

ESSENTIALS OF

Domain Name Management

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In the traditional scheme of intellectual property, companies tend to manage their trademark, copyright, and patent portfolios, whether in house or through outside counsel. However, it has become increasingly essential for companies to treat domain names in kind.

When a company's trademark and domain name portfolios are not centrally managed, and there is no coordination or education of personnel on how to obtain and enforce rights in trademarks and domain names, problems arise, such as:

- *Your company's Marketing Department has registered a domain name and launched a website, and has since received a complaint from a third party that claims to own trademark rights in a term contained within the domain.*
- *A disgruntled customer complains that he has not received a product he ordered from a website containing your company's trademark; however, this domain is not your company's official website.*
- *Several different departments within your company are responsible for the management of its domain name portfolio. Marketing attempts to register a domain name containing your company's trademark, however, the domain is unavailable and is currently being used by a third party that appears to be selling the same goods as your company. After extensive research and efforts by legal counsel, it turns out that the domain name was registered for official company use by someone in an alternate office.*

This article can help to ensure that your company's rights remain protected through adopting domain name registration and enforcement policies.

Establishing Proactive Domain Name Registration and Enforcement Strategies

Companies are often confronted with the issue of what to do upon discovering that a third party has obtained a domain name registration that contains the company's trademark or some variation thereof. Prompted by such third party action, trademark registrants may have to overcome numerous hurdles to have the domain name transferred to them or deleted. Having a proactive domain name strategy can significantly reduce the effort and expense of attempting to acquire or cancel an adverse third party's domain name registration. Moreover, a proactive strategy may help to ensure that the company's trademarks, brand and reputation, are protected.

In developing a strategy, one of the most important questions is: **who manages the domain name portfolio for the company?**

If there is an answer to this question, it probably varies based on the structure of the company. While many have learned to manage their patent, trademark, and copyright assets within their Legal Departments, few treat domain names in the same way. Instead, the registration, management, and upkeep of domains are often left to Marketing or IT departments. This makes some sense insofar as domains are the addresses to the websites through which the Marketing team communicates relevant content, and IT personnel are frequently responsible for programming and updating company website content.

The problem is that Marketing and IT personnel typically are not equipped to foresee the legal issues which might arise and therefore are unable to take preventative measures. Likewise, Marketing and IT personnel often do not communicate with Legal counsel until a conflict arises with a third party. In these instances, the reactive options available are often costly and time consuming. Moreover, the objectionable registration and use of the domain name may have already damaged the trademark owner by either diverting internet traffic to a competitor's or infringer's website, diluting or weakening the strength of the brand, or tarnishing the reputation of the trademark owner.

If Legal is involved in a company's domain name management, it can mitigate the risk of potential conflicts by: *(i) monitoring domain names registered by third parties based on the company's trademarks and target markets; (ii) identifying potential issues with the domains a company intends to register; and (iii) taking prompt enforcement measures such as issuing Cease and Desist letters, litigation, and dispute resolution.*

To enable Legal to take such proactive and preventative measures, it is vital that IT, Marketing, and Legal staff communicate with each other early and often, coordinating efforts so that issues can be identified with optimal speed and efficiency. A company will benefit significantly from guidelines that encourage collaboration between these departments. When adopting domain name registration and enforcement strategies, at least the following key issues should be considered:

- *Does your company own trademarks and domain name registrations?*
- *Who manages your company's trademark and domain name portfolio?*
- *Who, if anyone, is monitoring for potential problematic third party efforts to register and/or use similar trademarks?*
- *Has your company explored registration of new .KEYWORD generic top-level domains (gTLDs)? Is your company registering and/or monitoring these new gTLDs?*
- *What third party uses or registrations are serious enough to be actionable to your company?*
- *What is your domain naming strategy for your web assets?*
- *What prompts the decision to register a domain name? Is the name already used or planned to be used as a brand or trademark?*

Often the reason for adopting a new domain relates to the debut of a new brand. For this reason, it can be important to be aware of the differences between domain names and trademarks, and to consider how such distinctions may impact your company's strategies.

Domain Name or Trademark?

It is important to know that mere registration of a domain name does not reserve rights in the name as a trademark, or otherwise give rise to trademark rights.

Trademark rights in a term may be established where the term is displayed on or in relation to goods or services offered for sale to the public. Displaying a term alone, without reference to the goods or services, is usually not considered a trademark use of the term. Trademark rights can be registered by filing an application for the mark with the appropriate office in the relevant jurisdiction (e.g., the USPTO for federal registration in the United States).

Mere registration of a domain name does not reserve rights as a trademark

If the company has not yet applied, guidelines should instruct personnel on how to clear the desired term for use and/or possible trademark registration. First, it is important to ensure that the desired domain does not contain anyone else's trademark. This can be determined by obtaining a clearance search in relation to the goods and services your company intends to offer, and a legal opinion on whether the term can be used and/or registered as a trademark. Even if the company decides against trademark registration at that moment, it is still advisable to conduct a clearance search and consider the strength of the mark upfront, so that, in the event that the term gains significance in the future, the company will be equipped to protect it.

Furthermore, if the company decides to pursue trademark registration, it should consider how best to register the mark, including whether the domain name itself should be registered as a trademark.

Domain Name Registration Strategy

If the company has trademarks rights, would the CEO be upset to learn that someone registered a desired domain name containing the company trademark before the company did so? Personnel should weigh the significant cost and effort to acquire a domain name from a third party against the usually lower cost of registering an available domain.

For example, imagine a clothing store, Blushering, has multiple locations across the United States. The company would probably prioritize acquiring domain names containing locations alongside the mark, such as Blushering.nyc, or BlusheringLA.net. Whereas, domain names such as BlusheringAuto.com may not evoke a connection with the company, and may therefore be less problematic.

While it is impractical to register every potential domain, or every offshoot thereof, the company should consider which potential uses of its mark in domains could be particularly problematic if registered by a third party.

Some of those uses might include:

- *Misspellings of a mark (“Blushering.com” or “Bl1ushering.net”)*
- *Phrases comprising the trademark with additional descriptive keywords (“CheapBlusheringClothing.com”; “BlusheringUSA.com”; “Blushering.shoes”; “Blushering.app”); or*
- *Other potentially problematic variations such as “BlusheringSucks.com” or “Blushering.xxx”)*

It is advisable to check the availability of such domains, as well as other potentially desirable ones, and decide in advance whether they should be considered significant enough to register proactively.

The Internet Is Not Just .Com Anymore

It is no longer sufficient to focus solely on the .COM top-level domain. In recent years, several hundred new generic top-level domains (“gTLDs”) have come online, and more are being added on an ongoing basis. These “new gTLDs” can be trademarks, but more commonly, they are keywords that may eventually serve to apportion off sections of the Internet for particular types of commerce or commentary. For example, a company that provides technology or mobile services may want to register names on new top-levels like .TECH, .APP, or .MOBILE. Moreover, it will also be important for a company with a local presence, or one that wishes to attract local customers in a new market, to consider domains relating to countries, such as .FR for France, or .CN for China, known as country code top-level domains (“ccTLDs”). Similarly, there are also geographic top-level domains (commonly referred to as “geoTLDs”), such as .NYC for New York City, or .PARIS for Paris, which indicate an association with a specific geographic location.

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In addition, there are some gTLDs that a company may want to register defensively in order to preclude third parties from acquiring the domain. For instance, the company may choose to do so on certain top-levels that have negative connotations like .SUCKS and .XXX. This may be particularly relevant if the brand is consumer-facing.

Similarly, the company should be aware of internationally facing top-level domains that it may wish to make unavailable. For example, .WANG, a transliteration of the Mandarin character for “website”, would likely be considered explicit by English speaking consumers. As such, third party registration of a company’s mark at .WANG may be problematic, depending on the nature of the company’s business and the demographic to which it caters.

Establishing A Company Ownership Policy

Another consideration in forming a domain name strategy is what individual or entity should own the company's domain names. It is advisable to require company employees, authorized retailers or distributors, and company franchisees and licensees to register domains in the name of the company, or, if necessary, to transfer the registration to the company after it is obtained. Such a policy can prevent unnecessary complications and expenses should the company discontinue their relationship with the person or entity that registered the domain name.

It may also be beneficial for the company to ensure that all domain names registered have the same generic company email address for contact information purposes. Having all registration-related correspondences and notifications in the same inbox will enable the company to efficiently and effectively monitor and enforce its trademark rights and manage its domain name portfolio.

Tools To Register, Block, And Monitor

There are several tools for registering, blocking, and monitoring domain names. Among them are the following:

A. REGISTER

Companies should take proactive measures to register domain names that are likely to give rise to the presumption that the company operates the domain. These domains names may, for example, include exact matches of the company's trademark, or common misspellings thereof that may potentially cause consumer confusion. By proactively registering domain names in defense of potential third party registration, the company may be able to save time and money that would otherwise be spent to acquire the domain from a third party.

With respect to new gTLDs, companies with trademark registrations can take advantage of tools that grant trademark owners early access to domains containing their marks before a new gTLD is open to the public. One such tool is the Trademark Clearinghouse ("TMCH"), which provides trademark owners the benefit of priority of registration during a "sunrise" period that each new gTLD is required

to offer. A company which registers its trademarks with the TMCH has the advantage of being able to register the identical trademark terms on all new generic top-level domains before the general public. In order to take advantage of this priority-registration, companies must submit proof of trademark registration and use to the TMCH.

After registering the trademark with the TMCH, it is a best practice to monitor for new generic top-level domains becoming available, and in turn registering those that are desirable to the company during the applicable sunrise period. Even if you do not register with the TMCH, the company should still register the domain name when it becomes available to the public. There are monitoring tools available that advise as to the availability of these domains.

B. BLOCK

After registering a mark with the TMCH, companies can prevent others from registering the mark across numerous new gTLDs through the Domains Protected Marks List (“DPML”). The DPML is a registry-specific list that offers protection for certain new gTLDs. Trademark holders who register with the DPML do not need to register the domain names they wish to block; the DPML will automatically block registration of the trademark at the second level of the new domain. Moreover, the DPML allows the registrant to unblock and register these gTLDs in the future. Companies pay a flat fee for five years of protection. As such, the DPML service is often less costly and more attractive than the alternatives of defensive registration or attempting to acquire a domain name from a third party.

C. MONITOR

Implementing a domain name monitoring program is essential to prevent consumer confusion and cybersquatting. The strength of a trademark can be weakened, or a trademark can become generic, if third parties are allowed to use a mark indiscriminately. The weaker a trademark becomes, the less value it holds. To prevent this loss in value, trademark owners should monitor third party use. Moreover, companies can monitor efforts by third parties to register similar terms in legacy gTLDs (i.e., .COM, .ORG, .BIZ, etc.), ccTLDs (i.e., .US, .UK, .EU, .CN, etc.), and new gTLDs through a watch service. Many types of watch services are available. You can watch for:

- *The application or registration of a trademark in one or more jurisdictions;*
- *The announcement of a sunrise period for a new gTLD;*
- *The third party registration of usernames containing a trademark on various social media platforms;*
- *The third party registration of a domain;*
- *Changes in the website content at a domain; or*
- *Use of a trademark on the Internet*

Therefore, a company should evaluate which is optimal for its particular needs.

Tools To Acquire Domains From Third Parties

If a third party registers a domain containing the company's trademark, several methods can be used to assist in obtaining a transfer of the domain name to the company, depending on the circumstances of each case and the urgency in acquiring the domain:

- *Send a demand letter to the domain holder*
- *Attempt to negotiate the purchase of the domain;*
- *Purchase the domain anonymously;*
- *Bring a civil law suit;*
- *Initiate an alternative dispute resolution proceeding, such as a Uniform Dispute Resolution Policy ("UDRP") with the appropriate authority;*
- *Place the domain on backorder to register after expiration; or*
- *Monitor changes to the content of the website to which the domain name revolves.*

The requirements to succeed in a lawsuit or a dispute-resolution proceeding are stringent, and both are costly. A UDRP is generally quicker and less expensive than a civil action. However to bring such a claim the trademark owner must show that the third party registration was in bad faith and has no legitimate rights or interest in the trademark, which may be difficult to prove in some circumstances. Moreover, if the registrant of the domain is a former licensee or franchisee, a UDRP claim is not available, as the registration was not made in bad faith, but rather under the former relationship.

For the resolution of a situation concerning a domain name in a new gTLD, the company may wish to bring a claim through the Uniform Rapid Suspension (“URS”) system, as an alternative to a UDRP proceeding. The URS offers quicker adjudication and a lower cost than a UDRP. However, there are also disadvantages to this option. Unlike a UDRP, the URS does not provide for the transfer of the domain in question, and a successful challenge will suspend the domain for the remainder of the registration period.

For these reasons, the company should weigh its options and choose the course of action that best suits its needs.

Conclusion

As the Internet matures and consumers grow increasingly reliant on it to discover and purchase goods and services, companies and their officers should recognize the importance of domain names and coordinate their domain name management with their intellectual property portfolios. Having a set procedure, frequent and full communication between departments, and educating the company's employees as to the importance of domain names as intellectual property, will better allow for efficient and effective domain name management.

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PRINCIPIUM STRATEGIES