

Someone Else Has My Perfect Domain Name. Now What?

Approaches to consider when attempting to gain control of a registered domain name

For those seeking to obtain a domain registration to support a business or brand, the first step is often a visit to the web site of one of the major domain name registrars to perform a search, or several searches, to determine which domain names are available. In some increasingly rare cases, the search will uncover a “perfect” domain name which is open and available for immediate registration.

For the purposes of this paper, let’s assume you are a business operating with the trademark DESIREDMARK, and your intent is to register an exact domain name match, e.g., DESIREDMARK.COM. (Please note, these names are used purely for fictional and illustrative purposes; we claim no rights to or affiliation with these brands and/or any related entities.)

In many cases, the exact domain name you want will not be available. This may be for a variety of reasons. It may be in use by an unrelated third party for purposes unrelated to your brand. It may have been registered and parked by a “domainer” who is exploiting the domain name with a page designed to extract pay-per-click revenue, or one who is developing basic content on the page with the intent of “flipping” the domain name for a quick profit. And of course, the domain name may be in use by a third party, perhaps a competitor but not necessarily, who is using the domain name containing your brand in ways which could confuse consumers or otherwise damage or defame your brand.

The first decision to make is whether to pursue the domain name you want, or to write it off and pursue an alternative, hoping you will find a reasonably strong domain name that is freely available. Perhaps this means registering a .ORG or .BIZ extension rather than the more desirable .COM, or perhaps this means a longer or more complicated domain name, e.g., DESIREDMARKNOW.COM or OFFICIAL-DESIREDMARK.COM or MYDESIREDMARK.COM.

If you decide that the .COM extension is not essential, you may be able to obtain your domain name on an alternate extension, such as DESIREDMARK.US or DESIREDMARK.NET. While alternate top-level domains are slowly gaining acceptance, none has achieved nearly the universal presumptive acceptance of .COM. If you do not have the .COM extension, you risk consumer confusion, as users entering your brand name in a browser address bar without any extension (e.g., “DESIREDMARK”) could be routed to the infringing or competing .COM site and not yours. In fact, some web browsers and browser extensions are configured to route users entering an incomplete domain to either the default search page for the given term or to append the .COM suffix automatically — in either case, the consumer experience becomes dependent on factors beyond your control, and the issue of potential customer confusion remains significantly outside your control.

If you decide none of the alternatives are acceptable, or if the desired domain name is important enough, you will need to decide between available remedies. This paper is intended to discuss these available avenues and to discuss the benefits and drawbacks of each.

The Scarcity of Domain Names

On the surface, it seems counterintuitive to discuss domain names as a finite resource. After all, there are more than 389 million possible combinations of alphanumeric domain names — and that's just the most basic combinations between 3 and 10 characters in length. When you add in other characters, repeated letters and other variables, and the fact that domain names can be as long as 63 characters, there should not be a shortage.

The problem, of course, is that very few people seem to see business value in domain names consisting of long strings of random letters and numbers. According to the site domaintools.com, as of early 2010 there are more than 85 million currently registered .COM domain names. (By contrast, there are just over 1.5 million active USPTO trademark registrations, or more than 50 active .COM domain names for each active federal trademark — just one measure of a cluttered landscape which continues to present challenges to those interested in establishing or protecting brands.

UDRP: Can You ICANN? And Should You?

If you have a federal trademark registration for DESIREDMARK and the domain DESIREDMARK.COM is taken, you may be able to take advantage of the Uniform Domain Name Dispute Resolution Policy (UDRP) as outlined by the Internet Corporation for Assigned Names and Numbers (ICANN).

Through the UDRP, a trademark owner can pursue court action to force a registrant to hand over an existing domain name, providing it meets the criteria outlined by ICANN:

- How the domain name is identical or confusingly similar to a trademark in which you have rights, and
- Why the domain name holder should be considered as having no rights or legitimate interests in the domain name, and
- Why the domain name should be considered as having been registered and used in bad faith.

Summarized from UDRP Uniform Rules, Section 3 (b) (ix), October 30 2009. For the full UDRP rules, see www.icann.org/en/udrp

Resolution through UDRP can provide relief and transfer control of one or more domain names which clearly infringe on trademark rights. However, it is worth considering the costs and risks of a UDRP proceeding when deciding among all available options. The risks include:

- **Cost:** The fee to have a UDRP complaint adjudicated by a single panelist varies among approved providers and ranges between \$1,000 and \$2,000. This cost may be higher for UDRP complaints concerning multiple domain names (possible only if the domain names are related to a single trademark). In cases where either the trademark owner or the domain name holder opt to have the case adjudicated by a panel of three, the UDRP fees climb to approximately \$4,000.
- **Uncertain Outcome:** The success of your UDRP complaint depends on your ability to satisfy the criteria outlined above. If you are not successful in proving your complaint meets all three required elements, you may not prevail.
- **Time Investment:** For a business, a UDRP proceeding may involve many hours of legal fees, plus UDRP fees. In any case, a UDRP proceeding will take at least several weeks to resolve — or, especially in cases where the respondent domain is a private registration, the process may take as long as six months.

When weighing UDRP resolution as an option, careful consideration should be given to the likelihood of success, actual cost and opportunity cost — including consideration of the impact a delay may have on the desired initial use of the domain name. These opportunity costs may quickly become significant in cases such as product launches or releases dependent on a speedy resolution to the domain name issue.

It is also worth emphasizing that UDRP only applies if you have trademark rights to the term in question. If you do not have a trademark registration or solid common law rights in a mark, you will not be able to take advantage of the process.

Sell Me Your Domain, Please: Going Direct or Through a Domain Broker

In some cases, you may be able to uncover the current owner of a domain name through a WHOIS search, and negotiate a purchase and transfer of the domain name directly. In other cases, you may wish to engage one of the many domain name brokerage services to facilitate the purchase on your behalf. In both cases, there are important considerations to consider.

- **Who are you negotiating with?** If you intend to negotiate directly to purchase a domain name, the first challenge is identifying the true current owner. Records may be incomplete, misleading or, in many cases, unavailable due to privatization of registrant information. In most cases, you will have an incomplete picture of who you are negotiating with. If you choose a domain broker to negotiate on your behalf, be aware that this alone will not necessarily improve your negotiating position. Some domain brokerage services will broker domain names which they are either the registrar or the registrant — or in many cases, both. In this scenario, you are unlikely to know who the true players are, and will therefore be at a negotiating disadvantage in regard to the primary driver of a domain name purchase: cost.
- **How much will you have to spend?** In most cases, individual purchasers do not have the expertise and tools needed to estimate site traffic and assess other metrics needed to ascertain an estimate of the fair market value of a domain name. The alternative, then, is to negotiate solely on the asking price of the domain name holder — which is likely to be substantially more than fair market value. Working through a domain name broker does not necessarily remove this risk, and in some cases may further complicate it: if the broker is trying to sell you a domain they own, they are likely not negotiating in your best interests. Additionally, most domain brokers will assess a fee of between 10% and 20% on top of the sales price.
- **How will you manage the transfer?** If you complete a domain purchase, either negotiating directly or through a domain broker, do you have a mechanism in place to remove risk from the transaction itself? Be sure to have answers to these questions up front to avoid problems later.

Hurry Up and Wait: The Auction Option

If time is not an issue, a domain name auction service such as SnapNames may be a reasonable means to obtain a registered domain name. These services operate by collecting bids, for a fee, for the purchase of registered domain names. When the domain name's registration term lapses, the auction service steps in and will sell the domain name to the highest bidder. If your strategy is to build a large stable of domain names over time, and you have little business interest vested in each particular domain name, then this would be a valuable tool to deploy. For most, however, the numerous risks inherent in this type of transaction make it infeasible.

- **The wait:** Nothing will happen until the current domain name registration expires, which may be months or years.
- **Nothing might happen:** The domain name's current registrant will always have the first option to renew, and are usually given a 30 to 45 day period of opportunity. So, auction offers or no, if the domain name is renewed, there will be no auction. You will lose time invested and the nominal auction service fee.
- **Win or lose at auction:** The bid you submit may prevail at auction, but there is always a risk of being outbid by another buyer, and losing the opportunity to acquire the domain name. If your bid wins, you will have control of the domain name, but you may never know if the acquisition cost you more than was absolutely necessary.

Strategic Anonymous Negotiated Purchase: Cost-Effective and Discreet

A facilitated, anonymous domain name purchase provides a means to avoid the delays and costs associated with domain auctions or UDRP proceedings, and provides the trademark owner with the best possible chances of a successful negotiation by creating the strongest possible negotiating position.

As a licensed private investigation firm, Santoni Investigations | SantoniWorldwide.com regularly assists clients to acquire registered domain names. Unlike domain brokers, Santoni has no vested interest in the domains we manage. But even more importantly, our services are able to level the playing field when negotiating a domain name purchase.

- **Anonymous purchase:** If, as in the earlier example, your goal is to acquire the domain name DESIREDMARK.COM, it stands to reason you would place yourself at a strategic disadvantage to identify yourself as a representative of the large and wealthy corporation DESIREDMARK when you approach the current domain name holder and prospective seller — put simply, if the seller suspects you can afford to pay more, the asking price for the domain will quickly increase. NTI, as a private investigation firm, regularly engages in domain name purchase transactions on our clients' behalf using manufactured and anonymous contexts which enable us to complete the negotiated sale of the domain name at the lowest possible cost. In most cases, the final negotiated cost represents a savings of one-third, or in some cases much more, from the seller's asking price.
- **Level the playing field:** Before we reach out to begin a domain name purchase negotiation and transaction, we conduct our own research into the domain name's estimated fair market value. Based on this due diligence, NTI and the client will agree on a target purchase price, at which time our direct contact with the domain name holder begins.
- **Infrastructure to reduce risk:** NTI has developed a network of accounts with all major domain name registrars, and employs an escrow system to manage payments for domain name purchases. Together, these reduce our risk and our clients' risk, and make it possible for NTI to complete domain name acquisitions and transfers extraordinarily quickly — in less than a week in some cases.

Unlike the UDRP, an anonymous domain name purchase is not dependant on a trademark registration. It provides a solution in situations outside the scope of the UDRP process, or in cases when it is desirable or necessary to avoid undue publicity of the domain name transaction for a variety of reasons. For example, a business preparing to launch a new product or brand may wish to avoid signaling the market and/or competitors in advance, or it may be desirable to put a damaging or libelous web site out of operation without threatening litigation. It provides a measure of protection against damaging publicity which in some cases may result from official assertions or demands.