

Cybersquatting 101 - Why You Should Care About Cybersquatting?

Author: R. Jackson

What is Cybersquatting?

Cybersquatting is the practice of registering a domain name or group of domains that leverages a branded trademark, and then using the domain(s) either directly or indirectly in bad faith. In most cases, the goal of a cybersquatter is to profit from the Web traffic that a domain name generates as a result of your fine reputation as well as your marketing, public relations and customer service efforts. A cybersquatter may also attempt to sell a domain name, using your trademark, to you or even another cybersquatter.

Cybersquatting was started by a few savvy individuals during the early days of the Internet when the Web began to gain momentum. These “entrepreneurs” understood how essential the Web would become and the intrinsic, significant value of domain names. So, they quickly registered popular company names before the companies did. When it became apparent that a company would need to secure the domain name(s) for their company and/or product(s); they were forced to buy those domain names at a premium price from the cybersquatters, rather than from a domain registrar that allows businesses or individuals to obtain unregistered domains.

Cybersquatting has become a more widespread, sinister, and costly practice as the Web has matured and user traffic has exponentially increased. Your domain name(s), the names that are at the core of your brand, are at risk. In the heavily monetized marketing medium we call the World Wide Web, cybersquatting is now costing companies millions of dollars through lost traffic to competitor Websites, unwarranted online ad budget expenses, high-priced legal fees, damaging public relations and the expenditure of extra internal resources to deal with this issue.

Common Ways to Tarnish Your Brand

Currently, there are many versions of cybersquatting, with more techniques being added at a rapid pace. Below are a few of the most common forms:

1. Typosquatting: registering common misspellings, or ‘typos’ of the domain name – when these typos are entered, a web site is set up to capitalize on the typo that has nothing to do with your business. Type in www and your domain name without the period (eg. wwwyourcompanyname.com) to see if you are being cybersquatted by a common and profitable typo registration.
2. Registering Expired Domains: if your domain name is not renewed before its expiration date and applicable renewal grace periods, cybersquatters frequently purchase your domain at a domain name auction and you may be obligated to purchase it from them (at an incredibly high price). A common practice is to put a basic Web site up on your domain name after it has been picked up with disparaging remarks about your company – and added incentive for you to purchase the domain back quickly.

3. Namejacking: practice of purchasing a second level domain name with new generic Top Level Domains (gTLD's) or country- code Top Level Domains (ccTLD's) and then setting up a Web site or routing to a pay per click ad page to capitalize on your band.
4. Domain Name Tasting: domain registrants 'test' a domain name for 5 days (the 5 day mandatory testing period from ICANN) to determine the visitor traffic that can be monetized and then can 'return' it if it doesn't appear as though it would cover the cost of the registration. The cybersquatters used to be able to engage in an endless tasting on a particular name, but recent ICANN policies have slowed that practice

Cybersquatters can make a great deal of money by monetizing these domains through pay-per-click Web sites. A new Website with original content may be created on the infringing domain name that uses your mark, the cybersquatter may subscribe to a "domain parking" company that uses a syndicated online ad network, or the cybersquatter may have a direct relationship with the ad networks of Google or Yahoo. The rogue web site posts paid links via Google, Yahoo or other advertisers, but ultimately they are paid by you if your marketing team does online advertising and keyword marketing. Each time that link on a site is clicked by a visitor, a fee is paid to the registrant of that domain name by the parking company or ad network. The revenue per click that ad networks pay the cybersquatter is on average \$.40, although many ad clicks are much higher.

Cybersquatters may also monetize these domains by subscribing to affiliate networks that you and your competitors use. They re-direct Web traffic using a URL with their affiliate ID to your site or even worse, your competitor's sites. You end up paying an unnecessary commission to the cybersquatter for a sale or you miss out on a sale altogether.

Even if a cybersquatter doesn't wish to make money on your domain name, they can still cause irreparable damage. Many Websites are set up primarily to disparage your brand. Whether it is an unhappy customer, a competitor, a disgruntled employee or just someone who wants to create chaos – negative and critical comments tend to have a long lifespan on the Internet, especially if these sites are search engine optimized.

If you still think cybersquatting isn't an important issue – just ask the legal departments at [Verizon](#). Microsoft, Citibank and other companies also have cases in the domain dispute pipeline...

How To Stop Cybersquatting

As the Internet evolves and Web usage continues to grow, unfortunately, so will the techniques and tactics used to capitalize on your trademark(s). Growing innovation and the potential to generate revenue is likely to contribute to increased domain name infringement. To address this issue, there are regulations for cybersquatting through the Anti-cybersquatting Consumer Protection Act (ACPA). Currently, many domain disputes issues are resolved through the Uniform Resolution Dispute Policy (UDRP) developed by

Internet Corporation for Assigned Names and Numbers (ICANN), however, a United Nations agency, World Intellectual Property Organization (WIPO) provides a world-wide arbitration system whose caseload has steadily increased.

If you would like to learn more about how cybersquatting can damage your business and how Safenames Mark Protect in conjunction with our Domain Disputes Team can address this issue for your company, please contact us at whitepapers@safenames.net.