



ICANN's Tasting Fee Effectiveness

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November 28, 2008

On November 13, 2008, ICANN issued a well-crafted [report](#) on the effectiveness of their new fee for excessive cancellations of domain name registrations, a measure intended to curb domain name tasting. Below are the report's summary and a critical look at the implications of the findings.

The summary: "Following implementation of the Board approved budget provision that affects the 'domain tasting fee,' names added and subsequently deleted during the five-day AGP declined from approximately 17.6M in June 2008 to 2.8M in July 2008. Of the 2.8M AGP deletes in July, approximately 2.6M were subject to the registrar-level transaction fee defined by the provision. Therefore, it is expected that the quantity of AGP deletes will continue to decline until few or none are subject to the transaction fee."

Implications:

1. There were approximately 200,000 successful tastings in July (that is, 2.8M deleted versus 2.6M subject to deletion fee).
2. ICANN should have also provided the total number of tastings in June 2008. Although such a number is not immediately transparent, because the number of firms engaged in tasting is relatively small, the total could still have been estimated. Based on the data provided, we are unable to tell if the number of successful tastings increased or decreased. For example, if in June 2008 there were 17.7M tastings, of which 17.6M were deleted, then there would have been only 100,000 successful tastings, well down from the 200,000 tastings in July. Thus, we would be worse off. Moreover, if the successful tastings in July were associated with trademarks, we are much worse off.
3. ICANN is richer from collecting \$.2 per excessive deletion fee.
4. We are unable to determine if the drop in deletes was because of the new fee or because, given the troubled economy, there are fewer viable domains to register.
5. There is no compelling reason to believe that the fixed current fee of \$.2 is optimal in terms of revenue and its ability to eliminate tasting. Thus, it is not clear that the quantity of "deletes will continue to decline until few or none are subject to the transaction fee." ■