

UK government responds on Phorm

The government has outlined how a controversial online ad system can be rolled out in the UK.

In response to EU questions about its legality, it said that it was happy Phorm conformed to EU data laws.

But any future deployments of the system must be done with consent and make it easy for people to opt out.

The European Union had demanded clarification about the system which tracks web habits in order to provide better targeted ads.

The controversy over the Phorm ad-serving system blew up following revelations that the system had been trialled by telecoms firm BT without the consent of users.

Clarifying how the system will be used in response to the EU request, the UK government said future trials must be done with consent from those being targeted.

In its statement sent to the EU it said: "Users will be presented with an unavoidable statement about the product and asked to exercise choice about whether to be involved. Users will be able to easily access information on how to change their mind at any point and are free to opt in or out of the scheme."

In response a spokesman for the office of Information Commissioner Viviane Reding, which first called on the UK government to clarify the legality of Phorm, said it was analysing the reply and preparing a legal assessment of the situation.

Transparent

Commissioner Reding's request for more information was sent to the Department for Business, Enterprise and Regulatory Reform (Berr) in late July.

Berr, which has co-ordinated the UK response, asked for an extension to the original end-of-August deadline and finally filed its response last week.

It told the BBC that it was not making the entire letter public but instead outlined the main reasons why it considered Phorm to be legal.

"After conducting its enquiries with Phorm the UK authorities consider that Phorm's products are capable of being operated in a lawful, appropriate and transparent fashion," said a Berr statement.

The fact that profiles are based on a unique ID rather than the identity of users coupled with the fact that Phorm does not keep a record of actual sites visits are cited as reasons for its legality.

It also pointed out that Phorm's search terms have been widely drawn so they do not reveal a user's identity and that Phorm has no information which would enable it to link a user ID and profile to a living individual.

But it stressed that any profiling must be done "with the knowledge and agreement of the customer".

Critics say this agreement was notably absent in the first two trials conducted by BT.

The EU was prompted to send its letter following controversy over the trials and future deployment of the Phorm system. Berr made no mention of these trials or their legality in their statement.

Police investigation

Three internet service providers have showed initial interest in using Phorm but, so far, only BT has conducted widespread trials.

The City of London police is currently investigating the trials, following a dossier of evidence handed to it by angry users.

BT initially said a further trial would happen "in the summer" but has given no firm date for when this will take place.

A Phorm spokesman said the delays were necessary.

"We continue to work with BT but it is a complex technology and has taken a bit longer than originally intended as it needs to be introduced in a way that is 100% right," he said.

One of the other original partners, Virgin Media said it was "still evaluating the system". Carphone Warehouse said it would only run Phorm on an opt-in basis.

Some believe systems such as Phorm are the only way to keep internet service providers afloat in the future.

"There is a good economic argument for it and it can help fund better content and services," said a Phorm spokesman.

But others have suggested that content owners might issue legal challenges to the system.

"For the Googles and the Amazons of this world the system could be seen as using their customer information as a foundation for someone else's targeted advertising," said lawyer Nicholas Bohm who has been a fierce critic of Phorm.

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