

E-commerce 2014

business. technology. society.

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

- **Internet, like other technologies, can:**
 - ❖ Enable new crimes
 - ❖ Affect environment
 - ❖ Threaten social values
- **Costs and benefits must be carefully considered, especially when there are no clear-cut legal or cultural guidelines**



A Model for Organizing the Issues

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



The Moral Dimensions of an Internet Society

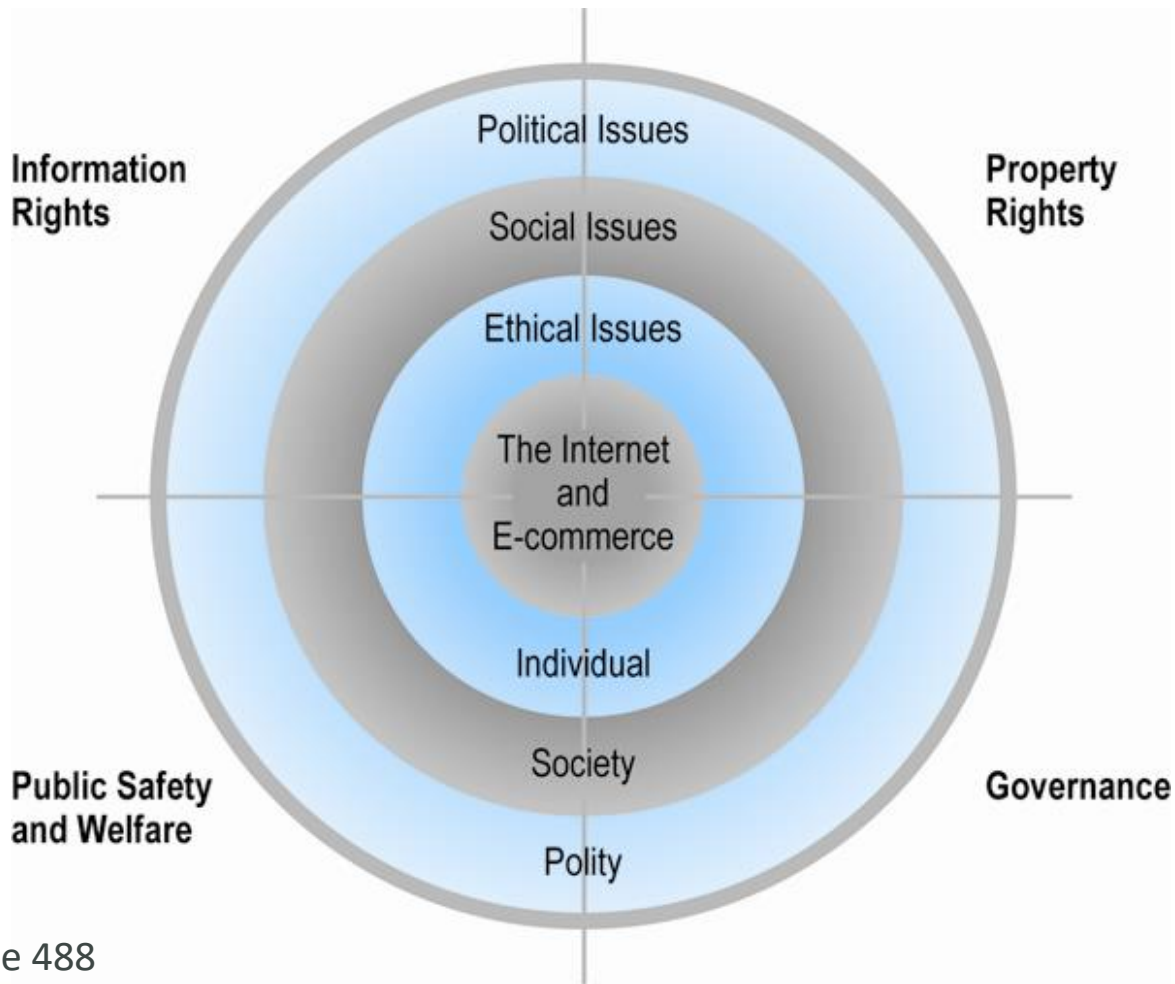


Figure 8.1, Page 488



Basic Ethical Concepts

■ Ethics

- ❖ Study of principles used to determine right and wrong courses of action

■ Responsibility = Authority

■ Accountability

■ Liability

- ❖ Laws permitting individuals to recover damages

■ Due process and Code of Conduct

- ❖ Laws are known, understood
- ❖ Ability to appeal to higher authorities to ensure laws applied correctly.



Analyzing Ethical Dilemmas

- **Process for analyzing ethical dilemmas:**
 1. Identify and clearly describe the facts
 2. Define the conflict or dilemma and identify the higher-order values involved
 3. Identify the stakeholders
 4. Identify the options that you can reasonably take
 5. Identify the potential consequences of your options



Candidate Ethical Principles

- **Golden Rule**
- **Universalism** – right for all
- **Slippery Slope** - repetition
- **Collective Utilitarian Principle** – greater value for society
- **Risk Aversion** – least harm
- **No Free Lunch**
- **The *New York Times* Test**
- **The Social Contract Rule** – will be principle for entire society

TABLE 8.2**THE FTC'S FAIR INFORMATION PRACTICE PRINCIPLES**

Notice/Awareness (core principle)

Sites must disclose their information practices before collecting data. Includes identification of collector, uses of data, other recipients of data, nature of collection (active/inactive), voluntary or required, consequences of refusal, and steps taken to protect confidentiality, integrity, and quality of the data.

Choice/Consent (core principle)

There must be a choice regime in place allowing consumers to choose how their information will be used for secondary purposes other than supporting the transaction, including internal use and transfer to third parties. Opt-in/opt-out must be available.

Access/Participation

Consumers should be able to review and contest the accuracy and completeness of data collected about them in a timely, inexpensive process.

Security

Data collectors must take reasonable steps to assure that consumer information is accurate and secure from unauthorized use.

Enforcement

There must be a mechanism to enforce FIP principles in place. This can involve self-regulation, legislation giving consumers legal remedies for violations, or federal statutes and regulation.



Privacy and Information Rights

■ Privacy

- ❖ Moral right of individuals to be left alone, free from surveillance, or interference from other individuals or organizations

■ Information privacy “Opt-in & Opt-out”

- ❖ The “right to be forgotten”
- ❖ Claims:
 - Certain information should not be collected at all
 - Individuals should control the use of whatever information is collected about them
- ❖ Behavioral tracking on the Internet, social sites, and mobile devices



Privacy and Information Rights (cont.)

■ Major ethical issue related to e-commerce and privacy:

- ❖ Under what conditions should we invade the privacy of others?

■ Major social issue:

- ❖ Development of “expectations of privacy” and privacy norms

■ Major political issue:

- ❖ Development of statutes that govern relations between record-keepers and individuals



Information Collected at E-commerce Sites

■ Data collected includes

- ❖ Personally Identifiable Information (**PII**)
- ❖ Anonymous information

■ Types of data collected

- ❖ Name, address, phone, e-mail, social security
- ❖ Bank and credit accounts, gender, age, occupation, education
- ❖ Preference data, transaction data, clickstream data, browser type



Social Networks and Privacy

■ Social networks

- ❖ Encourage sharing personal details
- ❖ Pose unique challenge to maintaining privacy

■ Facebook's **facial recognition** technology and tagging

■ Personal control over personal information vs. organization's desire to monetize social network



Mobile and Location-Based Privacy Issues

■ Smartphone apps

- ❖ Funnel personal information to mobile advertisers for targeting ads
- ❖ Track and store user locations

■ 42% of users say privacy a concern

■ Mobile Device Privacy Act

- ❖ Not yet passed
- ❖ Requires informing consumers about data collection



Profiling and Behavioral Targeting

■ Profiling

- ❖ Creation of digital images that characterize online individual and group behavior
- ❖ Anonymous profiles
- ❖ Personal profiles

■ Advertising networks

- ❖ Track consumer and browsing behavior on Web
- ❖ Dynamically adjust what user sees on screen
- ❖ Build and refresh profiles of consumers

■ Google's AdWords program



Profiling and Behavioral Targeting (cont.)

- **Deep packet inspection** – recording key stroke at ISP level
- **Business perspective:**
 - ❖ Increases effectiveness of advertising, subsidizing free content
 - ❖ Enables sensing of demand for new products and services
- **Critics' perspective:**
 - ❖ Undermines expectation of anonymity and privacy
 - ❖ Consumers show significant opposition to unregulated collection of personal information



Private Industry Self-Regulation

■ Safe harbor programs:

- ❖ Private policy mechanism to meet objectives of government regulations without government involvement
- ❖ Privacy seal programs (TRUSTe)

■ Industry associations include:

- ❖ Online Privacy Alliance (OPA)
- ❖ Network Advertising Initiative (NAI)
 - CLEAR Ad Notice Technical Specifications

■ Privacy advocacy groups

■ Emerging privacy protection business

- ❖ Reputation.com, Avira Social Network Protection, and so on



Technological Solutions

- **Spyware blockers**
- **Pop-up blockers**
- **Secure e-mail**
- **Anonymous remailers**
- **Anonymous surfing**
- **Cookie managers**
- **Disk/file erasing programs**
- **Policy generators**
- **Public key encryption**



Intellectual Property Rights

■ Intellectual property:

- ❖ 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:

- ❖ How can Internet and e-commerce be regulated or governed to protect intellectual property?



Intellectual Property Protection

■ Three main types of protection:

- ❖ Copyright
- ❖ Patent
- ❖ Trademark law

■ Goal of intellectual property law:

- ❖ Balance two competing interests—public and private

■ Maintaining this balance of interests is always challenged by the invention of new technologies



Copyright

- **Protects original forms of expression (but not ideas) from being copied by others for a period of time**
- **“Look and feel” copyright infringement lawsuits**
- **Fair use doctrine**
- **Digital Millennium Copyright Act, 1998**
 - ❖ First major effort to adjust copyright laws to Internet age
 - ❖ Implements WIPO treaty that makes it illegal to make, distribute, or use devices that circumvent technology-based protections of copyrighted materials
 - ❖ Safe-harbor provisions



Patents

- **Grant owner 20-year monopoly on ideas behind an invention**
 - ❖ Machines
 - ❖ Man-made products
 - ❖ Compositions of matter
 - ❖ Processing methods
- **Invention must be new, non-obvious, novel**
- **Encourages inventors**
- **Promotes dissemination of new techniques through licensing**
- **Stifles competition by raising barriers to entry**



E-commerce Patents

- **1998 *State Street Bank & Trust vs. Signature Financial Group***
 - ❖ Business method patents
- **Most European patent laws do not recognize business methods unless based on technology**
- **E-commerce patents**
 - ❖ Amazon: One-click purchasing
 - ❖ Akamai: Internet content delivery global hosting system
 - ❖ Google: Search technology, location technology



Trademarks

- **Identify, distinguish goods, and indicate their source**
- **Purpose**
 - ❖ Ensure consumer gets what is paid for/expected to receive
 - ❖ Protect owner against piracy and misappropriation
- **Infringement**
 - ❖ Market confusion
 - ❖ Bad faith
- **Dilution**
 - ❖ Behavior that weakens connection between trademark and product



Trademarks and the Internet

■ Cybersquatting and brand-jacking

- ❖ Anticybersquatting Consumer Protection Act (ACPA)

■ Cyberpiracy

- ❖ Typosquatting

■ Metatagging

■ Keywording

■ Linking and deep linking

■ Framing



Thank YOU!