Harrods Ltd. v. Sixty Internet Domain Names: A Nonexpansive Expansion of the Anticybersquatting Consumer Protection Act?

I. INTRODUCTION

Harrods Limited (Harrods UK), the well-known London department store operator, brought suit against sixty domain names[1] registered by Harrods (Buenos Aires) Limited (Harrods BA) on the ground that the domain names infringed and diluted Harrods UK's American "Harrods" trademark and that the domain names were registered in bad faith as prohibited by the Anticybersquatting Consumer Protection Act (ACPA), contained in the Lanham Trademark Act (Act).[2] Harrods UK established jurisdiction by bringing suit under § 1125(d)(2) of the Act,[3] a section of the ACPA that permits in rem jurisdiction over a domain name.[4] Harrods BA started in 1912 as a subsidiary of Harrods UK.[5] However, Harrods BA became independent from Harrods UK by 1963.[6] Harrods BA owns trademark rights in the word mark "Harrods" in a number of South American countries, including Argentina, Brazil, Paraguay, and Venezuela, making Harrods UK and Harrods BA concurrent users of the trademark "Harrods."[7] The trademark rights of Harrods BA, however, are limited geographically to South America.[8]

---

1. More specifically, at issue are twenty second-level domain names, each associated with three separate top-level domains (.com, .org, and .net). The twenty second-level domains are, in alphabetical order, ciberharrods, cyberharrods, harrodsamerica, harrodsargentina, harrodsbank, harrodsbanking, harrodsbashopping, harrodsbrasil, harrodsbrazil, harrodsbuenosaires, harrodsfinancial, harrodsservices, harrodsshopping, harrodsshoppingba, harrodssouthamerica, harrodsstore, harrodssudamerica, harrodsvirtual, shoppingharrods, and tiendaharrods.
2. *See* Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 214, 219 (4th Cir. 2002).
3. 15 U.S.C. § 1125(d)(2) (2000).
4. *See Harrods Ltd.*, 302 F.3d at 219-20.
5. *Id.* at 220.
6. *Id.*
7. *Id.*
8. *Id.*

The United States District Court for the Eastern District of Virginia dismissed Harrods UK's infringement and dilution claims against all sixty domain names on the ground that § 1125(d)(2) may only be invoked for bad faith claims based on § 1125(d)(1).[9] However, with in rem jurisdiction established for the bad faith claims, the district court awarded summary judgment to Harrods BA as to six of the domain names[10] just six weeks after Harrods UK filed its amended complaint.[11] The court decided the remaining fifty-four domain names were registered in bad faith by Harrods BA, in violation of § 1125(d)(1).[12] Both sides appealed the district court's judgment.[13] The United States Court of Appeals for the Fourth Circuit held that (1) the Due Process Clause is not violated by exercising in rem jurisdiction over a domain name in the state where the domain name is registered; (2) bad faith registration of domain names under § 1125(d)(1) must be proven by a preponderance of the evidence; (3) § 1125(d)(2) allows in rem jurisdiction over a domain name for dilution and infringement actions under §§ 1125(c) and 1114 of the Lanham Trademark Act, respectively; (4) the fifty-four domain names that were not granted summary judgment were registered with a bad faith intent to profit; and (5) the district court's summary judgment for the six domain names was granted prematurely. *Harrods Limited v. Sixty Internet Domain Names*, 302 F.3d 214 (4th Cir. 2002).

II. BACKGROUND

The Anticybersquatting Consumer Protection Act was enacted by Congress in 1999 "to protect consumers and American businesses, to promote the growth of online commerce, and to provide clarity in the law for trademark owners by prohibiting the bad faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks a practice commonly referred to as 'cybersquatting.'"[14] The law was also passed to remedy the shortcomings of the Federal Trademark Dilution Act in pursuing cybersquatters, such as "inconsistent judicial decisions and . . .

9. *Id.* at 223.

10. The six domain names that were awarded summary judgment were harrodsargentina and harrodsbuenosaires, each with the .com, .org, and .net suffixes.

11. *See Harrods Ltd.*, 302 F.3d at 245.

12. *See id.* at 220.

13. *Id.* at 223.

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

extensive monitoring obligations, unnecessary legal costs, and uncertainty for consumers and trademark owners alike."[15]

Section 1125(d), entitled "cyberpiracy prevention," states that "[a] person shall be liable in a civil action by the owner of a mark"[16] if that person, "has a bad faith intent to profit from that mark"[17] and "registers, traffics in, or uses a domain name" that fits one of the following criteria:[18] (1) if a mark is distinctive at the time the domain name is registered, then the domain name may not be "identical or confusingly similar to that mark,"[19] or (2) if a mark is famous at the time the domain name is registered, then the domain name may not be "identical or confusingly similar to or dilutive of that mark."[20]

One district court has construed "confusingly similar" to entail a direct comparison between the domain name and the protected mark, as opposed to a more context sensitive "likelihood of confusion test."[21] The district court based its reasoning on the "plain language" of the ACPA and its legislative history.[22]

The ACPA then provides a nine factor test for determining whether "a person has a bad faith intent."[23] However, when making its bad faith

---

15. *Id.* at 7.
16. 15 U.S.C. § 1125(d)(1)(A) (2000).
17. *Id.* § 1125(d)(1)(A)(i).
18. *Id.* § 1125(d)(1)(A)(ii).
19. *Id.* § 1125(d)(1)(A)(ii)(I).
20. *Id.* § 1125(d)(1)(A)(ii)(II).
21. *See* N. Light Tech., Inc. v. N. Lights Club, 97 F. Supp. 2d 96, 117 (D. Mass. 2000).
22. *See id.* at 117-18.
23. Section 1125(d)(1)(B)(i) lists nine nonexclusive factors the court may consider to determine bad faith intent as described in subparagraph (a) of this section. The factors are as follows:

> (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 otherwise commonly used to identify that person;
>
> (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
>
> (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 an 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;

determination, a court is not limited to these nine factors.[24] A safe harbor provision follows the nine-factor test. The provision withholds a finding of bad faith if "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."[25] However, strict judicial interpretation of the safe harbor provision severely limits its practical application.[26] In *Virtual Works, Inc. v. Volkswagen of America, Inc.*, the Fourth Circuit held that "[a] defendant who acts even partially in bad faith in registering a domain name is not, as a matter of law, entitled to benefit from the Act's safe harbor provision."[27]

The ACPA provides a mechanism for mark owners to establish in rem jurisdiction when the ownership of a domain name is contested.[28] Two conditions must be met before in rem jurisdiction is established.[29] First, the domain name must violate "any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) [Civil action—general infringement and trade dress] or (c) [Remedies for dilution of famous marks]."[30] Second, the mark owner must be unable either to (1) establish in personam jurisdiction or (2) find, despite due diligence, "a person who would have been a defendant in a civil action under paragraph (1) [the general proscription provision of the ACPA]."[31] Section 1125(d)(2)(C) allows the in rem action to be brought in a judicial district that contains either of the following: (1) "the domain name registrar, registry, or other domain name authority that registered or

---

> (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 (c)(1) of this section.

15 U.S.C. § 1125(d)(1)(B)(i) (2000).

24. *See id.*

25. *Id.* § 1125(d)(1)(B)(ii).

26. *See* JONATHAN S. JENNINGS, SIGNIFICANT TRADEMARK/DOMAIN NAME ISSUES IN CYBERSPACE, 663 PLI/Pat 649, 659-60 (2001).

27. 238 F.3d 264, 270 (4th Cir. 2001).

28. *See* 15 U.S.C. § 1125(d)(2).

29. *Id.* § 1125(d)(2)(A).

30. *Id.* § 1125(d)(2)(A)(i).

31. *Id.* § 1125(d)(2)(A)(ii).

assigned the domain name" or (2) court-held "documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name."[32]

The remedies available to the owner of a mark under the ACPA depend on the type of jurisdiction established. For an in rem action, the remedies available are "limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark."[33] For an in personam action, the owner of the mark may either (1) pursue damages under § 1117(a)-(c) of the Lanham Act[34] or (2) the owner may use § 1117(d) of the Act "to recover, instead of actual damage and profits, an award of statutory damages in the amount of not less than $1,000 and not more than $100,000 per domain name, as the court considers just."[35]

The in rem provision has been challenged on the ground that registration of a domain name does not meet the due process standard laid out in *Shaffer v. Heitner*[36] for in rem jurisdiction.[37] Specifically, the constitutional challenge asserts that domain name registration does not establish the minimum contacts necessary for in personam jurisdiction, and, accordingly, in rem jurisdiction is also inappropriate.[38]

However, one district court rejected this argument and "conclude[d] that under Shaffer there must be 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."[39] The court found the domain name to be "not only related to the cause of action," but to be "its entire subject matter," which under the rule in *Shaffer* does not require "minimum contact to meet personal jurisdiction standards."[40] As such, the court found the in rem provision of the ACPA to be "a proper and constitutional use of in rem jurisdiction."[41]

Case law conflicts on the issue of whether a bad faith intent must be found in order to proceed under the in rem provision of the ACPA. At least three district court decisions have answered that question in the

32. *Id.* § 1125(d)(2)(C).
33. *Id.* § 1125(d)(2)(D)(i).
34. *See id.* § 1117(a)-(c).
35. *Id.* § 1117(d).
36. In *Shaffer*, the Supreme Court held "that all assertions of state court jurisdiction must be evaluated according to the standards set forth in *International Shoe* and its progeny." 433 U.S. 186, 211 (1977).
37. Caesars World, Inc. v. Caesars-Palace.com, 112 F. Supp. 2d 502, 504 (E.D. Va. 2000).
38. *Id.*
39. *Id.*
40. *Id.*
41. *Id.*

affirmative.[42] Only one district court has answered the question in the negative.[43] However, it should be noted at this point that the noted case dramatically changed the case law regarding this important question.

III. THE COURT'S DECISION

In the noted case, the Fourth Circuit resolved unsettled questions regarding (1) the burden of proof for bad faith claims under the ACPA, (2) the constitutionality and scope of the in rem provision of the ACPA, and (3) the effect of concurrent users on the nine factor analysis contained in § 1125(d)(1)(B)(i).[44] The court divided its opinion into two subsections.[45] In the first subsection, the court answered general interpretational questions raised by the parties regarding the ACPA.[46] In the second subsection, the court reached the merits of the parties' claims and determined whether Harrods BA exhibited bad faith in its registration of the sixty domain names.[47]

The first question concerning general interpretational aspects of the ACPA that the court addressed is whether the exercise of in rem jurisdiction over the sixty domain names registered in Virginia constitutes the minimum contacts necessary to satisfy the Due Process Clause.[48] The court began this analysis by providing a brief background of the procedural due process requirements as set forth in *International Shoe Co. v. Washington* and its progeny.[49] Following this line of analysis,

---

42. *See* Cable News Network L.P. v. CNNEWS.com, 177 F. Supp. 2d 506, 523 (E.D. Va. 2001) ("In sum, the ACPA's structure and purpose support the conclusion that the language of [s]ection 1125(d)(2)(A)(ii)(I) should be read, as most courts have, to incorporate a bad faith requirement to the *in rem* section of the ACPA . . . ."); *see also* Hartog & Co. v. SWIX.com, 136 F. Supp. 2d 531, 539 (E.D. Va. 2001) ("'[B]ad faith intent' by the registrant is a requirement for *in rem* relief."); Broadbridge Media, L.L.C. v. Hypercd.com, 106 F. Supp. 2d 505, 511 (S.D.N.Y. 2000) ("[B]ad faith intent to profit is a necessary element to plaintiff's [in rem] case . . . .").

43. *See* Jack in the Box, Inc. v. Jackinthebox.org, 143 F. Supp. 2d 590, 592 (E.D. Va. 2001) ("The plain terms of the statute clearly state that the "bad faith" analysis applies only to 15 U.S.C. § 1125(d)(1), the *in personam* prong, not 15 U.S.C. § 1125(d)(2), the *in rem* prong.").

44. *See* Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 214, 223-24 (4th Cir. 2002).

45. *See id.* at 223-47.

46. *See id.* at 223-32.

47. *See id.* at 232-47.

48. *See id.* at 224.

49. In *International Shoe*, the court ruled that minimum contacts with the forum are necessary so as to uphold "traditional notions of fair play and substantial justice." Int'l Shoe Co. v. Washington, 326 U.S. 310, 316 (1945). *International Shoe*'s progeny clarified this by stating that when a party "purposefully avail[s] itself of the privilege of conducting activities in the forum . . . [they invoke] the benefits and protections of its laws" thus fulfilling the minimum contacts requirement. Hanson v. Denckla, 357 U.S. 235, 253 (1958). The minimum contacts requirement applies to in rem, quasi in rem, and in personam actions. Pittsburgh Terminal Corp. v. Mid Allegheny Corp., 831 F.2d 522, 526 (4th Cir. 1987). The rules for in rem and in personam

the court cited the rule laid out in *Shaffer v. Heitner* that "in rem jurisdiction is appropriate in 'suits for injury suffered on the land of an absentee owner, where the defendant's ownership of the property is conceded but the cause of action is otherwise related to rights and duties growing out of that ownership.'"[50] The court contended that this situation is analogous to the dispute in this case.[51] Applying the Court's rationale in *Shaffer v. Heitner* to the facts of the case, the court concluded that (1) Harrods BA is an absentee owner, (2) "Harrods BA's initial ownership of the [Domain] Name is conceded," and (3) "the cause of action is related to Harrods BA's rights and duties arising out of that ownership."[52] The court supported its holding on policy grounds by identifying Virginia's interests in having control over property within its jurisdiction, including "assuring the marketability of property within its borders," "providing a procedure for peaceful resolution of disputes about the possession of that property," and preventing "foreign companies to use rights emanating from, and facilities located in, its territory to infringe U.S. trademarks."[53] The court concluded by holding that "the district court's exercise of in rem jurisdiction over the domain names was constitutional."[54]

The next question the court addressed is whether the bad faith standard of § 1125(d)(1) requires proof by clear and convincing evidence rather than by the typical preponderance of the evidence standard.[55] The court laid the groundwork for this question by noting that, according to the United States Supreme Court, "under 'conventional rules of civil litigation . . . parties . . . need only prove their case by a preponderance of the evidence' and that '[e]xceptions to this standard are uncommon.'"[56] Such exceptions occur when "particularly important individual interests or rights are at stake,"[57] as in "proceedings to terminate parental rights, involuntary commitment proceedings, and deportation proceedings."[58] The court determined that although the rights implicated by the ACPA

jurisdiction apply to federal courts as well. ESAB Group, Inc. v. Centricut, Inc. 126 F.3d 617, 622 (4th Cir. 1997); *see Harrods Ltd.*, 302 F.3d at 224-25.

50. *Harrods Ltd.*, 302 F.3d at 225 (quoting Shaffer v. Heitner, 433 U.S. 186, 208 (1977)).

51. *See id.*

52. *Id.*

53. *Id.* (quoting *Shaffer*, 433 U.S. at 208).

54. *Id.*

55. *See id.*

56. *Id.* at 226 (quoting Price Waterhouse v. Hopkins, 490 U.S. 228, 253 (1989) (plurality opinion)).

57. *Id.* (quoting Grogan v. Garner, 498 U.S. 279, 286 (1991) (quoting Herman & MacLean v. Huddleston, 459 U.S. 375, 389 (1983))).

58. *Id.* (citing *Huddleston*, 459 U.S. at 389).

are important, they do not rise to the level necessary to raise the standard of proof to a clear and convincing evidence standard.[59]

Next, the court analyzed whether the bad faith claim under § 1125(d)(1) is the same as a claim of fraud "or other quasi-criminal wrongdoing" which, according to the United States Supreme Court, are typical circumstances when the use of the clear and convincing evidence standard is appropriate for a civil case.[60] Although, after analyzing several cases on the subject, the court could "see no clear, overarching principle that separates the fraud or bad faith claims requiring proof by clear and convincing evidence from those fraud or bad faith claims requiring proof by a preponderance of the evidence,"[61] it stated that the heightened standard usually accorded fraud or bad faith claims "arose out of a concern by courts of equity that charges of fraud could be fabricated too easily."[62] The court determined that since bad faith under § 1125(d)(1) involves a detailed nine factor analysis, there is little chance that bad faith claims will be fabricated.[63] This led the court to the conclusion that "the usual preponderance of the evidence standard applies to the claims of bad faith registration of domain names under § 1125(d)(1)."[64]

The third question that the court resolved is whether the in rem provision of the ACPA should provide jurisdiction for claims other than the bad faith claim under § 1125(d)(1), such as infringement under § 1114[65] and § 1125(a)[66] and dilution under § 1125(c).[67] A substantial portion of the court's opinion is directed towards answering this important question.[68] Indeed, the noted case is the first instance in which a federal circuit court has answered the question.[69] After taking a brief survey of district court decisions that have addressed the question, the court began its analysis by looking at the plain language of the in rem provision.[70] Section 1125(d)(2)(A)(i) "provides that an in rem action is available if '(i) the domain name violates *any right* of the owner of a

59. *See id.*
60. *See id.* (quoting Addington v. Texas, 441 U.S. 418, 424 (1979)).
61. *Id.* at 227.
62. *Id.* (citing *Huddleston*, 459 U.S. at 388).
63. *See id.*
64. *Id.*
65. *See* 15 U.S.C. § 1114 (2000).
66. *See id.* § 1125(a).
67. *See id.* § 1125(c).
68. *See* Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 214, 227-32 (4th Cir. 2002).
69. *See id.* at 228.
70. *See id.*

mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c).'"[71] The court observed that "[t]he broad language 'any right of the owner of a mark' does not look like it is limited to the rights guaranteed by subsection [1125](d)(1), but appears to include any right a trademark owner has with respect to the mark."[72] The court also determined that the conferral of rights unto "the owner of 'a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c)'" suggests a broader application of the in rem provision than just simply for bad faith claims.[73] This reasoning is based upon the availability of trademark infringement and dilution claims, other than those based on bad faith, for the class of protected trademarks owners described in the in rem provision.[74]

Next, the court considered the language of § 1125(d)(2)(A)(ii), which allows in rem jurisdiction if a trademark owner is "unable to find or obtain personal jurisdiction over the 'person who would have been a defendant in a civil action under paragraph (1).'"[75] This language is construed as merely identifying a proper defendant in a cybersquatting case, and not as limiting the subject matter that is covered by the in rem provision.[76] The court believed that "[i]t would be odd for Congress to have placed a significant limitation on the scope of the substantive rights identified in subsection (d)(2)(A)(i), which deals with the subject matter of in rem actions, by indirectly tacking something on to subsection (d)(2)(A)(ii), which deals with the proper defendant in cybersquatting actions."[77] Additional support for the court's position is drawn from the legislative history of the ACPA.[78] The court acknowledged that the general purpose of the ACPA, as indicated by legislative history, was to eliminate cybersquatting (which is, by definition, done in bad faith). However, additional congressional comments that addressed the in rem provision also support the conclusion that the provision should apply to claims *not* based on bad faith.[79] For example, the court cited a Senate report that "notes that the in rem provision allows trademark owners to 'proceed against the domain names themselves, provided they are, in

71. *Id.* (quoting 15 U.S.C. § 1125(d)(2)(A)(i)).
72. *Id.* (quoting 15 U.S.C. § 1125(d)(2)(A)(i)).
73. *Id.* at 229.
74. *See id.*
75. *Id.* at 229-30 (quoting 15 U.S.C. § 1125(d)(2)(A)(ii)).
76. *See id.* at 230.
77. *Id.*
78. *See id.* at 230-32.
79. *See id.* at 231-32.

fact, *infringing or diluting under the Trademark Act*.'"[80] Based on the foregoing considerations, the court concluded "that the best interpretation of § 1125(d)(2) is that the in rem provision not only covers bad faith claims under § 1125(d)(1), but also covers infringement claims under § 1114 and § 1125(a) and dilution claims under § 1125(c)."[81] Accordingly, the district court's dismissal of Harrods UK's infringement and dilution claims, which depended upon the in rem provision for jurisdiction, was reversed.[82]

With important preliminary questions settled, the court turned to whether Harrods BA exhibited bad faith in its registration of the sixty domain names.[83] This analysis was divided into two sections.[84] In the first section, the court focused on the fifty-four domain names that the district court determined to be registered with bad faith intent to profit.[85] In the second section, the court focused on the six domain names that were granted summary judgment by the district court because of the lack of evidence that they were registered with a bad faith intent to profit.[86]

In determining whether the fifty-four domain names were registered with a bad faith intent to profit, the court used the nine factor analysis in § 1125(d)(1)(B)(i).[87] Because Harrods UK and Harrods BA are concurrent users of the "Harrods" mark, the court recognized that they "should apply the bad faith factors in a manner that will not lead to a finding of bad faith registration every time a concurrent user registers a mark."[88] Despite this recognition, the court stated that "if a concurrent user registers a domain name with the intent of expanding its use of the shared mark beyond its geographically restricted area, then the domain name is registered in bad faith as outlined in the ACPA."[89] The court then applied the nine factors to the facts of the case and made an ultimate determination that "Harrods BA had a bad faith intent to profit with regard to the 54 domain names," thereby affirming the trial court on this issue.[90]

---

80. *Id.* at 231 (quoting S. REP. NO. 106-40, at 11 (1999)).
81. *Id.* at 232.
82. *Id.*
83. *Id.*
84. *Id.*
85. *Id.*
86. *See id.*
87. *See id.* at 233.
88. *Id.*
89. *Id.* at 234.
90. *Id.* at 233.

Of particular importance is the court's treatment of the third and eighth factors of the nine-factor test.[91] In its analysis of the third factor, the court ruled that "[i]n the circumstance where a domain name registrant has a longstanding history of using a trademark to provide goods and services (as Harrods BA has here), legitimate plans to offer such goods and services online in the future should be considered as a factor that mitigates against a finding of bad faith."[92] Also, the court determined that since any concurrent user who registers their marks will be have violated the eighth factor, this factor cannot be weighed against the Domain Names.[93]

Finally, the court decided whether the district court's grant of summary judgment to the six domain names was appropriate.[94] Although the court agreed that the evidence before the district court at the time it entered summary judgment "failed to create a genuine issue of material fact on the question of bad faith intent sufficient to withstand summary judgment for the six Argentina Names,"[95] the court determined, nonetheless, that "the district court's grant of summary judgment to the six Argentina Names was premature," and therefore inappropriate.[96]

IV. ANALYSIS

Perhaps the most significant aspect of the noted case is its holding that the in rem provision of the ACPA may be invoked for trademark infringement and dilution claims that do not involve bad faith. However, it is still too early to tell exactly what impact this holding will have upon cybersquatting claims. On the surface, the court's inclusion of traditional infringement and dilution claims under the in rem provision appears to be an expansion of the ACPA. After the ruling of the noted case, trademark owners who bring an action under the in rem provision may now add several more "weapons" to their legal arsenal to increase their chances of success in court.

However, what appears to be an expansion of the ACPA may turn out to be nothing more than an academic recognition of additional trademark claims lacking any practical application. First, in the absence of the ACPA, the Federal Trademark Dilution Act served as a primary remedy for trademark owners against domain names. In *Sporty's Farm v.*

---

91. *See supra* note 23.
92. Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 214, 235 (4th Cir. 2002).
93. *See id.* at 239-40.
94. *See id.* at 241-42.
95. *Id.* at 243.
96. *Id.* at 247.

Sportsman's Market, Inc., the United States Court of Appeals for the Second Circuit admitted that federal dilution law had to be stretched in order to accommodate anticybersquatting claims.[97] With the passage of the ACPA, federal dilution law will likely return to its previous dimensions, making it less useful to aggrieved trademark owners.

Second, federal dilution law has proved to be unsuccessful in stopping cybersquatters because they often "take the necessary precautions to insulate themselves from liability."[98] According to the Senate Judiciary Committee report, "many cybersquatters are now careful to no longer offer the domain name for sale in any manner that could implicate liability under existing trademark dilution case law."[99] If cybersquatters can easily evade the restrictions of federal dilution law, then its inclusion under the in rem provision will not have any practical use.

Third, the sheer difficulty of stopping cybersquatters via traditional trademark and dilution suits limits their effectiveness. Congress recognized that "the costs associated with hundreds of litigation matters . . . in standard trademark infringement and dilution actions" pose "significant obstacles for legitimate trademark holders."[100] For example, to succeed under a trademark infringement claim under § 1114 of the Act, the plaintiff must show that the defendant's use of the mark creates a "likelihood of confusion."[101] The expense associated with meeting this standard, such as conducting consumer surveys, poses a serious obstacle to the trademark owner's success. When compared to the relatively less costly "confusingly similar" standard required by the ACPA, many trademark owners will simply focus their resources on winning their ACPA claim instead of spending unnecessary time and money on more difficult trademark claims, thereby making the court's recognition of these additional claims less meaningful.

Kevin Afghani

97. 202 F.3d 489, 497 (2d Cir. 2000).
98. S. REP. NO. 106-140, at 7 (1999).
99. *Id.*
100. *Id.*
101. *See* 15 U.S.C. § 1114(1) (2000).