarily on the basis of a pair of procedural safeguards contained in the in rem provisions. This article argues that additional contacts supplied by certain indicia of bad faith further support the constitutionality of the provisions.

Part I contextualizes this discussion by detailing the circumstances and concerns that led to the ACPA's enactment. It then describes the due process quagmire posed by recent cases decided under the ACPA, namely that mere domain name registration is insufficient to establish *personal* jurisdiction. Part II analyzes the ACPA's in rem provisions, and frames the discussion with a brief doctrinal overview of in rem jurisdiction by locating the ACPA in rem provisions within the broader debate over whether *all* assertions of jurisdiction (whether in personam or in rem) require the same showing of minimum contacts. Part III argues that to the extent due process may require more than the mere presence of property to confer jurisdiction, the conventional quasi in rem/in rem distinction remains a salient and prominent feature in the caselaw, although the distinction has blurred since the landmark case *Shaffer v. Heitner*. Part III then proceeds to argue that the ACPA contains certain procedural safeguards, akin to policies that underlie in rem jurisdiction in maritime law, that provide the framework for a relaxed minimum contacts standard for the ACPA in rem provisions. Part IV suggests that certain indicia of bad faith supply additional contacts that complement the ACPA's procedural safeguards and buttress the relaxed minimum contacts standard proposed in Part III. It also addresses the limitations of using the bad faith element to supply minimum contacts.

I. THE ANTI-CYBERSQUATTING CONSUMER PROTECTION ACT AND DUE
PROCESS

¹¹ *Shaffer v. Heitner*, 433 U.S. 186 (1977).

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Cybersquatting does not fall neatly under the traditional categories of trademark dilution: “blurring” and “tarnishment.” Prior to the ACPA, courts had little statutory or precedential guidance on how to adjudicate cybersquatting claims, and were thus left to fashion *ad hoc* remedies. The ACPA carves a space within the Lanham Act for trademark holders to eject bad faith cybersquatters off infringing domain names, outfitting trademark holders with “inexpensive and effective legal remedies” to police their marks. The bad faith element is key, for the statute is applicable only to those who “used the offending domain name with bad-faith intent to profit from the goodwill of a mark belonging to someone else.” The ACPA does not provide a cause of action when the accused cybersquatter registered and uses the domain name in good faith.

More controversially, the ACPA contains narrow in rem jurisdiction provisions whereby the domain name stands as the res, and the situs is deemed to be the jurisdiction hosting the domain name

¹² See, e.g., *Panavision Int’l, L.P. v. Toeppen*, 141 F.3d 1316, 1326 (9th Cir. 1998).

¹³ Lanham Act, 15 U.S.C. §§ 1051 *et seq.* (1946), amended by ACPA § 43(d), 15 U.S.C. § 1125(d) (1999).

¹⁴ *BroadBridge Media, LLC v. Hypercd.com*, 106 F.Supp.2d 505, 512 (S.D.N.Y. 2000).

¹⁵ *Id.* at 511 (quoting H.R. Conf. Rep. No. 106-412 (1999)). The court in *BroadBridge* went on to conclude “the bill does not extend to innocent domain name registrations by...someone who is aware of the trademark status of the domain name but registers a domain name containing the mark for any reason other than with bad faith intent to profit from the goodwill associated with that mark.” Another court noted “ACPA was not designed to combat domain name registrants utterly ignorant of certain existing trademarks, or those registrants with a good faith reason to believe that they have the right to register domain names.” *Harrods Ltd. v. Sixty Internet Domain Names*, 110 F.Supp.2d 420, 426 (E.D. Va. 2000).

¹⁶ ACPA § 43(d)(B)(ii) (“Bad faith intent...shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.”).

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registrar used by the alleged cybersquatter. Notably, in rem jurisdiction under the ACPA is only available when either the trademark holder cannot acquire in personam jurisdiction over the defendant, or the trademark holder is unable to ascertain who ought to be the proper defendant. Cybersquatting cases, founded on these in rem jurisdiction provisions, have since beset federal courts in the Eastern District of Virginia, host jurisdiction to Network Solutions, Inc. (NSI), and other jurisdictions hosting domain name registrars. Cybersquatting jurisprudence has developed rapidly in the wake of the ACPA, as trademark holders have clamored to take advantage of its remedies.

A. Circumstances Behind ACPA Enactment

The in rem provisions contained in the ACPA are in partial reaction to the situation that faced the plaintiff in *Porsche Cars of North America v. Porsche.com*. Plaintiff Porsche Cars found that dozens of domain names incorporated various permutations of its trademarks. Porsche Cars was faced with the daunting prospect of litigating against each of the dozens of infringing domain name registrants in countless jurisdictions. To skirt the behemoth cost such a course of action would entail, Porsche Cars brought a trademark dilution suit against this farrago of domain names in the Eastern District of Virginia on a theory of in rem

¹⁷ *Id.* § 43(d)(2).

¹⁸ *Id.* § 43(d)(2)(A)(ii)(I), (II).

¹⁹ *Porsche Cars of North America v. Porsche.com*, 51 F.Supp.2d 707 (E.D. Va. 1999). As one court noted, “[a]t least in part, Congressional concern for the Due Process rights of domain name registrants was inspired by this court’s decision in *Porsche Cars*.” *Lucent Technologies, Inc. v. LucentSucks.com*, 95 F.Supp.2d 528, 534 (E.D. Va. 2000). Representatives of Porsche Cars testified before Congress on the difficulties they encountered in policing use of their trademarks in domain names. See Thomas R. Lee, *In Rem Jurisdiction in Cyberspace*, 75 WASH. L. REV. 97, 107-109 (2000) (written prior to enactment of ACPA).

²⁰ Examples included, [interalia, <porsh.com>](http://porsh.com), [, <porscheweb.com>](http://porscheweb.com), and [, and <porsche911.com>](http://porsche911.com).

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jurisdiction, as opposed to an in personam suit against the domain name registrants. Porsche Cars argued that the domain names under dispute, registered by the Virginia-based Network Solutions, Inc. (NSI), constituted a res physically located in Virginia and therefore subject to in rem jurisdiction in the Eastern District of Virginia. The court rejected Porsche Cars' theory, reasoning, "the language of the Trademark Dilution Act does not appear to permit in rem actions against allegedly diluting marks." In addition, the court worried that "a contrary reading of the statute would unnecessarily put its constitutionality in doubt" under the Supreme Court's ruling in *Shaffer v. Heitner*. The ACPA undoubtedly salves the former concern, but the latter may prove more obstinate.

²¹ See Lee, *supra* note 19, at 108-109.

²² 51 F.Supp.2d at 711.

²³ *Id.*

²⁴ *Id.*

²⁵ *Shaffer v. Heitner*, 433 U.S. 186 (1977).

²⁶ A different challenge, unrelated to the in rem provision per se, poses a First Amendment concern relating to parody and fair use of domain names. See, e.g., *Lucent Technologies, Inc. v. LucentSucks.com*, 95 F.Supp.2d 528 (E.D. Va. 2000). First Amendment concerns are not the focus of my analysis, so I shall say no more about them. For a recent non-ACPA appellate opinion on this issue in the domain name context, see *CPC Int'l Inc. v. Skippy Inc.*, 214 F.3d 456 (4th Cir. 2000). For some cautionary remarks on the importance of maintaining a balance between trademarks, unfair competition and free speech, see Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1710-1711 (1999). First Amendment concerns have risen frequently in the internet context. See, e.g., *ACLU v. Reno*, 217 F.3d 162 (3rd Cir. 2000) (granting preliminary injunction against enforcement of the Child Online Protection Act, 47 U.S.C. § 231 (1998), on grounds that it more likely imposes an unconstitutional burden on First Amendment free speech). For a discussion of filtering software in libraries and First Amendment free speech, see Mark S. Nadel, *The First Amendment's Limitations on the Use of Internet in Public and School Libraries: What Content Can Librarians Exclude?*, 78 TEXAS L. REV. 1117 (2000). See also Matthew Thomas Kline, *Mainstream Loudoun v. Board of Trustees of The Loudoun County Library*, 14 BERKELEY TECH. L.J. 347 (1999). For a discussion of filtering technology, see

B. The Jurisdictional Quagmire

In *Shaffer*, the Supreme Court found that assertions of quasi in rem jurisdiction must be accompanied by a showing of minimum contacts equivalent to those necessary for personal jurisdiction under *International Shoe Co. v. Washington*. In a decision subsequent to *Shaffer*, *Burnham v. Superior Court of California*, the Court split on whether *all* assertions of jurisdiction, including both in rem and quasi in rem, must meet the minimum contacts standard for personal jurisdiction. The first decision to uphold the constitutionality of the ACPA in rem provisions was *Caesars World, Inc. v. Caesars-Palace.com*. In *Caesars World*, the defendant argued that “under *Shaffer v. Heitner*, in rem jurisdiction is only constitutional in those circumstances where the res provides minimum contacts sufficient for in personam jurisdiction.” The court squarely rejected this reading, holding instead that *Shaffer* requires “minimum contacts to support personal jurisdiction only in those in rem proceedings where the underlying cause of action is unrelated to the property which is located in the forum state.” For cybersquatting cases brought in rem under the ACPA, the domain name that constitutes the res is the underlying cause of action, so “it is unnecessary for minimum contacts to meet personal jurisdiction standards.” The court stated,

Jonathan Weinberg, *Rating the Net*, 19 HASTINGS COMM. & ENT. L.J. 453 (1997).

²⁷ *International Shoe Co. v. Washington*, 326 U.S. 310 (1945).

²⁸ *Burnham v. Superior Court of California*, 495 U.S. 604 (1990).

²⁹ *Caesars World, Inc. v. Caesars-Palace.com*, 112 F.Supp.2d 502 (E.D. Va. 2000).

³⁰ *Id.* at 504

³¹ *Id.*

³² *Id.*

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without supporting citations, that in rem jurisdiction does not require the level of minimum contacts necessary to establish personal jurisdiction. The court added, “[t]o the extent that minimum contacts are required for in rem jurisdiction under *Shaffer*....domain name registration” suffices.

The court in *Caesar’s World* offered no substantive argument for its reading of *Shaffer*. This is puzzling, because it is not at all apparent how *Shaffer* and *Burnham* apply to domain name disputes. In rem is used most often in civil forfeiture or admiralty proceedings, so case law is largely inapposite. This dearth of support does little to fend off the due process challenge and would appear to leave the court’s ruling vulnerable.

To complicate matters, the Ninth Circuit in *Panavision International, L.P. v. Toeppen*, a non-ACPA case, has held that domain name registration alone does not satisfy minimum contacts for *personal* jurisdiction. The Eastern District of Virginia has since ruled identically in a case brought in rem under the ACPA. The quagmire is this: a finding that in rem jurisdiction requires a level of minimum contacts commensurate to those required for in personam suits would invalidate the in rem provisions of the ACPA, because domain name registration alone, at least according to the decisions rendered so far, is insufficient to establish personal jurisdiction. This would gut much of the impetus for the ACPA, as cybersquatters who register anonymously or reside overseas would be immune to suit in U.S. courts. As we shall see in Part II below, however, courts have readily used the in rem provisions to

³³ *Id.*

³⁴ See Thomas R. Lee, *In Rem Jurisdiction in Cyberspace*, 75 WASH. L. REV. 97, 118 (2000) (written prior to enactment of ACPA).

³⁵ *Panavision Int’l, 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)).

³⁶ *Heathmount A.E. Corp. v. Technodome.com*, 106 F.Supp.2d 860 (E.D. Va. 2000).

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subject a class of these cybersquatters—namely those that exhibit bad faith—to jurisdiction in their court, but they have done so only when the plaintiff could not otherwise acquire personal jurisdiction over the cybersquatter anywhere in the United States or the plaintiff could not, after exercising due diligence, ascertain who ought to be the defendant.

II. IN REM JURISDICTION AND THE ACPA

A. In Rem Jurisdiction Past

With historical roots in *Pennoyer v. Neff*, a decision handed down in 1877, in rem jurisdiction enjoys “a long history in... admiralty and condemnation proceedings.” *Pennoyer* established the doctrine that “state authority to adjudicate was based on the jurisdiction’s power over either persons or property,” which carried the simultaneous effect of sharply limiting personal jurisdiction while endorsing expansive in rem jurisdiction. As interstate contacts mushroomed with the advent of modern transportation and technologies, injuries were increasingly caused by non-resident defendants who could not be served with process. To circumvent the formulaic holding of *Pennoyer*, courts devised surrogates for personal jurisdiction to remedy injuries meted out by peripatetic defendants. The strict dictum limiting the reach of personal

³⁷ *Pennoyer v. Neff*, 95 U.S. 714 (1877). For an interesting discussion concerning the factual background of *Pennoyer*, see Wendy Purdue, *Sin, Scandal, and Substantive Due Process: Personal Jurisdiction and Pennoyer Reconsidered*, 62 WASH. L. REV. 479, 481-489 (1987).

³⁸ Lee, *supra* note 34, at 118.

³⁹ *Shaffer v. Heitner*, 433 U.S. 186, 199 (1977); *accord Harris v. Balk*, 198 U.S. 215 (1905), *discussed in Shaffer*, 433 U.S. at 200.

⁴⁰ For example, courts would sometimes assume that a non-resident defendant constructively appointed a “state official as his agent to accept process.” *Shaffer*, 433 U.S. at 202 (citing *Hess v. Pawloski*, 274 U.S. 352 (1927) (upholding state law according to which intrastate motorists constructively appoint a state official to accept process)); *St. Clair v. Cox*, 106 U.S. 350 (1916) (upholding state law requiring corporations seeking to do business within state to appoint in-state agent for receiving process).

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jurisdiction to sovereign territory began to relax, albeit in the form of a legal fiction that “left the conceptual structure in *Pennoyer*” based on state sovereignty intact. *International Shoe* abandoned the *Pennoyer* theory of personal jurisdiction by discarding this legal fiction and adopting the evolving but still extant “minimum contacts” test. Rather than focus on the mere presence of property, *International Shoe* demands that courts inquire into the defendant’s degree of contacts with the forum state. *International Shoe* and its progeny thus called in to question the propriety of states’ inviolate jurisdiction over property located within their borders, blurring the in rem/in personam distinction.

Assertions of in rem jurisdiction may be divided into two categories. The first category, referred to simply as “in rem” jurisdiction, concerns an assertion of jurisdiction over a res where the res underlies the claim. The second category, called “quasi in rem” jurisdiction, concerns claims where the plaintiff is either attempting to settle claims to the property *exclusively* as to the parties involved in the lawsuit, or seeking to use the res as a means to satisfy a claim unrelated to the status of the res. Suits brought in rem under the ACPA fall into the first category, because the dispute is over the res itself.

⁴¹ See, e.g., *Burnham v. Superior Court of California*, 495 U.S. 604 (1990).

⁴² *Shaffer*, 433 U.S. at 202.

⁴³ *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945), noted in *Burnham*, 495 U.S. at 618.

⁴⁴ *International Shoe*, 326 U.S. at 317; accord *Intermeat Inc. v. American Poultry, Inc.*, 575 F.2d 1017, 1021 (2d Cir. 1978).

⁴⁵ See, e.g., *Burnham*, 495 U.S. at 630 (Brennan, J., concurring).

⁴⁶ See, e.g., *Caesar’s World, Inc. v. Caesars-Palace.com*, 112 F.Supp.2d 502 (E.D. Va. 2000).

B. In Rem Jurisdiction According to the Supreme Court: No Clear Rule

It is well-settled that *Shaffer* involved at least the constitutionality of quasi in rem jurisdiction. The Court was clear in *Shaffer* that quasi in rem jurisdiction satisfies due process only to the extent that it satisfies personal jurisdiction according to *International Shoe*. What is not clear is whether the same standard applies to in rem jurisdiction. In *Burnham*, Justice Scalia, declaring the judgment of the court and writing for Chief Justice Rehnquist and Justice Kennedy, argued that in rem jurisdiction was fully constitutional in cases involving a dispute in which the property acting as the res was itself the subject of the dispute. According to Justice Scalia, *Shaffer* equates quasi in rem jurisdiction to personal jurisdiction, and therefore requires only suits brought quasi in rem to comport with the minimum contacts analysis laid out in *International Shoe*. Justice Scalia relied heavily on a historical understanding of due process to construct his argument, focusing on the states' historic right to adjudicate the status of property within their borders.

Justice Brennan concurred in the judgment, joined by Justices

⁴⁷ See, e.g., *Burnham*, 495 U.S. at 620; *Intermeat, Inc. v. American Poultry Inc.*, 575 F.2d 1017, 1021 (2d Cir. 1978); *Orient Overseas Container Line v. Kids Int'l Corp.*, 1998 WL 531840, at *5 (S.D.N.Y. Aug. 24, 1998)(citing *Cargill, Inc. v. Sabine Trading & Shipping Co.*, 756 F.2d 224, 228 n.2 (2d Cir.1985)).

⁴⁸ *Shaffer*, 433 U.S. at 186.

⁴⁹ *Burnham*, 495 U.S. at 621.

⁵⁰ *Id.* Roughly, one might think of Justice Scalia's argument as being that in rem jurisdiction is to specific personal jurisdiction what quasi in rem jurisdiction is to general personal jurisdiction.

⁵¹ *Id.* at 610-616. For a defense of Justice Scalia's opinion and specifically his use of history, see Earl M. Maltz, *Personal Jurisdiction and Constitutional Theory—A Comment on Burnham v. Superior Court*, 22 RUTGERS L.J. 689 (1991).

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Marshall, Blackmun, and O'Connor. Justice Brennan criticized Justice Scalia's "reliance solely on historical pedigree," arguing that the point of analysis should be whether "traditional notions of fair play and substantial justice" are flaunted, and not historical practice. According to Justice Brennan, "[t]he critical insight of *Shaffer* is that all rules of jurisdiction, even ancient ones, must satisfy contemporary notions of due process." In other words, *Shaffer* applies not only to quasi in rem jurisdiction, but to all forms of jurisdiction—including, it would seem, in rem jurisdiction. He continued, arguing that *International Shoe* and *Shaffer* have been predominantly interpreted "to mean that every assertion of state-court jurisdiction...must comport with contemporary notions of due process," a contention Justice Brennan supports with a catalog of citations from "lower courts, commentators, and the American Law Institute."

C. In Rem Jurisdiction Present: The ACPA

⁵² In his short concurrence Justice White, in response to Justice Scalia's use of history, reminded the Court that they enjoy "the authority under the [14th] Amendment to examine even traditionally accepted procedures and declare them invalid." *Burnham*, 495 U.S. at 628 (White, J., concurring). Justice Stevens also concurred in the judgment, but criticized the court for the "unnecessarily broad reach" of its arguments. *Id.* at 640 (Stevens, J., concurring).

⁵³ *Id.* at 629 (quoting *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945)).

⁵⁴ *Id.* at 630.

⁵⁵ *Id.*

⁵⁶ *Id.* at 631; accord *id.* at 631-632 nn.4-6. For additional remarks on *Burnham*, see Linda A. Silberman, *Reflections on Burnham v. Superior Court: Toward Presumptive Rules of Jurisdiction and Implications for Choice of Law*, 22 RUTGERS L.J. 569 (1991). See also Robert Taylor-Manning, *An Easy Case Makes Bad Law—Burnham v. Superior Court of California*, 66 WASH. L. REV. 623 (1991) (arguing that transient jurisdiction should be abolished in favor of the minimum contacts standard).

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Enter the ACPA and its novel in rem provisions. Section 43(d)(2) provides mark holders with a narrowly defined in rem cause of action “against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name” if the domain name was registered or used with the requisite bad faith intent to profit. The jurisdiction hosting the domain name registrar or domain name authority used by the alleged cybersquatter constitutes the situs of the res. Significantly, the sole remedies available in rem are “forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.”

The in rem action is available in only two circumstances. First, under subpart (I), a mark holder may bring an in rem suit if personal jurisdiction cannot be acquired over the cybersquatter behind the offending domain name. Courts have construed this requirement to mean that if personal jurisdiction is available anywhere in the United States, the general prohibition against in rem jurisdiction set forth by

⁵⁷ As one court noted, “the permissible scope of personal jurisdiction on Internet use is in its infant stages.” *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F.Supp. 1119, 1123 (W.D. Pa. 1997). The ACPA is approximately one year old at the time of this writing, so the same seems to hold true for in rem jurisdiction on Internet use.

⁵⁸ ACPA § 43(d)(2). The plaintiff need not “establish that the domain name violates the rights of plaintiff before filing an in rem claim.” *Caesar’s World, Inc. v. Caesars-Palace.com*, 122 F.Supp.2d 502, 505 (E.D. Va. 2000). It is important to emphasize, however, that Congress’s proclamation that a domain name is a res with a situs applies only to a domain name designated as a defendant in an in rem suit, as the language establishing res and situs appears first and exclusively within the in rem provisions. *See* ACPA §§ 43(d)(2)(A) (establishing domain name as res for in rem suit), 43(d)(2)(C) (establishing situs of res).

⁵⁹ *Id.* § 43(d)(2)(C).

⁶⁰ *Id.* § 43(d)(2)(D)(i).

⁶¹ *Id.* § 43(d)(2)(A)(ii)(I).

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Porsche Cars controls. Put differently, a plaintiff must affirmatively establish a lack of personal jurisdiction to proceed in rem. According to the court in *Heathmount*, this:

places the Plaintiff and the Court in an awkward relationship. In an in personam proceeding, a plaintiff must prove personal jurisdiction by a preponderance of the evidence. In such cases, a court will construe all relevant allegations in the light most favorable to the Plaintiff and draw inferences in favor of jurisdiction. Subpart (I) of the in rem statute turns this analysis on its head.... [requiring plaintiff to] “disprove” the presence of personal jurisdiction in order to proceed in rem.

⁶² See, e.g., *Lucent Technologies, Inc. v. LucentSucks.com*, 95 F.Supp.2d 528, 534 (E.D. Va. 2000) (“Congress enacted [the in rem provisions of ACPA] to provide a last resort where in personam jurisdiction is impossible....inspired by this court’s decision in *Porsche Cars of North America*”); *Heathmount A.E. Corp. v. Technodome.com*, 106 F.Supp.2d at 864 n.6 (E.D. Va. 2000) (“To satisfy the absence of personal jurisdiction....a court must assess whether personal jurisdiction exists in the forum state and also whether personal jurisdiction exists in any other states.”).

⁶³ However, in personam jurisdiction cannot be based merely on an appearance in an in rem action. See *Harrods Ltd. v. Sixty Internet Domain Names*, 110 F.Supp.2d 420, 423 (E.D. Va. 2000).

⁶⁴ *Heathmount*, 106 F.Supp.2d at 862 (citations omitted).

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In other words, under the normal rule for personal jurisdiction, an ACPA plaintiff “bear[s] the burden of proving the ‘absence’ of personal jurisdiction by a preponderance of the evidence,” which essentially involves “proving a negative.” However, plaintiffs seeking merely the transfer of the disputed domain name and not any damages can save time and expense by proceeding in rem, as the pursuit of suits brought in personam will generally be more costly due to the threat of potential monetary damages that might beset the defendant and the possibility of litigating in multiple jurisdictions. Accordingly, there is “a disincentive for plaintiffs to cull information that might establish the presence of personal jurisdiction.” Given that the in rem provisions are not “intend[ed] to provide an easy way for trademark owners to proceed in rem after jumping through a few pro forma hoops,” the *Heathmount* court found that “a plaintiff’s burden to prove the ‘absence’ of personal jurisdiction in subpart (I) cases should mirror the burden imposed on plaintiffs proceeding under subpart (II).”

⁶⁵ *Id.*

⁶⁶ *Id.* at 863.

⁶⁷ *Id.*

⁶⁸ *Lucent Tech.*, 95 F.Supp.2d at 534.

⁶⁹ *Heathmount*, 106 F.Supp.2d at 863.

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Subpart (II) provides for an in rem suit if the mark holder cannot “through due diligence” identify who ought to be the proper defendant. This subpart captures those registrants who play “cat and mouse” and submit false or misleading contact information to the registrar, thus making it impossible to trace the true registrant.

In *Lucent Technologies*, the court elaborated on what constitutes due diligence in this context. The plaintiff in *Lucent Technologies* tried to alert the alleged cybersquatter to the infringement by sending a Federal Express letter to the address listed in the registration agreement. The letter was returned. The alleged cybersquatter in *Lucent Technologies* had moved, but forgot to change the address listed in his domain name registration agreement. However, he did leave a forwarding address with the post office. Plaintiff successfully reached the alleged cybersquatter by first class mail, but nevertheless filed the in rem action just eight days after the first class mailing. The court found that “a waiting period of merely eight days does not demonstrate the requisite due diligence” to establish in rem jurisdiction under the ACPA. The court went on to suggest that ten days might be the minimum, but was inconclusive, finding only that eight days was not enough.

⁷⁰ ACPA § 43(d)(2)(ii)(II).

⁷¹ *Caesar’s World, Inc. v. Caesars-Palace.com*, 112 F.Supp.2d 502, 505 (E.D. Va. 2000).

⁷² *Lucent Tech.*, 95 F.Supp.2d at 530.

⁷³ *Id.*

⁷⁴ *Id.* at 532.

⁷⁵ *Id.* (internal quotation marks omitted).

⁷⁶ *Id.* at 533.

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Determining whether a plaintiff has discharged her burden of showing a lack of personal jurisdiction “will, of necessity, be fact driven.” Courts thus enjoy a substantial measure of discretion on this matter. The service of process requirements for in rem jurisdiction listed in subparts (II)(aa) and (bb) are illustrative of this discretion. Service of process *may* be achieved by:

- (aa) sending a notice of the alleged violation and intent to proceed [in rem] to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and
- (bb) publishing notice of the action as the court may direct promptly after filing the action.

In *Banco Inverlat*, the court concluded that it had the discretion to waive the service by publication requirements under (bb), provided the plaintiff had successfully contacted the cybersquatter by mail and email. In essence, the statutory notice obligations may be satisfied once the cybersquatter has actual notice of the in rem suit.

The burden falls squarely on the plaintiff to show the requisite lack of personal jurisdiction in order to proceed in rem. Moreover, suits brought in rem require a showing of bad faith coextensive with that necessary for personal jurisdiction under the ACPA. As the analysis

⁷⁷ *Heathmount v. Technodome.com*, 106 F.Supp.2d 860, 863 (E.D. Va. 2000). This broad grant of discretion accords with the similarly broad discretion available in ascertaining bad faith intent to profit. *See* Part IV, *infra*.

⁷⁸ ACPA § 43(d)(2)(A)(ii)(II)(aa), (bb).

⁷⁹ *Banco Inverlat v. www.inverlat.com*, 112 F.Supp.2d 521, 523 (E.D. Va. 2000).

⁸⁰ *Id.*

⁸¹ *See, e.g., BroadBridge Media v. Hypercd.com*, 106 F.Supp.2d 505, 511 (S.D.N.Y. 2000); *Harrods Ltd. v. Sixty Internet Domain Names*, 110 F.Supp.2d 420, 425 (E.D. Va. 2000).

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above indicates, the in rem provisions are quite narrow, and only available to plaintiffs who would not otherwise have any recourse against an infringing domain name. These considerations suggest establishing a relaxed minimum contacts standard for in rem suits brought under the ACPA.

III. A RELAXED MINIMUM CONTACTS STANDARD FOR IN REM
JURISDICTION SUITS BROUGHT UNDER THE ACPA

A. Stabilizing the Constitutional Status of In Rem Jurisdiction

Despite the paucity of caselaw and the Supreme Court's divided opinion in *Burnham*, a more determinate rule for satisfying due process may reside in the quasi in rem/in rem distinction propounded by Justice Scalia in *Burnham*. In *Amoco Overseas Oil Co. v. Compagnie Nationale Algerienne de Navigation*, the Second Circuit distinguished its case from *Shaffer* by noting that contra *Shaffer*, the property acting as res "is related to the matter in controversy." Several district courts, the Supreme Court of Delaware, and several lower state courts have drawn an identical distinction. However, it would be premature to presume without qualification the viability of the distinction.

The court in *Amoco* emphasized the distinction between quasi in rem and in rem jurisdiction, but effectively blurred the relationship between the two. A suit brought quasi in rem, *Amoco* involved a tanker shipment of oil that plaintiff alleged had not been fully completed. The shipping contract had been negotiated in the forum state, and the tanker docked there after its allegedly incomplete shipment. Plaintiff attached the tanker and brought suit, naming the tanker as the res. The court

⁸² *Amoco Overseas Oil Co. v. Compagnie Nationale Algerienne de Navigation*, 605 F.2d 648, 655 (2d Cir. 1979).

⁸³ *See, e.g.*, *John N. John, Jr., Inc. v. Brahma Petroleum Corporation*, 699 F.Supp. 1220, 1222 (W.D. La. 1988); *Long v. Baldt*, 464 F.Supp. 269, 273 (D.S.C. 1979); *Papendick v. Bosch*, 410 A.2d 148, 152 (Del. 1979); *Holt v. Holt, II*, 41 N.C.App. 344, 350 (N.C. Ct. App. 1979); *Smith v. Lanier*, 998 S.W.2d 324, 331 (Tex. App. 1999).

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interpreted *Shaffer* to mean “the test of fair play and substantial justice that governs in personam jurisdiction controls in rem jurisdiction as well.” The court concluded that the presence of the property under dispute was sufficient contact, together with the shipping contract, to give rise to personal jurisdiction, and so in rem jurisdiction would be proper. Note that the mere presence of the property, standing alone, was significant evidence of minimum contacts, but not enough on its own to confer jurisdiction. Other courts have concurred with this general rule, sustaining the quasi in rem/in rem distinction and holding that the property standing as the res is substantial proof of minimum contacts, but not necessarily decisive.

At the very least, it appears that the quasi in rem/in rem distinction matters. How it matters is a different question, the answer to which may reside in the very fact that courts have treated quasi in rem and in rem as analytically distinct. This suggests that the constitutionality of the ACPA’s provisions hinges on the degree of contact afforded by the presence of the domain name and whatever additional contacts, if any, are necessary to establish in rem jurisdiction. These considerations imbue the due process analysis with shades of gray, as it is not at all clear what level of contacts the property, along with any other dealings with the jurisdiction, supplies. Minimum contacts are, at least to some extent, built in to all suits brought in rem, since the property interest, or domain names more specifically under the ACPA, comprise the core of the dispute. A generic rule might be that the tighter the relationship between the property and the dispute, the fewer the secondary contacts, if any, that are needed for establishing in rem

⁸⁴ *Amoco*, 605 F.2d at 654 (internal quotation marks omitted).

⁸⁵ *Id.*

⁸⁶ See, e.g., *John N. John, Jr.*, 699 F.Supp. at 1222; *Long*, 464 F.Supp. at 272; *Papendick*, 410 A.2d at 152; *Holt*, 41 N.C.App. at 350; *Smith*, 998 S.W.2d at 331; accord *Amoco*, 605 F.2d at 655. But cf. *Porsche Cars North America, Inc. v. Porsche.com*, 51 F.Supp.2d 707, 712 (E.D. Va. 1999); *Sterling Consulting Corp., Inc. v. Indian Motorcycle Trademark*, 1997 WL 827450, at *1 (D. Colo. Sep. 5, 1997).

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jurisdiction. This seems to delineate some middle ground between the older rule for in rem jurisdiction, which focused on the mere presence of property, and the “contemporary notions of due process” promulgated by Justice Brennan in his *Burnham* concurrence. The middle ground does not, however, map neatly onto the domain name context.

The *Heathmount* court marginalized the substantiality of the domain name’s relation to the registrar’s jurisdiction, arguing essentially that the contacts *which led up to* the acquisition of the property were not substantial enough to establish personal jurisdiction, and furthermore that the registrar’s *continuing relationship* to the property was minimal. This turns the analysis on its head: the *Heathmount* court objected to personal jurisdiction in part because the *property itself* was somehow not substantial enough, as opposed to the cybersquatter’s contacts with the forum. The question thus remains: what degree of minimum contacts does due process require for domain name disputes brought in rem under the ACPA, and does the ACPA provide them?

B. In Rem Jurisdiction in the Maritime Context

There is little caselaw available to flesh out the contours of constitutionally permissible in rem jurisdiction, and courts readily admit that the minimum contacts test does not present a bright line rule on the scope of in rem jurisdiction. Rather than try to guess the precise level of minimum contacts in rem jurisdiction demands, the due process concern raised by the ACPA in rem provisions may be salved by turning to the policy considerations that underpin in rem jurisdiction in the maritime

⁸⁷ *Burnham v. Superior Court of California*, 495 U.S. 604, 630 (1990) (Brennan, J., concurring).

⁸⁸ *See Heathmount A.E. Corp. v. Technodome.com*, 106 F.Supp.2d 860 (E.D. Va. 2000).

⁸⁹ *See, e.g., Estes v. Midwest Products*, 24 F.2d 621, 625 (S.D.W. Va. 1998) (jurisdiction is “wholly dependent on the facts of the individual case” (quoting *Perkins v. Benguet Consol. Min. Co.*, 342 U.S. 437, 445 (1952))).

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context -- where in rem jurisdiction enjoys a particularly venerable tradition -- and comparing these considerations to similar policies underlying the ACPA in rem provisions. Minimum contacts will be revisited in Part III.

The *Amoco* court drew on two additional factors to distinguish its facts from those of *Shaffer*, namely the special status of maritime claims and “jurisdiction by necessity.” First, *Amoco* involved a maritime claim, a class of disputes afforded special consideration by Article III, § 2 of the Constitution and thus sheltered from the full purview of *Shaffer*. In particular, “the perpetrators of maritime injury are likely to be peripatetic” and thus difficult for courts to exert authority over, which implicates a distinct category of policies endemic to the maritime context. A policy concern relating to absentee defendants tends to weigh in favor of jurisdiction. Second, and closely related, the *Amoco* court found it particularly important that unlike the case before it, “*Shaffer* involved an attempt by one domestic state to assert jurisdiction over

⁹⁰ *Amoco*, 605 F.2d at 655. For a discussion of jurisdiction by necessity, see Fraser, *Jurisdiction by Necessity--An Analysis of the Mullane Case*, 100 U. PA. L. REV. 305 (1951). See also Joseph J. Kalo, *The Meaning of Contact and Minimum National Contacts: Reflections on Admiralty In Rem and Quasi In Rem Jurisdiction*, 59 TULANE L. REV. 24 (1984); Harold S. Lewis, Jr., *A Brave New World For Personal Jurisdiction: Flexible Tests Under Uniform Standards*, 37 VAND. L. REV. 1, 61-65 (1984); Arthur T. von Mehren & Donald T. Trautman, *Jurisdiction To Adjudicate: A Suggested Analysis*, 79 HARV. L. REV. 1121, 1173-1174 (1966); Tracy Lee Troutman, Note, *Jurisdiction by Necessity: Examining One Proposal for Unbarring the Doors of Our Courts*, 21 VAND. J. TRANSNAT'L L. 401 (1988).

⁹¹ *Amoco*, 605 F.2d at 654; accord *Grand Bahama Petroleum Co., Ltd. v. Canadian Transportation Agencies, Ltd.*, 450 F.Supp. 447 (W.D. Wash. 1978). But cf. *Alyeska Pipeline Service Co. v. Bay Ridge*, 509 F.Supp. 1115, 1121-1122 (D. Alaska 1981) (suggesting that *Shaffer* may apply to maritime law); *Merchants National Bank of Mobile v. Dredge General G.L. Gillespie*, 663 F.2d 1338 (5th Cir. 1981) (Tate, J., dissenting). For a general discussion of due process and maritime claims, see Joshua Morse, *The Conflict Between the Supreme Court Admiralty Rules and Sniadichi-Fuentes: A Collision Course?*, 3 FLA. ST. U. L. REV. 1 (1975).

⁹² *Amoco*, 605 F.2d at 655.

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defendants who, it appears, could have been sued in at least one other state in the United States.” In *Shaffer* Justice Marshall, writing for the majority, specifically left open "the question whether the presence of a defendant's property in a State is a sufficient basis for jurisdiction when no other forum is available to the plaintiffs." The *Amoco* court worried that a denial of in rem jurisdiction would leave the plaintiffs without recourse in any U.S. court.

C. Cybersquatting Implicates Policy Concerns Similar to Those that Underlie Due Process in Maritime Law Which Support the Constitutionality of the ACPA In Rem Provisions

Cyberpirates keen to the rules of personal jurisdiction can register anonymously or provide false contact information in their registration to avoid suit. Indeed, doing so tends to weigh in favor of bad faith under ACPA. Moreover, not all cyberpirates will be U.S. residents. Cyberpirates may be the internet equivalent of the “peripatetic maritime perpetrators” over which the *Amoco* court expressed special concern. Most importantly, the pertinence of the jurisdiction by necessity concern to the in rem provisions contained in the ACPA is manifest. The ACPA provides for in rem jurisdiction only when personal jurisdiction is

⁹³ *Id.*

⁹⁴ *Shaffer*, 433 U.S. at 211 n.37; accord Linda Silberman, *Shaffer v. Heitner: The End of an Era*, 53 N.Y.U. L. REV. 33, 76 (1978).

⁹⁵ *Amoco*, 605 F.2d at 655; accord *Merchants National Bank of Mobile v. Dredge General G.L. Gillespie*, 663 F.2d 1338 (5th Cir. 1981).

⁹⁶ Since we are discussing maritime law, perhaps “cyberpirating,” an oft-used synonym for cybersquatting, is more appropriate.

⁹⁷ ACPA § 43(d)(1)(B)(VII).

⁹⁸ See, e.g., *Heathmount A.E. Corp. v. Technodome.com*, 106 F.Supp.2d 860, 861 (E.D. Va. 2000); *Banco Inverlat, S.A. v. www.inverlat.com*, 112 F.Supp.2d 521, 523 (E.D. Va. 2000).

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unavailable, a requirement to which courts have steadfastly adhered. In rem jurisdiction can only be used as the last resort, and even then, the scope of punishment is relatively mild, involving the transfer of the domain name for which the plaintiff paid approximately \$70.00. The ACPA in rem provisions are narrowly tailored to function as a last resort for trademark holders.

Admittedly, there is no constitutional, statutory, or common law basis for treating cyberpirates like maritime perpetrators or domain names like boats. Standing alone, the maritime/domain name analogy may be insufficient to bring the wholesale of ACPA cases within the unique confines of admiralty jurisprudence. However, to the extent that in rem jurisdiction currently seems to occupy an indeterminate middle ground for minimum contacts, the analogy does tend to support the constitutionality of the ACPA's in rem provisions. In sharp contrast to both *Shaffer* and *Burnham*, where the defendants were apparently easily ascertainable and highly unlikely to flee the country to avoid suit, cybersquatters may reside overseas or easily register anonymously. Perhaps most significantly, other forums were available to the plaintiffs in *Shaffer* and *Burnham*. As I suggested in Part II, an ACPA in rem

⁹⁹ See *supra* text accompanying note 61.

¹⁰⁰ This is not to suggest that all domain names are worth \$70.00, regardless of how the domain name has been used. <Sony.com>, for instance, is surely worth far more to Sony than the registration fee. Consider, however, that the market for infringing domain names consists of the trademark owner. It is therefore unlikely that a cybersquatter will invest considerable resources into the development and promotion of a domain he simply intends to sell. The value of the infringing domain name to the cybersquatter lies in the fact that it infringes on a bona fide trademark that is of substantial value to the mark owner, and not because of the resources the cybersquatter has expended, or will expend, in developing the domain name for permissible uses.

¹⁰¹ In *Shaffer*, Justice Marshall recognized that the jurisdiction by necessity concern could impact the due process analysis. See 433 U.S. at 211 n.37.

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action may be a trademark holder's only recourse against cybersquatters. Finally, extending the jurisdiction by necessity concern beyond the maritime context is not unprecedented.

The "peripatetic" character of cybersquatters and the jurisdiction by necessity concern are powerful reasons for upholding the ACPA in rem provisions, and might be seen as the basis for a relaxed minimum contacts standard. To the extent that domain name registration "must be viewed as only one contact of the defendant with the state, to be considered along with other contacts in deciding whether the assertion of jurisdiction is consistent with traditional notions of fair play and substantial justice," the constitutionality of the in rem provisions is further strengthened by the bad faith requirement, which may have a direct bearing on minimum contacts.

IV. BAD FAITH INTENT TO PROFIT AS MINIMUM CONTACTS

The ACPA provides a non-exhaustive list of factors to aid in the determination of what constitutes bad faith:

- (I) the trademark or other intellectual property rights of the person, if any, in the domain name;
- (II) the extent to which the domain name consists of the legal name of the person or a name that is

¹⁰² As one court has noted, "things must be the subject of jurisdiction capable of affecting their form, location, possession, existence, etc. It would be abstract justice to determine the interests of people in things without a jurisdiction capable of effecting such determination." *Chapman v. E. Vande Bunte*, 604 F.Supp. 714, 716 (E.D.N.C. 1985).

¹⁰³ *See, e.g., Papendick v. Bosch*, 410 A.2d 148,153 (Del. 1979) (finding that jurisdiction by necessity tends to establish jurisdiction according to "basic considerations of fairness" (internal quotation marks omitted)).

¹⁰⁴ *Intermeat, Inc. v. American Poultry, Inc.*, 575 F.2d 1017, 1022 (2d Cir. 1978) (internal quotation marks omitted) (discussing *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945)).

otherwise commonly used to identify that person;

(III) the person's prior use, if any, of the domain name in a site accessible under the domain name;

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

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

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

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

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

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

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(c)(1) of this section.

The statute vests courts with broad discretion in their inquiry into bad faith, stating that “a court *may* consider such factors as, but *not limited to*,” the indicia listed above. These factors merely “suggest bad-faith intent or lack thereof,” as “the presence or absence of any of these factors may not be determinative.” Thus, a court is free to draw on other considerations in its determination of bad faith. However, plaintiffs must expressly plead bad faith in order to proceed under the ACPA, regardless of whether their suit is based on in personam or in rem jurisdiction. Plaintiffs need not, though, “affirmatively prove[] the absence of any reasonable basis for the Defendant’s use” of the domain name under dispute. In essence, the bad faith requirement fixes attention on the activities and intentions of the would-be cybersquatter.

A cybersquatter’s bad faith intent to profit could be used to

¹⁰⁵ ACPA § 43(d)(2)(B)(i)(I)-(IX).

¹⁰⁶ *Id.* § 43(d)(1)(B)(emphasis added).

¹⁰⁷ *Anti-Cybersquatting Consumer Protection Act Report*, 140 S. Rep. No. 106-104 (1999), “Balancing cybersquatting deterrence with protected trademark uses.”

¹⁰⁸ *See, e.g., Sporty’s Farm L.L.C. v. Sportsman’s Market, Inc.*, 202 F.3d 489, 498 (2d Cir. 2000).

¹⁰⁹ *See, e.g., BroadBridge Media v. Hypercd.com*, 106 F.Supp.2d 505, 511(S.D.N.Y. 2000); *Harrods Ltd. v. Sixty Internet DomainNames*, 110 F.Supp.2d 420, 425-426 (E.D. Va. 2000).

¹¹⁰ *Northern Lights Technology, Inc. v. Northern Lights Club*, 97 F.Supp.2d 96, 118-119 (D. Mass. 2000).

¹¹¹ For a pre-ACPA argument in favor of expansive in rem jurisdiction over domain names, see Thomas R. Lee, *In Rem Jurisdiction in Cyberspace*, 75 WASH. L. REV. 97 (2000). Professor Lee’s argument relies substantially on domain name registration as establishing minimum contacts, a position that courts have since rejected. *See, e.g., America Online, Inc. v. Huang*, 106 F.Supp.2d 848 (E.D. Va. 2000).

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buttress a showing of minimum contacts. Without a valid and enforceable registration contract, the domain name or names registered by the cybersquatter are worth little more than the registration fee. Because many cybersquatters have become quite wealthy as a result of their illicit registrations, it would be reasonable to conclude that cybersquatters who engage in the more egregious instances of bad faith intent to profit have purposefully availed themselves of the registrar's forum, thus satisfying the minimum contacts test. A cybersquatter who has systematically registered a substantial number of domain names with the bad faith intent to profit has arguably shown a much greater degree of minimum contacts than one who merely registers a domain name. By latching onto the bad faith requirement in ACPA, courts could further relieve the due process concern.

The first, second, third, fourth, and ninth factors are immaterial to minimum contacts, as these do not seem to involve any substantive contact. They focus more on the absence of bad faith rather than on the cybersquatter's bad faith reaching out to the domain name registrar's

¹¹² As one court noted, "the utility of a domain name depends in part on the registrar's meeting its obligations." *America Online*, 106 F.Supp.2d at 853. Under this analysis, the defendant's cybersquatting activities are "based on a contract which had substantial connections with that State." *McGee v. International Life Ins. Co.*, 355 U.S. 220, 223 (1957). *McGee* involved a contract dispute between the actual parties to the contract, so domain name registration is at least partially distinguishable, because the domain name disputes under the ACPA do not involve the registrar. On the other hand, the general principle behind *McGee* is that the existence of a contract establishes a "substantial connection" between the defendant and the forum. *Id.* at 223. The *McGee* rule may not, standing alone, bring the ACPA within the ambit of due process. However, as I shall discuss later in this Part, the procedural safeguards discussed earlier, together with the cumulative contacts derived from the bad faith registration and use, satisfy due process.

¹¹³ In one case brought under ACPA, a cybersquatter who had engaged in systematic domain name registrations with a bad faith intent to profit testified that he "makes between \$800,000.00 and \$1,000,000.00 per year from his thousands of look-alike names." *Shields v. Zuccarini*, 2000 WL 1053884, *1 (E.D. Pa. July 18, 2000).

jurisdiction. I therefore discuss these factors briefly in the paragraph below. Of the factors outlined by the statute, the fifth, sixth, seventh, and eighth factors bear directly on minimum contacts, as they reveal the extent to which the cybersquatter has invoked the “benefits provided by the State.”

A. Courts’ Treatment of Bad Faith

Let us turn to the factors that have no bearing on contacts. The first indicia focuses on the intellectual property rights, if any, the cybersquatter may have in the domain name. The second factor inquires into the similarity of the domain name, if any, to the cybersquatter’s moniker, with the idea being that if the domain name evokes the cybersquatter’s name, it is plausible that the domain name was registered and used in good faith and not to piggyback off the holder’s trademark. However, formation of a company corresponding to the disputed domain name nine months after domain name registration may be construed against the cybersquatter, even if the domain name embodies part of the cybersquatter’s name. This also may cut against the cybersquatter on the third factor. The third factor considers an alleged cybersquatter’s prior use of the domain name. One court construed prior use of the domain

¹¹⁴ See Brenda R. Sharton, *Domain Name Disputes: To Sue or Not to Sue*, 44-OCT. B.B.J. 10. I include the ninth factor among those that tend to indicate the absence of bad faith, whereas Sharton does not.

¹¹⁵ *Burnham v. Superior Court of California*, 495 U.S. 604, 636 (1990) (Brennan, J., concurring).

¹¹⁶ Note that a domain name is not intrinsically an item of intellectual property.

¹¹⁷ See *Sporty’s Farm L.L.C. v. Sportsman’s Market, Inc.*, 202 F.3d 489, 498(2d Cir. 2000).

¹¹⁸ See *id.*

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name as an email domain name in favor of the cybersquatter. The fourth factor pertains to the defendant's "bona fide noncommercial or fair use of the mark." A commercial use of the domain name under dispute for the sale of pornography suggests bad faith under the fourth factor. The ninth factor is closely related to the first, but focuses on "the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous." The remaining factors inquire into the extent of the cybersquatter's demonstrated bad faith or, in other words, the extent to which she has reached out to the registrar's jurisdiction in order to pursue her cybersquatting.

The fifth factor relates to using the domain name in question to

¹¹⁹ Northern Lights Technology, Inc. v. Northern Lights Club, 97 F.Supp.2d 96, 119 (D. Mass. 2000).

¹²⁰ ACPA § 43(d)(1)(B)(i)(IV). This factor might prove to be sticky, as there may be instances where the analysis implicates First Amendment free speech considerations. The defendant in *Morrison & Foerster LLP v. Wick*, 94 F.Supp.2d 1125 (D. Colo. 2000), raised this issue, arguing that his sites were parodies, and therefore protected by the First Amendment. The court found that the domain names under dispute—<morrisonfoerster.com>, <morrisonandfoerster.com>, <morrisonforester.com>, and <morrisonandforester.com>—were simply too confusing to qualify as parody, pointing out that "a parody depends on a lack of confusion to make its point." *Morrison & Foerster*, 94 F.Supp.2d at 1134 (emphasis added). By contrast, the defendant in *Lucent Technologies, Inc. v. LucentSucks.com*, 95 F.Supp.2d 528, 535 (E.D. Va. 2000), raised a similar contention regarding the domain name <lucentSucks.com>, arguing that "plaintiff could not make out a violation of trademark rights without infringing the registrant's free speech." The court dismissed the case on jurisdictional grounds, but noted in dicta that this argument "has some merit." *Id.* The court suggested that the domain name <lucentSucks.com> does not create the likelihood of confusion necessary for "determining whether trademark infringement or dilution has occurred." *Id.* The court noted moreover that "[a] successful showing that lucentSucks.com is effective parody and/or a cite [sic] for critical commentary would seriously undermine" an argument that defendants acted with a bad faith intent to profit. *Id.* See also *supra* note 26.

¹²¹ See *Mattel, Inc. v. Schiff*, 2000 U.S. Dist. LEXIS 9747, at *13 (S.D.N.Y. July 13, 2000).

¹²² ACPA § 43(d)(1)(B)(i)(IX).

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divert traffic to the cybersquatter's site. It is trivially true that all domain names are intended to generate "hits," so it makes more sense for courts to consider the likelihood of consumer confusion rather than just diversion. Diversion, as used in ACPA, seems coextensive with confusion. The inquiry focuses on whether a consumer seeking the senior mark is likely to be confused by the cybersquatter's domain name, and diverted from the senior mark's site to the cybersquatter's as a result. In essence, the cybersquatter is using a contract governed by the laws of the registrar's jurisdiction to dilute trademarks. This should be seen as contributing to a showing of minimum contacts.

The sixth factor relates to cybersquatters who register domain names to sell at a profit, with no intent to actually use them "in the bona fide offering of any goods or services." For example, repeated offers to "sell the domain name...for unusually large but diminishing financial gain without ever having used the domain name in connection with any offering of any goods or services" is evidence of bad faith. At the same time, one court ascribed a fairly liberal meaning to what constitutes a "bona fide offering of any goods or services," finding that the sixth factor cut in favor of a cybersquatter who "use[d] the domain name as a

¹²³ ACPA § 43(d)(1)(B)(i)(V) reads:

[T]he person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site.

¹²⁴ See, e.g., *Mattel*, 2000 U.S. Dist. LEXIS 9747, at *13-14 (finding that defendant's commercial use of the domain name <barbiesplaypen.com> to purvey pornography relied on confusion to divert consumers using Mattel's trademark "Barbie" and thus contributed to bad faith).

¹²⁵ ACPA § 43(d)(1)(B)(i)(VI).

¹²⁶ *BroadBridge Media v. Hypercd.com*, 106 F.Supp.2d 505, 512 (S.D.N.Y. 2000).

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platform for [his] own seamy sales” of pornography. Moreover, the cybersquatter offered to sell Mattel the disputed domain name only *after* being served with the complaint. The court interpreted the commercial nature of the defendant’s site as “bona fide” which, together with the defendant’s initial lack of intent to sell the domain name, tipped the sixth factor in the defendant’s favor. A strong showing on this factor should substantially fortify the extent of the cybersquatter’s minimum contacts, as the cybersquatter has turned domain name registration into a business pursuit that relies on the integrity of the registration contract, thereby invoking the benefits and privileges of the jurisdiction’s laws.

Should it matter who in fact initiates the offer to sell? So far, courts have not been clear on this point. Although it is probably too early in ACPA’s development to declare a jurisdictional split—particularly given the broad discretion that the statute vests in judges for their inquiry into bad faith—courts have applied this factor somewhat inconsistently. On the one hand, in *Northern Lights Technology, Inc. v. Northern Lights Club*, the defendant’s *initial* refusal to sell the domain name “undermine[d] the allegation of bad faith.” Likewise, the *Mattel* cybersquatter’s use of the domain name in a bona fide commercial manner, together with his late offer to sell the domain name, was not indicative of bad faith. On the other hand, the court’s reasoning in *BroadBridge*, an in rem case founded on the alleged cybersquatter’s residence in Canada, seems to suggest that any offer to

¹²⁷ *Mattel*, 2000 U.S. Dist. LEXIS 9747, at *15-16 (holding that cybersquatter’s conduct satisfied bad faith requirement, his successful showing on the sixth factor notwithstanding).

¹²⁸ *Id.* at *15.

¹²⁹ *Id.* at *15-16.

¹³⁰ *See generally* *International Shoe Co. v. Washington*, 326 U.S. 310, 319 (1945).

¹³¹ *Northern Lights Technology, Inc. v. Northern Lights Club*, 97 F.Supp.2d 96, 119 (D. Mass. 2000).

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sell a domain name at a profit, whether or not the defendant initiated the negotiations, demonstrates bad faith. The degree of contact that the alleged cybersquatter's conduct in *BroadBridge* established is questionable compared to some of the more infamous cybersquatters, such as Dennis Toeppen. The facts of *BroadBridge* are peculiar, and worth recounting, because the case highlights a possible objection to the use of bad faith as supplying minimum contacts.

BroadBridge owns the federally-registered trademark "HyperCD," and registered the domain name <hyperCD.com> for use as an integral part of its services. BroadBridge performs two services utilizing this trademark. First, it markets "technology which converts and compresses analog audio information into digital information and burns this information onto a compact disc." Second, it allows its clients to exercise greater control over the content of their CDs by requiring its clients' customers to visit <hyperCD.com> and download the software necessary for activating whatever enhanced features may be contained on the CDs. BroadBridge spent considerable sums of money to these ends, distributing 4.5 million CDs imprinted with the HyperCD trademark and the domain name <hyperCD.com>. In addition, BroadBridge provided support for its clients' customers using the email address

¹³² *BroadBridge Media*, 106 F.Supp.2d at 511-512.

¹³³ Toeppen had registered hundreds of allegedly infringing trademarks, holding them hostage unless the trademark owners paid him a substantial ransom. *See, e.g.*, Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998). Other cybersquatters have been similarly prolific. *See, e.g.*, Shields v. Zuccarini, 2000 WL 1053884 (E.D. Pa. July 18, 2000); Morrison & Foerster LLP v. Wick, 94 F.Supp.2d 1125 (D. Colo. 2000).

¹³⁴ *BroadBridge Media*, 106 F.Supp.2d at 507 (internal quotation marks omitted).

¹³⁵ *Id.*

¹³⁶ *Id.* at 506-507.

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<tech@hypercd.com>. Apparently, BroadBridge forgot to renew its domain name, and three weeks after the expiration, Henderson, the alleged cybersquatter, registered the domain name. According to the court, Henderson testified that:

As part of his duties [as an employee of Creation Technologies, Inc.], he was responsible for conceiving product names and corresponding Internet domain names. [His division] was developing a new technology which compresses digital audio information as recorded on its own recording equipment and burns this information onto a regular compact disc.

“HyperCD” jumped to his mind, and finding the domain name <hyperCD.com> fallow, he serendipitously registered it. BroadBridge contacted him the day after and asked Henderson to transfer the domain name. When Henderson refused, BroadBridge offered to pay the \$70 registration fee Henderson had expended. Henderson rejected this offer, refused BroadBridge’s next offer of \$1000, and told BroadBridge “I said that I would be open to a financial compensation in return for transferring the hypercd.com domain name...I would only be open to this alternative if any compensation that you offer is in keeping with [what] I consider to be the significant intrinsic value of the name.” Further negotiations, which touched upon purchase prices ranging from

¹³⁷ *Id.* at 507.

¹³⁸ *Id.*

¹³⁹ *Id.* (internal quotation marks omitted).

¹⁴⁰ *Id.*

¹⁴¹ *Id.*

¹⁴² *Id.* at 508.

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\$5000 to \$85,000 and various rental arrangements, failed to yield a satisfactory resolution, so BroadBridge brought suit. The court found that Henderson and his employer “Creation Technologies had never used ‘HyperCD’ nor <hyperCD.com> in connection with the promotion or sale of any products or services nor had they spent any money developing a brand identity.” The court considered this finding, together with the bargaining *initiated* by BroadBridge, as evidence of bad faith.

When BroadBridge raised its purchase price from \$70 to \$1000, one can imagine Henderson’s eyebrows raising. He simply recognized the value of the domain name to BroadBridge—despite what the failure to re-register says to the contrary. Sensing either the risk of losing the domain name via lawsuit or a more profitable use of the domain name—that is, the (re)sale of it to BroadBridge—it arguably made perfect sense for Creation Technologies to stay the pursuit of a “bona fide” commercial use of the domain name. Nonetheless, the court condemned Henderson for “repeatedly offer[ing] to sell the domain name to plaintiff for unusually large but diminishing financial gain.” But is starting high and gradually lowering your price until a mutually satisfactory price is met not the very essence of negotiations? It seems more just to fault Henderson for his exorbitant purchase price demands, including his rejection of BroadBridge’s final offer of \$7000, than it is to fault him for merely engaging in negotiations.

At any rate, the court simply ignored BroadBridge’s failure to re-

¹⁴³ *Id.*

¹⁴⁴ *Id.* at 512.

¹⁴⁵ See generally Kenton K. Yee, *Location. Location. Location: Internet Addresses as Evolving Property*, S. CAL. INTERDISCIPLINARY L.J. 201 (advocating private sale of domain names to maximize utility).

¹⁴⁶ *BroadBridge Media*, 106 F.Supp.2d at 512.

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register and concluded that “Henderson’s use of <hypercd.com> was unquestionably the type of bad faith use Congress intended to prohibit.” The court’s conclusion seems hasty: what is the point of the ACPA if trademark holders presumptively own all domain names related to their trademarks, regardless of the holder’s incompetence and the would-be cybersquatters’ good or bad faith? This case seems to stand for the proposition that a trademark holder, whether careless or not, need only notify the alleged cybersquatter about her trademark rights, gush about how much the domain name is worth, and wait for the cybersquatter’s eyebrows to raise in order to establish bad faith.

This may, of course, give Henderson’s testimony too much credit. After all, both BroadBridge and Creation Technologies developed audio compression technologies for use in burning CDs, so it may be fair to impute to Henderson actual knowledge of BroadBridge’s trademark—particularly given the 4.5 millions CDs BroadBridge had distributed containing the HyperCD mark and <hyperCD.com> domain name. One court has found that intent to enter direct competition with the mark holder using the disputed domain convincingly suggests bad faith. Yet the *BroadBridge* court did not rely on any such inference or finding. If these observations are correct, then Henderson’s bad faith is

¹⁴⁷ *Id.*

¹⁴⁸ *Sporty’s Farm L.L.C. v. Sportsman’s Market, Inc.*, 202 F.3d 489, 499 (2d Cir. 2000).

¹⁴⁹ In addition, the court did not pay much heed to the three-week lag between BroadBridge’s domain name expiration, Henderson’s registration, and their subsequent contacts. This three-week lag raises doubts about the value that BroadBridge placed in the domain name, for if the domain name was as valuable as BroadBridge suggested, why did it take the company three weeks to catch its mistake?

To be sure, the *Heathmount* court’s disregard of BroadBridge’s failure to re-register accords with the general rule that mere domain name registration does not establish trademark rights in the domain name. See *Brookfield Communications v. West Coast Entertainment Corp.*, 174 F.3d 1036 (9th Cir. 1999). However, *Heathmount* seems to hold that trademarks embodied in domain names are immune to abandonment as long as the underlying trademark, independent of its use as a domain name, continues to exist. For suggestive, arbitrary, or fanciful trademarks, like the suggestive <hypercd.com> at issue in

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not as clear-cut as the court made it out to be. Indeed, all that would be left standing is BroadBridge's ownership of the HyperCD trademark, its extensive prior use of the <hypercd.com> domain name, Henderson's high asking price, and Creation Technologies' corresponding lack of an intellectual property interest in the mark and the domain name. On these facts, the cybersquatter's contacts—his sale negotiations with BroadBridge—may have been insufficient to establish in rem jurisdiction, depending on the potency of the earlier argument analogizing the policy considerations that underlie in rem jurisdiction in the maritime context to ACPA, and the degree of minimum contacts needed more generally for in rem jurisdiction. If the defense of the ACPA undertaken herein is to be viable, courts will have to hone their analysis of bad faith to ensure that any contacts that arise from bad faith are bona fide.

The sixth factor also suggests a broader inquiry into other domain names the cybersquatter may have registered solely to turn around and hawk off. This broader inquiry has real bite. In *Morrison & Foerster*, for example, the cybersquatter had never attempted to sell for

Heathmount, this makes more sense, as such marks are generally afforded greater protection under trademark law. Relatively weaker marks, such as descriptive, geographical, or personal name marks, typically correspond to a comparatively broader array of products and services. See, e.g., *Zatarain's Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 790-791 (5th Cir. 1983); *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1183 (5th Cir. 1980). In the case of descriptive marks, for example, registration of a corresponding domain name effectively precludes others from using that particular instantiation of the descriptive mark. Given the impossibility of concurrent use of a single domain name, and the fact that registration of a domain name results in a monopoly over use of that domain name, Congress should consider appending the current three-year abandonment period under Section 45 of the Lanham Act with a provision that failure to re-register a domain name establishes a presumption of abandonment with respect to the domain name, independent of the trademark. Trademark rights outside the domain name context would not be affected.

¹⁵⁰ See discussion *supra* Part III.C.

¹⁵¹ The statute suggests that the court look into the cybersquatter's "prior conduct indicating a pattern of such conduct." ACPA § 43(d)(1)(B)(i)(VI). See *supra* text accompanying note 64.

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profit the domain names under dispute, and he further testified that it was never his intent to sell them in the future. However, he had registered the domain name <www.NameIsForSale.com>, from which the court inferred *intent* to sell for profit and thus bad faith under the sixth factor. A systematic invocation of the benefits of the registrar's jurisdiction in order to make a profit should be evidence of minimum contacts.

The seventh factor considers the alleged cybersquatter's "provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct." Note that the factor suggests courts should focus on intentional deceit, as opposed to mistakes. In *Lucent Technologies*, for example, the defendant had merely forgotten to change his registration address when he moved, which the court viewed with sympathy. By contrast, the cybersquatter in *Mattel* deceitfully changed his registration address to one in Costa Rica after plaintiffs filed their complaint, ostensibly to escape the court's personal jurisdiction and the potential for damages in favor of an in rem action. Defendant's ploy was unsuccessful, and only added to the court's stock of arguments for finding bad faith. This factor has particular bite in actions brought in rem, as it speaks to the "ghost cybersquatters" that

¹⁵² *Morrison & Foerster LLP v. Wick*, 94 F.Supp.2d 1125, 1132 (D. Colo. 2000).

¹⁵³ *Id.*

¹⁵⁴ ACPA § 43(d)(1)(B)(i)(VII).

¹⁵⁵ *Lucent Technologies, Inc. v. LucentSucks.com*, 95 F.Supp.2d 528 (E.D. Va. 2000). The court in *Lucent Technologies* rejected in rem jurisdiction on the grounds that although the alleged cybersquatter had forgotten to change his domain name registration address, making it initially difficult for the plaintiff to notify him, he did leave a forwarding address with the post office. Plaintiff was thus able to reach him and therefore in rem jurisdiction would be improper.

¹⁵⁶ *Mattel, Inc. v. Schiff*, 2000 U.S. Dist. LEXIS 9747, at *16-17 (S.D.N.Y. July 13, 2000).

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irked Porsche Cars and motivated the creation of the in rem provisions. This factor mirrors the maritime perpetrator/cyberpirate analogy proposed earlier.

The eighth factor considers any other domain names upon which the cybersquatter squats. As few as three domain names have been held sufficient to tip the eighth factor against the alleged cybersquatter. This too speaks to repeated contacts with the forum, although a weaker showing on this factor should have a corresponding effect on a minimum contacts analysis.

These factors, standing alone, may in some circumstances amount to relatively minor contacts. In the aggregate, however, they may substantially buttress a plaintiff's case for minimum contacts. To cite a more extreme example, it would be puzzling if a cybersquatter who registers dozens of domain names, sells these domain names at a tremendous profit, and thereby relies on a contract between herself and the registrar, could escape jurisdiction. Moreover, focusing on bad faith intent to profit as supplying minimum contacts is not unprecedented in domain name disputes. In *Panavision*, the Ninth Circuit determined that mere domain name registration is not sufficient to establish personal jurisdiction unless there is "something more to demonstrate that the defendant directed his activity toward the forum state." The *Panavision* court found that a cybersquatter's "scheme to register Panavision's trademarks as his domain names for the purpose of extorting money from Panavision" constituted "something more." This cybersquatter's conduct would certainly satisfy the bad faith requirement in ACPA, given that the

¹⁵⁷ See *id.* at *18 (holding that alleged squatting on three domain names "certainly does not help" the cybersquatter's case against bad faith).

¹⁵⁸ *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1322 (9th Cir. 1998)(quoting *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 418 (9th Cir. 1997)).

¹⁵⁹ *Id.*; *accord* *McRae's, Inc. v. Hussain*, 105 F.Supp.2d 594, 598 (S.D. Miss. 2000)(quoting *Panavision* with approval).

cybersquatter had registered dozens of infringing domain names with the intent to sell them at a profit. Finally, the degree of flexibility this affords courts would be in line with the current trajectory of personal jurisdiction in other internet contexts. The procedural safeguards discussed in Parts II and III, together with the indicia of bad faith discussed in this Part, support the constitutionality of the provisions.

B. The Scope of Bad Faith Intent to Profit as Minimum Contacts

In addition to fulfilling the bad faith requirement, the plaintiff must also show that the domain name in question infringes a protected mark. Yet it is not clear how rigorous a showing the plaintiff must make. So far, most cases that have confronted courts have featured relatively straightforward trademark analyses, as the marks involved are either registered with the Patent and Trademark Office or indisputably well-known. A case concerning a lesser-known and unregistered trademark

¹⁶⁰ *Panavision*, 141 F.3d at 1318. It is important to note, however, a distinction between in rem cybersquatting cases and *Panavision*. In *Panavision*, the plaintiff, a California resident, sued the defendant, a resident of Illinois, in California based on the tort principle of effects. However, *Panavision* does establish that a bad faith intent to profit can contribute to a showing of minimum contacts.

¹⁶¹ See, e.g., *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.*, 952 F.Supp. 1119 (W.D. Pa. 1997) (holding that the degree of a web site's interactivity determines whether personal jurisdiction is available); Anindita Dutta, Note, *Zippo Manufacturing Co. v. Zippo Dot Com, Inc.*, 13 BERKELEY TECH. L.J. 289 (1998). There is a vast catalog of literature on personal jurisdiction in the internet. See, e.g., Dan L. Burk, *Jurisdiction in a World Without Borders*, 1 VA. J. L. & TECH. 3 (1997); Roger J. Johns, Jr. & Anne Keaty, *Caught in the Web: Websites and Classic Principles of Long Arm Jurisdiction in Trademark Infringement Cases*, 10 ALB. L.J. SCI. & TECH. 65 (1999); Christopher M. Kindel, *When Digital Contacts Equal Minimum Contacts: How the Fourth Circuit Should Assess Personal Jurisdiction in Trademark Disputes Over internet Domain Names*, 78 N.C. L. REV. 2105 (2000); Thomas R. Lee, *In Rem Jurisdiction in Cyberspace*, 75 WASH. L. REV. 97 (2000) (written prior to enactment of ACPA).

¹⁶² See, e.g., *Mattel, Inc. v. Schiff*, 2000 U.S. Dist. LEXIS 9747 (S.D.N.Y. July 13, 2000) (finding that the defendant infringed plaintiff's registered trademark "Barbie" under the ACPA by defendant's use of the domain name <barbiesplaypen.com> for a pornographic site); *BroadBridge Media v. Hypercd.com*, 106 F.Supp.2d at 505 (finding that the defendant infringed on plaintiff's registered trademark "Hypercd" under the ACPA by use of the

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would certainly complicate the bad faith analysis, because it would be tougher for the mark holder to show that the alleged cybersquatter actually intended to profit in bad faith from the mark. Seen in this light, the strength of the holder's mark will probably come to play a much more important role in future cybersquatting litigation. In any event, given the often exorbitant cost of pursuing "traditional" trademark dilution remedies, the ACPA can be read to provide trademark holders with a quicker and cheaper alternative. The tremendous amount of leeway given to courts in their inquiry into bad faith, together with what seems to be a generally suspicious sentiment towards alleged cybersquatters on the part of courts, provides bona fide trademark holders with substantial leverage in the maintenance of their trademarks.

For many, my argument will be unsatisfactory, as it expands upon the already wide latitude courts enjoy under ACPA. In *Burnham*, Justice Scalia criticized the concurrence's understanding of due process because "it measures state-court jurisdiction not only against traditional

domain name <hypercd.com>).

¹⁶³ Despite what seems to be a general court suspicion against alleged cybersquatters, some courts have ruled in favor of alleged cybersquatters, even where the good faith cybersquatter had registered a federally registered trademark. See, e.g., *Avery-Dennison v. Sumpton*, 189 F.3d 868 (9th Cir. 1999).

¹⁶⁴ This sword may prove dual-edged. As international domain name registrars, i.e. ones not located within the United States, become more commonplace, would-be cybersquatters may simply register overseas and strip the ACPA in rem provisions of their effect. Accordingly, arbitral proceedings initiated according to the Uniform Dispute Resolution Policy (UDRP) of the Internet Corporation for Assigned Names and Number (ICANN) may be increasingly called upon to settle domain name disputes. The UDRP may be found on ICANN's website: <<http://www.icann.org/udrp/udrp-policy-24oct99.htm>> (visited Dec. 1, 2000). For a case note on the first domain name dispute arbitrated under the ICANN UDRP, together with an overview of how the process works, see M. Scott Donahey & Ryan S. Hilbert, *World Wrestling Federation Entertainment, Inc. v. Michael Bosman: A Legal Body Slam for Cybersquatters on the Web*, 16 SANTA CLARA COMPUTER & HIGH TECH. L.J. 419 (2000). However, some commentators have cautioned that ICANN may frustrate U.S. law. See, e.g., A. Michael Fromkin, *Wrong Turn in Cyberspace: Using ICANN to Route Around the APA and the Constitution*, 50 DUKE L.J. 17 (2000).

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doctrines in this country, including current state-court practice, but also against each Justice's subjective assessment of what is fair and just," an approach imbued with "subjectivity" and therefore "inadequa[te]." In the context of domain name disputes, Justice Scalia's concern may be particularly poignant. Notwithstanding their broad discretion in the bad faith inquiry, courts have analyzed it more or less according to the factors laid out by the ACPA without too many surprising results, as most cybersquatters to date have been less than subtle in their activities and aims. It is reasonable to assume that the number of domain name disputes involving relatively clear-cut examples of trademark infringement and bad faith—cases involving high profile trademarks and names with intrinsic value—will decline over time, as the internet continues to move into the mainstream and mark holders become more savvy in the maintenance of their trademarks and corresponding domain names. In other words, bad faith will become much more difficult to evaluate, which could result in a corresponding decline in the efficacy of using bad faith as supplying minimum contacts. Nevertheless, the jurisdiction by necessity outlined in *Amoco*, together with the analogy between maritime perpetrators and cybersquatters, provides courts with a very lucid starting point for their analysis and thereby mitigates the subjectivity inherent in using bad faith as evidence of minimum contacts. Moreover, my suggestion of focusing on bad faith as evidence of minimum contacts has the potent advantage of using indicia that are already built-in to the plaintiff's pleading and the court's analysis.

ACPA caselaw reveals wide disparities in the degree of bad faith exhibited by the cybersquatter. On the one hand, there is Dennis Toeppen, a notorious and quite prolific cybersquatter. On the other

¹⁶⁵ *Burnham v. Superior Court of California*, 495 U.S. 604, 623 (1990).

¹⁶⁶ *See, e.g., Morrison & Foerster LLP v. Wick*, 94 F.Supp.2d 1125 (D. Colo. 2000) (holding that plaintiff who had registered domain names such as <morrisonfoerster.com> and <morrisonandfoerster.com> had exhibited bad faith).

¹⁶⁷ *See, e.g., Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998)

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hand, there is *BroadBridge*, where bad faith, as Part IV suggested, was not so clear. This case stands for the proposition that there may very well be cases where a cybersquatter's bad faith may be relatively attenuated. Whether or not in rem jurisdiction is constitutional in these less straightforward cases implicates once again the degree of minimum contacts required. However, the procedural safeguards contained in ACPA, particularly the notion of jurisdiction by necessity, provide powerful arguments for upholding constitutionality, perhaps even in those cases that straddle the margin. However, if the suggestion that bad faith will become more difficult to establish is correct, it may be reasonable to assume that plaintiffs will turn again to the more traditional trademark dilution suit in lieu of the ACPA, with the concomitant effect that in cases brought in rem, plaintiffs will be hypervigilant on the matter of bad faith in their pleadings. The key point is this: ACPA's in rem provisions are available exclusively as a last resort, and even then the consequences that might stem from an adverse judgment are relatively benign.

CONCLUSION

The scale of the problems surrounding domain name disputes and internet jurisdiction more generally is apparent. Indeed, this paper does not even touch upon the broader international policy concerns implicated by the in rem provisions. The Anti-Cybersquatting Consumer

¹⁶⁸ The in rem provisions in the ACPA seem to grant U.S. courts jurisdiction over all domain names, regardless of the nationality of the parties involved. For example, *Heathmount A.E. Corp. v. Technodome.com*, 106 F.Supp.2d 860 (E.D. Va. 2000), involved a dispute between two Canadian citizens! For thoughtful discussions of the internet and national sovereignty, see BORDERS IN CYBERSPACE (Brian Kahin & Charles Nesson eds., 1997); Joel P. Trachtman, *Cyberspace, Sovereignty, Jurisdiction, and Modernism*, 5 IND. J. GLOBAL LEGAL STUD. 561 (1998); Jeffrey J. Look, *The Virtual Wild, Wild, West (WWW): Intellectual Property Issues in Cyberspace—Trademarks, Service Marks, Copyrights, and Domain Names*, 22 U. ARK. LITTLE ROCK L. REV. 49, 84 (1999). For a case that frames the jurisdictional analysis for Lanham Act violations that involve international infringers and in rem jurisdiction, see *Sterling Consulting Corp. Inc. v. Indian Motorcycle Trademark*, 1997 U.S. Dist. LEXIS 21301 (D. Colo. Sep. 5, 1997). For more on jurisdiction more generally, see Dan L. Burk, *Jurisdiction in a World Without Borders*, 1 VA. J.L. & TECH. 3 (1997). For commentary on the internet's impact on international law, see Henry H. Perritt,

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Protection Act, insofar as it provides courts with a structured analysis for cybersquatting cases, is an important step in the development of domain name dispute jurisprudence and internet jurisdiction. Adopting a relaxed minimum contacts standard for in rem jurisdiction, a position supported by caselaw and the procedural safeguards built into ACPA, together with incorporating the cybersquatter's degree of bad faith into the jurisdictional analysis, would place the statute on more firm ground.

Jr., *The Internet is Changing International Law*, 73 CHI.-KENT L. REV. 997 (1998).