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Furor Over ICANN-VeriSign Deal

Stewart Taggart  03.13.01 | 6:00 AM

MELBOURNE, Australia -- The Internet Corporation for Assigned Names and Numbers board of directors will hold an early morning conference call April 2 to decide what to do about a highly contentious revised contract with registry giant VeriSign.

During a passionate public comment session Monday, many speakers at ICANN's meeting here opposed the somewhat last-minute "either/or" choice regarding VeriSign (VRSN) that ICANN now faces. Some believe if ICANN hastily agrees to the revised contract, it will have tarnished its reputation as a bottom-up, fully consultative decision-making body.

As a result, ICANN Chairman Vint Cerf on Tuesday asked ICANN's seven constituency groups and its names council to submit their views by March 31. The public is also invited to submit public comments on the ICANN site, he said.

On March 1, ICANN announced a revised contract with VeriSign that would replace an existing 1999 pact with VeriSign, if approved by ICANN's board and the US Department of Commerce. Under VeriSign's existing contract, the company must divest either its registry (top-level domain management) or registrar (domain name registration) business by May 10. It would continue to manage dot-com, dot-net and dot-org until 2007.

Under the revised contract, VeriSign would relinquish control over the dot-net top-level domain in 2006, and dot-org in 2002. VeriSign would maintain control over dot-com until 2007, and would be able to keep its registry and registrar operations under the same corporate roof.

If ICANN does nothing, the terms of the existing contract will hold sway, leading to divestiture by VeriSign of either its registry or registrar business by May 10. Therefore, dawdling by ICANN represents an active vote to maintain the current contract.

Among key issues to opponents of the revised contract is whether it represents a reversal of a perceived ICANN objective to separate the registry and registrar functions in order to enhance competition on the Internet. The second issue is whether ICANN should make a quick decision on such a major issue.

During a board discussion Tuesday, nearly all board members acknowledged the unpleasant situation the organization is now in.

"While we acknowledge that there are some structural inefficiencies here (in ICANN's decision-making process), this is not a reason to further bypass the legitimate process of consulting the supporting organizations," said board member Amadeu Abril i Abril. "If the consensus-building process loses its consensus-building tools, what's left?"

Other board members suggested more time be spent considering the revised contract and its implications. One even suggested an independent legal review be undertaken of the two contracts.

For his part, Cerf said a delay would mean accepting the existing contract. The reason is that VeriSign would be under pressure to divest either its registry or its registrar business by May 10, and would have little time to lose.

"If we do nothing, we essentially accept option 'A,'" Cerf said. "However, in my view we have an opportunity to do better than option 'A,' and that option 'B' offers improvements and benefits."

For his part, board member Jonathan Cohen said he was surprised by the vehemence of responses. He also suggested many opponents of the revised agreement may be people who feel victimized by real or imagined heavy-handed treatment by VeriSign.

"It really came as a surprise to me something like this would spark so much emotion," he said, noting he'd been intensely lobbied by both sides in the hallways of the meeting.

However, he said the key issue now is what's best for the future of the Internet.

"With greatest respect to those who are upset (about past experiences), I just can't see how this is relevant here," he said. "This decision should be only about whether the amended agreement offers sufficient improvement or benefit that we should substitute for the existing agreement."

He didn't offer a view on that. Nor did ICANN president and CEO Mike Roberts.

"There has been a lot of horse trading by the managements of the two corporations in the past few months," Roberts said. "The issue was, is there an alternative to the current contract that is attractive to both the shareholders of VeriSign on the one hand, and is attractive to the Internet community as represented by the ICANN board on the other hand?"

He didn't go further. However, his view doesn't count for much, since he retired from his post after Tuesday's board meeting. He's being replaced by incoming CEO Stuart Lynn, a University of California academic who kept a low profile at the meeting.