



# WARREN'S Washington Internet Daily

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## Today's News

**VOTE ON NET NEUTRALITY** will be close, senators say. Advocates urge lawmakers to adopt anti-discrimination language in last-minute lobbying blitz on Hill. (P. 1)

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**IEEE BPL GROUPS** closing in on standards, says official. (P. 5)

**ADVERTISERS MUST CHANGE** to keep catching consumer attention in reshaped media industry, Cannes participants say. (P. 5)

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## Votes Close on Net Neutrality, Senators Say

With senators closely divided on the issue, it's too soon to give up on getting stronger language on net neutrality in the Senate telecom bill (S-2686), Sens. Snowe (R-Me.) and Dorgan (D-N.D.) said Mon. in a phone call with reporters. "The centerpiece of our amendment is about nondiscrimination," Dorgan said: "You can prioritize [content] but you cannot discriminate."

Dorgan and Snowe have offered 3 amendments dealing with net neutrality to the Senate Commerce Committee, which is set to resume markup of the telecom bill today (Tues.). One includes the language from the Internet Freedom Preservation Act (S-2917), which was introduced in May. This bill would prohibit broadband service providers from giving preferential treatment to their own content, services and applications. It would allow providers to manage their networks to protect security or offer different levels of service.

A 2nd Snowe-Dorgan amendment replaces the "Consumer Internet Bill of Rights" proposed by Chmn. Stevens (R-Alaska) with the FCC broadband principles. The amendment adds a 5th principle mandating non-discrimination. The 3rd Snowe-Dorgan amendment would retain the Consumer Bill of Rights but add a non-discrimination principle.

"It's imperative that we take action in committee to prevent the Internet from becoming a world of haves and have nots," Snowe said. Acknowledging that the votes are tight, Snowe said she's concerned that people are missing the point of the debate: "What deeply concerns me is the failure to understand true impact of the nature of the changes" that will come if the legislation passes without anti-discrimination language.

Snowe said that the issue isn't partisan, and that some Republicans are "undecided." Stevens said last week that he thinks he has the votes to get the bill out of committee, but is less certain about a floor vote where 60 votes are needed to override a filibuster. "It will be a debate on the floor," Dorgan said. "If Congress gets net neutrality wrong, it will have a detrimental impact on innovation. This is going to be a very big issue."

## Net Neutrality Backers Blast Telcos

In an 11th hour push, net neutrality advocates demanded lawmakers back an antidiscrimination amendment. In a call with reporters Mon., Craigslist founder Craig Newmark, Amazon.com Vp-Global Public Policy Paul Misener and others said it is in consumers' interest for Congress to pass a net neutrality mandate.

The issue boils down to basic American values, Newmark said: "If you play fair and work hard, you'll get ahead. Net neutrality is all about that [and] for some reason the phone company executives don't care about that." Internet content providers, like his expanding network of online communities, have worked hard to bring value to Web surfers, he said. That value, net neutrality foes argue, occurs thanks to pipes laid by Verizon, AT&T and BellSouth.

Google, eBay, Amazon.com and others want a free ride on the platform they built, net neutrality foes say. But Misener said Amazon and others pay "handsomely to connect our servers to the Internet." The argument that pipeline providers aren't getting paid is "not a tenable argument," he said. Plus, the investments required to handle more bandwidth-intensive online offerings already have been made in fiber optics now going unused, Newmark said, adding that phone companies profit from public airwaves, public rights of way and the Internet, which the govt. developed and the American people own, he said. Telcos "keep seeming to forget this," he said.

This week's Senate Commerce vote is "about preserving the fundamental openness of the Internet," Misener said: "In ways never possible before, the phone and cable companies have the technical means and regulatory permission to restrict that openness and limit consumers' choice on the Internet." It's time for lawmakers to reinstate nondiscrimination rules the FCC dropped last year, Misener said. The key issue is "whether we're going to have an insurance policy that Congress implements to protect openness and innovation," Skype Govt. Affairs Dir. Christopher Libertelli said. The FCC "clearly lacks the authority" to prevent discrimination, he said.

Speakers cited worst-case scenarios if the net neutrality effort fails. At first consumers might not notice, AARP Hill watcher Debra Berlyn said. But time could bring a next-generation Internet with less valuable services, fewer content providers and difficulty accessing desired services, she said. Christian Coalition Communications Dir. Michele Combs said a shift away from net neutrality could mean her group's state chmn. and supporters might not be able to get their message out online. Nothing stands in the way of network operators' restricting access to speech they don't support, Combs said. Without net neutrality, the U.S. would have a "second class Internet" and a handicapped economy, Internet2 Vp Gary Bachula said.

"Spin and rhetoric" from telcos, cable firms and their allies are "outrageous and unprecedented," Free Press Policy Dir. Ben Scott said. Millions are being spent to "sell" the issue to Congress and consumers, he said, pegging the monthly D.C.-area budget for ads attacking net neutrality at about \$15 million. "Money talks" and can create "a lot of noise, spin [and] murkiness in a debate," he said. In response, net neutrality backers mostly use the Web to spread their message. The SavetheInternet.com Coalition, which Free Press helped organize, now has more than 750 members, he said.

Also on Mon., more than 40 high-tech firms appealed to Senate Commerce Committee leaders. Small companies as well as big ones like 3M, Corning and Cisco sent a letter to Stevens and Co-Chmn. Inouye (D-Hawaii). While they back the draft's "Internet consumers bill of rights," they oppose the "mandated net neutrality regulation" some seek. The Internet has endured few regulatory restrictions, allowing content businesses to grow and prosper, the group said. It's too early to try imposing neutrality regulation, since the problem advocates seek to address hasn't show up "in a way that enables us to understand it clearly," they said. Enacting net neutrality "placeholder laws" in advance of future Internet-dependent technologies' and businesses' development could keep companies from investing in expanding and enhancing broadband networks, the group said.

### Google, Amazon Will Profit from 'Single Lane'

Hands Off the Internet Coalition's Co-Chmn. Chris Wolf called net neutrality backers' statements alarmist, saying they're spewing "hypothetical fears that have no foundation in fact." "No one is threatening to block content or degrade services," he told us. In fact, the next-generation Internet -- untouched by net neutrality mandates -- will give consumers a faster connection, better quality of service and advanced services, he said. The "parade of horrors" his opponents keep reciting "are simply made up," Wolf said. If discrimination did occur, there are existing laws on the books to deal with that kind of conduct, he said. The truth as seen by Wolf is that major Internet players like Google and Amazon will have a huge commercial advantage if there's a "single lane on the Internet" rather than a multi-lane expressway, Wolf said. Regarding Scott's allegations of money spent by telcos on PR, Wolf said the figures must be "made up." His group and its members don't publicly disclose those kinds of expenditures.

Committee debate is likely to be lengthy and might not begin until Wed. The committee expects to finish the bill this week and will stay until Thurs. if needed, aides have said. Net neutrality is in Title IX, but there's no guarantee that Stevens will go in order, so it's difficult to predict when he'll take up the amendments. In addition to the Snowe-Dorgan amendments, Sen. Boxer (D-Cal.) has 5 amendments ensuring net neutrality for healthcare providers, state govt. agencies, federal govt. agencies, universities and public safety agencies.

Sen. DeMint (R-S.C.) has offered an amendment for discussion purposes that would make it illegal to discriminate in the methodology used to determine Internet search results based on an advertising or other commercial agreement with a 3rd party. The amendment provides for a maximum \$5 million fine and a year in prison or both. -- *Anne Veigle, Andrew Noyes*

### 'Tiered' Access Complicated

## Whois Databases Key to Inquiries, Consumer Privacy, FTC Says

Whois databases aid consumer privacy more than they harm site owner privacy, FTC Comr. Jon Leibowitz told the ICANN meeting on Whois in Marrakech, Morocco. Speaking Mon. as the event began, Leibowitz gave a statement counter to the recent drift of domain-name stakeholders, with the Generic Names Supporting Organization (GNSO) Council voting for a definition of Whois that limits its purpose to resolution of technical issues and excludes law enforcement needs (WID April 17 p2). But Leibowitz said the pursuit of spammers, spyware wielders and other threats to consumer privacy worldwide would suffer without comprehensive Whois listings. ICANN's Govt. Advisory Committee (GAC) is at work on a final communique on Whois policy for release at year's end.

Whois is one of the first tools FTC investigators use to pursue Web-based suspects, Leibowitz's prepared remarks said. The databases were crucial in shutting down an operation in the agency's first spyware case, *FTC v. Seismic Entertainment*, he said: "It's unclear whether the FTC would have been able to locate the defendants without the Whois data." Cross-border cases particularly rely on Whois information, since the FTC has no criminal authority. The agency usually can't "require a foreign entity to provide us with information," Leibowitz said. Of every 5 cases the FTC fielded in 2005, one had a cross-border component, up from 16% in 2004, he added.

Whois data often may be inaccurate, but can be enough to identify perpetrators, Leibowitz said. In *FTC v. Enternet Media*, several defendants registered their spyware-downloading freeware website to a nonexistent company and address, but agency staff linked them because "all of the registrations listed the same phony name as the administrative contact" in the databases. "With a 'narrow purpose' Whois, not even such inaccurate registration information would be available," he said. The FTC complained to Congress in 2002 that inaccurate or incomplete Whois data hampered inquiries, blaming ICANN for leaving domain cancellations to registrars.

The Whois factor varies with each case, Leibowitz legal advisor Joni Lupovitz told us: “In some cases it leads us to the defendants right away, [and] in other cases we do a little more digging.” Not all cases are as nefarious as sending sexual images without warning to e-mail accounts and spying on consumer Web usage, she said: Whois regularly helps the FTC stop “garden-variety false advertising.” Many investigations at least would take longer without Whois, Lupovitz said. She added that Leibowitz considered his remarks “well received” at the early Mon. meeting.

Consumers often can't report complaints about commercial sites without using Whois, Leibowitz said, pointing to regular Whois references in the agency's complaint database. The lag between a complaint and agency investigation also makes Whois data vital for consumers, as website operators may change Whois information to try a different scam before an inquiry starts, he added. Leibowitz cited a 2003 Organization for Economic Cooperation & Development recommendation of full contact data in publicly accessible Whois databases, calling such data a “key element for building consumer trust in the electronic marketplace.”

Companies and nongovt. entities legitimately use Whois to protect consumers, Leibowitz said. The Red Cross used Whois to shut down fake sites masquerading as its own in donation scams after Hurricane Katrina, which also drew congressional attention (WID Oct 28 p1).

#### **Dutch, Japanese Agencies Join FTC Call -- In Part**

The FTC's Dutch and Japanese counterparts joined its call against curbs on access to personal data in Whois databases, also citing the need to track spammers, scammers and intellectual property pirates. European registrars, data protection agencies and privacy activists from many nations have been trying for years to change the open-access policy.

Spam fighters value Whois, especially in cases that cross borders, said Chris Fonteijn, chmn. of Dutch regulatory body Opta, which takes the lead on spam investigations: “We have brought down the rate of Dutch spam in the last 2 years by 8% and dropped out of the list of the Top Ten spammer countries.” But the Netherlands is a small country and spam is global, so Opta pursues international spammers, too, he said. Without open Whois data, agencies like his would need administrative aid to get the private part of Whois, he said, echoing Leibowitz.

Accurate Whois data are most helpful, but even fake data are of use, Fonteijn said. “Sometimes spammers can be identified by patterns of use, or because he used his fake Whois identity in chatlines,” an Opta investigator said. Historical Whois data that the proposal would make harder to get also help with pattern analysis, said Fonteijn. Whois data should be more accurate, said Leibowitz, Fonteijn and Japanese counterpart Hiramatsu of the Internal Affairs Ministry.

Intellectual property theft is another big problem Whois data help fight, Hiramatsu said. Japan's “Provider Liability Law” exempts ISPs from liability for deleting content if they reasonably could assume 3rd party rights are being violated, he said.

But the agencies do not agree completely. Fonteijn said publishing complete private data might be disproportionate, with tiered access a possibility. Nuancing his prepared remarks, Leibowitz noted that the public has a right to the data, and tiered access could complicate access depending on what model is chosen, he said. It might be possible to differentiate between private and public domain name users, said Leibowitz.

Officials and GAC members faced criticism from ICANN's non-commercial user constituency. “How do you protect us against spam by publishing contact data for every spammer that could be automatically harvested from the Whois database?” asked Milton Mueller, prof., School of Information Studies, Syracuse U. Leibowitz said an FTC study hadn't spelled out a relationship, but several registry operators said Whois data are a major source for spammers. Mueller also asked why countries with stricter privacy laws haven't become

criminal havens. The British, Canadian and German registries and others have tightened up access to the Whois databases of .uk, .ca and .de, he said. Mueller criticized a trend toward trying to impose a rule globally rather than allowing varying national solutions.

The EC privacy directive and Article 8 of the Convention of Human Rights of the Council of Europe would be violated by a GAC decision to oblige people to have their personal data published online, said Nigel Williams, administrator for country code TLDs the Jersey (.je) and Guernsey (.gg). Kathy Kleiman, co-founder of the Non-commercial Users Constituency and a Whois Task Force member, warned of stalking if private users must publish their personal data. “Should not users be allowed to protect themselves?” she asked. -- *Greg Piper, Monika Ermert*

### **Balloting In Aug.**

## **Two IEEE BPL Standards Groups Close to Agreeing on Drafts**

Two IEEE BPL standards groups are close to agreeing on draft standards that could be voted on in Aug., said Brett Kilbourne, regulatory dir. of the United Power Line Council and head of the IEEE BPL Study Group. The groups’ meetings last week in Montreal “went very well,” Kilbourne said: “It was very bipartisan. We should have by August at least a fully drafted standard.” The BPL standards process has been accelerating, with approval in March by the EU-backed Open PLC European Research Alliance of the first universal access BPL specification (WID March 23 p6).

The P1675 group on installation and hardware came “close to finishing” the draft standards at Montreal, said Kilbourne. By the next meeting — in Piscataway, N.Y., in Aug. -- members should be able to vote on the draft, he said: “Essentially, this is the last piece before there are any more face-to-face meeting.” After the vote, IEEE sponsoring societies must ratify them. Much of the group’s effort involves finding codes relevant to BPL within the National Electric Safety Code, Kilbourne said: “The effort addresses upfront some of the questions the utility companies may have when they try to deploy BPL... It’s a way of speeding the deployment because it answers a lot of their questions upfront and makes it a lot easier for utility companies.”

The EMC group (P1775) is devising guidelines for emission measurements, said Kilbourne. Even in nations with standards, like the U.S., there are gaps in applying the measurement standards, he said: “We try to come up with basic guidelines in terms of what the environment is and extrapolation issues. That is the only thing that’s sort of outstanding.” Remaining issues are expected to be decided at the Aug. meeting. The MAC/PHY group on coexistence and interoperability is making progress but at a “relatively slow” pace, Kilbourne said. It is meeting more often, and has a meeting set for Aug. in N.Y.C. “Realistically you are looking at a standard sometime middle of 2007, maybe even late 2007,” Kilbourne said.

On Capitol Hill, the industry is scrutinizing the Senate Commerce Committee’s telecom bill markup today (Tues.), mainly to fight any language calling for a new FCC BPL study that the American Radio Relay League is demanding, he said. The House passed the COPE Act with language requiring the FCC to make a fresh study of BPL interference to ham radio. -- *Dinesh Kumar*

### **Industry Transformation**

## **Advertisers Must Compete with Traditional Media to Stay Relevant**

CANNES, France - Media fragmentation pressures advertisers to go head to head with broadcasters and other content developers, said officials at the 53rd Cannes International Advertising Festival. User generated content and mobile devices are reshaping an industry already in transformation, they said.

Consumers are driving an advertising industry restructuring, Craig Davis, chief creative officer at JWT Worldwide said: "In one hand, they've got a remote for the TV and the TIVO. In the other, they've got a mouse. In front of them, they've got a Blackberry. . . So many ways today to say no to advertising."

"More and more are we competing with great television, great film, great music, pornography, art, books and the Web itself," said Davis. Consumers increasingly mix and merge their media; they multitask, he said: "Advertising needs to be as interesting as the other stuff."

"The market is way behind the consumers and, if anything, the consumers are pulling away," Chris Dobson, vice president for international media sales at Microsoft, said. Consumers spend less time with traditional media, he said: "People talk about this sort of three-screen world: The TV, the PC, and the mobile phone. It's a 2-screen world because there's going to be no difference between the TV and the PC. It's all about video content, which is broadband enabled. That's fine. People are spending a ton more time doing this sort of stuff."

User-generated content poses new opportunities and threats to advertisers, officials said. "You never heard of YouTube.com until 12 months ago, and now it makes MTV look strange," said Dobson. "Before, MTV was very special for what it did. This whole aspect is cutting down the time people are spending with what we would call traditional media," he said.

"The debate between traditional versus new media is a false distinction, Arianna Huffington of Huffington-Post.com said. "If you make the advertising relevant to me, I find it useful. If it isn't relevant," it's annoying, Dobson said. If advertisers "try to be light, that's what you'll end up being," said actor Martin Sheen.

Mobile devices let people consume content at times and in setting they previously could not, Andrew Robertson, pres. and CEO of BBDO worldwide, said: "Mobile devices are important precisely because they are mobile and they are delivering content to people in a way that is revolutionary. Dead time is disappearing."

Broadcasters did a lot of bragging all their platforms in this year's Upfronts, where broadcast TV networks reveal their schedules and preview new shows and the new season, John Kamen, chmn. and CEO of Radical Media said: "But they're missing the point. Content is the point."

One-word equity will have a greater role in a media landscape where viewers are engaged continuously in media but with only partial attention, officials said. In that phenomenon, brands, companies and products live by one-word brands, as seen in ad agencies Africa and Glue. "What we have to do is reinvent the business. We're trying to work with agencies and with some TV producers . . . because if all this stuff comes down the broadband pipe, someone's got to sort it out," Dobson said.

The ad festival fielded 24,862 entries in 9 award categories: Press, film, cyber, media, radio, direct, outdoor, titanium and promotion. In "titanium," for unconventional entries, a designer barcode took this year's prize. Titanium entries grew 51% over 2005. Media entries increased 36%. Cyber entries increased 31%. Film ad entries fell 2%; direct advertising entries, 6%. Overall, the number of entries increased 9% over 2005. -- *Scott Billquist*

## Capitol Hill

International trade agreements will require renegotiation if intellectual property rules under the Digital Millennium Copyright Act (DMCA) are altered, the Institute for Policy Innovation (IPI) said Mon. HR-1201, sponsored by Rep. Boucher (D-Va.), would ensure proper labeling of "copy-protected compact disks" to protect consumers and balance copyright law, its backers say. But "HR-1201 would actually destroy the provisions which

give the DMCA teeth, effectively repealing the Act and drive a wrecking ball into intellectual property protections,” said Bartlett Cleland, IPI dir. of technology. Adopting the measure would mean the U.S. no longer would comply with trade agreements containing provisions of substantial benefit to the U.S., according to the paper. HR-1201 shouldn’t be the mechanism that puts the U.S. in violation of fair trade agreements, the paper said.

## States

Fla. Gov. Jeb Bush (R) signed into law a bill creating a cybercrime unit to pursue online pedophiles. In a pilot phase the unit arrested 19 offenders in about 10 months.

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Ky. Gov. Ernie Fletcher’s (R) decision to block certain websites from access by state workers raises “serious constitutional issues,” State Treas. Jonathan Miller (D) said. Miller’s office hasn’t been able to reach websites it needs, such as online auction sites it uses to sell unclaimed state property, since the change was effected last week, he told the *Courier-Journal*. Employees also can’t get to sites focusing on entertainment, humor, those suspected of hosting viruses and blogs. Democratic blogger Mark Nickolaus claimed that his BluegrassReport.org was blocked a day after he was quoted by the *N.Y. Times* criticizing Fletcher, while the conservative Bluegrass Institute’s initially blocked site was restored the next day. Finance & Administration Cabinet Gen. Counsel Gwen Pinson said state agencies can request access but they need to give a list of blocked sites and business purposes for access. Access to The Bluegrass Institute site was requested by another agency for research, she said.

## International

Using DAB radio broadcasts as an alternative to PC-based downloading will undergo trials next month in the U.K. UBC Media Group, a London-based independent radio production company, will run the DAB experiment for 4 weeks in July over Chrysalis Radio station Heart, UBC said Mon. With a prepaid card similar to those used for cellphones, DAB listeners can buy a track as they listen or shortly thereafter. UBC broadcasts encoded and encrypted music files with the DAB station’s audio stream. The tracks are cached in the mobile device, such as forthcoming cellphones with DAB reception, enabling users to purchase the songs. Once that’s done, the song is transferred to the buyer’s personal library on a website, UBC said. The buyer then accesses the site to download the music to a PC for copying to portable music players. Tracks will cost around £1.25 (\$2.27), UBC said. That compares with 79 pence (\$1.45) for songs from Apple’s iTunes. The trial will be limited to 100 consumers in Birmingham, and is supported by the 4 majors -- Sony BMG, EMI, Warner and Universal, UBC said.

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The EC said Mon. it has no jurisdiction over the transfer of financial data to non-EU countries such as the U.S., as occurred via the Belgium-based SWIFT system. A spokesman for the EC’s justice & security commissioner said “it would appear that there is no European legislation covering this type of transfer... and therefore it is a matter for national law and regulators.” He said “this must be done with full respect of data privacy” and suggested the action would have to involve “the Belgium authorities.” Over the weekend the Belgian National Bank admitted that it knew the U.S. was monitoring financial transactions via the SWIFT system. A national bank spokesman said Belgium has information about the Bank monitoring activities of SWIFT. SWIFT rejected criticism that it violated the privacy of customers, saying it had done nothing illegal. Also Mon., the Belgian Justice Ministry ordered Belgian intelligence agencies to investigate the program.

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T-Com, Deutsche Telekom’s fixed-line unit, threatened to stop building a high-speed broadband network in 40 German cities if the EU doesn’t yield on regulatory issues. T-Com said it would take the €3 billion intended for the network and spend it abroad. The threat is the latest salvo in a conflict between the EU and Deutsche Telekom. Viviane Reding, EU information society commissioner, claims a German plan to exempt the new fiber-optic broadband network from regulation violates EU law.

A sex offender was given 9 years in jail by Nottingham Crown Court after he was caught through an anti-pedophile website, the BBC reported. Lee Costi, 21, was the first to be caught in a police Internet operation called the Virtual Global Taskforce. The group allows children to report suspicious behavior directly to a police officer. The child can copy and paste a section of an online conversation to an officer in the Pedophile Online Investigation Team, the Taskforce said. Costi was caught when a schoolgirl told her mother about his chatroom messages. He was arrested after he planned to meet the 14-year-old girl in a subway station for sex. In Costi's trial, he said he met 3 girls, ages 13 and 14. He was jailed for 6 years for having sex with 2 teenagers and 18 months for convincing a third girl to perform sex acts over her webcam. An additional 17 months in prison were given for 40 indecent images of children in his possession.

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British Telecom Tues. launched an ultrafast Internet café. Computers at the café at Goonhilly Satellite Earth Station in Cornwall link to BT's new IP network, allowing downloads at speeds of up to 100 Mbps -- 25-50 times faster than a typical home broadband connection -- BT said. With 60 antennas for international phone calls, TV broadcasts and data, Goonhilly is the oldest functioning satellite earth station. Its first antenna was built in 1962 to track Telstar.

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A "copyleft" group will become active in Spain this Oct. The Copyleft Foundation, or Fundacion Copyleft, is intended to provide creators with "non-restrictive" licenses that give more control, "more reasonable economic compensation" for works and more privileges for users. The group issued a "formal invitation" to participate in upcoming projects to develop and create awareness of copyleft licenses.

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A Chinese appeals court upheld a 3-year prison sentence given to former journalist Li Changqing for posting "alarmist information" on the Internet, Reporters Without Borders said. The govt. charged Li, formerly of *Fuzhou Daily*, with falsely reporting a dengue fever outbreak in Fuzhou to foreign site Boxun.com, which is critical of China's govt. On June 15, Li's wife visited him for the first time since his Feb. 2005 arrest, reporting he had a stomach inflammation and was "very weak," the press freedom group said.

## Security

Better handling of data security by small business is the goal of a roadshow put on by Visa USA and the U.S. Chamber of Commerce. Nearly 63% of small businesses moved to improve customer data security in the past 12 months but more is needed, said Visa USA and the Chamber. Most companies grade themselves highly on data protection -- among small firms in a recent self-rated survey by Visa and the Chamber, about 67% gave themselves A's, 27% B's and only 5% C's or lower. While almost 1/3 of businesses said they had increased data security, small retailers also said they spend more time fighting theft of merchandise and cash from their stores (34%) than securing customer data (20%). Only 17% said they knew what magnetic stripe data is and 53% said customers rarely worry about personal information being exposed. To broaden small firms' perspective, Visa and the Chamber are repeating a 12-city tour, starting Mon. in Portsmouth, N.H. In 2-hour seminars, experts from Visa will teach ways to handle data and fight fraud. The Chamber will explain pending data security bills. Meetings will be hosted by local chambers of commerce. Besides Portsmouth, seminars will occur in Charleston, W.Va. Birmingham, Gainesville, Springfield, Ill., St. Paul, Anaheim and Murrieta, Cal., Annapolis, Newton, Mass., San Antonio and Cincinnati.

## Domain Names

ICANN signed an accountability framework with Chile's .cl manager, NIC Chile. The document sets out the obligations of ICANN and NIC and provides for dispute resolution and termination of the agreement. The agreement is more "lightweight" than the sponsorship agreements ICANN has signed with the ccTLD managers for



Australia, Japan and Korea. Sponsorship agreements are more complex than the accountability process designed for most ccTLD managers by the ccNSO in late 2005.

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ICANN is seeking proposals from organizations to host ICANN meetings in 2007. The group wants proposals for European sites for the March 26-30 meeting, N. America for June 25-29, and Asia Pacific for Oct. 29-Nov. 2.

## Industry Notes

Toys “R” Us e-mails tell customers that the new Toysrus.com/Babiesrus.com site will be up and running in July. It didn’t give an exact date but, Toys “R” Us, in May announcements of online partnerships with GSI Commerce and Exel, said a “seamless transition of Toysrus.com and Babiesrus.com to the new e-commerce platform is expected to occur on July 1” (WID May 26 p9). A Toys “R” Us spokeswoman said Mon. a July 1 launch still is planned. As part of long-term agreements, GSI is providing technology, customer service and support. Exel will handle fulfillment for both sites. In the transition, Toys “R” Us will relaunch Toysrus.com and Babiesrus.com with new looks and more information, it said. After relaunch, the company will keep improving the sites, adding new merchandise and features. Toys “R” Us said in its e-mail that customers will be able to make “easy returns to any” Toys “R” Us or Babies “R” Us retail store “for most purchases” made online. Products to be available online again will include toys, video games and baby gear. But as of Mon., visitors to Toysrus.com still were directed automatically to Amazon.com. A N.J. Chancery Court judge ruled in March that Toys “R” Us could end a multi-year agreement with Amazon to be the e-tail giant’s exclusive toy source (WID March 3 p7). The toy retailer had sued Amazon in 2004, accusing the e-tailer of not living up to their deal and requesting it be allowed to go solo online again. The e-tailer countersued but Toys “R” Us prevailed. Judge Margaret Mary McVeigh ruled that Amazon had breached the contract’s exclusivity provisions.

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Apple CEO Steve Jobs is among the top 5 personalities in business “who matter,” said CNNMoney.com, tagging Microsoft CEO Steve Ballmer, Sony Computer Entertainment Pres. Ken Kutaragi, HD DVD consultant Warren Lieberfarb, Sun Microsystems CEO Jonathan Schwartz and Netflix CEO Reed Hastings as among the top 10 “who don’t matter.” Inclusion of Kutaragi and Lieberfarb reflects CNNMoney.com’s belief that packaged media are doomed as a movie delivery format. CNNMoney.com complained that Sony “seems to have forgotten all about” its Betamax “debacle” as it fights the next-generation optical disc war. Hastings and Netflix stand to suffer because DVDs are “destined for the endangered species list” and it’s “simply not clear that anything Hastings has built will give him much of a leg up as the industry shifts toward video on demand and other forms of digital distribution,” the site said. Movielink and iTunes, on the other hand, “seem to have the momentum as we head into the future,” it said. Microsoft’s Ballmer is “a lame duck,” since longtime partner Bill Gates no longer will be involved in day-to-day operations, CNNMoney.com said. It predicted “it will be increasingly tempting for Ballmer to follow Bill’s lead and make boosting the shares someone else’s problem” now that Chief Technical Officer Ray Ozzie is assuming many of Gates’s duties as the new chief software architect. The report said Sun’s new CEO is “full of ideas” but the company’s server business has “become a commodity and the company is not making enough money from software like Java to supplement its shrinking hardware profit margins.” Also listing as not mattering: Linux creator Linus Torvalds. Torvalds’ Linux open source project “has matured to such an extent that it’s largely outgrown its illustrious creator.” But Apple’s Jobs came in at #4 among business leaders who matter most. Others in the top 50 who matter: News Corp. CEO Rupert Murdoch (#4), Microsoft’s Ozzie (#10), Walt Disney Co. CEO Robert Iger (#12), Hewlett-Packard CEO Mark Hurd (#19), Microsoft’s Gates (#21), Amazon.com CEO Jeff Bezos (#42), Virgin Group Chmn. Richard Branson (#45) and Blizzard Entertainment Pres. Mike Morhaime (#46). Morhaime -- the only pure-play game company executive in the top 50 -- seemed open to debate because Morhaime doesn’t own Blizzard: Vivendi Games does. Despite its hit *Warcraft* series, Vivendi significantly trails in market share behind Electronic Arts, Activision, Take-Two Interactive and THQ. But Blizzard’s games have been among the most popular online titles and CNNMoney.com said the massively multiplayer online game (MMOG) arena, in

which *Blizzard* was a pioneer, keeps growing. The report said *World of Warcraft (WoW)* “is the planet’s biggest and fastest-growing virtual world -- launched just 18 months ago, it already boasts 6.5 million players (including more than 3 million Chinese).” It added, “industrywide, the out-of-game MMOG economy has grown to \$200 million -- from zero just a few years ago -- in tandem with the growth of *WoW*.”

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Digital Music Group (DMG) acquired Chancellor Records, the “teen idol” label that carried Fabian and Frankie Avalon and spanned 2,000 tracks from the late 1950s through the 1960s. DMG CEO Mitchell Kouris said less than 10% of the label’s catalog is available in digital formats at online stores. The company focuses on past hits, out-of-print, back catalog and indie label recordings for digitization and distribution through download stores.

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Wireless broadband provider MobilePro submitted a letter of intent to acquire Clearwave Communications, an Illinois-based local exchange carrier. No terms were disclosed. Clearwave plans to install communications in additional Southern Illinois cities later this year.

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Wi-Fi/Cellular handset production will be very big by 2010, In-Stat said Mon. Progressive carriers’ production of Wi-Fi-capable handsets will drive larger firms to follow suit, the report said. By 2010 the market will accommodate 132 million converged Wi-Fi/cellular handsets, In-Stat said. Market growth will overcome carrier wariness of Wi-Fi as a conduit for VoIP, it said. Instead, carriers will embrace the phenomenon, providing Wi-Fi access on handsets and even incorporating VoIP clients for services like Skype. -- **BB**

## Internet People

Changes at ICANN: **Paul Levins**, ex-Telstra, gets new position of exec. officer & vp-corporate affairs; **Theresa Swinehart** to vp-global & strategic partnerships from gen. mgr.-global partnerships; **Bart Boswinkel**, ex-.nl registry SIDN, becomes account mgr.-regional Internet registries.

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