

# **A Discussion Paper on the Introduction of New TLDs**

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Everyone who watched the ICANN Board select seven new top-level domains in November, 2000 knew that the selections would not be the last word on expansion of the Internet's root zone. Two years later, however, how ICANN might move beyond the seven new ones is still an open question.

This discussion paper grew out of a desire to greatly simplify the thinking behind whether, when and how to introduce new top-level domains to the Internet's root zone. It doesn't propose a timeline, lower or upper limits on the numbers of new top-level domains introduced at any single time, or objective minimum criteria for a new registry operator. What it does, however, is put into words some common sense truths about new top-level domains.

The next introduction of new top-level domains does not need to await a comprehensive evaluation of how the seven selected in November, 2000 have performed. *The process could begin simply by focusing on a few fundamental principles:*

1. The timing and method of introducing new top-level domains are more important to the stability and security of the Internet than the number of top-level domains.
2. The unwillingness of the root server operators to support new top-level domains will be a key indicator of performance problems related to the size of the root zone. Absent caution or complaint from the root server operators themselves, ICANN does not need to oppose or slow the introduction of new top-level domains on technical grounds.
3. The taxonomy of the Internet's namespace should be determined by market forces, not task forces. Users of the Internet domain name system will be better served by top-level domains added by market demand than by a structured and symmetrical top-down design.
4. Categorizing top-level domain proposals as "open" or "closed," "restricted" or "unrestricted," "sponsored" or "unsponsored," "chartered" or "unchartered" is less instructive than determining whether an applicant has a well-defined market for its proposed services. Whether that market is large or small is less important than whether the prospective users would be well-

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served.

5. The presence of a willing and able registry services provider, adequately capitalized for what it proposes to do, answers most of the questions about whether a well-defined market exists for a prospective new top-level domain.
6. Registry stability is important, but no new registry operator should be required to invest in infrastructure or staff not essential to its immediate needs. A new registry's initial infrastructure and staff support should be in proportion to its initial registration expectations though scalable to meet its long-term vision.
7. Start-up enterprises with strong management, adequate capitalization and controlled costs are at least as stable as established companies with millions in annual revenue. Large companies have no advantage over smaller ones for tasks that do not depend on size.
8. A selection process that, to the greatest extent possible, allows free market entry for new, able registry providers will create a more healthy environment for registrants and the DNS than one that advantages and entrenches existing market entrants.
9. User confusion in the introduction of new top-level domains should be minimized and registry-level competition should be encouraged. The mere possibility of user confusion, however, should not be misused as a shield against registry-level competition.
10. Top-level domains that encourage "defensive," redundant, or speculative registrations have less social utility than those that encourage the active use of the domain name.
11. Top-level domains that simply serve to segment the .com zone into discrete market sectors have less social utility than those that bring domain name registration services to underserved communities or bring new services to market.
12. Meeting the needs of domain name registrants is more important than protecting the legitimate interests of intellectual property holders. Protecting the rights of intellectual property holders is more important than protecting the legitimate interests of domain name speculators.
13. A proposal for a new top-level domain that depends on a scarcity of choice to guarantee itself an adequate market for its services is less viable in the long-term than one built with the expectation of facing robust registry-to-

registry competition in the future.

14. The uses for domain names, and the domain name system itself, will and should evolve. The infrastructure, software, and business models used by domain name registries will and should evolve. A selection procedure that looks only to the existing registries as the model of what works best may impede this natural evolution.
15. Because of the competitive effects of registrar-level competition, registrars have become the single best means of reaching and serving users of the DNS. Proposals that use and leverage the existing registrar network are more likely to benefit domain name registrants than those that choose to work directly with consumers. Domain name registrants benefit from proposals that encourage and enable registrar innovation.
16. Whether a registry whois is “thick” or “thin” is less important than whether information about registrations is readily available to those who need access to it. Whether a registry adopts a model of decentralized services or central control is less important than whether domain name registrants are well-served.
17. A top-level domain is beneficial to those who use it because it provides a distinct identifier. So long as a proposed extension serves the goal of identification, the fact that a new registry's proposed services also could be provided under a second-level domain name should not be an impediment to its introduction.
18. When faced with a well-considered, technically sound proposal for a new top-level domain that would open a new market segment, bring new services or competition to an existing market segment, or provide DNS registration services to an underserved community, ICANN's only consideration should be when and how the new top-level domain is introduced.
19. The effect of simple oversights and deficiencies in applications, as well as mistakes by the Board, are unfairly magnified when self-correction is not possible in the short term. Making the selection of new top-level domains a regular part of ICANN's operations will allow for better decision-making. Selection “rounds,” in which those not selected wait an indeterminate time for another opportunity, are less desirable than a predictable, regular evaluation process.
20. Escrowing registration data on a routine, regular basis will lessen the impact of a new registry's technical or business failure. “Back-up registries” for each of the top-level domains, selected through market mechanisms, will lessen the impact of a new registry's failure. A published plan to transition registry data from a failed registry to an existing registry will increase the

public's confidence in new top-level domains.

21. Given enough time and notice, domain name registrants can select a new domain name in an operational top-level domain and transition away from one that has failed in the marketplace.
22. The most significant value of the current "testbed" is simply having some companies go first while those that will follow watch and learn. While the data ICANN is gathering will provide some incremental additional value, the most important lessons of the testbed already have been learned.

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