

auDA carelessness damages Australian domain industry

17 April 2009 - The Supreme Court's decision to grant a temporary injunction against the Australian Domain Name Administrator (auDA) on behalf of Bottle Domains has thrown the domain industry into a third day of instability and chaos. There is now the possibility that - If Bottle Domains wins its case next week - auDA may be subject to severe damages for loss of business. "auDA has acted as judge, jury and executioner by cancelling Bottle Domains' accreditation so suddenly, and this action is now proving to be grossly negligent," says Larry Bloch, CEO and co-founder of Netregistry.

"This was always going to end up in the courts and auDA were naïve to think otherwise. auDA should have ensured that their actions were proportionate and that they minimised negative impacts to domain name holders. auDA should have maintained Bottle Domains' accreditation whilst the matter was resolved between them."

Bottle Domains is a Melbourne based domain registrar owned by Australian Style, an investment company of Nicholas Bolton. Bolton has come in for a lot of criticism this week after selling his voting shares in the BrisConnections project for \$4.5 million, scuppering his own resolution.

AuDA's actions follow a security incident in February involving Bottle Domains and the discovery of a previous unreported security breach dating from April 2007. Claiming that failure to report a potential security breach is a contravention of Australian Style's obligations under the Registrar Agreement, auDA decided to terminate Bottle Domains' registrar accreditation. "Bottle Domains may or may not have breached their Accreditation Agreement, but by taking the action they did, auDA have precipitated an expensive legal battle and the domain name owners they sought to protect are stuck in the middle."

Although auDA deny there is any link between the announcement of the sudden de-accreditation on the day after the BrisConnections resolution threw Bolton under the media gaze, Bloch sees a link between the two events. "auDA would not normally gain mainstream publicity for their activities, but with Nick Bolton already being pilloried in the press, it not only provided an easy media story but automatically cast Bolton as the villain and auDA as the administrative body providing a come-uppance. This alleged security breach has been under investigation for months now, so the timing of the announcement is extremely suspect."

Bolton strenuously denied any wrongdoing and yesterday took the matter to the Supreme Court. After Bolton won a temporary injunction, auDA appealed the decision today. The Supreme Court rejected the appeal, ordering auDA to reinstate Bottle Domains' accreditation. auDA is currently in the process of informing affected customers while preparing to fight in court to reinstate the de-accreditation next Wednesday, April 22.

"The turmoil in domains has caused confusion among domain holders - mostly businesses - as well as those companies reselling Bottle's services," says Bloch. "We have already received many calls from confused customers asking for help and clarification and many resellers have already transferred their business to us, unable to wait for the outcome of the court proceedings. This leaves auDA exposed to pay significant damages should the de-accreditation be permanently overturned by the courts."

auDA has an objective to maintain the integrity and stability of the entire industry. Such integrity

and stability has been severely damaged these last three days. This action sets another dangerous precedent of overbearingly harsh and ill-considered action to the detriment of registrars, domain name holders and the Australian domain name system in general.

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About Netregistry and Nett Magazine

Netregistry was founded in 1997 with a mission to deliver best of breed online products and services to the Australian SME market. Its world class infrastructure and global award winning customer service operation underpin the rapid growth that has seen it become the largest provider of Australian domain names and associated services, with over 250,000 Australian businesses serviced daily.

Netregistry publishes NETT Magazine, Australia's most widely circulated SME Business publication. NETT Magazine inspires and motivates small business owners to take advantage of the opportunities online offers to survive, compete and win. With the company's core strengths in domain names, hosting, ecommerce and search marketing Netregistry is a one stop shop SME's wishing to take their business further online. Netregistry provides SME's with all the required elements of 21st century digital business infrastructure.

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