Reconsidering the Concept of Auction in a ccTLD

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Definitions
hoster.by – a private company, the registry operator and a registrar of ASCII ccTLD .BY and IDN ccTLD .БЕЛ of the Republic of Belarus, one of the largest cloud solutions providers in the country, and the organizer of charity domains auctions.

The Operative-Analytical Center under the President of the Republic of Belarus - a public agency, performing the function of administrator of .BY and .БЕЛ.

Charity domain names auctions - auctions of excluded from the Registry domain names proceeds from which, less a standard domain registration fee, are forwarded to support Belarusian orphanages and children left without parental care.

The Background
Whilst auctions have long emerged in the global domain names industry as a powerful marketing and sales channel for gTLDs and registrars alike, they are a rare phenomenon in the ccTLD community. The reasons are well-known and obvious: as guardians and trustees of the domestic name space and the nation’s identity on the Web, ccTLDs have been reluctant to engage in what has always been perceived of as a commercial undertaking. In addition, developing and holding an auction poses a serious challenge as it could be a time- and labor-intensive adventure with unpredictable outcomes for one and, apparently, requires compliance with numerous legal acts lying well beyond the regular ccTLD-related legal environment. In short, a risky undertaking with uncertain consequences, auctions were mostly ignored by the ccTLD community.

That is no longer a case in Belarus, where hoster.by has managed to develop a robust auction system.

The Beginning
The first auction for domain names excluded from the registry was held in 2012. Its concept was developed and implemented by hoster.by upon consent of the Operative-Analytical Center.

The first auction was conducted in 4 stages between October and November 2012 to auction off a total of 300 premium domains.
Underlying the auction was the growing understanding of the imperfection of the domain life cycle concept.

Fig. 1 The Domain Life Cycle prior to 2012

If not paid for (renewed) by its administrator by a certain deadline, the domain would change its status to “pending delete” for the next 30 days. After that, it would be deleted from the registry and become available for registration under the first come, first get rule.
The procedure enabled domainers and cybersquatters to easily calculate the moment of the domain deletion and capture it momentarily. After that, they usually restored data from the web archive and sold links or offered an ex-registrant to redeem the domain at a significantly higher cost.

So, as a responsible registry, hoster.by believed that a part of its mission was to protect domain name registrants that for some reason failed to renew the domain on time.

Another incentive for hoster.by lied in the appreciation of the potential market value of such domains, which required promotion of fair and transparent rules of their registration and usage to counter dubious speculations on the market and give an edge to potential bona fides registrants.

Last but not least, hoster.by assumed that if profiled adequately, domain names auctions could yield positive social and societal effects, thereby adding to the public perception of the registry as a socially-conscious and responsible ccTLD custodian. That is why from the very onset it was decided that all the auction proceeds should go into a nationwide social project, and at the end of the day the commitment was made to benefit orphans and orphanages.

**Fig. 2 The Present Domain Life Cycle**

After the pilot auction, the practice of domain names auctioning was officially included in the domain “life cycle” concept in both .BY and .БЕЛ. That is to say, if not renewed, a registration is assigned the “pending delete” status for 30 calendar days, which is a typical practice. However, after that - and at this point, this is hoster.by’s novelty - under the effective Rules, it should be deleted from the registry and enter a pending auction period. The domains deleted from the registry in the ongoing month are put up at action next month. The pending auction period, depending on the date of the deletion, vary from several days to 1,5 months.

With such a schedule, cybersquatters/domainers are no longer able to capture a catchy domain right after its deletion from the registry.

**Hard Facts about the Auction Rules and Their Performance**

- Auctions are held monthly;
- Each auction lasts for 3 days;
- A successful bidder can choose a registrar accredited in .BY and .БЕЛ to fully establish her/his rights to thus acquired domain name;
- For the sake of transparency hoster.by does not collect payments for auctioned-off domains. The successful bidder should transfer an amount specified in the payment order
as “charitable contribution” to a certain orphanage. That is to say, the successful bidder is charged by the registrar of its choice a standard domain registration fee, and whatever amount on top of the fee is considered a charitable contribution payable to an orphanage, which is determined by the auction system. The transfer of such a charitable contribution must be confirmed by sharing soft copies of payment documents with the registrar within 5 calendar days since the auction date;

- An average of 2,000-3,000 domains is placed for auction monthly, of which some 100 ones are ultimately sold;
- The starting ask price is USD25 a piece;
- The bid increment is USD2.5;
- The biggest bid to date has been USD30 000 paid for for casino.by.

**Protecting Legitimate Rights**

**The Auction Rules** were developed to protect legitimate rights and interests of trademark holders and ex-registrants.

Where the domain name intended for auction is similar to the degree of confusion with a registered trademark recognized as such in the territory of the Republic of Belarus, upon submission of respective verifiable evidence the rights holder enjoys the right to contact hoster.by with the request to withdraw the domain from the auction. After that, having paid the standard registration fee to an accredited registrar, the rights holder registers the domain in question.

In a similar vein, an ex-registrant can submit a written claim to withdraw her/its domain(s) from the auction at its early stages thereby enjoying an opportunity for restoring the respective rights to the domain(s).

**Conclusion**

Charity auctions in Belarus have become a powerful marketing tool to help level the playing field on the domestic market for registrations, taming keeping domainers at bay and reducing cybersquatting malpractices by offering new, far less costly, out-of-court, simple, instant and transparent opportunities to trademark holders and ex-registrants for claiming back their legitimate rights to domain names.

Auctions also help promote confidence in the national ccTLD space as a fair market environment where the rule of law prevails. Importantly, they have bolstered trust in both the ccTLD registry and administrator as non-partisan guardians of .BY and .БЕЛ, conscious of their core mission and keen to develop and implement good practices on the market.

As to quantifiable metrics, to date, the auctions, have helped raise over USD530,000 in support of orphanages across the country.

In tandem with other marketing instruments auctions became yet another tool to contribute to the ccTLDs’ expansion in Belarus.