



Risk of Portfolio Approach to Cybersquatting

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A secret weapon is falling into dangerous hands. Organized cybercriminals are building up portfolios of cybersquatting domain names. A smart operator with such a portfolio can go beyond simple stealing and competing full out for traffic and revenues. Rightful brand owners, feeling the squeeze, will find out too late that the bandits have the money to fight legal action. The time to act is now, before pieces of the playing field have been bought up by the enemy.

Portfolios are a ticket to the domain-name big time. They drop per-site operating cost, make possible [portfolio risk diversification](#), and give the name owner more muscle in negotiating a share of parking revenue. If the owner links related key words across domain names, portfolios allow easy consumer travel from site to site. And if the owner is especially intelligent, portfolios yield one key final advantage. Operating a constellation of sites and products allows the owner to sift consumer information from a variety of sources, and multi-sourced information can yield a fine-tuned picture of consumer preferences. With such a picture to lock on to, the owner can escalate his or her traffic and revenues. The opportunity is there for anyone who owns a portfolio—and no one believes that criminals ignore opportunities.

For legitimate brand owners there will be a string of bad news. Higher monitoring costs, wider brand dilution, increased potential product liability from defective imitations. Costs for acquiring domain names will go up because the criminals may not need immediate liquidity.

When brand owners try legal action, the criminals will have the money to resist. When brand owners shut down a criminal site, the pirate operator will be able to shift the cross-linking to another set of domain names.

If brand owners try to do business with the portfolio pirates, the wrong side will have the upper hand. Convincing them to join your branding network will become more costly because of their market power. If a pirate sells a portfolio, the cost per name will be higher because of the advantages that come from a complete set. And of course the criminals will operate untaxed.

The only good news for brand owners will be the lower cost of negotiating with one party instead of a dozen.

The decision to take action is strategic, not legal. The different approaches to tackling cybersquatting are outlined in “[Reducing Cybersquatting, Phishing.](#)” ■