



Claiming the virtual domain

A new frontier for speculators has opened up. **Peter Gibb** argues our failure to get to grips with the virtual world is impeding much needed reform.

BUSINESS is booming on the internet. Economic activity takes place there, and profits are made and taken to the real world. After the bursting of the dot.com bubble stocks are again rising and profits are being made. But wealth is not only created by online retailers like Amazon.com, or by the developers behind such sites.

It is clear that the development of the virtual world has required investment and the application of capital, and investors have been receiving their rewards. It is also clear that initiative and enterprise has been required, in the form of labour. From the key personalities who have driven the virtual world project from the top, to the many engineers and others who have designed and built the systems hard and soft – they have received wages for their work. But what of the third leg of the classical economic stool? What of 'cyber-rents' – and what of a public aspect of the virtual world?

The foremost life of the virtual world subsists in the World Wide Web (see *right-most*

box). The building of the Web is a never ending project. It is surely the unmatched wonder of the modern world – a feat of individual and joint effort which is producing mankind's greatest ever knowledge institution. The internet is the physical structure within which the Web and other aspects of the virtual world is built (see *box below*).

The socio-political fabric of the virtual world is not directly comparable to what we know of the real world. But let me draw out some analogies. The World Wide Web can be seen as the private life of the virtual world. A

website can be seen as a particular and private development and activity at a defined place – of a virtual geographic location. The World Wide Web is the aggregate of all the activity and enterprise of people and organisations in the virtual world. It is the output of their labour. The Web equates to the private realm or private sector in the real world.

Let us examine what is the 'landscape' of the virtual world. The human geography of the real world is its form and function insofar as it relates to human life. Web 'domain' is the geography of the virtual world: it is the human

the Internet Wikipedia defines the Internet as "a worldwide, publicly accessible series of interconnected computer networks that transmit data by packet switching using the standard Internet Protocol (IP). It is a 'network of networks' that consists of millions of smaller domestic, academic, business, and government networks, which together carry various information and services, such as electronic mail, online chat, file transfer, and the interlinked web pages and other resources of the World Wide Web."

geography of the World Wide Web, and its places and locations are manifested and valued through the commonality of our humanity.

In order to facilitate a meaningful understanding of the virtual world by its users, a system using natural language is used to identify and locate its landscape (the underlying geology of which is made up of 'IP addresses', a fixed number coding of computers). That system is called the Domain Name System (DNS). A domain name is a humanly meaningful name for a location in the virtual world. They are the key components of what are colloquially known as 'web addresses' – such as WWW.LANDANLIBERTY.NET.

The domain name system itself, put simply, is like the phone book. The system associates domain names with various sorts of computer information – and translates back and forth between human-readable names and the underlying IP addresses that the network needs to deliver information.

In principle web domain is boundless. Each address can be made up of up to 127 'labels' – the primary elements of a domain name – and each of those 'labels' made up of up to individual 63 characters: although complete domain names are limited to 255

characters. But even the name length to the real world – 14 characters – there are a thousand, billion, billion individual domains. So all intents and purposes

Virtual location, however, can act as meaningful and certainly finite. There is a (secondary) domain name limited number of top level domains – such as COM and LANDANLIBERTY

Indeed the majority of billion billion domain names capable of identifying a browser to a unique site be random configurations in themselves unremarkable and with no human importance. The website the domain SEX.COM, and other respects including would not be worth its three characters

From the other angle, other parties who might want to offer similar content, but whom of course would be excluded from locating at sex.com, would be disadvantaged in relative terms.

One of the reasons for the value of domain names, according to Wikipedia, is that "even without advertising or marketing, they attract clients seeking services and products who simply type in the generic name." Such 'Direct Navigation' or 'Type-in Traffic' is especially important for such generic domain names as MOVIES.COM (currently owned by Disney) or BOOKS.COM (currently owned by Barnes & Noble). These domains are "extremely easy for potential customers to remember, increasing the probability that they become repeat customers or regular clients."

So a pattern of value contours can be read out of the naming of virtual domain. But domain does not have value as a result of the physical location of the website within the infrastructure of the Internet in the real world – demarked by the grid reference of the host computer server. Nor does domain have value because of the location of the website in absolute or relative terms within the World Wide Web – demarked by the absolute locator of IP address. The primary value of any undeveloped virtual domain arises solely as a result of the commonality of meaning within shared natural language. From the commonality of natural language, and in particular – and to the increasing exclusion of all other natural languages – English, we can derive a commonality of domain.

Language is our common property. Virtual domain is in effect the local monopoly of language, and those excluded from some part of its use – that is the rest of the community – should be compensated for what they have given up.

Language, and so domain, is not a private resource: value accruing from its monopolisation is public property. As Mill would doubtless have gone on to say: "the increase in the value of domain, arising as it does from the efforts of the entire community should belong to the community and not to the individual who might hold title".

However that virtual value cannot be collected by any scheme of rent collection for public revenue based on real world location,

because rent created in the virtual world is independent of that location. (See box, right) So to develop a solution we must now consider two key questions: how are domains allocated to title holders? and how are domains priced and paid for?

Domain names are assigned on a simple application basis by domain name registrars. These are companies accredited by the Internet Corporation for Assigned Names and Numbers (ICANN) or by a national top level domain authority to register Internet domain names. These companies offer domain names in a "retail" capacity (as opposed to the "wholesale" domain name registry operator). Individuals and organisations wishing to register a domain do so through a registrar, and in general names are allocated on a first-come-first-served basis.

The retail cost of domain registration is set on a competitive commercial basis by individual registrars. Typically a .co.uk domain might cost £3, and a .com domain £9. Registration is typically renewable annually, at that same charge.

That accreditation agent, ICANN, is a non-profit corporation "for charitable and public purposes" under the California Nonprofit Public Benefit Corporation Law. It was created in 1998 to oversee a number of Internet-related tasks previously performed on behalf of the US

Government. ICANN oversees the assignment of domain names and IP addresses.

It should be noted that ICANN's existence is not uncontested. In fact there have been calls for its fundamental reform, including: the organisation's full disengagement from the US government, with the annulment of their historic contractual links; privatisation; the organisation's proper internationalisation, perhaps as a new UN agency; the organisation's dismantling and the allowing of Regional Internet Registries directly to manage addresses; complete deregulation and the abandonment of all central control, making the DNS namespace a free-for-all, and; the establishment of a completely new not-for-profit organisation, without the existing ties and interests of ICANN, which are seen as compromising.

Individual registrars pay transaction fees to ICANN for the domains they retail. The

current fee is 25¢. (In passing, it should be said that registrars do also pay other fees to ICANN, including a prohibitive \$50,000 initial application fee.)

Within any given top level domain, the acquisition price of any domain name is a flat rate. Valuable domains, or those that will become so, cost the same to acquire and retain as any other domain. sex.com's annual renewal fee will be around £9. If through some oversight on the part of the IT manager at sex.com the registration is not renewed on the date for doing so (and on average 25,000 domain names lapse and are deleted every day), and the holder's title lapsed and the domain became available for purchase, the fee which ICANN would charge the new owner would be the usual – 25¢. Although it is likely that an eagle-eyed manager at a domain registrar would snap it up for resale at a price somewhat higher than their standard rate.

According to Wikipedia "an economic effect of the widespread usage of domain names has been the resale market (after-market) for generic domain names that has sprung up in the last decade. Certain domains, especially those related to business, gambling, pornography, and other commercially lucrative fields of digital world trade have become very much in demand to [sic] corporations and entrepreneurs due to their importance in attracting clients." An increasing amount of money changes hands each year with the resale of domains. DNJournal reports the highest price at public sale of a web domain name is PORN.COM – sold in 2007 for \$9.5 million (in cash apparently, which no doubt had the anti-laundering guys scurrying). Web commentator Marv Quin forecasts that 'domaining' – the business of buying and selling domains just like real estate, will be "a \$4 Billion Industry by 2010". My own guess is that this is a conservative estimate.

Cyber-rents, in the event they are not collected for public purposes, do not evaporate – they are creamed off by private interests as unearned windfall profit. That is not right. It is unfair on the excluded majority. How can the way the virtual world works be changed to prevent unjust profiteering? And can we at the same time create a valuable new stream of public revenue which could diminish the

need to tax enterprise virtual world? (– a thin to achieve in any case.)

Two relatively simple in place. First, title to allocated according to with rights leased and rent and not an implicit rents received for the be collected and applied. National top-level domain might be administered revenues collected for) non-national top-level might be administered revenues collected for) as the United Nations.

Managing and administrative responsibilities should of a community of reference bodies, converted to not and operating as arms governments or public

The two questions should be allocated and be priced and paid for the future of the internet age of increasing or they will define the future public revenue, and of public services and infrastructure

Peter Gibb is editor of

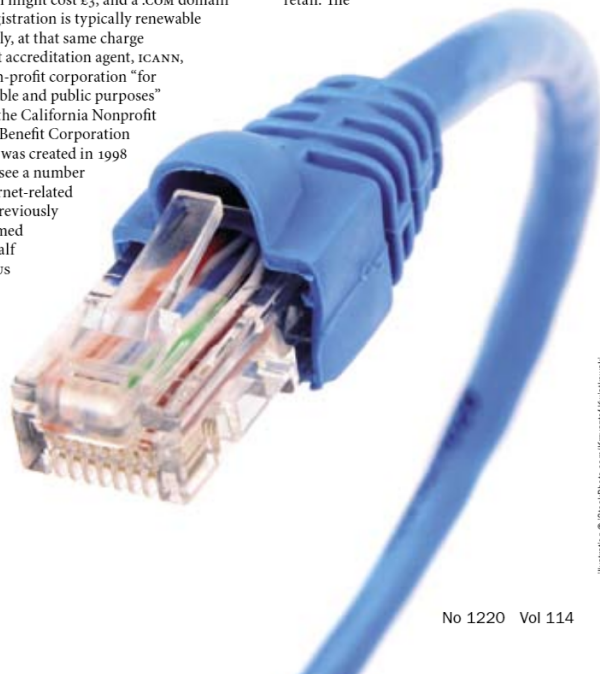


Illustration © iStockPhoto.com/Krzysztof Kwiatkowski