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Privacy Law Fundamentals

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“Privacy Law Fundamentals is a ‘must have’ for anyone looking for a useful compendium of privacy law.”
– Christopher Wolf, Hogan Lovells

“A key resource for busy professional practitioners. Solove and Schwartz have succeeded in distilling the fundamentals of privacy law in a manner accessible to a broad audience.”
– Jules Polonetsky, CIPP, Future of Privacy Forum

“A clear, useful distillation of the core privacy law concepts that can readily be digested and put into practice. Every privacy professional needs to know what is in this book.”
– Carol DiBattiste, CIPP, LexisNexis Group

“No doubt generations of students and practitioners in the digital ages to come will consider Privacy Law Fundamentals an essential part of their understanding of the law and the world.”
– Nuala O’Connor Kelly, CIPP, CIPP/G, General Electric Company

ABOUT THE AUTHORS

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Privacy Law Fundamentals

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An IAPP Publication
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Additionally, he is the author of several other textbooks, including Privacy and the Media (1st edition, Aspen Publishing Co. 2009) and Privacy, Information, and Technology (2nd edition, Aspen Publishing Co. 2009), all with Paul Schwartz. He has published nearly 40 articles and essays.

Solove has testified before the U.S. Congress and has been involved as an expert and consultant in a number of high-profile privacy cases. He has been interviewed and featured in several hundred media broadcasts and articles, including The New York Times, The Wall Street Journal, The Washington Post, Chicago Tribune, USA Today, Associated Press, Time, Newsweek, People, Reader’s Digest, ABC, CBS, NBC, CNN, NPR and C-SPAN’s “Book TV.”


Professor Schwartz has testified as an expert before congressional committees in the United States and provided legal reports to the Commission of the European Community and Department of Justice, Canada. He has assisted numerous corporations in the United States and abroad with information privacy issues. A member of the American Law Institute, Schwartz has received scholarship and grants from the American Academy in Berlin, where he was a Berlin Prize Fellow; the Alexander von Humboldt Foundation; German Marshall Fund; Fulbright Foundation; the German Academic Exchange, and the Harry Frank Guggenheim Foundation.

Professor Schwartz received a JD degree from Yale Law School, where he was a senior editor on The Yale Law Journal, and a BA degree from Brown University. His homepage is www.paulschwartz.net.
DEDICATION

To Pamela and Griffin—DJS

To Steffie, Clara and Leo—PMS
PREFACE

This book provides a concise guide to privacy law. *Privacy Law Fundamentals* is not a treatise. Instead, it is designed to serve as a primer of the essential information one needs to know about the field. For the student of privacy law or the beginning privacy professional, the book will provide an overview of the field that can be digested readily. For the more seasoned and experienced, the book will serve as a handy reference guide, a way to refresh one’s memory of key components of privacy laws and central cases. It will help close gaps in knowledge and inform on areas of the field about which one wants to know more.

In writing this book, we have aimed to avoid the “too-much-information” problem by singling out the essential provisions of law, regulations and judicial decisions. Far too often, the key definitions, provisions and concepts become lost in a litany of very long and dense statutes and in a mass of cases. We have endeavored to distill the field down to its fundamentals and present this information in as clear and useful a manner as possible. Wherever possible, we have developed charts and lists to convey the material.

The book is organized in thirteen chapters:

- Chapter One – an overview of privacy law in all its varied types and forms and a timeline with key points in the development of privacy law.

- Chapter Two – privacy law involving the media, including the privacy torts, defamation and the First Amendment.

- Chapter Three – the law of domestic law enforcement, focusing on the Fourth Amendment and the statutes regulating electronic surveillance.
• Chapter Four – national security law, including the Foreign Intelligence Surveillance Act.

• Chapter Five – government records and laws, such as the Privacy Act and the Freedom of Information Act.

• Chapter Six – the laws and regulations that pertain to health and genetic data, including HIPAA.

• Chapter Seven – the laws concerning financial information, including the Fair Credit Reporting Act and the Gramm-Leach-Bliley Act.

• Chapter Eight – legal regulation of the privacy of consumer data and business records, involving statutes, tort protections and FTC enforcement actions.

• Chapter Nine – the standards for government access to private-sector records, such as the Bank Secrecy Act, National Security Letters and subpoenas.

• Chapter Ten – data security law, including the varying laws in a majority of the states.

• Chapter Eleven – school privacy, including the Family Educational Rights and Privacy Act.

• Chapter Twelve – the regulation of employment privacy, including the different rules for government and private-sector employees.

• Chapter Thirteen – international privacy law, including the EU Data Protection Directive, the OECD Guidelines, the APEC Privacy Framework and rules of international data transfers.

For his suggestions on our chapter about school privacy, we wish to thank Steven McDonald. This manuscript also benefitted greatly from the proofreading and research assistance of Benedikt Burger, Leah Duranti, Yan Fang and Bill Friedman.

For further references, including books, websites, statutes and other sources of news and legal materials, visit our website (http://informationprivacylegal.com), and for our casebooks, click on the “resources” tab at the top.

We look forward to keeping this book up to date and to finding additional ways to make it as useful as possible. Please feel free to contact us with any suggestions and feedback about the book.

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ESSENTIAL POINTS

• Information privacy law is a relatively youthful area of law. New developments are still shaping it and changing its form. As an example, data breach notification statutes in the United States only date to 2003.

• The development of privacy law in the United States may also be viewed as a dialogue between the courts and the legislature about the scope and application of the legal concept of privacy. In some matters, courts will define new privacy rights. In others, the courts will leave the job to the legislature.

• Privacy problems occur in particular contexts, and different types of problems involve different trade-offs and concerns.

• Technology plays an especially important role in shaping the kinds of privacy concerns that society faces and the role of the law.

• In Europe and most of the rest of the world, this area is called data protection law. International developments have played a highly visible and important role in shaping the role of privacy professionals and the privacy dialogue within the United States.
TYPES OF PRIVACY LAW

Torts

In the United States, tort law is primarily state law. As a result, the particular boundaries of privacy tort law will differ from state to state—sometimes dramatically. As an initial example, some states recognize all four privacy torts, but Minnesota accepts only three of the four. It does not recognize the false light tort. Lake v. Wal-Mart, 582 N.W.2d 231 (Minn. 1998).

TORTS

The following torts are the ones most commonly involved in privacy cases:

- **Invasion of Privacy** (a collective term for the four privacy torts)
  - Public Disclosure of Private Facts
  - Intrusion Upon Seclusion
  - False Light
  - Appropriation of Name or Likeness

- **Breach of Confidentiality**

- **Intentional Infliction of Emotional Distress**

- **Defamation**
  - Libel
  - Slander

- **Negligence**

ORIGINS OF THE PRIVACY TORTS


This foundational article, which inspired the development of privacy law in the twentieth century, argued that privacy was protected by the common law as “the right to be let alone.”


The legendary torts scholar William Prosser surveyed all the common law privacy tort cases and identified the central four interests protected. His formulations of the privacy torts remain in widespread use today. The states have widely adopted Prosser’s four privacy torts.
Contract/Promissory Estoppel

Confidentiality or other privacy protections can be an express or implied contractual term in a relationship. Promises to protect privacy might be enforced through promissory estoppel.

Criminal Law

Many privacy laws have criminal penalties. Many states have criminalized blackmail, “Peeping Tom” activity or surreptitiously capturing nude images of others.

Evidentiary Privileges

In evidence law, many privileges protect the confidentiality of information shared within certain relationships, such as attorney-client and patient-physician.

Federal Constitutional Law

WAYS THE U.S. CONSTITUTION PROTECTS PRIVACY

• The First Amendment right to speak anonymously
• The First Amendment freedom of association, which protects privacy of one’s associations
• The Third Amendment’s protection of the home from the quartering of troops
• The Fourth Amendment’s protection against unreasonable searches and seizures
• The Fifth Amendment’s privilege against self-incrimination
• The Constitutional Right to Privacy
• The Constitutional Right to Information Privacy

State Constitutional Law

A number of states have directly provided for the protection of privacy in their constitutions. Example: Cal. Const. art. I, § 1 — “All people are by their nature free and independent and have inalienable rights. Among these are enjoying and defending life and liberty, acquiring, possessing, and protecting property, and pursuing and obtaining safety, happiness and privacy.”
Federal Statutory Law

- Fair Credit Reporting Act of 1970, 15 U.S.C. §§ 1681 et seq. — provides citizens with rights regarding the use and disclosure of their personal information by consumer reporting agencies.


- Privacy Act of 1974, 5 U.S.C. § 552a — provides individuals with a number of rights concerning their personal information maintained in government record systems, such as the right to see one's records and to ensure that the information in them is accurate.


• Driver’s Privacy Protection Act of 1994, 18 U.S.C. §§ 2721–2725 — restricts the states from disclosing or selling personal information in their motor vehicle records.

• Communications Assistance for Law Enforcement Act of 1994, Pub. L. No. 103-414 — requires telecommunication providers to help facilitate government interceptions of communications and surveillance.

• Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193 — requires the collection of personal information (including Social Security numbers, addresses, and wages) of all people who obtain a new job anywhere in the nation. The resulting information is placed into a national database to help government officials track down deadbeat parents.

• Health Insurance Portability and Accountability Act of 1996 — gives the Department of Health and Human Services (HHS) the authority to promulgate regulations governing the privacy of medical records.

• Identity Theft and Assumption Deterrence Act of 1998, 18 U.S.C. § 1028 — criminalizes the transfer or use of fraudulent identification with the intent to commit unlawful activity.


• USA-PATRIOT Act of 2001 — amends a number of electronic surveillance statutes and other statutes to facilitate law enforcement investigations and access to information.

• CAN-SPAM Act of 2003 — provides penalties for the transmission of unsolicited e-mail.

• Video Voyeurism Prevention Act of 2004, 18 U.S.C § 1801 — criminalizes the capturing of nude images of people (when on federal property) under circumstances where they have a reasonable expectation of privacy.

State Statutory Law

Much of privacy law is found in state law. Privacy tort law and data breach notification statutes are all state law. In addition, numerous federal statutes permit state laws to exceed their specifications. This issue is regulated under the rubric of “preemption.” In Chapter 8, we provide a chart that lists the federal statutes that preempt state laws and those that do not. The U.S. regulation of privacy is best thought of as a dual federal-state system for information privacy law.

Areas of State Legislation on Privacy

Substantial state legislation on privacy exists in the following areas:

Law Enforcement
• Wiretapping and electronic surveillance

Medical and Genetic Information
• Confidentiality of medical information
• Genetic privacy

Government Records
• Public records
• State agency use and disclosure of personal information
Financial Privacy
• Banking privacy
• Consumer reports
• Security freeze

Consumer Data and Business Records
• Spam
• Spyware and phishing
• Telecommunications privacy
• Pretexting
• Use of Social Security numbers
• Data disposal
• Video privacy
• RFID and tracking devices
• Restrictions on ISPs
• Unauthorized access to computers and networks

Data Security
• Identity theft
• Data security
• Data security breach notification

Employment
• State employee personal information
• Restrictions on employment application questions

For a more detailed analysis of these laws, consult Andrew B. Serwin’s Information Security and Privacy (2009).

International Law

Around the world, numerous countries have endeavored to protect privacy in their laws. There are two general approaches toward protecting privacy:

1. Omnibus
   A comprehensive approach to protecting privacy that covers personal data across all industries and most contexts. Sometimes a single omnibus law will also regulate the public and private sectors.

2. Sectoral
   Regulating information on a sector-by-sector basis. Different industries receive different regulation, and some contexts are not regulated at all. Different statutes regulate the public and private sectors.

The world’s first comprehensive information privacy statute was a state law; the Hessian Parliament enacted this statute in Wiesbaden, Germany, on
September 30, 1970. Like most European data protection laws, this statute is an omnibus law.

In contrast, the United States has generally relied on regulation of information use on a sector-by-sector basis. For example, the Children’s Online Privacy Protection Act provides privacy protection for children on the Web, but there is no such law that generally regulates privacy for adults on the Web.

Outside of Europe and the United States, there are many information privacy statutes in the rest of the world. Most countries have adopted the omnibus approach.

There are also important international and transnational accords, guidelines, treaties, directives and agreements. These include:

- The Safe Harbor Privacy Principles (2000) established between the United States and the European Commission

THE CHIEF PRIVACY OFFICER

The chief privacy officer (CPO) is becoming a mainstay at many large organizations. Among other things, a CPO ensures that the organizations are complying with the law, that employees are trained about privacy and security practices and that the organization has an effective privacy policy.

In the public sector, the Homeland Security Act of 2002 establishes a privacy officer within the Department of Homeland Security. 6 U.S.C. § 142. This statute created the first explicit legal requirement in a federal law for a privacy officer in the United States government. Previously, the Clinton Administration had appointed a chief counselor for privacy and located this position in the Office of Management and Budget’s Office of Information and Regulatory Affairs (OIRA).

In 2002, Congress also enacted the E-Government Act, which requires administrative agencies to conduct privacy impact assessments (PIAs).

In the private sector, regulations enacted pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) require “a covered entity” to “designate a privacy official who is responsible for the development and implementation of the policies and procedures of the entity.” 45 C.F.R. 164.30(a)(1)(i).

As part of its role implementing the Gramm-Leach-Bliley Act, the Federal Trade Commission issued a Safeguards Rule that requires designation of an employee or employees to coordinate the company’s information security pro-
gram. This requirement can encourage introduction of a chief privacy officer position into organizations that do not yet have one. 16 CFR Part 314.4(a), 67 Federal Register 36484 (2002).

In addition, the Safe Harbor Agreement, negotiated by the U.S. Department of Commerce with the European Commission, calls for U.S. companies to engage in either “self-assessment or outside compliance review” of their privacy practices. By mandating these requirements, the Safe Harbor creates the obligation for a certain amount of compliance work and an incentive for U.S. organizations that register under it to designate a CPO to take care of these tasks.

It is fair to say that most large companies that handle personal data now have a CPO.

### THE DEVELOPMENT OF PRIVACY LAW: A TIMELINE

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tr>
<td>400 B.C.</td>
<td>Hippocratic Oath – first recorded expression of a duty of medical confidentiality.</td>
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<td>1361</td>
<td>England’s Justices of the Peace Act criminalizes eavesdropping and Peeping Toms.</td>
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<td>1604</td>
<td><em>Semayne’s Case</em>, 77 Eng. Rep. 194 (K.B. 1604) declares that “the house of everyone is to him as his castle and fortress.”</td>
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<td>1789</td>
<td>U.S. Constitution – First, Third, Fourth, and Fifth Amendments.</td>
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<tr>
<td>1860–1890</td>
<td>U.S. Census becomes more inquisitive. Public outcry for greater census privacy.</td>
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<tr>
<td>1877</td>
<td><em>Ex Parte Jackson</em>, 96 U.S. 727 (1877) – U.S. Supreme Court holds that the Fourth Amendment protects sealed letters in the mail.</td>
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<tr>
<td>1886</td>
<td><em>Boyd v. United States</em>, 116 U.S. 616 (1886) – U.S. Supreme Court holds that the government cannot compel people to turn over documents.</td>
</tr>
<tr>
<td>1890</td>
<td>Samuel Warren &amp; Louis Brandeis, <em>The Right to Privacy</em>, 4 Harv. L. Rev. 193 (1890). This article inspires the recognition during the twentieth century of privacy torts in the majority of the states.</td>
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</tbody>
</table>

1908 FBI is formed. Originally called the Bureau of Investigation.

1928 Olmstead v. United States, 277 U.S. 438 (1929) – In a decision later overruled, the U.S. Supreme Court holds that Fourth Amendment protections do not extend to wiretapping. Now on the Supreme Court, Justice Louis Brandeis writes a famous dissent to the majority opinion.

1934 In response to Olmstead, Congress enacts § 605 of the Federal Communications Act of 1934 to limit wiretapping.

1936 Social Security system begins. Creation of the Social Security number, which is not intended to be used in other programs or as a form of identification.

1947 Central Intelligence Agency (CIA) is created.

1948 The Universal Declaration of Human Rights is adopted by the UN, protecting a right to privacy in Article 12.

1949 Publication of George Orwell’s Nineteen Eighty-Four.

1950 European Convention on Human Rights (ECHR) is adopted, protecting the right to privacy in Article 8.

1952 President Truman creates the National Security Agency (NSA).


1961 Mapp v. Ohio, 367 U.S. 643 (1961) – U.S. Supreme Court holds that the exclusionary rule for Fourth Amendment violations applies to the states.

1965 In Griswold v. Connecticut, 381 U.S. 479 (1965), the U.S. Supreme Court prevents the government from banning contraceptives. The Griswold Court finds that the Constitution protects a right to privacy through the “penumbras” of many of the 10 amendments of the Bill of Rights.

1966 Congress enacts the Freedom of Information Act (FOIA).

1967 Alan Westin publishes *Privacy and Freedom*.

1968 Title III of the Omnibus Crime and Control and Safe Streets Act is passed, a major revision of electronic surveillance law. Title III is now known as the Wiretap Act.

1970 In Wiesbaden, Germany, the Hessian Parliament enacts the world’s first comprehensive information privacy statute.


1972 *Roe v. Wade*, 410 U.S. 113 (1973) – the right to privacy “encompass[es] a woman’s decision whether or not to terminate her pregnancy.”


1974 The Privacy Act.


1975 Congress’s Church Committee conducts a thorough investigation of surveillance abuses by the government.

1975 In *Cox Broadcasting v. Cohn*, 420 U.S. 469 (1975), the U.S. Supreme Court recognizes some First Amendment limitations on the privacy torts.

1976 *United States v. Miller*, 425 U.S. 435 (1976) – the U.S. Supreme Court holds that financial records possessed by third parties are not protected by the Fourth Amendment. The Court articulates the “third party doctrine” – people lack a reasonable expectation of privacy in information conveyed to third parties.


1977 German Federal Data Protection Act.

1979  *Smith v. Maryland*, 442 U.S. 735 (1979) – the Fourth Amendment does not apply to a pen register (the telephone numbers a person dials) because of the third party doctrine – people cannot expect privacy in their phone numbers since they expose the information to the phone company.


1981  Israel's Protection of Privacy Law.

1986  Congress passes the Electronic Communications Privacy Act (ECPA), creating the contemporary statutory approach to regulating the electronic surveillance of communications.

1986  Computer Fraud and Abuse Act (CFAA).

1988  Australia passes the Privacy Act, which is based on the OECD Guidelines.

1988  Video Privacy Protection Act (VPPA).

1992  The UK begins implementing its CCTV video surveillance system.

1992  Switzerland’s Federal Law on Data Protection.

1992  Israel’s The Basic Law on Human Dignity and Freedom provides for a right to privacy.

1994  Driver's Privacy Protection Act (DPPA).

1995  Communications Decency Act (CDA).

1996  Congress passes the Health Insurance Portability and Accountability Act (HIPAA). Title II of HIPAA requires the establishment of national standards for electronic data exchange and addresses issues concerning the privacy and security of healthcare information.

1996  The European Union promulgates the EU Data Protection Directive.

1996  Hong Kong Personal Data Ordinance.

1998  The FTC begins to bring actions against companies that violate their privacy policies.

1998  Children’s Online Privacy Protection Act (COPPA).


1998  The UK Data Protection Act.
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<tr>
<td>1998</td>
<td>Sweden’s Personal Data Act.</td>
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<tr>
<td>2000</td>
<td>The Safe Harbor Arrangement – an agreement between the U.S. and EU for data sharing under the EU Data Protection Directive.</td>
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<tr>
<td>2000</td>
<td>Argentina becomes the first country in South America to adopt a comprehensive data protection statute: the Law for the Protection of Personal Data. The EU Data Protection Directive strongly influences the Argentinean statute.</td>
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<td>2001</td>
<td>USA Patriot Act.</td>
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<td>2001</td>
<td>Personal Information Protection and Electronic Documents Act (PIPEDA) takes effect in Canada.</td>
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<tr>
<td>2001</td>
<td>In <em>Kyllo v. United States</em>, 523 U.S. 27 (2001), the U.S. Supreme Court holds that the Fourth Amendment requires a warrant and probable cause before the government can use thermal sensors to detect activity in people’s homes.</td>
</tr>
<tr>
<td>2002</td>
<td>Final modifications issued by the Department of Health and Human Services to the HIPAA Privacy Rule.</td>
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<tr>
<td>2003</td>
<td>Japan enacts the Personal Data Protection Act.</td>
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<tr>
<td>2005</td>
<td>ChoicePoint, one of the largest data brokers, announces that it sold personal data on more than 145,000 people to fraudulent companies established by a ring of identity thieves. Subsequently, numerous companies and organizations began disclosing data security breaches. A vast majority of states enacted data security breach notification legislation in response.</td>
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<tr>
<td>2009</td>
<td>HITECH Act, enacted as part of the American Recovery and Reinvestment Act of 2009, establishes a breach notification requirement for “covered entities” under HIPAA. It also extends HIPAA’s requirements for privacy and information security to the business associates of covered entities.</td>
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<tr>
<td>2010</td>
<td>32nd International Conference of Data Protection and Privacy Commissioners held in Jerusalem. One adopted resolution, proposed by the Information and Privacy Commissioner of Ontario (Canada), called for adoption of Privacy by Design within organizations in order to make privacy a default mode of operation.</td>
</tr>
<tr>
<td>2010</td>
<td>Mexico enacts the Federal Law for the Protection of Personal Data.</td>
</tr>
</tbody>
</table>
FOR FURTHER REFERENCE

Treatises

(originally created and edited by Christopher Wolf)


General Sources

Provides a valuable overview of philosophical accounts of privacy’s  
definition and value.

Kenneth A. Bamberger & Deirdre K. Mulligan, *Privacy on the Books  
and on the Ground*, 63 Stan. L. Rev. 247 (2011)  
An insightful study comprised of interviews of chief privacy officers.

A thoughtful study of the political landscape of privacy policymaking  
around the world.

Helen Nissenbaum, *Privacy in Context: Technology, Policy, and the  
Integrity of Social Life* (2009)  
An illuminating theory for understanding privacy in its social context.

One of the most compelling critiques of privacy.

Robert C. Post, *The Social Foundations of Privacy: Community and Self  
A valuable argument about how privacy is a social value, not just an  
individual right.

Priscilla M. Regan, *Legislating Privacy: Technology, Social Values, and  
Public Policy* (1995)  
Illuminating study of how and why Congress has passed certain privacy laws.
Viewing privacy as protecting “a space for negotiating legitimately different views of the good life,” and examining the loss of private spaces in modern life.

An account of the importance of protecting the privacy of digital communications.

A powerful depiction of the legal, social, and cultural implications of a world that no longer remembers how to forget. Advocates, among other solutions, an expiration date for information in different settings and contexts.

A theory of what privacy is and why it is valuable.

An early classic work about information privacy, providing an insightful account of the value privacy contributes to individuals and society.
A distilled guide to the essential elements of privacy law, Privacy Law Fundamentals is a must-have reference offering the key knowledge privacy practitioners and students of privacy need on a daily basis. It’s privacy law at your fingertips.

Privacy Law Fundamentals is like Strunk and White’s Elements of Style for the privacy field – the essential handy reference guide that cuts right to the heart of each topic.

Privacy Law Fundamentals explains the key provisions of all of the major privacy statutes, regulations, cases, including key state privacy laws and FTC enforcement actions. The authors provide numerous charts and tables summarizing the privacy statutes (i.e. statutes with private rights of action, preemption, and liquidated damages, among other things).

With this book, you will quickly get an overview of the field of privacy law without having to slog through lengthy treatises and thousands of articles.

AVAILABLE AT

Amazon.com:  
http://www.amazon.com/dp/0979590191

International Association of Privacy Professionals:  
https://www.privacyassociation.org/knowledge_center/privacy_law_fundamentals/
Daniel J. Solove & Paul M. Schwartz

“Privacy Law Fundamentals is a ‘must have’ for anyone looking for a useful compendium of privacy law.”
- Christopher Wolf, Hogan Lovells

“A key resource for busy professional practitioners. Solove and Schwartz have succeeded in distilling the fundamentals of privacy law in a manner accessible to a broad audience.”
- Jules Polonetsky, CIPP, Future of Privacy Forum

“A clear, useful distillation of the core privacy law concepts that can readily be digested and put into practice. Every privacy professional needs to know what is in this book.”
- Carol DiBattiste, CIPP, LexisNexis Group

“No doubt generations of students and practitioners in the digital ages to come will consider Privacy Law Fundamentals an essential part of their understanding of the law and the world.”
- Nuala O’Connor Kelly, CIPP, CIPP/G, General Electric Company

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