

# IP Bulletin

 Locke Liddell & Sapp LLP

Austin ■ Dallas ■ Houston ■ New Orleans

MAY, 2001

Volume 2001-1

## INTERNET DOMAIN NAME SECURITY: Cyberjacking and Tragic Lapse

By Paul Van Slyke and Nathan Belzer

What do Microsoft, Adobe, J.P. Morgan, Excite and Adidas have in common? They have all lost important internet domain names and experienced the potentially catastrophic effects of worldwide web site and e-mail shutdowns. The fact that such sophisticated companies have lost domain names highlights the importance of safeguarding these assets. The information in this bulletin is intended to help you identify potential perils and suggest some alternative solutions.

**Accidental deletion by the Registrar.** Occasionally, a domain name is deleted from the registry by human or computer error and then picked up by another party. This happened to webtechs.com.

**Departing employee theft.** Many domain names are registered in the name of employees instead of the company and can be stolen or sabotaged upon departure. This happened to printbid.com.

### What Can You Do?

**Manual solution.** One alternative is to set up an internal reminder system to renew your domain name registrations timely and to check frequently for any changes in the WHOIS database maintained by Network Solutions, Inc. (now VeriSign, Inc.) Check each domain name at least monthly for unauthorized changes in the WHOIS database. Employee turnover or inattention, however, may make this first alternative less reliable.

**SnapNames** An automated solution is to use one of the vendor services that have become available. SnapNames, one vendor that provides these services, offers to protect every domain name you own at a specific cost per domain name for one year coverage. SnapNames proposes to remind you by e-mail of upcoming expiration dates and alert you of any change, whether unintentional or malicious, in your domain name registration records. If your domain name is inadvertently dropped by a Registrar or you did not know you had to renew it, SnapNames offers to automatically reacquire the domain name on your behalf — registration cost included. The potential savings in legal fees and repurchase cost from a speculator or squatter can far exceed the monitoring cost. SnapNames is a good solution for small portfolio of domain names (i.e., fewer than fifty).

*continued on page 2*

### The Perils and the Losses

**Inadvertent failure to renew.** Your accounting department may easily overlook paying the renewal fee timely or the invoice may be sent to the wrong address. Another party can register your domain name immediately upon expiration. When a domain name registration expires without renewal or is fraudulently transferred, it is often expensive or impossible to buy the rights from another party who has acquired the registration. Your legal fees and purchase cost to reacquire the domain name can be quite high.

**Malicious cyber-jacking** Transfer of ownership of a domain name to another party can be done by hacking into the Registrar's computer or sending a forged fax form to the Registrar. This happened to adobe.com, gte.net, excite.net and others.

**Vandalism.** Traffic to your web site can be redirected to another site such as a pornography site or political protest site. This can be done by fraud or computer hacking by simply changing the IP address (i.e., the numeric address at which your web site is located on the Internet). Vandals redirected traffic from Nike's flagship site nike.com to an Australian activist website that complained about employment practices and fomented protests against Nike.

 Locke Liddell & Sapp LLP  
ATTORNEYS & COUNSELORS

AUSTIN • DALLAS • HOUSTON • NEW ORLEANS

Continued from page 1

**Back ordering service.** Through SnapNames you may also monitor a domain name you do not yet own. SnapNames' back ordering service will immediately alert you if the watched registration lapses and automatically acquire it on your behalf. 750,000 domain names expire every month. The ones you wanted and missed could soon become available. You may have wanted a domain name that is owned by someone else. Or, you may have been unable to acquire spelling variations of your domain name. This back ordering service may assist you in the acquisition of these currently unavailable domain names. Of course, simply acquiring a domain name does not necessarily mean that you can use it. Domain names that contain the trademark or brand of another party may pose infringement problems if used. We can review your trademark portfolio and advise you on (i) the variations of your domain names that may be advisable to obtain and (ii) whether use of additional domain names would violate the trademark rights held by others.

**VeriSign.** Another vendor offering an automated solution is VeriSign, Inc. which has acquired Network Solutions, Inc. VeriSign's service is a comprehensive domain name management solution that is best suited for clients with a large portfolio of domain names (i.e., more than fifty). With VeriSign, all of a client's domain names are "locked" against changes in the registry except as authorized by a short list of authorized users with passwords. VeriSign is named as the billing contact and handles all renewal payments automatically to prevent inadvertent lapse. VeriSign also provides a standard default template for owner, administrative, and technical contact names and addresses to create uniformity in a client's domain name registrations. VeriSign has the capability to limit by name the number of people authorized to create names on behalf of a company. VeriSign offers a data screen accessible on the Internet that shows a company's entire domain name portfolio, along with the status and contact addresses of each domain name. VeriSign charges \$60.00 per domain name per year (which includes the cost of renewal) for these services. We can arrange for the VeriSign service and manage your domain names for you. You may have Internet access to review the list of domain names and their status.

**Setting up the service.** We can set up these automated services on your behalf for a flat legal fee of \$30.00 per domain name. Please call David Pille, our legal assistant, who can assist you in this regard. You can reach him at 713-226-1351 or at [dpille@lockeliddell.com](mailto:dpille@lockeliddell.com).

**Centralizing your domain names.** In addition to the above, we recommend certain additional steps to secure rights in your domain names:

- Develop an enterprise-wide strategy and policy for obtaining, maintaining and protecting domain names. We can assist you in drafting such a policy.
- Designate employees who can register domain names.
- Compile an inventory of all your domain names and the names of the Registrars at which they are registered. Consider using a domain name management system such as NameEngine, NameBoy, Register.com or VeriSign's IDNames.
- Keep this inventory of domain names in a safe place and appoint one primary person and a one backup person to handle renewals and monitor changes in the domain name registry.
- Set up a standard, default list of technical, administrative and billing contacts for all company domain names. Frequently, a company's domain names (especially those listed in the name of an employee) have a wide variety of contact names and addresses.
- Transfer the owner name on each registration to one company name.
- Consider setting up contact names at an impersonal address (e.g., [webmaster@youraddress.com](mailto:webmaster@youraddress.com)).
- Register variations and corrupted spellings of your domain name (e.g., Microsof.com) as well as other top level domain names and country codes (e.g., your address.net, .org, .cc, .co.uk).

This bulletin does not contain legal advice. If you need legal advice or assistance concerning the loss of a domain name, cyber-jacking of a domain name or infringement of your trademark by the domain name registered by another party, please call the attorney you regularly deal with at the Firm or the attorneys listed below. If you need more information about the Firm or our experience on particular issues, please visit our website at [www.lockeliddell.com](http://www.lockeliddell.com)

If you wish to be added to the list to receive the IP Bulletin, removed from the list, or receive a paper copy via regular mail, please send an e-mail message to Sandy Zeutschel at [szeutschel@lockeliddell.com](mailto:szeutschel@lockeliddell.com).

## CONTACTS

Copyright © 2001 Locke Liddell & Sapp LLP  
[www.lockeliddell.com](http://www.lockeliddell.com)

**NATHAN C. BELZER**  
Houston  
713-226-1306  
[nbelzer@lockeliddell.com](mailto:nbelzer@lockeliddell.com)

**STEPHEN L. SAPP**  
Dallas  
214-740-8570  
[ssapp@lockeliddell.com](mailto:ssapp@lockeliddell.com)

