



## Chapter 5

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# Jurisdiction, Domain Names, Privacy and Security: How the Digital Age Has Changed Business

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### § 5.01. Introduction.

Within the last five years, the Internet and electronic mail (e-mail) have become common tools for virtually all business. The Internet has dramatically increased the speed that information can be exchanged. With

e-mail, the World Wide Web, instant messages, and bulletin board systems, communication has not only become widespread, but now occurs instantaneously and globally. On an economic and business level, the Internet has become a business necessity. For example, annual Internet retail sales are projected to reach nearly \$200 billion by 2004, double the amount of retail sales through traditional catalogs.<sup>1</sup> Despite its explosion into the business conscience, the Internet also poses a number of challenges. Novel issues of law are apparent in the world of cyberspace. The real battle concerns whether new laws are needed for the novel issues arising from the Internet, or whether the application of traditional laws is sufficient. An understanding of the ways in which the Internet can impact business is important in all economic sectors, including (and in some ways especially) traditional business sectors.

This chapter will address four of the most pressing issues facing the Internet today from the perspective of a business. Part one discusses how courts have applied traditional notions of personal jurisdiction to the Internet as well as the trends that have emerged from Internet jurisdiction cases. Part two is a broad discussion about domain names and how the courts and legislative initiatives have dealt with the practice of cybersquatting. Part three reviews privacy concerns arising from Internet use and the protections fashioned by Congress, the Federal Trade Commission and the European Union. Part four contains a brief discussion which analyzes the security issues facing organizations with an Internet presence and common sense steps organizations may take to limit the losses that result from a security breach.

### **§ 5.02. Jurisdiction.**

The explosive growth of the Internet has raised concerns as to the application of existing substantive and procedural law doctrines from a world with physical borders to one without physical borders. The laws of personal jurisdiction present particularly difficult problems. Some

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<sup>1</sup> Jim Nesbitt and Jim Barnett, "Internet Taxation Question Headed for Congress Again," <http://www.kcstar.com/item/pages/business.pat,business/377443c7.227,.html> (Last modified Feb 27, 2000).