

EU court deals setback to online betting sites

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The online gambling websites of 888 holdings (foreground) and Ladbrokes are pictured in London, in 2006. Europe's highest court has upheld Dutch laws that restrict gambling on the Internet, dealing a legal blow to British betting companies Ladbrokes and Betfair among others which are banned there.

Europe's highest court on Thursday handed down a setback to online betting sites, ruling that member states are allowed to ban them from operating to help combat fraud and protect consumers.

"A member state can prohibit the operation of games of chance on the Internet," the European Court of Justice said in its judgement on a challenge by British online bookmakers against Dutch law.

"Prohibition may, on account of the specific features associated with the provision of games of chance on the Internet, be regarded as justified by the objective of combating fraud and crime," the court in Luxembourg ruled.

The Netherlands has a licensing system that allows it to restrict access to the gambling market.

Two British firms, Ladbrokes and Betfair, challenged the Dutch ban arguing, in separate cases, that they were properly licensed in a fellow EU nation and that European law upholds the right of companies to cross borders and carry out business in other [European Union](#) countries.

While the case concerned the Netherlands, the ruling covers the whole of Europe.

Several EU countries, including France, have started opening up their gaming sector under pressure from Brussels.

The industry, in the form of the European Gaming and Betting Association (EGBA), said the law was running behind technological advances.

"The Internet raises new questions and challenges that cannot be resolved through the judicial process," said EGBA Secretary General Sigrid Ligne.

"We are confident that reforms of the gambling laws will take place in the Netherlands, as they already do throughout the EU," she added.

The EU court cited "the objectives of consumer protection and the prevention of both fraud and incitement to squander money on gambling, as well as the need to preserve public order."

The Netherlands also had had concerns whether its legislation was consistent with these rules as the national licence holder De Lotto is allowed to offer new games and use advertising "to make what they are offering on the market attractive."

The European Court said that a policy of "controlled expansion" of the gambling sector may be consistent with "the objective of drawing players away from clandestine betting and gaming -- and as such, activities which are prohibited -- to activities which are authorised and regulated."

In a statement, De Lotto director Tjeerd Veenstra welcomed the ruling.

"Ongoing attempts by the commercial gambling lobby to undermine the restrictive Dutch policy have at last been called to a halt by the European Court," he said.

"The principles of the free market are subordinate to overriding principles of public policy aimed at preventing addiction and fraud."

For its part, Ladbrokes said the court had "highlighted the inconsistencies in Dutch gaming law.

"The Ladbrokes and Betfair cases have clearly demonstrated the fragility of the entire Dutch legal framework in relation to gambling," said John O'Reilly, Managing Director of Ladbrokes eGaming.

"Today's ruling confirms the need for its replacement with a system that incorporates strong regulation and licensing, but also introduces competition for the benefit of consumers. "

The Netherlands Supreme Court and the Netherlands Council of State had referred the cases to the EU court, seeking guidance on whether Dutch [gambling](#) rules were in keeping with the aim of consumer protection.

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