

# Microsoft calls for federal privacy law

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Microsoft Corp. on Thursday called for uniform federal legislation to replace an inconsistent "patchwork of laws" currently in place to protect the privacy of Internet users.

With Democrats and Republicans at odds this week over a bill addressing consumer privacy, Microsoft General Counsel Brad Smith told the Congressional Internet Caucus "now is the time" for the software giant to enter the scene and pursue "comprehensive" federal legislation.

Confidence among Internet users has fallen amid fears of identity theft and intrusion and a "collage" of state and federal laws has proven an inadequate defense, Smith said in a conference at the U.S. Capitol.

"There are inconsistencies in the laws between states and even at the federal level. That, fundamentally, is not going to help us improve the state of privacy in the country," Smith said, noting that more than 20 states have their own privacy legislation and that the federal government has privacy laws in place only in certain sectors, including healthcare and banking.

Microsoft is seeking a national standard, consistent with privacy laws around the world, that would increase the transparency of Web sites collecting personal information, allow Internet users greater control over their own information and guarantee security for that information once it has been collected.

Online shopping giant eBay and computer manufacturer Hewlett-Packard have signed on to Microsoft's initiative, according to a news release issued Thursday. But Smith acknowledged that even with major private-sector support, any broad-based federal legislation on privacy would depend on lawmakers finding the right wording -- a daunting task.

"There are going to be a lot of devils in a lot of details," he said. "It will take a lot of discussion and a lot of compromise, ultimately, to produce the kind of law that really will help continue to move the Internet forward."

Compromise was in short supply at Thursday's meeting of a subcommittee of the House Energy and Commerce Committee, when Democrats and Republicans split along party lines over a consumer privacy bill.

The bill, which would give the Federal Trade Commission greater oversight over online information brokers and would require that consumers are notified when certain information breaches have occurred, passed in a 13-8 vote. But Democrats said loopholes in the bill meant that the law would hurt consumers more than it would help them, the Washington Post reported.

Privacy concerns have accounted for a major change in the way people approach the Internet today, according to the Pew Internet and American Life Project, a non-partisan organization that researches the Internet.

Lee Rainie, the project's director, said 91 percent of American Internet users -- or 93 million people -- have adjusted their online behavior to avoid privacy problems like spyware, a technology that secretly gathers user information. That behavior change ranges from consumers not downloading video or audio files to 29 percent of American Internet users who say they have stopped using e-mail as much as they used to

because of "spam" messages, according to Rainie.

Microsoft is pushing for federal legislation now because the drop in consumer confidence is threatening online commerce, Smith said.

Peter Swire, a law professor at the Moritz College of Law at Ohio State University and former privacy counselor in the Clinton administration, said Microsoft's decision is a landmark one.

"I think this is big news because the world's most famous software company is saying that the Internet will benefit from a good federal law," Swire said, noting that regulation of the Internet was widely opposed several years ago.

Microsoft wants to be seen as a leader in Internet security and now has experience with strong legislation after complying with strict European privacy laws, Swire said.

But in seeking U.S. legislation that is fashioned after laws in other countries, Microsoft is not being specific enough, said Chris Jay Hoofnagle of the Electronic Privacy Information Center, a Washington-based research organization. There is a "huge difference" between European privacy laws and laws in Asian countries, according to Hoofnagle, and Microsoft has not indicated exactly which kind of model it wants the United States to follow.

"There are a lot of devils in the details," Hoofnagle said, echoing Microsoft spokesman Smith.

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