



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2.2.2000
COM(2000) 153 final

COMMISSION WORKING DOCUMENT

**THE CREATION OF THE .EU
INTERNET TOP LEVEL DOMAIN**

COMMISSION WORKING DOCUMENT

THE CREATION OF THE .EU INTERNET TOP LEVEL DOMAIN

SUMMARY AND CONCLUSIONS

This paper considers the creation of a ccTLD Top Level Domain for the European Union: .EU.

The paper argues that the creation of this domain would strengthen the image and infrastructure of the Internet in Europe, for the purposes of the European Institutions, private users and for commercial purposes including electronic commerce.

The expansion of the Internet Domain Name Space that was envisioned in 1996 has not taken place for several reasons, and the question is still on the agenda of the new ICANN organisation.

The limited alternatives available in Europe have given rise to individuals, companies and organisations seeking registrations in the World Wide Web in the US-Based existing TLDs, (e.g. .COM), and in other TLDs elsewhere¹. In such cases, it is difficult to ensure the appropriate degree of adherence to European law and policies such as competition, data protection, IPR and consumer protection.

The European Institutions themselves have also had to adopt sub-optimal solutions, including .EU.INT and .CEC.BE etc.

Furthermore, for historical reasons, the national ccTLD Registries in Europe generally restrict themselves to accepting registrations from within their own national jurisdiction and, with some exceptions according to relatively restrictive registration policies². While this approach reduces the risk of conflict of laws, it does not necessarily suit those operators that wish to function throughout the Internal Market and globally.

This document also raises six key questions:

Question 1: *Please comment on the above outline of the delegation of the .EU TLD to a Registration organisation: the Registry. Are there alternative models for the Registry organisation that should be considered?*

Question 2: *What should be the main criteria for the .EU Registry's registration policies?*

How should the registration policy be developed and implemented? By the Registry organisation, by a distinct consultative body or by the European Commission itself?

¹ . Such as Niue (.NU) and Tonga (.TO).

² . Whether or not these policies are consistent with EU competition and internal market law is currently under consideration by the Commission.

***Question 3:** Would it be appropriate to apply the WIPO disputes and trademark policies as reflected in their May 1999 Report to the .EU Domain, or are there alternative solutions to these issues within the European Union?*

Might there be a specific role for the Office for the Harmonisation of the Internal Market in Alicante in this context?

***Question 4:** To what extent might a more constraining instrument in the European Union or in WIPO reinforce protection of names and marks in the DNS, in addition to alternative dispute resolution? In that case which categories of names should be protected and how should they be determined?*

***Question 5:** Do potential business users, including small and medium sized enterprises have any suggestions as to how the .EU domain might be managed in order to optimise its contribution to the development of electronic commerce in Europe?*

***Question 6:** Are there any other considerations that should be taken into account about the relationships between the proposed .EU Registry and the national ccTLD Registries in the Member States?*

The Internet operators are familiar with, and expect, an open consultative environment for the formation of policy and the development of new initiatives. Accordingly, the Commission wishes to initiate a public consultation on these questions both to facilitate the assessment of alternatives and to enhance the available information and analysis about this proposal.

Furthermore, ICANN itself is bound by its own Bylaws and procedures to develop policies on the basis of the consensus of the Internet community, broadly defined. Thus, the identification of the potential consensus of Internet operators and users through this public consultation is an important step in the decision taking process.

Following public consultation, and depending on the outcome, the Commission will address a Communication to the Council and the European Parliament setting out the next steps.

All interested parties are invited to address their comments and suggestions in response to these questions, and any other points that they may wish to make to DG Information Society of the European Commission:

By E-Mail to: Dot-EU-Consult@cec.eu.int

Or by fax to: +32 2 295 3998.

All replies will be published on a Commission web-site to be announced, unless interested parties specifically request confidentiality.

1. Introduction

The use of the Internet continues to expand rapidly globally and, currently, particularly in Europe. The characteristics of Internet use are also changing significantly, as new categories of information and services become increasingly available and different groups of users are taking up these new opportunities.

Electronic Commerce represents a major new area, both between companies and with final consumer³. A large proportion of publicly available information and access to public services is also increasingly migrating to the Internet.⁴

These trends are still at a very early stage of development. We do not know how far they will go in the next few years. It is however already clear that whatever happens, within five years, the Internet in Europe will be very different and much, much larger than that which we know today.

The Internet Domain Name System (DNS) is an important component in the identification and location of Internet users, and in spite of the rapid growth of the Internet, and several years' policy discussions, the DNS has not been expanded or developed consistent with this growth. In Europe Internet users have inherited a set of national Top Level Domains (ccTLDs) and have the possibility of registering in the few generic Top Level Domains (gTLDs) currently managed by the NSI company under contract from the United States Government. No decisions have been taken regarding the creation of new gTLDs, originally proposed in 1996/97 although a significant number of European companies joined the CORE consortium⁵ with this in view.

The newly created ICANN organisation⁶ is responsible for the organisation and management of Internet naming and addressing among other critical functions including the reform and future expansion of the Internet DNS.

However, ICANN does not yet have an agreed policy for the creation of new generic Top Level Domains and in the light of recent experience, the announced gTLD policy may not materialise in the near future. Meanwhile, ICANN and, before, IANA have accepted the ISO 3166 standard as an adequate and legitimate basis for creating ccTLDs world-wide.

2. The ISO 3166 Standard codes

For historical reasons, ICANN's predecessor, IANA, delegated ccTLD Registries to bodies in countries outside the United States on the basis of an international standard code representing geographical entities, known as the ISO 3166 Standard.⁷ IANA's general policy for the delegation and operation of Registries was described in the document known as RFC 1591⁸

³ . c.f. Electronic commerce directive: <http://www.ispo.cec.be/ecommerce/legal.htm>

⁴ . c.f. Green Paper on publicly available information. <http://www2.echo.lu/info2000/en/publicsector/gp-index.html>

⁵ . For CORE and gTLD-MOU: See: <http://www.gtld-mou.org/>

⁶ . For ICANN and DNSO. See: <http://www.icann.org> and <http://www.dnso.org>

⁷ . ISO and the 3166 standard. See: <http://www.din.de/gremien/nas/nabd/iso3166ma/>

⁸ . RFC 1591. See: <http://www.isi.edu/in-notes/rfc1591.txt>

which is currently being updated by the ICANN organisation⁹ including advice from the ICANN Governmental Advisory Committee (GAC)¹⁰. Currently, virtually all the available 243 two letter codes have been assigned.¹¹

Although the territorial code "EU" has not yet been fully standardised and is not included in the primary list of ISO 3166 two letter codes, the code "EUR" has been standardised and allocated for use representing the Euro currency¹², and the code "EU" has been reserved for this purpose as well, and has accordingly been included in the list of reserved ISO 3166 codes. This reservation has been extended for the purposes of the international financial bond market. In response to a request from the European Commission in May 1999, the ISO 3166 Maintenance Agency¹³ has:

" ... Decided to extend the scope of the reservation of the code element EU to cover any application of ISO 3166-1 that needs a coded representation of the name European Union.

*The ISO 3166 Maintenance Agency has no objections against the exceptionally reserved alpha-2 code element EU being used as a ccTLD identifier. Such use of the code element EU would be in line with normal practice as regards the implementation of ISO 31 66-1 reserved code elements to extend this reservation for the purposes of the Internet DNS as well."*¹⁴

3. Delegation of the TLD by ICANN/IANA

In the past, IANA has delegated ccTLD Registries on the basis of the ISO 3166 standard. In addition to virtually all national entities, a number of distinct territories (usually islands) are included in the 3166 standard and the corresponding ccTLDs have been delegated. IANA has stated that it was not in the business of deciding what is a country¹⁵ and has consequently sought to refer to the ISO 3166 standard in taking its decisions.

In view of the size and economic importance of the European Union and the extensive use that could be made of a .EU TLD, both for Electronic Commerce and for the European Institutions, the European Commission will request the ICANN Board to delegate the .EU TLD on the basis of a decision by the ISO 3166 Maintenance Agency to extend the reservation of the existing EU code for the purposes of the Internet.

The Commission has also announced that it will promote the creation of the .EU TLD in the context of the **eEurope** initiative.¹⁶

⁹ . See: <http://www.icann.org/tld-deleg-prac.html>

¹⁰ . c.f.: ICANN-GAC: <http://www.icann.org/gac-comm-25may99.html>

¹¹ . About 46 of these assignments relate to geographical territories (usually small islands) that are not nations states in their own right. This situation has given rise to jurisdictional questions that are currently being considered by ICANN and GAC.

¹² . c.f.: ISO 4217 three-letter currency code standard.

¹³ . DIN and the ISO 3166 Maintenance Agency. See:<http://www.din.de/gremien/nas/nabd/iso3166ma/>

¹⁴ . Letter from the ISO 3166 Maintenance Agency o the Commission of 7 September 1999.

¹⁵ . RFC 1591: <http://www.isi.edu/in-notes/rfc1591.txt>

¹⁶ . See: <http://www.ispo.cec.be/eeurope-initiative.htm>

4. Responsibility in the European Union

The ICANN Governmental Advisory Committee considers that the ccTLD Registries are ultimately subject to the jurisdiction of the relevant public authority or government.¹⁷

The European Union¹⁸ would indeed appear to be the competent "public authority" for the purposes of the .EU TLD, and should be recognised as such by ICANN.

In view of the highly decentralised structure of the Internet and the private statute of nearly all the organisations concerned, including ICANN itself, the European institutions are only called upon to decide to fulfil the minimal responsibility of requesting the domain from ICANN and acting as the relevant public authority with ultimate oversight of the domain, should the need arise.

Exercising such reserve powers would require that the .EU TLD Registry operates on behalf of the Union and that the ownership of the TLD itself be retained by the Union.

5. Territorial scope

Most ccTLD Internet Registries limit registrations to entities and individuals with a clear affiliation with the corresponding territory. This conforms to the underlying idea that the corresponding code (e.g. .FI, .PT, .CA, .CN, .MX, etc.) is a form of unambiguous identification and location of the activity¹⁹. It also corresponds to the general principle that the Registry is held in trust in the interests of the Internet users within the territory concerned.²⁰

The Commission also supports the principle that there should be a tangible relationship between the principal location of the entity concerned and the territorial scope of the ccTLD Registry. This principle is respected in practice by all national ccTLD Registries within the EU. Regarding the entities eligible to register in the .EU TLD Registry, the Commission considers that the basic principles of European Internal Market law should be applied. In particular the EC Treaty states that:

"Article 48: Companies or firms formed in accordance with the law of a Member State and having their registered office, central administration or principal place of business within the Community shall, for the purposes of this Chapter, be treated in the same way as natural persons who are nationals of Member States . . . "

¹⁷ . Regarding the respective responsibilities of ICANN and the relevant public authority or government, the GAC has recently confirmed that:

"Where the delegate of the a ccTLD does not have the support of the relevant community, in the context of the ISO 3166 Code, and of the relevant public authority or government, that, upon request, ICANN exercise its authority with the utmost promptness to reassign the delegation."

¹⁸ The expression "European Union" has been used in a broad sense throughout, without prejudice to the specific competence of the European Community, which is in law the relevant legal entity under the EC Treaty

¹⁹ . Although it is technically feasible for the geographical location of Internet related activities to be completely dissociated from the apparent affiliation of the Domain Name, it is clear that in practice the most DNS users are working from within the territory of their ccTLD Registry. Furthermore, ICANN will require in future that the operators of Internet web pages can be located through the DNS registration system.

²⁰ . In practice, there are a few exceptions to this principal (e.g. .TO, .NU).

Consequently, while acknowledging the institutional and geographical link of the EU Domain to the European Union, in practice and in the light of the guidance provided in the Treaty, a very large number of entities would be eligible to register in the .EU TLD should they so desire. This is without prejudice to the possibility of registering the international activities of European-based entities in the EU Domain.²¹

As described below, the .EU Registry could be organised through a non-for-profit association which would benefit from a high degree of autonomy and should enjoy the consensus of a wide range Internet interests within the Union. However, consistent with the global policies that are being developed by ICANN and GAC the Registry would in the last resort be responsible to the public authority holding the rights related to the EU domain.

6. Creation of the Registry Organisation

There are several models available to select an appropriate organisation to which the operation of the .EU TLD Registry could be delegated. In the past, the designation of national Registries was rather accidental and linked to the presence of the nucleus of the national R&D networks, often located within a national ministry for technology or a university department with IT R&D interests. Whilst that model is today somewhat *dépassée*, in view of the expansion and diversification of the Internet, it goes some way towards explaining the legacy delegations of the ccTLD Registry in several of the Member States and elsewhere.

Today, most Internet users are no longer Research or IT oriented and a much wider spectrum of the economy and society are directly concerned with the DNS. Accordingly several forms of co-operative association are being created in the Member States and internationally in which all the relevant Internet "stakeholders" can participate.

This evolution is not limited to Europe. For instance, both Canada and Australia have recently completed extensive policy reviews for their national ccTLD Registry and the United States is currently undergoing a period of consultation regarding the future organisation and management of the existing .US.

In the case of the European Union, a number of options could be considered:

One option is the **creation of a not-for-profit association which would be incorporated within the Union**²² and which would manage the operation of the .EU Registry in such a way that all the principal interest groups would be able to participate in the formulation of the Registry's policies.

Following this public consultation, the Commission would invite expressions of interest from appropriately constituted consortia and facilitate in the development of a consensus proposal or participate in the selection of the final proposal. The Commission would also participate in the formulation of the Registry's policies on behalf of the EU institutions and other interested EU organisations. The Registry organisation would also be able to sub-contract all or part of its technical operations,

21 . For example, as far as the European Institutions are concerned, the External Delegations could be registered in .EU. The registration of international activities of other EU based entities would clearly be a matter for the organisations concerned, within the limits of the Registry organisations' registration policies.

22 . The form of incorporation does not have to be decided at this stage, but the European Economic Interest Grouping (EEIG) comes to mind.

including database management and the management of generic second level domains.

Any commercial or legal liability arising from the operation of the .EU TLD would rest with the Registry organisation and not with the European Union.

The European Union, represented by the Commission would retain the rights to the .EU TLD itself²³. IPR in the databases resulting from the operation of the Registry would be subject to appropriate licensing conditions. Such rights would be protected by suitable escrow policies and practices. The .EU TLD would be delegated to the Registry initially for a period of 5 years, renewable every 3 years thereafter.

Another option might be to seek **an entirely private, commercial solution for the creation of the Registry**.

This solution might have the advantage of dissociating the EU Registry entirely from the public authorities in the Union and facilitate a commercial and business related orientation for the operation of the Registry.

This approach would however suffer from two significant disadvantages:

- In so far as .EU becomes an unique asset (there may only ever be one such registry), private commercial operation may give rise to issues under competition policy;
- In so far as several branches of the European Internet community are already eager to see the .EU Registry created, arbitrating between them to say who would get it might prove to be an impossible task.

A third option would be to **seek out an existing public or private organisation at a national or European level** to take on the task.

However, it is doubtful that the European Institutions or the European Internet community could identify a single existing entity that would both be competent to carry out the task and enjoy the consensus of all other interested parties.

A fourth option might be for the **competent departments of an existing public administration**, such as the Commission itself to take on the task of managing the new Registry.

Indeed in many Member States the national Registry used to be managed either by a government department or by a public university and in a few cases this is still the case. However, all those Member States who have reorganised their ccTLD Registry have moved away from that model and put in place structures based on the, not-for-profit, co-operative model.

²³ . The ICANN-GAC has stated that it considers that

"1. The GAC reaffirmed its May resolution that the Internet naming system is a public resource and that the management of a TLD Registry must be in the public interest.

2. Accordingly, the GAC considers that no private intellectual or other property rights inhere to the TLD itself nor accrue to the delegated manager of the TLD as the result of such delegation."
ICANN/GAC, Santiago 24.8.99

Accordingly, the Commission is not proposing to manage the administrative and operational aspects of the proposed Registry, except in so far as the Commission's own use of the corresponding Second Level Domain is concerned.

Whatever solution is adopted, the collection and management of personal data in the TLD Registry databases would naturally be subject to the provisions of European data protection and consumer protection policies and legislation.

Subject to the results of this consultation, the Commission's view at this stage is that the requirements for industry consensus, neutral administration, protection from anti-competitive behaviour and the respect for applicable laws in practice set significant boundary conditions to the acceptable model for the creation and operation of the .EU Registry.

Thus, nearly all recent examples of reformed DNS TLD Registries have been based on co-operative, non-for-profit, entities.

***Question 1:** Please comment on the above outline of the delegation of the .EU TLD to a Registration organisation: the Registry. Are there alternative models for the Registry organisation that should be considered?*

7. Registration Policy

In general, the Registration policy of the .EU TLD should take full account of the experience to date of similar Registries world-wide. Several Registries have recently up-dated and modernised their registration policies or are in the process of doing so. This work has been largely documented and is in the public domain. DNS TLD Registries have to deal with several concurrent issues, including:

- scaling the process to the current rapid growth of SLD Registrations,
- accommodating the increasing commercial use of the Internet and
- creating a clear distinction between official public use of the Domain and commercial and other private use.

Apart from the United States, which enjoys exclusive use of the .GOV TLD, all other governments and public authorities have to put their own activities in the same Domain as the population and economy at large. Inconvenient as this may be, the fact is that the problem has been solved effectively in nearly all countries to everyone's satisfaction.

The development of a detailed Registration policy for the new .EU Registry could be a subject of the invitation for expressions of interest and would necessarily evolve over time and on the basis of experience. It is however possible to identify certain minimum requirements that are subject to comment and consultation:

- **Scalability:** The new Registry would need to be able to accommodate a large number of unique new Registrations (second and/or third level domains) over a period of time. Although it is not possible to predict the ultimate size of the DNS market in Europe, it is

conceivable that several million registrations will be necessary within, say, a five year period and many more in the longer term.²⁴

- **Exclusions:** The Registry would need to define, in agreement with the Internet user community and the relevant public authorities whether certain categories of words, names, or numbers, including those benefiting from legal protection, should be excluded from registration or reserved for specific users.²⁵
- In the light of the problems in existing Registries that have been experienced **with abusive registration of names**, the interested parties should also address the issue of cybersquatting, warehousing and speculation in DNS names.
- Interested parties would be invited to address, other **more detailed questions** such as:
 - The utilisation of generic second level domains,²⁶
 - The registration policies as they might be applied to companies, individuals, and other categories of private entities and organisations.
 - Whether in addition to appropriate intellectual property protection (see below) trademarks should receive any special treatment within the .EU TLD Registry.
 - The scope for multilingual operation of the .EU Registry and the character sets in which the .EU DNS could operate, initially and over time.
 - Whether, in order to facilitate the scalability and user-friendliness of the .EU DNS, generic second level domains should be introduced to characterise and identify particular sectors of the economy and/or categories of organisation.²⁷

Although at first sight these might appear to be rather daunting list of issues, very similar questions have recently been addressed in the context of several other TLD Registries, both in Europe and internationally and in many cases, significant improvements have been made in current practice and relatively satisfactory solutions have been found.

It is anticipated that the responses to the public consultation in this area will be useful as an indication of the direction that the Internet user community in Europe would expect from the registration policy of the .EU Registry.

More generally, registration in the .EU TLD should be commercially attractive from the point of view of cross-border electronic commerce. It would consequently be desirable for the Registration policy to be able to facilitate the development of an Internet identity (a brand) for the products and services of European based enterprises.

24 . Note that the cumulative registrations in by NSI in .COM increased from 200,000 in the first quarter of 1996 to 4.2 million in the first quarter of 1999. (<http://www.netsol.com/nsi/facts.html>)

25 . Certain categories of exclusions are already required for technical reasons in the relevant ICANN/IANA RFCs. E.g. RFC 1035 (published in 1987) and RFC 1123 (published in 1989)

26 . See: <http://194.119.255.333/eif/dns/gslid/> [This pilot project classification will be expanded to multiple languages in due course]

27 . These might include: NGO, ASBL, EEIG,....., and appropriate designations for other associations and organisations.

The members or agents of the Registry ("Registrars") should also be able to offer enterprises and individuals - particularly small and medium sized enterprises - a quick, inexpensive and simple Internet registration service. Registrars would be able to offer registration services together with other Internet services (one-stop-shop) on a competitive, market-oriented basis.

Thus, the general public and the whole of the commercial community could have access to the new TLD through a large number of competing Registrars operating at least in all the Member States, subject to the general registration policy of the Registry which would be published and up-dated from time to time.

Regarding the Registration policy of the European Institutions themselves, it would be appropriate for this to be the exclusive responsibility of designated, authorised Registrars which would normally be the competent departments of the Institutions, that would progressively develop and implement their DNS policies, as is currently the case, including migration to the new TLD. One could envisage for example, the current Commission E-mail addresses changing from "xxx.yyy@cec.eu.int" to xxx.yyy@Commission.EU.

It would be necessary to distinguish clearly within the .EU Domain between official public use and commercial and other private use by entities and individuals. This is essential to ensure for the user and in the public mind that the use of the .EU Domain did not imply any form of endorsement or assumption of responsibility by the European Institutions for Websites other than for their own use.

Whether other categories of official organisations would be eligible for exclusive operational second level domains would be for consideration in a second phase.

Question 2: *What should be the main criteria for the .EU Registry's registration policies?*

How should the registration policy be developed and implemented? By the Registry organisation, by a distinct consultative body or by the European Commission itself?

8. Dispute Resolution and Trademark Policy

The development of policies to avoid and resolve disputes in the DNS has been the subject of thorough consultation and discussion in recent years. Most such disputes are in practice related to Trademarks.

In March 1998, in response to the US Government's Green Paper²⁸ the European Union and its Member States requested *inter alia* that these matters be referred to the WIPO, which had already undertaken preliminary work in this field at the request of the IAHC²⁹. As things stand at present, the WIPO has completed its final report³⁰, the EU has supported its conclusions and the ICANN-GAC has endorsed the general principles reflected in the report.

28 . For the Green Paper URL and the EU Reply etc. <http://www.ispo.cec.be/eif/policy/govreply.html>

29 . International Ad Hoc Committee (IAHC) set up in 1996 by the Internet Society (ISOC).

30 . For the WIPO report see: <http://wipo2.wipo.int/process/eng/processhome.html>

The ICANN Board is proceeding with the implementation of the WIPO recommendations in the existing gTLDs.

In these circumstances, it is arguable that the methodology and policies recommended by WIPO and adopted by ICANN could equally well be applied in the .EU TLD. Indeed, many of the trans-jurisdictional issues which already arise in the context of the global generic TLDs could also arise in the commercial applications of the .EU domain. Consequently it could be envisaged that in the first instance the WIPO policy be applied to registrations in the .EU domain.

There will, of course be other considerations which will need to be taken into account in due course. ICANN and WIPO may adjust their policy in the future in the light of experience gained. The .EU Registry may wish to give additional weight to certain characteristics of European Trademark law. Certain thresholds and criteria may be adjusted or relaxed in the light of experience. Certain disputes (e.g. those involving the jurisdiction of a single Member State) may not justify or require international arbitration etc.

In any event the basic transparency provisions of the WIPO report and appropriate data protection policies should be implemented by the new Registry and its Registrars.

***Question 3:** Would it be appropriate to apply the WIPO disputes and trademark policies as reflected in their May 1999 Report to the .EU Domain, or are there alternative solutions to these issues within the European Union?*

Might there be a specific role for the Office for the Harmonisation of the Internal Market in Alicante in this context?

Furthermore, in the light of the recent United States act of Congress in the form of a "cybersquatting law"³¹ the question necessarily arises whether names and marks should also be protected in the DNS through a more constraining code of conduct (or other instrument) and if so, whether this should be at the national or EU level, what would be the role of inter-governmental agencies such as WIPO, and precisely which categories of names should be protected.³²

***Question 4:** To what extent might a more constraining instrument in the European Union or in WIPO reinforce protection of names and marks in the DNS, in addition to alternative dispute resolution? In that case which categories of names should be protected and how should they be determined?*

³¹ . Act of Congress, S 1255, Anti-cybersquatting Consumer Protection Act, 20.11.99

³² . It has, for example, been variously suggested that the protection of names in the DNS should extend not only to trademarks but also possibly to other commercial names, the names of famous people, geographical indications, and the names of organisations and localities. Currently there is no internationally agreed codification of such concepts that might be used for these purposes.

9. The .EU Domain and electronic commerce

Many companies throughout the European Union are interested in developing their businesses through electronic commerce. Indeed, the Commission and several Member States have initiated the process of popularising this process, notably with respect to small and medium sized enterprises. Electronic commerce holds the prospect of becoming an economic and competitive way of doing business world wide with suppliers, contractors and customers, as well as directly with final consumer.

The Commission is currently addressing several legal and regulatory aspects of electronic commerce with a view to facilitating this kind of business, particularly to create as uniform as possible legal and regulatory treatment throughout the Internal Market. Electronic Commerce may also become an important element of the export and import trade, particularly in those services that can be delivered on-line.

In this context, the interest in the .COM TLD Internet Domain has already become apparent, however, this domain while in principle global in scope is in practice predominantly North American. Furthermore, it is reportedly already congested, at least in the English language.

One advantage of the .EU Domain would be that it would offer all businesses, Europe-wide, a consistent European identity at the same time as offering plenty of scope for the foreseeable future for second and/or third level domain registrations in a wide range of alternative languages for the purposes of cross-border and international trade.

The precise way in which the utilisation of the .EU domain would materialise for electronic commerce would largely be a function of market demand, but there would appear to be a reasonable expectation that it could become a significant platform as and when the EU market becomes an active area of electronic commerce, particularly as a very wide range of useful names would be available, initially and for some time to come and in all languages.

Question 5: Do potential business users, including small and medium sized enterprises have any suggestions as to how the .EU domain might be managed in order to optimise its contribution to the development of electronic commerce in Europe?

10. The EU domain and the National ccTLDs in the Member States

A large proportion of total registrations in the European Union are in the 15 national ccTLDs in the Member States. This should continue to be the case, particularly as the national ccTLD Registries are particularly apt to promote a high degree of universality in the general public's access to and use of the Internet.

In this context, an appropriate division of labour might involve the .EU Registry concentrating on those applications for which it would offer significant value-added with respect to the national ccTLDs. It is not envisaged that the national codes would be used as second level domains in .EU (e.g. .SE.EU, .NL.EU etc.) That would clearly involve a degree of duplication and undermine the specificity of the .EU domain for EU-wide and cross-border applications.

On the other hand, the members of the national ccTLD Registries and their agents should have the opportunity to become Registrars for the .EU Registry. Indeed their ability to offer the DNS market an option for registration purposes is one of the principal advantages of the present proposal.

The need and opportunity for an alternative to the national ccTLD domains is however evidenced by the growth of European commercial registrations in other TLDs including .COM.

Furthermore, registration of a significant proportion of European electronic commerce applications in .COM will give rise to problems relating to the shortage of "good" names in .COM³³, to the dispute resolution and trademark policies (NSI has only recently agreed to respect the WIPO policies as implemented by ICANN) and the currently commercial nature of the NSI Registry which is inconsistent with European competition policy. The implementation of European data protection and consumer protection laws and policies would also be facilitated by a European-based TLD Registry such as .EU.

European organisations and entities with activities and scope pertaining to more than one Member State or to cross-border regional groupings may be particularly interested in using the .EU domain as soon as it becomes available.

Question 6: *Are there any other considerations that should be taken into account about the relationships between the proposed .EU Registry and the national ccTLD Registries in the Member States?*

33 . A very large proportion of recognisable and useful words (in English) have already been registered in .COM either by existing users or by speculative registrations.

ANNEX

Glossary of Internet terminology and acronyms

CORE	Council of Registrars, a not-for-profit shared Registry set up by the IAHC report. Current (9/99) membership 55 companies.
ccTLDs	Country code Top Level Domains. (Referring to the ISO 3166 standard two letter codes for countries and territorial entities).
Cybersquatting	Speculative (or abusive) registration of trademarks owned by third parties.
Delegation	Delegation by ICANN/IANA of a TLD in the Internet Root.
Designation	Designation by the relevant government or public authority of the Delegee, recognised as competent to create the Registry organisation and database.
DNS	Domain Name System
GAC	ICANN Governmental Advisory Committee
gTLDs	Generic Top Level Domains (such as .COM, .ORG, .INT etc.)
IAHC	International Ad Hoc Committee
IANA	Internet Assigned Numbers Authority (predecessor to ICANN)
ICANN	Internet Corporation for Assigned Names and Numbers (successor organisation to IANA)
IETF	Internet Engineering Task Force
ISO	International Standards Organisation, Geneva
ISOC	Internet Society
NSI	Network Solutions Incorporated, a subsidiary of Science Applications Investment Corporation - SAIC
RFC	Request for Comments: originally a label for a draft Internet (IETF) standard. In practice, once a standard has been stabilised by consensus, the title RFC(No) is not changed.
Warehousing:	Speculative registration of significant numbers of words or names, not necessarily for current use but in the expectation of transferring them at a profit subsequently.