



May 29, 2001

DNSO Names Council
Internet Corporation for Assigned Names and Numbers
4676 Admiralty Way, Suite 330
Marina del Rey, CA 90292

**RE: Submission for June 2, 2001 DNSO Names Council Meeting
Discussion Regarding Competing Internet Addressing Systems**

Dear Members of the Names Council:

At the request of several members of the DNSO Names Council, we are submitting this letter to the Names Council to provide its members more information regarding New.net's recent efforts to introduce greater competition in the domain name space, and offer businesses and consumers more useful and descriptive domain names. This briefing is especially timely in light of recent statements and writings by one or more Names Council members that severely mischaracterize and misrepresent New.net's business methods and technical implementation. We sincerely hope that the Names Council will consider fairly the facts presented in this letter as it addresses the issue of competing Internet addressing systems.

What is New.net?

New.net is a new Internet addressing business that sells domain names with new top level domain extensions (such as .shop, .inc., .travel, .kids, .family, etc.) that are more descriptive and useful than many of the domain names widely used today. Our domain names are accessible by Internet users that (1) access the Internet via an Internet Service Provider (ISP) that has modified its name servers to recognize our top level domains or (2) use a tiny downloadable client software application that enables the user to recognize our domain names. Currently, there are over 42,000,000 Internet users who have access to New.net domain names, and that number will grow to over 64,000,000 by the end of September and exceed 100,000,000 by the end of 2001. In addition, we have sold tens of thousands of domain names that are being used with active Web sites.

The ISP Solution

ISPs that choose to support New.net domain names generally do so by making a small modification to the configuration file in the software running their name servers to add the location of the authoritative DNS servers for all domain names ending in New.net top level domains. By making this change, the ISP automatically directs queries for New.net top level domains to our authoritative servers without involving the ICANN root servers. In all other respects, domain names with New.net top level domains function identically to domain names ending in .com, .net and other generic and country code top level domains. This is true for all applications and protocols that utilize DNS, including email. Consequently, a user subscribing to a supporting ISP can send email using New.net domain names to other users on the same or another supporting ISP.

Currently, the vast majority of the 42,000,000 Internet users that have access to New.net domain names can reach our names via one of our partner ISPs that has turned on access for its entire network. These ISPs include Earthlink, Excite@Home, Juno, NetZero and Prodigy, which are five of the top seven ISPs in the United States. New.net also is supported by a large number of smaller ISPs, both in the United States and internationally. Together these ISPs provide Internet service to approximately 44% of all U.S. Internet households. We intend to continue adding large and small ISPs that voluntarily elect to give their Internet users access to New.net domains. Despite the characterization by some that our partner ISPs are “conspiring” with New.net to mislead the public – a rather inflammatory statement against very prominent members of the Internet community – these ISPs all support our efforts to increase competition in the name space and offer businesses and consumers greater choice.

The Client Application Solution

To enable users that do not use one of our partner ISPs to access New.net domains, we offer users the ability to install a tiny client software application that makes such access possible. The client application can be easily downloaded and installed from our Web site in a few seconds with two clicks, and we bundle our client application with other software programs that consumers download from other Web sites (with full disclosure about our product). The client application works by appending “.new.net” to the end of New.net domain names and sending the modified queries through the existing DNS infrastructure, where such queries are routed to New.net’s authoritative servers. The client application does this without affecting the user experience, as the domain name typed by the user remains in the browser address window without the modification. New.net’s client application does not currently support email applications, but we plan to release a version that does within the next month.

New.net has entered into contracts with leading providers of free software to bundle New.net’s client application with such software. Through these channels, New.net expects to add about 1,000,000 new users with access to New.net domain names each week. The client application is intended as a temporary solution for users that do

not use our partner ISPs to access the Internet; the need for the client application will lessen as additional ISPs provide access at the network level.

New.net's use of a client application is quite similar to the use of client software applications by Verisign and other ccTLD registries to resolve multilingual domain names. We note with some surprise that the persons who criticize our use of client software do not voice equal concern and alarm regarding these other companies' efforts to do the same.

Infrastructure

New.net operates a registry and several registrar Web sites for its domain names, including co-branded Web sites operated by our partner ISPs and other strategic partners. New.net also has thousands of affiliates that sell our domain names, and soon will be announcing that several ICANN-accredited registrars have agreed to start selling New.net domain names.

New.net operates a network of eight authoritative servers located in carrier-class hosting centers spread geographically around the world. These servers answer queries for New.net domain names submitted by Internet users trying to access Web sites using such domain names.

Disclosure

New.net is very mindful of the current limitations of the domain names that it sells, and we take great effort to communicate such limitations to our customers. Visitors to our website are aware that we provide very prominent disclosure on almost every page of our website regarding the current limited reach of our domain names, including detailed disclosure regarding the methodology that we use to calculate our current reach. We also remind purchasers during the purchase process of these same limitations. Any suggestion that New.net is "misrepresenting" its product offering is completely false.

Intellectual Property Concerns

New.net very much appreciates the concerns of the intellectual property community regarding expansion of the domain name space. To that end, New.net has instituted responsible measures to protect intellectual property rights similar to those adopted by other leading registries. Most significantly, New.net has adopted the same Uniform Dispute Resolution Policy required to be used by ICANN-accredited registries and registrars, and three of the four ICANN-approved dispute resolution providers have indicated their willingness to hear disputes involving New.net domain names. In addition, like other leading domain name registries, we provide full "Whois" information about domain name registrants, and we require them to specifically represent that they will not use domain names to infringe other parties' intellectual property rights. We also prominently warn registrants during the purchase process against using domain names for infringing purposes.

We continue to work with members of the intellectual property community to identify new ways that we can provide additional protections for intellectual property interests, of course balanced against the need to protect consumer privacy.

What Are New.net's Objectives?

New.net is a market-based solution to introduce and sell new domain names to businesses and consumers that want more descriptive and useful domain names. We intend to continue providing this service, while constantly working to increase our reach across the Internet and improve our product offering. We believe strongly in the power of the marketplace both to encourage innovation of new technologies and to provide meaningful regulation without the need for substantial political or governmental oversight. We recognize that ICANN can play a valuable role in acting as a technical standards-setting body, but believe that much of the policy and economic regulation of the domain name market should be left to market forces to decide. This position is articulated more fully in the attached paper entitled "A Proposal to Introduce Market-Based Principles into Domain Name Governance."

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As New.net completes its third month of operations, we hope that the Names Council will support pro-competitive initiatives such as ours. We believe that the Names Council would do much good by encouraging innovation in the domain name space that will lead to greater choice for businesses and consumers. Moreover, we think that the Names Council should steer clear of positions or taking actions that seek to subvert competition under the guise of protecting consumers from themselves.

We would be pleased to provide any additional information or assistance regarding New.net and other competing domain name systems.

Sincerely,

David M. Hernand
CEO
New.net

Cc: Peter DeBlanc
Grant Forsyth
Milton Mueller