

Is Someone Else Using the Internet and Your Brand Name To Make Money?

Almost every business today has a presence on the Internet and most have taken the necessary steps to register their domain names or URLs (such as www.felhaber.com). While the internet provides an easy and cost effective means to advertise your products or services and increase your brand recognition, it also provides others the possibility to easily profit from the misuse of these same domain and brand names. Most companies believe that if they have filed for federal trademark protection for their “brand” or “marks” and they have registered their domain name(s), they have done everything needed to secure their rights. Unfortunately, many companies are finding that this belief is misplaced because of the growing number of cyber-squatters.

Cyber-squatters register domain names that closely relate to the domain names, products, service marks or trademarks of successful businesses. Since registration of domain names is relatively inexpensive, performed on a first come first served basis, and done without the need to prove ownership of the terms registered, it is relatively easy for a cyber-squatter to infringe on the intellectual property rights and brands of a business. Cyber-squatters use a “bag of tricks” to conduct their business. Studies show that up to 20% of all hand-typed URLs are misspelled, creating a market for cyber-squatters who register the common misspelling of the domain name. Other cyber-squatter tricks include registering domain names with a different ending such as “.org” rather than “.com” or using domains that are similar or identical to trademarked terms or company trade names. The result is that someone using the incorrect domain name or searching for a product or trade name will be diverted to the cyber-squatter’s websites.

After registering a domain, cyber-squatters commonly receive website traffic that was intended for the company’s website, but is otherwise directed to the cyber-squatter’s domain.

Cyber-squatters also use techniques to increase the standing of their websites when various search terms are inserted in search engines such as Yahoo or Google. This phenomenon often allows cyber-squatters’ websites to be listed above or near a company’s website on search engine results. Cyber-squatters typically sell advertising on their sites and are paid for every “hit” or “click” on the internet advertising located on their sites. The result is that your customers may actually be diverted to a competitor of your company by the cyber-squatter who is profiting from your brand or domain name.

This is exactly what happened to one of Felhaber’s clients, the Joint Commission on Allied Health Personnel in Ophthalmology, Inc. (“JCAHPO”) managed by Executive Director Lynn D. Anderson, PhD (who agreed to be interviewed for this article). In this case, JCAHPO, an international ophthalmology certifying organization, had several federally and internationally registered trademarks for its acronym “JCAHPO.” It also had secured a domain name for www.jcahpo.org. Its site provided an essential link to its certificants located all over the world.

JCAHPO discovered its first cyber-squatter (using the “www.jcahpo.com” rather than .org) when a simple “Google” search ranked the cyber-squatter’s site before JCAHPO’s site. When JCAHPO called for help, we conducted a cyber-squatter search and actually found that the problem was far worse than they first expected. It wasn’t just one cyber-squatter. Approximately a half-dozen cyber-squatters were discovered profiting from JCAHPO’s mark. Even more astonishing, the cyber-squatters were located all over the world, ranging from the United States, to United Arab Emirates, to China.

In JCAHPO’s situation, the cyber-squatters registered several different extensions of the client’s domain (including the “.net,” “.com” and “.us”). The cyber-squatters also inverted the two letters “HP” in the

mark from JCAHPO to JCAPHO to capture the common typographical error; and they had created webpages with sponsored advertisements that closely resembled the services JCAHPO offered. Anytime an individual landed on the cyber-squatters' webpages and clicked on one of the sponsored links, the cyber-squatters profited.

Felhaber took several steps to repel these attacks from cybersquatters. After conducting the initial search to locate all of the cyber-squatters, demand letters were sent to the cyber-squatters insisting that the squatters assign the domain names to JCAHPO. Felhaber's cease and desist letters were successful in obtaining all of the domain names (without payment of any bounty to the cyber-squatters) in all cases except one—the cyber-squatter in China. As a result, Felhaber initiated an arbitration proceeding against the individual and forced the transfer of the domain name back to JCAHPO by the domain name registry.

After the cyber-squatting ordeal was over, JCAHPO's Executive Director noted:

“Cyber-squatters were taking advantage of our organization's name causing great confusion to our customers. The Felhaber team led by Bob Bach advised us on the various legal actions that we could take and recommended a strategy that was cost effective for our non-profit organization. Their efforts were highly successful in securing our rights to the various domain names in question. The Felhaber team was responsive and great to work with in this very important issue to our organization.”

Lynn D. Anderson, Ph.D., Executive Director and Joint Commission on Allied Health Personnel in Ophthalmology, Inc. (“JCAHPO”).

The moral to this story is clear. Any business with a web presence must take appropriate steps to monitor

and protect its domain names, trademarks, service marks, product names, trade names, and brands from cyber-squatters. We recommend that all businesses take the following steps:

1. Review your domain registrations to ensure that they are broad enough to protect all of your company's names, name derivations, domain derivations and popular product names, trademarks and service marks.
2. Make additional domain registrations if necessary to provide the additional protection needed.
3. Docket upcoming domain name renewal dates and make certain you renew before they expire, as cyber-squatters have sophisticated software that will automatically grab domain names that have lapsed.
4. Conduct basic internet searches of your key domains, products, and marks to determine if there are any cyber-squatters using domain names that may harm your business
5. If you find a cyber-squatter, we recommend that you contact us to put together a strategy for response and return of your domain names as well as an analysis of any additional legal remedies you may have for infringement.

Utilizing a lawyer at the front end reduces the likelihood that the cyber-squatter will demand payment for a return of your domain name and it increases your chances of preserving any additional legal remedies you may have. The bottom line is that Felhaber can provide cost effective and efficient services to protect one of your most important business assets.



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Mark Your Calendars!

Builder Developer Seminar

Thursday, December 4, 2008 - Town & Country Club of St. Paul, Minnesota

In November you can register online and review the seminar agenda.

www.felhaber.com

RISKS FROM IMPROPER TRADEMARK USE

Trademarks are often the most valuable asset of a company in a competitive market. Trademarks represent the goodwill and consumer recognition in the company brand and thus have significant value. Proper use of these marks is essential to avoid legal complications. Accordingly they deserve considerable efforts and reasonable expense to protect them properly. Unfortunately too many companies risk loss of their trademarks because they neglect to train employees in proper use and do not monitor their own promotional material.

If your trademark is registered with the United States Patent and Trademark Office it should be designated with a “®” symbol, such as Rollerblades®. Otherwise use the “TM” symbol.

In promotional literature use the mark as an adjective, such as “Rollerblades® inline skates are the best”. Never use the mark or a variation of it as a verb; for example, do not suggest that customers would enjoy rollerblading.

Misuse of your mark could result in it becoming generic and if that occurs you lose all trademark rights. That is what happened to once famous trademarks like cellophane, escalator and aspirin.

The line between highly descriptive terms and generic names has been said to be fuzzy and undefinable. But that difference is crucial in that the law holds that a generic term can never function as a mark or be given trademark protection. On the other hand if the term is descriptive, then it is entitled to trademark protection upon proof that consumers view it as a source indicator.

“Unintentional” abandonment occurs when the trademark owner, by its own actions or lack of action, causes the mark to lose its significance as an indicator of source. This can happen by failure to use the mark for several years or by improper use.

If the owner registers the mark “MILLWORK WALLBASE” for flexible vinyl and rubber wall base then it may lose the trademark rights if it uses the mark only on a non-flexible metal product. Similarly it may lose its rights if it misuses the mark on its products or advertising. If the registered mark is “MILLWORK WALLBASE” but the product is labeled “Millwork

Resilient Wall Base” and the sales brochure inconsistently refers to the product as Jonsite® Millwork Resilient Wall Base, Jonsite® Millwork, Millwork® Resilient Wall Bases, millwork wallbase and Millwork Wall Base then the owner is unlikely to be able to establish that the public perceives the term millwork wallbase as a trademark signifying a single product source. Not only does the trademark owner risk losing the registration but it may find it impossible to prevent others from using the term on competing products.

To avoid loss of trademark rights train your employees on proper trademark use and have your promotional materials reviewed periodically.



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Congratulations, Tom, on being recognized by The Minnesota State Bar Association for your outstanding contributions to the labor & employment law practice in Minnesota.

We are proud of our association with you!

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Felhaber Hires Four Attorneys

Jessica M. Marsh will focus her practice on labor and employment and general litigation. She previously worked as a judicial law clerk at the Minnesota Court of Appeals.

Patricia R. Monson practiced for 28 years in Fargo, North Dakota prior to joining Felhaber. She practices in the area of employment law, health law, railroad defense and construction law.

Penelope (Penny) J. Phillips has rejoined the firm. She practiced labor and employment law with Felhaber for 16 years. Recently, she served as Labor & Employment counsel for SUPERVALU INC., handling labor and employment matters for its 190,000 local and national employees.

Alyssa M. Toft will practice in the areas of labor and employment and litigation. She previously worked as a judicial law clerk at the Minnesota Court of Appeals.

We are delighted to introduce you to our new attorneys, who are a welcome addition to our firm. Log on to www.felhaber.com to view their individual biographies.



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