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Today's News

EGYPTIAN INTERNET CUTOFF

shows need for outside secondary domain name system servers, ICANN president says. (P. 1)

'COMCAST' CASE JUDGES won't be directed to hear Verizon's net neutrality challenge, D.C. Circuit says. Motion by carrier denied. (P. 2)

RUSH UNDECIDED about putting do-not-track provision in privacy bill. (P. 3)

CAPITOL HILL: Barton, Markey letter questions Facebook plan. (P. 3)

AGENCIES: FCC transparency rule "scary," says Wilkinson Barker attorney ... SEC, DOJ move against Internet spammer. (P. 4)

STATES: Ohio seeking cybersecurity, privacy comments. (P. 4)

INTERNATIONAL: EC proposes collection of airline passenger data to fight terrorism, serious crime. (P. 5)

SECURITY: Utilities Telecom Council to review cybersecurity in Thursday conference call ... Nation still unprepared for cybersecurity, says CSIS. (P. 5)

Proposed Secondary Servers for Country-Code Domains Said to Raise Sovereignty Issues

ICANN President Rod Beckstrom's call for a policy on secondary domain name system servers for country-code top-level domains (ccTLDs) could run into sovereignty problems. Beckstrom wrote about the issue Monday on the ICANN blog, following a shutdown of the main DNS server for Egyptian country-code top-level domain .eg. But several ICANN community participants said it's unlikely governments will agree to such a policy, although guidelines might be useful. Internet access in Egypt (WID Feb 1 p4) returned to normal Wednesday, according to media and analyst reports.

Egypt's ccTLD is run by the Egyptian Universities Network, its Arabic script TLD (.masr) by the country's National Telecommunication Regulatory Authority, Beckstrom wrote. The primary servers had been inaccessible outside Egypt since Jan. 27, though secondary DNS servers for .eg in the U.S. and Austria continue to function with data provided before the shutdown, he said. There are no outside secondary servers for .masr, so, at that time, service to sites it serves was unavailable, he said.

Secondary servers copy their data from the primary server at regular intervals, Beckstrom wrote. Data in the secondary servers for .eg will expire in about 138 days because it won't be updated, he said. Normally when primary servers fail, which happened after the Haitian earthquake, the TLD operator wants secondary servers to keep operating with the last file they received, allowing users around the world to connect to functioning servers in their zone, he said.

The Egyptian situation offers several lessons, Beckstrom wrote, among them that a policy encouraging the establishment of secondary servers for continuity of service and DNS stability "could

be useful and in the global public interest." ICANN will ask its Country-Code Names Supporting Organization (ccNSO) to consider proposing such a policy, he said. No one at ICANN will elaborate on what other lessons might be drawn from Egypt's situation or on what a secondary server policy might look like, a spokesman told us: "They say greater detail might be forthcoming in the near future."

Several TLDs have all of their servers in one country, including, apparently, .us and .com, said ccNSO Chairman Chris Disspain, CEO of Australia's .au Domain Administration Ltd. Each country-code is sovereign, and if it chooses to have all of its servers in one place, "that is a matter for them," he told us. Nevertheless, as a matter of best practice, he recommends having different server locations inside and outside the territory, Disspain said.

"Guidelines are preferable to policy," said Elliot Noss, president of domain name registrar Tucows. ICANN must be "thoughtful and careful" about anything that might be construed as affecting national autonomy, and policy sounds like a requirement whereas a guideline is simply good practice, he said.

Beckstrom has "little prayer in hell" of convincing the ccNSO or the Governmental Advisory Committee to accept a requirement for extra-territorial redundancy of DNS servers for ccTLDs, said long-time ICANN participant Avri Doria, an adjunct professor at Lulea University of Technology in Sweden. But it may be possible to set such a condition for generic TLDs, especially those in areas deemed politically or technically unstable, she said. The DNS problems were collateral damage, and having secondary servers elsewhere would have had little effect, Doria said. On the other hand, if efforts to find new routes into the country that bypassed the primary servers succeeded, that might make a difference, she said.

ICANN has some responsibility for the cutoff of Internet Protocol and Autonomous System numbers in this case, but far less for the country-code name space, Doria said. The Internet body would be better off making a statement about how to maintain network stability when people block access to the IP and AS space, she said. "I am rather dismayed at the continuing silence."

"I read [Beckstrom's blog] and my technical hat exploded," said InterWorking Labs Chief Technology Officer Karl Auerbach. It's "technically stupid" to have all of Egypt's country-code servers in one place, and a server update time of 140 days is crazy, when the normal time is 24-48 hours, he said.

The issue Beckstrom has stepped into is to what degree outside entities have the power to replace sections of the DNS information tree with substitute sources of data during periods when the principal provider of the information intentionally chooses to make it unavailable, Auerbach said. Will ICANN now guarantee proper data in the DNS even if the authority over that data wants otherwise? he said. That "utterly undermines the concept of a country-code TLD run by the country," he said. — *Dugie Standeford*

No Surprise?

Court Denies Verizon Request for 'Comcast' Panel to Hear Net Neutrality Challenge

The U.S. Court of Appeals for the D.C. Circuit rejected Verizon's request that the panel of judges who heard the *Comcast* case and ruled in April against the commission be assigned to its challenge of the FCC's net neutrality order. The court has yet to rule on a motion asking the court to accept the case.

Other challenges to the order, approved 3-2 in December, are considered likely, including from net neutrality supporters who want tougher rules.

The Wednesday order doesn't explain the court's reasoning. The action eliminated the need for the FCC to respond to Verizon's request against a deadline Wednesday. The court must still decide whether it agrees with the carrier that because the rules affect spectrum licenses, the circuit is the proper venue for the case. Verizon didn't comment by our deadline. The *Comcast* panel is viewed by most observers as less sympathetic to the FCC's position than judges in other federal circuits may be.

"We're pleased with the Court's swift action and look forward to the dismissal of the other part of Verizon's request," Public Knowledge said. Andrew Schwartzman, senior vice president of the Media Access Project, said "people generally read too much into actions such as this. It doesn't signal sympathy for one side or the other."

Two longtime telecom industry lawyers said they weren't surprised that the court turned down Verizon's motion. "The D.C. Circuit has been sensitive to people who want to panel shop in these kind of recurrent cases," one of the attorneys said. "Over the last few years we've seen them tightening down and doing more random assignments." Verizon must have known that the odds were against the court granting the motion, a second lawyer said: "You can't blame them for asking."

The net neutrality order faces a number of challenges, Stifel Nicolaus said in a research note. "While Hill Republicans seek to throttle the FCC rules through legislation, they face hurdles in the Senate and a veto obstacle in the White House," the firm said. "However, Verizon and others have a decent chance in their court challenges, with the venue a key initial battle." — *Howard Buskirk*

Introduction Next Week

Rush Still Considering Do-Not-Track Provision in Privacy Bill

Rep. Bobby Rush, D-Ill., has not decided whether to include a "do-not-track" provision in an online privacy bill he plans to introduce next week, said a House staff member close to the congressman. A Rush aide confirms he will introduce a bill next week.

Rush introduced privacy legislation last year that the House Commerce Committee failed to approve before the end of the congressional session (WID Aug 20 p1). That bill did not contain a do-not track provision. But after listening to stakeholders last year during hearings on the bill, Rush heard enough encouraging evidence that a do-not-track provision may be feasible for the telecom industry, a House official said Wednesday.

The rest of the legislation will probably be the same bill as he introduced last year and will serve as a template for establishing a baseline level of privacy for consumers, the aide said. — *Dave Hansen*

Capitol Hill

Facebook's plan to release users' addresses and cellphone numbers to third parties is raising eyebrows on Capitol Hill. House Commerce Committee members Ed Markey, D-Mass., and Joe Barton, R-

Texas, raised questions in a letter Wednesday to company CEO Mark Zuckerberg. “Facebook needs to protect the personal information of its users to ensure that Facebook doesn’t become Phonebook,” Markey said in a statement. The lawmakers asked Facebook to specify what information would be shared and whether any has been shared previously. They also asked why Facebook decided to suspend and then re-activate the sharing program and whether users opting in to sharing could later opt out. Markey and Barton asked for responses by Feb. 23. Facebook believes “there is tremendous value in giving people the freedom and control to take information they put on Facebook with them to other websites,” said a spokesman for the company. “We enable people to share this information only after they explicitly authorize individual applications to access it.” Facebook designed the system with “a number of privacy experts,” it said. “Following the rollout of this new feature, we heard some feedback and agree that there may be additional improvements we could make. Great people at the company are working on that and we look forward to sharing their progress soon.” — **AB**

Agencies

The detail that the FCC seeks in the transparency rule is “scary” and imposes “high hurdle,” Paul Sinderbrand of the Wilkinson Barker law firm said Wednesday on a Wireless Cable Association webinar. “Identifying the actual speeds at which the [Internet] service is provided is a very difficult task in the fixed environment,” he said. “Actual speeds is a very, very, thorny concept.” Sinderbrand said he doesn’t know how the FCC expects wireless providers to provide the information. Because the operators will have to “provide extensive caveats,” the disclosers will be “verbose” and “not as useful” as they could be, he said. The rule “will provide the biggest problem for the paperwork reduction process,” Sinderbrand said.

The SEC and Department of Justice took action against New York broker Gregg Berger and others involved in an alleged \$30 million international microcap stock scheme that used Internet spam, the DOJ said Tuesday. Berger was indicted Tuesday for his role in a “pump and dump” operation that sent out spam e-mails in an attempt to manipulate stocks. Berger worked with Alan Ralsky, Francis Tribble, How Wai John Hui, Scott Bradley and others between January 2005 and December 2007 to carry out the scheme, the agencies claimed. Berger and his alleged co-conspirators artificially inflated and then sold stocks in China World Trade Corporation, Pingchuan Pharmaceutical, China Digital Media, World Wide Biotech and Pharmaceutical, China Mobility Solutions and m-Wise, the DOJ said. The SEC filed fraud charges Tuesday against Tribble, who the agency said “masterminded” the schemes, and seven other defendants along with China Digital, Global Peopleline and m-Wise, the agency said.

States

The Public Utilities Commission of Ohio (PUCO) is seeking comments on consumer privacy and cybersecurity issues surrounding smart grid and advanced metering technologies, the agency said. The existence of more-detailed usage data may require the development of new policies to protect the privacy and confidentiality of consumer information, PUCO said. Also, smart grid infrastructure may require new cybersecurity measures, it said. Comments are due March 4.

International

EU countries should be required to create airline passenger name record (PNR) systems to help fight serious crime and terrorism, the European Commission said Wednesday. It proposed legislation requiring carriers to transfer data, including telephone and e-mail contact information, on passengers on international flights to a dedicated unit in the European country of arrival or departure. The measure also contains strong privacy and personal data protection provisions, the EC said. PNR will not be able to be used for anything other than combating terrorism and serious crime, and data must be anonymized one month after the flight and held no longer than five years, it said. There will also be clear rules on how data should be transferred, such as the number of times it may be shifted by airlines to EU countries and how transfers should be kept secure, the EC said. It said negotiations with the European Parliament and Council of Ministers could take two years.

Security

The Utilities Telecom Council will hold a members-only conference call Thursday from 2 to 3 p.m. to discuss cybersecurity legislation under consideration in Congress, the group said Wednesday. The Senate Commerce and Homeland Security Committees have resumed debate on a comprehensive cybersecurity bill. As currently drafted, the bill would give the Department of Homeland Security more authority over cybersecurity standards, departing from the current public-private partnership framework the utilities industry participates in with the federal government. "Utilities could be subject to multiple, perhaps conflicting regulatory authority over cybersecurity issues," UTC told its members. UTC's conference call will be two days after the Department of Energy launched an initiative to enhance cybersecurity on the electric grid. DOE announced Tuesday that its initiative, led by the Department's Office of Electricity Delivery and Energy Reliability, will be an "open collaboration" with representatives from across the public and private sector to develop cybersecurity risk management guidelines for the electric sector. The initiative will generate draft guidance which will be made available for public review and comment before it is finalized, said DOE. It didn't give dates for release of the draft or for finalization.

The White House started a national dialog on cybersecurity but has not translated it into sufficient progress to keep the nation safe, said a Center for Strategic and International Studies report released Monday. The U.S. still can't secure the networks of digital devices that make up cyberspace, the paper said. It listed several examples from 2010: major exfiltration of data from Google and other Fortune 500 companies; a Department of Defense report on how its classified networks had been compromised; the Stuxnet virus invading U.S. industrial systems; and other exploitations of government agencies, companies and consumers. "As a nation, we must do more to reduce risk, and we must do it soon," the report said — <http://xrl.us/big4wb>.

Industry Notes

Level 3 will offer content delivery network services to the FBI to improve the performance of the agency's website, the company said. In support of the FBI's revamp of its website, Level 3 will offer caching services, local homepages for the department's 56 field offices, as well as a site for citizens to report suspected terrorism or criminal activity, it said.

ILECs “can no longer demand government protection from change” as the FCC reworks the inter-carrier compensation system, Sprint Nextel said in an ex parte filing posted to docket 01-92. ILECs have avoided Internet protocol-based services and have “insisted” on converting voice calls to time division multiplexing based on the public switched telephone network, Sprint said. “There are no sound engineering or network management reasons for such actions,” but ILECs are requiring the conversion in “an attempt to protect legacy access revenue streams,” the carrier said. It added, “Stated differently, these ILECs must at long last be made to understand that the communications industry is changing.” Joining Sprint was Verizon, which said in a filing that it “strongly opposes extending the legacy system to IP traffic and urged the commission to reject arguments that the commission should impose tariffed access charges on IP traffic.” Verizon said, “Instead, the commission should make clear that until it adopts rules, carriers may enter into voluntary, commercial agreements to establish rates, terms, and conditions for IP traffic.”

Google outranked more than 200 websites as the one with the greatest brand strength, in Advertiser Perceptions’ Highest Rated Media survey. Google Ad Network ranked the highest for brand strength out of more than 50 ad networks, the survey said. For best customer service, Yahoo Network ranked highest. In the mobile space, Facebook had the greatest brand strength, while Microsoft was found to have the best mobile advertiser satisfaction, the survey said. Among cable networks, ESPN was rated the highest for brand strength and advertiser satisfaction. Research was conducted by Advertiser Intelligence Reports, and thousands of advertisers were surveyed last fall, Advertiser Perceptions said.

“The most important question” for media investors — whether content companies can put programming online without hurting overall viewing — comes while the companies have contracts to pay U.S. major-league sports teams about \$17 billion over the next five years, an analyst wrote Wednesday. “Since these payments are fixed, any ratings or revenue weakness as viewers adopt digital platforms accrues 100 percent to the content companies,” wrote Laura Martin of Needham & Co. CBS is “mostly exposed” to sports through its deal with the NFL, Time Warner with the NBA, News Corp. with baseball and football, and Disney, through ESPN, to sports of all sorts, she wrote investors. “For each of these companies, total sports commitments represent a material portion of their market capitalizations.”

U.S. e-book sales are expected to reach \$2.7 billion by 2013, Yankee Group analysts forecast. That’s up from \$313 million in 2009, they said. Consumers are expected to buy about 380 million e-books in 2013, “roughly four times the amount they purchased in 2010,” Yankee said. The cost of e-books will continue to fall, its analysts said. By 2013, the average retail price will drop to \$7, down from more than \$9 in 2009, Yankee said. E-book sales will be driven by growing adoption of e-readers, “new content formats, better content discovery tools and new business models,” the forecast said. Yankee predicted that e-book downloads will outpace mobile app downloads by 2013.

A Magid Associates study said 66 percent of 498 YuMe video ad network respondents said they watch online video more than they did 12 months ago, and 48 percent said they will most likely continue to increase watching this year, YuMe Inc. said Tuesday. Compared to 12 months ago, viewers of online video tend to be older, female and more highly educated, the study found. It said 49 percent of viewers said they watch online video daily and watch an average of seven hours per week. Seventy percent of those polled said they watch video clips that are shorter than 5 minutes long, and 60 percent said they watch online videos because they can watch where and whenever they wish, the study said. It took place during a six-week period starting at the end of August.

AOL said its revenue declined 26 percent year to year in Q4 and 2010. Q4 revenue was \$596 million, the company said Wednesday. Annual revenue was \$2.42 billion. A 2010 loss of \$982.6 million compared with a \$462.6 million profit the previous year.


News Corp. said it wrote down \$275 million of the value of MySpace. Even so, News Corp.'s net income for its second fiscal quarter increased more than 150 percent to \$642 million on operating income gains at its cable programming and TV divisions. Quarterly revenue of \$8.7 billion was about flat with that a year earlier.

Comcast said its Xfinity TV app now allows subscribers to watch some movies and TV shows on demand on iPads "at home or on-the-go." It said subscribers have access through the app to programming from HBO, Showtime, Starz, Encore, Cinemax and MoviePlex. "We have an aggressive development plan to introduce even more features in the coming months that enable customers to more richly watch, control and personalize their entertainment experience," said Matt Strauss, senior vice president and general manager of Comcast Interactive Media.

Neustar's fourth quarter 2010 revenue increased to about \$526 million, up 10 percent from the same period in 2009, it said in a press release. Cash, cash equivalents and investments totaled \$382.4 million as of Dec. 31, Neustar said. Revenue for IP services decreased \$2.7 million "due to low customer adoption for converged messaging services." Enterprise services revenue totaled \$37.1 million in Q4 2010, up from \$31.1 million in 2009, the company said. In 2011, the company expects revenue to range from \$585 million to \$600 million, an 11 to 14 percent increase over 2010, it said.

Internet People

HSN names **Jill Braff**, ex-Scrapblog, executive vice president-digital commerce ... LIN Media promotes **William Gaffney** to vice president-digital operations, and **Michael Kelly** to vice president-digital revenue.

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