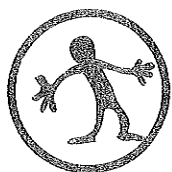


Licensing Markets



Character Licensing

Deborah Wilcox

Register (and Renew) Character Domain Names

Consumers often search for brands online by directly typing in the brand names in the URL field of their browsers, taking a guess at the domain names. No doubt, computer users look for character sites through direct type-ins as well.

The most likely direct type-in will be "charactername.com." Other variations might be "charactername.net" and "character-name.com." Beyond the generic top level extensions such as .com, .net and .org, consumers of brands that may be marketed exclusively in a particular country, such as France, might look for the character name under a country code level domain extension, such as "charactername.fr."

This prevalent practice underscores the importance to brand owners of registering the domain names associated with their character names, including variations and common misspellings. While the domains can be held "defensively," it often is a good business practice to point the domains to the appropriate websites.

Fortunately, domain names are inexpensive to register, and can be purchased for multi-year terms. Similarly, they are inexpensive to renew.

Brand owners often wonder whether it is really necessary to own so many domain names,

given that they already have well-established sites associated with one main "dotcom" and maybe a few other key variations. The brand owner's stable of domain names often includes names recovered from cybersquatters, which might include names or variations that the brand owner was not necessarily interested in exploiting, and intends to let expire.

Aside from simply capturing traffic from users directly typing in domain names and rewarding them with relevant content, which helps to establish goodwill with the users, registering and renewing character domain names also is important to maintain legal control over the names. Registering and/or renewing these "extra" domains will most likely save on legal costs down the road in dealing with cybersquatters.

Many people do not realize that ownership of domain names is a big business, in and of itself. The business model for many "domainers" is to own tens of thousands of domain names. The domainers typically establish pay-per-click advertising on sites associated with the domains. The sites contain "sponsored results" that are advertisement links for which the advertiser has agreed to pay a fixed amount each time the ads are clicked on by an Internet user. The domain speculators hope to hit on domains that will bring in enough traffic and resulting click-throughs to pay for the cost of the registrations.

"Sponsored results" can be a random selection of advertisements, but increasingly, they specifically target the users most likely to key in the domain name. The value of a particular domain name often is a function of the amount of type-in traffic it receives. Although the revenue from each click generally is only a few cents, or a fraction of a cent, the aggregate profit from thousands of these portal sites can be substantial. Yun Ye, a legendary pioneer of pay-per-click exploitation, amassed a portfolio of 100,000 domain names that earned him around \$19 million per year before he sold it for \$164 million.

In addition to registering domains that have never been registered before, the domainers look for domains about to expire. Once a domain name drops from registered status, it often is registered by someone else. Any name with any value will be picked up and tested for traffic.

Thus, domains that correspond to brands often do not simply "disappear" upon expiration, but instead are registered by domainers. The domainers even write automated programs to look for domain names that are expiring that may have some value, so that they can immediately snap them up when available, 24/7.

After securing the names, the domainers build off the traffic that the prior registrant had established under the domain name. This targeting of content and ads dramatically increases the chance that an Internet user will click on the ads. The advertisements and other content appearing at the monetized sites often will display prominently—or even exclusively—pictures, substantive content and advertisements relating to the specific goods and services associated with the character name trademark.

These advertisements also often relate to the trademark owner's competitors.

Of course, if the character brand owner discovers that a cybersquatter has registered and is using a domain name that infringes on the brand, it has legal options, including filing a Uniform Dispute Resolution Proceeding (UDRP) to seek transfer of the domain. While UDRP actions are relatively inexpensive as far as legal actions go, they still cost thousands of dollars. For the thousands of dollars spent

in just one UDRP action, the brand owner could have preemptively registered or renewed hundreds of character domain names.

Conclusion

Seemingly superfluous registrations of domain names not only may carry both business significance to direct type-in users, but they also protect the brands from falling into the hands of cybersquatters. Especially when a domain name was recovered from a cybersquatter, it is important for it to

be renewed. If at least one cybersquatter obviously determined the name had value and was worth registering, another also will likely view it as valuable.

If the character owner does not register and renew these domain names, more likely than not, someone else will register them, and likely will use them to trade off the goodwill of the name.

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Entertainment Licensing

Danny Simon

We Are The Jettsons

I must confess that my imagination refuses to see any sort of submarine doing anything but suffocating its crew and floundering at sea.—H.G. Wells

By the sound of the quote above it seems that the great futurist, H. G. Wells, grappled with the changes that modern technology wrought upon society. It is somehow reassuring to know that even Wells had difficulty digesting the future, as it puts me in good company when I find myself struggling to keep pace with evolving technology.

As a member of the "Boomer" generation, compared to the technology available today, often I am reminded just how "primitive" the technology of my youth was by comparison. The list of things that did not exist back in that "Leave It to Beaver" era in which I grew up, but are now necessary tools of my daily life, is staggering. Computers,

cell phones, PDAs, and even electronic calculators, are only a partial list of those things that I have subsumed into my daily routine and on which I greatly rely.

Why am I waxing on about yesterday's technology in comparison to what is available today? The reason is due to a recent field trip I took to the International CTIA Wireless tradeshow, the annual tradeshow for all things mobile and wireless. Billed as "one of the largest technology events in the World," I was curious to see what inroads licensing has made into this high tech, and yes, geek laden industry.

There are obvious uses of intellectual property in the mobile/wireless industry: phone games, wallpaper, and even ring tones are a few product examples of the blending of IP materials and technology. And before someone screams the word "Patents" at this point, thinking I am clueless as to how rife patents are in the mobile/wireless

industry, accept the fact that I don't do patents; deal with it.

Having never attended the CTIA tradeshow, I had no idea what I would find on the show floor that related to the world of licensing, except those few products I noted above. I was surprised to learn that there was greater use of IP materials than I had expected to find among the myriad of booths filled with products and services that I had not a clue as to what they did. Several times I made the mistake of stopping at a booth with particularly interesting looking "stuff" and inquiring as to exactly what their stuff did. Often, after receiving an ardent explanation I walked away oblivious as to what in the world their product did or why anyone needed it.

There is no question that the greatest use of IP materials was in the accessories' category. Most popular were those items that either cover or hug your phone; there is a difference. Covers commonly refer to products that can be taken on and off your phone. These products come in a variety of styles, materials and price points, and run the gambit from inexpensive to lavish, and from practical/functional to you've-got-to-be-kidding. There