
Intellectual Property Law

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Trouble In Cybercity -- Protecting Your Valuable Domain Name Rights From Loss

You decide to go into the business of creating Web pages for the Internet. The first thing you consider is the right name for your business. Suddenly, it dawns on you what would be the perfect name -- Cybercity. With great excitement, you file your incorporation papers and "Cybercity, Inc." comes into existence.

You also realize you need to get an Internet address for your new business and quite logically decide that cybercity.com is the one to choose. So you contact Network Solutions, Inc. (NSI) to register cybercity.com as your domain name address. Again to your delight, no one else has yet registered cybercity.com. So you pay your \$70 registration fee and now cybercity.com is yours forever.

Not exactly. Several weeks after you register cybercity.com, you receive an ominous letter from an outfit called Cybercity Novelties, Inc. that you later discover is in the business of selling science fiction material such as books, cards and action figures. Cybercity Novelties, Inc. informs you that they have registered CYBERCITY as a trademark and that you are trespassing on their trademark rights. Just a few days later, you receive another ominous letter, this time from NSI saying that, unless you can show within 30 days that you have registered cybercity.com as your trademark, cybercity.com will no longer be yours to use.

Sound like a bad dream? Unfortunately for domain name owners, the dispute policy authored by NSI allows this sort of nightmare to happen. When someone registers a domain name with NSI, they must agree to be bound by NSI's dispute policy. Of particular importance are those paragraphs in NSI's dispute policy that govern the initiation of such disputes and how they will be resolved. As domain name owners have found out to their horror, NSI's dispute policy tends to favor the trademark owner.

For example, in the above scenario, there is a real issue as to whether use of cybercity.com for Web page services on the Internet would infringe the mark CYBERCITY used for selling science fiction material, especially if CYBERCITY is not a widely known or famous mark. However, the current NSI dispute policy does not require the trademark owner to show any likelihood of success on the merits, that it will be irreparably harmed or any of the other factors necessary for a preliminary injunction for trademark

infringement. All that the trademark owner has to do is: (1) tell the domain name owner in writing that they "possibly violate trademark rights of the trademark owner" and (2) present NSI with a certified copy of the trademark registration, along with a copy of the prior notice to the domain name owner.

How does a domain name owner protect themselves in this situation? At one time, a domain owner confronted with such a "30-day letter" could seek defensive trademark registration of their domain name in a country that offered quick turnaround such as Tunisia. However, the current NSI dispute policy closes this option by requiring proof of trademark registration prior to the "30-day letter". If the domain name owner does not have such a prior trademark registration, the current NSI dispute policy will eventually strip them of the use of the domain name.

The future of domain name disputes is particularly cloudy given that some organization other than NSI will eventually be taking over the task of registering domain names. What sort of dispute policy will be put into effect by the successor to NSI is still unclear.

Even with the uncertainty surrounding who will succeed NSI, there are some things the prudent domain name owner can and should do when trying to secure a domain name:

1. Have a trademark search carried out on the domain name. A trademark search can alert the domain name owner to whether there are registered or pending trademarks out there that are the same or similar to domain name. This search should preferably be carried out before the domain name is registered. This will allow modifications of the domain name to hopefully minimize the risk of offending some trademark owner. How comprehensive the search should be will depend on the intended use of the domain name and how much the domain owner wants to pay for the search. The more widespread the expected use, the more important it is to do a more comprehensive the search.
2. Secure trademark registration on the domain name as soon as possible. Pursuing U.S. federal registration of the domain name is certainly a good idea, especially to fend off later potential trademark infringers. However, federal registration can take quite a bit of time, time the domain name owner may not have. Given how soon the domain owner can be confronted with a "30-day letter," the only insurance is to go to a "quick registration" country such as Tunisia. In the above scenario, it would also be advisable to secure trademark registration not only for "cybercity", but also "cybercity.com". Indeed, trademark registration of the entire domain name is becoming a trend for those who do business on the Internet.
3. Establish trademark use of the domain name on the Internet as soon as possible. A recent case involving the domain name "moviebuff.com" has made this painfully clear. The owner of

"moviebuff.com" got into a dispute with the owner of the trademark "MovieBuff". The domain name owner was unfortunately unable to show Internet use of "moviebuff.com" prior to the trademark's owner's Internet use of the mark "MovieBuff". As a result, the domain name owner was enjoined from using "moviebuff.com".

The current NSI dispute policy and the uncertainty as to who in the future will handle the registration of domain names may make for some sleepless nights for the domain name owner. Taking the precautionary measures outlined above should provide at least some degree of comfort.

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