

# Canada

Bereskin & Parr LLP

## Dotting the ‘.com’ and crossing the ‘.sucks’: how to manage your domain name portfolio

Domain name strategy and portfolio management should be a key component of a brand’s overall IP strategy. A mindful, measured and disciplined approach is crucial

In today’s digital marketplace, a company’s web address is often one of its most valuable and important assets. First and foremost, domain names have a fundamental technical function: they serve as a memorable alphanumeric address, often one of the most immediate and practical ways that a brand interacts with consumers. More broadly, domain names are one of the essential ways that companies build, strengthen and maintain the online presence and recognition of their brand.

### Domain name protection

Domain name strategy and portfolio management should be a key component of a brand’s overall IP strategy. A mindful, measured and disciplined approach is crucial, given the importance of domain names and the infinite possibilities of domain name configurations on various top-level domains (TLDs).

As a starting point, decide on an underlying strategic approach with respect to both domain name acquisition and enforcement. Consider the domain names you wish to acquire – both for your own use and as a defensive measure against unauthorised third-party registration and use – and investigate whether these are available to register. While defensive registration is generally less expensive and more certain than taking action once a domain name is in a third party’s hands, acquiring all domain names that are of possible interest or present a potential risk is prohibitively expensive and unwieldy. It is therefore often advisable to focus on securing domain names that the company wishes to use for its own business and marketing purposes, including registrations of key country extensions, obvious translations

and key brands, which might have their own websites or pages.

When building a domain name portfolio, start with a budget. When deciding what domain names to register, keep or abandon, weigh the possible marketing benefits and the likely risk of cybersquatting or marketing fallout from not having the domain name. When deciding among TLDs, consider the relevance of each string to your industry, goods and marketing initiatives, including search engine optimisation. Before crossing a particular domain name off the list, weigh the risk of abuse and likelihood of successful enforcement in view of the inherent distinctiveness, strength and reputation of the mark.

For some TLDs, the availability of a domain name registration may be determined by registration requirements, requiring either a local presence or that the registrant be part of a specific industry. For example, in Canada, the Canadian Internet Registration Authority (CIRA) has strict rules governing eligibility to own a domain name in the country-code TLD ‘.ca’, in the form of the Canadian Presence Requirements. While Canadian individuals and entities can register any available ‘.ca’ domain name without demonstrating prior rights or legitimate interest, the requirements restrict ownership by non-Canadians to ‘.ca’ domain names which consist of or include the exact word component of a Canadian trademark registration owned by the registrant.

Domain names comprising variations, short forms or common misspellings of a registered mark are all prohibited to non-Canadian entities. This is particularly relevant since CIRA also prohibits local contact services from registering domain names on behalf of unaffiliated foreign entities which do not themselves meet the requirements and routinely conducts audits for compliance with them. Many other regions have comparable local presence requirements which must be investigated and adhered to before country-specific domain name extensions can be acquired.

The primary considerations in acquiring domain names and building a comprehensive portfolio should reflect the company’s own intended business uses, and marketing and branding efforts. That said, once primary domain names are secured, some consideration should be given to defensive domain name registrations – particularly to secure obvious names which, in the wrong hands, could lead to potential abuses or offensive uses (eg, ‘brandnamesucks’ or ‘brandname.xxx’).

A few simple housekeeping rules will help to ensure proper domain name management. For example, set a protocol for approving new registrations and the registration process, including ensuring that the named registrant is the company (unless there are presence requirements) and that the administrative contact uses a role email address which is monitored (eg,



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'domainnameclerk@'). Use a registrar lock for all domain names, while key domain names should be set to auto-renew.

Finally, it is important to audit your domain name portfolio to cull domain names that are no longer of value and consider whether they can be put up for auction, and also to identify and fill any gaps.

### Enforcement

Companies should consider developing a clear policy with respect to infringing domain names – including which domain names to pursue and which procedures to use – since attempting to police and enforce against all registrations containing the company's mark(s), or variations thereof, can be costly, time consuming and, ultimately, futile. Having a clear policy in place generally helps the appropriate parties to make timely, consistent and effective decisions on which domain names are worth pursuing.

The first step to managing enforcement efforts is to have a system for monitoring new domain name registrations. A domain name watch service will alert companies to the registration of a domain name containing a mark that is identical or similar to those recorded with it (including typos), and is an effective way to keep an eye on newly registered domain names. Once alerted, companies should take a closer look into the nature of the domain name's use and the identity of the registrant (if this is disclosed), along with what its intentions may be. For example, does the registrant have a legitimate right to the domain name (eg, owning rights to the corresponding trademark in a different jurisdiction)? Is the domain name registrant a fan (or critic) of the brand and intending to use the domain name to broadcast these views? Or does the use of the registered domain name amount to an infringement of a trademark right or a clear intention to unlawfully trade on the goodwill associated with a brand name?

Often, these answers cannot be ascertained without further investigation or are not immediately apparent unless and until activity commences in connection with the domain name.

Of course, once domain names of



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concern are identified, it is generally the nature of their use that will suggest the appropriate measure to take. For large companies with significant legal budgets which encounter a high volume of cybersquatting, a takedown service may be the most cost-effective way to proceed.

Given the costs, time and ultimate futility of pursuing action against each and every domain name registration (essentially, it results in a 'whack-a-mole' scenario), companies often focus their enforcement efforts on cases where there is genuine confusion to a noticeable and harmful degree. If this is not taking place, it is advisable to continually and periodically monitor these domain names for changes or new activity at the corresponding websites – or, conversely, to note whether they have expired and are now available for registration.

Dispute resolution proceedings should be considered in certain circumstances. Most TLDs offer a mandatory arbitration procedure intended to address cybersquatting, such as the Uniform Domain Name Dispute Resolution Policy (UDRP). The Canadian equivalent for '.ca' domain names is the Canadian Domain Name Dispute Resolution Policy. However, not all third-party registrations which are an annoyance to a brand owner are necessarily strong candidates for a successful domain name dispute. Generally speaking, complainants must prove that:

- the contested domain name is confusingly similar to a mark to which it has earlier rights; and

- the domain name was registered or used in bad faith and without legitimate interest.

The merits of the case will depend on the specific facts. In the absence of clearly infringing activities, it can be difficult to establish the requisite bad-faith element. In addition, there are nuanced differences between policies for different domains, so pay careful attention to the wording of the applicable policy and prior decisions under it.

In some situations the domain name use and registration is only one component of a much larger scale of infringement. In such situations a lawsuit to enjoin future use may be the most effective course of action.

In milder cases, other options for recourse are worth considering, such as direct contact with the registrant or an anonymous attempt to solicit a purchase price. Brand owners often ask what is an appropriate price for a given domain name – the answer is almost always highly circumstantial. For some brand owners, it is against company policy to pay anything at all for an infringing domain name – they would rather take their chances in a domain name dispute, regardless of the cost and uncertainty of outcome. Others prefer to follow strict economic guidelines and will agree to purchase a domain name from a third party if the price falls within an acceptable range.

Domain name portfolio and dispute management can be a challenging endeavour, but with a measured and balanced approach, it is possible to be practical and economical. **WTR**