

EC Seeks Comment on Regulating the "Internet of Things"

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Online innovation is an economic powerhouse bringing expanded benefits to businesses and consumers. Yet it is under increasing threat from stifling transnational regulation. The European Commission's (EC) latest proposal to develop wide-ranging regulation of smart devices is but the latest concern. Communications service providers, device manufacturers and application developers should watch the EC's move to regulate privacy, security and interoperability with respect to smart devices. The EC is accepting public comments until **July 12, 2012**. Comments can be submitted to: http://ec.europa.eu/information_society/digital-agenda/actions/iot-consultation/index_en.htm.

Internet of Things

The EC is seeking public input on how it can best protect privacy without stifling innovation as the so-called "Internet of Things" comes into being. The Commission, the executive body of the European Union, is examining the most effective way to regulate the growing number of smart devices capable of communicating with each other without the need for human direct intervention. The Commission reports that the number of such interconnected objects is anticipated to grow rapidly-by one estimate, the average user with two internet-connected devices today could have as many as seven in 2015. Accordingly, the consultation seeks public views on privacy, safety, security, critical infrastructure protection, ethics, interoperability, governance and standards for a future in which everyday objects such as appliances, clothes, cars and groceries utilize "smart chips" to communicate and share data over the Internet.

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Practice Areas

Internet of Things

The Commission asserts that the "Internet of Things" promises many economic and social benefits. But as smart devices go about designated tasks, they could collect and transmit personal data about users' behavior, location and preferences, perhaps without users' knowledge or consent. Such data could then be used for unwanted, harmful or unlawful purposes. Moreover, as users become increasingly reliant on smart devices to manage certain critical safety and business activities, system malfunctions and quality issues may come with increasingly high costs.

Need for Regulation?

The EC asserts that new regulation may be needed to balance the risks and rewards associated with an "Internet of Things." The Commission asks, for example, how best to create "a level playing field where all players can compete on equal footing, without gate keepers and locked in users" and a "definition of an ethical and legal framework, supported by technology and providing people with control and security." The public has an opportunity to comment on whether data collected from smart devices should be used for separate purposes and whether companies selling "smart items" should be required to perform an impact assessment on privacy.

The survey also requests public input on the need for a minimum set of interoperability requirements to foster competition and promote consumer choice. The Commission begins with the premise that interoperability is essential in constructing an open and competitive "Internet of Things." To this end, the Commission puts forth two suggestions: (1) that open-access identifiers may help foster a market in which smart devices are not tied to a specific service provider, set of applications or use; and (2) that an identification, addressing and naming scheme may help identify the forecasted 50 billion smart devices that could inhabit the market in 10 years. The survey then goes on to ask the public for views on the necessity of interoperable platforms.

Finally, the consultation asks the public whether or not the current Internet Governance framework is capable of adequately addressing the issues associated with the coming "Internet of Things." In responding, the Commission asks the public to consider the special challenges that the "Internet of Things" may pose. For example, the Commission suggests that the public consider: (1) the implications of functionality and performance demands on critical safety and business functions; (2) the need for end-of-life recycling and other requirements to counteract the possible environmental consequences of 50 billion new smart devices; and (3) the network infrastructure and service capability necessary to support the "Internet of Things." Additionally, the Commission asks if, to the extent an "Internet of Things"-specific governance is required, a multi-stakeholder platform is necessary to develop generally agreed upon principles and implementation methodologies.