

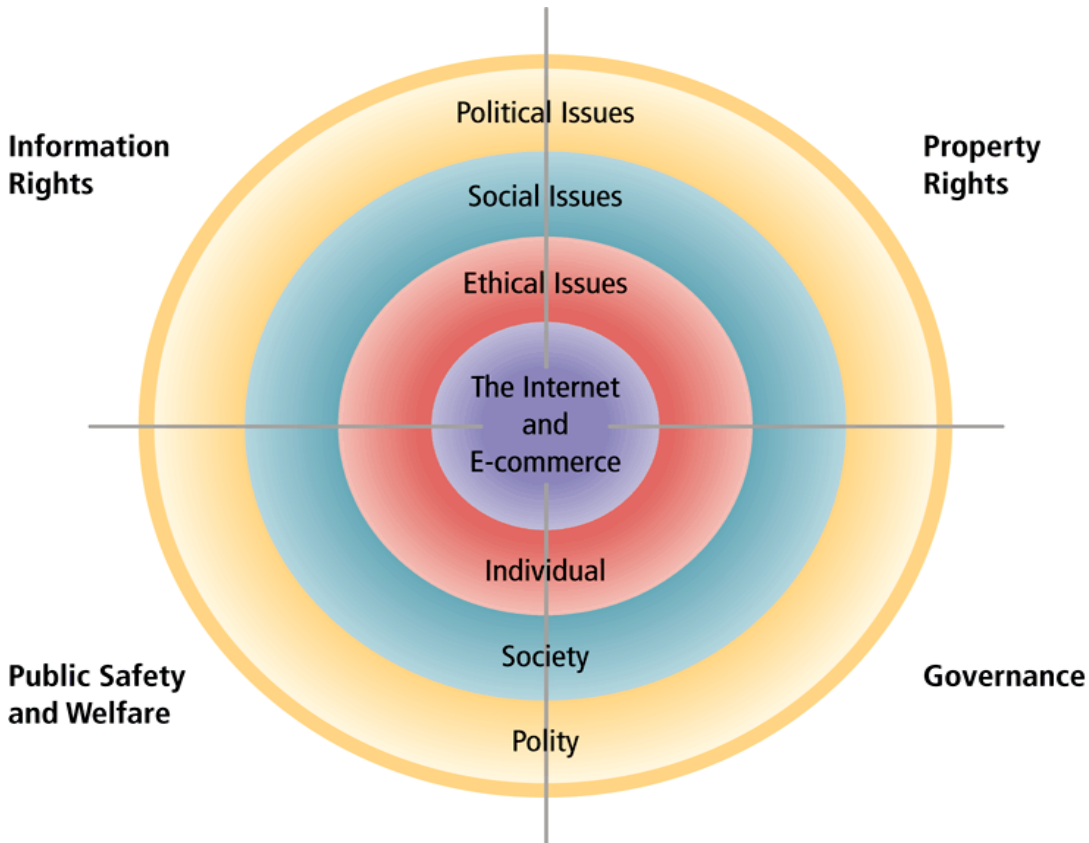
Ethical, Social and Political issues in E-commerce

- Internet technology and its use in e-commerce disrupt existing social and business relationships and understandings.
- Costs and benefits of technology must be carefully considered.

❖ A Model for Organizing the Issues

- Issues raised by Internet and e-commerce can be viewed at individual, social, and political levels
- The major Ethical, Social and Political issues categorized into four major dimensions
 - **Information rights**-What rights to their own personal information do individuals have in a public marketplace or in their homes? What rights do individuals have to access information about business firms and other organizations?
 - Property rights
 - Governance
 - Public safety and welfare

The Moral Dimensions of an Internet Society



❖ 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. Liability is a feature of political systems in which a body of law is in place that permits individuals to recover the damages done to them by other actors, systems or organizations.
- **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.

❖ Analyzing Ethical Dilemmas (conflicts)

- Process for analyzing ethical dilemmas:
 - Identify and clearly describe the facts. Find out who did what to whom and where, when and how.
 - Define the conflict or dilemma and identify the higher-order values involved.
 - Identify the stakeholders. Players in the game who have interest in the outcome, who have interested in situation.
 - Identify the options that you can reasonably take.
 - Identify the potential consequences of your options.

❖ **Candidate Ethical Principles**

- One or more of the following well-established ethical principles can be used to help you determine your actions when confronted with an ethical dilemma:

- **Golden Rule**

- Do unto others as you would have them do unto you.
- Putting yourself into the place of others, and thinking of yourself as the object of the decision, can help you think about fairness in decision making.

- **Universalism**

- If an action is not right for everyone to take, it is not right for anyone"!
- Ask yourself, if everyone did this, could the organization, or society, survive?

- **Slippery Slope**

- If an action cannot be taken repeatedly, it is not right to take at all
- An action may bring about a small change now that is acceptable, but if it is repeated, it would bring unacceptable changes in the long run
- So this rule may be stated as “once started down a slippery path, you may not be able to stop.”

○ **Collective Utilitarian Principle**

- Take the action that achieves the higher or greater value.
- This rule assumes you can prioritize values in a rank order and understand the consequences of various courses of action.

○ **Risk Aversion**

- Take the action that produces the least harm or the least potential cost.
- Some actions have extremely high failure costs of very low probability. (e.g., building nuclear generating facility in an urban area) or extremely high failure costs of moderate probability "speeding and automobile accidents).
- Avoid these high-failure cost actions, pay in greater attention obviously to high-failure cost potential of moderate to high probability.

○ **No Free Lunch**

- Assume that virtually all tangible and intangible objects are owned by someone else unless there is a specific declaration otherwise.
- If something someone else has created is useful to you, it has value, and you should assume the creator wants compensation for this work.

- **The New York Times Test (Perfect Information Rule)**

- Assume that whatever you decide will be the subject of the lead article in the New York Times. Will the reaction of readers be positive or negative?

- **The Social Contract Rule**

- Would you like to live in a society where the principle you are supporting would become an organizing principle of the entire society?

- ❖ **Intellectual property rights**

- Intellectual property rights are like any other property right. They allow creators, or owners, of patents, trademarks or copyrighted works to benefit from their own work or investment in a creation.

- ❖ **Types of Intellectual property rights**

- There are three types of intellectual property protection
 1. Copyright
 2. Patent
 3. Trademark

1. Copyright

- Copyright is a legal term used to describe the rights that creators have over their literary and artistic works. Works covered by copyright range from books, music, paintings, sculpture and films, computer programs, databases, advertisements, maps and technical drawings.
- Copyrights are registered with the U.S. Copyright Office, a department of the Library of Congress.

Look and Feel

- "Look and Feel" in his independent creation, the good faith competitor has used his competitor's idea.
- The growth in the computer software industry continues to be driven by intense competition for product sales. This competition requires that one constantly produce a better product than one's competitor. But, sometimes, the competitor simply has a better idea. The wise competitor incorporates the idea in his product and, if at all possible, improves upon the idea.

Fair Use

- Fair Use is an exception that permits limited use of copyrighted material without acquiring permission from the rights holder.
- Typically, fair use includes categories such as criticism/parody, comment, news reporting, teaching, scholarship, and research.
- Following are fair use factors:
 - 1) The purpose and **character of the use**, including whether such use is of a commercial nature or is for nonprofit educational purposes
 - 2) **The nature of the copyrighted work**
 - 3) **The amount** and substantiality of the portion used in relation to the copyrighted work as a whole
 - 4) **The effect** of the use upon the potential market for or value of the copyrighted work.

Digital Millennium Copyright Act (or DMCA)

- Digital Millennium Copyright Act (or DMCA) is a rather controversial law by US government enacted in 1998 by then-president Bill Clinton.

- The aim of DMCA is to balance the interests of copyright owners and users and look into any sort of copyright infringement that surface in the digital world.
- The intent behind DMCA was to create an updated version of copyright laws to deal with the special challenges of regulating digital material.
- The DMCA is divided into five titles:
 - 1) **Title I**, the “WIPO (World Intellectual Property Organization) Copyright and Performances and Phonograms Treaties Implementation Act of 1998,” implements the WIPO treaties.
 - 2) **Title II**, the “Online Copyright Infringement Liability Limitation Act,” creates limitations on the liability of online service providers for copyright infringement when engaging in certain types of activities.
 - 3) **Title III**, the “Computer Maintenance Competition Assurance Act,” creates an exemption for making a copy of a computer program by activating a computer for purposes of maintenance or repair.
 - 4) **Title IV** contains miscellaneous provisions, relating to the functions of the Copyright Office, distance education, the exceptions in the Copyright Act for libraries, “webcasting” of sound recordings on the Internet

2. Patent

- Patents are a right granted to an inventor that allows them to exclude all others from making, using, or selling their invention for 20 years.
- The U.S. Patent and Trademark Office (USPTO) grant patents for inventions that meet statutory criteria. The following provides a general overview of what a patent is.

➤ Patent Categories

There are three major types of patents:

- **Design patents** – anyone who creates a new design for a product can apply for a design patent. Examples include beverage bottles (think of the shape of the Coca-Cola container) or furniture (such as the kneeling chair).
- **Plant patents** –involved in grafting and creating new hybrid plant forms can apply for a plant patent.
- **Utility patents** – anyone who invents or discovers “any new and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof” can apply for a utility patent.

E-commerce Patents

- It is a patent that protects a method of buying or selling something (including goods and services) over the Internet.
- Examples include so-called electronic shopping carts; Web sites that employ auction-like techniques to sell goods; and computer screen designs that make it easier to transact business on the Internet.
- The term “Internet patent” is sometimes used to refer more generally to patents that involve anything on the Internet, and can cover methods of transmitting information over the Internet; data compression techniques; and encryption methods.

Patent Reform

- The key measures needed for productive patent reform deal with patent quality, the legal system, government incentives, international cooperation, and a change to a first-inventor-to-file system.
- Those certainly are the major challenges confronting entrepreneurs and small businesses.

3. Trademark

- A trademark is a unique symbol or words used to represent a business or its products. Once registered, that same symbol or series of words cannot be used by any other organization, forever, as long as it remains in use and proper paperwork and fees are paid.
- Unlike patents, which are granted for a period of 20 years, trademarks never end. Companies do need to apply for them and receive ownership confirmation with the U.S. Patent and Trademark Office in order to claim protection from copycats,

Signs of a Trademark

- To indicate that a trademark has been claimed companies use one of three symbols:
 - TM - Using the trademark symbol after a logo or phrase alerts competitors that you have claimed this symbol or phrase as your own, but you don't have to have even formally apply for it.
 - ® - Only trademarks that have been officially granted by the Trademark office can use the ® symbol, which stands for registered trademark.
 - SM - Companies that sell services, not products, have the option to use the service mark logo, but most use the TM instead for simplicity.

Trademark and the Internet

- In response to a growing number of complaints from owner of famous trademarks who found their trademark names being appropriated by web entrepreneurs, congress passed the **Anticybersquatting Consumer Protection Act (ACPA)** in November 1999.
- The object of the Act is to tackle the problem of cybersquatting. This Act empowers the owner to bring a cause of action against a domain name registrant who:
 1. has a bad faith intent to profit from the mark; and
 2. registers, traffics in, or uses a domain name that is identical or confusingly similar to a distinctive mark.

Cybersquatting

- Cybersquatting is a term used to describe an individual or company who intentionally purchases a domain and holds that domain with the sole intention of selling it at a premium price. Cybersquatting is sometimes referred to as **domain squatting and typo squatting**.
- Trademark or copyright holders may neglect to reregister their domain names, and by forgetting this important update, cybersquatters can easily steal domain names. Cybersquatting also includes advertisers who mimic domain names that are

similar to popular, highly trafficked websites. Cybersquatting is one of several types of cybercrimes.

Cyberpiracy

- Cyberpiracy involves the registration of an Internet domain name using the name of another person or a name similar to the name of another person.
- The purpose of using such a domain name is to confuse the public as to which web site is that of the legitimate provider of a product or service the consumer is seeking, the person has established to profit financially.
- The Anticybersquatting Consumer Protection Act passed in 1999 made cyberpiracy illegal.
- When a party uses a person's name in cyberpiracy, the person can pursue legal action against the involved party, seeking to have the domain name cancelled or turned over to the person. In addition, the person committing the cyberpiracy may have to pay the court expenses and other costs of the victim.

Metatagging

- A meta tag is information typically unseen by website users. However, a meta tag describes and indexes the contents of a web page. When one searches a term through a search engine, web pages are displayed as result with similar terms.

Keywording

- The permissibility of using trademark as keywords on search engines is also subtle and depends on the extent to which such use is considered to be a “use in commerce” causes “initial customer confusion” and on the content of the search engine.

Linking

- Linking is so fundamental to the Internet that many users feel that any legal restriction on their use of links is a violation of the right to travel and speak freely in cyberspace.
- **Deep linking.** Deep linking allows visitors to bypass information and advertisements at the home page and go directly to an internal page. There is no law or court ruling prohibiting deep linking. However, businesses dislike deep links because:
 - linked-to sites can lose income since their revenues are often tied to the number of viewers who pass through their home page, and

Framing

- "Framing" is the process of allowing a user to view the contents of one website while it is framed by information from another site, similar to the "picture-in-picture" feature offered on some televisions. Framing may trigger a dispute under copyright and trademark law theories, because a framed site arguably alters the appearance of the content

❖ Governance

- Governance has to do with social control: Who will control the internet? Who will control the processes of e-commerce, the content, and the activities? What elements will be controlled and how will the controls be implemented?
- E-governance, expands to **electronic governance**, is the integration of **Information and Communication Technology (ICT)** in all the processes, with the aim of enhancing government ability to address the needs of the general public. The basic purpose of e-governance is to simplify processes for all, i.e. government, citizens, businesses, etc. at National, State and local levels.

❖ Public Government and law

Taxation

- Taxation is the system by which a government takes money from people and spends it on things such as education, health, and defense.
- A means by which governments finance their expenditure by imposing charges on citizens and corporate entities. Governments use taxation to encourage or discourage certain economic decisions.
- For example, reduction in taxable personal (or household) income by the amount paid as interest on home mortgage

loans results in greater construction activity, and generates more jobs.

- Taxes in India are levied by the **Central Government** and the **State Governments**. Some minor taxes are also levied by the local authorities such as the Municipality and the Local Governments.