

Internet's landlord will give 25,000 the old heave-ho

BY SIMSON L. GARFINKEL
Special to the Mercury News

TODAY, roughly 25,000 companies, organizations and individuals around the world will disappear from cyberspace.

The reason: They didn't pay their "Internet tax."

People who say that "no one controls the Internet" should meet the folks at SAIC Network Solutions Inc., a government contractor in Northern Virginia that runs the InterNIC — the veritable white pages of cyberspace.

Network Solutions is, in many ways, a government-created monopoly.

It is arguably the most powerful entity in the wired world, because it controls who gets what name on the Internet. And today Network Solutions is flexing its on-line muscle. For the first time in its 27-year history, the Internet will get smaller.

For those individuals, companies and organizations that failed to pay Network Solutions for the right to have their own address in cyberspace, their addresses disappear.

After repeated notifications by electronic mail, fax and even first-class mail, NSI says it has enough. Most of the domains that will be deleted today are probably not in use, but those that are will experience immediate problems: their users will be unable to receive electronic mail. People on the Internet trying to access the company's Web pages will see the ominous message, "The server name does not have a DNS entry. Check the server name in the location (URL) and try again."

How did Network Solutions achieve such power? That requires a bit of a history lesson.

The Internet started off life as the ARPANET, the network of the Department of Defense's Advanced Research Projects Agency. Membership was limited to a few military research labo-

COM	364,677
NET	3,473
GOV	401

MERCURY NEWS

ratories, some government contractors and the universities where the network technology was being developed. Registration services were provided by SRI International, a defense contractor in Menlo Park.

That's where things stood until the mid-1980s, when the National Science Foundation embarked on a national project to give U.S. scientists and researchers access to supercomputers. Rather than build a supercomputer center at every university, NSF decided to build a small number of regional centers and fund a network — NSFNET — to connect researchers around the country with the big machines. In short order, NSFNET became the newly renamed Internet's first high-speed backbone.

See NSI, Page 4E.

Net's landlord to give 25,000 the old

■ NSI

from Page 1E

As NSFNET grew and more schools got access to the Internet, the registration center at SRI was increasingly doing non-military work on its military contract.

"Not surprisingly, (the Defense Department) felt that it wasn't its mission" to run a civilian network, says George Strawn, who runs the National Science Foundation's Division of Networking and Communications Research and Infrastructure.

In 1992, Strawn published three solicitations for companies to provide Internet service to the NSF. The first was to run Internet registration service. The second was for directory service. And the third was for information services. The five-year contracts were awarded in 1993 to Network Solutions, AT&T and General Atomics, respectively.

Eighteen months later, the contracts were put up for external review. As a result of the review, the General Atomics contract was terminated, but the other two continued. Little did anyone realize at the time that the stage had been set for Network Solutions to become the 800-pound gorilla on the Internet.

Network Solutions is the Net's 800-pound gorilla — it controls wh

The original contract

As its contract with the government was originally written, Network Solutions was paid an annual fee to handle all new Internet registrations and changes, says George Strawn, who runs the National Science Foundation's Division of Networking and Communications Research and Infrastructure. But last year, as the result of the skyrocketing number of new registrations, the NSF gave Network Solutions the go-ahead to start charging newcomers \$100 for each domain they wanted, and a \$50 annual fee for the renewal of existing domains.

"The bottom line for me and for the NSF management was that with the explosion of commercial interest in the Internet" it was not appropriate for the Science Foundation to continue subsidizing the operation, Strawn said.

"It's almost like a repeat of what happened some years before when the military decided that most of the registration wasn't being put to military purposes. Now most registration activity wasn't being put to re-

search and education. NSF doesn't have the mission to support commercial users of the Internet," he adds.

Costs also were spiraling out of control. Whereas the NSF contract originally had provided for roughly \$1 million per year for registration service, the Net's explosive growth meant that costs were quickly approaching \$1 million per month, Strawn says.

That's why it was decided so quickly to start charging fees for the registration of domain names, Strawn says, and with little public discussion. There was a pressing financial need to do so. The decision prompted cries of foul from the Internet's eclectic crowd of hackers and academicians who saw the move as a power grab.

"NSF was sorry to move with dispatch in terms of the way that it handled fees, and did so only because of financial expediency," he says. "We are trying not to pull any more fast ones on the Internet community without a more complete discussion in an open forum."

In other words, any company or person that wants its own special address on the Net must pay

Network Solutions for the right.

Network Solutions' contract puts it in control of the Internet's five top-level "domains" or suffixes — ".com" for companies, ".org" for non-profit organizations, ".net" for network service providers, ".edu" for educational organizations and ".gov" for civilian agencies of the U.S. government. (Network Solutions also controls the ".mil" domain, under a separate contract with the military.) The NSF's decision was a financial windfall for Network Solutions. During the first 2½ years of the NSF contract, Network Solutions was awarded a total of \$4.4 million, according to NSF figures. But under the new system, Network Solutions' domain registration service is bringing in nearly \$3 million a month — even though half of its tenants are in arrears on their rent.

The company's defacto-monopoly on the Internet registration service has privately been valued at more than \$1 billion, with its contract not up for renewal again until 1998.

Meanwhile, the Internet and more specifically the World Wide Web, keeps getting more and

heave-ho today

o gets what address.

more popular. In April of this year, the last month for which statistics are available, NSI registered approximately 49,000 domains, said David Graves, NSI's Internet Business Manager.

Unanticipated problems

The fundamental problem is that the incredible growth of the Internet has spawned problems no one anticipated. The Net is running out of names for commercial and business uses — which all must use the “.com” extension.

While there is only one Internet and one “.com” domain for commercial or business users, there are many businesses and products that have the same name.

For that reason, Jon Postel, one of the original inventors of the Internet and the Domain Name System, has suggested that additional commercial domains be created.

But rather than offering four or five new commercial domains — such as biz, inc or corp — Postel wants more than 100 choices. The domains could be administered by different companies, which would break NSI's

monopoly.

That could change the entire dynamics of the Internet. But that's in the future. Today, there is only one company administering the domain registration system. And just like any other business — has had people who haven't paid their bills. David Graves, Network Solutions' Internet Business Manager, estimates that only about 50 percent of the people and companies that have “purchased” domain names actually have paid up.

Until now, NSI has not deleted any domains for non-payment.

“We have been trying to give the benefit of the doubt to new applicants,” says Graves. “About a month ago, as a final effort to those who hadn't paid, we started sending out a . . . letter to the registrants themselves — to the president of the company that holds the domain name, and explained to them that we haven't received payment, and if they don't pay by a specified time their name will be removed from active use.”

Hence today's cutoff.

After repeated notifications by electronic mail, fax and even first-class mail, NSI says it's had enough. Most of the domains that will be deleted today are probably not in use, but those that are will experience immediate problems: their users will be unable to receive electronic mail. People on the Internet trying to access the company's Web pages will see the ominous message, “The server name does not have a DNS entry. Check the server name in the location (URL) and try again.”

Graves doesn't know if the company's get-tough policy will dampen the growth in domain names or not.

“Once people realize that in fact their names will be removed from active use for failure to pay, that may have an impact on the number of people who register domain names,” he says.

Address battles sometimes find a home in court

Salinas man fights for his good name on the Internet

BY SIMSON L. GARFINKEL
Special to the Mercury News

All Philip L. Giacalone wanted was a home of his own on the Internet, an e-mail address that was uniquely his, an electronic domicile he could pass down to his 3-year-old son.

So early this year, Giacalone applied for his own Internet domain name. It was granted Jan. 9 by SIAC Network Solutions, the company that administers the Internet domain system under a National Science Foundation contract.

According to court papers, Giacalone, a computer consultant and Internet expert who lives in Salinas, picked the Internet domain Ty.com, named after his 3-year-old son. He then built a modest Web site, called TechYard, which demonstrated his Web programming prowess. And that's when the problems started.

Unknown to Giacalone, there was another Ty: Ty Warner. Ten years ago, Warner started a company in Chicago that makes stuffed animals for children. The company is also named Ty.

In late January, Ty Inc. asked Network Solutions for the same domain name, Ty.com. Since the name already had been handed out to somebody else, the request was turned down. So Ty Inc. went to Giacalone and offered to buy the Ty.com domain for \$1,000.

"He told them, 'I'm not interested in selling it. It's my son's

name. Maybe someday I will give it to him when I'm through with it,'" said G. Gervaise Davis, Giacalone's attorney.

First suit in '94

This isn't the first time disputes have arisen over Internet domain names. The first was in 1994, when Knowledgenet, an Illinois corporation, sued computer programmer David L. Boone, Boone's Internet provider and Network Solutions for trademark infringement over the domain name Knowledgenet.com.

Before the lawsuit, NSI handed out domain names on a first-come, first-serve basis. As a result of that lawsuit, which was settled out of court, Network Solutions adopted a formal dispute policy, which it amended last year.

On May 6, Network Solutions sent Giacalone a letter reminding him of the rules to which he had agreed when he applied for the name. Once the InterNIC, the white pages of cyberspace, receives a complaint from a company that holds a trademark, as it did, the domain holder has three choices:

If the holder has a federally registered trademark or service mark, he or she can simply send it back to Network Solutions and continue using the domain as before.

But if the domain name holder does not have a trademark, as was the case with Giacalone, the domain holder can either immediately "relinquish the disputed name and agree to transfer it to the complainant," obtain a new name or refuse a new name.

Names in court

The six lawsuits against Network Solutions are evenly divided into two groups: trademark holders suing to take control of domain names possessing their trademarks, and domain name holders suing to keep control of their domains.

Suits by trademark holders:

Suit: Knowledgenet Inc. sued over NSI's refusal to assign Knowledgenet.com to Knowledgenet Inc.

Result: domain transferred to Knowledgenet Inc.

Suit: Prostate Products Corp. sued NSI for prostate.com.
Result: domain transferred to Prostate Products

Suit: Panavision International

Result: NSI removed from lawsuit.

Suits by domain holders:

Suit: Roadrunner Computer Systems sued to block having its domain roadrunner.com put on hold after a dispute with Warner Bros.

Status: Domain dispute appears settled, with Roadrunner keeping the domain, although the company is now suing NSI for damages resulting from the original lawsuit.

Suit: Digital Computing Inc. sued to block having its domain DCI.COM put on hold.

Status: Domain DCI.COM now belongs to Data Concepts Inc.

Suit: Philip Giacalone sued to block having his domain TY.COM put on hold.

Status: pending

MERCURY NEWS

"In that case," said Network Solutions' letter, "the disputed name will be placed in a 'hold' status, where no one will be able to use the name until the dispute is resolved."

Giacalone chose a fourth option: He sued both Network Solutions and Ty Inc., demanding a declaration from the court that his use of Ty.com does not infringe on Ty Inc.'s trademark; an injunction against Network Solutions to prevent it from assigning the domain to Ty Inc.; an order canceling Ty Inc.'s trademark registration on the letters "Ty" as they appear in a heart on the company's logo; as well as court fees, legal fees and \$100,000 in damages. The case is pending in

U.S. District Court in San Jose.

"It seems that Mr. Davis has turned (this) into a trademark infringement case, based on the papers that he has filed," said an attorney for Ty Inc., Sidney Katz, who plans to argue that the case isn't about trademarks, but contracts. "The question is one of a contract arrangement that everybody is a party to with Network Solutions Inc."

Sixth case

The Giacalone case is the sixth such lawsuit against Network Solutions, says David Graves, NSI's Internet business manager. Nevertheless, he says, the fact that there have been only six lawsuits, when there are now more than

400,000 registered domains, and the fact that the lawsuits have been evenly split between trademark holders and domain holders "suggests that the policy that we have may be reasonable."

Marina Larson disagrees. She's the attorney for Roadrunner Computer Systems, an Internet service provider in New Mexico that sued Network Solutions after Warner Bros. claimed that Roadrunner's domain, Roadrunner.com, conflicted with the studio's trademark on the animated character.

Larson also criticized Network Solutions, saying that the company has been "secretive" and "autocratic" in how it formulates its policies.

Recently, Network Solutions asked the court to dismiss the Roadrunner lawsuit, saying Warner Bros. no longer contests Roadrunner Computer Systems' use of the domain name. But Larson is pressing on, asking for damages to pay more than \$20,000 in legal fees.

Assurances wanted

Larson also wants some assurance that her client won't be put through the same process again.

"For people to do business on the Internet, they need some level of certainty," she says. "They need to know that if they are going to make an investment of time and energy and money and corporate good will, it's just not going to get snatched away from them... The current policy lets somebody just come in and take a domain. They don't get to use it, but they get to take it away from you."

Internet landlord delays evictions

BY SIMSON GARFINKEL
Special to the Mercury News

The company that controls who gets what name on the Internet delayed for a week Monday its plans to delete the domains of 25,000 individuals, organizations and corporations for non-payment.

SAIC Network Solutions Inc., the government contractor that runs the InterNIC — the white pages of cyberspace — also upgraded its phone system and expanded its business hours partially to accommodate the flood of concerned customers.

The Northern Virginia company announced plans last week to pull the plug on groups that failed to pay NSI for the right to have their own address in cyberspace.

See NETWORK, Page 8E

8E

San Jose Mercury News • Business

Internet landlord delays evictions of 25,000

■ NETWORK

from Page 1E

"We appreciate the significance of domain names to people," said David Graves, NSI Internet business manager. "We thought that getting the word out in the media via our press release, saying that there was one more week to make payment, was a reasonable thing to do."

It was perhaps more reason-

able because many people trying to reach NSI on the telephone last week couldn't: the company's phone system was perpetually busy. The reason, said Graves, was that NSI had outgrown the capacity of its existing phone system and had another one that was about to be installed. The new system, installed Sunday, increased the number of phone lines reaching NSI by 50 percent from 18 to 24.

Many people had complained about difficulty in reaching NSI. "They seem to be unable to communicate via fax or regular mail, in terms of sending bills or doing anything. Their payment phone number is continuously busy," said David P. Pollak, president of Athena Design, a Boston-area software company.

Pollak also experienced problems with the security surrounding NSI's system for updating domain name records, when his company's domain, Athena.COM, "was inadvertently switched from us to another service provider, because the service provider inadvertently put in a change request for Athena.COM, rather than Athena-Group.COM," he said.

Only a quick technical fix by the other service provider prevented Pollak from losing all e-mail directed to Athena.com. "Fortunately, the service provider was kind enough to make sure that our service was not interrupted," he said.

In addition to getting new phone lines, said Graves, NSI is now offering extended business hours: from 7 a.m. to 9 p.m. (EDT), and from 8 a.m. to 5 p.m. (EDT) on Saturdays and Sundays. Having made it "as clear as we could make it to people that they have to pay for their name, and we are going to make it even easier to do that," he said.

■ VALUJET

from Page 1E

He said the action, which halted all flights from midnight (EDT), is temporary until the Atlanta-based carrier demonstrated "appropriate corrective action."

"Safety is obviously the highest priority," Hinson said.

He said the FAA, which had conducted the equivalent of four years of surveillance in four weeks, found "several serious deficiencies" in ValuJet's maintenance programs and "multiple shortcomings" in its oversight of contractors who perform some of the maintenance on the airline's fleet.

At the ValuJet reservations center in Savannah, Ga., Fred Houston, a shift supervisor, said

agents were telling passengers who had pre-paid for their flights that the airline would credit their money toward future travel for up to a year or return it either to the travel agents who booked the flights or to the passengers' credit-card accounts.

Houston said ValuJet did not have reciprocity agreements with any other airlines and so could not book passengers on those carriers instead. "Quite obviously," he said, "right now the other airlines are tickled to death, since they charge more money than we do."

The FAA's move comes as a heavy blow to an airline that in the weeks since the crash has been found fraught with management, maintenance and safety problems.