

## Google reaches privacy settlement with FTC

March 31 2011, By JOELLE TESSLER, AP Technology Writer

(AP) -- Google has agreed to adopt a comprehensive privacy program to settle federal charges that it deceived users and violated its own privacy policy when it launched a social networking service called Buzz last year.

The search giant triggered a fierce user backlash when it integrated Buzz into its Gmail email service in February 2010. The service automatically created public circles of friends for users based on their most frequent Gmail contacts. But many users complained that they didn't want all their email contacts - which could include ex-spouses, doctors, employers and recruiters - to become part of a social network for anyone to see.

The settlement announced Wednesday with the <u>Federal Trade</u> <u>Commission</u> requires <u>Google</u> to study both its existing services and any new services it launches to determine if they pose risks to user privacy - and develop policies to address those risks if they do.

The settlement mandates independent audits to oversee and verify Google's privacy program every other year for the next 20 years. The settlement also requires Google to obtain user consent before sharing consumer information with third parties if it alters a service to use the data in a way that would violate its existing privacy policy.

The FTC charged that Google had violated its own privacy policy by taking personal information provided for Gmail and integrating it into Buzz without permission, even though it had promised to obtain consent before using information "in a manner different than the purpose for



which it was collected."

"When companies make privacy pledges, they need to honor them," FTC Chairman Jon Leibowitz said in a statement.

The FTC complaint outlined a number of problems with Buzz. Those included ineffective options to let users decline to participate in the service, confusing and hard-to-find controls to let users limit sharing of their email contacts, and inadequate notice of exactly what the service did.

After receiving thousands of complaints, Google responded by tweaking the service to make it easier for users to hide their lists of contacts and block specific people from following their Buzz updates, including links, posts, photos and videos. In addition, the company agreed late last year to give about \$8.5 million to Internet privacy and policy organizations to settle a class-action lawsuit filed by <u>Gmail</u> users over Buzz.

Jessica Rich, deputy director of the FTC's Bureau of Consumer Protection, said the agency hopes that Wednesday's settlement will help set privacy standards for companies across the Internet ecosystem - not just Google.

The Electronic Privacy Information Center, a privacy watchdog group that filed the FTC complaint about Google Buzz that led to Wednesday's settlement, echoed that point. "For Internet users, the FTC decision should lead to higher privacy standards and better protection for personal data," EPIC President Marc Rotenberg said in a statement.

For its part, Google said in a blog post that it hopes the FTC settlement puts the issue behind it and apologized for its missteps with Buzz.

"We try to be clear about what data we collect and how we use it - and to



give people real control over the information they share with us," the blog post said. "That said, we don't always get everything right. The launch of Google Buzz fell short of our usual standards for transparency and user control - letting our users and Google down."

Google has already stepped up its efforts to improve its <u>privacy</u> policies and practices following last year's disclosure that it had inadvertently sucked up fragments of e-mails, Web surfing behavior and other online activities over public Wi-Fi networks in more than 30 countries while photographing neighborhoods for its "Street View" mapping feature. Google said it discovered the problem after an inquiry by German regulators.

The FTC's rebuke is the latest blow that the government has dealt to Google. Last week, a federal judge rejected a proposed legal settlement that would have given Google the digital rights to millions of out-of-print books after determining that the agreement would have violated U.S. copyright laws and given Google's already-dominant search engine an unfair advantage over its rivals.

Google is hoping to avoid another setback as it tries to persuade the Justice Department to approve its proposed \$700 million acquisition of online air fare tracker ITA Software. The Justice Department has spent the past eight months examining whether the deal would allow Google to use its search engine to highlight its travel recommendations over other services and withhold the latest technology from rivals who already license ITA Software's products. Lawyers familiar with antitrust reviews expect the Justice Department to decide whether to challenge the acquisition or approve it, possibly with strings attached, within the next month.

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