

## **Recent Administrative Decisions on Domain names: Facebook.it**

Hello everyone.

I would like to thank my friend, Professor Laurent Manderieux, Bocconi University and the European Patent Academy for inviting me to give this talk.

The title refers to the reassignment of the domain name facebook.it following a M.A.P. (Mandatory Administrative Proceeding) through a decision made by a panel which I chaired and which also included Professor Manderieux and the lawyer Ms. Turini.

As you know, MAPs are A.D.R. or Alternative Dispute Resolution proceedings designed to resolve disputes regarding domain names and to combat cybersquatting. There are various types according to the applicable TLDs. The best-known is the one directly regulated by ICANN, which applies to most TLDs (e.g. .com, .net and .org, and many geographical domains or ccTLDs), but there is also a specific one for European domains (.eu) administered by EURid, and one for Italian domains (.it) administered by the ccTLD.it Registry.

All are however based on the same principles. A domain is reassigned if the plaintiff requesting reassignment can prove that the disputed domain is identical to or would create confusion with a trade name to which it claims exclusive rights, which has previously been registered and held in bad faith. The domain is not reassigned if the person who has registered it can, in its turn, prove a right or title that is counter to the rights of the plaintiff to the registered domain name.

In the case of the domain facebook.it, the decision did not involve any particular difficulty. It was in fact a clear case of cybersquatting where an individual, domiciled in Luxembourg, had registered the Italian domain corresponding to the name of the famous social networking site, without having any rights to this.

However, as well as the high profile of the name, the decision offers us the chance to examine how the phenomenon of cybersquatting has changed in Italy (and thus in the ccTLD.it) over the last ten years, i.e. from the time when MAPs were introduced to counter it.

At the beginning of this century, cybersquatters would hunt for unregistered domains corresponding to famous brands. Once registered, they would try to resell them, at exorbitant prices, to the assignee or to its competitors. If the assignee proved unwilling to pay the sum demanded, cybersquatters would often resort to blackmail, even redirecting users to pornographic sites and thus damaging the target's image, who could only prevent this by buying the domain at great cost. This practice is known as pornosquatting.

The introduction of the MAP has considerably reduced this phenomenon. The existence of a procedure that rapidly (30 to 50 days) and at a fixed cost permits an illicitly registered domain to be recovered has in fact automatically reduced the resale price of wrongly occupied domains. If a cybersquatter demands a sum greater than the cost of the proceeding and the related legal costs, it is cheaper for the assignee of the domain to begin a MAP than to purchase the domain.

Cybersquatting has therefore gradually changed and assumed different forms. Present-day cybersquatters are no longer individual smart operators who have found a free domain corresponding to a famous brand and who register it, hoping to ransom it to the owner of the brand. Cybersquatting is now a well-organised business, with the appropriate technical skills to monitor various Registries for domains that correspond to or are similar to famous brands. If for some reason a domain corresponding to a famous brand becomes free (perhaps simply because the assignee has forgotten to renew it), the cybersquatter will register it.

However, given the reactions of the legitimate holders of the exclusive rights, companies have now sprung up to act as fronts for cybersquatters who appropriate domain names corresponding to famous brands. These companies register the domains in their own name and never reveal the name of the instigator. Of these, the most famous in Italy is EuroDNS, registered in Luxembourg: among its domains subject to reassignment proceedings can be cited *ihg.it*, *giochidellagioventù.it* and *bancaintesa.it*. This company acts as a shield, protecting the effective holder of the illegally registered domain, and – as well as being rewarded by the holder for the service provided – it may also claim a commission if the domain is transferred to the legitimate holder of the brand by a non-judicial or a non-MAP proceeding.

Other cybersquatters instead choose a lower, less risky profile, registering domain names that are similar but not identical to famous brands. Here, the source of the profit is no longer the holder of the brand to which the domain is similar, but the entire Internet user base. The cybersquatters, in fact, do not try to sell these domain names to the brand owner, but park them on – entirely legal – sites that specialise in domain parking.

The most famous of these is Sedo. Sedo offers domain parking services and domain auctions. A domain parked on Sedo has a page containing advertising links to other sites on specific topics related to the domain name. Every user click on a link is remunerated with a tiny sum (thousandths of a euro); but the global nature of the Internet means that a good domain name can generate thousands of euros a month. As well as being parked, domains can also be auctioned; there is always therefore the possibility that someone will buy it in order to try and earn something.

This type of cybersquatter, therefore, tends to be an organisation based in eastern countries, or at least far from the territory of the domains it is interested in. Its function is to monitor domains expiring on registry databases, and to jump in at the moment that these domains are, for whatever reason, not immediately renewed by the holder. Alongside such domains – the most profitable – cybersquatters register famous brands in geographical domains where they are not yet registered, or practise typosquatting, i.e. the registering of domains with names similar to famous brands. Given the number of Internet users, even errors in typing a name can generate significant traffic, producing considerable sums in terms of pay-per-click advertising.

At this point, the cybersquatter will attempt to maintain the domain for as long as possible, at the lowest possible cost, to generate the largest possible sums through advertising links. The tactic is always the same. The domain is registered by a company located a good distance from the ccTLD where the domain is registered, possibly in a country with inefficient postal services. When the cybersquatter is sent a registered letter notifying the reassignment proceeding, the communication is left untouched, thus gaining a few more days.

Obviously the cybersquatter does not appear at the reassignment proceeding. Once the permitted period for objection has expired, he simply waits for the procedure to end and the domain is removed from the Registry. More rarely he gives up the domain, causing the extinction of the proceeding and thus avoiding any ruling against him.

The most famous example of this type of cybersquatter is the Prolat company, based in Latvia, which has been summonsed to dozens of reassignment proceedings, and which specialises in typosquatting. Prolat prefers typosquatting through errors in punctuation (wwwairdolomiti.it, wwwepson.it, wwwbancaintesa.it, wwwfieramilano.it, to name just a few of its registered domains that are now undergoing reassignment proceedings), but it also practises typosquatting caused by simple typing errors (e.g. igoogole.it, renel.it, enelk.it, wenel.it, unicrdt.it, unirei.it, to name a few).

The phenomenon of cybersquatting, therefore, is far from being beaten; on the contrary, it has been refined and become an organised business, less conspicuous than before but none the less lucrative. All the more so as, apart from reassignment proceedings, there are no other effective means of fighting it. Nor are the Registries particularly interested in taking action as, for better or worse, an illicitly registered domain still generates income for the Registry. Thus, apart from the affirmations of principle contained in the assignment regulations, in fact no action has ever been taken with regard to very well-known operators in this field, who happily continue with their activities. This leaves us at a loss as to whether the desire exists to root out this phenomenon, at least in its most harmful forms as regards brand rights.

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