

Trademark Advisory: What's In a Domain Name?

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The number of domain name registrations is once again on the rise, with one domain name registrar reporting a 12% increase in domain name registrations so far over last year. What does this mean for you and your business? It may mean that someone not affiliated with your business has registered a domain name that includes your business' name, trademark, or a common misspelling of your trademark.

General Guidelines for Domain Name Usage

Most businesses consider their domain name one of their most valuable assets. A domain name, which typically includes a business' trade name or trademark, enables consumers to quickly find that business on the Internet. Domain names are available on a first-come, first-served basis. Today, you can register a domain name under a variety of generic top level domains (gTLDs), such as **.com**, **.net**, or **.info**, and country code top-level domains (ccTLDs), such as **.us** or **.uk**. Registering a domain name is relatively inexpensive, typically costing less than \$10 per year. Often, if you simultaneously register multiple domain names, the cost can be even lower per registration. It is wise, therefore, to simultaneously register domain names not only for your business name, but also for the trademarks used on and for your significant products and services. Registration of a domain name does not, in and of itself, bestow the rights that inure with use of a trademark in commerce. Rather, the domain name itself must be used as a trademark or service mark in order for the domain name to have trademark significance.

Before registering a domain name containing a trademark for a business, product, or service, it is important to conduct a trademark search in order to ensure that adoption and use of the trademark does not infringe another's trademark rights. In order to avoid future domain name disputes, you should *not* register any variation or misspelling of another's trademark or domain name, particularly of a competitor's trademark or domain name, for any purpose. Such conduct would expose you to allegations that you registered the domain name in bad faith.

"Cybersquatters"—the name given to the registrants of domain names who attempt to profit from the Internet by reserving and using domain names that include another's trademark—have taken advantage of the cheap and easy domain name registration process to occupy desirable domain names. Such domain names often host click-through advertising on the Web site associated with the domain name to generate advertising revenue for the domain name registrant. The registrant may also attempt to profit from registration of the domain name by selling it to a third-party or to the trademark owner itself. If the registrant is a competitor, it may use the domain name to redirect potential consumer traffic directly to its competitive business site. All such uses may harm your business by diverting potential consumer traffic to your competitors, and serve to weaken the strength of your brand equity and trademark rights.

How To Prevent Domain Name Abuse

In order to prevent domain names that include your business' name or product trademark from being scooped up by unrelated third-parties, it is helpful to register not only the domain name that includes your business' name and trademark, but also variations of those trade names or trademarks. For example, in addition to registering the domain name **companyname.com**, you may also register **companyname.net**, **companyname.biz**, **companyname.org**, etc. You may also register common misspellings of the primary domain name, such as **kompanyname.com** or **compnyname.com**. In order to maximize the ownership benefit of these additional domain names, you may automatically redirect consumer traffic to your primary business domain name. Such proactive registration of additional domain name extensions and common misspellings will effectively create a zone of protection around your primary domain name, thereby inoculating it from misuse by competitors and cybersquatters.

Options for Handling Domain Name Disputes

If you discover that an unrelated third party owns a domain name that includes your business name, trademark, or a misspelling thereof, you have several options:

- You may be able to successfully avoid a domain name dispute simply by sending the domain name registrant a carefully worded letter. Often, a cybersquatter will voluntarily relinquish the disputed domain name rather than spend the time and money to retain it.
- You can initiate a mandatory arbitration seeking transfer of the domain name under the Uniform Domain Name Dispute Resolution Policy (UDRP). The domain name will be transferred or cancelled upon a showing that: (1) the domain name is identical or confusingly similar to your trademark; (2) the registrant has no "legitimate rights" in the domain name; and (3) the domain name was registered and is being used in "bad faith." UDRP proceedings are a quick and relatively inexpensive way to wrestle domain names away from cybersquatters and other unauthorized third parties. There is no discovery or oral hearing, and a decision is typically issued within 45-60 days.
- You can initiate a court action for trademark infringement, trademark dilution, and/or cybersquatting under federal statutes such as the Lanham Act, the Trademark Dilution Revision Act, and the Anticybersquatting Consumer Protection Act. While typically more time consuming and expensive than UDRP proceedings, litigation offers potential relief beyond transfer or cancellation of the domain name. Actual and/or statutory damages, injunctive relief, and attorneys' fees may be available. Depending upon the particular facts and circumstances, damages may be significant. In one recent action, Verizon was able to secure a \$33 million statutory damages award against a serial cybersquatter who registered over 660 domain names that included variations of the VERIZON trademark.

Deciding to invoke one of the dispute resolution methods above depends on an evaluation of the facts relating to each particular adverse domain name or domain name registrant. It also requires a balancing of the desired remedies with the importance of a quick resolution to the dispute. The range of options, however, provides flexibility in handling domain name disputes.

Conclusion

A domain name incorporating your business name or trademark is a critical component of promoting your business online. It allows potential consumers to find your goods and services easily. Given its importance, steps should be taken to ensure broad and effective protection of this asset. Certain low-cost and simple measures, such as registering domain names including your business name, trademark, and/or variations thereof with multiple gTLDs and/or ccTLDs, can provide your business with a zone of protection from lurking cybersquatters. If, despite such measures, you encounter third parties who have registered and are using a domain name that includes your business name, trademark, or variation thereof, it is important to analyze the situation promptly and determine which course of action is appropriate to remedy the problem.

For more information on or assistance with this or any other trademark matter, please contact one of the trademark attorneys listed below or the Mintz Levin attorney who ordinarily handles your legal affairs.

Susan Neuberger Weller
(202) 585-3510
SNWeller@mintz.com

Marvin S. Gittes
(212) 692-6247
MGittes@mintz.com

Geri L. Haight
(617) 348-1675
GLHaight@mintz.com

Carl A. Kukkonen, III
(858) 314-1535
CAKukkonen@mintz.com

Andrew D. Skale
(858) 314-1506
ADSkale@mIntz.com

Christine M. Baker
(212) 692-6236
CMBaker@mintz.com

Joseph M. DiCioccio
(212) 692-6853
JMDiCioccio@mintz.com

Carol H. Peters
(617) 348-4914
CPeters@mintz.com

Geraldine N. Rochino
(650) 251-7731
GNRochino@mintz.com