Editor's Insight

Smart house, smart car, smartphones: FTC examines 'The Internet of Things' by Michelle Cohen, Member of Ifrah Law.

Just last week, sitting in her office, one of my lawyer-mom friends took out her smartphone and watched her young sons and their au pair come home via the home security system’s camera. She can similarly use her phone to check the temperature of her home and lower it when no one is there. And, my friend would probably be one of the first to buy a refrigerator that sends you a notification that you are low on milk. Today, others can use their phones to have their vital signs and blood sugar levels monitored by physicians.

While there are great benefits to this technology, privacy and security issues arise when our ‘things’ collect and share our data. On 17 April 2013, the United States Federal Trade Commission (‘FTC’) announced a new proceeding focusing on the privacy and security issues posed by the growing connectivity of various consumer devices, including cars, appliances, and medical devices. The FTC asks for input by 1 June 2013 on several related topics in advance of a public workshop it will hold in Washington, D.C. on 19 November 2013.

The key issues about which the FTC seeks comments include:

* What is the prevalence of, and what are the predictions for, continued uses of this technology?
* What products and services are on the horizon?
* What technologies enable this connectivity (for instance, RFID, barcodes, wired and wireless connections)?
* Who are the industry players?

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e-billing and e-payments, card fraud and other cybercrime, as well as regulatory regimes such as the E-Money Directive (EMD and 2EMD), the Payment Services Directive (PSD), SEPA, the US Electronic Money Regulations 2011, and the UK Bribery Act 2010. * read more

* Who are the current and future users of the technology?

* What are the benefits to consumers?

* What privacy and security concerns are uniquely associated with smart technology - specifically, what steps can be taken to avoid malware or adware?

* What is the risk/benefit analysis - for instance, should de-identified health-care data be used to improve health-care decision-making or household information used for energy conservation studies?

While the FTC's upcoming workshop is a first step, the agency's announcement of the workshop and its request for input signals that smart technologies are already on the FTC's radar. New FTC Chairwoman Edith Ramirez has stated that the Internet of Things or ('IoT') is one of her top agenda items. The EU is a step ahead, having started a proceeding last year by launching a consultation in April 2012, seeking comments on the privacy and security aspects of the 'Internet of Things.'

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