

Balancing Bucks: Should Your Company Register Domain Names in Foreign Countries?

By Tom Van Hoozer

Avoiding the Foreign Registry Scams

Technically speaking, domain names are alpha-numeric addresses that correspond to one or more IP addresses. As a practical matter, they are the way we identify a company's website(s) on the internet. From "Amazon.com" to "Microsoft.com," these names provide an easy and inexpensive way for customers to quickly and easily find your company's products and services. Generic top level domain (TLD) names end with ".com", ".net", or ".org" suffixes, while country code TLD names end in ".ca", ".cn", ".tv", or the like.

Many countries have their own country-coded TLD, and recently, foreign entities have begun to solicit U.S. companies to purchase domain names abroad through letters or email. For example, these communications indicate that the registry has received an application to register a domain name in China identical, or similar to, your company's name. They tempt your company by saying that if you "don't act fast," someone else may purchase the Chinese equivalent to your company's domain name.

Your company's domain names are valuable assets that point customers to your goods and services. Why wouldn't your company jump at the opportunity to reserve its domain names in a foreign country? Although developing your company's domain name portfolio is an important goal, careful consideration of the foreign registries and cost/benefit analysis is paramount to ensuring your company does not waste money.

Your company should look at these communications with great skepticism. Most credible domain registries do not inform business owners when a third party seeks to register a domain name that may more properly identify that business owner, let alone give that business owner the opportunity to register it first – they just do it. Nonetheless, a growing number of our clients have reported receiving such solicitations, especially from Asian domain registries. Research indicates that such solicitations are often very expensive and these foreign registries may not ever actually register the domain name even if the company sends them the money. Many of these solicitations appear to be nothing more than a scam.

The Pros and Cons of Registering Abroad

Even if your company avoids these solicitations and uses a reputable foreign registry, should your company register its domain name abroad? There is no easy answer to this question.

First, there are a daunting number of possible domain name combinations when you add the country code to the TLD. There may be over 100 different country code domains to register that correspond to a *single* generic domain name registration! Then you have the issue of making sure misspellings or small modifications in the domain name are also registered to ensure that customers are directed to your site. In short, it may not be economical or even feasible to try to add every variation or every country suffix to a domain name.

Second, although your company may be growing, it may not yet be a global enterprise. While the internet has broken down most borders through e-commerce, in practice, there may not be a need for your Midwestern store to register a domain name in the Aland Islands. Your company must analyze the domain names that are most pertinent to your company, such as your company's trademarks, and consider the value of registering those domain names abroad to determine if the country code domain names are worth the investment.

Third, domain name registrations with reputable registrars are fairly inexpensive, but registering with a country code suffix (e.g., .ca) may require either a physical presence or ownership of a trademark or service mark registration in that country to qualify for the registry.

Finally, registration of a domain name does not provide any right of enforcement against infringers. Consider the value of obtaining a trademark or service mark registration for your most important marks. Protecting the good name of your company is important and the right to obtain relief, even to preserve the right to do business in a country, may depend on obtaining trademark registration.

Even with a reputable foreign registry, registering domain names abroad using country code domain names can become a veritable money pit.

Please contact us or your regular IP attorney to discuss ways to protect your business through foreign trademark registration and expand your domain name portfolio without throwing good money after bad.

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