

### Interview with David E. Weslow, Attorney / Partner at Wiley Rein

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Before we get started, you know DomainTools.com, right? I can type whois.sc/domainname really fast and I do it daily, but until recently I didn't know how powerful their other tools were. If I want a domain name, I can set a free alert to notify me when it changes status. If it goes to auction, I can use their sales history tool to find comps and determine my maximum bid price. After I buy it and develop the domain into a business, I can set up alerts for any domains registered that contain my trademark, and I can set up registrant alerts of all my competitors so I can keep an eye on what domains they're buying and know what they're up to before they make any announcements. DomainTools.com needs to be in your toolbox, like it is in mine. Go sign up for an account on DomainTools.com today.

My second sponsor is David E. Weslow at Wiley Rein. Imagine having a legal issue, like a UDRP or cease and desist, imagine having to get an agreement put together quickly for buying or selling a domain name, and imagine going to your family lawyer who just doesn't get it, or one of the expensive law firms in your city who are going to invoice for thousands upon thousands of dollars. Then imagine going to David E. Weslow, who will understand your domain name portfolio and your intellectual property assets, understand the domain name environment, and be able to help you out. David E. Weslow. I trust him, and I suggest you give him a call. Your initial consultation is free. Call David E. Weslow at Wiley Rein.

Finally, our newest sponsor is Protrada - The Domain Exchange. Protrada is an amazing new platform for professional domainers and new-comers alike. Protrada makes trading domain names easy. With just a few clicks, you can analyze, bid, buy and sell domains across all major marketplaces including NameJet, Go Daddy, SnapNames and Craigslist. You can also develop stagnating domains you own into great-looking, content-rich, socially-active websites that will rank at Google and Bing. This tool is more comprehensive than any other I've seen. If you only use it for it's 21 powerful buying filters,

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Here's your program.

Michael: Hey everyone, my name is Michael Cyger. I'm the publisher of DomainSherpa.com, the Domain Name Authority and the place where you can learn about the domain name industry directly from the experts themselves.

People know that DomainSherpa loves its sponsors. We only accept sponsorships from that companies that we believe in. For example we think DomainTools.com has the best research tools in the industry and we use them daily and we use their screen shots of their tools in the how to articles that we publish on the website.

Today we are joined by David E. Weslow an attorney with Wiley Rein who specializes in domain name and intellectual property law. As you can see on DomainSherpa.com, David is a valued sponsor helping us educate the world on the inner workings of the domain name industry. He followed the ICANN 41 proceedings, for example, and then joined us to help us understand the impact of ICANN's vote.

On this show David is joining us to help entrepreneurs, start-ups and domain investors understand more about the legal issues related to domain names. David, welcome to the show.

David: Thanks Michael for having me.

Michael: It's my pleasure. So I've got to start off with a short notice for our audience. In this interview David is going to provide us with general information about legal development. He will not be providing legal advice or legal opinions. Be sure to consult an attorney for any specific legal questions that you have. Now that I have got that out of the way, David you have been practicing domain name and intellectual property law since 1999 but you are not just textbook trained. You have actually been on the Internet. You have worked on the Internet as a webmaster and you have worked at an

Internet high flier .com business in the past. Let's go back in time a little bit and tell our audience where were you a webmaster?

David: I started developing websites way back when, when you had to actually write the code to generate the site. I think it was '94 or '95 at home creating some of those very rudimentary sites with a few hyper links here and there (the occasional script) but pretty basic stuff. And then as I was an undergrad at my college, Elon College in North Carolina, I was the either the first or second webmaster of the school. So building the actually first website for the school and in those days that also involved a lot of education for professors and administration: What is the Internet? What are websites? And what do you mean a hype link and where is it going to take me type of things. So that was my real start in web development. That would have been 1996.

Michael: Those were the early days. I remember I was doing my Masters in '95 and I remember learning about the Internet and really getting into the web pages for the first time. And you had to remember the IP addresses of certain websites at my university. It was definitely a fun time. So back in the hay days of the .com just before the bust in late '99/2000 you worked at a company called youwinit.com. Is that correct?

David: That's right. I worked in the legal department and at that point I had been pursuing both web development and legal interests and I thought that there might be a place out there for a lawyer who understood the Internet and understood websites and had the opportunity to join a private company as you mentioned youwinit.com. Then, I worked in the legal department looking at intellectual property issues specific to the Internet and also online advertising issues. So that was also an interesting experience. It was fun to be in the .com era during the hay day. Very different than I think the way businesses are run today but it was a great experience.

Michael: Now what is it that youwinit.com did? I couldn't find any information on them in my pre-interview research.

David: Sure, you may recall in the late '90s there were a few companies that offered in essence search engine services but in order to run the search you had to subscribe to the service and each time you searched on their site you

were enrolled in a contest. There were prizes. It could be giveaways, monetary awards, things of that nature. As you enrolled you could accrue points and redeem them for all sorts of things and you were also opting in to receive advertising from the company. So that was their specialty, their niche was search coupled with advertisements.

Michael: Wow so there were quite a few legal issues that you had to wrestle with during your time at youwinit.com.

David: Yes that is right. There were a lot of interesting issues that came up. It was a good job.

Michael: So you started a practice in domain names and intellectual property law. You currently work with Wiley Rein. What types of clients do you work with today?

David: I have practiced in this area for about ten years now and it has spanned everything from individuals to a represented Fortune 20 company and all types of businesses in-between. I really have covered working with a wide range of individuals and businesses as they have issues that come up that relate to my area.

Michael: So whether somebody is a Fortune 50 company that is having some legal issues and they don't know how to deal with cyber squatters who may have some typo domain names of theirs or an individual like myself who runs a small business and received, for example a cease and desist letter related to intellectual property or something, you would be able to help everything in-between?

David: That's right. And I think I probably have represented all of those folks and everyone in-between on both sides of all of those issues you mentioned.

Michael: And so you have handled lawsuits, you have handled UDRP cases, all those types of cases?

David: That's right.

Michael: So we are going to dig into a little bit of all of those cases. During today's interview I really want to go into a lot of different areas that are going to benefit entrepreneurs, start-ups, and domain investors. I want to talk about buy/sell agreements. I want to talk about some issues related to start-ups and how you start it up. We are going to talk about domain developers. If you are developing out your websites with content maybe using auto blogging content software, there is some issues that David and I spoke about in the pre-interview that is going to be really important for you to pay attention to. We will also talk about some defensive domain name strategies and then also some UDRP lawsuits and issues like that. So we will go into some different examples. So David let's start by talking about buy/sell agreements. I've bought domain names, I've sold domain names. When I buy domain names I use a contract that I have used for years. When I sell domain names I either don't use a contract at all or I use the buyer's contract. How are buy and sell agreements for domain names different if I was the buyer versus if I was the seller?

David: You know with any type of business transaction a lot is going to depend on the terms of the deal. So who has got the leverage? If you are the buyer how badly do you want that particular domain name and what type of deal do you think you are getting for it at the price you have agreed on. And the same thing for the sell's side how great of a deal are you getting and then that largely will determine what you should be thinking about in your agreements.

As a buyer, dependent upon what you want to do with the domain name, you may want to think about things such as is this a brandable domain name? And if so are you having the seller transfer any intellectual property rights (particularly trademarks rights) to you so that you can continue to brand that domain name. Would you be concerned, for example, if the seller were to go out and register the plural of whatever that domain name is and immediately put up a business and start competing with you? If you were acquiring together with the domain name the website, are you making sure that you are acquiring the codes so that you can transfer the site to your server? Are you making sure that that content hasn't been borrowed or misappropriated from someone else so that when you buy the domain name and the site you are not

immediately going to be sued? So a lot of those different factors come into play based on what you want to do with the domain name and what your intentions are.

And as the seller the same thing. You want to be careful to read if there is an agreement and make sure that you are not over committing to things. That everything that is in there is accurate. That is you are conveying a website with a domain name that you do have the rights to that website. It depends on the terms of the business to what you are going to want to put in that domain name sale agreement.

Another interesting wrinkle is we see more and more domain names being used as security for loans. So it is important for a lot of buyers to consider is there some type of security interest - a bank loan on that domain name. Do you need to include in the agreement something indicating that the domain name is free and clear of liens? That can be a particularly challenging issue to work through if a lien pops up down the road that you didn't know about on the domain name. And from the seller's side you want to think about how did you acquire the domain name? Are you sure that when you acquired it that there were no liens so that you are not then in trouble by reselling it and an issue that comes up based on whatever someone did before you had it.

Michael: That is a great point. I had never thought about liens and especially when you get into the five figures domain names. The \$50,000 domain names and above, there might actually be a lien on there. There might have been a partnership that dissolved five years ago and one partner forgot about the domain name and the other one had it registered to him or her and then later sold it. That first partner could come back and say hey I actually own part of the domain name or I have some ownership aspect. So that may come in or it actually could be a lien, a legal lien on it.

David: Yes that is right. Either of those situations - you make a good point that if there was a prior business that is dissolved or there are other people out there that may have an interest in the domain name. They may claim they own part of it. It could be a situation that there is a bank lien. Increasingly there are lenders who are willing to give a loan based on a portfolio of domain names. So if you are going to sell one domain name out of the

portfolio that can be an interesting issue as to whether or not that lien on the whole portfolio has been released or whether or not it still applies to the sale of one domain name out of the portfolio.

Michael: You know, everything in business is sort of a trade off. If I was purchasing a domain name at what value would you think would be appropriate to do a lien search on that domain name?

David: That is a tough question. It somewhat depends on what the importance to you is of the domain name. If you are acquiring it, it's going to be your 10,000th domain name and you are not going to build a site out on it, you are just going to use it – it's a generic (you are going to hold it and hope to flip it again in the future) it may be less important. But it's going to be the premise or the basis for your entire business, even though the monetary value may not be that high, you are putting a lot on that domain name. So it would be more of a concern for you to make sure that it is clear. It is yours. You are not going to lose it or have to deal with some sort of legal battle down the road over a domain name.

Michael: A lien search is a pretty typical process for an attorney to do when helping out a client do a buy/sell agreement for example. Is that something that an individual can do by themselves as well? If I go do a search on Google can I figure out how to do a lien search?

David: You could. You could look at how security interests are generally perfected in the particular state. It is interesting, you would think by now that after the Internet and domain name industry have been around this long it would be well settled how to perfect a lien on a domain name. There are some general guidelines but it's not entirely settled what the one method of perfecting a lien would be. Certainly if a domain name corresponds to a trademark the security interest may also apply to the trademark. You can check for security interest at the US Patent and Trademark offices website. If it is a security interest that doesn't apply to a trademark but just to a domain name you'd typically be looking at the individual states offices for security interest recommendations. But it is hard for me to give you a specific answer because it is going to vary a little bit on who the seller is, where they are

based, the registrar in question may actually have some implications for the security interest as well. So there are a few moving parts there.

Michael: One of the words that comes up over and over again in legal contracts is the word indemnify. So when I am buying a domain name I'm going to get the seller to indemnify me and I think that means that if somebody comes to sue me for some sort of reason I can actually bring them into the issue. Is that correct?

David: Yes that is right. In general you would want that clause to make sure that for example if you are buying a domain name and you have done everything that you can to make sure that that is not a trademarks infringing domain name but you want to cover your bases in the event that you buy it and you are sued for whatever reason then the indemnification provision would then allow you to go back to who you bought it from.

Michael: Are there any other provisions that domain investors, or sellers, should definitely include in their agreements?

David: You know another one that comes to mind is along the same lines that we have been talking about, but a representation that they are the true owner. Occasionally you see stories in the news of people who have somehow gotten into someone's domain name management account and transferred the domain name. Or there are some...I think I have seen news stories recently about family disputes and someone gains access to an account and whether or not they should have, they are able to transfer the domain name. So to try and avoid some of the implications of that type of situation you might want a representation that the seller is the true owner, that there are no other claims to ownership for that domain name. Similar to the indemnification provision you mentioned that would help give you some comfort that who you are buying from is really the true owner and that they have the right to transfer the domain name to you. They didn't just get the domain name from hacking into someone else's account. You are going to want to obviously do your due diligence and look at who that seller is and try and figure out if you can trust them, because any of those provisions may not be worth the paper that they are written on if that seller disappears.

Michael: That is a great point. You know years ago I found a fantastic five letter domain name. It was a generic word. I can't even remember how I ran across it. It might have been on EBay or something like that. Being a builder myself I saw the domain name and I thought 'Oh I could build this magazine on top of it. Or I could build a service on top of it'. And he wanted I think somewhere around \$2,000. So it wasn't sort of a yes I'll buy it and take it right now but it wasn't like a \$50,000 or \$100,000 domain name. But at \$2,000 it definitely struck me as wow that is a fantastic deal I can't believe nobody has snapped it up yet. And so as I began to communicate with him it was clear that he was in some other country. English wasn't his native language.

And he wouldn't communicate clearly with me how he got the domain name, why the who is history had changed a number of times and in the end I just couldn't – I didn't believe that he was the true owner, even though he said he did. He gave me a story about a friend of his owned it and they transferred it over to him. And so to your point even if I would have gotten him to sign an indemnity clause and saying that he owned the domain name there is nothing I could do if he didn't actually own the domain name if he is in another country across the world.

David: Yes that's right and it sounds like you did the right thing in doing your investigation and your due diligence because although if something came up and you have this provisions you might have a valid legal claim against him if he is a ghost or he is not a real – he didn't give you his real name or his real information and he is somewhere else in the world that is going to be a tough road to go down to try and recoup anything. And you made some good point about things you should do. That the archived 'who is' information is great on Domain Tools. That is a great way to get a sense of what has happened with the domain name and then who the current owner is.

Michael: And Internet Archive as well. If you go to Google and search on Internet Archive the Wayback Machine, you can look at what was on that website in a lot of cases. Okay you mentioned registrar agreements briefly also. How does a registrar agreement factor into a buy/sell agreement?

David: You know it is interesting the...dependant on where the registrar is located, the state that they are in may take a different position on what a domain name is and whether or not a domain name is an intellectual property that you can own or whether or not all you are obtaining is equivalent to a lease right or contractual right with the registrar. And where that can come into play is down the road if things don't work out, the business fails, the different treatment of the domain name as an asset in different states could potentially lead to different results in how courts look at that domain name.

Michael: So if I was in Oregon versus California versus New York, if the domain name is owned versus leased it could have different implications if the business failed or I get divorced or a lot of different scenarios.

David: That's right and how it is treated. Just as much as the different registrar agreements and they are free to set the terms of their registration agreements, those agreements can also impact what your rights are, what your registrar can do with your domain names. So that can also have a serious impact.

Michael: So usually I call B.S. when somebody says well you need to consult an attorney or you need to talk to a consultant if you want to buy this domain name or do this. But in this case, because most people understand that the laws of every United States state is different, the laws in Washington state over civil unions may not be the same as another state, that you really do need to actually consult an attorney that knows about your states laws to be able to handle those issues.

David: Well with someone that is familiar with the principles in general so the first step is to make sure you have read your registration agreement with your registrar. Those change from registrar to registrar. So you should read it and be familiar with how the different terms – how they are different from registrar to registrar and then as a good first step you can do some research on the Internet as to how domain names are treated in different states around the country and whether or not they are intellectual property or whether or not they are contractual right. It's something just to keep in mind if you are operating in this business or if you are investing a lot, you have a large

portfolio of domain names and you have a lot on the line it's important to keep in mind that those things can impact your rights.

Michael: And you brought up an interesting point just a moment ago about the ownership of domains. Everybody always says I own that domain name, I own DomainSherpa.com or xyz.com but do people actually own domain names or are they just leasing a domain name?

David: It depends a lot on your registration contract. I have seen those phrase your legal rights very differently. And there have also been a number of different court cases that consider domain names to be different things depending on where you are and what issue the court is looking at. Certainly all of your viewers are aware that your registrar can do things with your domain name that may be inconsistent with the ownership that you feel you have in the domain name so again I always recommend the best first place to start is read your registration agreement and get familiar with what your registrar says you have in that domain name.

Michael: That would be a good first step. I'll speak for one domain owner that I never read the agreement from top to bottom so I hope there is some good stuff in there. But having said that I own a home, I think I've scanned all of the home documents the first time I bought a home. I probably didn't read everything the last time I bought a home but if I don't pay my taxes after a certain point somebody is going to take ownership of my home, sell my house and then give me whatever is left after the unpaid taxes.

What about escrow and financing? Should there always be a clause for payment included. You know clearly there is a clause for you will pay me this much money for me transferring the domain to you but should there be information about how quickly the funds will be transferred, whether a third party service will be used, things like that?

David: It is a good idea and again part of it is going to depend on the nature of the deal. If it is a \$1,000 domain name and you are the buyer and you think that is a great deal you are probably going to be willing to be less stringent of what you are asking for. But if you are spending a lot of money on either side it is probably more important to use escrow.com (or a similar service) to

make sure that all of that is spelled out. It also can be important to spell out when the transaction is going to occur. How is it going to occur?

As the buyer do you have an account with the same registrar so that the domain name can be pushed to that account or is it going to be sent to a different registrar, which will involve the authentication or authorization codes? It is important to look at the timing of that. If there have been prior transfers you might not be able to transfer it within the time frame that you want to another registrar. So it can be important to spell all of that out to make sure that either as the buyer or the seller your expectations are met. So that if you are the seller you are getting the compensation on the timing that you anticipated. If you are the buyer you are getting a domain name and the cooperation you need to have it transferred in the same timeframe that you are expecting.

Michael: That gives me a good understanding about buy/sell agreements. What should be in it and looking at them from different perspectives. Let's turn our attention to start-ups. DomainSherpa is a start-up. I started it up late last year. Should a start-up always trademark their business name if they can?

David: You know that is a good question. It depends on the nature of the name I think as you are getting, if you can when you mentioned, if you can it depends on what you are doing. If it is a pure generic term and your intention is to operate in that generic space you probably would not be able to acquire trademark rights. If it is something beyond that and you would have a concern if a competitor were to use a name that is identical or very similar then it is a good idea to register the trademark.

I would say almost more important than registering your own trademark though is clearing it before you start using it. And the reason that I said that it may be more important is if you are going to commercially use a particular name and it is something other than a generic then you could be raising trademark issues, you could be sued for trademark infringement if there is someone else out there (even if you are not aware of them). So it's a good idea before you begin if you are going to use the name commercially to clear it and make sure that on day one when you launch your start-up you don't have a cease and desist letter or lawsuit on day two.

Michael: How would I go about clearing DomainSherpa before I started up my company? What is the best path for me to do that?

David: Ideally, of course you would say this, but ideally you would want an opinion from a lawyer that practices intellectual property law telling you it is clear. There are no risks. There are some things that you can do individually. Obviously you are going to want to do some search engine searching which is an easy way to knock things out. If you want to call your company CocaColaDomainSherpa and somehow you were before never familiar with Coca Cola and if you ran a Google search it is probably not a good idea to name your company that.

At the next level you can go to the US Patent and Trademark office's website and do some searching as well. Look for registered and pending trademarks. Those are good steps to take to get a sense of whether or not there is a real apparent issue. The safest and most secure path is to ultimately have an attorney give you an opinion indicating whether or not it is clear. There are some things you can do as well.

Michael: What would you do if you were working with me on DomainSherpa and I have already done a search on multiple website search engines and have also gone to the USPTO and done some searches on the trademark that I wanted. As well as maybe some surrounding trademarks. What would you do in addition to that in order to certify it?

David: Sure that is a good question. The one limitation for the Internet searching and the USPTO searching is that they would not necessarily reveal unregistered uses. So in the US you can have a registered trademark or common law unregistered trademark. Even though you may not be able to turn that up...For example a business that is operating in some locality that is a good distance from you but it is somewhere in the US, even if they haven't registered their trademark, they would probably have unregistered or common law trademarks rights. So when you work with an intellectual property attorney what they are probably going to do is order what is called a full search that is going to give a more comprehensive view of unregistered trademarks, state registered trademarks, business names, as well as the

federally registered trademarks. It is all of those types of registrations and non-registered uses can be a basis of claim of trademark infringements.

Michael: Yes I once looked at a business at buying a publishing company that did not have a registered trademark with the US Patent Trademark office. And when I asked him what intellectual property was included with the company he said that there was a common law trademark. And that is all he has ever done in the past is common law trademarks. That sort of struck me as strange because really all it is is just use of the mark, of the unregistered mark, in public. Is that correct?

David: That is right. Any commercial use of a trademark (of the mark or a name) can give rise to common law or unregistered trademark rights. The limitation there is that your rights are limited geographically. So if you are a small business you are just operating in one locality your common law or unregistered rights will probably be limited to that sphere that you are doing in. Whereas if you obtain a federal registration you are entitled to protection throughout the country.

Michael: I understand the difference now. So the common law trademark – when you say geographically region is that city, is that county, is that state? How big does a common law trademark cover?

David: It depends on where you're either selling your product, that you are using your trademark to advertise or if you are providing some type of service it would be within that zone that you are providing that particular service and within what is called a natural zone of expansion. What would be a natural area for you to operate within and gradually expand into.

Michael: But if it is a publishing company or it's a web service your business is worldwide. How can you limit it to a local geography?

David: It is possible that you could have a common law, if you use that extensively, your common law rights could be throughout the United States. If you are selling it in every state and even internationally, under US law your rights could be throughout the country even though you only have a common law trademark. The distinction there if you have got that significant of usage

if you were ever to have to pursue trademark infringement lawsuit you wouldn't be entitled to certain legal presumptions that you have when you obtain a federal trademark or registration. In essence you would have to prove to the court why you are entitled to an unregistered trademark, which you may well be able to do particularly with that type of extensive use. It is just more of an additional factor.

Michael: It is just a higher hurdle to get over to prove it.

David: That's right.

Michael: I think I understand all that. David, I have got a couple questions pertaining to domain developers. You and I spoke briefly in the past, there are a lot of...I believe there are a lot of domain investors that want to add value to their domain names. They are not interested in selling them but they can add value to them by driving unique traffic to them. By getting them in the search engines, by getting a page rank assigned to that website, getting some inbound links. And one of the ways they try to do this is by using auto blogging plug-ins, an auto blogging software. Word Press has a couple of auto blogging plug-ins and one of them is called Word Press Auto Blog, another one is called WP Robot.

I assume that there are similar programs out there for other platforms like Joomla and Drupal and probably other entire software content entrance systems just focused on that. I actually looked at the website of WP Robot, the plug in for Word Press and it says "no copyright issues because all content comes from official API programs and is allowed to be republished by its creators!" It sounds really official. API programs and it is allowed to be republished. What do users of these programs need to know about using these auto blogging programs?

David: I would say be careful. I couldn't speak to whether or not that is accurate that statement with an exclamation point. I can say I am aware of a number of federal court lawsuits that were copyright infringement that relates specifically to use of auto blogging and the result being content from the Internet has been pulled into a website. The content wasn't free to reproduce.

It wasn't clear. And I know a number of website operators that have been sued for copyright infringement based on that exact situation.

Michael: Can you tell me about one of those examples where it is a public case where you have read the case, how it was determined and what happened in that case?

David: Sure there was no determination yet but there is an entity in Nevada that has a relationship with a number of newspapers. Their name is Write Haven. You can do an Internet search and learn quickly about them. But I know that a number of their...They filed a large number of copyright infringement lawsuits against websites for replication of newspaper articles. And I know that in a number of the cases they filed are alleged to relate to auto blogging software, where the software pulled into the website an article from a newspaper. The newspaper has a relationship with Red Haven the plaintiff and the newspaper is arguing that they did not give its permission to use its content. That particular plaintiff has recently run into a few issues with some of its cases that relate to whether or not it has the right to bring the lawsuits but for purposes that we are discussing it doesn't really matter. The issue is there. I don't think that that will go away. Whether or not this plaintiff is allowed to continue its lawsuits the concern is that if you are pulling in content into your site, whether it is automatically, or you doing it manually, you need to be extra careful to make sure that you have cleared that content and that you have got the right to reproduce it.

Michael: Why does somebody need to be so clear about having the right to reproduce it? What could be the result?

David: Well in the copyright world if you make a copy of something you do not have permission to replicate you can be subject to either actual damages or what are called statutory damages for copyright infringement. If you are subject to statutory damages that dollar amount can be up to \$150,000 per copy work. If your act of copying was intentional or willful you can also be subject to attorney's fees. So if you think about using auto blogging software it is pulling in however many articles and your exposure is potentially up to \$150,000 per article, you don't want to be in that position to have to defend that type of lawsuit.

Michael: I think a lot of people that might be in that case would be ignorant. They would be using a piece of software. The website it says it is all copyright free. How are they to know? Surely they can't be liable in court for ignorance can they?

David: I'm not aware of a case making it all the way to a decision involving auto blogging but certainly if you think about the cases I'm using about file sharing there were many, many of within the last few years, lots of those defendants argued that they had no idea that file sharing a particular music file was a copyright infringement and the courts universally rejected that as a defense. That may give you some grounds for lowering that damages award. It is hard to say. It depends on a lot of factors, but the bottom line is that alone will not get you off the hook.

Michael: I think people love the great content on the web. A lot of people don't think about all of the resources that were required to produce that content. For example we have got an RSS feed on our website where people can serve up...if they want to read our content on an individual basis on their iPhone they can use an RSS reader and they can read our content. Or they can browse onto the website. But I think that there are other people that copyright issues do exist. I've reached out to a couple of domain name owners who have taken full articles from DomainSherpa and republished it on their website. And while I love their enthusiasm for our great content (or what I think is our great content) I would much rather have them write a summary of it and link it directly to our website. Write it in their own words and pull out the greatest points and then link over to our website if people want to link it. Re-publishing our content is not something I allow as a publisher. So you are saying that that could actually be one of these cases where statutory damages could be filed, a lawsuit could be filed against somebody else.

David: Yes there is one distinction that as a copyright owner in order to qualify for the statutory damages you have to register your copyrights with the US copyright office prior to the unauthorized copying or the active of infringement or within a specific period of time from when you published. Typically under US law registration with the copyright office is not a prerequisite to obtaining copyright protection but you can't sue someone

unless you have a copyright registration and you can't pursue the statutory damages unless you have a registration. So if you don't qualify in any copyright case you have to prove your actual damages or how you were harmed to try and make a recovery. The real risk in auto blogging cases are where there is a company such as the one that we mentioned that has its registrations, it's prepared to pursue the statutory damages because of the high dollar amount that is an issue.

Michael: Now what is somebody actually did the auto blogging before the copyright was filed?

David: There is a 90 day window so for a publisher such as yourself, you are busy the window is there in the copyright act so that you don't have to publish the article and mail or efile the application immediately. You do have a window to get that filed with the copyright office.

Michael: If people have questions about those copyrights they should definitely consult their attorney. It seems like I have got other issues that I would love to get David's expertise on so but I still have a ton of those questions related to the copyrights but we are going to move on for right now. So you and I have spoken in the past. You mentioned that you work with certain clients on what is called defensive domain name strategies. What is a defensive domain name strategy?

David: If you think about it we will go back and use your company as an example. You've got DomainSherpa.com, I'm sure you have other domain names as well. Well right now we've got 23 top level domain names and within 2012, 2013 with the new gTLDs we will have an additional 300 to 1,000 domain names. So it is not going to be practical for you to expend the money most likely to register your name across 1,000 top level domains.

Michael: It will put me out of business if I do that.

David: Right. So you have to come up with some strategy for protecting your name in the top level domains that you think are most relevant while at the same time preparing yourself. Let's say some obscure gTLD launches and you make the judgement call that it's not necessary for you to pay a few

hundred dollars to register ‘domainsherpa.bicycle’ or something like that. If you have also taken steps to register your trademark in the event that someone comes up with some creative way to put up a site in that TLD that you are concerned about. That you are concerned that people would confuse with site or maybe it is reproducing your content or doing something that is objectionable if you button things up from a trademark perspective then you are in a better position then to send a cease and desist, to if necessary to pursue a UDRP or a litigation if you have gotten things all squared away in the beginning.

Michael: Okay so a defensive domain name strategy includes registering potentially trademarks that could be coming out as well as the 22 general top level domains that are available and I think the hundreds country codes, or tens of country codes that are currently available. So registering those, keeping an eye on the new TLDs, making sure I have a trademark so that I can defend if somebody else starts registering my trademark in other top level domains. Is there anything else related to defensive domain name strategies that you counsel your clients about?

David: No I would just say be strategic with what you are doing. Five to eight years ago I had clients, large corporations who were registering thousands of domain names across all registries. And looked at registering permutation or every plural or every product name or service name they had and a few years later they realized by looking at their traffic data that no one ever went to whatever that obscure country code domain name is and some of those registration fees can add up particularly when you have got that machine. So you just need to be strategic about it and just make sure you are putting thought into why you have that portfolio, particularly as you summarized it if you put yourself in a position that if you let that obscure country code domain go and somehow it comes back to haunt you, you are in a position to object then. That type of strategy in the long run can probably be more efficient than just maintaining for no reason a massive portfolio.

Michael: Right so just like any other business decision you have to weigh the costs and the benefits. I could produce content, I could spend thousands of dollars producing every single piece of content that I publish but if my costs are higher than the benefit or the revenue that I generate for the

business I'll be out of business pretty quickly. Likewise for domain names you don't want to have a whole slew of domain names that aren't going to make any difference in the future. People aren't going to visit even if somebody else does do that.

If somebody else registers DomainSherpaArizona.com but I own the trademark for DomainSherpa if I know about that trademark am I obliged to ask them to give up the trademark and to file a UDRP action for \$1,500 to get it back? If I don't do I lose rights to do that even if I own a trademark?

David: No you do have to be concerned with any type of legal case if you are aware of the existence of your claim and you don't do anything, you don't pursue it at that point in time there can be negative implications down the road. So ultimately a court could look at that and say why did you not pursue it previously if you knew about it? It can give rise to a number of issues. At the same time it depends on what's the content of the site at the time you were aware of it. The situation can change if you learn of a registration and the site content is not objectionable at that point and then a few years down the road it becomes objectionable that can change things.

Michael: But as a small business owner which the majority of the United States are small business owners, they don't have a ton of extra money. First of all they don't even understand that somebody may go out and register a domain name like theirs and take advantage of their good will and their marks, but they may not have the extra money to go out and do that. If two years, three years later they decide that they have the money to pursue it and initially they sent an email or letter from their attorney saying cease and desist using my trademark it is registered. Will they have some rights later on to then go file a UDRP?

David: They would still have their underlying rights but it probably would be an issue that they delayed and in particular in the case that you mentioned where you make an initial objection and then don't do anything that can make it harder for you to pursue your case both legally and as a practical matter down the road.

Michael: Let's talk a little bit about cease and desist letters, UDRPs, lawsuits. I understand a little bit about trademarks. Probably enough to be dangerous with respect to anything legal, but I understand you can register trademarks within a specific SIC code (Standard Industrial Class Code) I believe. Which means that if I am Cgate I can register computer peripherals under a specific IC code, or a few industrial class codes, but there is nothing to stop another company named say Cgate Credit from filing a trademark related to finance. Is that correct?

David: That is right. So there is an international classification system that the US PTO uses but it is almost more of a formality where the particular products or services all in the classifications system, but the principle you summarized accurately that trademark rights are related to the product or service that the mark or name is used to promote so your rights are generally limited in that field. There are companies that provide anything and everything that you can think of so their trademark rights expand across all products and services if it is going to company specific but the classic example is Delta the faucet company and Delta the airlines. Same exact trademark, two very different products or services so they can coexistence with each other, they both can register their trademarks and there is not an issue.

One caveat there is both federal and state trademark dissolution law which protects trademarks that are so distinctive and famous that the law says that they should be entitled to protection apart from whatever their goods or services are. So those are the most distinctive, or most famous, marks out there can also be entitled to protection apart from their line of products or services. But that is a more narrow set of trademarks.

Michael: Would a case like that be like an Amazon. They started it, I can't remember the year, but they took rise in the .com boom and they continue to make it through and now they are pretty much in every single category you can imagine. I'm sure they have got a trademark related to finance, they have a trademark related to storage (online storage) and sales and deals and you name it. They probably touch something. Is it almost next to impossible for a small business today to name themselves something related to Amazon and think that they are going to register a trademark?

David: I would think so and for reasons that you mentioned. They are everywhere and doing everything so that trademark is going to be protected across the board I'm sure. So that would be a challenge.

Michael: So that is something to think about when you are naming your business, when you are thinking about buying the domain name for your business. There is a good example of something that you need to keep an eye out for, as a business is almost seemingly ubiquitous nowadays.

So every month or so I will see a story on Domain Name Wire about a domain name, it could be like a four letter domain name, or a word domain name that had a UDRP case launched against it. The owner, the registrant of the domain name, either didn't respond or responded and they ended up losing the domain name. In my opinion, without having read the whole brief, I don't even know if the panel actually writes out their decision or not but it seems like it could be generic enough for somebody to keep. And I got to thinking wouldn't it make sense if somebody owns like a \$10,000 or a \$50,000 domain name that they just put up a news website and that they file a trademark for that, doesn't that strengthen their claim to own that word or that acronym?

David: Certainly in the context of the UDRP preceding one of the prongs of the UDRP is whether or not the registrant has any legitimate rights or interest in the domain name. So if the registrant does have its own trademark I think that would strengthen their position. The hurdle there would be if the name conflicts with a preexisting trademark then it wouldn't be appropriate for them to file a trademark application. And the US Patent and Trademark office probably wouldn't issue it as well, but if the registrant is operating in a business that they think is separate and distinct from whomever else is out there and they think they have a clear right to use that domain name it is a good idea to consider pursuing their own trademark.

Michael: Do most of these cases result from a domain owner that doesn't make any use of their domain name and park the domains and then just display advertising so they are displaying advertising potentially on a name

of a company or acronym so it is in bad faith because they are showing advertisements that could be related to a cyber squatting type of case.

David: Yes that certainly is the classic example of the UDRP case and I think that the bulk of earlier UDRP filings followed that path. I think there are still a decent number of UDRP proceedings along those lines where the domain name and the content may be pulled in from a parking program or auto generated. But if the content is based on the domain name's correlation to someone else's trademark then that is probably proper scope for the UDRP and probably appropriate to have it transferred.

Michael: So the easiest thing to do is to set up a website and actually use the domain name and not display any advertising that is auto generated from like the Google Ad Sense that tries to match ads to a specific word.

David: Right, or look at what it is. So if your content, your strategy is keyed toward a generic category term then make sure that both your domain name and your content correspond to that category term and not to specific brand names.

Michael: That makes perfect sense. Alright David, I think we have gone through a ton of great content related to legal issues. The one last question that I have: If someone gets in a bind – they receive a cease and desist letter, a UDRP case is filed against them or they receive a lawsuit notification what would you recommend is the first thing they do after they go through panic?

David: I'd say take a deep breath and look at it, whatever it is and don't put it off and don't let yourself be so uncomfortable that you are not going to address it because it is important to take it all in and figure out what it is and what you should do with it. Based on what the allegations are it is probably appropriate to consult with an attorney. In certain cases it may make sense to comply with whatever the demand is or is it is a UDRP if you look at your domain name and if your content it just makes sense to go ahead and transfer the domain name and avoid the UDRP. But you can't get to that point until you take that deep breath and take a look at what it is. It may make sense to do some of your own investigating on the Internet and try and get a handle on what the allegation is and then try as much as possible to move forward, to

come up with an objective way to address the problem which may involve bringing in council.

Michael: Good advice. I remember the very first cease and desist letter that I received for the last business that I ran. I run a clean business. We write original content. We try and be as clear as possible about everything that we are doing. We used a term that we made up for beginners that are learning about the industry and we used a phrase and then we used the word 101. Oftentimes in college you will learn something at the 101 level would be the beginner level and then you would go to the 201 level which is sort of the graduate level. And so we tacked on a 101. Little did we know that somebody had a trademark for that exact phrase and so we received the most vicious cease and desist letter that I think I have ever received before. And I was just in shock. I think the adrenaline ran through me as soon as I read that letter. So it is great advice to take a day or two to let it settle in, to shake that sort of film off of you and then start looking at the actual issue and how you are going to deal with it. And definitely talk to somebody else about it as well.

David: Yes and say depending on what the letter says, maybe not a day or two. Maybe it should just be an hour or two depending on what they are demanding of you. But do take that deep breath and then realize that it is something that you need to deal with.

Michael: Good advice. If you are watching this and you have a follow up question please post it in the comments below and we will ask David to come back and answer them if he can. Obviously he can't look at every situation in detail but if you ask a generic situation question he might be able to provide some additional insight on that. If you would like to follow David on Twitter he provides commentary and a lot of great insight to different legal issues related to intellectual property and domain names. David what is your Twitter handle?

David: It's NewMediaIPLaw.

Michael: Okay NewMediaIPLaw (all one word of course). David, thank you so much for taking the time out of your schedule and coming on the show and sharing some of your expertise.

David: Thanks for having me again Michael.

Michael: Our pleasure. Thank you all for watching, bye.

**Watch the full video at:**

<http://www.domainsherpa.com/david-weslow-wileyrein-interview>