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Consumer Protection Act Brings the Fight to Absentee Cybersquatters

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As law and business become increasingly dependent upon international commerce and the Internet, and as trademark law continues to grow as an emerging area of practice, there must be little irony lost that lawyers attempting to protect their clients' marks from Internet domain name cybersquatting, a term and concept of novel vintage, may find refuge in one of the most venerable and abstruse concepts of American law — in rem jurisdiction, or exercising authority over a thing, rather than a person.

In general terms, cybersquatting means registering, selling or using a domain name with the intent of profiting from the goodwill of someone else's trademark. In 1999, Congress enacted the federal Anti-cybersquatting Consumer Protection Act (ACPA), codified at 15 U.S.C. Section 1125(d). While this law provides a cause of action against putative cybersquatters personally subject to a court's jurisdiction, it also employs the somewhat antiquated notion of in rem jurisdiction, providing remedies to plaintiffs when traditional in personam jurisdiction cannot be obtained over an individual or entity.

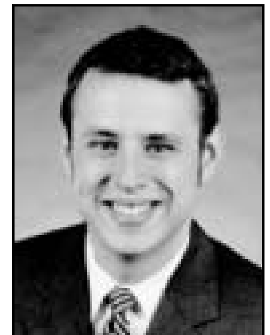
Such a development is important because, especially in the anonymous and international scope of the Internet, it may be difficult, if not impossible, to locate and serve cybersquatters. And, many such pirates of the 21st century reside beyond the jurisdiction of American courts.

The in rem provisions of the ACPA provide a solution for this problem. Consistent with the concept of in rem jurisdiction generally, in rem ACPA actions are filed not against a putative cybersquatter, but rather against the disputed domain name itself. Once it has been determined that in personam jurisdiction does not lie, a cybersquatting victim can bring an action in rem "in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located."

Because a court's jurisdiction is dependent upon the "location" of the domain name, the court need not have jurisdiction over the putative cybersquatter. Practically, this frees up a mark holder from needing to consider the residence of the alleged cybersquatter when bringing a lawsuit.

Of course, the forum of the lawsuit is limited to districts where the registrar, registry or other registration authority is located.

While the remedies under the in rem provisions of the ACPA are limited to forfeiture or cancellation of the domain name, this is typically the most important relief that a mark holder would want.



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Although the ACPA has existed for five years, case law hashing out the statute's in rem provisions is surprisingly scant. Accordingly, because many jurisdictions simply have no controlling authority on the subject, the few decisions that have been rendered may prove persuasive to district judges not yet under the yoke of binding precedent.

Thus, the following holdings, while

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not binding on most courts, may prove influential nonetheless. First, it has been held that the in rem and in personam provisions are mutually exclusive avenues for cybersquatting relief (*Alitalia-Linee Aeree Italiane S.p.A. v. Casinoalitalia.com*, 128 F. Supp. 2d 340). So if a proper cybersquatting defendant can be found and haled into court, attempting to invoke the ACPA's in rem provisions would be surely be an uphill battle.

Second, one of the more important issues regarding application of the ACPA's in rem provisions is whether such language incorporates the "bad faith intent" requirement of the ACPA's in personam provisions. To recover on a traditional in personam ACPA claim, a putative mark holder must plead and prove that the defendant registered the domain name in issue with bad faith and with the intent to profit by satisfying the factors enumerated at 15 U.S.C. Section 1125(d)(1)(B)(i).

In disagreeing with a few district courts that had tackled the issue, the Fourth Circuit has held that "bad faith" is not required in an in rem ACPA claim (*Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214).

After discussing both the plain meaning of the in rem provisions and the legislative history of the ACPA, it was finally concluded that "the in rem provision not only covers bad faith claims ... but also covers infringement claims ... and dilution claims."

As such, the court held that it was not necessary to allege bad faith on the part of the absentee cybersquatter; merely proving that the registered domain name violates the Lanham Act is sufficient.

Finally, the Second Circuit has addressed whether the "situs" language found in 15 U.S.C. Section 1125(d)(2)(C) augments the jurisdictional contours found in Subsection (d)(2)(A) (*Mattel Inc. v. Barbie-Club.com*, 310 F.3d 293).

The ACPA provides that the "situs" of a domain name in an in rem action is deemed to be the judicial district in which (1) the domain name registrar, registry or other domain name registration authority is located; or (2) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.

In *Mattel*, the Second Circuit concluded that the location documents establishing control of the disputed domain name were not relevant in determining whether in rem jurisdiction lies. Rather, the bases for such jurisdiction are found solely in Section 1125(d)(2)(A).

While most district courts nationwide, including those in California, are not obliged to defer to these cases, an attorney seeking an order contrary to their holdings should be armed with positive legislative history and distinguishing arguments. While invoking in rem jurisdiction has for years been left to rarefied and discrete legal areas, such as admiralty, and to the Socratic teachings of law school professors, the in rem provisions of the ACPA must be considered a valuable tool in securing the rights of mark holders protected under American law.