

Tasting Solutions

An evaluation and analysis of proposed solutions to address the
Domain Name Tasting Crisis

Written by FairWinds Partners on behalf of the
Coalition Against Domain Name Abuse

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Forward

This white paper was compiled by the Coalition Against Domain Name Abuse (CADNA) and is intended to serve as a source of reference for lawmakers, policymakers, brand owners, the press, and others as they consider possible solutions to the issue of domain name tasting. The document paints a realistic picture of the domain tasting challenge, while aiding readers in becoming familiar with the role that the Add Grace Period (AGP) plays in domain tasting. Also presented are an evaluation of potential solutions, and a proposed strategy to successfully curb the effects of this widespread abuse.

This paper is divided into three major sections, listed below.

- I. An Introduction to Domain Tasting
 - A. Domain Tasting as a Significant Threat
 - B. Notorious Tasters
 - C. Legitimate Registrars

- II. Potential Solutions: Arguments For and Against
 - A. Re-evaluate the five-day add-grace period
 - B. Shorten the 5-Day AGP Window
 - C. Apply a Restocking Fee
 - D. Revoke a Registrar's Accreditation for Abuse of the AGP
 - E. Limit, by Ration, the Number of Deletes a Registrar is Allowed at No Cost - Add/Delete Ratio
 - F. Activation Upon Day 6 – until payment "clears"

- III. CADNA Position

The document seeks to objectively clarify the impact and significance of each proposal and to address issues policymakers should consider in ensuring that the implemented solution is beneficial to the Internet Community at large. After analyzing the applications and implications of a handful of proposals including restocking fees, ratios, and accreditation revocation (as it pertains to notorious tasters), CADNA contends that abolishing the AGP is the safest and most practical solution to implement.

We have compiled this "Tasting Solutions" white paper to promote the open debate surrounding potential domain-tasting solutions and to take further steps to protect the security and stability of the Internet environment.

Domain Tasting – An Introduction

Domain tasting is the legal practice of registering domain names and testing their value (typically based upon traffic), in order to decide whether to keep or rescind each registration within a five-day period. Domain tasting is made possible by the Add Grace Period (“AGP”), which allows a registrar to revoke a domain name within the first five days after registration and receive a full refund of the registry and ICANN transaction fees. One of the AGP’s original purposes was to protect registrars against fraud by giving them five days to verify the registrant’s method of payment.

Tasting typically works in the following manner:

A taster registers a large number of domain names and puts up a Web site at each domain that contains pay-per-click advertisements relevant to the content of each domain. [While the following examples are fully registered, they may or may not have been identified via tasting; the purpose is to provide examples of pay-per-click sites and illustrate how names are monetized and how their value is assessed, not tasting]. One example is the site www.airfarecheap.com, which displays advertisements for discount travel agencies and airfares. Another example is www.harleudavidson.com (intentional typographical error) where sponsored ads include those of Harley-Davidson as well as others buying the “Harley Davidson” keyword. Advertisers pay a fee to the taster each time a site visitor clicks on their ad. If the taster does not have the in-house capability to create Web sites that display pay-per-click (PPC) ads pulled from contextual advertisers (e.g. Google), he or she parks domains with a company that can. Examples include Sedo, Skenzo, Imonetize, Domain Sponsor, TrafficZ and Hitfarm.com. The taster monitors overall traffic, the conversion rate to clicks on ads, and the total ad revenue collected from each domain over a period of time less than the initial five-day period. After day five, the taster only retains those domains that yield enough ad revenue to be worth the cost of registration, and “returns” the rest of the domains to the registry for a full refund. Some tasters register and delete the same domain name over and over again, a process known as domain kiting. Many accredited registrars participate directly in tasting, while other registrars offer tasting services to their customers.

The tasting process for ICANN accredited domain name registrars, some of which are among the most active domain tasters, involves submitting a deposit with the applicable registry (VeriSign for .COM). This deposit caps the maximum number of domains a taster can test-drive at any point in time. However, the vast scale of this practice is illustrated by the fact that the largest tasters may have tens of millions of dollars on deposit with a registry in order to be able to taste the large volume of names discussed in this paper. These registrars have gained substantial competitive advantages and realized exceptional profits by tasting large quantities of domain names since they are able to register the ones they wish to keep at wholesale pricing that is not available to the public.

A large percentage of Internet users reach their destinations on the Web via Direct navigation, which refers to the practice of entering a domain name directly into their browser’s address bar rather than using a search engine. As a result, capturing direct traffic by casting a wide net of domain names and presenting syndicated sponsored ads can generate significant revenue. The domain tasting business model profits due to the *scale* of the operation rather than the amount of money made on any particular Web site. Even if tasters and kitters (often one and the same entity) do not net significant profits from one

particular domain name, they are still causing disproportionate harm to the affected trademark owner, and that brand's consumers. Paid search ads syndicated out to domain tasters' Web sites generate estimated revenue in the hundreds of millions of dollars each year. Domain name owners, domain monetization platform providers, and the search engines that sell ads to advertisers share this exceptional revenue. Domain tasting is one of the forces driving domain name monetization because it enables tasters to test drive many domains names without cost and retain only those domain names that get enough traffic to turn a profit.

Domain Tasting – A Significant Threat?

Domain tasting is a relatively new phenomenon that takes place on a massive scale and it is proving to be a highly controversial practice with many negative ramifications. While domain name tasting is technically permitted under a current ICANN policy, many believe that the usage of the AGP to taste millions of domain names each day is damaging to the stability of the Internet and harmful to members of the Internet community. The unique ability for tasters to leverage the AGP to incur costs only on domain name investments that are proven to turn a profit has led to many problems in the domain name system. In fact, tasting has reached a near tipping point in the .COM namespace as .COM offers domain name tasters the greatest pool of traffic to monetize. The sheer scale of the problem has led to significant over-registration of the name space. While many may disagree that this is problematic in and of itself:

- The number of domain names that exist on a day-to-day basis continues to grow in part due to domain tasting.
- The number of domains that contain words confusingly similar to trademarks has grown in part due to domain name tasting because the majority of Internet traffic is aimed at brand inclusive domain names.
- The number of domain names at any given time caught up in the AGP is in the millions.

This in turn has lead to:

- Increased profits for ICANN and registries since tasting allows domain name speculators to test the type-in traffic to any conceivable domain name risk free and helps speculators identify domains that might not have been registered otherwise; and thus has led to an increase in the total number of domain names registered.
- Restricted consumer choice, as interested new potential registrants are often unable to find trademark-clear domain names for personal or business use because they are already owned, or “owned” through tasting or kiting and are being monetized via PPC schemes.
- An overabundance of registered domain names that exist for no other purpose than to offer PPC ads and do not provide users with a rewarding experience. The goal of an Internet user is to have a relevant experience and having to click through multiple pages of sponsored links without (a) being told they have reached the wrong destination; (b) being offered the chance to opt out of reaching that site; (c) being offered natural search results to find their destination diminishes the confidence of consumers in their online experience.
- Customer confusion – when a user enters a domain name in their Web browser’s address bar expecting a content-rich site and lands upon a site serving a collection of competing ads and irrelevant and fraudulent offerings, confusion may occur.
- Growth in cybersquatting – while not all, or perhaps even the majority of domain tasting results in cybersquatted domains, brand-related domain names garner significant traffic and thus registering domains derived from brands presents an opportunity to those who monetize traffic and breeds an environment conducive to cybersquatting.

- Brand and trademark dilution – The purpose of a trademark is to protect the consumer. When trademarks are abused by cybersquatting, the resulting dilution hampers the ability of the trademark to do its job.
- Dramatic increase in costs to trademark owners – The necessary costs for trademark owners to protect their brands and consumers have grown substantially due to the volume of domain names that are added on a daily basis. While many may argue that this is the cost of doing business, many others would argue that those increased costs are unnecessarily passed on to the general consumers and could be prevented by better ICANN policies and contractual provisions with registries and registrars.
- Domain name kiting – Kiting is the practice of serial domain tasting where a registrant will continuously add and then drop a name to avoid payment of registry and ICANN fees. The ability to receive all of the benefits of ownership without paying for the real estate is not illegal, but is an opportunity that is not present in most other marketplaces. In fact, in many markets the usage and subsequent return of a product on a cyclical basis is fraud.
 - Fraud – Because domain tasting occurs on such a massive scale, those responsible for protecting consumers through monitoring often do not look at any names that are less than five days old because the list of names is much too long. The result is that names younger than five days old are able to exist virtually anonymously. At times this anonymity is used for fraudulent behavior, which could include the sale of unwanted counterfeit goods, and other harmful acts.

While many argue that domain tasting is not detrimental to the health of the Internet, the abuse of the AGP has reached a point where the negative effects of tasting far outweigh the positive.

If consumers, intellectual property owners and legitimate registrants are being harmed by this practice, then who is benefiting? Insofar as domain name tasting enables would-be registrants to identify names that will garner traffic, those registering names with intent to monetize traffic are the major winners. Without domain tasting, they would have to “guess” which names would generate traffic and assume financial responsibility regardless of whether they see a return on their investments. Domain tasting enables tasters to purchase Internet real estate virtually risk-free.

Please refer to Figure 1, which highlights the parties that informed ICANN via a questionnaire that they are negatively impacted by domain tasting.

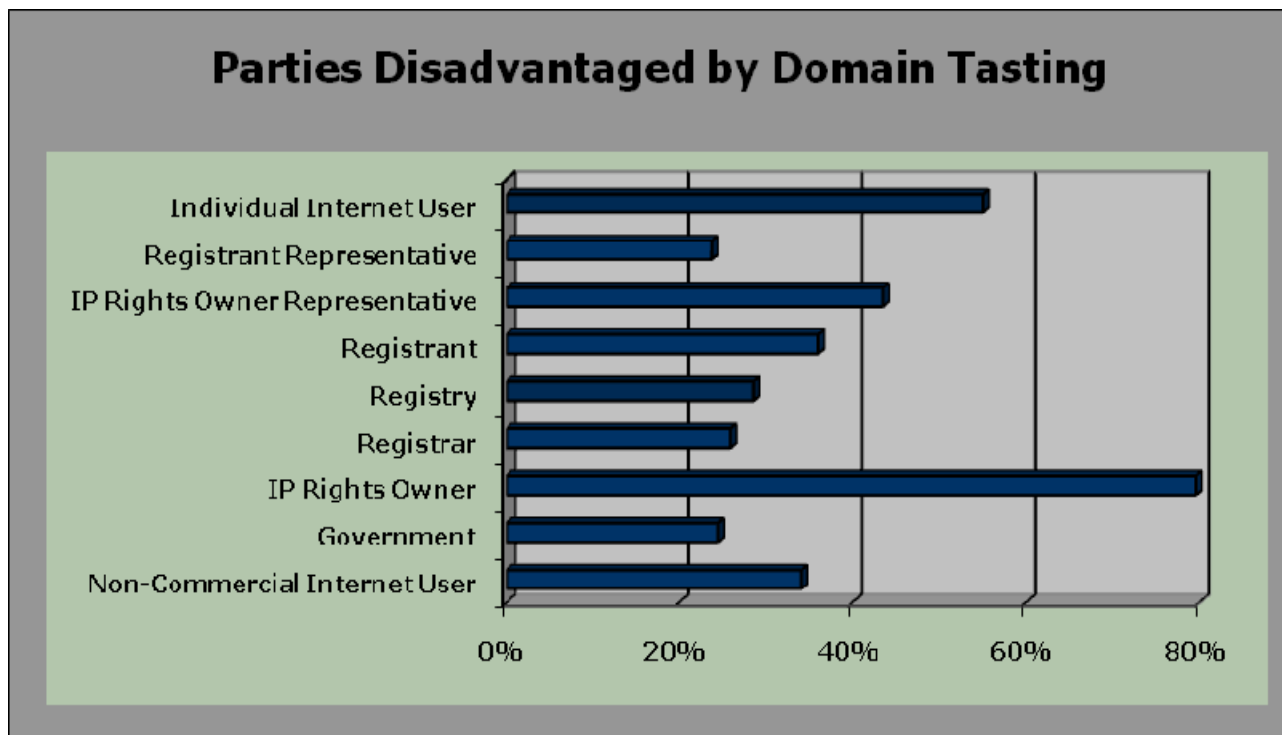


Figure 1. *Statistics from ICANN's Domain Tasting Questionnaire*

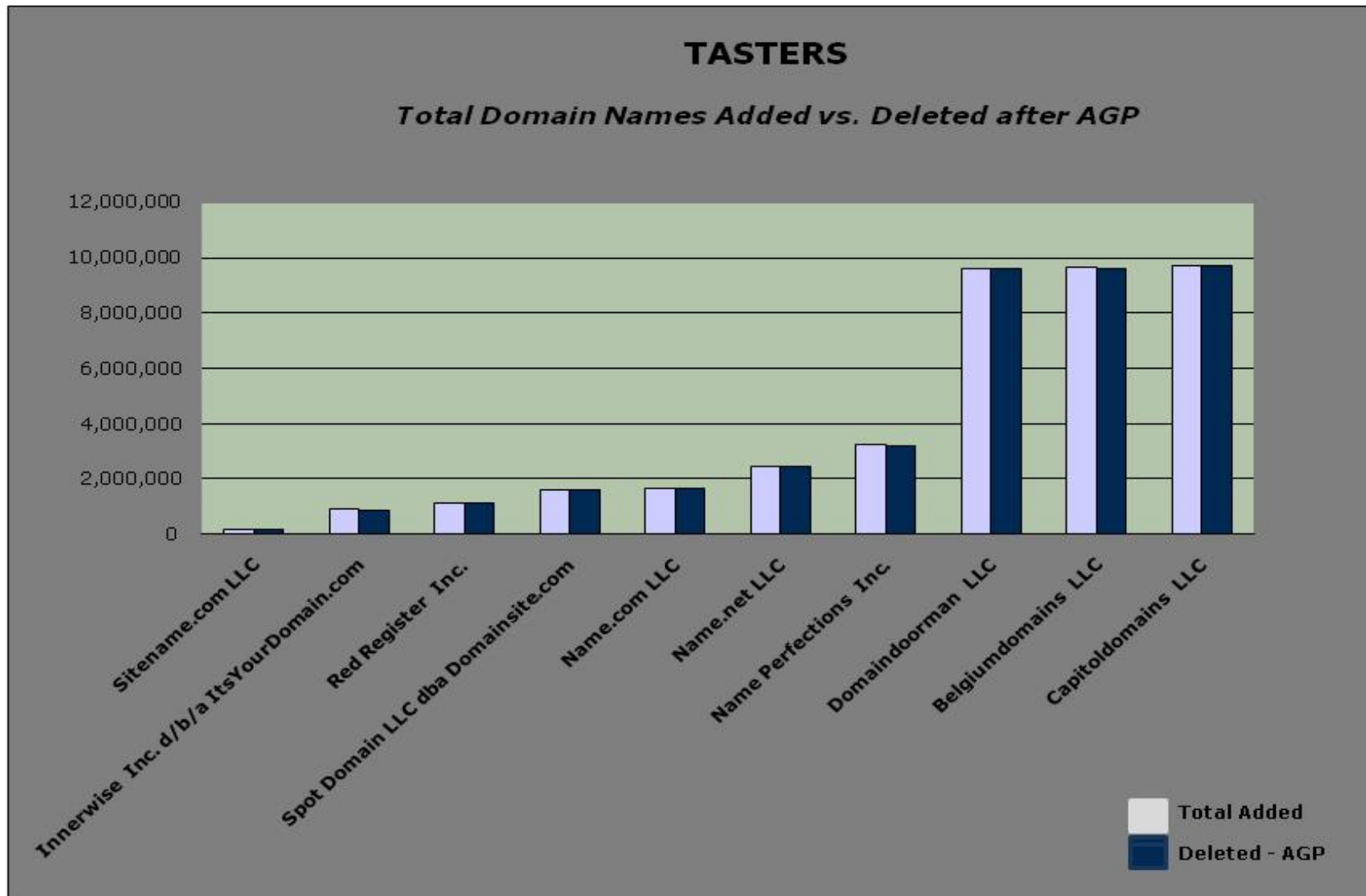


Figure 2. FairWinds Partners analysis of April 2007 .COM report provided by VeriSign – this figure represents a limited sample of the largest domain name tasters. Please note: these are the ten registrars that have the lowest add/delete ratio.

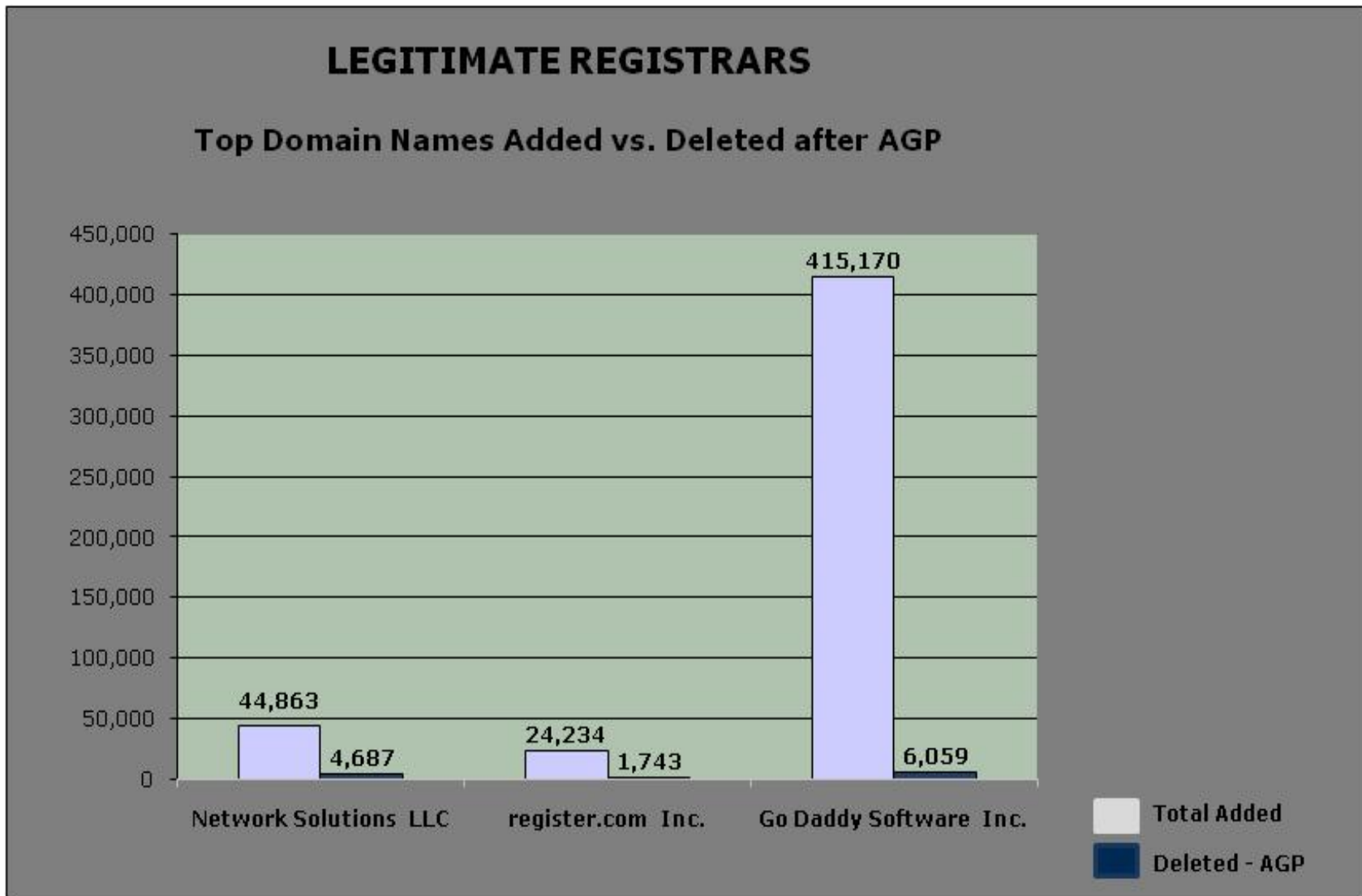


Figure 3. FairWinds Partners analysis of April 2007 .COM report provided by VeriSign

Potential Solutions

Domain tasting is a high profile issue that is top-of-mind for the domain name community, ICANN and businesses. Increasingly, legislatures in Washington are taking note of this issue as well. ICANN recently formed an Ad Hoc Group to review the issue and present its findings to ICANN's GNSO Council. As the governing body that accredits and monitors both registrars and registries, it is within the scope of ICANN's policy development process to amend the five-day grace period in order to discourage activities that jeopardize the security and stability of the domain name system.

In an effort to improve the Internet and to hamper the ill effect of domain tasting, the following are descriptions, and CADNA's analyses, of possible solutions that have been discussed:

A. Re-evaluation of the five-day add-grace period

The add-grace period (AGP) is no longer solely used for the purpose that it was intended for. While it is important to be cognizant of the need for registrars and registries to test their system capabilities and to be sympathetic to the occasional need to return a name due to fraud, the most straightforward solution to the problems faced today as a result of tasting is a complete elimination of the AGP wherein domain registration fees are non-refundable between registry and registrar.

ARGUMENT FOR: Eliminating the AGP completely would quickly address many of the problems discussed earlier while also bringing the domain name industry in line with other marketplaces where investments are made without perfect visibility. Eliminating the AGP will decrease the amount of Internet-based fraud committed by domain owners and will reduce the amount of domain infringement and subsequent consumer harm since registrants typically would incur fees before using brand-related domains.

Some registrars today use the AGP as a method to allow customers to save a name in their carts while they shop and think about it for a period of up to five days. This is to the disadvantage of others who may want that piece of real estate and are willing to buy it immediately. While registrars could use the AGP as a tool to protect themselves against fraudulent credit card charges, it is not used for this purpose as often as it is used for more self-interested purposes. Elimination of the AGP may be the easiest and least costly option to implement from a technological perspective and the most amenable for all parties involved in solving this dilemma.

ARGUMENT AGAINST: The originally intended uses of the AGP are still relevant. Registrars and registries need to be able test the stability of their systems and of the name space. Proponents of the AGP will argue that there are important commercial functions made possible by the five-day grace period. These include refunds, customer-requested correction of typographical errors made by the registrant, cart "hold" as an improved registration experience, credit card charge-backs, criminal theft of credit card information, registrar testing of the EPP system, and restoring a credit balance after a system failure mistakenly registers domains. Together, these beneficial uses make the outright abandonment of AGP problematic. It is imperative, as mentioned in some of the responses to the ICANN tasting questionnaire, that the potential degradation in

registrant experience not be overlooked should AGP be eliminated. Registrars that utilize the AGP for customers in a beneficial manner believe that elimination of it would adversely affect their cart or provisioning system and would necessitate significant re-engineering to the registrar-registry system. Hence, ICANN might consider a more balanced approach that would curb the abuses of AGP while still maintaining its other benefits.

Furthermore, ICANN has expressed concern that by changing the rules to restrict commercial activity, it would compromise its commitment to encouraging competition across the Internet. One alternative to completely eliminating the five-day AGP might be to eliminate the five-day grace period on bulk buys, which would curtail bulk-buy abusers. This would be a positive step in the short-term.

B. Shorten the Window of the AGP from 5 Days

DESCRIPTION: The time period for the AGP is currently five days. A potential solution to curtail the abuse of the AGP is to reduce the period of time for the AGP to 24 hours.

ARGUMENT FOR: Reducing the amount of time allotted during the AGP would allow proponents of the AGP to achieve their goals while also significantly reducing the resulting harms associated with domain tasting. As is always the case when trying to find common ground, reaching consensus on a new time period would be challenging. However, it is important to reduce the amount of time allowed by the AGP since excess time increases the likelihood that abuse will occur. By changing the time period, you negatively affect the economics of tasting and reduce the opportunity for tasters to conduct fraud.

ARGUMENT AGAINST: A reduction in the time period for the AGP does not fully eliminate the abilities of those that wish to cause harm by tasting. Similarly, reducing the period of time for the AGP will force registrars and registries to implement new policies and procedures to achieve other goals that may be costly.

C. Restocking Fee

DESCRIPTION: ICANN might opt to levy a restocking fee – or a similar fee – that would be charged for every domain name immediately upon registration. Registrants would be able to recoup the rest of the registration fee for a name they choose to return within five days. A non-refundable fee would help to curb domain name tasting in the .COM space as well as other TLDs.

ARGUMENT FOR: A restocking fee is a relatively simple technological solution that would implement consistent charges for all domains being registered, thus reducing the harms that have been seen because of domain name tasting. Restocking fees would also allow the proponents of the AGP, including registrars and registries, to benefit from the “necessary” uses of the AGP without incurring a \$6.42 charge (.COM example) per name, making it an economical option compared to the complete removal of the AGP.

ARGUMENT AGAINST: Unless a restocking fee is significant (in the range of 50% of the cost of a name or more), it will not do enough to curb domain tasting and sufficiently

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protect consumers and the integrity of the Internet. Because monetizing domain name traffic is such a profitable business, having the option to return non-profitable assets for a fee and re-coup some of the cost of domains will allow for the harms to continue, though at a slower pace than they are today.

While .CN did not institute a restocking fee, their recent price drop in the cost of a domain name registration could be indicative of the lack of effectiveness associated with a low price restocking fee. The .CN registry's decision to drop their registration price to roughly \$0.12 per year per domain name in early 2007 spurred a dramatic increase in domain registrations in China and a fivefold increase in the number of Web sites using the .CN suffix¹. After examining the economics of traffic monetization, it becomes apparent that .CN in China is very similar to .COM (the most popular TLD) in the U.S. and much of the world, .CO.UK in the United Kingdom, or .DE in Germany. Ultimately the only way a restocking fee *could* work is if it was high enough to influence registrant behavior. While the intent was not to create a restocking fee, the fact that a low price actually encouraged "test" registrations for a period of one year suggests that a similar low-cost restocking fee in .COM will not necessarily work to curb the ill effects of domain tasting.

MODIFICATION: A restocking fee could be a viable option if:

- 1) The fee imposed was a deterrent to the negative aspects of domain tasting
- 2) A fee was coupled with a threshold percentage on the number of deletes any registrar may make. An excess-deletion fee could be charged when the number of deleted registrations within the five-day AGP is in excess of a determined percent of the total number of initial registrations made by the registrar over a given time period. This is an attempt to appease both the registries and the domain speculators. The registries would continue to collect the registration fee when a registrant chooses to retain the domain and domain speculators would still operate within the domain name system and generate profit.

D. Implementing a Limit, by Ration, of the Number of Deletes a Registrar is Allowed to Make for No Cost

Add/Delete Ratio, or a version of the Excess-Deletion Fee

DESCRIPTION: A solution where a registrar is only able to make cost-free deletions for a limited number of domain names – this solution has been employed in other registries to curb domain tasting. The non-profit Public Interest Registry (PIR is the .ORG registry) was similarly concerned about the dramatic increase in the volume of domain name registration transactions in the .ORG registry during the 5-day add-grace period. PIR went on to charge a registrar an excess delete fee of 5 cents on every domain name deleted during the 5-day add-grace period when the number of deletions is in excess of 90% of the total number of initial registrations made by a registrar in a 30-day period. Please note, however, that the economics of this solution would need to reflect the

¹ <http://64.233.167.104/search?q=cache:-W2O1WNCIvkJ:www.cbc.ca/money/story/2007/08/30/tech-domain-china.html%3Fref%3Drss+.cn+12+cents+domain+name&hl=en&ct=clnk&cd=10&gl=us&ie=UTF-8>

monetary value and traffic of names associated with .COM versus the paucity of those associated with .ORG.

Here larger registrars would be able to delete more than smaller registrars, and size would be defined by the number of domain name additions over a specified period of time. For example, if the ratio were 100:1 a domain name registrar that adds 1,000 domain names in a day would be allowed to delete 10 names that day. The exact ratio would certainly be up for discussion, but the goal would be to provide registrars with enough flexibility to make legitimate use of the AGP while preventing rampant abuse.

According to data released by ICANN and analyzed by FairWinds Partners (refer to Figures 2 and 3 on pages 9 and 10), primarily consumer-facing "legitimate" registrars such as Network Solutions, register.com, and GoDaddy.com on average have an add/delete ratio of 30.67:1 (Figure 3). This indicates that for every 31 domain names added, only 1 is deleted. Compare this to the average add-delete ratio of identified substantial tasters at 1.0061:1, and you will find considerable difference between the two. For a registrar such as GoDaddy.com, 1 domain is deleted for every 68 domain names added by registrants. An identified taster such as Capital Domains, on the other hand, deletes almost as many names as it adds initially. It is important to note that the registrars highlighted in Figure 2 are not the only ones posing a threat to trademark owners who cannot keep pace. CADNA identified over 200 other registrars with an add-delete ratio under 1.5, including:

PocketDomain	Udmain
NameKing	Deschutesdomains
Gradeadomainnames	Interlakenames
FindYouADomain	FrontStreetDomains
Domainsovereigns	Betterthanaveragedomains
EUNamesOregon	PearlINamingService
DomainRoyale	Domainarmada
EUNameFlood	Domainraker

This list does not include registrars such as Compana (add-delete ratio of 1.065324859), eNOM, which has over 60 registrar accreditations with add-delete ratios below 1.1, and others that have higher ratios but unlawfully participate in massive cybersquatting campaigns that violate federal laws against trademark infringement and dilution. Dotster, for example, represents a case in which registrar malfeasance was addressed by lawsuit rather than ICANN arbitration – and Dotster does not even represent the most AGP-abusive registrars.²

In regard to this particular proposal, the prospect of instituting an add/delete ratio requires:

- 1) a decision as to whether all registrars should be held to the same standards
- 2) a set limit that determines the amount of deletes per add and is representative of an acceptable industry standard

² McCullagh, Declan. CNet News.com *Dotster named in massive cybersquatting suit.* <http://www.news.com/2100-1032_3-6079567.html>

ARGUMENT FOR: Compared to some of the other proposed solutions, an add/delete ratio does not require a great deal of technological re-working on the part of registrars. It protects the ability of registrars not involved in the abusive aspects of tasting to use the AGP for its intended purposes while preventing the abusive registrars from continually operating with an unfavorable add/delete ratio. This would effectively help reduce the harms that are caused by domain name tasting. In addition, the effectiveness of the add-delete proposal is reinforced by its demonstrated success in .ORG.

ARGUMENT AGAINST: While the .ORG analogy is often referenced to lend credence to this potential solution, it is necessary to note that the .ORG space is very different than the .COM space, or any other name space for that matter. Registrants simply do not abuse .ORG on the same scale as they do .COM. A registrar such as Capitol Domains tasted 9,743,168 .COM domain names in a single month. The 90% limit set by PIR cannot be applied in the .COM environment where, 8,768,850 of 9,743,168 deletes would be acceptable. Because direct navigation is required to monetize a domain and .COM domains are the most frequently typed-in addresses, it follows that registrants primarily taste .COM domains. Hence, a solution that was effective in addressing .ORG abuses would not necessarily have the same success in .COM. The .ORG space has only a fraction of the appeal to tasters as .COM and this solution would not eliminate the mechanism that makes tasting attractive; it simply makes that mechanism more expensive and slightly less attractive.

Implementing an add/delete ratio would require enforcement and tracking by ICANN and the registries. As such, it would result in an increase in costs and policy enforcement resources. It also does not allow a seemingly rule-abiding registrar, which is scammed on a large scale via credit card fraud, to limit their loss.

Statistical Basis for Comparison: *Legitimate Registrars vs. Tasters*

Registrar Name	Total Added	Deleted Within AGP	Registered	Add/Delete Ratio
Network Solutions LLC	44,863	4,687	40,176	9.572
register.com Inc.	24,234	1,743	22,491	13.904
Go Daddy Software Inc.	415,170	6,059	409,111	68.521
Sitename.com LLC	142,812	140,251	2,561	1.018
Innerwise Inc. d/b/a ItsYourDomain.com	879,238	874,400	4,838	1.006
Red Register Inc.	1,129,565	1,126,161	3,404	1.003
Spot Domain LLC dba Domainsite.com	1,589,936	1,581,408	8,528	1.005
Name.com LLC	1,629,872	1,624,542	5,330	1.003
Name.net LLC	2,435,488	2,428,131	7,357	1.003
Name Perfections Inc.	3,221,235	3,176,516	44,719	1.014
Domaindoorman LLC	9,626,685	9,597,683	29,002	1.003
Belgiumdomains LLC	9,655,967	9,626,360	29,607	1.003
Capitoldomains LLC	9,743,168	9,713,571	29,597	1.003

Figure 4. FairWinds Partners analysis of April 2007 .COM report provided by VeriSign

E. Revoke a Registrar's Accreditation for Abuse of the AGP

DESCRIPTION: Aggressive and automated domain tasting appears to occur almost exclusively due to a handful of registrars. VeriSign's January 2007 monthly report showed that the top ten registrars engaged in domain tasting accounted for 95% of all deleted .COM and .NET domain names during that month. These registrars deleted 45,450,897 domain names out of 47,824,131 total deletes across all registrars. The top four registrars engaged in tasting deleted 35,357,564 domain names, or 74% of all deletes.³

According to data released by ICANN, these major tasters include: Sitename.com LLC, Innerwise Inc. d/b/a ItsYourDomain.com, Red Register Inc., Spot Domain LLC dba Domainsite.com, Name.com LLC, Name.net LLC, Name Perfections Inc., Domaindoorman LLC, Belgiumdomains LLC, and Capitoldomains LLC. A logical solution might be to target the tasters that continue to abuse the AGP to their own advantage.⁴

ARGUMENT FOR: ICANN might find this solution to be reasonably enforceable. The largest offenders can and have been easily identified, and they could be easily sanctioned. Removal of these abusers would eliminate the vast majority of ill effects associated with domain tasting.

ARGUMENT AGAINST: ICANN staff has given an opinion that the RAA 3.7.4 cannot be used to curb *commercial* domain tasting. While initial sanctioning of these monolithic abusers is feasible, the Registrar Accreditation Agreement (RAA) process is so weak that tasters could simply buy other registrars or be accredited under another name and continue automated tasting through multiple accounts. There are obvious alternatives for determined registrants; they might choose to taste through retail registrars such as Moniker, which is now allowing tasting from its general customers. Additionally, the practice of domain name tasting is not a breach of the current RAA and these abusers would have to either breach a specific section of their RAA or the RAA would have to be revised and retroactively adopted. This option will result in an increased cost in time and resources to an already strapped ICANN enforcement program. The feasibility of asking ICANN to enforce such provisions and create new provisions could ultimately be a roadblock to any such implementation.

F. Activation Upon Day 6 – until payment “clears”

DESCRIPTION: Under an “activation upon payment” amendment, the AGP remains a 5-day grace period and the domain name is registered – minus the Domain Name Servers (DNS). There is no delegation of DNS until day six, when for example, VeriSign delegates the domain name to root servers, allowing for resolution to the intended Web site. This means there is no Web site until the five days have passed and the domain name has been fully paid for.

ARGUMENT FOR: This would render some AGP abuse useless, as a domain name that does not resolve to a Web site cannot be tasted with the intention of measuring traffic and

³GNSO Issues Report on Domain Tasting

⁴ Legitimate registrars versus significant tasters as determined by FairWinds Partners according to add-delete ratio thresholds

assessing profitability. The 5-day period is left in place for registrars and registries to test their systems and to protect against credit card fraud and customer mistakes, allowing for flexibility to address refunds from the applicable registry.

ARGUMENT AGAINST: An argument against waiting until day six to activate the name is that it does not necessarily mean that fewer names will be registered unfairly, thus it fails to completely eliminate the consumer harms ultimately caused by many Web sites. Another argument against waiting until day six is that it will impact all domain name registrants. Domain name registrants, consumers and businesses alike, have become accustomed to being able to buy a name and activate it to resolve to Web content immediately. This change could have a negative impact on consumers and the Internet community at large. While a large majority of registrants can afford to wait five days for their domain name to resolve, there are rare cases that demand urgency.

MODIFICATION: A potential amendment might take into consideration the legitimacy and urgency of the registration and offer the registrant the ability to give up their right to delete and receive a refund. This would allow certain registrants to activate content immediately. It would also force registrars to implement additional fraud prevention methods or to opt out of providing immediate activation if they were concerned with having to absorb the cost associated with a fraudulent registration.

CADNA Position

In agreement with much of the Internet community, CADNA believes that the AGP is extremely harmful to consumers and businesses since it enables domain name tasting. While there are legitimate uses associated with the AGP, the abuse of this policy conducted by certain registrars has created a situation that demands immediate action.

CADNA calls for ICANN to take immediate action that definitively discourages abuse while minimizing any compromise to well-intentioned competition. While the current review of domain tasting within ICANN (The Ad Hoc Group) is a step forward, millions of names are added and dropped on a daily basis and consumers are harmed as a result. The review of this issue and the possible solutions to it cannot be afforded months and years. We call upon ICANN to protect its integrity; the integrity of the namespace, and the Internet by taking immediate action while this issue is further reviewed. As an immediate step, ICANN should perform complete audits of ALL accredited registrars to identify those that participate in tasting. This includes frequent tracking add/delete ratios and reporting on who is being sued for illegal cybersquatting connected to such practices, and ultimately, revoking accreditation for those who have breached their RAA obligations or have otherwise violated the Anti-Cybersquatting Consumer Protection Act (ACPA).

Furthermore, CADNA strongly believes that the AGP policy needs to be significantly amended in order to address domain tasting and its subsequent harms.

The following are factors to be taken into consideration:

1. Sufficiency of deterrence
2. Potential disruption to the provisioning of ongoing services
3. Sufficiency of registrar accountability
4. Implied additional registrar, registry, and ICANN administrative and direct costs
5. Solution balance

In light of the preceding analysis of issues surrounding tasting solutions, and in the interest of identifying an immediate means to curb the abuse, it would appear that **closing the AGP** is the most practical solution to effectively address domain name tasting. Other proposed solutions including shortening the AGP or monetization of the abuse through a restocking fee pose logistical challenges both in terms of implementation and enforcement. In addition to closing the AGP, and while it should be obvious, registrars should be prohibited from registering domain names involving trademarks in their own names, thus reducing cybersquatting and potential harm to consumers.

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