

Domain Name Cyberscape Report

Uncovering infringement trends in the
domain name marketplace

Version 1.0

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Executive Summary

CSC is dedicated to providing market intelligence to its clients to ensure that they have the right information to make accurate decisions in managing their brands online. Therefore we set ourselves a goal of finding out more about who is registering brand names (3rd parties), where they are registering names, what names they are registering and how they are using the names. The research then utilized our own technology and professional service team to collate all the results.

The research looked at 30 of the world's top brands (Appendix 1), where all domain names registered containing a brand name or a typo-variant were found. Our initial findings uncovered 65,000 names registered, although for the integrity of the research we only analyzed the 57,000 that contained a named registrant (domain name owner).

Major Findings

- 74% of brand names registered were owned by 3rd parties
- 90% of domains registered by 3rd parties had a term either on the right or left hand side of the brand (for example 'wwwbrand' or 'brandonline')
- 79% of 3rd party domain names had an active web site compared to 52% of domain names owned by brand owners
- 40% of 3rd party owned domain names were being used for pay-per-click activities
- 60% of 3rd party domain names were under the .com extension
- 6.4% of 3rd party names were registered under .co.uk and 5.7% under .de, which were the highest country code top-level domains (ccTLDs)

CSC found that the 3rd party domain name registration market rather than being arbitrary in its registration patterns and brands chosen is actually a sophisticated mechanism and shows common trends in four key areas.

Firstly, we can see that there are a finite number of key registrants of names associated with brands. A majority of these registrants are prolific infringers proven by successful cases filed against them. It is important for brand owners to target the prolific warehouseers focusing on the “vital few” not the “trivial many” to gain optimal economies of scale when enforcing their rights.

Secondly, 3rd party registrants mimic common user search terms to increase the likelihood of diverting traffic. As our research grows we believe this trend will increase and it is therefore vital that brand owners look to the infringement space to help build strong registration policy but

also to the user search space to maximize revenue potential of registrations.

Thirdly, we can see that 3rd party registrants are registering names as revenue generators. The most common practice is through the diversion of traffic to pay-per click advertising sites, which generate a constant revenue stream. Brand owners should transform their inactive registrations into potential revenue generators by linking them to their main sites.

Lastly, infringers register in extensions that provide the highest return for their investment. These extensions are defined as high risk areas for brand owners. Corporations need to be aware of these and where their brands are at high risk and proactively seek to protect their brand in those areas, thereby pushing the infringer to the “edge of their ROI”.

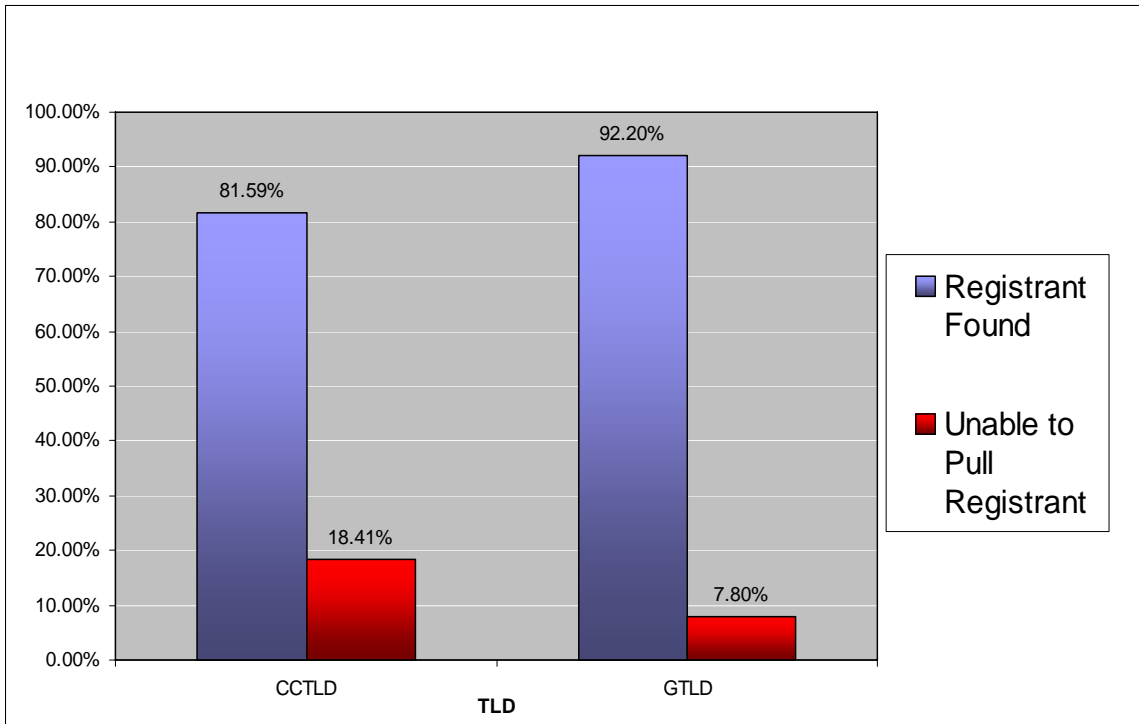
Analysis

Data Quality

Phase 1 of the research project analyzed data for 30 randomly selected brands from our core list of 300. Brands researched stretched across 18 industry sectors and CSC recovered 65,000 domain registrations in total.

To keep the integrity of our research data CSC only analyzed where the registrant was available. This consisted of a total of 57,677 registered domain names. Figure 1 shows the break down of generic Top Level Domains (gTLDs) registrations and ccTLD registrations. Where the registrant was unable to be found this is commonly due to registry whois restrictions or gTLD registrar security.

Figure 1



Registrant Analysis

From analyzed data CSC was able to determine that 74% of registered domain names containing defined brands did not belong to the relevant rights owner (Figure 2)

This would imply that 3rd party registrants register domain names containing brands on a large scale.

Figure 2

Registrant is Brand Owner	Total
No	42,845
Yes	14,832
Total	57,677

Analysis of domain names that are registered to 3rd parties showed that;

1. The top 20 registrants account for 11.5% of all 3rd party registrations
2. The top five 3rd party registrants registered names across 65% of brands analyzed
3. Known domain warehouseers are prevalent in our research

Figure 3 represents the top ten 3rd party registrants

Figure 3

Registrant	Total	# of Brands
Domains by Proxy, Inc.	1677	27
Navigation Catalyst Systems, Inc	180	27
Whois Privacy Protection Service, Inc.	320	26
Domain Administrator	129	25
N/A	546	22
Moniker Privacy Services	205	21
1&1 Internet, Inc. - http://1and1.com/contact	282	20
Please visit www.eurid.eu for web based whois.	568	19
Unknown	139	19
Contactprivacy.com	133	18

Dispute Resolution

CSC reconciled its research data with external empirical data from the dispute resolution databases of WIPO and the National Arbitration Forum (NAF) of successful cases filed against respondents to determine if registrants had been involved in arbitration cases.

CSC found that 70% of the top ten 3rd party registrants had had successful cases filed against them at both WIPO and NAF. This would imply that although some 3rd party registrants are known infringers and case losers they still register and utilize brand specific domain names.

Figure 4 represents 3rd party registrants who have had successful DRP cases filed against them.

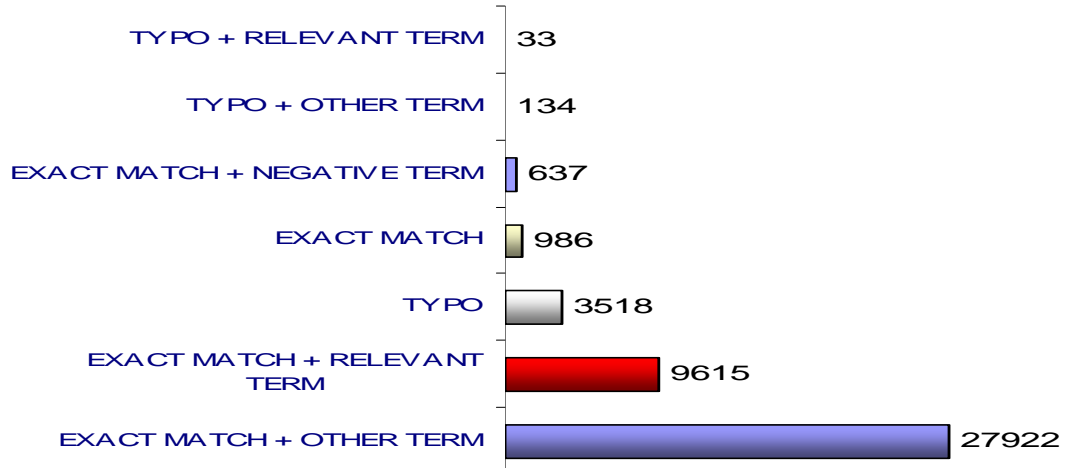
Figure 4

Registrant	WIPO	NAF	NAF + WIPO
Domains by Proxy, Inc.		✓	
N/A			✓
Whois Privacy Protection Service, Inc.			✓
Domain Administrator			✓
Digi Real Estate Foundation			✓
WhoisGuard		✓	
none			✓
NOLDC, Inc			✓
Spiral Matrix			✓
SecureWhois, Inc.	✓		

Domain String Analysis

CSC analyzed the string configuration of third party registrations. This means what terms were used in the domain registration such as a relevant term 'mobile' for a telecommunications provider or other term such as 'www'. This was then categorized using our Domain Detector product into 7 distinct areas as shown in figure 5.

Figure 5



CSC found that Exact Match + Other Term made up the largest proportion on registered 3rd party registrations.

CSC noticed that Typo registration within our research was not prominent showing that infringers are more likely to register brands names with specific terms.

Of registrations that contained the brand with a relevant or other term CSC found that only 10% of registrations had a term on both sides of the string. However, 90% of 3rd party registrations that contained a term where found to be registered with either a term on the left or the right, not both.

CSC was able to extract the most popular left and right hand terms registered by 3rd parties. Figure 6 demonstrates the break down of the top 10 left and right hand strings.

Figure 6

Left Text	Count	BRAND NAME	Right Text	Count
www	27		online	25
the	23		s	23
my	19		usa	20
e	18		sucks	19
1	16		club	17
buy	14		store	17
ww	12		com	17
A	11		shop	16
shop	11		mobile	16
www1	11		e	16

The breakdown of the left and right terms associated with brands suggests that suspicious registrants rely on registering mostly generic terms associated with search term and names consisting of common dot replacement for the domain string e.g. wwwbrand.com

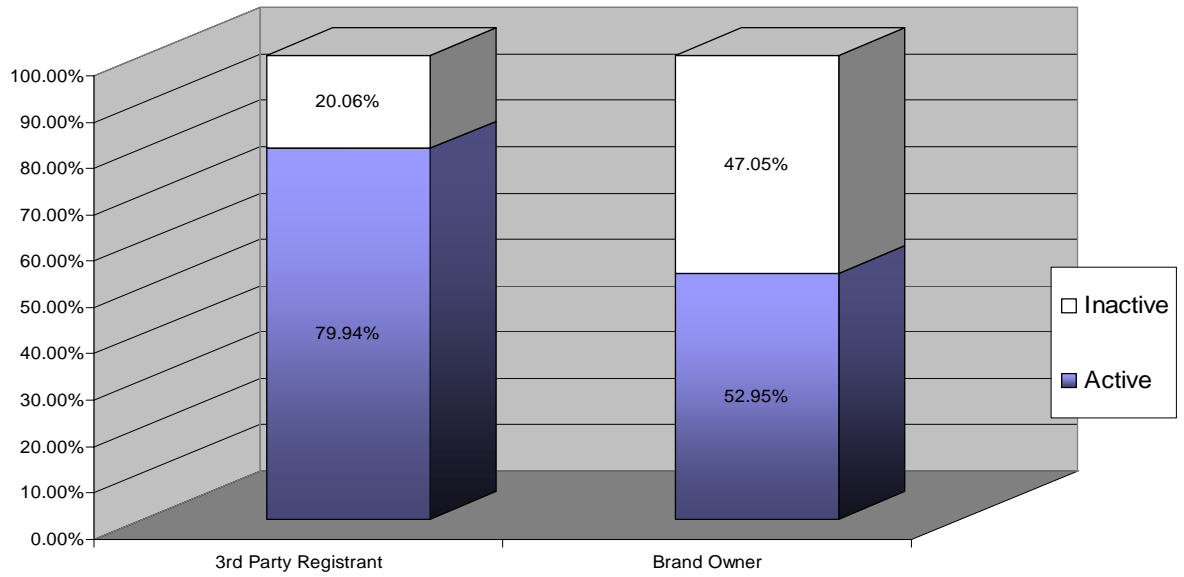
This implies that 3rd party registrants mimic common user search terms in seeking direct navigations traffic while also relying on user errors to generate traffic in the makeup of the URL rather than the misspelling of the brand.

Website Resolution & Content Analysis

To determine how 3rd party registrants utilized the content associated to registered strings, CSC analyzed and categorized each string to determine content within 12 possible content types.

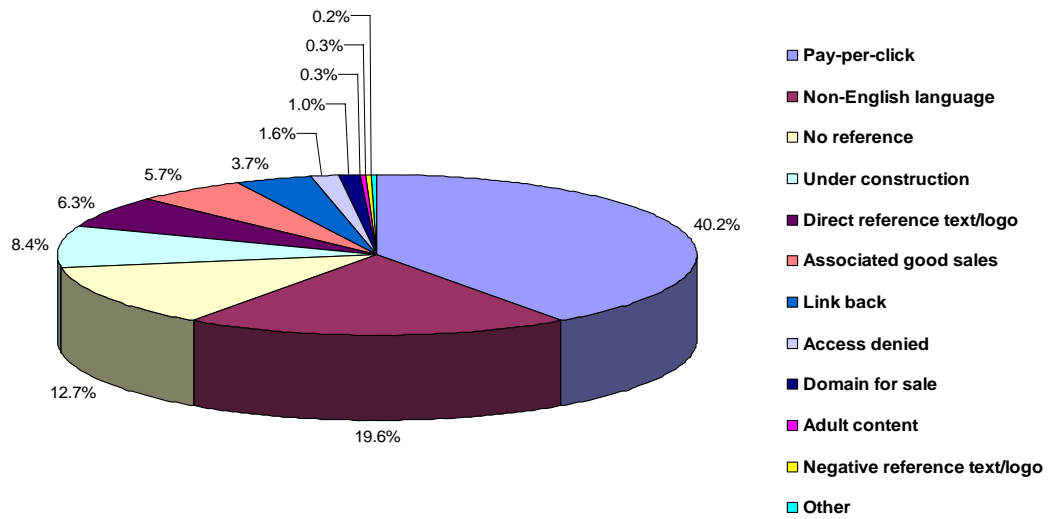
Initially however CSC noticed that the resolution of a domain string to a website varied between brand owner and 3rd party registrants. Figure 7 shows us that 3rd party domain owners have nearly 80% of registered names actively resolving to web site compared to brand owners 52%.

Figure 7



Of the 79.94% actively resolving 3rd party domain names CSC found that the majority resolved to Pay-per click websites. Figure 8 outlines the breakdown of web content associated with the active registration.

Figure 8



This data implies that 3rd party registrants of names direct traffic to revenue generating web sites such as pay-per click rather than as formerly thought adult content or negative reference sites.

CSC noticed from the analysis that 3 specific industry sectors in the first phase of the research project made up 53% of all pay per click traffic, these where;

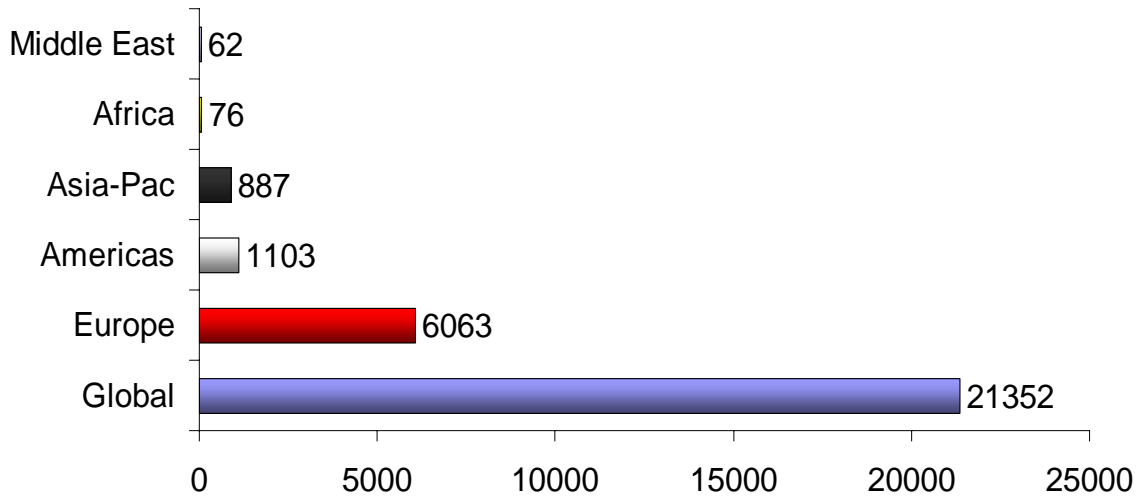
1. Telecoms Equipment
2. Computer Software
3. Automotive

3rd Party Registration Investment

CSC determined that the majority of 3rd party registrations where registered in the gTLD space. This implies that infringer’s value gTLD as a profitable extension for a good return on investment. Figure 9

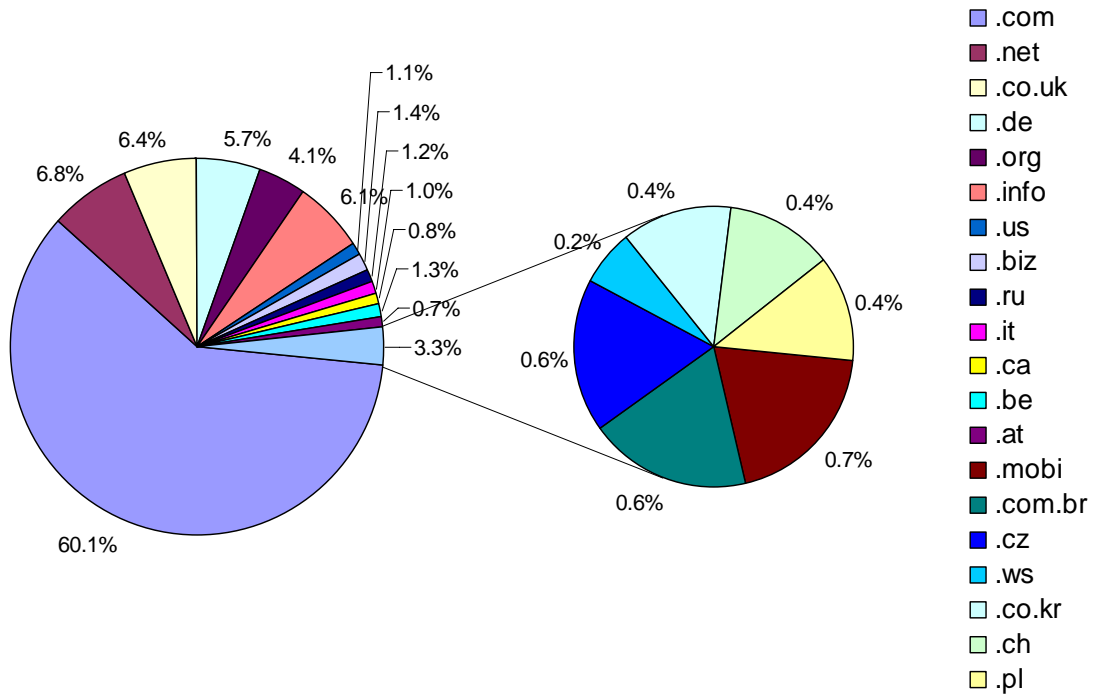
demonstrates the break down of registered domain names by regional location of their extension.

Figure 9



CSC broke down the research data to determine actual extensions registered by 3rd party registrants. Figure 10 outlines the break down of the top 10 favorite registered extensions by 3rd parties. CSC noticed that some ccTLD extensions namely .co.uk and .de are favored by infringers over certain gTLD extensions. This would suggest that certain ccTLD extensions may return a higher return on investment for infringers

Figure 10



Conclusion

Although CSC has currently only completed 10% of the total research data as described in the methodology we are able to see clear trends emerge.

1. Speculative registrants register domain names across multiple brands. We found that our top five registrants had registered names containing 65% of our research set.
2. Corporations are not maximizing the revenue potential of their portfolios; we found that only 52.95% of names registered by brand owners resolved to web sites.

3. Our research shows a trend by 3rd party registrants in registering domain names that contain popular user search terms e.g. online, search, my & find.
4. Research data shows trends suggesting the 3rd party registrants use brands' reputation to generate pay-per click revenue through redirecting users' search for the brand.
5. Our initial research data correlates strongly to the idea that 3rd party registrants use return on investment methods when registering domain names e.g. no rules, low cost and high market potential.

Appendix 1 - Objective

There are four objectives for this specific research project;

1. Assisting corporations to gain visibility into the 3rd party domain name registration market.
2. Analyze and profile 3rd party domain name registration market to expose trends and relationships, thereby eliminating false assumptions through empirical data.
3. Provide best practices to corporations based on empirical data.
4. Provide corporations with the information to assist them in pushing infringers to the edge of their Return on Investment (ROI).

Appendix 2 - Hypothesis

For the purposes of this project it was important to develop a number of hypotheses to test against based on assumption currently in the market.

1. Brand owners find themselves mainly infringed in the gTLD space.
2. Certain industries are targeted by infringers.
3. Pay-per click sites make up the largest majority of content associated with 3rd party registrations.
4. "Domain warehouse" companies manage names across multiple brands.

Appendix 3 - Methodology

The size and scope of this project required a comprehensive methodology to guarantee accuracy and relevance of data. CSC used the following process in gathering and analyzing data.

Project Timeframe + Distribution

CSC has chosen to carry out this research project in increments of 30 brands at one time. This is to balance work load in the manual element required for this project to reduce the error rate.

Brand Selection

CSC has chosen to carry out its research on 300 global & regional brands as defined by Interbrand. Our break down of brands consists of;

1. Top 100 Global Brands by brand value (2006)
2. Top 25 Australian brands by brand value (2005)
3. Top 25 Canadian brands by brand value (2006)
4. Top 20 Chinese brands by brand value (2006)
5. Top 22 French brands by brand value (2005)
6. Top 40 Russian brands by brand value (2006)
7. Top 15 Singapore brands by brand value (2005)
8. Top 13 Spanish brands by brand value (2004)
9. Top 50 Swiss brands by brand value (2006)
10. Top 10 Taiwanese brand by brand value (2004)

Interbrand calculate “top brands” by the value of the brand, this is defined as;

“Net present value of the earnings the brand is expected to generate and secure in the future for the time frame of a twelve month period”

The criteria for gaining entry into the Interbrand Top 100 also require the brand to;

- Have a minimum brand value of \$2.7 billion USD
- Achieve one third of its earnings outside of its home country
- Have publicly available financial and marketing data
- Have a wider public profile beyond their direct customer base.

The brands chosen for this research project vary across 45 discreet industry sectors to make sure our research is conducted across a fair representation. The average brand value for our data set is \$4.4 Billion USD, 51% of brands in the global 100 originate from the US with brands in the banking and finance sector leading this list.

Search Scope

CSC utilized advanced domain name searching technology across 750 available domain name extensions to recover registered domain names containing specified brands.

To guarantee the greatest volume and accuracy of data CSC used wild card (*brand*), typo technology and Boolean logic (where required)

Data Processing

All data was passed and processed through CSC proprietary Domain Detector logic. All data computation consisted of standard web content vs. domain string priority and pre-defined generic market importance, retrieved data followed the below process before analysis;

1. Each brand was researched to define;

- a. Discreet registrants defined to determine client registered vs. 3rd party in the parsed registrant.
 - b. Relevant & negative terms associated with each brand where defined and applied to logic.
2. Automated domain detector logic categorized the domain string.
 3. Team of analysts (Professional Services) categorized each domain string from content within set parameters.

Data was amalgamated into central database and analyzed to determine findings.

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