

# Business Constituency Position Paper

## A Differentiated Expansion of the Names Space – December 2002

### Background

In 2002, just under 30 million generic top-level domain names (gTLDs) and approximately 12 million country-code top-level domain names (ccTLDs) were registered. In late 2000, ICANN authorized as a proof of concept four new unsponsored names (dot biz, info, name, pro) and three sponsored names (museum, aero, co-op). The ICANN board has authorized an evaluation: this needs to move ahead with urgency. In parallel at the October 2002 Shanghai meeting ICANN launched a debate on a process for how to introduce further gTLDs. The need for such a process was mentioned in the September 2002 memorandum between the US Department of Commerce and ICANN. The Business Constituency (BC) endorses this process and recommends the ICANN Board refer the process to the DNSO/GNSO Names Council.

### A new approach to the registry – name relationship

The BC proposes a separation of the registry and the name. In contrast to the earlier ICANN process, where a single registry lived or died by one proposed name, there should be a set of qualified registries free to operate the back-end of multiple gTLDs, each of which has a different sponsor. Under this system, a registry that failed could be replaced by another registry without removing the name from the domain name system, and so protecting the investment of registrants.

### A differentiated expansion of the name space

Given that there is pressure on ICANN to introduce additional names, the BC supports the development of a logical expansion, which will result in a name space with added value, rather than the cloning of the existing space. Such a value-added space will create differentiation and reduce the need for entities to defensively register.

Users – regardless whether they are businesses, non-profit organizations or individuals – want certainty. Spending time searching is not cost effective. The user community needs a certain process for identifying prospective names and a certain process for selecting sponsors/registries to operate those names:

- Step 1 ICANN agrees to a set of principles for all future domain names.
- Step 2 ICANN invites qualified sponsors and registries<sup>1</sup> to apply for names conforming to those principles.

**The principles** – all new domain names must meet the following principles:

|   |                 |   |
|---|-----------------|---|
| 1 | Differentiation | a gTLD must be clearly differentiated from other gTLDs                                      |
| 2 | Certainty       | a gTLD must give the user confidence that it stands for what it purports to stand for       |
| 3 | Honesty         | a gTLD must avoid increasing opportunities for bad faith entities who wish to defraud users |
| 4 | Competition     | a gTLD must create value-added competition  |
| 5 | Diversity       | a gTLD must serve commercial or non-commercial users  |
| 6 | Meaning         | a gTLD must have meaning to its relevant population of users                                |

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<sup>1</sup> see annex 2

### **Creating a logical names space by adherence to the principles**

The principles in effect determine a taxonomised or directory-style domain name structure. This taxonomised structure opens up a range of places where individuals, companies and organisations will find a place they want to be, and where users can easily find them. The structure does not imply a rapid expansion. The choice of one name will preclude future non-differentiated choices.

### **Avoiding the need for defensive registrations**

The BC sees no value in new unsponsored/unrestricted names and would need to be convinced otherwise by the results of the evaluation process. The BC's current position is that all new names should be sponsored/restricted within the ICANN categorization<sup>2</sup>. (In time some of these new names will be internationalized domain names). The sponsor/registry will be responsible for ensuring the integrity of the domain name to its differentiated, restricted charter. The ability to buy a name in a particular TLD will be restricted to those who can demonstrate they are bona fide members of the target group. Every registrant will be authenticated by the sponsor/registry to ensure that they are registering names that are germane to their businesses and not infringing on another's intellectual property.

Sponsored/restricted gTLDs build consumer confidence because they avoid confusion and limit fraud. In addition, the policing by the sponsor/registry simultaneously solves three intellectual property issues. Cyber-pirates will not be able to obtain the names of others. There will therefore typically be no need for costly defensive registration. New Whois databases will be verified and therefore accurate.

### **Threshold qualifications for applicant registries**

Separate to this new naming structure, there needs to be a new process of qualifying registry applicants. The stability of the domain name system requires registries to meet user expectations for sound global business practices. The BC, building upon previous ICANN criteria, proposes<sup>3</sup> certain elements which must be assured by an applicant registry. Depending on the model these may apply to the sponsor or the registry.

### **Next steps**

ICANN needs to debate and agree to the six principles and the above qualifying process without delay. This longer term view will however only be possible once the evaluation of the last "proof-of-concept" expansion is complete, and this evaluation is taken into account.

In the meantime, the BC can support the proposal of the ICANN CEO for up to another three sponsored/restricted names as a first deployment of the new long-term structure favoured by the BC. The BC proposes that its six principles can provide guidance in this interim expansion.

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<sup>2</sup> See annex 1

<sup>3</sup> See annex 2

## Annex 1 – ICANN gTLD categories

| Scope               | Policy | Sponsored                 | Un-sponsored                                 |
|---------------------|--------|---------------------------|--|
| <b>Restricted</b>   |        | .museum<br>.aero<br>.coop | .name<br>.biz<br>.pro                        |
| <b>Unrestricted</b> |        | not possible              | .com<br>.org (as at 6.2002)<br>.net<br>.info |

**ICANN definition:** A Sponsor is an organization to which ICANN delegates some defined ongoing policy-formulation authority regarding the manner in which a particular sponsored TLD is operated. The sponsored TLD has a Charter, which defines the purpose for which the sponsored TLD has been created and will be operated. The Sponsor is responsible for developing policies on the delegated topics so that the TLD is operated for the benefit of a defined group of stakeholders, known as the Sponsored TLD Community, that are most directly interested in the operation of the TLD. The Sponsor also is responsible for selecting the registry operator and to varying degrees for establishing the roles played by registrars and their relationship with the registry operator.

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## Annex 2 – Threshold qualifications for applicant registries/sponsors

### ▪ **Conformity**

Applications must conform to the six principles. Applicants must demonstrate an understanding of the needs of the proposed new community of name holders, through meeting a set of criteria which supports the six principles.

### ▪ **Building Trust with a UDRP and an accurate Whois database**

The business plan should promote the interests of intellectual property right holders and avoid the need for defensive registrations. A dispute resolution process that conforms to the ICANN UDRP must be included as well as an accurate and accessible Whois conforming to the forthcoming recommendations of the Names Council. The application must support trust by users that names in the new registry space will be what they purport to be. The applicant must agree to adopt all future consensus policies such as those relating to transfers, deletes and renewals.

### ▪ **Operations and Technical**

Technical and operational management of the registry must be fail-safe on a 7/24 basis worldwide. The technical team, whether employed directly by the manager, or contracted, should be able to demonstrate their ability to install and operate a TLD registry in accordance with existing standards. Plans for database information capture, validation and maintenance must meet expectations for ready access by users and others with authorized access privileges. Data escrow and related disaster recovery procedures must ensure continuity of operations under emergency circumstances.

### ▪ **Financing**

The financial plan should evidence understanding of the cost of providing registry services for the intended community of name holders. Adequate initial capitalization and arrangements for ongoing working capital, reserves and the cost of technical back-up must be demonstrated.