



ICANN Must Simultaneously Reveal TLD and Second-Level Registration Rules

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August 14, 2009

I outline two possible drawbacks with the idea of first revealing rules for the new proposed TLDs and then for second-level registrations. I propose a lottery process to initially allocate second-level domain names.

A number of people have voiced concerns about the idea of automatically granting the winner of the TLD a monopoly power over second-level domain registrations. We should also be worried about the financial interest ICANN has in not providing the rules for the two-level registrations simultaneously.

There is a lot of truth to the monopoly criticism of the first-come, first-served process. Let's say that a hotel chain wins ".hotels" and is automatically allowed to register all major city names, such as "Paris.hotels". Even if the owner of ".hotels" does not value "Paris.hotels" more than its competitors, the system gives the owner of ".hotels" an unfair advantage by allowing it to preempt the registrations of second-level names and later sell them to the highest bidder. However, the viability of monopoly power is not a foregone conclusion. Auction winners often overpay (the "winner's curse"), and a term like "Paris.hotels" will face competition from "hotels.com" (an already recognized brand) and "hotels.Paris". Third, there is a traditional separation between the registry and registrar, though [ICANN's support for the separation may be eroding](#).

To overcome the monopoly concern, a viable allocation process is a lottery. Parties interested in registering a second-level domain name can submit their requests during an initial period, with the domain name then being randomly allocated to one of them. This solution avoids both the general domain community's aversion to auctions and the inefficiencies that the current first-come, first-served process can create.

In conclusion, ICANN needs to explicitly incorporate the registration rules for second-level domain names within the new proposed TLD-allocation process. This information is imperative for the efficient allocation of new TLDs. ■