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User Privacy and Choice Guaranteed by Phorm

Phorm responds to FIPR's assertions on legality

We are grateful to Dr Richard Clayton for his report into Phorm's technology and his acknowledgement that Phorm has established high standards for data protection. He said:

"Phorm argue, with some justification, that their system does not permit them to identify individuals and that they meet and exceed all necessary Data Protection regulations producing a system that is superior to other advertising platforms that profile Internet users."

However, we disagree with FIPR's analysis of the legal dimensions. There is no interception issue in the Phorm system and user consent is always obtained. FIPR asserts - under a very narrow interpretation of RIPA - that although we obtain user consent, without the explicit consent of each website, there is an unlawful interception under RIPA. We would point to the many important and valuable consumer internet services such as Gmail or spam filters where data from one side of the "communication" is analysed for the purpose of showing ads or blocking spam. Under FIPR's interpretation such services would be deemed illegal.

It is precisely because of the possibility of an incomplete interpretation of RIPA that we conducted extensive due diligence on the legality of our system under current interception law. We even went so far as to consult internally with Leading Council and externally with the Home Office, which is responsible for this area.

Our extensive consultations have led to only one conclusion – that Phorm's systems are legal under any full interpretation of the law. Commenting, Phorm CEO, Kent Ertugrul said, "While we strongly support FIPR's right to express a range of views on our technology, the group must remain consistent with its own historical record on this issue. FIPR spearheaded the campaign against the Regulation of Investigatory Powers Act (RIPA) nearly eight years ago - a Bill aimed at tightening state security in the face of terrorist threats. Their dual concern was fighting intrusion by government whilst protecting the growth of Internet services and e-commerce from the unintended consequences of the Bill. It is now using the very same legislation to try and enforce exactly what they were fighting against.

Quoting from a letter to the Daily Telegraph signed by FIPR:

"We agree that the government has a duty to protect public safety, but the RIPA bill is neither an acceptable nor a responsible means of achieving this goal. We are deeply concerned that the bill will inhibit the development of the Internet and e-commerce while creating a range of onerous and unfair impositions on individuals, organisations and companies."

(Daily Telegraph, 12th July 2000)

Continuing, Kent Ertugrul said, "We're delighted to have a dialogue with FIPR but it has to be in the context of how today's online world actually works and how to improve it for the future. Our objective is to ensure the Internet continues to be a vibrant and thriving community, where new developments can contribute greatly to user experience and safety. Phorm's new system is designed from the ground up with user privacy and choice as its foundation, together with being fully compliant with all relevant legislation. This development will position the UK as the best place to launch a website, the most efficient place to advertise, the most cost effective place to connect to the internet and the safest, most private place to browse - these factors combine to create substantial consumer benefits that we believe FIPR will in due course support."

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About Phorm:

Phorm is an innovative technology company specialising in delivering behaviourally and contextually targeted advertising while preserving users' personal privacy and security. Phorm's partners include leading Internet Service Providers (ISPs), Publishers <<http://www.phorm.com/partners/publishers.php>> , Ad Networks <http://www.phorm.com/partners/ad_networks.php> and Advertisers <<http://www.phorm.com/partners/advertisers.php>> .

Phorm is a Delaware, US incorporated company, with offices in New York and London. The Company was admitted to the AIM market of the London Stock Exchange in 2004 and has over 100 employees.

For more information, please visit: www.phorm.com
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