

Cyber Misdeeds - Cybersquatting/Cyberpiracy

Introduction

Hijacking of domain names is an ongoing problem faced by companies. Many companies, including New York Stock Exchange, The Wall Street Journal, Paine Webber, Air France, US, British & Alitalia Airways, Lufthansa & Qantas, Disney, & Holiday Inn, Hilton and Marriott Hotels, have been forced to fight to protect their trademarks from use by a third party of a confusingly similar misspelled domain name.

All of these companies stopped the third parties' use of their misspelled trademarks through either the United Nations Trademark and Copyright Agency WIPO (the World Intellectual Property Organization) or the U.S. courts.

Definitions

Cybersquatting Cybersquatters register domain names based on a company's trademarks, and then attempt to extort payment from the actual trademark owner in exchange for returning the domain name, or use it to offer similar products for sale, or to appropriate Internet traffic for profit. Alternatively, the cybersquatter "warehouses" the domain names of others for future use or profit.

Typo-squatting Registering intentionally misspelled domain name variations of the actual company's trademark. The typosquatter profits by directing traffic away from the actual website to the typosquatter's rogue site. Typical typosquatting methods are "mousetrapping" and "redirecting." Typosquatters profit from redirecting traffic: users click on the ads and advertisers pay money to the website owner for directing traffic to its ads. Typically, the payment is 10-25 cents for every click on an ad. The fee for diverting users to a site they did not choose is typically 3-5 cents.. Mousetrapping allows typosquatters to quickly rack up profits because once the user realizes their mistake and attempts to exit the site by closing the browser or clicking on the "back" button, new windows with advertisements open over and over again.

One typosquatter admitted he earned \$800,000 to \$1 million per year on more than 3,000 websites.

Mousetrapping traps the user who has mistyped a domain name inside a website that inundates the user with advertisements and will not allow the user to escape the website.

Redirecting redirects the user to another website that typically shows a competitor's product or the opposing view of another group. In the case of Air France, which operates the website www.airfrance.com, typosquatters registered the similar www.airfranceairlines.com and the misspelled www.arifrance.com to divert users to a website selling discount travel deals. In the case of Microsoft's popular Carpoint car buying service at www.carpoint.com, users were redirected to wwwcarpoint.com which offered a competitive service to Microsoft's. Sometimes the competitor's "product" is an opposing viewpoint, as in the case of Planned Parenthood which

failed to register www.plannedparenthood.com which was then registered by a third party to directed users to an antiabortion website.

ICANN is the worldwide domain name policy organization Internet Corporation for Assigned Names and Numbers.

UDRP the ICANN uniform dispute resolution policy which is binding on all domain name registrants that use an ICANN-accredited registrar to register domain names.

WIPO the World Intellectual Property Organization, which is United Nations Trademark and Copyright Agency.

History

For nearly 20 years, the domain name system was managed on an ad hoc basis with little structure. But when use of the Internet increased, a more formal approach was needed. In 1998 the US government privatized the management of the domain name system in a nonprofit organization, ICANN.

Formerly, if a cybersquatter was using another's registered mark as a domain name, there were a number of obstacles to relief. The trademark owner had to obtain jurisdiction over the cybersquatter and to prove actual damages in order to get monetary relief.

Under Network Solutions internal policies, the accused domain name had to be identical to registered mark, not just confusingly similar.

In 1999, the Domain Name Supporting Organization, one of the 3 supporting organizations of ICANN, promulgated a Uniform Dispute Resolution Policy (UDRP) to handle bad faith domain name registration disputes. The first complaint under this policy was filed in December 1999. All generic top-level domain names are subject to these rules (e.g. .com, .net, .info, etc.) Many country code top-level domains are as well (e.g. .tv & .ve).

Procedure

The Policy provides for an arbitration-type procedure conducted in writing. There is no mechanism for discovery or testimony. The proceeding takes only about 2 months from start to decision. It is relatively low in cost, with the dispute resolution providers, WIPO, the National Arbitration Forum (NAF) and the CPR Institute for Dispute Resolution (CPR) charging from \$1500 to \$4000 in fees. There have been well over 10,000 decisions so far. Although there is no consensus as to whether UDRP decisions have value as precedent, it is now unusual for a decision not to cite prior decisions.

The administrative process is basic and simple. Select a dispute resolution provider (DRP) and file a complaint with the provider. The complaint should indicate if the complainant seeks to have the domain name transferred or cancelled. The decision must be rendered within 14 days of the panel's appointment, and the panel has 3 days to notify the parties of the decision.

Thereafter, the respondent has 10 days to file a lawsuit in a court of mutual jurisdiction either the domain name registrar's principal office location OR the registration address of the domain name holder). If a lawsuit is not filed, the registrar will implement the decision (transfer the domain name).

To prevail in such a procedure, the complainant must prove three elements:

- 1) the domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights. These can be common law, as opposed to federally registered;
- 2) the domain name registrant has no rights or legitimate interest in the domain name(s); and
- 3) the domain name was registered and being used in bad faith.

Panelists generally apply basic principles of trademark law. Some have based their decisions on whether a customer visiting the offending website will be likely to be confused. Bad Faith is shown by evidence of registration primarily for the purpose of selling, renting, or otherwise transferring the domain name to the mark holder or its competitor for valuable consideration (beyond associated expenses). This is where cybersquatter offers to sell domain name to complainant or the public for profit, even where complainant was the one to make the first inquiry about purchase. Another way to show bad faith is by evidence of registration in order to prevent mark holder from using mark in its domain name. This factor requires a showing of a pattern of such conduct. You may also show bad faith by providing evidence of registration primarily to disrupt the business of a competitor or evidence of an attempt to attract users through "likelihood of confusion."

If none of these proofs is available, bad faith can be shown indirectly if it is proved that the registrant does not hold trademark or other intellectual property rights to the domain name; if the domain name is not the registrant's legal name; if the registrant has not engaged in prior use of the domain name in connection with the bona fide offering of any goods or services; and if the registrant had provided misleading information when applying for the registration of the domain name and/or was "warehousing" multiple domain names that mirror the trademarks of others.

Where complainant's mark is highly distinctive, adoption of a domain name containing may be presumed to have been in bad faith.

Although the remedy is limited to cancellation or transfer of the domain name, as a practical matter, this is often sufficient. The UDRP therefore remains a relatively inexpensive way to resolve domain name disputes.