



Snippets from Silicon Valley

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The World Economic Forum has started in Davos, Switzerland, in a climate of considerable economic uncertainty, and some might say gloom. Recent statistics from the UK Office for National Statistics show that economic activity decreased by 0.2% in the last 3 months of 2011. However, there was brighter news from Germany where the Business Climate Index for January 2012 was reported to be up slightly from the previous month, reflecting Germany's position as a key economic engine of Europe. In the USA, President Obama used the State of the Union address to call aggressively for a return to "American Values" with a fairer economic climate (and more taxes on the wealthy). The US economy is showing signs of mending, but unemployment is still at 8.5% and new housing contracted sales were down in December 2011.

The last "Snippets" mentioned the efforts in the USA to introduce legislation aimed at helping to protect the interests of rights holders in content placed on-line. The proposed legislation was intended to introduce obligations on internet service providers to shut off access to "rogue" websites that infringe intellectual property rights of content owners. The legislation, called "SOPA" (Stop Online Piracy Act) and "PIPA" (protect IP Act) was supported by the content owners such as the film and music industry but vehemently opposed by the web firms such as Google, Facebook, Twitter, Yahoo and Wikipedia, with many online protests taking place. We saw many "about faces" from representatives in Congress and the legislation failed. We have most likely not heard the last of this issue. In the UK, we await developments in this area proposed for the upcoming Communications Act which would target similar issues.

In Europe, the European Commission is issuing its latest proposal for a new General Data Protection Regulation. This will be a significant EU update since the introduction of the data protection regime in 1995. The Regulation will apply in all 27 member States and will apply to non-EU companies to the extent that they provide relevant services to European consumers. The Financial Times reported that key aspects of the Regulation are: (1) Companies can be fined up to 2% of global turnover for breaches; (2) Companies must obtain explicit consent from data subjects (the people whose data they are processing); (3) Data subjects will have a so-called "right to be forgotten" (entitling the data subjects to delete information they have posted online); (4) Companies will be obligated to notify data subjects if they lose their data; (5) All companies with over 250 employees will be obligated to appoint a Privacy Officer.

If you would like further details about any of the above legal and regulatory developments in Europe, please contact us.

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