

## ICANN Economic Framework Studies – Public Comments

In the context of these economic studies, I would make the following observations which the ICANN Board and Staff might take into consideration, particularly with reference to any further studies and projects which may be under consideration.

**1. New TLDs and the business cycle:** I expect that there is an approximate relationship between the business cycle and successful investment in new TLD Registries and registrations in new domain names. If so, then that relationship is probably accentuated during the current economic crisis.

Accordingly, although in general I have advocated – and still do - the creation of new TLDs, I would suggest that in the present economic situation, in all the principal markets, it is perhaps the worst possible moment to launch new TLDs and to expect them to succeed.

**2. TLD Registries should be not-for-profit businesses:** The Domain Name System manages resources, and particularly names, generic words and related strings that are primarily in the public domain. The most appropriate model for DNS Registries is as not-for-profit organisations operating in the public interest.

The precedent for the for-profit Registry business model dates to the original contract between the US National Science Foundation (NSF) and Network Solutions (as it then was). ICANN should be looking for ways to dissociate itself from the consequences of that precedent, particularly as the globalisation of the DNS, including through IDNs, will lead to circumstances where the for-profit model becomes quite unacceptable to the Internet Communities and Public Authorities concerned.

**3. The secondary market for Domain Names:** Domain names that have been discontinued, abandoned or renounced should revert to the Registry and return to the pool of available names. I see no justification for having a secondary market in names. (There is no secondary market in telephone numbers or e-mail addresses). In any event, if there is a rent to be had from re-selling a name, it should revert to the Registry and to ICANN and not to any intermediary or speculator in domain names.

Obviously a secondary market in names which are otherwise protected under trademark law would be illegitimate. Consequently, the current secondary market is trading in names, words and strings which are all in the public domain. That is not appropriate.

**4. Diversification and discrimination:** The potential demand for new domain names is highly diversified and in some areas very specific. For the duration of the current economic downturn, ICANN should be encouraging and facilitating new TLD applications which address new market segments, economic and social niches, under-served languages and local and regional identifiers.

To achieve this objective, obviously the current one-size-fits-all application procedure and related financial charges are inappropriate. Also, a realistic business threshold needs to be established for Registry-Registrar separation.

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5. **Competition:** Creating new TLDs does not improve the conditions of competition in the DNS industry, primarily because of the lack of portability of names.

New TLDs increase the scope for choice in the initial registration of a new domain name, which is an advantage worth having, but is not to be confused with improving the conditions of competition between Registries.

Consequently, ICANN will be permanently responsible for the regulation of the market for domain names, particularly with reference to the larger for-profit Registries.

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I would also record my agreement with comments previously posted by Olivier Crépin Leblond.

Christopher Wilkinson

<cw@christopherwilkinson.eu>