

Domain Name Disputes: Trademark Owners Face Record Problems

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Domain name disputes were once thought to have disappeared with the dot-com bust of 2000 but, like the high-tech economy itself, have rebounded to record levels, all to the dismay of trademark owners worldwide. A good measure of this activity is the number of cases filed under the Uniform Domain Name Dispute Resolution Policy (UDRP), the mandatory arbitration process created in 1999. At the World Intellectual Property Organization (WIPO), the leading provider of UDRP services, complaints under this policy fell from a high of 1,857 in the year 2000 to 1,100 in 2003. But, a record 2,156 UDRP complaints were filed with WIPO last year! The National Arbitration Forum (NAF) had not published year-end statistics as of this writing but earlier in 2007 had reported a 21 percent increase in the number of UDRP filings it had received.

The surge in domain name disputes is causing alarm for trademark owners as cybersquatters exploit new tactics online. The cybersquatters' old tricks—rushing to register a company's business or product names as domain names before the company realized the importance of the Internet, and then offering to sell the domain names to the rightful trademark owner or creating a pornographic website using the domain—have been replaced by new, more sophisticated scams. For example:

Domain name “tasting.” Under this practice, cybersquatters register domain names for a short period of time to exploit a loophole that entitles them to a refund of their registration fees if the domain names do not prove worthwhile. As a result, the number of domain name registrations is at an all-time high, approaching 100 million!

“Cyberflight.” Often, a cybersquatter quickly transfers a domain name after learning of a dispute, in an attempt to avoid an adverse decision.

Privacy services and false registration data. Many cybersquatters attempt to hide their identities to frustrate trademark owners. For example, in one UDRP complaint I filed for a client, the domain name registrant was identified as, literally, “Sdf fdgg.” Fortunately, ICANN (the Internet Corporation for Assigned Names and Numbers) has rejected efforts that would further hide data on domain name registrants but has taken little action that would ensure the openness and accuracy of this information.

Advertising portal sites. Cybersquatters now use automated services to generate affiliate links on web pages

for newly registered domain names, often trading on the goodwill of a trademark owner. These services allow a cybersquatter to profit from a domain name with almost no investment and minimal effort.

As a result of the above tactics, “domaining” has become an industry of its own, attracting both individual speculators and well-funded companies with domain name portfolios that number in the hundreds of thousands. Industry publications have even been created to cover this field, which often blurs the line between legitimate entrepreneurship and illegal exploits.

Fortunately, the UDRP remains a trademark owner's most valuable cyber-tool. In 2007, trademark owners obtained favorable decisions under the UDRP in about 90 percent of the reported WIPO decisions.

Many domain name disputes are perfectly suited for the UDRP, which requires a complaining party to prove three elements:

the domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights;

the domain name registrant has no rights or legitimate interests in respect of the domain name; and

the domain name has been registered and is being used in bad faith.

Where a trademark owner can establish the above, the UDRP continues to be a popular (and often, preferred) alternative to litigation, given the financial and timing efficiencies of the UDRP.

Still, domain name disputes—like other online legal conflicts—will continue to evolve. Among other things, the rise in importance of some country-code top-level domains (ccTLDs) and the likely creation of new generic top-level domains (gTLDs) will only cause more conflicts between domain name registrants and trademark owners. As a result, trademark owners must remain vigilant against cybersquatters, to protect their brands, their customers and even the integrity of the Internet itself. ■

Founder of The GigaLaw Firm, Doug Isenberg is a domain name panelist for WIPO, a past chair of the Intellectual Property Law Section, and a member of the Intellectual Property Constituency at ICANN, the Internet Corporation for Assigned Names and Numbers. He has represented clients in domain name disputes since 1996. Visit his firm's website at www.GigaLawFirm.com or his blog at www.GigaLaw.com. Contact him at disenberg@gigalawfirm.com or 404-348-0368.