

# Is Your Corporate Identity at Risk?

## How to Proactively Protect Your Trademarks, Domains, and Good Name

By **Douglas R. Wolf**

As the Internet opens the door to a global economy, your corporate identity is more vulnerable than ever before. With a proactive strategic trademark and domain name plan in place, you can remain a step ahead of would-be infringers and ever-bolder global pirates, in the US and abroad. Every country has different laws, and to the extent that the theories behind the laws overlap, they are applied differently. Whether you are trying to obtain a trademark registration in Japan or fighting for common law rights in the US, there are four basic strategies for keeping your company's portfolio or trademarks, including domain names, strong.

### 1. Start Off Strong

Most countries subscribe to the theory that unusual or strong marks are afforded more protection than weak marks, which include highly suggestive marks or marks with features common to other marks in the same or related industries. However, the determination of whether a mark is strong or weak will vary greatly. If you start with a clearly unusual mark, this country-by-country variation in interpretation subsides.

What if you already have an internationally recognized mark that you do not want to change? Besides obtaining registrations, you should also consider the cost of buying the registrations of others in the industry that may make your mark weak in questionable countries.

Many countries view trademarks and domain names as related property rights. Therefore a strong trademark – which usually forms the basis for domain name selection – should help with enforcing your rights in the URL against cyberpirates. That's because adoption by others of domain names similar to your strong trademark can be convincing evidence of bad faith.

### 2. Register, Register, Register

Registering a firm's trademark at the local trademark office or obtaining the relevant domain name should always be budget-driven since no registration program can include every potential application. However, the importance of obtaining key registrations cannot be understated. Many countries grant substantial and sometimes exclusive rights to the registrant of a trademark over prior users of even the same trademark in that country. Only through a showing of world fame by the rightful owner or bad faith by the registrant of the mark or domain does the prior user have a chance to recapture lost rights. It's critical to create a strategy of when and what to register.

Creating a hierarchical grid of countries crossed with the use of the mark can be a valuable tool in planning and budgeting a trademark and domain name registration program. The primary criterion should consider the likelihood of actual infringement in a country, followed by such factors as sales amounts, competitive sales, and manufacturing locations. Rushing out to register all possible marks and domain names the instant one imagines a new operation or market is not usually the best approach. Figuring in the probability of piracy and/or the value of specific business activities will yield more practical decisions.

On the domain name side, while world-wide registration is generally less expensive, the number of top-level and second-level domain names has expanded so greatly over the last few years that trying to capture everything has become all but impossible. This all adds up to the realization that you cannot and should not go after all domain names potentially of interest, but rather go after only the first-tier, critical domain names and sometimes the typographical or

otherwise related domain names in jurisdictions of interest.

The common strategy today is to write to registrants of encroaching domain names and warn them that the domain name will be monitored and that anything posted at the URL will be met with appropriate action. Contacting a company that has just adopted a mark or domain name which you believe is potentially infringing is more likely to stop if they receive your communication before they have spent thousands of dollars on designers, printed materials, and promotional efforts. Contacting that party early on demonstrates your strong interest in the mark and makes a favorable settlement more likely.

### 3. Keep Your Friends Close and Your Enemies Closer

Unfortunately, your local representative -- including distributors -- can be the primary source of problems in international business on the trademark and domain name front. In Japan, China, and many Central and South American countries (Brazil in particular), the following practice can be quite popular.



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“Experienced” distributors often check local trademark office and domain name registration information to see what a company has applied for. If there is any hole in your company’s portfolio in that country, a local entity will often register a trademark or domain name “on behalf of” the client. While seemingly noble, the practice is intended to force the client to keep the distributor relationship intact. If it does not stay so, the distributor may use the property later for competitive products.

One way to avoid such a problem is to register the properties before you enter the country or before you even select the local representative or distributor. Another option is adding to the distributor agreement a requirement that the distributor not register any trademark or domain name related to or confusingly similar to the property rights of the client. The contract should also provide for an automatic assignment of such rights if that part of the agreement is breached. You should also consider adding a require-

ment that the local entity inform you of any marks adopted by third parties that may cause confusion.

#### 4. To Sue Or Not To Sue?

On the bright side, litigation outside the US is substantially less expensive by at least an order of magnitude than it is in the US. Even if the cost is only a few thousand dollars, however, you should avoid litigation since no result can be guaranteed and securing what you need -- even if it includes paying the other side for something that you believe is legitimately yours -- often makes sense.

If litigation cannot be avoided, select your counsel carefully. You should consider leveraging your domestic attorney against an opposing counsel in a dispute in a foreign country. Rivalry between attorneys abroad often causes difficulties in settling cases. Your domestic counsel, however, often has relationships with several law firms in the subject country on matters for other

clients. As such, your domestic counsel’s involvement in the dispute can be enough to convince the opposing foreign counsel to behave differently, leading to a more responsive and reasonable result. The underlying reason is that a large percentage of the work for some foreign law firms comes from US attorneys.

With a proactive trademark/domain-name registration plan, you can remain a step ahead of those in both your home country and abroad who would love to steal your company’s hard-earned good name. Eeding these four strategies can go a long way toward protecting your firm’s identity, image, domain, and trademarks, including prevention of unexpected piracy (cyber or otherwise), as well as a multitude of other unsavory turns of events.