

Proposed mechanisms for releasing 2-letter third level domains

Richard Baron
IOD and PAB Member

I have a suggestion about selling the two-letter names within co.uk. How about giving them to the Treasury to auction, with the proceeds going into the public purse, and letting the Treasury sort out the auction method? After all, they did a good job with third generation mobile telephone licences.

My reason for saying this is that we have accidentally created a valuable bit of territory in the namespace, and there is no good reason for the value to belong to one private individual or body rather than another. So why not let the value belong to all of us (through the public purse), and let the people who really want the territory decide whether to pay for it. They will not have to do so if they do not want to. If, for example, bt.co.uk is one of the names for sale, BT may decide not to bother but to stick with bt.com.

I think we should not worry about intellectual property rights-holders. Nominet has never got involved in adjudicating such rights so far as it can avoid doing so, and now would be a bad time to start. And if there is an auction, the prices are likely to be high enough to ensure that the names go to the rights-holders anyway.

Paul Westley
Internetters
Nominet Member

We welcome the news that you are to recommend release of 2-letter domains to the marketplace. The issue concerns the extremely high level of anticipated demand, and ensuring a fair mechanism. First-come, first-served is clearly impractical. Also an auction holds many potential problems.

How about adopting an approach like the "LandRush" period for the new .biz domains? With these, customers can make multiple applications each for a small non-refundable fee. All applications received by a certain date/time are then randomised and successful applicants registered. This way, anyone can have a reasonable (lottery) chance of registering these potentially valuable domains, and there would also be some additional revenues for Nominet to help cover the rising costs of customer service, and of administering this "lottery".

I would suggest we charge £5 per application. If someone really wants a 2-letter domain, it seems reasonable for them to pay £100 for 20 "tickets"../ for it.

Of course, any trademark holders would have protection under the Dispute Resolution Service.

William Isaac
Member and Tag Holder

The importance of this resource is such that there must not be (yet another) free for all, with blatant profiteering by a few to the general detriment of the many. I thus propose the following for discussion:

Key features of this proposal are:

- new 2-letter 3rd level names in the uk namespace are only issued to those having a legitimate interest in them
 - an independent panel arbitrates and enforces PAB guidance in this area, the ultimate sanction being withdrawal of the name
 - the process encourages the widest possible participation of the Internet community
 - the fee payable per two year period for successful applicants is no different than that for other names in the namespace
 - the process is transparent and provides obstacles to cybersquatters, not least that a large number of applications from the same source would result in applications being forfeit
1. An initial six month period in which applications for names can be registered, and a public database on which these applications are available for inspection.
 2. The procedure for registering the applications would be via the automaton, and tag holder's accounts would be debited with the normal 2 year fee upon application.
 3. Non-member tag holders and members of the public and bodies would be free to make applications for names, in respect of which they would remit the normal 2 year fee for applications made on that basis.
 4. Fees would be refunded to applicants who were not successful, except in circumstances detailed at 13 below.
 5. Applicants may optionally support their applications with a statement no longer than 500 words as to why they consider they should be issued with the name being applied for.
 6. Representations in respect of the granting of particular names to particular applicants may also be lodged, and these would also be publicly accessible.
 7. Representations may be either in support of or against the granting of a given name to a given applicant, or they may neutral, making general observations about the particular application.
 8. Representations may continue being lodged for 3 months after the close of fresh applications.
 9. Tag holders would automatically be allowed to make representations. Individuals, companies or groups would need to submit their representations in writing or by fax, and provide full contact details for their representations to be registered on the database, although only names and general locations would be published on the public database.

10. Each representation would be limited to 200 words, with only one representation in respect of each application per individual or tag holder being allowed.
11. An independent panel would be formed to review the applications and any comments submitted. The panel would be provided with guidance notes by PAB, and make its decisions on the basis of a simple majority.
12. The panel would have the right to refuse the issue of a name (even in the absence of objectors) if it believed the application lacked merit.
13. In the event of an application being unsuccessful, the applicant would have his/her/its remittance refunded in full unless, at its absolute discretion, the panel believed that the application was completely lacking in merit, was fraudulently presented, or was being made for the primary purpose of securing the name for eventual resale.
14. The panel would be required to give a written account of the reasons for its decision in respect of each name where an application had been considered, which would remain available indefinitely on the database for inspection.
15. After determining the applications from the initial period, the panel would re-convene quarterly to consider any further applications for names that had arisen since the previous cut-off point, subject always to applications having stayed open on the database for representations for a minimum period of 3 months prior to its being considered by the panel.
16. Two-letter 3rd level names in the uk namespace, once granted, would only be for the use of the applicant.
17. The panel would consider any representations of complaint where it was considered this rule was being breached. The panel would retain the right to suspend and ultimately to withdraw the name in the event of abuse being found.

This procedure may seem to some to be unduly cumbersome. However, I would welcome Nominet in its handling of this issue attempting to take a world lead in devising a fair mechanism for the allocation and policing of names in the namespace.

Alex Bligh
PAB and CoM

This provision for a "soft start" ../ mechanism is taken from Alex Bligh's proposal for .me.uk

Personal SLD Additional Rule 4 - Ability to provide a soft start

A4 NOMINET reserves the right to make domain registrations in the Personal SLD available in stages subsequent to public launch of the new SLD, so long as each possible domain name is made available on a First Come First Served basis.

NOMINET reserves the right to penalize those tagholders submitting applications for domain names which are unavailable.

It is felt that there is a risk that on opening the new SLD, there might be a large volume of initial applications. This holds two risks: Firstly, that very early applicants may benefit, at the expense of the public at large. Secondly, that the load might be so large as to cause NOMINET's internal systems problems.

A proposed mechanism of enforcing this scheme is detailed below:

1. An Introductory Period, with an announced length, which may be varied by NOMINET within preagreed limits, depending on operational load, shall be announced, during which the Personal SLD shall be active, but a not all domain names shall be available for registration.
2. During the Introductory Period, domain names shall become available for registration in an unpredictable and pseudo-random order. Those not yet available shall be so marked (NYA).
3. During this period, the whois server shall, when queried about an NYA domain name, return that the domain name is NYA. The whois server shall be rate-limited in the normal way. More than a given number of queries from a particular host in a given time period shall give no response.
4. During this period, tagholders who in any 24 hour period attempt to register more than (for example) 10 NYA Personal domain names shall have further registrations of Personal domain names returned for the next 7 days. NOMINET shall police applications for new tags to ensure that they are not simply to avoid this rule.
5. Each potential domain name shall have a sequence number attached to it, the number and the exact mechanism of generation of which shall be kept secure by NOMINET during the Introductory Period, by means of keeping their encryption key and number N (see below) secure. The sequence number shall be generated by encrypting the domain name with a fixed key, by performing a known hash function on the result, and by taking the modulus of the hash with respect to a fixed number N. The result of this mathematical process will be that each possible domain name will have a sequence number x associated with it, which will be between 0 and N-1, but that the sequence number will not be able to be determined outside NOMINET. The encryption key, and the number N shall be published by NOMINET at the end of the Introductory Period to ensure fair play.
6. NOMINET will release the domain names in ascending order of sequence number, starting by allowing registrations of domain names with sequence number 0, then sequence number 1, etc. It is suggested that this is initially done at a fixed rate - for instance if NOMINET released one sequence number per minute, with N set to 100,000, this would release the entire pool in about two months. Provided the entire pool is released within the time span allotted, NOMINET should be free to 'turn on and off the tap' as it wishes, to cope with operational load. As the sequence numbers will be evenly distributed, NOMINET can control the rate of additional registrations. During the process, NOMINET should periodically publish an approximation to a 'percentage complete' number, being the fraction $a/(N-1)$ where a is the highest sequence number currently permitted for registration .
7. During the introductory period, tag-holders will be incented not to register domains which they have not first checked, through the whois server, are not NYA (i.e. they will only register domains which they have first checked are available). They achieve very little by hammering the whois server. Provided the encryption and hashing mechanism are sufficiently secure, it will be very difficult to guess when (other than 'by the end of the introductory period') a given name will be available.
8. It is felt likely that this solution will, to some extent, transfer FCFS load to enthusiastic registrants. There is no reason why registrants should not query particular names (on behalf of clients) a reasonable number of times per day

(but not sufficient to cause the whois server problems), and as soon as that domain name ceases to be NYA, to send in a registration. Presumably they would charge clients a premium for this service.

9. Obviously it is vital that all tagholders have the opportunity of equal access to the whois server.

Whilst this model is far from flawless, it does provide the possibility of a 'soft start'.

Roy Bisson

PAB Member

"..I am at a loss to understand the reticence for complete freedom for SLDs. While we restrict their issue there can be a false importance. However, where there to be an unfettered issue policy on a first come first served basis, after an initial period the market will settle down. The problem is that restraint was exercised in the first place. As for 2 letter and 2 digit SLDs, the problems are compounded. The poor will resent being unable to participate in the high priced sale should it come, principally because they will be unable to have a crack at a huge profit.

After much thought I suggest a phased release on a biannual basis at a public auction that includes internet bidding, with the proceeds going to a suitable charity - say comic relief or something.

As for potential problems with ni.uk - this only exists if you think of it as Northern Ireland, it could be nominet industries, etc.! Let the punters think up the relationships, our function is to register the results."

Additionally following recent messages:

As far as I can see the concerns about problems of trademarks and litigation have no substance. Trademarks cannot be granted on the combination of two letters - they have to have some graphic "attachment" (either in the special font used or other ornate and particular appendages).

We all suffer from disappointment when we find somebody else has something we would like. The rich can afford to try and buy, but the rest of us just get on without. There will be a viable price, and some idiots will exceed it because tens or even hundreds of thousands of pounds are still small beer in some advertising campaigns. Everybody, both winners and losers, will feel better if the money taken is bound for a good cause.

Peter Gradwell

PAB member

My suggested model for release is as follows:

- a. We have an Intellectual Property (IP) Claim period of two months. For a fixed fee (which may be set so to cover the cost of a dispute resolution), a trademark holder may submit an application to show that they have an IP claim over the suggested domain name.
- b. If a single IP Claim is submitted for this domain name, then the domain shall be reserved for that claimant.
- c. If multiple IP Claims are submitted for a domain name then we shall invoke an instance of the new dispute resolution service (DRS) that shall act to judge on the most suitable registrant. Once the DRS have decided who shall receive the domain, it shall be reserved for that claimant.
- d. Upon entering the DRS procedure the parties shall enter into an agreement with Nominet that they shall state their intent, or lack of intent, to challenge the decision of

the DRS in court within a period of N months after the DRS judgement is made. If any party wishes to challenge the DRS decision then the domain in question shall be placed on hold until the potential owner of the domain is decided in law.

e. After the IP Claim period plus N months (from above) has passed the "claimed" domain names shall be allocated to their new owners, for which the owners must pay the normal registration fee. It is not intended that domains

f. For the domain names that have not been "claimed" ./ (and which are not on hold pending proceedings), it is suggested that they be entered into the pool and either made available on a first come first served basis, or, if it is likely that the number is significant (more than 10?), according to the process outlined in the "soft start" section or Alex Bligh's me.uk proposal.

Alex Bligh

PAB and CoM Member

Detailed here is Alex's proposal to the nom-pab list dated 11 July 2001-07-18

A. Announce an auction for the names, proceeds to go to NOMINET. One auction per name.

B. Anyone may register to receive details of the auction, which is important for reasons below. The time of the auction will be announced in advance. Any party may submit, in a prescribed form, details of any intellectual property interest they feel they might have on the domain name. Not submitting such information will not weaken their case later - this is just to put speculative bidders off. A condition of submission is that submitter allows NOMINET to publish the submission.

C. All the submission of potential intellectual property claims are posted publicly.

D. As a prequalification for participation in the auction, participants must agree, in advance, in writing, to be bound by the terms of the auction, and the dispute procedure. They must also pay a fee to cover the costs of their participation (say 100 pounds per domain name they are bidding for). They must acknowledge that they have received and read all the submissions as in (C) above. If there are no auction participants, wait [3] months and go to A. [if you just release the domain name, you create a situation where people will deliberately not enter the auction because sending 1000000 messages to the automaton is a less risky and cheaper option]

E. The auction will be held at the announced time, preferably electronically (spectrum licenses worked this way).

F. The 'winner' in the auction, is bound to pay the auction price immediately (else return to step A), however, the auction does not buy them the name itself - it merely buys them the right to be at 'the front of the queue' for the name SUBJECT TO a BINDING dispute resolution procedure. This is a key point. IE NOMINET has not yet assigned them the name, it's not in whois, DNS doesn't work, etc.

G. On payment, the winner is published, and a 3 month period is entered where disputes may be entered by complainants, on payment of a fee to cover costs [say 1000 pounds]

H. The winner, as an auction participant, has agreed to be bound by a dispute resolution procedure similar in form to the current DRS. The main difference is that the procedure is binding. Disputes are heard in the order of receipt (there may be more than one claimant). If the dispute is dismissed, the winner keeps (for that dispute anyway) his 'right at the front of the queue'. If the dispute is accepted, that right is transferred to the complainant, and no further disputes are heard [alternative: hold all disputes at the end of the period].

I. After all disputes are heard, the 'winner' or successful complainant (as the case may be) has the OPTION of paying their 80 pounds (discounted I suppose if they are a member) for the domain name. They sign a real copy of the terms and conditions. If they do not take the option (for some reason) wait [3] months, and go to A.

K. If the winner does take the option, treat from now on as a normal domain name. Any complainant can invoke the DRS (again) or go to court, as appropriate. Note that in the former step, only the 'winner' agreed to be bound by the psuedo-DRS, and this was only with respect to his 'place in the queue'. Of course, complainants may prefer to use the courts.

L. After [3] auctions of the same domain name, mark as reserved. Until the PAB visits the issue again.