



## European IPR Helpdesk

# Fact Sheet

## *Domain names and cybersquatting*

**November 2017**

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## Introduction

The Internet has created plenty of opportunities for small and medium-sized enterprises (SMEs) as it has revolutionised the dynamics of international commerce and led to facilitating the process of internationalisation. Thanks to the Internet, SMEs can gain international market presence to the extent comparable to that of large companies, something that previously might not have been affordable due to the amount of resources required. Moreover, the Internet is an excellent means to boost brands visibility.

The Internet acts as a gateway for SMEs, but it is also an ideal platform for infringers to sell counterfeit products and commit fraud. One of the most significant challenges related to Internet fraud is “cybersquatting”, whereby a person or an entity registers, sells or uses a domain name containing someone else’s trade mark, product name, or company name, without having legal rights to it, often with the ultimate purpose of offering it for sale to its legitimate owner at a much higher price than the domain’s registration fees.

This fact sheet aims to present the issue of domain name ownership and registration, their relationship to trade marks as well as explaining the issue of cybersquatting and the available dispute resolution mechanisms that may be used by SMEs to protect their businesses online.

### 1. What is a domain name?

According to the World Intellectual Property Organization (WIPO), “domain names are the human-friendly forms of Internet addresses, and are commonly used to find web sites”<sup>1</sup>. In other words, they are used to identify the complicated string of numbers composing an IP address which is hard to remember by heart. For example, the domain name “iprhelphdesk.eu” is used to locate the European IPR Helpdesk web site at <http://www.iprhelphdesk.eu>. Apart from this function, domain names also serve the purpose of identifying a company or a trade mark on the Internet.

The Domain Name System (DNS), in charge of translating domain names into IP addresses, is coordinated by the Internet Corporation for Assigned Names and Numbers (ICANN)<sup>2</sup>.

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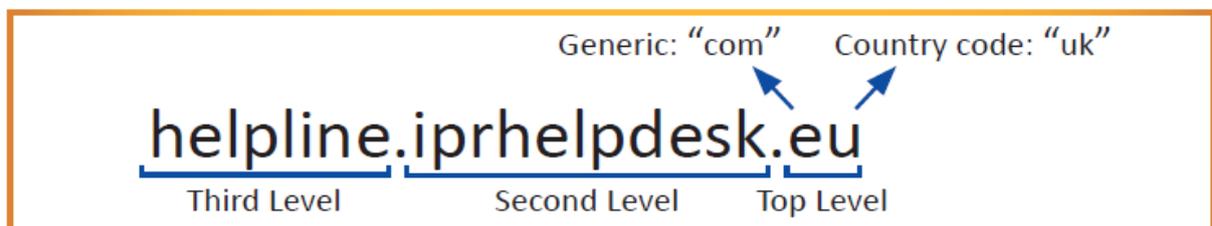
<sup>1</sup> For more information regarding domain names, visit WIPO’s FAQs page [here](#).

<sup>2</sup> The Internet Corporation for Assigned Names and Numbers (ICANN) is a nonprofit multi-stakeholder association designed to ensure the stable and secure operation of the Internet’s unique names systems. It supervises the domain name registration system and provides guidelines and rules to be followed by all accredited registrars. Find out more about ICANN [here](#).

### 1.1. Domain name levels

Domain names are classified in three hierarchical levels:

- **Top level:** The top level of a domain name is located after the last dot ("."). For example, in "iprhelphdesk.eu", the top level domain is "eu". There are two types of top-level domains:
  - generic Top Level Domain (gTLD): indicates the area of activity (e.g. ".com" for any purposes or ".biz", restricted to businesses);
  - country code Top Level Domain (ccTLD): indicates the country or territory in which the domain owner intends to operate (e.g. ".uk" for the UK or ".eu"<sup>3</sup> for the European Economic Area).
- **Second level:** The second level of a domain name is located directly to the left of the top-level domain. For example, in "iprhelphdesk.eu", the second level domain would be "iprhelphdesk". Most domain name disputes concern this type of domain.
- **Third level:** The third level of a domain name, also known as a subdomain, is located directly to the left of the second-level domain. For example, in "helpline.iprhelphdesk.eu", the third level domain would be "helpline". Not every address has this level as it is often used to identify the different sections of a website, usually corresponding to different departments in large organisations.



### 1.2. New gTLDs

In 2011, ICANN launched the so-called "**New gTLD Program**" in order to expand the domain name system by, in particular, making it possible to register new gTLDs – that is, the type of domain located after the last dot and that has no geographical meaning (e.g. .com, .biz, etc.).

Thanks to this initiative, individuals and companies can register their domains under new extensions such as ".guru" or ".book", as well as trade marks and words in different scripts such as Chinese or Cyrillic.

<sup>3</sup> For further information regarding ".eu" domain names, consult the [Commission Regulation \(EC\) No 874/2004 of 28 April 2004](#).

It must be noted that not everyone can apply for a new gTLD, which is a much more complex process than simply buying a second or third-level domain. **Only established public or private organisations that meet the eligibility requirements can apply to create and operate a new gTLD registry.** Applicants must demonstrate the operational, technical and financial capability to run a registry and comply with additional specific requirements.

## 2. How are domain names protected?

### 2.1. Scope of protection

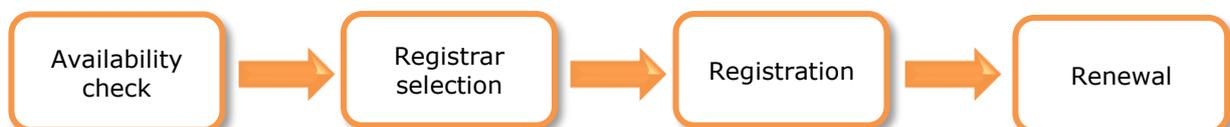
Domain names are usually not considered as intellectual property rights – the right acquired by the owner of a domain name is the exclusive right to use it for the duration of a contract with the registrar. Nevertheless, domain names can still be considered as non-physical assets like actual intellectual property rights (i.e. real possessions that can give rise to financial rights and interests and thus have an economic value).

The registration of domain names, like in trade marks, is governed by the first-come, first-served rule. This means that, in principle, **anyone can buy a domain name as long as it is available, meaning that it has not been registered first by someone else.** The issues that usually arise as a consequence of this rule are explained in section 3 below.

Unlike trade marks, domain names are not territorial. Rather, they have a worldwide geographical scope. It means that individuals and companies can register their domain names with any accredited registrar in the world and once the domain name is registered, it has a worldwide effect.

### 2.2. Registration process

The registration process is straightforward and can be summarised in the following steps:



#### 1) Availability check

Performing a prior search in order to ascertain whether a domain name one intends to register is still available is a time saver and a highly recommended step. There are several databases, such as [Whois](#) or [EURid](#), where one can easily find out whether a domain name is available or, on the contrary, it has already been registered by someone else. In the latter case, the details

of the domain name owner are usually public, which increases transparency and, at the same time, facilitates transactions of domain names.

Furthermore, it is worth mentioning that domain names are usually used as trade marks, therefore conflicts can arise between trade marks and domain names. Therefore, if a domain name is intended to be used also as a trade mark, it is also recommended to perform a trade mark search in a trade mark database such as [e-Search plus](#) or [TMview](#) to verify its availability<sup>4</sup>.

## **2) Registrar selection**

Any individual or company that wishes to register a domain name under a gTLD may do so through an ICANN-accredited registrar. There are hundreds of accredited registrars located throughout the world, a list of which can be accessed [here](#).

## **3) Registration**

Upon registration, registrants have the choice to determine the duration of their domain name registration. Usually, registrars offer the possibility to register domain names for one year or for multi-year periods, up to 10 years.

## **4) Renewal**

Usually, registrars offer the possibility to renew domain names indefinitely. It is important to check the rules of the registrar in question regarding renewals.

# **3. Cybersquatting: the conflict between domain names and trade marks**

As the Internet has become an increasingly important tool for business development, it has created a growing number of potential threats for trade mark owners.

The Internet provides a scenario, where creating and disseminating content has become easier than ever. Furthermore, as explained above, registering domain names is simple, affordable and fast. Lastly, the proliferation of the new gTLDs has substantially increased the possibilities for new domain name variations.

While this can boost business dynamics and therefore is appreciated by businesses, it can also be a potentially harmful threat. There are two main different ways under which trade mark owners can see their rights infringed on the Internet:

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<sup>4</sup> For further information on trade mark searches, see the European IPR Helpdesk fact sheet on "How to search for trade marks", available [here](#).

- by having their trade marks replicated on third party sites, creating confusion among consumers about the origin of the goods or services advertised on those sites (e.g. a trader sells counterfeited products online)<sup>5</sup>, or
- by having their trade marks registered as domain names by unauthorised third parties, a practice known as cybersquatting (e.g. an individual registers a third party trade mark as a domain name in, for example, the .com extension without any right to do so).

**Cybersquatting is a practice of making abusive registrations of domain names that are already registered either as domain names in one or more top-level extensions or as trade marks or trade names.** Cybersquatters register such domain names and later offer them for sale – often to the owner of the previous domain name or trade mark - at a much higher price than the original registration fee.

While the first-come, first-served rule applies in domain name registration, the actions of cybersquatters do not remain unpunished. There are different means to solve the disputes that can arise in this area, as well as a preventive system for avoiding trade mark infringement by domain name registrants which is also a first step before resorting to those dispute resolution procedures: the Trademark Clearinghouse (TMCH)<sup>6</sup>.

#### **4. Domain name dispute resolution procedures**

As explained above, domain name disputes usually take place between a trade mark owner and a domain name registrant who has registered a domain name that infringes the rights of a trade mark owner. In this scenario, a trade mark owner, known as the complainant in this type of disputes, will try to either gain control of the infringing domain or see it suspended so the counterparty is not allowed to use it.

These disputes can be solved by a court. However, in order to avoid the costs<sup>7</sup> and delays usually associated with court proceedings, it is advisable to resort to the domain name dispute resolution proceedings available, managed by ICANN.

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<sup>5</sup> Consult the European Commission's "[Communication on Tackling Illegal Content Online – Towards an enhanced responsibility of online platforms](#)".

<sup>6</sup> For further information about the Trademark Clearinghouse, click [here](#).

<sup>7</sup> While domain name dispute resolution proceedings are not free of charge, they are usually less costly than court proceedings.

#### 4.1. Uniform Domain-Name Dispute-Resolution Policy<sup>8</sup>

The Uniform Domain-Name Dispute-Resolution Policy (“UDRP”) is a system established by ICANN for the resolution of disputes regarding the abusive registration and use of domain names.

It is applied by all accredited registrars in their agreements with all their customers (the domain name holders or registrants). During the domain name registration procedure, registrants declare not to infringe the rights of third parties and accept to submit themselves to the UDRP.

This means that, in the case where a domain name registration is considered abusive by a third party trade mark owner – the complainant - and the complainant decides to bring a UDRP case against the allegedly infringer, the latter – who by registering the allegedly abusive domain name before an accredited registrar has accepted to submit to the UDRP - will be obliged to submit to the said proceedings. This does not mean that the complainant does not have other options, such as court proceedings, to solve the dispute. The choice of forum remains the complainant’s decision and the registrant, as a defendant in this scenario, has no say on it.

The complainant in a UDRP case must prove that:

- 1) the domain name is identical or confusingly similar to a trade mark or a service mark in which the complainant has rights;
- 2) the registrant has no rights or legitimate interests in respect of the domain name; and
- 3) the domain name has been registered and is being used in bad faith.

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<sup>8</sup> To find out more about the rules governing UDRP proceedings, click [here](#).



### How can bad faith be proven?

The complainant should submit any evidence to prove any circumstances showing bad faith on the registrant's side. Below you will find a non-exhaustive list of examples of circumstances that would be considered as bad faith in a UDRP case:

- the domain name was registered mainly in order to be sold to the complainant who is the owner of the trade mark or to a competitor of that complainant, for valuable consideration in excess of the registration costs paid; or
- the domain name was registered primarily for the purpose of disrupting the business of a competitor;
- by using the domain name, the registrant intentionally attempted to attract, for financial gain, Internet users to the registrant's website or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of the registrant's website or location or of a product or service on the registrant's website or location.

As mentioned above, **the UDRP procedure is much shorter than court proceedings**. It usually takes 60 days from the date the complaint is received by the dispute resolution service provider<sup>9</sup> for a case to be concluded.

The application process is relatively simple. The complainant must address the complaint to a dispute resolution service provider following the [UDRP Rules](#) which, among other things, require the complaint to contain:

- the complainant's choice of panel – single-member or three-member panel<sup>10</sup>;
- the domain name which is the subject of the complaint;
- the registrar with whom the domain name is registered;
- the trade mark(s) or service mark(s) on which the complaint is based and the goods and services with which the trade mark is used;
- the grounds on which the complaint is made;
- the remedies sought.

There are two available remedies for complainants under UDRP: a cancellation of the domain name or a transfer of the domain name to the complainant. The parties to UDRP proceedings are not prevented from submitting the dispute to a court for independent resolution during or after the UDRP proceedings. In such a case, the decision under the UDRP will not be implemented by the registrar and, subject to

<sup>9</sup> UDRP cases are handled by administrative-dispute-resolution service providers, listed [here](#).

<sup>10</sup> The panel is the individual or group of individuals, known as "panellists", appointed to decide on a UDRP case.

compliance with the applicable formalities under UDRP, the decision of the court will prevail.

#### 4.2. Uniform Rapid Suspension System<sup>11</sup>

The Uniform Rapid Suspension System ("URS") is a system established by ICANN, **only applicable to New gTLDs** (such as .companyX or .city), to protect the rights of trade mark owners in a **lower-cost and faster way**. This system complements the UDRP system and is used in the most flagrant cases of trade mark infringement perpetrated by domain name registrants. These are cases where there are no open questions of fact, but are clear cases of trade mark abuse (such as in cases of counterfeiting, massive fraud or the spread of virus/malicious software).

Similarly to the UDRP system, the complainant in a URS case must prove that:

- 1) the registered domain name is identical or confusingly similar to the complainant's trade mark;
- 2) the domain name registrant has no legitimate right or interest to the domain name; and
- 3) the domain name was registered and is being used in bad faith.

The URS is an expedited system. The deadlines are much shorter than those in the UDRP. Usually, the whole procedure can be solved with a final decision within a month. It is worth mentioning that throughout the procedure the infringing domain is locked until a final decision has been issued<sup>12</sup>.

The application process is, as in UDRP, quite simple and the complaint is required to contain essentially the same elements, following the [URS Rules](#).

Furthermore, the examiner makes a decision simply by examining the documents submitted by the parties with the complaint and the response, without any additional gathering of evidence or a hearing. This certainly facilitates the expedited resolution of the conflict.

It must be noted that under the URS the domain name is not transferred to the complainant in the case where the latter is successful, as it is under the UDRP. Only two solutions are possible under the URS: the suspension of the domain<sup>13</sup> if the complainant is successful or the return of the domain to the registrant if the latter is successful. **Consequently, this procedure should only be used by those trade mark owners who are not interested in gaining ownership of the infringing domain name, but rather wish to stop the infringement in question as soon as possible.**

<sup>11</sup> To find out more about the rules governing the URS procedure, click [here](#).

<sup>12</sup> URS cases are handled by URS providers which are organisations approved by ICANN for these purposes. A list of providers can be found [here](#).

<sup>13</sup> The domain name is suspended for the remainder of the registration period, when the domain name will become again available for registration on a first-come first-served basis.

Like under UDRP, the conclusion of the URS procedure allows the parties, in certain instances, to also submit the dispute to the UDRP or to a competent court.

#### 4.3. Trademark Post-Delegation Dispute Resolution Procedure<sup>14</sup>

The Trademark Post-Delegation Dispute Resolution Procedure (“PDDRP”) is a domain name dispute resolution procedure established by ICANN, **only applicable to New gTLDs**, for cases where **a domain name owner believes that a registry operator, that is to say, an organisation that manages the registration and operation of domain names, is intentionally and systematically infringing trade marks in its top-level domain**, either by itself or by assisting third parties in doing so<sup>15</sup>.

Similarly to other dispute resolution procedures, the complainant must prove certain bad faith of the registrant as well as the taking of unfair advantage of the reputation of the complainant’s trade mark, or the impairing of the mark’s reputation or creating confusion with the complainant’s mark. This means that it is not enough to show that the registry operator is on notice of possible trade mark infringement through registrations in the gTLD.

The application process is similar to the UDRP and URS but has some specificities related to the nature of the disputes under these proceedings, which are detailed in the [Trademark Post-Delegation Dispute Resolution Procedure Rules](#). Considering that the defendant is a registry operator, the complainant is required to provide a statement in the complaint on how the harm suffered is the result of the registry operator’s manner of operation of use of the gTLD.

Different enforcement measures can result from the procedure if the registry operator is found liable under the PDDRP, from an obligation for the registry to employ remedial measures against allowing future infringing registrations to the total termination of the registry agreement with ICANN.

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<sup>14</sup> To find out more about the PDDRP consult the applicable rules [here](#).

<sup>15</sup> PDDRP cases are handled by providers external to ICANN. A list of providers can be found [here](#).

#### 4.4. Legal Rights Objection<sup>16</sup>

The Legal Rights Objection (LRO) is a dispute resolution procedure under which trade mark owners and intergovernmental organisations (i.e. those who meet the criteria for registration of a .int domain name) can formally object to a new gTLD application on the basis of a “Legal Rights Objection”. In other words, **before ICANN approves a new gTLD, the trade mark owners or intergovernmental organisations concerned, whose trade marks or names or acronyms may be infringed by the new gTLD, can stop the approval of the new gTLD**<sup>17</sup>.

Similarly to other dispute resolution procedures under this section, the objector (i.e. the party that objects to the new gTLD application) will have to prove that the potential use of the gTLD applied for by the applicant takes unfair advantage of the distinctive character or the reputation of the objector’s trade mark or name or acronym, or unjustifiably impairs the distinctive character or the reputation of the objector’s mark or name or acronym, or otherwise creates a likelihood of confusion between the gTLD applied for and the trade mark or name or acronym.

The application process to have a dispute solved under LRO is similar to the application for the above-mentioned proceedings but has some specificities related to the nature of the disputes under these proceedings, which are detailed in ICANN [New gTLD Dispute Resolution Procedure](#), including a statement on the ground upon which the objection is being filed and an explanation of the validity of the objection and why it should be upheld.

The remedies are limited to the success or dismissal of the objection, with no monetary damages apart from the possibility for the prevailing party to obtain a partial refund of the panel fee.

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<sup>16</sup> For more information on LRO, visit [WIPO’s website](#) and [Module 3 of the New gTLD Applicant Guidebook](#).

<sup>17</sup> LRO cases are handled by providers external to ICANN. A list of providers can be found [here](#).

The above-mentioned procedures are summarised below:

	Type of dispute	Duration	Possible outcomes
<b>UDRP</b>	Trade mark owner v. domain name registrant	2 months	<ul style="list-style-type: none"> <li>✓ Domain returned to registrant</li> <li>✓ Domain transferred to complainant</li> <li>✓ Domain cancelled</li> </ul>
<b>URS</b>	More expedited version of UDRP  Only for new gTLDs	1 month	<ul style="list-style-type: none"> <li>✓ Domain suspended</li> <li>✓ Domain returned to registrant</li> </ul>
<b>PDDRP</b>	Trade mark owner v. registry operator  Only for new gTLDs	8 months	Different measures against the registry operator
<b>LRO</b>	Objection of trade mark owners and intergovernmental organisations to new gTLD applications	2 months	<ul style="list-style-type: none"> <li>✓ Success of the objection</li> <li>✓ Dismissal of the objection</li> </ul>



### Advantages of domain name dispute resolution procedures

- Expedited
- Impartial
- Affordable (low fees, no attorney required)
- Limited results (transfer/cancellation)
- Direct enforcement by the accredited registrars
- Transparent: the proceedings and decisions are published on the Internet
- Possibility to submit the case to court after the proceedings.

## **Conclusion**

In theory, choosing a domain name is simple. If it is memorable, short, and catchy, it may be a recipe for success. But even if the choice is brilliant from a marketing standpoint, it may not be so from a legal perspective. Registering a domain name that is in conflict with a trade mark or commercial name puts a registrant at risk of legal proceedings and, sometimes, losing the domain name. That, together with an often significant investment in developing a website, can constitute a blow to a company.

In turn, a legitimate owner of a domain name has to be aware of the risks created by the practice of cybersquatting and of any available defences against it.

In order to be on the safe side when choosing a domain name, one has to remember, among other aspects, to perform a prior search in order to ascertain whether the domain name that one intends to register is available. At the same time, trade mark holders should be aware of the dispute resolution procedures that can assist them in the case of cybersquatting.

## Useful Resources

For further information, also see:

- Fact sheet on “IP considerations for business websites”  
<https://www.iprhelpdesk.eu/Fact-Sheet-IP-Considerations-for-Business-Websites>
- Fact sheet on “How to search for trade marks”  
<https://www.iprhelpdesk.eu/Fact-Sheet-How-to-Search-for-Trade-Marks>
- Domain Name Dispute Resolution Service  
<http://www.wipo.int/amc/en/domains/gtld/>
- Uniform Rapid Suspension System  
<https://newgtlds.icann.org/en/applicants/urs>
- Trademark Post-Delegation Dispute Resolution Procedure  
<http://www.wipo.int/amc/en/domains/tmpddrp/>
- Legal Rights Objection  
<http://www.wipo.int/amc/en/domains/lro/>
- New Generic Top-level Domains  
<https://newgtlds.icann.org/en/>
- Trademark Clearinghouse  
<http://www.trademark-clearinghouse.com/>

## GET IN TOUCH

**For comments, suggestions or further information, please contact**

European IPR Helpdesk  
c/o infeurope S.A.  
62, rue Charles Martel  
L-2134, Luxembourg

Email: [service@iprhelppdesk.eu](mailto:service@iprhelppdesk.eu)  
Phone: +352 25 22 33 - 333  
Fax: +352 25 22 33 - 334



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## ABOUT THE EUROPEAN IPR HELPDESK

The European IPR Helpdesk aims at raising awareness of Intellectual Property (IP) and Intellectual Property Rights (IPR) by providing information, direct advice and training on IP and IPR matters to current and potential participants of EU funded projects. In addition, the European IPR Helpdesk provides IP support to EU SMEs negotiating or concluding transnational partnership agreements, especially through the Enterprise Europe Network. All services provided are free of charge.

**Helpline:** The Helpline service answers your IP queries within three working days. Please contact us via registration on our website – [www.iprhelppdesk.eu](http://www.iprhelppdesk.eu) – phone or fax.

**Website:** On our website you can find extensive information and helpful documents on different aspects of IPR and IP management, especially with regard to specific IP questions in the context of EU funded programmes.

**Newsletter and Bulletin:** Keep track of the latest news on IP and read expert articles and case studies by subscribing to our email newsletter and Bulletin.

**Training:** We have designed a training catalogue consisting of nine different modules. If you are interested in planning a session with us, simply send us an email at [training@iprhelppdesk.eu](mailto:training@iprhelppdesk.eu).

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