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THE LAW

Darmohray & Appelman: What's in a Name?

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The Advanced Computing Systems Association &
The System Administrators Guild

what's in a name?

by Tina Darmohray

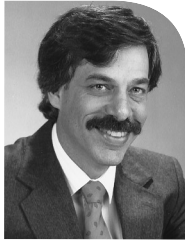
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[Editor's note: *In this article, Tina Darmohray relates an experience that many other domain name owners have been facing. As desirable domain names have been registered and locked up by their owners, the demand for good ones has exceeded the available supply. The result is twofold: a thriving market for the sale of domain name registrations and an upswing in threats of legal action to dispossess owners of their domain name rights. In this article, Tina describes the encounters she has had with others over her registered domain name, and Dan Appelman suggests some strategies to deal with prospective buyers and litigants.*]

Tina: My email address rolls off my tongue these days as I've had it longer than some of my kids have been alive. I registered my domain name many years ago when I decided to go into consulting full-time. Initially, I only used it for email, but as the Worldwide Web took hold, I put up a makeshift home page. I've never been much for Web design, so my page isn't very fancy; sometimes I don't host one at all. Still, people know to find me via my domain name, and I value the contacts that I receive through it.

About five years ago I was responding to a request for my email address when the recipient jotted it down, looked up and commented, "Three-letter domain name; that's got to be worth something."

"Beg your pardon?" I said.

"Your three-letter domain name. They aren't available any more. Yours has got to be worth something," he repeated.

Actually, I hadn't tried to register a new domain name since I registered mine originally, and it had never occurred to me that the shorter domain names were mostly taken and might have some inherent value. Maybe it was obvious to everyone else. I suppose it didn't dawn on me because I hadn't considered selling it. I used it for my business, and that was that.

Not long after the guy made the comment to me, I began receiving inquiries about selling my domain. I get three or four inquiries a year these days. One gentleman has been asking for years. I've learned that responding to such inquiries with "I'm not interested in selling it" doesn't always satisfy folks, so lately I've added a number that usually conveys my message, something like, "I'm not opposed to selling it, but it's worth six figures to me, so it's usually out of the price range folks are considering."

To my surprise, I actually got a response to my "six figures" email recently. She wrote back, "Give a figure and I'll decide." I was taken aback. Someone had called me on it. It forced me to give some serious thought to what my domain name was actually worth to me. To that end, I sent out mail to several of my consulting friends outlining my dilemma, asking them to help me fairly and accurately determine what my domain name was worth. But before I could receive a single response from my friends, I was being pummeled by the requestor with somewhat pointed emails asking me if I had a trademark on my name, telling me my phone number doesn't work, and informing me of ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP) (see <http://www.icann.org/udrp>). Something just didn't seem right, so I turned to Google. Turns out, she was a "domain name attorney" for a large corporation.

With the help of my friends, I set a price and emailed it to her. Her response was aggressive and incessant. She implied that she'd only approached me to be nice, and that she intended to use other methods to take the domain away from me. What was of

particular concern about this was that several references on Google indicated that's the kind of thing she does. I decided I needed the help of an attorney.

I contacted Dan Appelman, USENIX's attorney and a personal friend. After describing my situation, Dan crafted a piece of email to her:

"I'm well aware of the Uniform Domain Name Dispute Resolution Policy; and I know I have legitimate rights to the domain name and also to the service mark associated with my consulting business. I wasn't looking for an opportunity to sell my rights in the domain name to anyone; but since you asked, I would need to know who you are representing and what plans they would have for using it. Transferring the domain name registration would mean significant disruption to my consulting business, so it would have to be worth my while financially. I've already given you some idea what that would be. If your client is interested in discussing a purchase price at that level, I'd be happy to continue this correspondence. Otherwise, I'm sure your client can find another equally satisfactory domain name."

I haven't heard from her since.

Dan: Tina's experience is not unusual. I'm getting calls more frequently now from people who have either received offers to buy their domain names or been threatened with litigation if they don't agree to transfer their domain name registrations to someone else. Often, the callers are confused about what they should do; and this confusion is compounded by their uncertainty over what rights they have and how much their domain names are worth.

Domain names are freely transferable, like most other personal property. The market value of any given domain name is highly variable. One would have thought that the addition of a number of top-level domains, such as .biz and .info, would have made the value of second-level domain names such as Tina's go down significantly, but that doesn't seem to be the case.

The value of some famous brand names used as domain names is probably easily determined, but those cases are relatively few. On the other hand, the value of most domain names seems to have a large subjective component, and that makes valuation for purposes of sale somewhat difficult. When Tina asked me how much I thought her domain name was worth, all I could tell her was to try to test it in the marketplace. There are Web-based businesses that buy and sell domain names. You can even buy or sell domain names on eBay. But most individual owners set the price for their domain names by talking with their friends, reading about recent sales, and establishing a minimum value based on subjective factors.

The other aspect of Tina's account is the confusion most people have about their rights in their domain names. Although domain names are personal property, the registration of domain names does not give rise to any protectable intellectual property rights. In fact, use of a domain name constitutes infringement if it causes, or could cause, confusion with a valid trademark. This is true even if the domain name has been accepted for registration by one of the domain name registries.

The solicitor who threatened Tina could have made her stop using her domain name if she could prove that Tina's use of that domain name was confusing the marketplace for some good or service that was branded with her or her client's trademark. Where domain names and trademarks collide, trademark rights will win because trademark rights are protected by law and domain name rights are not.

As an aside, in the United States trademark rights will trump domain name rights whether the trademark is registered or unregistered. All that is required is a convincing showing that the trademark has become associated in the minds of a relevant portion

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of the public with a particular commercial good or service. In most other countries, the law only protects the owners of registered trademarks.

In Tina's case, I did a search for uses of her domain name or its derivatives that included the records of the US Patent and Trademark Office (USPTO) and also a common-law search of telephone directories, trade catalogs, and the Web. On the basis of that search, I concluded that it was unlikely that anyone else was using Tina's domain name in the United States in conjunction with some product or service, and certainly not the person who was threatening Tina. Thus, I advised Tina that she was probably in no danger of being sued for trademark infringement or of having the rights to her domain name trumped by the other's trademark rights.

Domain name registrars have had to pay attention to the conflicts between domain names and trademarks in order to avoid getting drawn into lawsuits. Most registrars have adopted the UDRP, to which Tina's contact referred. At its heart, the UDRP recognizes that the proper place for resolving such disputes is in court and that the registrars should not be making legal determinations. But the UDRP does provide rules for dealing with complaints by trademark owners in the interim (i.e., prior to a judicial resolution of the dispute) and upon receipt of a court order. The UDRP tells domain name registrants how they can challenge requests by trademark owners to suspend, cancel, or transfer their domain name registrations.

The person threatening Tina was bluffing in order to get her to sell her domain name at a low price. She couldn't show us that Tina's domain name conflicted with any trademark she or her client was using in commerce. Consequently, she had no basis for suing Tina for trademark infringement. And because she couldn't demonstrate superior trademark rights, she also had no basis for asking Tina's domain name registrar to suspend, cancel, or transfer Tina's registration.

As a generalization, most domain name owners are relatively secure against challenges from third parties who seek to threaten them into selling their domain names inexpensively. Under the UDRP, absent a court order, domain name registrars will not suspend, cancel, or transfer domain names unless the challenger can show (1) that the domain name at issue is identical or confusingly similar to the challenger's trademark, (2) that the domain name registrant has no legitimate interests in the domain name at issue, and (3) that the domain name is being used in bad faith. That's a very high threshold, and most challengers cannot meet it. And trademark infringement lawsuits are expensive, so challengers are not likely to go that route unless they are convinced that they have a likelihood of success.

The USPTO site, <http://www.uspto.gov>, supplies free trademark searches and is the best site for searching for registered US marks. But since trademark owners have trademark rights in the United States even with respect to unregistered marks, the USPTO database does not tell the whole story. One would be wise to also do several Web searches and to commission a professional search from a company such as Thomson & Thomson (<http://www.thomson-thomson.com/>), which will also include state trademark registrations, searches of trademarks that appear in industry directories and other industry-specific publications, and domain name registrations. Professional searches range from \$350 to \$800, depending on how comprehensive and how quickly one needs the turnaround.

Tina was able to call this person's bluff because the legal research we did gave us confidence that her domain name was safe. However, many domain name registrants are not aware of their rights nor the steps they need to take to properly assess those rights in the face of a challenge. Undertaking a comprehensive trademark search prior to registering any domain name, and becoming familiar with the UDRP, will help.