

Social and Legal Issues in Informatics

MSc Management – IS and Services Science

E-Commerce

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Overview

E-Commerce

- Web Auctions
- Buying-Selling
- Advertising

EU Electronic Commerce Directive

- Authorisation
- Electronic Contracts
- Marketing Rules

International Context

Data Protection

Taxation

E-Commerce

Definition

- Distribution of products and services, buying/selling, marketing
 - ◆ of products or services
 - ◆ over electronic systems (Internet / Computer networks / WWW)
- Doing business electronically (e-business)

Technology

- Internet, extranets, e-mail, databases, and mobile phones.

Business

- Electronic funds transfer
- Supply chain management
- e-marketing / online marketing
- Web shopping
- Online transaction processing
- Electronic data interchange (EDI)

E-Commerce

B2B

- Business to business

B2C

- Business to consumer

E-Government

- Government to business (and opposite)
- Government to consumer (and opposite)
- Tax / Benefits / Citizen services

E-Commerce

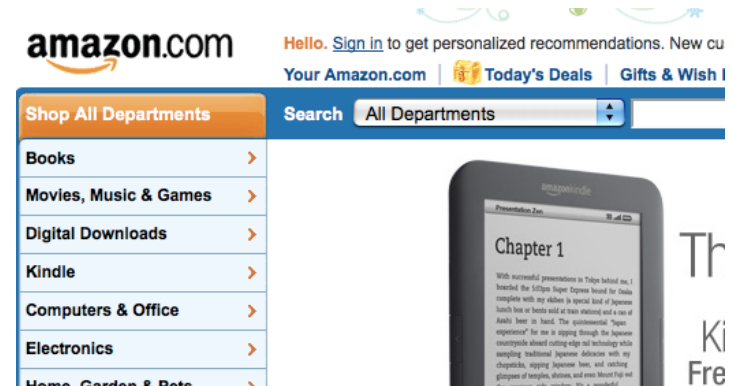
Web Auctions

- General Consumer Auctions
 - ◆ eBay (www.ebay.com)
 - English Auction
 - Successive **higher** bids are **publicly** announced by bidders
 - Final price: higher bid
 - Successful customer: higher bidder
 - Seller pays eBay: listing fee + percentage of selling price
- Speciality consumer auctions
 - ◆ Computers / Collectors / ...
- B2B auctions
 - ◆ Liquidation broker, excess inventory

E-Commerce

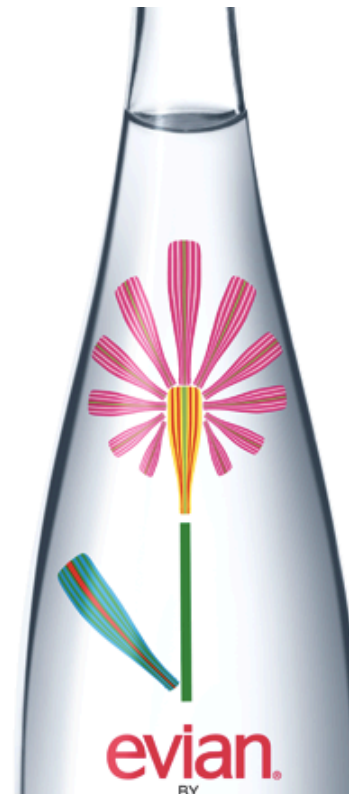
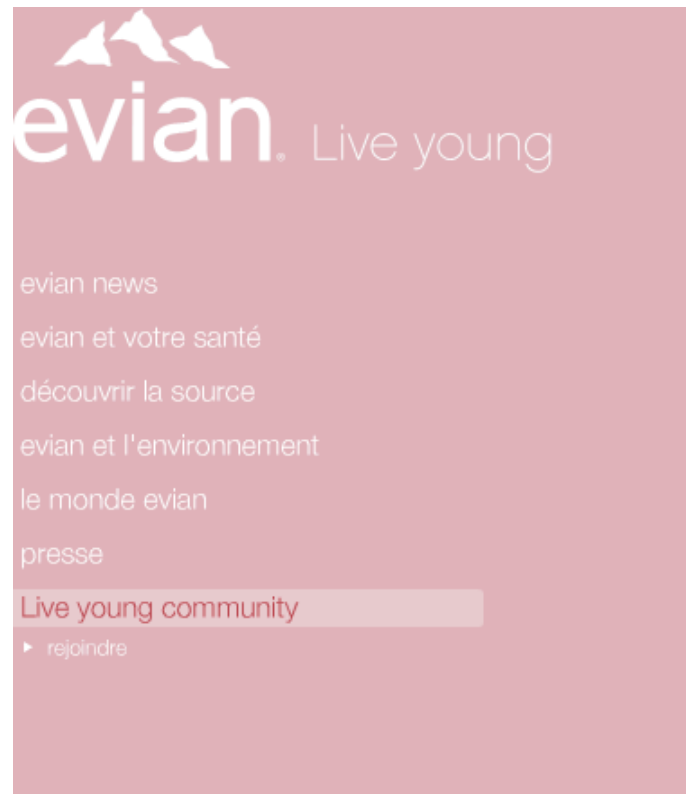
Buying/Selling

- Web catalogue
 - ◆ Similar to the distance selling with print catalogue (mail order business)
 - ◆ Customers can place orders through the Web
 - Argos (www.argos.co.uk) / Amazon (www.amazon.com)
 - Dell: clients specifies his computer
 - Travel agencies (www.ebookers.com)
 - Airline companies
- Web "window"
 - ◆ Display information only
 - Luxury goods (www.bulgari.com), Evian (www.evian.com)



E-commerce

■ Web Window



E-Commerce

Payment Systems

- Payment cards
 - ◆ Debit / Credit cards
 - ◆ Trusted third party:
 - MasterCard / Visa
 - Bank

- Electronic Cash

- Payment Services
 - ◆ PayPal (www.paypal.com)
 - Used by eBay
 - E-commerce business – alternative to checks and money transfer
 - Payment intermediary service

E-Commerce

Advertising

- Web catalogue
- E-mails
 - ◆ If unsolicited: Spam
- Advertisements / Banners
 - ◆ On third party Web site



evian

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Switzerland

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[Evian Roller Babies international version](#)

1 min - 1 Jul 2009

Uploaded by EvianBabies
youtube.com



[Evian Roller Babies](#)

59 sec - 3 Jul 2009

metacafe.com

[Evian - Wikipedia, the free encyclopedia](#)

Evian is a French brand of mineral water coming from several sources near Evian-les-Bains

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Mardi 02 novembre 2010

ACTUALITÉ

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SERVICES

Monde Suisse Sports Sciences & Environnement Multimédia Société

ÉTATS-UNIS 11:41

L'heure du test pour Obama



C'est un scrutin qui s'apparente à un référendum pour le président américain. Les démocrates de Barack Obama devraient subir un net recul et perdre au moins une des deux assemblées du Congrès.

AGENDA

Les rendez-vous de la semaine
Du lundi 1er au dimanche 7 novembre

PUBLICITÉ

JOBUP.CH
N°1 de l'emploi en Suisse romande

PUBLICITÉ

NPA ou lieu

Chercher

X homegate.ch
Le portail de l'immobilier

E-Commerce: Actors

Information Society Service

- Service provided for remuneration by the means of electronic equipment
 - ◆ Email advertisements / Web sites advertisements
 - ◆ Network access / Hosting activities

Service Provider

- Any person who provides an information society service
 - ◆ Obligations towards clients

Service Recipient

- Any person (individual or body) who uses an information society service for professional ends
 - ◆ Rights

Consumer

- Natural person who uses an information society service for purposes other than trade, business or profession
 - ◆ Rights

Laws Initiatives

EU Electronic Commerce Directive, 2002

Distance Selling Directive, 1997

Electronic Signature Directive

Electronic Money Institutions Directive

International Contracts Disputes

VAT on products delivered electronically

EU laws

EU establishes directives

- Directives are instruction to member states to introduce legislation
- Members states have 2 years to produce a corresponding national law

EU law has precedence on national law

EU Electronic Commerce Directive

EU E-Commerce directive

- Ensures that service providers **benefit** from Internal Market **free** movement of services and **freedom** of establishment
 - ◆ Services can be provided throughout EU if
 - Comply with national laws in own member states
- Establishes rules for
 - ◆ Transparency obligations for service providers
 - ◆ Conclusion and validity of electronic contracts
 - ◆ On-line disputes and settlement
- Members states must ensure their legal system allows conclusion of electronic contracts

Laws Background

Need for legal and institutional framework at EU level to support new e-Commerce technologies

- Common framework for trust and confidence
- Favouring cross-border trade
 - ◆ National e-Commerce laws vs EU level laws

Authorisations

No prior authorisation requirements

- For service provider starting online activity business
- Reason: avoid conflicting national EU rules
 - ◆ No EU member state can impose a requirement about setting up an e-Commerce activity
- Requirements
 - ◆ The business per se needs to have **proper national authorisation**
 - E.g. Selling alcohol requires an authorisation
 - but no additional authorisation is needed to sale through the Internet

Information for Clients

Electronic Commerce Directive, 2002

Service providers have the **obligation** to provide the following information to their clients

- Trust and confidence in identity
 - ◆ Name
 - ◆ Geographic address
 - ◆ Contact details
 - ◆ Trade Register / Registration number
 - ◆ Supervisory authority (if authorisation is needed)
 - ◆ Professional body to which the service provider is registered
 - ◆ VAT registration number
- Prices
 - ◆ Clear and unambiguous
 - ◆ Must specify VAT and delivery costs details

Electronic Contracts

European Distance Selling Directive, 1997

- Incorporated into UK law
 - ◆ Consumer Protection (Distance Selling) Regulations, 2000

Information to provide **before** contract is made:

- Identity and address of supplier
- Description of goods and services
- Price of goods and services (including all taxes)
- Delivery costs
- Arrangement for payment, delivery and performance
- Existence of a right of cancellation
- Costs of using the means of distance communication
- Period of which offer is valid
- Minimum duration of contract (permanent, recurrent)
- Geographical address of supplier
- Information about after-sales services

To be made available “in writing or in another **durable medium** which is available and accessible to the consumer” (e.g. printable email)

Forming Electronic Contracts

Elements

- **Offer** (expression of willingness to enter into a contract under certain terms)
- **Acceptance** (of the terms of the offer)
- **Consideration** (goods and payment)
- **Intention** from both parties to create legally-binding relations

Forming Electronic Contract

Additional information to display

- **Technical steps** to form contracts
 - ◆ Make the consumer aware of when he becomes bound by the contract
 - “Click to confirm order”
 - “Click to confirm payment”

- Identifying and correcting **errors**

- **Languages** for conclusion of contract

- Orders must be **acknowledged** also by electronic means
 - ◆ service recipient must be able to store and reproduce acknowledgement (e.g. email)

Forming Electronic Contracts

General Rule

- Contract is formed when offer is accepted!

Consequence

- Displaying products and prices on the Web equals to an offer
- If customer accepts offer (fulfils an order) than a legally-binding obligation from the supplier is created

Problem

- Supplier is involved in contracts without actually accepting them
- E.g. customer makes order for goods with a wrong price on Web site, then supplier must deliver the goods at that price

Solution

- Web site should **not provide offers**
- Web site should **invite** customer to purchase at displayed price, but allow the supplier to accept or reject the offer when it sees it.
- Web site states that no contract is formed unless the supplier has notified the client that it accepts the order

Client's Rights of Cancellations

Distance Selling Directive

- Performance Requirement
 - ◆ Supplier must provide goods within 30 days following placement of order

- Cancellation Period: **time limit** allowing client to **cancel** distance contract for goods and services
 - ◆ If all information is displayed prior contract:
 - Ends 7 working days after the consumer has received the goods (or concluded contract for services)
 - ◆ If all information is displayed/provided within 3 months of contract
 - Ends 7 working days after the consumer has received the information
 - ◆ None of the above
 - Ends 3 months + 7 working days after consumer receives the goods (or concluded contract for services)

Marketing Rules

Electronic Commerce Directive
UK Electronic Commerce Regulations

Service provider duties

- Commercial communication is clearly identified as such
- Person on whose behalf commercial communication is made is clearly identified
- Promotional offers and conditions are clearly identified

Marketing Rules

Spam

- Unsolicited e-mail advertisement

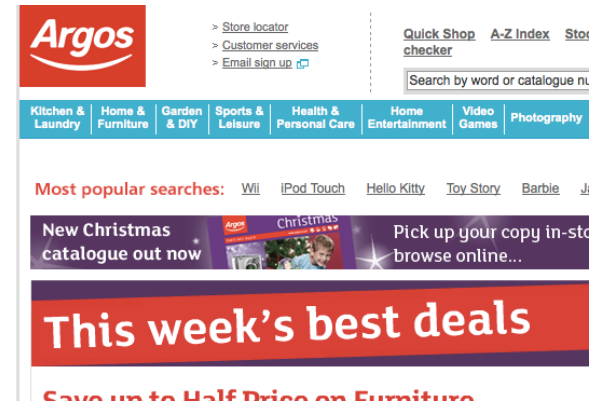
E-Mail Advertisement Strategy

- Send e-mails to Web visitors who have expressly requested information
- Obtain customer approval **before** sending any e-mail containing advertisement of promotional message

Forming Electronic Contracts

Let's have a look at:

- www.argos.co.uk
- Contact information
 - ◆ <http://www.argos.co.uk/static/StaticDisplay/includeName/ContactUs.jsp.htm#contact>
 - ◆ Physical address
- Terms and conditions
 - ◆ <http://www.argos.co.uk/static/StaticDisplay/includeName/TermsAndConditions.jsp.htm>
 - ◆ Acceptance of the order by Argos
- Privacy
 - ◆ <http://www.argos.co.uk/static/StaticDisplay/includeName/privacyPolicy.jsp.htm>



International Context

Jurisdiction

- Which law to apply if:
 - ◆ Service provider is in country A
 - ◆ Service consumer is in country B

Example

- Yahoo!
 - ◆ Ordered by French court to block French users from purchasing an online auction of Nazi-related material
 - ◆ http://en.wikipedia.org/wiki/LICRA_v._Yahoo!

JANUARY 12, 2006

Court throws out Yahoo appeal in Nazi memorabilia case

Company had sued two organizations that sued it in France

By Juan Carlos Perez | IDGNS



Print



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Yahoo lost a legal battle on Thursday in its fight to make a French court's order against the company unenforceable in the U.S.

In 2000, a French court ruled that Yahoo had to make it impossible for residents of France to participate in Nazi memorabilia auctions and to access content of that nature. If it failed to comply, Yahoo would have to pay a fine.

That lawsuit in France was brought by the Union of Jewish Students in France (UEJF) and the League Against Racism and Anti-Semitism (LICRA).

Saying it would be impossible to filter out users from a specific country to keep them from participating in such auctions and viewing such content, Yahoo at the time decided to remove the Nazi items and content from its Web site.

<http://www.infoworld.com/d/security-central/court-throws-out-yahoo-appeal-in-nazi-memorabilia-case-138>

International Context

EU Electronic Commerce Directive / UK Electronic Commerce Regulations

Service Providers

- Home State Regulation / **Country of Origin Principle**
 - ◆ Service providers have to comply with the law of the Member State in which they are established (legally registered)
 - Applies to **requirements** related to information society services / service providers
 - UK enforcement authorities are responsible for ensuring compliance by service providers established in the UK
 - ◆ A given Member State has no responsibility with respect to service providers established in other EU countries

- Obligation towards another country regulations (outside the requirements)
 - ◆ Obligations related to quality of goods, labelling, etc.
 - ◆ Products offers
 - ◆ Transactions

International Context

Brussels Convention

Consumer contracts (B2C)

- Context
 - ◆ Consumer in EU country A
 - ◆ Supplier in EU country B
- If contract does not specify jurisdiction
 - ◆ Contract is under law of the country where consumer is based
 - Consumer goes to his own courts to sue supplier
 - Supplier needs to go in consumer's country courts to sue consumer

Business to business contracts (B2B)

- Contract clearly indicates jurisdiction
- Otherwise, contract is under law of the country where supplier is legally registered

Data Protection

EU Data Protection Directive

Personal customer data

- Can only be collected for specified, explicit and legitimate purposes
- Must be processed in a way compatible with these purposes

Collecting Data

- Collected and processed by provider only, unless
- Consumer has explicitly given his consent

Use of Data

- Cannot be transferred to third parties without agreement from consumer
- Security measures must be taken to protect data
- Data must not be kept longer than necessary

Data Protection

EU Data Protection Directive

Access of Data

- Customer must have access to his data
- Customer can refuse certain use/processing of his data
- Customer can refuse his data to be used for direct marketing purposes

Trans-borders

- Data cannot be transferred to a third country where law is "inadequate"
- US case:
 - ◆ EU commission specifies the conditions under which the level of protection is adequate for transferring data from EU to US
 - ◆ If US business agrees to these principles then it can collect data

Taxation

Direct Tax

- Due only in country where business is legally registered

Indirect Tax

- VAT
 - ◆ Digitally delivered products (software, music, books, ...) are considered as services
 - ◆ Payment of VAT depends on:
 - Where, what, to whom goods and services are sold

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Overview of e-commerce in Switzerland

http://www.ebusinessforum.com/index.asp?layout=rich_story&doc_id=9612&title=Overview+of+e-commerce+in+Switzerland&channelid=4&categoryid=29