

E-BUSINESS AND LEGAL ISSUES

The technological basis of e-commerce is basically Web client/server middleware or what is called three tier architectures. The client tier is the Web browser involving some type of form processing. The middle tier is the Web server, often with transaction processing. The Web server in turn links to the third tier, a database processing the order information. Some of the issues are strictly Internet related, such as domain names and trademarks, linking and framing, clickware (and shrinkware) and metatag use. Others are traditional issues applied to the Internet, such as copyright, contracts, consumer protection, privacy, taxation, regulated industries and jurisdiction. E-commerce site development, its advertising, electronic transaction, money transactions and such involve many legal issues, which need to be taken into account step by step. Before developing an e-commerce site a registered domain and a registered trademark should be established. There must be some copyright protection on the site. The business must ensure that it displays the terms and condition/policies within its site. Security involving the privacy of a user's data is always one of the main concerns while doing business online. Defining rules and regulations for the advertisement of the site by placing banners on other known sites is another. It is of great value when dealing with such complex issues to consult an attorney who specializes in the issues of cyberspace.

Ethical & Other Public Policy Issues

Major Legal and Ethical Issues in Electronic Commerce

- Privacy
- Intellectual Property
- Free Speech
- Taxation
- Computer Crimes
- Consumer Protection
- Miscellaneous

Legality vs. Ethics

- Illegal acts break the law while unethical acts may not be illegal
- Ethics
 - Branch of philosophy that deals with what is considered right or wrong
 - Right and wrong not always clear
 - Consider
 - ◆ Company sells profiles of customers with information collected through cookies
 - ◆ Company allows personal use of Web but secretly monitors activity
 - ◆ Company knowingly sells tax software with bugs

Privacy Issues

- **Information privacy** : claim of individuals, groups, or organizations to determine when and to what extent information about them is disseminated.

- Right to privacy is not absolute
- Public's right to know super ceded individual's right to privacy

Website Registration

- Must fill in registration to get to site
- Sometimes sold to third parties
- User survey found (Eighth User Survey, 1998)
 - 40% users falsify information
 - Nearly 67% (US and Europe) don't register because of privacy concerns
 - Nearly 57% say they don't trust sites collecting information
 - Only 6% will always register when asked

Cookies

- Help maintain user status
- A temporary passport
- Used for
 - Customizing sites (Yahoo)
 - Improve online services (Amazon)
 - Collect demographics and usage statistics (DoubleClick)
- Protection
 - Delete cookies
 - Anti-cookie software
- PGP's Cookie Cutter
- Luckman's Anonymous Cookie
- Cookie Crusher
- Cookie Monster

Five Principles of Privacy Protection

- Notice/Awareness
 - Notice of collection practices prior to collecting information
- Choice/consent
 - Consumers to be made aware of options and give consent
- Access/participation
 - Must be able to access and challenge information
- Integrity/Security
 - Must be assured data is secure
- Enforcement/Redress
 - Government legislation or legal remedies