



## **Fear of New gTLD Monopolies Is Overblown**

**[Alex Tajirian](#)**

December 13, 2011

You should not worry too much if some of the [new generic Top-Level Domain names \(gTLDs\)](#) become monopolies. [ICANN](#) and the registries won't charge monopoly prices as long as they have to worry about the government stepping in.

Monopolies normally present two problems for consumers: restricted output and higher prices. In the case of the new gTLDs, restricted output is caused only by ICANN's monopoly over approving gTLD applications. By contrast, registries have an incentive not to restrict registration volumes other than for quality purposes. That leaves the problem of high prices. Will monopolistic registries charge exorbitant registration renewal fees?

It should be noted that even if initially there are competitors for an approved gTLD signal (say, .nyc for New York City), over time network effects can lead to market-driven monopolies. Consider the case of .com. More companies want to have a .com address as opposed to .net, .info, or .biz, and the reason is simply that more people search for .com Web sites. Once a preference, .com has quickly become a necessity.

■ **DomainMart**

Fear of New gTLD Monopolies Is Overblown

ICANN faces an incentive and a disincentive. Let registries charge high prices and ICANN can collect higher dues because registries have to pay ICANN a fixed fee for every domain registration. But there's the chance that the antitrust division of the Justice Department will swing into action with an antitrust suit (whether against the registries or ICANN) and/or imposition of stricter regulations on the domain name industry. Those steps would spell goodbye to any profits that ICANN hopes to pick up from hogwild registry pricing.

In fact, it would be best if the Justice Department spoke up now and warned ICANN against allowing such practices. But the threat is already clear to anyone who knows the industry and its regulatory environment, and that includes the people at ICANN and the registries. That threat is enough to spur them to self-regulate and thereby escape regulatory scrutiny. ■