

## Firms Seek Federal Privacy Rules

12 Big Businesses Say 'Patchwork' of State Laws Is Confusing

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Several large technology companies, including Google Inc. and eBay Inc., announced support yesterday for stronger federal regulations to protect consumer privacy on the Internet.

Twelve companies formed an advocacy group, the Consumer Privacy Legislative Forum, to lobby for greater protection of private information, and several members testified yesterday before a House subcommittee.

For over a decade, consumer groups have pushed for measures to safeguard personal information from identity theft and fraud.

The group of companies is seeking federal legislation that would require businesses to notify consumers when collecting personal information, then allow individuals to choose how the information is used and to access data they have provided to cut down on unauthorized use.

An "uneven patchwork" of state laws aimed at protecting consumer privacy makes it difficult for companies to comply and is confusing for consumers, said Nicole Wong, Google's associate general counsel.

"When you have so many laws all with the same aim but with different definitions, companies aren't able to create protection in a uniform way," Wong said.

Ari Schwartz, deputy director of the District-based Center for Democracy and Technology, said a multitude of industry-specific laws has been ineffective in protecting consumers "across the board."

"We don't want states passing new laws every time a data breach happens," he said.

Meg Whitman, eBay's president and chief executive, is also in favor of a single federal law. Yesterday, she told the House Energy and Commerce Committee's subcommittee on commerce, trade and consumer protection that the Federal Trade Commission should more closely monitor how consumer information is obtained and shared on the Internet. She said Web-based retailers should not be held to a higher standard than other businesses.

Before the group formed in March, a few companies -- among them Hewlett-Packard Co., Microsoft Corp. and Intel Corp. -- actively supported far-reaching legislation, Schwartz said. Now companies such as Eastman Kodak Co., Eli Lilly and Co. and Procter & Gamble Co. have joined the cause.

The involvement of companies that haven't traditionally been big online players indicates the importance of the consumer privacy issue, he said.

Other analysts said that overregulating data gathered online could disrupt the free flow of information that is vital to healthy markets.

Restricting information could reduce competition and prevent new firms from entering the marketplace, said Thomas M. Lenard, senior fellow at the Progress & Freedom Foundation, a nonprofit organization that analyzes public policy relating to digital technology.

"The personal information utilized by firms produces great value for consumers and the economy," Lenard told the subcommittee. Regulation, he said, would have "unintended" consequences, "especially when imposed on a medium like the Internet that is changing so rapidly."

He said companies already have market-induced incentives to protect private data.

The challenge of securing personal information and the reluctance of Congress to pass stronger legislation has frustrated consumer advocates. Marc Rotenberg, executive director of the Electronic Privacy Information Center, said state governments have been more responsive than Congress in safeguarding consumer privacy. Pressure from private companies may yield results as long as the new campaign is more than a ploy to improve their image, he said.

"We welcome the participation of industry in the discussion, but it can't simply be an exercise in public relations," Rotenberg said.

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