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As EU Lawmakers, Commissioners Change, Key Telecom Issues Remain

Change is coming to the European Parliament and Commission this year but some important telecom matters will carry over, said officials from the EU bodies, industry and consumer groups. With European elections June 4-7 and a new EC expected to be seated by early next year, completing an overhaul of e-communications rules is the highest priority, telecom groups said. Broadband rollout, digital content and Internet access are also on the agenda, they said.

The industry committee, which takes the lead on many telecom issues, will concentrate on completing the reform package, parliament said. The measure -- blocked this month when members approved an amendment barring Internet cutoff without a court order (WID May 7 p1) -- will "likely" end up in conciliation proceedings between Parliament and the Council of Ministers, Parliament said. Governments vote June 12 on whether to accept the legislative version, it said.

The next industry committee will also deal with the possible introduction of EU-level criminal punishments for copyright violations, the extension of the copyright term of protection to 70 years from 50, and a revamp of rules protecting audiovisual works, Parliament said. The civil liberties committee will take up a proposal to protect the EU against attacks on information systems as well as the issue of Internet access as a fundamental right, Parliament said. On the agenda for the climate change, environment and energy panel are changes in the "A-G" energy-labeling system and an update of e-waste regulations.

Parliamentary committee assignments will be made in June and early July, sources said. Committee assignments, particularly those of the report-writers, are important to how issues are handled, said Director General Ross Biggam of the Association for Commercial Television in Europe. Important spokespeople for the Culture Committee, the lead panel on TV matters, are expected to leave, he said. The national experiences of their replacements will affect their approaches, he said. But the

proportions of the three main political blocs -- the center-right European People's Party/European Democrats, Socialists, and Alliance of Liberal Democrats in Europe -- aren't expected to change much, officials said.

EC Timetable Uncertain

Current EC commissioners will remain in office at least through October, said a spokesman for Viviane Reding, the information society and media commissioner. They will keep working on the digital dividend, next-generation access, online content and other issues until they're replaced, he said.

When the new commissioners are seated depends on final ratification of the Lisbon Treaty updating EU and European Community pacts, the spokesman said. Ireland, which rejected it earlier, is expected to hold a second referendum in October, he said. If the treaty is adopted, it will change the number of commissioners to 27, one for each EU member, from 26, the spokesman said. The earliest it would take effect is Dec. 1, he said. If Irish voters reject it again, several months of uncertainty may result, Biggam said.

The next EC president, expected to be incumbent Jose Manuel Barroso, will be nominated in July, an official said. Reding is on leave from the EC to lead the European Parliament campaign for the party of Luxembourg Prime Minister Jean-Claude Juncker. Juncker wants to retain his seat and has said that if he wins the national and European Parliament elections, he'll nominate Reding for a third five-year slot on the EC, the official said. Whether she stays on is up to the EC president, subject to vetting by EU lawmakers, the official said. Reding is rumored either to be pushing hard to retain her slot or to be interested in serving in the European Parliament, others said.

All Eyes on Telecom Package

Revamping e-communications regulations will be the "first thing" for the new EU Parliament to take up, said Secretary General Aarti Holla-Maini of the European Satellite Operators' Association. The industry worked hard on a "healthy compromise" on central satellite issues and hopes that if the legislation goes to conciliation, discussion is limited to Internet cutoffs, she said.

If the telecom package is the "horse, we certainly see the next generation access recommendation [from the EC] as the very important cart to follow," said Cable Europe Managing Director Caroline van Weede. If the EC is serious about promoting investment in broadband infrastructure and spurring innovation, competing networks are a great way to give consumers better prices and more choice, she said. Creating an environment favorable to private investment in new broadband networks "must remain priority number one," said a spokesman for the European Telecommunications Network Operators' Association.

How to use spectrum freed by digital switchover is still at issue, several officials said. The current EC will adopt an outline for a recommendation on using the digital dividend, Reding's spokesman said. "Obviously this will be a priority for all players in the market who will be affected by such decisions," van Weede said.

Digital Issues In Play

Consumer protection in the online environment remains a major concern, ACT's Biggam said. The European Consumers' Organization is asking new parliament members to "make real improvements to the daily lives of 'digital consumers,'" including by requiring ISPs and Internet-based companies to comply with data protection law, provide more secure networks and inform consumers of data and security breaches. Reding and Consumer Protec-

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tion Commissioner Meglena Kuneva this month announced a digital agenda for consumers. That effort probably will carry over to the next commission, Reding's spokesman said.

Copyright questions remain contentious, officials said. Broadcasters want a simpler way of clearing rights when they offer Internet services, said Woute Gekiere, European affairs adviser to the European Broadcasting Union. The EC is expected to propose an EU-wide license for digital content but the timetable is unclear, he said. Protection of content and ISP liability for policing their own networks "will not go away" whatever agreement is reached on the telecom package amendment on Internet access termination, Biggam said. The International Federation for Phonographic Industry didn't immediately comment.

The net neutrality argument, which surfaced in the telecom revamp debate, may gain importance in the next Parliament and EC, Biggam said. Another of ACT's issues, media pluralism — media ownership, access to varied information from several sources, and guarantees that media are seen as genuinely independent — is back, he said, and an EC communication is due at year-end. Many suspect that the new EC also will review the 2001 copyright directive, he said. -- *Dugie Standeford*

Child Protection

New International Law Enforcement Tactics Developed to Tackle Cybercrime

GENEVA -- Countries are searching for more international law enforcement solutions to stem cybercrime and child abuse, officials said last week at an ITU panel that was part of World Summit on the Information Society follow-up meetings. International policing practices are following changes at the national level, said Bernhard Otupal, assistant director of Interpol's Financial and High-Tech Crime sub-directorate.

Global law enforcement capacity needs to better address trans-border telecom and Internet crime, Otupal said. An offender in Germany can victimize someone in Austria, while the data is stored in the U.S., he said. Cooperation is needed among service providers, hardware and software producers, ISPs and backbone providers, and academia, Otupal said.

Africa will have much faster connections in the next two or three years because of new undersea cables and rapid construction of fiber networks, Otupal said. Coming problems could be enormous if only a small percentage of the expected 250 million new users by 2010 commit online crimes, he said. Security, police and legislative interests need to prepare now, he said.

Interpol will introduce a cybercrime initiative "very, very soon," Otupal said. "An Incident Response Team capacity" out of Interpol's Lyon, France, headquarters is one idea under development, he said. The idea is to deploy an IRT team for forensic work on computers, networks, handheld devices, telephones and PDAs, he said.

Training capacity and professional development is also getting a boost, Otupal said. A training initiative covers live forensics and handling crime-scene mobile telephones, GPS and other electronic equipment, he said. Criminals using Web-based services will likely depend more on servers instead of local storage, Otupal said. Interpol and Microsoft developed a very simple tool to "seize the online activity" before unplugging the device, he said. Interpol is also developing an information sharing system for police officers worldwide, Otupal said.

"Criminals aren't sending e-mails anymore," Otupal said. They create an e-mail account, draft and store a message that's read by someone in another part of the world, Otupal said. Intercepting an Internet communication is impossible if the message was never sent, he said. Interpol is partnering with social networking and gaming sites, Otupal said. The organization is focusing more on the next step in social networking when services will be interconnected and mobile devices will be used to physically track people, he said.

Eighty-three percent of 70 countries recently polled have a cybercrime unit for domestic operations, Otupal said. Lack of criminal investigation standards makes exchanging evidence globally "very difficult," he said. More

than half the countries polled have no national cybercrime reporting system, Otupal said. "That's one of the reasons there are no global statistics on cybercrime."

Seventy percent of countries polled want more Interpol support for fighting international crime, Otupal said. Eighty-one percent supported the idea of deploying IRTs to member countries, he said. "IMPACT [International Multilateral Partnership Against Cyber-Threats] could immediately warn us if something is going on and Interpol could use its system to alert its member countries." Ninety-four percent said they wanted alerts, he said.

Partnering with "IMPACT is target number one," Otupal said. IMPACT is receiving about "27 data feeds permanently from external sources" looking at what is going on and wrong online, Otupal said. "This is information we need as well," he said. "If somebody tries to bring the Internet down ... we have to investigate who is actually behind it," he said.

Child Protection

ITU's Child Online Protection program (WID May 19 p1) is one of Interpol's main reasons for being involved with the organization, said Michael Moran, an officer with Interpol's Trafficking in Human Beings sub-directorate. He deals with online child exploitation. People need to get over the idea that child abuse images are "pornography made by consent by children in Southeast Asian countries" or in the 1960s, he said. Child abuse material was driven far underground in the 1980s, he said. "It wasn't a policing issue, it wasn't a social issue," he said. "But the Internet has revolutionized it."

Child abuse images are produced in every country, Moran said. Interpol has more than 600,000 unique ones in its database, which aims to trap all material, he said. Only 20 countries contribute to the database, Moran said. About 550,000 of the images were produced in the last five years, he said. The duplication of effort trying to find the children "is incredible," Moran said. Bringing it all together in one place can yield better results, he said.

Not many African, Arab, Indian or Chinese children are in the database, Moran said. The main reason is because the countries aren't sending the images, he said. Outside authorities don't know if the images don't exist in those countries or if they have a policing problem, he said. "A huge knowledge gap" exists, Moran said.

Fighting child online exploitation and all cybercrime requires education, engineering and enforcement, Moran said. The "Wild West" open network principles could be reconsidered, he said. "Maybe it's time that we stopped allowing privacy issues and data protection issues to be far more important than the rights of children or the rights of crime victims."

Internet Governance

Law enforcement needs to develop a position on confidentiality from its perspective, Moran said. "This is the way DNS should be run, this is the way IP should be allocated, these are the mechanisms by which you have DNS" or IP withdrawn, he said. The recommendations would be made to different organizations on behalf of the law enforcement community, Moran said.

Allowing domain name registration without proper identification needs "to change," Otupal said. Interpol is fighting for IPv6 to help secure the Web and to "investigate in a much more convenient way," he said. Combining dedicated IPv6 addresses with confirmed identities makes "the whole identification process for us much, much easier," Otupal said. "And it moves away," Moran said, from the confusion of anonymity with privacy." -- *Scott Billquist*

Data Breach Standards

Paying Doctors for Outcomes, Not IT, Should be Health Focus, CAP Says

Whether health IT is a boondoggle or salvation depends on how it's implemented, speakers said on a conference call Friday. Sen. Sheldon Whitehouse, D-R.I., and fellows from the Center for American Progress laid out

what they believe must be done to ensure the health IT provisions of the Recovery Act provide the improved care and decreased costs promised. Whitehouse again warned of “tragic cuts” that will have to be made in the near future if healthcare costs aren’t contained, with health IT being part of that containment strategy.

Whitehouse said it’s natural for people to raise questions when a large amount of money is scheduled to leave federal coffers for a single industry and when there’s no automatic relationship between the outlay for technology and savings. Savings innovation has been “categorically stunted” in healthcare, he said. Doctors and hospitals would have to pay to install health IT, while the insurance companies would reap most of the reward of lower costs, he said. But the U.S. can’t wait for the time when investing in health IT becomes a sure thing for doctors, he said. Instead, it must be viewed as infrastructure, for which the government should make an investment, he said.

The project requires intelligent management, which Whitehouse said the Obama administration will provide. CAP Senior Fellow Judy Feder said the spending could be a boondoggle. “Implemented badly, of course it would,” she said. It could also be a catalyst for transformation of the health care system, she said.

To ensure health IT produces results, CAP Senior Fellow Todd Park said there must be pay reform and a diligence to not treat it as a purely technical program. The definition of “meaningful use,” under discussion by a federal advisory committee, should initially focus on things such as tracking key patient information, applying clinical decision support, e-prescribing and e-labs and quality metrics, he said. By years three to five of the incentive payment program, providers should be paid based on their care results derived with the help of health IT, he said.

CAP also submitted comments, along with the Markle Foundation, Center for Democracy and Technology and several others, to the Health and Human Services Department about data-breach requirements included in the Recovery Act. The groups supported the encryption standards suggested by HHS and suggested adding a one-way hash function to turn text into a string of digits. -- *Leslie Cantu*

‘Pre-Judged’ New Proceeding

Canadian ISPs Ask CRTC to Reverse ‘Throttling’ Order Due to ‘Insufficient Record’

The Canadian Radio-TV and Telecom Commission “pre-judged” a nascent proceeding on acceptable network management practices by ruling against ISPs challenging Bell Canada’s bandwidth “throttling” practices, ISPs and consumer groups told the commission last week. They want the commission to overturn its finding that Bell Canada’s shaping of peer-to-peer traffic for wholesale ISP customers was legitimate because Bell applied the same management to its own retail customers (WID Nov 21 p8). The commission will hold its first public hearing on the new management proceeding July 6.

The Canadian Association of Internet Providers, which filed the initial challenge to Bell, was joined by the Consumers’ Association of Canada, Canada Without Poverty and several small ISPs, including TekSavvy, Cyber-surf and Start Communications. They faulted the CRTC for opening a proceeding on the same day it handed down its decision in favor of Bell Canada, before a “full evidentiary record” had been developed. “If the Commission did not believe it had a ... full understanding of the factual and legal issues raised by Bell’s throttling” to make an “unqualified and final” decision on the CAIP proceeding, “then it was procedurally unfair for the Commission to have rendered a decision on CAIP’s application.”

Other dominant telecom companies have used last year’s ruling to justify their own shaping practices applied to wholesale ISP customers, the filing said. Telcos have also claimed vindication in their use of deep-packet inspection to identify certain applications to throttle from the commission’s ruling. “It will be a natural reflex for the Commission to be strongly disinclined to contradict its determinations” in last year’s ruling, which could “profoundly affect the outcome in the [new] proceeding and any further proceedings involving issues of network management,” the filing said.

The CRTC made several errors that give ISPs grounds to claim “substantial doubt” in the commission’s ruling, the filing said. Errors include deciding that P2P transmissions “take up as much bandwidth as possible” and are unique in that regard, letting Bell apply a different standard to ISP end users than it has historically applied to ILECs and cable companies, and narrowing the scope of the proceeding without notice. The commission wrongly concluded that P2P applications can’t be used for time-sensitive streaming, and it didn’t consider the freedom of expression or privacy arguments, the filing said. Bell also appears to have standardized its Ethernet Layer 2 switches throughout its network to relieve congestion, which throws into doubt Bell’s stated need to continuously throttle P2P applications across the network at peak times, the groups said.

In particular the commission drew conclusions for wireline ILEC network topology that only properly apply to DOCSIS cable topology, the filing said. Larger amounts of bandwidth are shared in cable networks, making management a higher priority, but “each access is dedicated” in an ILEC network. “The asymmetric peak rate setting of ADSL technology works very well” to prevent end users from gobbling up bandwidth, the filing said. Also, “there is not a shred of evidence” that P2P applications make disproportionate downstream use of the network for either topology -- as shown by Comcast’s lack of downstream shaping before the FCC told it to scrap upstream shaping of BitTorrent traffic.

Bell was “intentionally vague” in describing how deeply it analyzes packets to determine if they are for a flagged application, the filing said. There’s no such thing as an “application header,” as Bell claimed and the commission accepted -- it must analyze the “payload,” the most detailed part of the packet. “Bell quite simply has no business” under its regulatory tariff to consider network-layer, transport or application information for wholesale customers’ traffic, the filing said. Its use of deep-packet inspection means “Bell has stepped, uninvited, into a role other than that of being a common carrier.”

Bell’s terms of service have historically been interpreted by the commission to permit suspension of disconnection of a “specific end user’s service” for disproportionate use of the network, the filing said. But the commission granted Bell the right to interfere with all wholesale customers’ use of the network, though Bell itself said it was only having trouble with some “links” in its network. The commission should have told Bell to draw up a list of end users clogging the network and “approach these individuals directly.” -- *Greg Piper*

Capitol Hill

Online sellers of cigarettes would have to verify purchasers’ age, both at initial sale and delivery, under a bill approved by the House Thursday. The Prevent All Cigarette Trafficking Act (HR-1676) also imposes jail time and fines on sellers who don’t collect all state and local taxes on cigarettes. It imposes a wholesale blockage of consumer-oriented tobacco shipments by the U.S. Postal Service, except for cigars. The bill’s “findings” section stated that untaxed Internet sales of cigarettes cost federal, state and local governments billions in revenue each year, and Web sites selling into the U.S. market have surged to over 500 in 2005, from 40 in 2000. Most e-tailers and remote sellers lack “adequate precautions to protect against sales to children” or compliance with “nominal” registration and reporting requirements, it said. The bill requires sellers to check a prospective buyer’s age through a “commercially available database or aggregate of databases, consisting primarily of data from government sources,” used regularly for age verification in other contexts. Sellers aren’t allowed to possess or control such verification databases, it said, and they must keep records on sales for four years. The bill would have the U.S. attorney general draw up a list of noncompliant sellers who haven’t registered with the federal government and distribute it to state AGs and delivery companies, updating and distributing a new list every four months. It preempts states or localities from requiring delivery companies to verify the recipient’s age. For sellers, violations carry a three-year prison term and the greater of a \$5,000 fine for first violation and \$10,000 for subsequent violations or 2 percent of gross sales for the past year. Delivery companies can be hit with a \$2,500 first-violation fine and \$5,000 thereafter. Delivery companies are shielded from penalties unless they knowingly transport noncompliant goods for financial consideration or in cahoots with sellers. They can also avoid civil penalties by enforcing “effective policies and practices” for complying. A “sense of Congress” at the bill’s end clarifies that it’s not meant to create precedent for the state collection of sales taxes by remote sellers, itself the subject of separate legislation this Congress (WID April 24 p4).

The Senate didn't vote as expected to confirm Lawrence Strickling's nomination as head of NTIA, in a surprise turn of events as Congress recessed last week for the week-long Memorial Day break. Neither Republican nor Democratic leaders would claim responsibility on the record for the objection, which arose during the "hotline" process used to clear non-controversial matters for a unanimous consent vote. But Hill sources said Democrats filed the objections, based on Strickling's answers to questions from members on network non-discrimination requirements in the broadband stimulus grants he would oversee. "Someone must have a concern somewhere," said a spokesman for Senate Majority Leader Harry Reid, D-Nev., who said he didn't know which side of the aisle was filing an objection. The Senate Commerce Committee approved Strickling's nomination in an executive business meeting last week, and no objections were raised by members during his nomination hearing Tuesday. When asked about any outstanding issues Republicans might have to his nomination, a spokesman for Minority Leader Mitch McConnell, R-Ky., said "I haven't heard of anything." Strickling had to answer a long list of questions from members after his nomination hearing, which was cut short due to floor votes. Senate Commerce Committee ranking member Kay Hutchison, R-Texas, asked Strickling how he would "help ensure that any openness requirements do not have the unintended effect of facilitating copyright piracy." The law prohibits copyright piracy, Strickling's answer said. If confirmed, he would work to "find the most appropriate way to prevent copyright piracy and other illegal activities on the Internet," the answer said. Objections to nominations are not unusual and often are resolved within a few weeks, said several people familiar with the process. The member objecting might want to meet with Strickling to talk over the policy issues that weren't addressed satisfactorily in the written question-and-answer process, said a former Senate staffer. If a hold is placed, there's a 72-hour period of anonymity granted before the name of the objecting senator is made public. Strickling was on a slate of nominees that included President Barack Obama's nominee for chief technology officer, Aneesh Chopra. The Senate voted late Thursday night to confirm Chopra. -- AV

Courts

The 9th U.S. Circuit Court of Appeals incorrectly characterized the Section 230 defense for interactive computer services in a recent decision (WID May 12 p3), said an amicus brief Thursday asking it to delete the relevant portion. The Center for Democracy and Technology, Public Citizen, Citizen Media Law Project and Electronic Frontier Foundation filed the brief in *Barnes v. Yahoo*. In its decision the court said district courts shouldn't allow Communications Decency Act Section 230 defenses to be raised on a motion to dismiss, the brief said. "This dictum is not only contrary to the Court's precedent, but threatens significant mischief, both by throwing the Court's precedents into question and by forcing immune providers of interactive computer services to defend tort suits on the merits while they wait for district courts to decide motions for judgment on the pleadings." At the least, the dictum could cause confusion in lower courts, the brief said. It supported Yahoo's petition for rehearing to remove the dicta.

U.S. District Judge Vaughn Walker threatened to hold the government liable for damages for warrantless wiretapping of an Oregon-based Islamic charity and to bar the government from denying that members of the charity "are 'aggrieved persons' who were subjected to electronic surveillance." The judge in San Francisco ruled that the government must explain by Friday why it hasn't followed its instructions this year. On Jan. 5, the court set up a process for plaintiff Al-Haramain Islamic Foundation to pursue a lawsuit while protecting classified information. The order was upheld on appeal in March (WID March 3 p5). The government "has completed suitability determinations for two of plaintiffs' attorneys and found them suitable for ... clearances, but government officials in one or more defendant agencies, including the NSA Director ... are refusing to cooperate with the court's orders because, they assert, plaintiffs' attorneys do not 'need to know' the information that the court has determined they do need to know," the court said Friday. And the government has "refused to agree to any terms of the protective order proposed by plaintiffs and ... refused to propose one of their own."

States

Craigslist got a temporary restraining order Friday against Attorney General Henry McMaster of South Carolina, who had threatened to prosecute CEO Jim Buckmaster for facilitating prostitution on the site. The parties agreed in U.S. District Court in Charleston that the state wouldn't pursue prosecution of Craigslist officers for third-party con-

tent on the site until Judge Weston Houck rules on the merits of Craigslist's Section 230 immunity claims. Craigslist said in its lawsuit that McMaster's actions would be unlawful prior restraint on speech, as well as a content-based speech restriction not narrowly tailored. Another section of Houck's order was crossed out, in which Craigslist and the state proposed a schedule over the summer for responding to each other's motions and for filing summary judgment motions. Also last week, New York Attorney General Andrew Cuomo blamed Craigslist's "half-baked" protections for allowing a prostitution ring to thrive for a year and a half on the site. Cuomo, a Democrat, announced indictments of seven people Wednesday for enterprise corruption, conspiracy and money laundering. That stemmed from running a prostitution ring called Room Service Entertainment, which offered its services in the five boroughs of New York City and Westchester, Long Island. It advertised on the now-defunct erotic services section of Craigslist. The ring ran from July 2007 to December 2008, Cuomo said. Craigslist announced changes to the erotic services section in November 2008 that included charging a small fee by credit card, intended to cut down on illicit postings. At the time, CEO Jim Buckmaster said having credit card and telephone information would help law enforcement track down any posters of illegal services that slipped through the cracks. It was unclear from the attorney general's news release why the ring stopped operating in December. Cuomo wasn't giving any credit to Craigslist on Wednesday, though. "Until Craigslist gets serious about putting real protections in place, it will continue to be an environment where criminal operations thrive with impunity," Cuomo said. "Even after so-called reform of the website last fall, this prostitution ring easily gamed the system and allegedly used Craigslist to spread its illegal operation throughout all five boroughs and beyond." Craigslist made additional changes to its site earlier this month. Cuomo said the ring initially advertised in print publications, but moved to Craigslist because the site presents ads sorted by the most recent posting.

International

EBay isn't liable for bogus L'Oreal products sold on its Web site, the U.K. High Court of Justice said Friday. The French firm has pursued the Internet auctioneer across Europe to try to stop what it says is a growing volume of fake goods being sold online, the Associated Press and others reported. Justice Richard Arnold ruled that eBay Europe isn't liable for infringements committed by users, they said. Ebay called the decision a "victory for consumers." L'Oreal said the court shared its view that eBay could do more to prevent trademark infringement. The decision listed 10 recommendations, including filtering listings before they're posted, requiring sellers to disclose their names and addresses when they list items, and applying sanctions more rigorously. The court referred many issues in the case to the European Court of Justice, saying relevant EU trademark law and the e-commerce directive are unclear, L'Oreal said. Both sides will offer the high court proposed language on the precise questions to go to the ECJ, L'Oreal said.

Industry Notes

Content delivery network Limelight Networks bought Kiptronic, which provides "device-optimized content delivery and monetization" services, the companies said. Kiptronic will contribute "device-targeting and dynamic ad insertion" to Limelight's distributed computing and delivery platform for media and entertainment companies, Limelight Chairman Jeff Lunsford said. Kiptronic's customers include NPR, Fox, Conde Nast and *The Economist*. The company was recently chosen to provide dynamic mobile video ad services for NBC.com. No terms of the sale were released except that it was for Limelight stock and cash.

Online advertising was the only source of ad growth for radio stations last quarter, the Radio Advertising Bureau said late Thursday. Digital revenue in Q1 rose 13 percent from a year earlier to \$101 million. That's "reflective of the dollar shift from media to marketing by many," said Jeff Haley, the bureau's CEO. "As consumer and technological sophistication increases, advertisers will continue to support those platforms which appeal to their customers' increased on-demand behaviors." Total radio ad sales fell 24 percent last quarter from a year earlier to \$3.43 billion. Local and national revenue each dropped more than 20 percent.

Pandora upgraded its desktop subscription service and renamed it "Pandora One." The ad-free Internet radio service, which remains \$36 a year, will now stream music at 192 kbps. That's the same rate historically offered

by download stores including iTunes. Pandora's ad-supported desktop and mobile versions stream at 128 kbps, though it's using the AAC+ codec, a higher-quality format than MP3. Pandora One also extends to five hours the period after which the service will stop streaming if not clicked, "so just one click around lunchtime can get you through an entire workday," said the Web page for the upgraded service. The new service will also run as its own desktop application, not within the browser, and can be personalized with custom "skins." Pandora started offering in-stream audio ads recently after long swearing them off as annoying to listeners, though it has always said graphical brand sponsorships are most lucrative (WID Oct 16 p3). Chief Technology Officer Tom Conrad told us Pandora One features "over time ... may migrate to other devices." But he poured cold water on higher bitrates for mobile streaming, where the company has seen its strongest growth since debuting an iPhone application last year. AT&T, which has suffered 3G network outages at venues including the South by Southwest music festival earlier this year, could block Pandora for bandwidth-hogging the same way it blocks Skype and Sling applications from using the 3G network, Conrad said. "We do our best to be good citizens on their network, which means choosing codecs and bitrates that provide a great listening experience while streaming at the lowest possible bitrate." There are "other reasons" Pandora isn't planning on 192 kbps streaming on any carrier's network, Conrad said. -- *GP*

Secure Payments Agents should meet clear criteria, said the Identity Theft Resource Center. If they do, it said they'll prove valuable in reducing the amount of personal information needed to do business online and therefore reduce identity theft. It outlined suggested criteria after releasing results of a recent survey showing 85 percent of respondents were concerned about sending information over the Internet. Only 21 percent were "not at all comfortable" or "not very comfortable" with what happens to their information once it arrives at a Web site. Consumers should be more concerned about the latter issue than the former, the center said. That indicates "a lack of awareness in our sample population of the very large 'cloud' that hangs over the security of thousands of business and other databases, and the impact of theft, data exposure, or even sale of information," the center said. Nearly all respondents were at least somewhat interested in a way of conducting business online that wouldn't require personal information. If such a Secure Payment Agent were to exist, it should replace real financial and personal information with anonymous data untraceable to the consumer and eliminate phishing, the center said. It should also verify the consumer and device before allowing access to the agent and store user data in a way that becomes useless if the agent database storage is breached, it said. The agent shouldn't add extra steps to a transaction and should use multi-authentication, the center said.

Internet radio service and device maker Slacker is sponsoring an IndyCar racer, Alex Lloyd, and has created a station composed of the guitar player's favorite music for Slacker users. Lloyd was to compete in the Indianapolis 500 race over the weekend. Slacker is the first Internet company to sponsor an IndyCar driver since GoDaddy.com started sponsoring Danica Patrick in 2006.

Spil Games is looking to build its massively multiplayer online business after concentration on casual titles since 2004, Peter Driessen, CEO of the Amsterdam company, told us Friday. It entered the MMO business early this year with BBgames.com, a Web site offering free browser-based games that attracts about 200,000 gamers a day, he said. He predicted the site will reach a million users daily and about 10 million monthly this year, to make up about 15 percent of Spil's overall audience. The company runs 50 online game sites in 20 languages including Chinese, English, French, German, Italian, Japanese, Spanish and Swedish, he said. Driessen said the company has no plans to make games for any videogame platforms. Spil is content for now with the relationship it has already developed directly with online gamers and sees no need to turn to a console maker that would take over the relationships, he said. The independent company is profitable, he said, declining to elaborate. -- *JB*


Offering more proof that the economic crisis isn't slowing the creation of small, independent developers, 4mm Games announced the start of operations just before the holiday weekend. 4mm was started by Rockstar Games co-founders Jamie King and Gary Foreman, as well as ex-Image Metrics executive Nicholas Perrett, the CEO, and Paul Coyne, whom 4mm called a "20-year veteran of the technology and entertainment industries." Perrett called this "an utterly unprecedented time in the history of videogames, as the Web and new business models disrupt the existing value chain." The company "secured significant title-based investment through a strategic financing partnership" with CEA Autumn Games, a global interactive entertainment investment firm focused on videogames and related media, 4mm said. The companies signed a "multi-year" deal that "encompasses multiple titles and platforms," 4mm said. The other terms weren't released. King, Rockstar's co-founder and ex-vice president of product development, is the

new company's president. Foreman, Rockstar's co-founder and former chief technology officer, is the CTO. And Coyne, a former vice president at NBC and senior vice president at Warner Music Group, is executive vice president. The developer said it "will make further announcements in the coming weeks."

The 13.4 million Americans who watched video on their mobile handsets Q1 viewed 3.5 hours monthly on average, Nielsen said. Mobile video viewer totals grew from 11.2 million Q4 and from 8.8 million in Q1 of 2008. But monthly viewing time dropped to 3 hours, 37 minutes from 3 hours, 42 minutes Q4. The most-viewed categories: comedy and weather. Subscribers 25 to 34 make up 34 percent of the mobile video viewing audience, followed by those 35 to 44 -- 20 percent -- and teens ages 12 to 17 at 18 percent. Men make up 59 percent of the audience.

Washington Internet Daily Calendar

- May 26 Technology Policy Institute forum on broadband competition, 1:30 p.m., Centre for European Policy Studies, 1 Place du Congrès, Brussels -- RSVP to isabelle.tenaerts@ceps.eu
- May 29 Center for Strategic and International Studies summit on building human capital for cybersecurity, 12-3 p.m., 1800 K St. NW, Washington -- RSVP Denise Zheng at dzheng@csis.org
- June 1-4 Computers, Freedom and Privacy conference, Marvin Center at George Washington University -- www.cfp2009.org/wiki/index.php/Main_Page
- June 2 Defense Daily Cyber Security Summit, 7 a.m., Marriott, 775 12th St. NW, Washington -- www.defensedaily.com/events/cybersecurity/#Agenda
- June 4-5 Government health IT conference, Reagan Building, 1300 Pennsylvania Ave. NW, Washington -- www.govhealthitconference.com/index.aspx
- June 5 Free State Foundation seminar on broadband, 12-2 p.m., Capitol Visitor Center -- RSVP to Susan Reichbart at sreichbart@freestatefoundation.org

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