

Online Infringement – Protect your brand

Defensive registration of keywords

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The continually developing online environment is a key medium for a brand to engage with its customers, sell its products and grow its reputation. However, with great opportunity comes great risk, and brands that make online a priority also open themselves to a whole world of online threats, which businesses must take measures to protect themselves against.

With activities such as cybersquatting and domain name tasting still showing no signs of abating, increased online competition and developments such as Google's revision of its UK trademark policies, brands that do not do everything to protect themselves online can find everything they have built up, damaged and even destroyed. So what do these developments mean for the industry and what must brands do to keep themselves and their customers secure in today's online environment?

Trademark battles

In May 2008, Google revised its UK trademark protection policy allowing non-trademark owners to bid on trademarked terms within its Adwords system. Following this move, the only restriction imposed on non-trademark owners was on including their trademarks within the text of the advertisement itself. The change has meant that non-trademark owners will be able to place paid search ads in Google's UK search results pages when users search for trademarked terms and brand names. For example, before this change, users searching for trademarked brand names such as 'HMV' would not return results from HMV's competitors but now, this is not the case. Rival sites are allowed to appear in

sponsored search results when users query a specific brand or company name. The likely outcome is that many brands will be forced to incur losses on brand name clicks, and this move has been met with wide derision by many prominent online brands and has even led to legal issues, with Teletext Holidays taking legal action to stop Direct Line Holidays bidding on its trademarks and brand name.

What this move has essentially meant for brands is that they must now look into making defensive registrations of trademark keywords in the same way that companies make defensive registrations of domain names, to ensure that their competitors do not purchase them and divert their traffic. With the new system, the only partial way that a company can protect against its trademarks being used by third parties is to buy as many 'shares' of the relevant keywords. This would result in the price of these keywords rising to such an extent that it would act as an economic deterrent to competitors looking to buy those terms. However, it is only a deterrent. There is no longer any hard and fast way of ensuring that your competitors cannot 'hi-jack' your brand credentials and trademarks, unless of course the legal route proves successful.

The revision of the trademark policy may also add fuel to the fire of 'piggybacking'. This is where smaller companies will bid on the more recognised trademarks of a larger, better-known brand in an effort to draw more traffic to their own sites through Google sponsored listings. The real monetary impact of this change is that companies that have not previously invested in pay-per-click (PPC) advertising, relying

IN SUMMARY

- Brands should look into making defensive registrations of trademark keywords in the same way that companies make defensive registrations of domain names
- Domain name tasting is a constant issue for new and existing companies, and the capacity for human error when searching the internet has also led to threats from typo-squatters

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instead on natural search optimisation, will now be put at a considerable disadvantage and may find themselves forced to invest in paid search simply to remain competitive. Indeed, data from Hitwise has already shown that searches for brand names on Google in the, non-protected, US ended with the consumer going to that brand's website more than 7% less than in the UK, before the trademark revisions were introduced. This drop is equivalent to millions of brand name searches.

The fallout from this move is such that some search marketing agencies are now offering specific services to reduce the impact on brands, with strategies to protect their own brand while monitoring competitor activity, and even looking to get in on competitor terms. This issue increases the threat of losing traffic and customers to the competition and while this is a major issue in the increasingly competitive online environment, brands must still keep their focus on threats relating to their domain names, with widespread cybersquatting, domain tasting and high profile disputes still occurring daily.

Protection from speculators

Domain names are an essential commodity for major companies and individuals across the globe, and with the growth in the market we are seeing the growth of related threats and disputes. A controversial dispute occurred in the case of Myspace.co.uk. This domain name was previously registered by a third party and a ruling resulted in Myspace being awarded the domain name, which has caused controversy within the industry, largely because it was first registered six years before Myspace existed. The key finding of the independent dispute resolution service expert was that although the name was originally not an abusive registration, it became one, primarily through hosting lucrative adverts.

This type of lucrative PPC adverts are commonly used by cybersquatters who will register domain names relating to a brand then furnish them with these adverts in an attempt to make money from the misdirected customer. Unfortunately, it is very difficult to stop these kind of websites being created, but companies should employ a defensive registration programme to make sure that they hold as many key domains related to their brand as possible.

An additional threat in this area is known as domain name tasting, which takes advantage of the five-day Add Grace Period

allowed by the Internet Corporation for Assigned Names and Numbers (ICANN) to 'test the water'. Domain name speculators will register names by the millions and test them for whether they will make money through PPC advertising. Those that are deemed not lucrative enough are simply returned without charge within the Add Grace Period. It is this process of domain name tasting that many, including the World Intellectual Property Organisation (WIPO), identify as the main cause of the record number of international trademark and domain disputes seen in the industry. According to WIPO, the annual number of disputes rose 48% to over 2,000, between 2005 and 2007.

Domain name tasting is a constant issue for new and existing companies as they attempt to buy up more domains relating to their brand, and the capacity for human error when searching the internet has also led to threats from typo-squatters. These speculators will mainly target high profile companies and register domains with misspelled variations of the brand name and furnish these sites with PPC advertising. Whatever the approach, tasting means that millions of domain names are regularly tied up temporarily while speculators decide whether to return them or not, and this does not cost the speculators anything. Action also needs to be taken as tasting makes brand monitoring more difficult, as names appear and then disappear as they are refunded. While the domain name industry gets its act together to deal with this problem, brand managers need to realise that defensive registration is really the only option.

However, this threat is being recognised by the governing bodies and the recent ICANN meeting saw further tightening of the way the industry association manages domain name tasting. In June, the ICANN met in Paris to vote on a proposal to severely limit the number of domain names that will be refunded within the Add Grace Period, some have even suggested scrapping the Add Grace Period altogether, although this is probably a step too far. With the new rules, the 20% fee per domain name registered will not be refunded after a registrar returns more than 10% of its domains in a month. There are arguments either way but the bottom line is that limiting the numbers of domains that can be returned is likely to limit the en masse online speculators who are exploiting brands

and a system that was originally invented as a get out clause for simple errors in legitimate registrations.

Expanding markets

Threats from cybersquatters and domain name tasters are compounded with the launch of new high profile domain name suffixes, such as .asia which launched between October 2007 and February 2008. These new launches, if not handled correctly by brands, serve to offer more opportunities for online speculators to profit from registering brand-related trademarks and domains in new markets. Despite warnings to this effect, many brands have not been particularly proactive when it comes to protecting themselves here. The day before the landrush period for .asia began, there had only been just over 30,000 applications filed for this new suffix, more than 10 times less than the number filed for .eu two years before.

This has essentially meant that a vast number of brands put themselves at risk of losing their trademarks and brand-related domains in the Asian market. With the opening up of the domain naming system by ICANN, this is something brands must make sure they get right first time, or speculators will undoubtedly be waiting in the wings.

The fact is that whether it is PPC advertising trademarks or brand-related domains, companies must assume that they will be targeted by the multitude of online speculators around at some point and take defensive actions to protect themselves accordingly. The message to marketers and brand owners is beginning to get through – domain names and trademarks are the key to an online brand and if companies don't understand the issues and secure their names and trademarks, they risk leaving themselves open to untold damage. The legacy of some of history's most famous domain name disputes stand aloft in cyberspace clear for all to see. Nissan.com, for example, was under dispute for over seven years.

Domain names and trademarks are big business in today's online environment. They can trade for big money and many major brands have ended up paying tens, even hundreds of thousands of pounds to regain control of a domain or trademark that they failed to secure in the first place. Despite all the warnings though, some brands will continue to be caught out. 