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Private Property for Public Use: The Federal Trademark Dilution Act and Anticybersquatting Consumer Protection Act as Violations of the Fifth Amendment Takings Clause

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PRIVATE PROPERTY FOR PUBLIC USE: THE FEDERAL TRADEMARK DILUTION ACT AND ANTICYBERSQUATTING CONSUMER PROTECTION ACT AS VIOLATIONS OF THE FIFTH AMENDMENT TAKINGS CLAUSE

I. INTRODUCTION

William Dupont has lived in Springfield, USA for all of his life. He has owned and operated his business, which makes high-quality construction boots, for over fifteen years. During this time, the popularity of his products has grown, and twice his store moved to a larger location, expanding to receive phone orders for his shoes. About a year and a half ago, William Dupont decided to expand his business beyond the city. Believing that the future of commerce was in the Internet, William Dupont registered a domain name for his business, the same name that had hung over his storefront for fifteen years: dupontshoes.com.[1]

Soon after the establishment of the website, sales increased substantially, and dupontshoes.com gained a reputation among construction workers as the place to go to get shoes. This changed when DuPont, makers of Teflon®, Lycra®, and Kevlar®, filed suit in federal court against William Dupont under the Federal Trademark Dilution Act of 1995.[2] William Dupont lost the case and an injunction was issued ordering the transfer of the domain name to DuPont. DuPont requested this transfer so that it could use the domain name to promote its partnership with the Easy Spirit® shoe division of Nine West, which focuses on footwear with Lycra® elastane.[3] William Dupont lost all rights to the domain name, along with a significant amount of money, not only that which he invested, but also the future and potential profits that could have been realized from continued use of the site.

This hypothetical situation highlights an actual problem in the area of Internet and trademark law. When a court orders an injunction forcing the transfer of a

[1] The author chose this name for the hypothetical because in the legislative history of the Federal Trademark Dilution Act of 1995, Congress specifically stated that "the use of DUPONT shoes . . . would be actionable . . . ." H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.

[2] Lanham Act § 43(c), 15 U.S.C § 1125(c) (2000).

[3] The author wishes to note that while an actual partnership exists between DuPont and Easy Spirit® and focuses on footwear with Lycra® elastane, this was included in the hypothetical solely to add a degree of realism and to justify the transfer of the domain name, rather than merely enjoining its commercial use.

domain name pursuant to federal statutes, the forced transferor loses the value he had in the domain name. This Note argues that forced transfers of domain names under the Federal Trademark Dilution Act[4] (FTDA) and the Anticybersquatting Consumer Protection Act[5] (ACPA) are uncompensated takings in violation of the Fifth Amendment.[6]

Part Two of this Note provides background information on the Internet and Domain Name System, trademark law, the FTDA, the ACPA, and the Takings Clause of the Fifth Amendment. Part Three of this Note argues, first, that the rights in a domain name are property rights subject to Takings Clause protection, and second, that forced transfers of domain names without compensation are uncompensated takings in violation of the Constitution. This second argument is based on Supreme Court precedent, which suggests that these transfers are *de facto* takings, as well as arguments on public policy grounds.

II. BACKGROUND

A. THE INTERNET AND DOMAIN NAME SYSTEM

The Internet is a global, decentralized network of computer networks.[7] Developed in the 1960s under the authority of the Department of Defense, the Internet, then called ARPANET, began as a communications link between scientists and research contractors. Researchers adapted the Internet for academic use in the early 1980s and began to appropriate it for civilian use by the late 1980s.[8]

Each computer on the Internet has an Internet Protocol (IP) address, which takes the form of four decimal numbers separated by periods (e.g., 128.192.124.124).[9] Because these numbers would be difficult for users to remember, Internet designers introduced alphanumeric domain names, which are used to access Internet sites instead of IP addresses.[10] Thus, to access the website of the University of Georgia School of Law, a user would type "http://www.law.uga.edu" into her web browser instead of "http://128.192.124.124," though either address accesses the same computer on the Internet.

[4] Lanham Act § 43(c), 15 U.S.C. § 1125(c) (2000).

[5] Lanham Act § 43(d), 15 U.S.C. § 1125(d) (2000).

[6] U.S. CONST. amend. V.

[7] ELLEN RONY & PETER RONY, THE DOMAIN NAME HANDBOOK 1 (R&D Books 1998).

[8] *Id.* at 3.

[9] *Id.* at 51.

[10] A. Michael Froomkin, *Wrong Turn in Cyberspace: Using ICANN to Route Around the APA and the Constitution*, 50 DUKE L.J. 17, 38 (2000).

The Domain Name System (DNS) is responsible for translating a domain name into the IP address required to access a website.[11] This system is critical to the operation of the Internet, as domain names remain constant even when the resources, and thus IP addresses, change.[12] The DNS is a hierarchy divided into top-level domains (TLDs), which are divided further into second-level domains (SLDs), then third-level domains, and so on.[13] Each segment is separated by a period, and each segment represents a different level of the hierarchy.[14] TLDs most commonly consist of either a two-letter country code (e.g., .us, .uk) or an international top-level domain (iTLD) three-letter code: .com, .org, .net, .edu, .mil, or .int.[15] Thus, in the domain name www.law.uga.edu, "edu" is the TLD, "uga" is the SLD, and the rest are third or higher level domains.

Thirteen special computers form the core of the DNS.[16] These computers are called root servers, and all thirteen contain the IP addresses of all the TLD registries.[17] When a user attempts to access a domain name, these root servers are used to find the corresponding IP address, which is used to access the website.[18]

The nucleus of the DNS is a single file contained on a computer in Herndon, Virginia, which is the primary root server from which the other twelve secondary root servers obtain their files to use for "resolving" IP addresses.[19] When a domain is registered, it is associated with an IP address in this root file, which is ultimately distributed to all thirteen root servers, thereby allowing anyone who types in the domain name to access that computer on the Internet.

B. TRADEMARK LAW

Both the common law and federal statutes provide for trademark protection. A trademark is generally a word, phrase, logo, device, or design that functions as

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[11] Management of Internet Names and Addresses, 63 Fed. Reg. 31,741 (June 10, 1998).

[12] Froomkin, *supra* note 10, at 38.

[13] Management of Internet Names and Addresses, 63 Fed. Reg. 31,741, at 31,742 (June 10, 1998).

[14] RONY & RONY, *supra* note 7, at 61.

[15] *Id.* at 42. In November 2000, seven new TLDs were selected for inclusion in the DNS: .aero, .biz, .coop, .info, .museum, .name, and .pro. Some of these are already in operation while others are still preparing to come into operation. *ICANN: Top Level Domains*, *at* http://www.icann.org/tlds/index.html (last modified Mar. 1, 2003).

[16] InterNIC, *Domain Name System FAQs*, *at* http://www.internic.net/faqs/authoritative-dns.html (Oct. 5, 2002).

[17] *Id.*

[18] *Id.*

[19] David Conrad et al., *Root Nameserver Year 2000 Status*, *at* http://www.icann.org/committees/dns-root/y2k-statement.htm (July 15, 1999).

a source identifier of the goods or services on which the trademark is affixed.[20] To qualify as a protectable mark under the federal Lanham Act, the trademark must be inherently distinctive or have acquired distinctiveness through use in commerce.[21]

Judge Friendly set out the general rule regarding distinctiveness using the classic trademark classification laid out in *Abercrombie & Fitch*.[22] Under this classification system, arbitrary, fanciful, or suggestive trademarks automatically are protected because their intrinsic nature functions solely to identify the source of the goods.[23] In other words, no direct relationships exist between these trademarks and the associated goods. Arbitrary trademarks typically are common words applied in an unfamiliar way in relation to the goods they identify.[24] Fanciful trademarks generally are words invented solely for their use as trademarks.[25] Suggestive trademarks require the use of imagination to connect the trademarks with the associated goods.[26]

Descriptive and generic trademarks fall on the opposite end of the classification spectrum. Descriptive trademarks are not inherently distinctive because they describe the quality or characteristics of the associated goods or services.[27] To be entitled to protection, descriptive trademarks must have acquired distinctiveness or secondary meaning through their use in commerce.[28] Generic words, phrases, designs, logos, or devices are never protected under trademark law[29] based on the rationale that competing manufacturers should not

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[20] Lanham Act § 45, 15 U.S.C. § 1127 (2000).

[21] Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768-69, 23 U.S.P.Q.2d (BNA) 1081, 1083-84 (1992).

[22] *See id.* at 773 (affirming the trademark classification under *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976)).

[23] *See* Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 210-11, 54 U.S.P.Q.2d (BNA) 1065, 1067-68 (2000) (affirming the general rule that arbitrary, fanciful, and suggestive trademarks are inherently distinctive).

[24] Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 11 n.12, 189 U.S.P.Q. (BNA) 759, 766 n.12 (2d Cir. 1976).

[25] *Id.*

[26] *Id.* The *Abercrombie* opinion noted that the category of suggestive marks was spawned by the perceived need to accord protection to marks that were neither exactly descriptive nor truly fanciful; since creating the category, however, the courts have had great difficulties defining it. *Id.* at 10.

[27] Sara Lee Corp. v. Kayser-Roth Corp., 81 F.3d 455, 464, 38 U.S.P.Q.2d (BNA) 1449, 1455 (4th Cir. 1996).

[28] *See* Coca-Cola Co. v. Koke Co., 254 U.S. 143, 145 (1920) ("Whatever may have been its original weakness, the [Coca-Cola] mark for years has acquired a secondary significance and has indicated the plaintiff's product alone."); RFE Indus., Inc. v. SPM Corp., 105 F.3d 923, 925, 41 U.S.P.Q.2d (BNA) 1626, 1628-29 (4th Cir. 1997) (noting the descriptive trademark "Coca-Cola" has "acquired 'secondary meaning' in the minds of the public").

[29] *Abercrombie & Fitch*, 537 F.2d at 9.

be deprived of the right to call an article by its name.[30] Thus, even a showing of secondary meaning or acquired distinctiveness will not permit protection of a generic term.[31]

Generally, trademark law seeks to protect consumers who have come to associate a trademark with a particular source.[32] In other words, trademark law protects consumers from the likelihood of confusion as to the source of a product or service.[33] The law also protects trademark owners based on the substantial investment they have devoted to building goodwill in their marks.[34] Trademark owners do not really "own" their trademarks, but rather they have the right to enjoin others from using similar trademarks that are likely to cause customer confusion.[35] Trademark owners also have the right to exploit their trademarks as a corporate asset in commercial transactions.[36] Although they cannot assign or sell their trademarks without the attached goodwill, trademark owners can use their trademarks as general intangible collateral to secure an

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[30] *Id.*

[31] *Id.*

[32] Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 163-64, 34 U.S.P.Q.2d (BNA) 1161 (1995).

[33] *Id.* *See also* 15 U.S.C. § 1114 (2000) (explaining the likelihood of confusion test for registered trademarks); 15 U.S.C. § 1125(a) (2000) (explaining the likelihood of confusion test for both registered and unregistered trademark and trade dress).

[34] *Qualitex*, 514 U.S. at 163-64.

[35] *See* Int'l Order of Job's Daughters v. Lindelburg & Co., 633 F.2d 912, 919, 208 U.S.P.Q. (BNA) 718, 724-25 (9th Cir. 1980)

> [T]he 'property right' or protection accorded a trademark owner can only be understood in the context of trademark law and its purposes. A trademark owner has a property right only insofar as is necessary to prevent consumer confusion as to who produced the goods and to facilitate differentiation of the trademark owner's goods.

Id.; Coll. Sav. Bank v. Fla. Prepaid Postsecondary Ed. Expense Bd., 527 U.S. 666, 673, 51 U.S.P.Q.2d (BNA) 1065, 1068 (1999) (discussing trademarks as property rights).

[36] Some trademarks have become extremely important corporate assets. For example, the trademark "Marlboro" has been valued at $65 billion. *See* Russell L. Parr, The Value of Trademarks, Address Before the ALI-ABA 1994 Conference (Apr. 14, 1994), WL C913 ALI-ABA 229, 235. The trademark "Coca-Cola" has been valued at $24 billion. *Industry Calls for Stiffer Enforcement of Anti-Counterfeiting Laws Abroad*, 44 PAT. TRADEMARK & COPYRIGHT J. 585, 586 (1992); *see also* Pamela S. Chestek, *Control of Trademarks by the Intellectual Property Holding Company*, 41 IDEA 1, 48 n.9 (2001) (noting that the Coca-Cola trademark is valued at $35 billion).

obligation in secured commercial financing schemes.[37] The law thus treats trademarks as a form of personal, intangible property.[38]

C. THE FEDERAL TRADEMARK DILUTION ACT OF 1995

The Federal Trademark Dilution Act of 1995[39] (FTDA) extends trademark protection of famous marks beyond consumer confusion to the reputation of the mark itself.[40] It provides that:

> The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark . . . .[41]

The FTDA provides eight factors that a court may consider when determining whether a mark is famous:

> (A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration

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[37] *See* Lee G. Meyer et al., *Intellectual Property in Today's Financing Market*, AM. BANKR. INST. J. 19-Mar. 2000, at 20, 20-21 (discussing the use of intellectual property such as trademarks as collateral in secured transactions and how to perfect the security interests in trademark collateral); Judith L. Church, *Intellectual Property Aspects of Corporate Acquisitions* (Sept. 21, 2000), WL SF14 ALI-ABA 323 (discussing trademarks as corporate assets used in secured transactions and perfection of security interests in trademarks).

[38] *See, e.g., In re* Together Dev. Corp., 227 B.R. 439, 441 (Bankr. D. Mass. 1998) (explaining that Article 9 of the Uniform Commercial Code governs secured transactions of personal property such as general intangibles, which includes trademarks); Joseph v. Valencia, Inc. (*In re* 199Z, Inc.), 137 B.R. 778, 782-84 (Bankr. C.D. Cal. 1992) (stating that the Uniform Commercial Code governs perfection of security interests in trademarks). *See also* Ford Motor Co. v. Greatdomains.com, Inc., 177 F. Supp. 2d 628, 633 (E.D. Mich. 2001) (trademarks are property "because [the trademark owners] can exclude others from using them," however, "not all tortious acts committed against a trademark holder's rights 'deprive' the holder of property in a manner that triggers the Fifth Amendment's Due Process Clause") (citing *Fla. Prepaid*, 527 U.S. at 673); *see* K Mart Corp. v. Cartier, Inc., 485 U.S. 176, 185-86 (1988) ("Trademark law, like contract law, confers private rights, which are themselves rights of exclusion. It grants the trademark owner a bundle of such rights . . . .").

[39] Lanham Act § 43(c), 15 U.S.C. § 1125(c) (2000).

[40] Kenton K. Yee, *Location.Location.Location: Internet Addresses as Evolving Property*, 6 S. CAL. INTERDISC. L.J. 201, 236 (1997).

[41] Lanham Act § 43(c)(1), 15 U.S.C. § 1125(c)(1) (2000).

> and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.[42]

Injunctive relief is available in all actions under the FTDA, and the plaintiff can recover damages, costs, attorney fees, and the defendant's profits[43] if the plaintiff can show that the defendant willfully intended to trade on the trademark owner's reputation or intended to cause dilution of the famous mark.[44] The FTDA provides several exceptions, however, which are not actionable under its provisions. First, fair use of a famous mark in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark is not actionable.[45] Additionally, noncommercial use of a mark and all forms of news reporting and news commentary are not actionable under the FTDA.[46]

Dilution is defined as the "lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of: (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception."[47] Thus, a cause of action under the FTDA is comprised of four prima facie elements. First, the complainant's mark must be famous.[48] Second, the infringer must use the mark for a commercial use.[49] Third, the infringer's commercial use of the mark must begin after the mark became famous.[50] Fourth, the infringer's use of the mark must lessen the mark's ability to identify and distinguish a given good or service.[51]

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[42] Lanham Act § 43(c)(1), 15 U.S.C. § 1125(c)(1) (2000).
[43] Lanham Act § 35(a), 15 U.S.C. § 1117(a) (2000).
[44] Lanham Act § 43(c)(2), 15 U.S.C. § 1125(c)(2) (2000).
[45] Lanham Act § 43(c)(4)(A), 15 U.S.C. § 1125(c)(4)(A) (2000).
[46] Lanham Act § 43(c)(4)(B) & (C), 15 U.S.C. § 1125(c)(4)(B) & (C) (2000).
[47] Lanham Act § 45, 15 U.S.C. § 1127 (2000).
[48] *See* Panavision Int'l v. Toeppen, 141 F.3d 1316, 1324, 46 U.S.P.Q.2d (BNA) 1511, 1518 (9th Cir. 1998).
[49] *Id.*
[50] *Id.*
[51] *Id.*

Traditionally, courts have recognized two forms of dilution: blurring and tarnishment. Blurring involves the "whittling away of an established trademark's selling power and value through its unauthorized use by others upon dissimilar products."[52] Tarnishment, in contrast, occurs when "a famous trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering beliefs about the owner or its products."[53]

Frank Schechter first advanced the concept of a dilution cause of action in a 1927 law review article.[54] According to Schechter, dilution protects against "the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods."[55] Therefore, dilution theory protects the owners of famous trademarks, in contrast to traditional trademark infringement theory, which protects consumers from confusion in the marketplace.

D. THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT

Congress passed the Anticybersquatting Consumer Protection Act (ACPA)[56] to prohibit cybersquatting in its many forms.[57] Four elements are required to make a prima facie case. First, the challenged mark must be distinctive, famous, a mark of the Red Cross, or a mark of an Olympic body.[58] Second, the alleged infringer must have registered, trafficked, or used the challenged domain name.[59] Third, the alleged infringer must have possessed a bad faith intent to profit from the mark.[60] Fourth, the challenged domain name must be sufficiently similar to the mark.[61] This final element is satisfied if the challenged domain name is identical or confusingly similar to the mark.[62] In the case of famous marks, this element can be met by showing the domain name is dilutive of the mark.[63]

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[52] 2 JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE § 5.12[1][c][I], at 5-223 (Release No. 45, 2001).

[53] *Id.*

[54] *Id.* § 5.12[1][b], at 5-228.

[55] *Id.*

[56] Lanham Act § 43(d), 15 U.S.C. § 1125(d) (2000).

[57] Neil S. Greenfield & Sarah B. Deutsch, *The Anticybersquatting Consumer Protection Act, in* TRADEMARK LAW & THE INTERNET 71, 72 (Lisa E. Cristal & Neal S. Greenfield eds., Supp. Oct. 2000).

[58] Lanham Act § 43(d)(1)(A)(ii), 15 U.S.C. § 1125(d)(1)(A)(ii) (2000).

[59] *Id.*

[60] Lanham Act § 43(d)(1)(A)(i), 15 U.S.C. § 1125(d)(1)(A)(i) (2000).

[61] Lanham Act § 43(d)(1)(A)(ii), 15 U.S.C. § 1125(d)(1)(A)(ii) (2000).

[62] Lanham Act § 43(d)(1)(A)(ii)(I), 15 U.S.C. § 1125(d)(1)(A)(ii)(I) (2000).

[63] Lanham Act § 43(d)(1)(A)(ii)(II), 15 U.S.C. § 1125(d)(1)(A)(ii)(II) (2000).

The key difference between the FTDA and the ACPA is the bad faith showing that must be made to sustain an action under the ACPA. In determining bad faith, the ACPA lists nine factors that a court may consider:

> (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; (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.[64]

The ACPA specifically states that a plaintiff's remedy, at a minimum, is 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.[65] Other remedies available include

[64] Lanham Act § 43(d)(1)(B)(i), 15 U.S.C. § 1125(d)(1)(B)(i) (2000).

[65] Lanham Act § 43(d)(2)(D)(i), 15 U.S.C. § 1125(d)(2)(D)(i) (2000).

"defendant's profits, . . . damages sustained by the plaintiff, and the costs of the action."[66] Additionally, prior to the trial court's final judgment, a plaintiff can elect to receive statutory damages up to $100,000 instead of actual damages and profits.[67]

Because the Internet has no physical boundaries, a person who resides outside of the United States can register a domain name through digital contact with the click of a mouse. As a result, trademark owners before the ACPA faced the problem of cybersquatters providing false information in their registration applications to avoid identification and service of process by the mark owners.[68] This presented a problem for trademark owners seeking to initiate a legal action against such elusive cybersquatters.[69] To alleviate this problem, Congress included an *in rem* jurisdictional provision in the ACPA, allowing the mark owner to seek the forfeiture, cancellation, or transfer of an infringing domain name by filing an *in rem* action against the domain name itself, rather than the domain name owner.[70]

To obtain *in rem* jurisdiction under the ACPA, a plaintiff must demonstrate due diligence and an inability to find a person who would have been a defendant in a civil action under ACPA, or that the plaintiff is not able to obtain *in personam* jurisdiction over that person.[71] The plaintiff also must demonstrate that she owns a protectable trademark and the domain name violates her rights as owner by either infringing on or diluting her trademark.[72] *In rem* jurisdiction is available in the district where the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located.[73] The situs of a domain name is in the judicial district where either the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located or where documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.[74]

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[66] Lanham Act § 35(a), 15 U.S.C. § 1117(a) (2000).
[67] Lanham Act § 35(d), 15 U.S.C. § 1117(d) (2000).
[68] S. REP. NO. 106-140, at 10 (1999).
[69] *Id.*
[70] *Id.*
[71] Lanham Act § 43(d)(2)(A)(ii), 15 U.S.C. § 1125(d)(2)(A)(ii) (2000).
[72] Lanham Act § 43(d)(2)(A)(i), 15 U.S.C. § 1125(d)(2)(A)(i) (2000).
[73] Lanham Act § 43(d)(2)(A), 15 U.S.C. § 1125(d)(2)(A) (2000).
[74] Lanham Act § 43(d)(2)(C), 15 U.S.C. § 1125(d)(2)(C) (2000).

E. THE TAKINGS CLAUSE

The Takings Clause of the Constitution states that "private property [shall not] be taken for public use, without just compensation."[75] The government's power to take property for public use without the owner's consent is called eminent domain.[76] Virtually every kind of real or personal property and every type of interest in property may be taken under the power of eminent domain.[77] The power of the government to exercise eminent domain, however, is subject to the payment of just compensation.[78]

There are two basic categories of takings: physical occupation or appropriation of property and regulatory takings.[79] This first category is the power of eminent domain. To understand what constitutes a regulatory taking, the power of eminent domain must be distinguished from other governmental powers, namely the police power. The police power is the power of the state to establish laws to preserve public order and tranquility and to promote the public health, safety, morals, and other aspects of the general welfare.[80] The power of government to exercise controls over property is therefore derived from the police power. The upshot of this is that government may regulate the use and enjoyment of a person's property or may deprive a person of the beneficial uses of his property in certain health or safety circumstances without compensation other than the resulting shared benefits.[81] Thus, eminent domain takes property because it is useful to the public while the police power regulates the use of, or impairs rights in, property to prevent detriment to the public interest.[82]

A regulatory taking claim assumes that a regulation is an otherwise valid exercise of police power and asks that it be converted into an exercise of the power of eminent domain due to its excessive effect or unwarranted nature.[83] Because compensation is required only in the exercise of eminent domain powers, the crucial issue in regulatory takings cases is whether the exercise of police power is so extensive as to be considered a taking, thereby requiring payment of just

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[75] U.S. CONST. amend. V.

[76] THEODORE J. NOVAK ET AL., CONDEMNATION OF PROPERTY: PRACTICE AND STRATEGIES FOR WINNING JUST COMPENSATION § 1.1, at 3 (1994).

[77] *Id.* § 2.1, at 9.

[78] *Id.* § 1.1, at 3.

[79] *Id.* § 5.1, at 41.

[80] *Id.* § 1.6, at 6.

[81] NOVAK ET AL., *supra* note 76, § 1.6, at 6.

[82] *Id.*

[83] TAKING SIDES ON TAKINGS ISSUES 3 (Thomas E. Roberts ed., American Bar Association 2002).

compensation.[84] For its actions to constitute a taking, the government need not actually divest a property owner of title to property or of some interest in property or take title or a lesser interest in property.[85] Instead, governmental action short of acquisition of title amounts to a taking when its effects are so complete as to deprive the property owner of all or most of his interests in the subject matter.[86]

Indirectly taking property through the restrictive impact of regulation is different from the formal steps of taking property through the power of eminent domain.[87] This is referred to as a regulatory taking. Whether a regulation is so excessive as to constitute a taking depends upon a multifaceted injury.[88] Several factors can be derived from various Supreme Court cases, but no single factor is dispositive.[89] The Supreme Court has identified two clear instances of a regulatory taking. First, a regulation that causes a property owner to suffer a permanent physical occupation of property always will constitute a taking no matter how small the intrusion or how great the public purpose.[90] Second, a regulation that deprives a landowner of all economically beneficial or productive use of land is a per se taking unless the restrictions were already embodied in the state's law of nuisance.[91] Importantly though, regulatory takings cases have almost exclusively involved real, rather than personal, property.

III. ARGUMENT

A. IS A DOMAIN NAME PROPERTY THAT CAN BE TAKEN?

As a threshold issue, for a forced transfer of a domain name to be a taking, the interest transferred (i.e., the domain name) must be property. Though most takings cases involve a clear property right, the issue is not so clear-cut in the case of domain names. First, a domain name is not a location in the sense that 125 Main Street is the location of a specific piece of property. A domain name allows an Internet user to find a location by pointing to an IP address, which is located at a specific physical location vis-à-vis a computer server. Thus, in typing a domain name into an Internet browser, the DNS translates that domain name into an IP address, which is used to access a website hosted on a server at, for

[84] NOVAK ET AL., *supra* note 76, § 1.6, at 7.
[85] *Id.* § 5.6, at 49.
[86] United States v. Gen. Motors Corp., 323 U.S. 373, 378 (1945).
[87] NOVAK ET AL., *supra* note 76, § 7.1, at 65.
[88] *Id.* § 7.4, at 67.
[89] *Id.*
[90] Loretto v. Teleprompter Manhattan CATV Corp., 458 U.S. 419, 426 (1982).
[91] Lucas v. S. Carolina Coastal Council, 505 U.S. 1003, 1029 (1992).

example, 125 Main Street. Unlike a legal property description of a specific piece of land though, a domain name is not merely descriptive of a specific location. Instead, by simply changing the IP address to which the domain name points in the DNS, the next time that domain name is typed into a browser may result in access of a computer located at 745 Elm Street. Thus, a domain name is intangible and not a reference to tangible property.

In this sense, a domain name is like a phone number. While dialing a certain phone number will access a telephone at a certain location, assuming it does not access a mobile phone, a phone number can be "moved" so it accesses a different location. Thus, when a business changes locations, it moves its phone number so that it rings at the new location. Just as customers who dial the business' phone number may not realize they are talking to a different physical location, Internet users who type in a domain name may not realize they are accessing a different computer at a different physical location than that accessed previously.

A domain name also has similarities to real property. Real property is often distinguished from personal property because land is unique. Just as the real property at 125 Main Street only exists at that location and cannot be anywhere else, each domain name is totally unique and cannot exist in duplicate. In at least one sense though, domain names are more special than real property. While an almost indistinguishable piece of real property may be found at a different location, the same is not true of a domain name. There is only one "uga.edu," and no other can be found. This uniqueness has been the force behind the enactment of the ACPA and the application of the FTDA to domain names.

The Supreme Court has noted that the "property" element of the Takings Clause refers to "the group of rights inhering in the citizen's relation to the physical thing, as the right to possess, use and dispose of it."[92] The Takings Clause applies to every sort of interest the citizen may possess.[93] In determining whether a property interest exists, it must be remembered that "[p]roperty interests . . . are not created by the Constitution. Rather, they are created and their dimensions are defined by existing rules or understandings that stem from an independent source such as state law."[94]

1. Network Solutions, Inc. v. Umbro International, Inc. In *Network Solutions, Inc. v. Umbro International, Inc.*, Umbro, a judgment creditor, sought to garnish several domain names that were registered by the judgment debtor with the garnishee, Network Solutions, Inc. (NSI), to satisfy a default judgment.[95] Umbro obtained

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[92] United States v. Gen. Motors Corp., 323 U.S. 373, 378 (1945).

[93] *Id.*

[94] Webb's Fabulous Pharmacies, Inc. v. Beckwith, 449 U.S. 155, 161 (1980) (quoting Bd. of Regents v. Roth, 408 U.S. 564, 577 (1972)).

[95] Network Solutions, Inc. v. Umbro Int'l, Inc., 529 S.E.2d 80, 81, 54 U.S.P.Q.2d (BNA) 1738,

a writ of *fieri facias* and instituted a garnishment proceeding.[96] In that proceeding, Umbro named NSI as the garnishee and sought to garnish thirty-eight domain names that the judgment debtor had registered with NSI, requesting that NSI deposit the domain names with the court.[97] NSI asserted that it held no garnishable property belonging to the judgment debtor because domain names are "standardized executory service contracts" that cannot function on the Internet in the absence of service provided by NSI.[98] NSI also claimed that domain name services do not have a readily ascertainable value.[99]

The Supreme Court of Virginia held that domain names are not garnishable because any contractual rights the judgment debtor has in the domain name do not exist separately from NSI's services that make domain names operational Internet addresses (via the DNS).[100] The court concluded that "a domain name registration is the product of a contract for services between the registrar and the registrant."[101]

2. *Dorer v. Arel.* A second case in which domain names were analyzed as property is *Dorer v. Arel*,[102] on which the *Umbro* court relied, though erroneously.[103] In *Dorer*, the plaintiff trademark holder obtained a judgment against the defendant infringer for using the phrase "Write Word Publications" and the domain name "writeword.com" in its business.[104] The court awarded $5,000 in damages and permanently enjoined the defendant from infringing the plaintiff's mark.[105] Like the plaintiff in *Umbro*, Dorer sought a writ of *fieri facias* to execute on the infringer's domain name.[106]

The district court observed that under Virginia law, no statutory provision provides for direct transfer of the judgment debtor's property to the judgment creditor in satisfaction of a judgment.[107] It also noted that "where a third party controls the property subject to the writ, a judgment creditor typically must follow

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1738 (Va. 2000).

[96] *Id.*

[97] *Id.*

[98] *Id.* at 81-82.

[99] *Id.* at 81.

[100] Network Solutions, Inc. v. Umbro Int'l, Inc., 529 S.E.2d 80, 86, 54 U.S.P.Q.2d (BNA) 1738, 1743 (Va. 2000).

[101] *Id.* (quoting *Dorer v. Arel*, 60 F. Supp. 2d 558, 561 (E.D. Va. 1999)).

[102] 60 F. Supp. 2d 558 (E.D. Va. 1999).

[103] Xuan-Thao N. Nguyen, *Cyberproperty and Judicial Dissonance: The Trouble With Domain Name Classification*, 10 GEO. MASON L. REV. 183, 200 (2001).

[104] *Dorer*, 60 F. Supp. 2d at 558.

[105] *Id.*

[106] *Id.* at 559.

[107] *Id.* (citing VA. CODE ANN. § 8.01-511 (Michie 2001)).

garnishment procedures under Virginia law."[108] Therefore, whether the writ of *fieri facias* is operative on domain names remains unclear under Virginia law.[109]

The *Dorer* court noted several reasons indicating that domain names should not be treated as personal property.[110] Reasoning that it seemed appropriate to refer to trademark law for guidance where the domain name consists of a protected trademark or trade name, the court noted that trademarks "are not assets that can be freely traded apart from the goodwill to which they are attached," and that "a judgment creditor may not levy upon and sell a judgment debtor's registered service mark or trademark."[111] Thus, when analyzed under trademark law, creditors may not place a lien on trademarked domain names.

A second reason in *Dorer* indicating that domain names should be treated as personal property subject to judgment liens is that a domain name that is not a trademark entails only contract and not property rights because "a domain name registration is the product of a contract for services between the registrar and registrant."[112] Because the benefit and value of the contracted-for-service of domain name registration depends on how the party receiving the service exploits it, a judgment debtor "owns" a domain name in the same way that a person "owns" a telephone number.[113] While a telephone number can be a valueless way of reaching another party, it also can be a valuable commercial tool.[114] Therefore, in most cases, a domain name registration is valueless apart from the way it is used by the entity with the rights to it, and any value that comes from the transfer of the domain name is a result of the value added by the user.[115] Based on this reasoning, the court found that it would be inappropriate to consider the contract right an element subject to execution.[116]

The *Dorer* court also noted, however, that some domain names are "valuable assets *as domain names* irrespective of any goodwill which might be attached to them."[117] The court further acknowledged that domain names can be freely transferred apart from their content.[118] Generic or clever domain names that do not violate a trademark or other right or interest are "extremely valuable to

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[108] *Id.* (citing VA. CODE ANN. § 8.01-511 (Michie 2001)).
[109] Dorer v. Arel, 60 F. Supp. 2d 558, 559 (E.D. Va. 1999).
[110] *Id.* at 560.
[111] *Id.* at 560-61.
[112] *Id.* at 561.
[113] *Id.*
[114] Dorer v. Arel, 60 F. Supp. 2d 558, 561 n.13 (E.D. Va. 1999) (noting 1-800-COLLECT and 1-800-FLOWERS as examples).
[115] *Id.* at 561.
[116] *Id.*
[117] *Id.* (emphasis supplied).
[118] *Id.*

Internet entrepreneurs."[119] Domain names like these, which have significant value on the open market, may be attractive and appropriate targets for judgment creditors seeking to satisfy judgments from debtors.[120] Notwithstanding this analysis, the *Dorer* court declined to decide whether a domain name is personal property subject to a *fieri facias* lien because another means was available to acquire the domain name.[121] The court noted, however, that the question is a "knotty issue."[122]

The courts in *Umbro* and *Dorer* failed to correctly classify domain names because they overlooked the cyberspace medium of e-commerce and that memorable domain names are valuable, exchangeable commodities in the open market.[123] Further, many domain names have high price tags because the domain name itself has the capability of generating more traffic to a particular web site.[124] Finally, not only are domain names transferable in the open market, but they also are transferable by court order or by panels authorized by ICANN.[125]

3. Kremen v. Cohen. A California court departed from the judicial dissonance in *Umbro* and *Dorer* and recognized the property interest in domain names in the case of *Kremen v. Cohen.*[126] In *Kremen,* the plaintiff registered the domain name "sex.com" with NSI, but the defendant fraudulently requested NSI to transfer that domain name to him.[127] The plaintiff sued NSI for transferring the domain name to the defendant, and NSI moved for summary judgment, including in its motion a claim that a domain name is not capable of being converted.[128]

The court noted that the tort of conversion historically was confined to tangible property.[129] California law has expanded the common law rule, and the tort of conversion now reaches intangible property merged in or identified with some document such as "bonds, notes, bills of exchange, stock certificates, and warehouse receipts."[130] Intangible property such as "goodwill of business, trade secrets, a newspaper route, or a laundry list of customers" is not subject to conversion.[131] Thus, the *Kremen* court ruled that under California conversion law,

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[119] Dorer v. Arel, 60 F. Supp. 2d 558, 561 (E.D. Va. 1999).
[120] *Id.*
[121] *Id.*
[122] *Id.*
[123] Nguyen, *supra* note 103, at 203.
[124] *Id.*
[125] *Id.*
[126] 99 F. Supp. 2d 1168 (N.D. Cal. 2000).
[127] *Id.* at 1170.
[128] *Id.* at 1171-73.
[129] *Id.* at 1172.
[130] *Id.* at 1172-73.
[131] Kremen v. Cohen, 99 F. Supp. 2d 1168, 1172 (N.D. Cal. 2000).

the domain name "sex.com" was not protected intangible property because the name was not merged in or identified with a document or other tangible object.[132]

Nevertheless, the *Kremen* court held that domain names are intangible property, just not intangible property subject to conversion in California.[133] The court rejected the *Umbro* majority's position that domain names are products of service contracts between the registrar and registrant.[134] The *Kremen* court found merit in the dissent's argument in *Umbro* that "the right to use domain names 'exists separate and apart from NSI's various services that make the domain names operational Internet addresses. These services . . . are mere conditions subsequent . . . .' "[135]

In a later opinion, the *Kremen* court granted summary judgment for the plaintiff and confirmed that domain names are intangible property.[136] Because a domain name has monetary value and provides rights and interests capable of being enjoyed by the registrant, the court reasoned that a domain name is intangible property under California law.[137] The court ordered the defendant to transfer the domain name "sex.com" to the plaintiff as the original owner.[138] Although the defendant argued that it had title to the domain name based on a letter from the plaintiff's officer, the court found that the letter was forged.[139] Therefore, "the transfer of the domain name from the plaintiff to the defendant was void *ab initio*, and the rule that forgery constitutes a nullity applies to the transfer of domain names just as with other interests in property."[140]

The *Kremen* decision is sound in its analysis on the proper classification of domain names, particularly for generic or descriptive domain names that are not

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132 *Id.* at 1173.

133 *Id.*

134 *Id.* at 1173 n.2.

135 *Id.* (quoting *Network Solutions, Inc. v. Umbro Int'l, Inc.*, 529 S.E.2d 80, 89 (Va. 2000) (Compton, J., dissenting)).

136 Kremen v. Cohen, 2000 WL 1811403, at *3 (N.D. Cal. Nov. 27, 2000) ("[P]roperty includes 'everything which one person can own and transfer to another. It extends to every species of right and interest capable of being enjoyed as such upon which it is practicable to place a money value.' ") (quoting *Yuba River Power Co. v. Nev. Irrigation Dist.*, 279 P. 128, 129 (Cal. 1929)). The *Kremen* court also noted:

> In a court of equity "if that which complainant has acquired fairly at substantial cost may be sold fairly at substantial profit, a competitor who is misappropriating it for the purpose of disposing of it to his own profit and to the disadvantage of complainant cannot be heard to say that it is too fugitive or evanescent to be regarded as property."

Id. (quoting *McCord Co. v. Plotnick*, 239 P.2d 32, 34 (Cal. Ct. App. 1952)).

137 *Kremen*, 2000 WL 1811403, at *3.

138 *Id.* at *4.

139 *Id.* at *1-*3.

140 Nguyen, *supra* note 103, at 205.

protected by trademark law but are nevertheless valuable on the Internet even without the attached goodwill.[141] Further, the *Kremen* analysis is consistent with the traditional bundle of rights property theory because the owner of a domain name has the right to exert control over the domain name, the exclusive right to use the domain name, and the right to alienate the domain name.[142] Thus, domain names should be recognized as property, or more specifically, intangible property.

Perhaps the most compelling argument that at least some domain names are property for purposes of Fifth Amendment takings stems from the *in rem* jurisdictional provision of the ACPA.[143] A number of district courts have held that domain names are property for purposes of *in rem* action under the ACPA solely because Congress has declared that domain names are property.[144] In *Cable News Network v. cnnnews.com*,[145] the court held that domain names are property and have situs in the judicial district where the registrar is located. According to the court in *Caesar's World, Inc. v. Caesars-Palace.com*, "even if a domain name is no more than data, Congress can make data property and assign its place of registration as its situs."[146]

One problem with these decisions is the "disparate treatment of domain names."[147] In transferring a domain name from a registrant to a trademark owner, courts imply that domain names that are identical or substantially similar to distinctive trademarks are considered property.[148] Consequently, domain names that are generic or merely descriptive are not considered property because no trademark owner could bring an *in rem* action against the registrant due to the owner's lack of a protectable trademark.[149]

This differential treatment, however, is of no consequence to the question of just compensation. Domain names are property under the ACPA and FTDA because Congress has said so, and Congress treats them as such.[150] The exact type

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[141] *Id.*

[142] *Id.*

[143] *Id.*

[144] *See, e.g.*, Lucent Techs., Inc. v. Lucentsucks.com, 95 F. Supp. 2d 528, 54 U.S.P.Q.2d (BNA) 1653 (E.D. Va. 2000); Caesar's World, Inc. v. Caesars-Palace.com, 112 F. Supp. 2d 502, 54 U.S.P.Q.2d (BNA) 1121 (E.D. Va. 2000).

[145] 162 F. Supp. 2d 484, 492 (E.D. Va. 2000), *vacated in part by* 56 Fed. Appx. 559 (4th Cir. 2003).

[146] 112 F. Supp. 2d at 504.

[147] Nguyen, *supra* note 103, at 211.

[148] *Id.*

[149] *Id.* at 211-12.

[150] Since a generic name like "sex.com" is not a protectable trademark, it could not be taken under either the ACPA or the FTDA. While it may be unfair for Congress to differentiate, that is an argument for another day. Because this Note addresses only the application of the ACPA and FTDA, it is enough that Congress has stated that domain names subject to these statutes are property.

of property interest a registrant may exercise over a domain name is relevant to the question of just compensation. Congress' treatment of domain names as property makes the question of property type irrelevant when deciding whether a taking has occurred. Thus, domain names are property subject to the Fifth Amendment Takings Clause.

B. FORCED TRANSFERS OF DOMAIN NAMES ARE TAKINGS BY PHYSICAL APPROPRIATION

The purpose of the Fifth Amendment guarantee against takings without just compensation is to "bar Government from forcing some people alone to bear public burdens, which, in all fairness and justice, should be borne by the public as a whole."[151] As the Supreme Court has noted though, determining what constitutes a taking has proven to be a problem of considerable difficulty.[152]

There are two basic categories of takings: physical appropriation of property and regulatory takings.[153] A physical appropriation or occupation of property will always be deemed a taking.[154] Several elements are required to effect a taking. In particular, intent is an essential element of a taking in the context of eminent domain.[155] Public use or purpose also is an essential element of eminent domain,[156] but this element has been construed broadly and is rarely challenged successfully in eminent domain proceedings.[157] Perhaps most applicable to the situation here is that government action short of acquiring title itself that destroys a property owner's interest constitutes a *de facto* taking.[158]

The intent element of a taking requires the government to have at least an intent to do an act in which the natural consequence is to take property.[159] A problem for the property owner occurs when intent must be implied from the facts.[160] Intent is evinced in the remedies set forth in the FTDA, which states that "the owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use in commerce of a mark or trade name . . . ."[161] The

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151 Armstrong v. United States, 364 U.S. 40, 49 (1960).
152 Penn Cent. Transp. Co. v. City of N.Y., 438 U.S. 104, 123 (1978).
153 NOVAK ET AL., *supra* note 76, § 5.1, at 41.
154 *Id.*
155 *Id.*
156 *Id.* § 5.1, at 42.
157 *Id.*
158 THEODORE J. NOVAK ET AL., CONDEMNATION OF PROPERTY: PRACTICE AND STRATEGIES FOR WINNING JUST COMPENSATION § 5.1 at 42 (1994).
159 *Id.* at 137.
160 B Amusement Co. v. United States, 180 F. Supp. 386, 389 (Ct. Cl. 1960).
161 Lanham Act § 43(c)(1), 15 U.S.C. § 1125(c)(1) (2000).

ACPA also evinces congressional intent to take property in its mandate that courts must forfeit, cancel, or transfer a domain name that violates the statute. The minimum remedy set forth by the ACPA bolsters this argument, as every application of the ACPA to a violative domain name will result in the registrant's loss of her rights to its use and enjoyment.

Even if appropriate compensation is made, private property can be taken only for public use.[162] In other words, the government cannot take property for strictly private use irrespective of any just compensation paid to the property owner. While this seems to be a strong basis for attacking the ACPA and FTDA as applied to domain names as unconstitutional, "public use" has been construed broadly and is rarely a controversial issue in condemnation law.[163]

First, for the public purpose requirement to be satisfied, the title to the property need not be held publicly.[164] Thus, the fact that domain name ownership is transferred or cancelled and never "owned" by the government will not defeat a takings claim. This situation occurred in *Hawaii Housing Authority v. Midkiff*,[165] where the Hawaii Legislature enacted land reform legislation to erase the historic traces of oligopoly that resulted from the tribal governments of the Hawaiian Islands.[166] The legislation achieved its goal by condemning large land holdings of certain lessors and redistributing the land to certain lessees.[167] Though the act facially appeared to have transferred title from one private party (lessors) to another (lessees), the mere fact that property was transferred to private beneficiaries did not mean that only a private purpose was served.[168] Public use was served by the greater public purpose of social and economic justice.[169]

Further, a legislature's determination that public use exists is entitled to a presumption of validity.[170] Absent some manifestly private use or arbitrary or unreasonable conduct on the part of the legislature, the courts generally will uphold a legislative determination of public use.[171] Basically, unless it can be shown that absolutely no public use is possible, the courts will defer to legislative judgment.[172]

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[162] Hawaii Housing Auth. v. Midkiff, 467 U.S. 229, 241 (1984).
[163] NOVAK ET AL., *supra* note 76, § 5.5, at 45.
[164] *Id.* § 5.5 at 46.
[165] 467 U.S. 229 (1984).
[166] *Id.* at 233.
[167] *Id.*
[168] *Id.* at 241.
[169] *Id.* at 241-42.
[170] NOVAK ET AL., *supra* note 76, § 5.5, at 46.
[171] *Midkiff*, 467 U.S. at 244.
[172] *Id.* at 240.

An argument can be made that domain name transfers or cancellations under dilution theory do not meet the public use requirement. This argument flows from the purposes behind dilution theory and its history. Trademark infringement under the likelihood of confusion test exists to ensure that consumers know the origins of goods or services they purchase. This theory offers no protection, however, to the trademark owner whose mark is used in a manner that harms him, even though such use does not infringe the trademark owner's rights.

An example is illustrative. The Coca-Cola trademark is widely known and recognized, as is the red and white script that appears on the side of Coca-Cola cans and in advertisements. A poster manufacturer sold a large poster written in the familiar white script on a red background, which read "Cocaine" instead of "Coca-Cola." Obviously, the Coca-Cola soft drink manufacturer does not produce cocaine, and no one reasonably would believe that Coca-Cola advocates or supports drug use. However, this use of the trademark injured the Coca-Cola trademark. In this sense, dilution theory protects the trademark owner, rather than the consumer, who is protected by infringement theory.

The argument, therefore, is that although infringement theory facially benefits the public, dilution theory only benefits trademark owners, and accordingly, there is no public use. One need not go far, however, to find a public use or benefit met through dilution. Shareholders in Coca-Cola, who are members of the public by definition, would benefit from a dilution statute in that it protects them from harm to their investment. Chipping away slowly at the Coca-Cola trademark would slowly depress the value of company stock; therefore, the protection of such trademarks do have a public use and benefit.

1. The ACPA and FTDA as De Facto Takings. Numerous and diverse examples demonstrate governmental action that is tantamount to a taking because its effect is to destroy the owner's interest in property.[173] Generally, a taking may be deemed to occur at any time the effect of government action is so complete as to deprive the owner of all, or in some jurisdictions most, of a legally recognized interest in the property.[174] The government need not step into the shoes of the owner by taking title or a lesser interest in the property; it is sufficient that the government destroys or substantially diminishes the property owner's rights or interest in the property.[175] As the Supreme Court stated in *United States v. General Motors*:

> [I]t is to be observed that whether the sovereign substitutes itself as occupant in place of the former owner, or destroys all his existing

[173] NOVAK ET AL., *supra* note 76, § 5.6, at 48.
[174] *Id.* § 5.6, at 49.
[175] United States v. Gen. Motors Corp., 323 U.S. 373, 378 (1945).

> rights in the subject matter, the Fifth Amendment concerns itself solely with the "property," i.e., with the owner's relation as such to the physical thing and not with other collateral interests which may be incident to his ownership.[176]

Forcing transfer of a domain name to another party certainly deprives the domain name registrant of all interest in the property value. Cancellation of registration has the same effect. In fact, the least intrusive remedy under either statute would be an injunction against any commercial use of the domain name. Considering the broad reading the "commercial use" requirement has been given in order to place a domain name within the statute, this remedy would fall under the category of substantially diminishing the property owner's interests or rights in the property. This conclusion is based on interpretation of "commercial use" under the FTDA, under which the domain name owner would not be able to sell anything from his website, use his website to lead a customer to purchase something, sell or offer for sale the domain name, link to another website of his which is commercial in nature, and so forth. Use would be limited to providing information only, and use leading to any commercial gain for the domain name owner would be prohibited. Thus, any injunctive relief given under the FTDA or ACPA would lead to a *de facto* taking of the domain name.

2. *Policy Behind Takings.* The guarantee against governmental taking of property without just compensation is to keep government from forcing some people to bear public burdens, which should be borne by the public as a whole.[177] The question under this rationale becomes whether application of the ACPA or FTDA to domain names is a burden that should be borne by the public as a whole or instead, by the violating party. This is not an easy question to answer, and for many, it may simply come down to personal Internet ideology.

As noted previously, the Internet is a worldwide network of networks and is more than just a United States anomaly. The founding fathers of the Internet and many in the Internet community have fought to keep the Internet "free" from government control. As it exists now, the Internet (at least in the United States) is an experiment in nearly absolute laissez-faire capitalism. Few, if any, regulations or laws in the United States govern the Internet, and there cannot be for practicality reasons. Data flows from other countries and entities outside the jurisdiction of the United States, and thus, regulation within the United States harms American entities while benefiting foreign Internet entities.

If the Internet is intended to be truly "free" in a laissez-faire sense, then any limits obviously take away from the Internet's ability to function in that manner.

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[176] *Id.*

[177] *See generally* Nguyen, *supra* note 103.

Through the ACPA and the FTDA, the United States has chosen to limit the access and functionality of the Internet in a manner that is not uniform to the entire Internet. For a more concrete example, take the hypothetical presented at the beginning of this Note. Assuming dupontshoes.com violated the FTDA, the same domain name registered and operative in another country (e.g., dupontshoes.co.uk) may not necessarily be in violation. In fact, because several of the domain name servers are located outside the United States, if Internet users pointed their browsers to those servers to resolve IP addresses, then dupontshoes.com could be a functional website in violation of the FTDA. Yet, a United States court would be unable to force those DNS servers to resolve to a different IP address.[178]

It is only fair that the costs incurred by American regulation of the Internet be borne by the public who chooses (legislatively) to go against the grain, so to speak. While it seems more difficult to stomach the idea that we should compensate the "bad faith" cybersquatters whose sole purpose is to make a large amount of money with little effort, this problem likely will not exist in large scale in the future. Essentially, the "problem" of cybersquatting boils down to some large businesses failing to realize the importance or enormous potential of the Internet, and some individuals capitalizing on their delay. Very few fail to see the importance of the Internet now. Most, if not all, famous mark owners have acquired domain names of their marks. As a practical matter then, the problem of cybersquatting will not be what it once was, and the future of litigation concerning domain names will likely revolve around dilution theory.

Litigation over dilution of a trademark in a domain name does not involve someone necessarily trying to make a quick buck off of another's famous mark. Bad faith is not even an element of dilution, as illustrated in this Note's opening hypothetical. If William Dupont cannot operate his website under dupontshoes.com because it dilutes the DuPont trademark, remembering that traditional trademark protection was to benefit and protect consumers, then the public should bear the burden of that policy choice, not the domain name registrant who violates it.

IV. CONCLUSION

The Supreme Court has acknowledged the considerable difficulty of defining the scope and limits of the Fifth Amendment Takings Clause. Further, taking hundreds of years of jurisprudence and applying it to the Internet has been no easy task for the courts. To be sure, at the time the Constitution was written,

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[178] This example also shows the freedom of the Internet and the need for legislation of it to be wary of the potential diplomatic and practical outcomes that may flow.

there was no Internet. Computers did not exist to plug into phone lines that did not exist to view information that did not exist. Consider the time in which the Takings Clause was written: complex arithmetic was done on an abacus; almost no mail system existed (the Pony Express, which operated much later, was a considerable "innovation"), and one of the signers of the Constitution is credited with discovering electricity. Today, any information can be accessed at any point in the entire world in less than two seconds. Little bits of electricity that were barely even known to exist at the time the Constitution was authored are now fundamental to, and embedded in, our society, culture, and economy.

The idea that the framers of the Constitution had in mind, namely that private property cannot and will not be taken by the government for public use without paying the deprived owner for that use, is just as applicable today, however, as it was over two hundred years ago. Our world has changed, but the need to keep government from overreaching and overstepping its constitutional bounds remains. While it is impractical and bad policy to find that government should pay for all deprivations, no matter how big or small, the need to ensure that government power remains in check persists. Deprivations of constitutional freedoms do not come in large chunks; they whittle away slowly until nothing is left to defend.

In the end, domain name transfers or cancellations take property from those who own them. In evaluating novel applications of what may seem like ancient provisions, the text is where to begin. "[N]or shall private property be taken for public use, without just compensation."[179] Domain names are private property; the registrant is deprived of their ownership, and it is done for the benefit of the public. Just compensation is due, no matter how big or small.

BRIAN C. SMITH

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[179] U.S. CONST. amend. V.