

Re-introducing two-letter combinations at the Third Level

Background

Since Nominet took over the Registry in 1996, two-letter combinations (ie aa.co.uk) have been disallowed under .co.uk and .org.uk. Two-number combinations, ie 33.co.uk and 2 character combinations ie 3m.co.uk have been allowed for some time.

Two-letter combinations have been barred due to an historic resolving problem that is believed to no longer be an issue. In today's market the commercial desire to register two-letter combinations far outweighs the problems likely to be encountered using them.

In total, 31 two-letter combinations have been registered pre-Nominet, many of which are known to have exchanged hands for hundreds of thousands of pounds. There are 806 two-letter combinations, which have yet to be registered as Domain Names, of which the vast majority are known to be registered trademarks (where the name has the same string as the trademark).

Overview

Nominet invites the PAB to give careful consideration to the issue of how to open up the market for two-letter combinations. Nominet recommends that replication of second level domains at the third level ie .co.co.uk is continued to be disallowed.

Problems are likely to be encountered with a land-rush for the most commercially valuable names, and with the reaction of registered trademark holders to an auction of names.

Below is a summary of several potential ways of tackling the problem:

1. Sealed Bids
2. Nominet would announce the availability of two-letter combinations and publish a list of all 806 Domain Names. Sealed bids would be invited from interested parties, with the highest bidder being awarded the Domain Name.
 - **Advantages**
 - Maintains principal of an open Registry. Any disputes involving rights in a name would have re-course through the new DRS.
 - **Disadvantages**
 - Those with 'rights' in a name' would not necessarily have the first claim to a Domain Name

Likely criticism of Nominet on the basis of a 'non-profit organisation selling off names to the highest bidder'.

- 3.
4. Open Bids

5. An auction of names is held as above, but this time the process is similar to that used on ebay.com, whereby the highest price is published and people have an opportunity to outbid the current offer.
 - **Advantages**
 - Businesses have a better chance of getting the Domain Name that they want (for the highest price)

 - **Disadvantages**
 - As with Option 1

Likely to encourage warehousing

Those with rights in a name may be outbid

6. Sunrise Registration Period
7. Allows a window of time before the opening-up of two-letter combinations for general registrations. A Sunrise period would allow trademark holders to apply for the Domain Name that matches their registered trademark. Registrations would be processed on a first-come, first served basis and would involve vetting applications for certified proof of a UK, European or Internationally registered trademark. Registrations would be charged at the direct registration fee of £80 per time (plus a small admin fee based on a cost-recovery basis). If a trademark dispute arises during the sunrise period, there would have to be an arbitrator (possibly the PAB).
 - **Advantages**
 - Enables owners of registered (not pending) trademarks to have the opportunity to register first

Follows the sunrise proposals used in the establishment of the new gTLDs.

- **Disadvantages**
-

Contradicts principal of an open Registry and raises broader question of why Nominet cannot vet all applications

Those with other rights in name (personality, geographic etc) would not be given preferential treatment - but would still have recourse under new DRS

Summary

The need to open-up two-letter combinations is undisputed. However, the PAB needs to recommend which option would of least risk to the integrity of Nominet.