Outcomes after this class you should be able to:

- Recognise the main ethical, social and political issues raised by e-commerce
- Understand basic concepts related to privacy
- Understand forms of intellectual property and challenges involved protecting it
- Identify major public safety and welfare issues raised by e-commerce

Understanding Ethical, Social, and Political Issues in E-commerce

- Internet technology and its use in e-commerce disrupts existing social and business relationships and understandings
- Costs and benefits of technology must be carefully considered, especially when there are as yet no clear-cut legal or cultural guidelines

Unique Features of E-Commerce Technology and Their Potential Ethical, Social and/or Implications

Table 9.1, Page 502

A Model for Organizing the Issues Figure 9.1, Page 503

- Issues raised by Internet and e-commerce can be viewed at individual, social, and political levels
- Four major categories of issues
  - Information rights
  - Property rights
  - Governance
  - Public safety and welfare

Basic Ethical Concepts

- Ethics: Study of principles that individuals and organizations can use to determine right and wrong courses of action
- Responsibility: As free moral agents, individuals, organizations, and societies are responsible for the actions they take
- Accountability: Individuals, organizations, and societies should be held accountable to others for the consequences of their actions
- Liability: Extends the concepts of responsibility and accountability to area of law
- Due process: Refers to process by which laws are known and understood, with ability to appeal to higher authorities to ensure that laws have been correctly applied
The Concept of Privacy

- Privacy: The moral right of individuals to be left alone, free from surveillance or interference from other individuals or organizations
- Information privacy: Includes both the claim that certain information should not be collected at all, as well as the claim of individuals to control the use of whatever information is collected about them

E-commerce and Privacy

- Major ethical issue related to e-commerce and privacy: Under what conditions should we invade privacy of others
- Major social issue: Development of “expectations of privacy” and privacy norms
- Major political issue: Development of statutes that govern relations between recordkeepers and individuals

Information Collected at E-commerce Sites

- Personally identifiable information (PII): Data that can be used to identify, locate, or contact an individual
- Anonymous information: Demographic and behavioral information that does not include any personal identifiers
- Almost all e-commerce companies collect PII and use cookies to track clickstream behavior

Profiling and Behavioral Targeting

- Profiling: Creation of digital images that characterize online individual and group behavior
- Anonymous profiles: Identify people as belonging to highly specific and targeted groups
- Personal profiles: Add personal identifiers
- Advertising networks can:
  - Track both consumer behavior and browsing behavior on the Web
  - Dynamically adjust what the user sees on screen
  - Build and refresh high-resolution data images or behavior profiles of consumers

Legal Protections for Privacy

- May be explicitly granted or derived from constitutions (U.S., Canada, Germany)
- May also be found in common law (U.S., England)
- In U.S., also found in federal and state laws and regulations
- In Australia?

Informed Consent

- Consent given with knowledge of all the material facts needed to make a rational decision
- Two models:
  - Opt-in
  - Opt-out
- Many U.S. e-commerce firms merely publish information practices as part of privacy policy without providing for any form of informed consent
The European Directive on Data Protection
- Privacy protection much stronger in Europe than in United States
- European approach: Comprehensive and regulatory in nature
- European Commission’s Directive on Data Protection: Standardizes and broadens privacy protection in European Union countries
- Department of Commerce safe harbor program for U.S. firms that wish to comply with Directive

Private Industry Self-Regulation
- Safe harbor: Private, self-regulating policy and enforcement mechanism that meets objectives of government regulations and legislation, but does not involve government regulation or enforcement
  - Example: Privacy seal programs such as TRUSTe Internet privacy protection program
- Industry associations include:
  - Online Privacy Alliance
  - Network Advertising Initiative

Technological Solutions to Privacy Invasion on the Web
- Many privacy-enhancing technologies being developed emphasize security
- Platform for Privacy Preferences (P3P): Comprehensive technological privacy protection effort sponsored by W3C
  - Is a standard designed to communicate to Internet users a Web site’s privacy policy, and to compare that policy against user’s preferences or to other standards such as FTC’s FIP guidelines or EU’s Data Protection Directive

Intellectual Property Rights
- Intellectual property: Encompasses all tangible and intangible products of human mind
- Major ethical issue: How should we treat property that belongs to others
- Major social issue: Is there continued value in protecting intellectual property in the Internet age?
- Major political issue: If, and if so, how, should Internet and e-commerce be regulated/governed to protect intellectual property
- Main types of intellectual property protection:
  - Copyright
  - Patent
  - Trademark law

Copyright: The Problem of Perfect Copies and Encryption
- Copyright law: Protects original forms of expression (but not ideas) from being copied by others for a period of time
- Look and feel copyright infringement lawsuits involve distinction between an idea and its expression
- Fair use doctrine: Under certain circumstances, permits use of copyrighted materials without permission
- Digital Millennium Copyright Act of 1998 (DMCA): First major effort to adjust copyright laws to Internet age
- DMCA implements WIPO treaty that makes it illegal to make, distribute, or use devices that circumvent technology-based protections of copyrighted materials

Patents: Business Methods and Processes
- Patent: Grants owner a 20-year exclusive monopoly on ideas behind an invention
- Most of early inventions that made Internet and e-commerce possible were not patented by their inventors
- With commercial development of Internet, came desire for patents
- Business methods patents have been widely sought by Internet and e-commerce companies
- Many business methods Internet patents granted are overbroad, and if enforced, would significantly impact e-commerce
Trademarks:

Online Infringement and Dilution

- Trademark: Mark used to identify and distinguish goods, and indicate their source
- Trademarks protect public by ensuring it gets what it pays for/expects to receive; protects trademark owner against piracy and misappropriation
- Infringement: Use of a trademark that creates confusion with existing marks, causes consumers to make market mistakes or misrepresents origins of goods
- Anticybersquatting Consumer Protection Act (ACPA): Creates civil liabilities for anyone who attempts in bad faith to profit from an existing famous or distinctive trademark by registering an Internet domain name that is identical or confusingly similar

Types of Trademark Abuse on Internet

- Cybersquatting: Registration of infringing domain name, or other Internet use, of existing trademark, for purpose of extorting payments from legitimate owners
- Cyberpiracy: Involves same behavior as cybersquatting, but with intent of diverting traffic from legitimate site to infringing site
- Metatagging: Using another’s trademarks as metatags in a misleading or confusing manner
- Keywording: Using another’s trademarks as keywords on search engines in a misleading or confusing manner
- Deep linking: Bypassing target site’s home page and going directly to content page
- Framing: Displaying content of another site within frame or window

Governance

- Involves issue of social control
- Primary questions:
  - Who will control Internet and e-commerce
  - What elements will be controlled and how
- Stages of governance and e-commerce

Who Governs E-commerce and the Internet?

- Currently we are in a mixed mode policy environment where self-regulation, through a variety of Internet policy and technical bodies, co-exists with limited government regulation
- Not true that Internet cannot be controlled. In fact, Internet can be very easily controlled, monitored, and regulated from a central location (such as done by China, Singapore, etc.)

Public Safety and Welfare

- Protection of children and strong sentiments against pornography
  - Passing legislation that will survive court challenges has proved difficult:
    - Communications Decency Act struck down
    - Children’s Online Protection Act struck down (but still be considered by lower courts)
    - Children’s Internet Protection Act upheld by Supreme Court (requires schools and libraries to install technology protection measures)
- Efforts to control gambling and restrict sales of drugs and cigarettes
  - Currently mostly regulated by state law

Class Discussion

- Case study – page 558
  - Question 2 & 3 on page 560
Next Week

- Security & encryption
- Case study page 294
  - Question 2
- Group Presentation 5