

AusRegistry

Drop Catching – Information Paper



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Document Purpose

The purpose of the Drop Catching Information Paper is to educate Domain Name Industry stakeholders including Registrars, Resellers, Registrants as well as the General Public on the practice of Drop Catching, particularly within the .au landscape.

Document Scope

The document covers various aspects of Drop Catching including:

- What it is,
- Why is utilised,
- Its history,
- The types of services that are offered,
- The Registry's involvement,
- The Drop List,
- Expired Domain Names, and
- Deleted Domain Names.

Intended Audience

This document is intended for:

- Domain Name Industry Stakeholders including:
 - Registrars,
 - Resellers, and
 - Registrants,
- The General Public,
- auDA, and
- AusRegistry.

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1. Introduction

On the 5th of September 2011, the policy authority and industry self-regulatory body for the .au domain space, auDA (the .au Domain Administration) approved the recommendations put forward by the Secondary Market Working Group, a group of industry and consumer representatives specifically brought together by auDA to:

- examine the operation of the .au secondary market and identify any points of market failure; and
- provide advice and recommendations to auDA on any actions that should be taken to address any identified market failures.

The recommendations document produced by the Secondary Market Working Group outlines a number of consumer and industry issues providing recommendations on how each should be addressed. This document is available to view at:

<http://www.auda.org.au/pdf/smwg-final-report.pdf>

One of the industry Issues identified in the document (2. Industry Issues, C. Registrar competition) refers to the possible barrier to entry that Drop Catching represents to smaller sized Registrars who do not have the technical proficiency nor means to develop the technical proficiency which would allow them to compete in this market.

As the Registry Operator, AusRegistry is contractually obligated to treat all Registrars equally, and because Drop Catching falls outside the scope of standard Registry practice, it cannot provide individual assistance to Registrars on the intricacies of Drop Catching.

Therefore in the interests of transparency the Secondary Market Working Group recommended that AusRegistry publish a paper for Registrars that provides general information about the practice of drop catching, including specific sections of the Registry Usage Policy that are particularly relevant to drop catching, and the penalties for breach.

2. What is Drop Catching?

Drop Catching is a common practice occurring in the majority of mature TLDs with strong secondary markets. It refers to the act of acquiring an expired or deleted Domain Name, the moment it becomes available for re-registration.

This can be achieved via conventional methods of registration commonly referred to as ‘hand-registrations’, or as is common practice in the Domain Name industry, via accredited Registrars utilising their EPP connections to the Registry to provide automated Drop Catching services.

There are two methods by which a Registrar can access the .au Registry System either via an automated process using EPP (Extensible Provisioning Protocol) or manually via the Registry Portal, a website interface.

2.1. Why Drop Catching?

Many Domain Name investors, known as ‘Domainers’, rely on Drop Catching to acquire specific Domain Names which are due to be purged and that represent value in the marketplace. These Domain Names may be scarce in number, such as two and three letter Domain Names, or they may be generic terms or phrases which are highly sought-after because of their ability to generate large amounts of internet traffic, known as organic traffic.

Corporate entities and brand owners are increasingly becoming more interested in Domain Names with organic traffic to assist with their Search Engine Optimisation and marketing initiatives.

By way of example, Hunter Valley property developer Vision Homes acquired the generic term investmentproperty.com.au via a Drop Catching service for a reported AUD 125,000 in September 2011, and hardware.com.au, was bought by Woolworths in 2010 for AUD 33,000.

Additionally, Registrants rely on the practice of Drop Catching to re-register Domain Names they have failed to renew in the allowable period. These Domain Names enter the purge period and are at risk of being registered by another party.

Drop catching is also a favoured practice for those wishing to monitor particular Domain Names in the hope they become available. More commonly the industry refers to this type of Drop Catching as ‘Backordering’. In this instance, the Domain Names being sought may be related to a company or brand name that was not originally available, or a com.au variant of a registrant’s net.au Domain Name.

2.2. History of Drop Catching in the .au ccTLD

Whilst backordering services, have existed in .au for many years it was not until 2008, when auDA revised the *Transfers (Change of Registrant) Policy* to allow Registrants to offer their Domain Name licence for transfer (or sale), as well as the introduction of a monetisation policy, did Drop Catching really take-off in the .au ccTLD.

2.3. Secondary Market

In the Domain Name industry, a Secondary Market refers to Domain Names that have expired or have been deleted and are therefore available to be re-registered. In addition, it refers to Domain Names that are listed for sale or for auction.

3. Drop Catching Services

As the Secondary Market in the .au domain space grew the marketplace saw the emergence of a number of Registrars expanding their services to include Drop Catching, domain listing (where Domain Names are listed for sale for a particular price) and auction platforms (where customers can bid to win a particular Domain Name).

With respect to Drop Catching, Registrars post a daily list of Domain Names (expired and deleted) that will drop (purge) in the next 24 hours and customers are able to place bids for a Domain Name up until the time of the drop. If the Domain Name is caught the person with the highest bid wins and is required to pay the Registrar the amount of the winning bid. If the Domain Name is not caught, the person is not required to pay any money to the Registrar.

Registrars offering Drop Catching services have developed their own proprietary systems and software, which are separate to their domain registration platform, and have usually invested a large amount of time and money in doing so.

3.1. Registry/Registrar Relationship

Registrars are permitted a limited number of connections to the Registry System. Registrars utilise their connections to the Registry System to secure expired or deleted Domain Names. Some Registrars share the EPP connections of other Registrars in addition to their own to maximise the probability of acquiring sought-after Domain Names. Such relationships are separate contractual agreements, distinct from AusRegistry's Registry-Registrar Agreement. Additionally, some Registrars are part of an entity group who hold several Registrar accreditations thus increasing the number of EPP connections to the Registry and subsequently increasing their odds of successful Drop Catching.

For security reasons, connection sharing between Registrars requires auDA approval. If any Registrar experiences a security breach, then it is likely that the integrity of the other Registrars in the respective EPP resource pool will also experience a security breach. Privacy Policy considerations and implications must also be addressed when Registrars share connections.

4. How a Registrar Catches a Dropping Domain Name

Technically, Drop Catching is achieved by repeatedly checking to see if a Domain Name is available, and immediately registering those that are.

To ensure fair and equitable access to the Registry System and to minimise the impact of excessive domain checking, AusRegistry's *Registry Usage Policy (Version 4, Section 3. EPP Service)* stipulates that all EPP Create commands must be preceded by an indication from the Registry System that the Domain Name requested is available.

This indication must have been received from the Domain Name Registry System within the 10 minute period prior to the corresponding EPP Create command.

Instances of non-compliance will result in a Registrar being blocked from performing EPP Create commands for 15 minutes before and 60 minutes after the Purge Cycle for the following day. Penalties to prevent re-occurrence of this behaviour increase incrementally if the behaviour is repeated.

If AusRegistry deems it necessary to revise the Registry Usage Policy at any time, Registrars will be notified via the Registrar Notification Tool and provided with 30 days' notice prior to any changes being implemented (as per the Registry Registrar Agreement, Schedule 3, section 6.1).

4.1. The Official Domain Drop List

In April 2010, auDA released the Official Domain Name Drop List responding to AusRegistry's recommendation (in response to auDA's *Domain Expiry, Renewal and Deletion Policy Review, August 2009*). This recommendation stipulated that a fixed purge time would reduce unnecessary load on the Registry System assuming Registrars would cease to perform continuous checks for Domain Names during non-drop periods.

auDA also believed that random drop times, whilst originally intended to dissuade people from securing expired or deleted Domain Names, played into the hands of industry professionals with the technical expertise to allow them to capture domains ahead of the general public.

Published daily on auDA's and AusRegistry's website, the Domain Name Drop List shows the date and time that Domain Names are eligible to be purged. The list is divided into Expired Domain Names and Deleted Domain Names. These Domain Names generally cannot be recovered and will purge at the next cycle that occurs no earlier than the date and time indicated.

The daily purge cycle occurs every day, including weekends and public holidays, at 03:00 UTC which is 13:00 (AEST) or 14:00 (AEDT).

The Official Domain Drop List can be found at the following link:

<http://www.ada.org.au/domains/drop-list/>

4.2. Expired Domain Names

.au Domain Names are registered for a period of two calendar years. If the domain is registered on the 1st January 2012 it will expire on the 1st January 2014.

Domain Names can be renewed up to 90 days prior to their expiry date and up to 30 days following their expiry date.

In the example above if the Domain Name has not been renewed by its expiry date of the 1st of January 2014 it will be removed from the DNS and therefore will cease to function on the internet. However the Domain Name can still be renewed or transferred up to 30 days following its expiry.

After 30 days following its expiry the Domain Name cannot be updated, renewed or transferred and will be posted on the Domain Name Drop List. After one calendar day it becomes eligible to be purged and will purge at the next cycle.

Please see auDA's *Domain Renewal, Expiry and Deletion Policy (2010-01)* for the relevant policy details:

<http://www.ada.org.au/policies/ada-2010-01/>

4.3. Deleted Domain Names

Domain Names can be deleted at the request of a Registrant or deleted by auDA due to a breach in policy.

If a Domain Name is deleted at the request of a Registrant it is immediately removed from the DNS and will therefore cease to function on the internet. The Domain Name will be published on the Domain Name Drop List for a period of three (3) calendar days but can be undeleted at any time during this time. After a period of three (3) calendar days the Domain Name will be purged at the next purge cycle.

If a Domain Name is deleted due to a breach in auDA Policy it is immediately removed from the DNS and will therefore cease to function on the internet. The Domain Name will be published on the Domain Name Drop List for a period of 14 days but can be undeleted at any time at the instruction of auDA. After a period of 14 calendar days the Domain Name will be purged at the next purge cycle.

Please see auDA's *Domain Renewal, Expiry and Deletion Policy (2010-01)* for the relevant policy details:

<http://www.ada.org.au/policies/ada-2010-01/>

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