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DOMAIN NAME DISPUTES HIT RECORD HIGH

Squatters, online retail explosion and new domains force businesses to protect their brands

London, UK, AUGUST XX 2012 – Disputes over internet domain names hit a record high over the last 12 months, says Sweet & Maxwell, the leading legal information provider.

Sweet & Maxwell, a Thomson Reuters company, says that domain name dispute cases adjudicated by the World Intellectual Property Organisation (WIPO) hit 2944 in the 12 months to July 2012, a 6% increase from 2775 in July 2011 (see data below).

Sweet and Maxwell explains that domain name disputes occur when companies find a competitor or ‘squatter’ using their trademark in a website name. This is especially prevalent where household-name brands are concerned. It is common for so-called domain name squatters to register virtually-identical domains, in an attempt to attract online traffic, or sell the domain back to the rightful owner.

John Olsen, Partner at Edwards Wildman and editor of *Domain Names: Global Practice and Procedure*, published by Sweet & Maxwell, says that the main reason for the increase is that big brands are seeing more income from online sales.

“As online retail becomes more profitable, household name brands are taking the defence of their domain names much more seriously,” says Olsen. “They are doing all that they can to protect their revenue streams - domain names are the key to the door of online retail.”

Paris Hilton, Boris Johnson and Gucci forced to battle squatters

So far in 2012, fashion giant Gucci has been forced to bring six cases to win control of over 100 domains, such as cheapguccionsale.com and guccishoponline.org. Austrian luxury brand Swarovski alone has brought, and won, 32 cases since 2010. The InterContinental Hotels Group was forced to bring a case to win back over 1,500 disputed domains from a squatter in 2009.

“Domain name squatting can affect high-profile individuals too,” says John Olsen. “Just last month, Paris Hilton won a dispute over a domain that used her name. Boris Johnson won a case when he lost his campaign website to a squatter. Domain name cases have also been brought by many other celebrities, such as Madonna, Wayne Rooney, and Pamela Anderson.”

Sweet & Maxwell say that the number of complaints about Chinese domain name squatters has more than doubled since 2009. The United States still has the highest number of complaints made against alleged squatters, but China has risen to second place, with over 12% of complaints. Including countries such as Korea and Japan, East Asia now makes up almost a fifth of all complaints.

“Businesses need to be aware that squatters are actively searching for domain names they can register,” says John Olsen. “They then attempt to hold businesses to ransom, or in some cases, sell fake goods using the brand. The number of alleged squatters in China is on the rise, contributing significantly to the global growth. All the cases Gucci has brought this year have been against owners of domain names registered in China.”

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"Domain name squatting was a problem during the dot com bubble from 1995-2000, but it slowed down when the bubble burst. These statistics show a second wave of squatting cases, driven by the upsurge in Chinese domain registrations since 2010."

Explosive online retail growth drives disputes

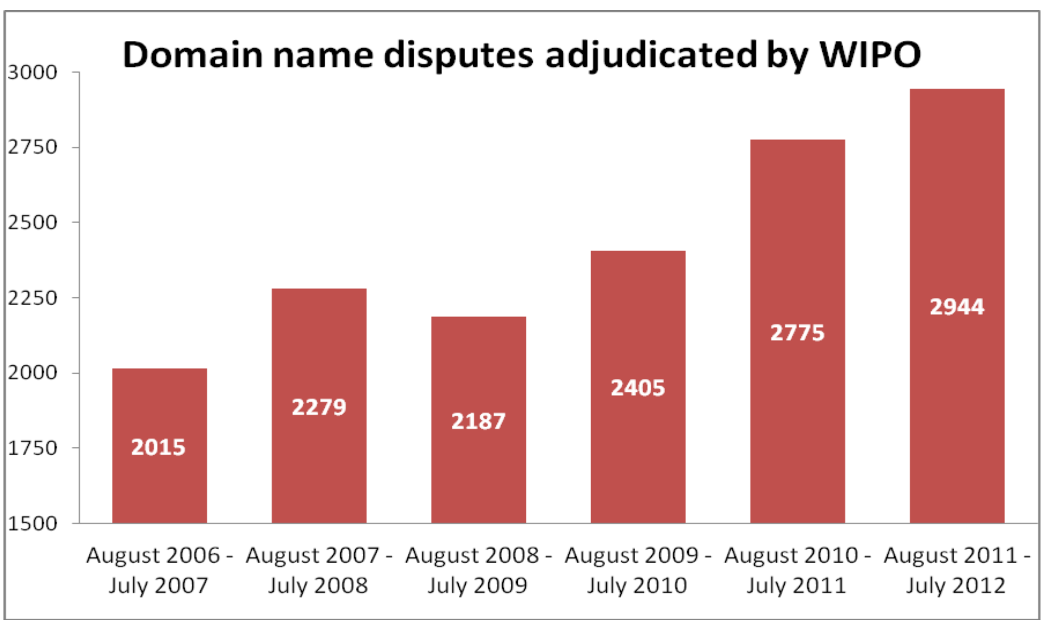
The key reason for the increase in domain name disputes is the explosive growth in the online retail business, says Sweet & Maxwell. British shoppers spent £68 billion online in 2011, a 16% rise from 2010.

"With companies seeing increasing income from online retail, it's becoming more and more important for them to stop people using their names for personal gain," says John Olsen. "Competition in online retail is also extremely fierce, since the barriers to entry are so low. As there are so few suitable domain names, there are a huge number of disputes over them."

New 'wild west' domain name system to fuel disputes

Sweet & Maxwell also explain that the new system of Generic Top Level Domains (gTLDs), expected to go live in 2013, is another potential source of disputes. Generic domains are currently restricted to a list of 18, such as .com, .net and .org. The new system allows people to have any top level domain – the applications so far include .football, .mcdonalds and .BMW.

"The landscape is not yet settled," says John Olsen. "The new domains are the wild west of the internet. These new domains are likely to be hotly contested, and the chances of conflict are significant. Websites with .cloud domains are expected to see disputes, with a huge number of organisations wanting to register websites within that domain. Of course, the squatters are hovering too."



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