

WWW.

Cybersquatting

BY PAUL R. PARADISE MLS

"THERE ARE BIG TIME CYBERSQUATTERS OUT THERE WHO ARE MULTI-MILLIONAIRES," SAYS INVESTIGATOR TIM SANTONI OF NATIONAL TRADEMARK INVESTIGATIONS. THE VICTIMS OF DOMAIN NAME PIRATES (CYBERSQUATTERS) ARE USUALLY WELL KNOWN PERSONALITIES AND CORPORATIONS WHOSE NAME OR CORPORATE BRAND HAS BEEN REGISTERED AS A DOMAIN NAME BY ANOTHER PARTY WHO EITHER SETS UP A WEBSITE WITH THE INTENT TO PROFIT FROM THE NAME OR BRAND RECOGNITION OR PLANS TO SELL THE DOMAIN NAME AT A LATER DATE.

Cybersquatting is almost like a cyber identity theft. A "squatter" takes up residence on someone's land without paying anything. A "cybersquatter" obtains ownership of website domain names that may be of interest to established businesses or famous people, often in violation of trademarks. It is a huge underground business with some corporations paying thousands, even hundreds of thousands, of dollars to purchase a domain name that another party owns.

Gateway Computers paid \$100,000 for the domain name Gateway 2001.com after a cybersquatter placed pornographic images on the website; while Warner Brothers was offered several domain names by a squatter, including Warner-records.com and Warnerpictures.com, for \$350,000 (1). These and other member problems with cybersquatters was presented by the International Trademark Association (INTA) in testimony before the U.S. Senate committee on the Judiciary in support of the 1999 Anticybersquatting Consumer Protection Act, 15 U.S.C. 1125(d).

"The problem has evolved from corporate extortion into a vast underground market due to advances in technology that make setting up a website easy," says Claudio Di Gangi, International Trademark Association's (INTA), Manager of External Relations, Internet and the Judiciary. "There are cyberpirates and criminal networks that use the domain name to entice viewers to a website for malware and phishing attacks."

The first cybersquatter is believed to have been Adam Curry who was a video disc jockey for MTV Networks (MTVN). Curry registered the domain name MTVN.com and set up an Internet site that was very successful and accessed by millions. After his contract expired and he was no longer employed by MTVN, Curry continued to use the Internet site. MTVN brought suit and Curry was ordered to surrender the domain name. (2)

Intent to Profit

Many clients fight back, particularly if they have a federally registered trademark.

In the U.S., legal action can be taken under the 1999 ACPA that amends the Lanham Act governing trademarks. A plaintiff bringing suit must prove that the domain name was registered with a bad faith intent to profit.

Finding evidence of a bad faith intent to profit is not easy and might not necessarily result in a legal victory. The actor Kevin Spacey and his production company sought relief under the 1999 ACPA and argued that they owned exclusive rights to Spacey's name, voice and image. The domain name was purchased by cybersquatter Jeffrey Burger who has had celebrity run-ins with Celine Dion, Jodie Foster, Mariah Carey and many others. Judge Gary A. Feess of the United States District Court of the Central District of California, dismissed the case for lack of personal jurisdiction. Burger lives in, and operates his websites in, Canada. (3)

Country star Keith L. Urban had a problem proving bad faith intent when he brought suit in the U.S. District Court in Nashville against a New Jersey painter named Keith D. Urban who was using the website www.keithurban.com to sell "very limited edition" prints of his paintings. Keith D. is currently fighting the lawsuit and claims that he registered his domain name before the country singer and also that he registered the domain name, which is his real name, in good faith. The website was still active and had the complaint filed by Keith L. and the answer and counter-claim of Keith D. available as downloads when this article was prepared.

"We have built cases by contacting the domain name owner who admits he is hoping to sell the domain name to a movie studio for big bucks," says Santoni. "There's your intent to profit."

"I engage the person to see if they are aware of the client's trademark," says Woods. "Usually they are. After that, I can direct the conversation to establish intent and report this to the client."

Many squatters register a domain name with a deliberate typographical error; a practice referred to as typosquatting. The intent



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Pay-Per-Click Advertising

Cybersquatting grew into a major underground business with the advent of pay-per-click advertising in which a squatter registers a domain name using a well known brand or personality and sets up a website featuring advertisements on behalf of advertisers who will pay every time a viewer clicks the advertisement. There are squatters who have registered hundreds of thousands of domain names to attract viewers and profit every time an advertisement on the site is clicked.

"Many squatters benefit from the practice known as 'tasting,'" says Tim Santoni, "which means they register a domain name, cancel it during the five-day grace period, and register it again. This allows the squatter to effectively keep the domain registered without ever having to pay, and to test domains before deciding which to keep."

A vast Internet-based industry has developed around buying and selling domain names. There are dozens of sites (like go-daddy.com, network solutions, and dotster) that offer domain names for sale; other sites and brokers offer to appraise domain names. Often, domains found in auctions can be nonsensical, but despite this if a squatter registers a domain for as little as \$6.00, he could easily reap a 100 percent profit by selling the domain for \$12, because thousands of people visit auction sites with the intent to bid.

"The ideal scenario for me is to contact the domain holder without going through a domain broker," says Woods. But I've had instances, particularly with professional cybersquatters, where it is advantageous to go through a broker."

Identifying the Cybersquatter

Tracking down the real identity of a domain name owner is difficult. The authorization and access code of the person owning the registration is supposed to be recorded by the registrar, as required by the Internet Corporation for Assigned Names and Numbers (ICANN). This information is available using a whois search that has the complete history of all domain name owners. All ICANN-accredited registrars host free, searchable whois databases. (Dave Woods has a link on his crimebuster website to perform a whois search.)

"Usually the information provided to ICANN is phony," says Woods. "The only information that is genuine is the e-mail address. If the domain holder wants to sell, there has to be a way

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to contact him. I can open up a dialogue using e-mail."

Dealing with foreign registrants can sometimes be a problem. The person may not speak English, and in some situations may be pulling a scam.

"We've had investigations in foreign countries where the domainer who is offering to sell a domain name doesn't own it," says Santoni. "The party is testing the water to find buyers before purchasing the domain name for a quick turn-around profit."

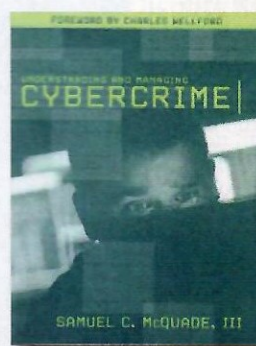
"Many of the foreign domain owners I encounter are in China and they usually understand enough English for me to deal with them," says Woods. "Money is a universal language." **PI**

Paul Paradise MLS (paulpirate@aol.com) is the author of Trademark Counterfeiting, Product Piracy, and the Billion Dollar Threat to the U.S. Economy (Quorum 1999, 2000)

ENDNOTES:

- (1) "Cybersquatting and Consumer Protection: Ensuring Domain Name Integrity," July 22, 1999. Testimony of Anne Chasser, president of the International Trademark Association (INTA), before the U.S. Senate Committee on the Judiciary. http://www.inta.org/index.php?option=com_content&task=view&id=621&Itemid=152&getcontent=3
- (2) MTV Networks v. Adam Curry, 867 F. Supp. 202 (1994).
- (3) Kevin Spacey, an individual, and M. Profit Productions, Inc. v. Jeffrey Bugar, an individual, and the Kevin Spacey club, USDC Central Dist. Of Cal., Case no. CV 0-3848-GAF (unreported) (2001)

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**UNDERSTANDING AND
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By Samuel C. McQuade

This book provides an overview of cybercrime and the legal, social, and technical issues that cybercrime presents. It focuses on the challenges having to do with emergence, prevention, and control of high-tech crime.

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