

Publications

How to Avoid Website Domain Conversion by Former Employees

Related Professionals

Whitney C. Gibson

Colleen M. Devanney

CLIENT ALERT | 2.20.2014

Companies often instruct individual employees to register domain names for the construction of a website on the companies' behalf. In these instances, the employee will enter his or her own name as the domain registrant, thereby giving the employee administrative control over the domain.

This, of course, becomes a problem if the employee is subsequently terminated or otherwise leaves his or her position. A former employee can exert control over the domain and use it for a variety of reasons, or even disable it. We often see this issue arise in the context of a bad faith intent to profit from the domain due to the former employee's administrative access.

The good news for employers is that courts have repeatedly offered them protection regarding domain name ownership. For instance, a few years ago a federal court in South Dakota held that what are referred to as "WHOIS" records "merely provide contact information for the administrator or registrant of a domain name, and have no bearing on ownership." *Dlorah, Inc. v. Nau Holdings, LLC*, 2009 U.S. Dist. LEXIS 34240 (D.S.D. Apr. 23, 2009).

Furthermore, a federal court in Iowa recently held, "Because domain names may be sold, leased, or licensed, it does not necessarily follow that being the registrant of a domain name equates with operational control over the website using that domain name." *Fraserside IP L.L.C. v. Kovalchuk*, 2012 U.S. Dist. LEXIS 28704 (N.D. Iowa Mar. 5, 2012). Other courts have reached the same conclusion. See *Atlas Copco AB v. Atlascopcoiran.com*, 533 F.Supp.2d 610, 613, n.1 (E.D. Va. 2008) (holding that a party other than that listed in the WHOIS record was owner of the domain name); *Silverstein v. E360Insight, LLC*, 2008 U.S. Dist. LEXIS 36858 (C.D. Cal May 5, 2008) (stating that WHOIS information refers to the registrant's contact information).

An employee's misappropriation of a domain name can result in several claims, including conversion, trademark infringement, and defamation. However, the law can be gray regarding actual ownership of the domain depending on several factors, including: the instructions given

by the employer to the employee concerning purchase of the domain; the origin of the funds used to purchase the domain; and the employee's actual use and control of the domain.

We have had success negotiating settlements regulating use of misappropriated websites, ownership of misappropriated websites and removing content from these websites. We also have experience in advising employers on the pitfalls of web domain registration, as well as the proper steps an employer should take to avoid common mistakes related to domain name registration.

To help avoid these situations, we advise employers to secure administrative control to their websites well before the issue of employee termination or departure may arise. A company's domain name is typically extremely valuable, so it is critical that employers ensure their online presence is not disrupted by its disgruntled former employees.

For more information, contact Whitney Gibson at 855.542.9192 or wcgibson@vorys.com. Read more about the practice at <http://www.internetcrisesattorneys.com/>.