

Judge: Site must delay copying of broker reports

March 19 2010, By LARRY NEUMEISTER , Associated Press Writer

(AP) -- Settling a copyright dispute closely watched in the financial news industry, a judge on Thursday ordered a Web site to delay disseminating the stock recommendations of financial services firms long enough so that the firms can alert their clients first.

U.S. District [Judge](#) Denise Cote ruled that Theflyonthewall.com Inc. must wait to publish the financial recommendations of Barclays Capital Inc., Bank of America Corp.'s Merrill Lynch & Co. and Morgan Stanley Inc.

"Fly's core business is its free-riding off the sustained, costly efforts by the firms and other investment institutions to generate equity research that is highly valued by investors," the judge said. She said the company did no equity research of its own.

A lawyer for the company did not immediately return a call for comment.

The financial companies in 2006 sued the New Jersey corporation for copyright infringement and misappropriation, citing Theflyonthewall.com as the most systematic and egregious of the unauthorized redistributors of their reports, the judge wrote.

Cote said the online subscription newsfeed that boasts it provides "the most comprehensive database of analyst trading calls, events, and syndicate information on the Web" must now wait to report the firms'

recommendations until 30 minutes after the stock exchange opens, or wait for two hours if the reports are initially released while the market is open.

In her lengthy written decision, Cote rejected the company's argument that it now publishes the recommendations only after they have become "public" and free for the taking because they emerge through other media, chat rooms, "blast IMs" or other sources.

"The fact that others also engage in unlawful behavior does not excuse a party's own illegal conduct," Cote wrote.

She noted that at least one mainstream publisher of financial news has said it is watching the litigation against Theflyonthewall.com closely and will adjust its practices based on the outcome of the litigation.

The judge said the firms have shown that the early distribution of their recommendations by others had contributed to the loss of incentive to generate reports on companies, causing them to cut their analyst staffs and budgets significantly in the last five years.

Competitors of Theflyonthewall.com include Briefing.com, StreetAccount.com, TTN, StreetInsider.com, TheStreet.com, Midnight Trader and Jagnotes.com, the judge said.

Cote wrote that it will be up to the financial firms to make sure other companies are not also publishing the recommendations before they can distribute them to their customers.

If the firms fail to take reasonable steps to stop the systematic, unauthorized misappropriation of their recommendations by others, Theflyonthewall.com can apply in a year to modify or vacate the judge's order, Cote said.

©2010 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Judge: Site must delay copying of broker reports (2010, March 19) retrieved 28 April 2024 from <https://phys.org/news/2010-03-site-broker.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.