

Web address controversy deepens after U.S. warning

Georgina Prodhan, Reuters

A controversial attempt to expand Internet addresses far beyond the likes of .com, .org or .net has provoked a rare threat from the U.S. government to withdraw a key license from the body that runs the Internet's core functions.

The Internet Corporation for Assigned Names and Numbers (ICANN) depends on its U.S. government contract to coordinate the unique addresses that tell computers where to find each other, without which the global Internet could not function.

But this month the government warned that the non-profit body's rules against conflicts of interest were not strong enough and only temporarily extended ICANN's contract - which it has held since its formation in 1998 - instead of renewing it as many in the industry had expected.

A failure to secure the Internet Assigned Numbers Authority (IANA) contract would severely damage ICANN's ability to implement its address expansion program, the most radical move in the organization's history.

The conflict of interest concerns arise from the fact that some past and present board members stand to benefit financially from the liberalization of Web addresses through ties to organizations that make money from registering new domain names or consulting on the expansion.

Currently, organizations are restricted to a couple of dozen so-called top-level domains, such as .com, .org or .net, or country code domains such as .co.uk.

ICANN wants to enable brands, cities or firms seeking to build new Internet businesses to apply to own and run their own domains, for example .apple, .nyc or .gay, giving them more control over their Web presence and a greater choice of names.

"Not to award ICANN the IANA contract would be to completely knock it off its foundations," said Philip Corwin, who is legal counsel for the Internet Commerce Association, an organization for domain name investors and developers.

"ICANN needs that contract to have the authority they need to really make this program work."

The contract has been renewed until September.

A whole industry has already sprung up to take advantage of ICANN's initiative. One of those is Top Level Domain Holdings, a London-listed firm set up to acquire and operate the new domains, whose chairman, Peter Dengate Thrush, was chairman of

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ICANN when it approved the change.

TLDH has already put in 40 applications and intends to submit more for domains including .miami and .music.

BUZZ

Many critics are skeptical as to whether ICANN will achieve its stated aim of boosting competition and innovation, pointing to previous experiments with the likes of .aero, .travel and .museum, which have gone largely unused.

But convinced or not, hundreds of consumer brands feel forced to apply for their own domains - a costly and complex process that comes with obligations to actively operate the domain - fearing they will lose out to rivals if they do not.

A three-month window will close on April 12, likely for years and possibly forever.

A recent survey by Internet registry services company Afilias, which is applying for about 150 new domains on behalf of clients and already provides key infrastructure for .org, .info and .mobi, found considerable uncertainty about the process.

Of 200 major consumer brands it surveyed in the United States and Britain, 53 percent were either not aware that they could participate in the process at all or did not know that the application window was open and when it would close.

Of those who were aware, however, 54 percent of brands were in the process of applying, and only 6 percent said they definitely would not.

"There's a buzz about this now," said non-executive Afilias director Jonathan Robinson.

Others with less of a stake in the process call such behavior outright defensive.

"Of the people that I'm talking to, the vast majority of those that are moving ahead to apply don't have a concrete business initiative in mind for how they will use the registry," said Jeff Ernst of technology analysis firm Forrester.

"They're fearful of another organization getting their string, or they're fearful that another competitor will buy its own and get first-mover advantage in doing something strategic."

Stuart Durham, European sales director of consultancy Melbourne IT, which is preparing about 100 applications for customers, says interest is rapidly increasing as the end of the window approaches.

FINANCIAL INTERESTS

Joshua S. Bourne, a managing partner and co-founder of FairWinds Partners, a consultancy that works with brands on their Internet strategy, said some of the

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world's biggest brands were refusing to apply.

"I think we're going to be very surprised on May 1st when some of the world's biggest brands aren't included," he said. "They want to make a statement because they don't agree with the whole ICANN process, but in the end I think they'll regret it."

Rod Beckstrom, ICANN's outgoing chief executive, told Reuters this week the expansion was going smoothly. "We're holding the course. There's not a single complaint about anything to do with the administration of the program."

But at a major ICANN meeting earlier this month he warned it was time for the organization to tighten up its rules.

"ICANN must be able to act for the public good while placing commercial and financial interests in their appropriate context. How can it do this if all top leadership is from the very domain name industry it is supposed to coordinate independently?"

"Preserving ICANN's ability to act independently, in the public interest, is paramount to the future of the Internet and this institution," he said.

(Reporting by Georgina Prodhan; Editing by Erica Billingham)

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