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Only the Good Regulations Die Young: Recognizing the Consumer Benefits of the FCC’s Now-Defunct Privacy Regulations

Paul R. Gaus*

[Editor’s Note: This Note was well into the publication process when the United States Congress passed Senate Joint Resolution 34, signed into law on April 3, 2017.¹ The resolution repealed the Federal Communication Commission’s rule relating to “Protecting the Privacy of Customers of Broadband and Other Telecommunications Services,” on which the author’s argument principally focused. Nevertheless, the Note’s analysis regarding the FCC’s role in data privacy regulation still stands as it applies to any similar framework proposed in the future.]

A recent study by the Pew Research Center² demonstrates American consumers’ concern about the use and storage of their personally identifiable information online. Surveys estimate that 86% of Americans take some steps to minimize their digital footprints.³ Whereas Americans once trusted online providers to protect data,⁴ consumers currently express little confidence in

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4. See, e.g., Joseph Turow et al., Open to Exploitation: America’s Shoppers Online and Offline 3 (June 1, 2005) (unnumbered working paper), http://repository.upenn.edu/cgi/viewcontent.cgi?article=1035&context=asc_pap
organizations, both public and private, to properly handle their personally identifiable information. Consequently, 91% of digital consumers worry that they have lost control over their personal data, and seek greater autonomy over information collected, stored, and disseminated about them. As noted frequently in scholarly literature, no overarching federal regulation or law controls these practices. The Federal Trade Commission (FTC) champions itself as the guardian of consumer data privacy, but critics contend the FTC is understaffed at best and feckless at worst. In theory, consumers could litigate their own privacy interests, but Courts are often unreceptive to individual data privacy claims absent a worst case scenario data breach. Recently, the Federal Communications Commission (FCC) significantly altered the internet regulatory landscape with its Open Internet Order. Although data privacy did not
drive the Order, the FCC ventured further, recently adopting rules related to data privacy for internet service providers (ISPs).\textsuperscript{12}

This Note argues that the FCC’s recent rulemaking provides a promising framework to spur much-needed change regarding data privacy practices. The rules are not a panacea. They target only a subset of the vast internet ecosystem, but they favor consumers. They are especially desirable when considering the FTC’s limitations in this area and the judiciary’s reluctance to hear consumer data cases even in the face of clear statutory violations. Section I.A of this Note provides a brief explanation of the key entities in the internet ecosystem. Section I.B defines consumer privacy. It explores theoretical concepts and policy proposals urging for greater transparency and choice for consumers relating to their personally identifiable information. Section I.C discusses the FTC’s authority to police privacy interests. Section I.D then outlines the FCC’s traditional jurisdiction, the recent Open Internet Order, and the subsequent FCC rulemaking. It then describes consumers’ fluctuating access to Courts to litigate their own privacy interests, including the Supreme Court’s recent opinion in \textit{Spokeo v. Robins}.\textsuperscript{13} Part II of this Note argues the FCC’s recent rulemaking is the most effective federal mechanism thus far for protecting consumer privacy interests. It begins by outlining the limitations on the FTC’s ability to enforce consumer privacy interests. Part II then argues that the judiciary’s commitment to Article III standing impedes consumers’ ability to litigate their own privacy interests. Considering these significant obstacles, this Note analyzes how the FCC’s regime provides advantages to consumers in ways the FTC and the Courts cannot, or will not, do.

\footnotesize
\textsuperscript{12} Protecting the Privacy of Customers of Broadband & Other Telecommunications Services, WC Docket No. 16-106, Notice of Proposed Rulemaking, 31 FCC Rcd. 2500 (Apr. 1, 2016) [hereinafter Proposed Rulemaking].

\textsuperscript{13} Spokeo, Inc. v. Robins, 136 S. Ct. 1540 (2016).
I. BACKGROUND

A. BRIEF PRIMER ON THE INTERNET ECOSYSTEM AND DATA MANAGEMENT

The internet ecosystem describes "organizations and communities that have organically evolved to guide the operation and development of the technologies and infrastructure that comprise the global Internet."\(^{14}\) The organizations are numerous and most are beyond the scope of this Note.\(^{15}\) The Telecommunications Act of 1996 defines the internet as "the combination of computer facilities and electromagnetic transmission media, and related equipment and software, comprising the interconnected worldwide network of computer networks."\(^{16}\) This Note focuses on three players in the internet ecosystem: (1) internet service providers (ISPs); (2) edge providers, and (3) consumers.\(^{17}\)

ISPs provide access to the internet through physical cables or digital subscriber lines (DSL).\(^{18}\) In most instances, ISPs also provide the customer with telephone and cable services – Comcast’s "triple play" package is an example.\(^{19}\) The industry is concentrated – the five largest ISPs accounted for nearly 75% of market share in the United States in 2016.\(^{20}\) ISPs possess two types of consumer data: (1) web traffic detailing an individual’s

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15. See generally id. The Open Internet Society defines broadly the five categories of the actors in the internet ecosystem. Id. Within each category, there are numerous sub-groups. Id.
internet consumption, and (2) personally identifiable information regarding physical location corresponding to the account for internet services.\textsuperscript{21} Technologies such as encryption and the proliferation of mobile devices fracture ISPs’ access to this data.\textsuperscript{22} However, the ability to create a “device map” for any particular consumer remains.\textsuperscript{23}

By contrast, edge providers, like Netflix, Google, and Facebook, furnish content on the internet.\textsuperscript{24} Edge providers depend on ISPs for functionality.\textsuperscript{25} The type and scope of data edge providers access largely hinges on the service provided. For example, Google knows search queries tied to a certain device.\textsuperscript{26} Similarly, most websites require consumers to provide certain types of information in order to accomplish the website’s purpose.\textsuperscript{27} In such cases, users willingly provide information

\textsuperscript{21}Because ISPs provide the gatekeeping function from the internet to the consumer, they “carry users’ data traffic on their network. In most cases, ISPs have relatively accurate information about a subscriber’s name and billing address, and may have their credit card information and phone number.” Peter Swire et al., Online Privacy and ISPs: ISP Access to Consumer Data is Limited and Less than Access by Others 23 (2016) (Inst. for Info. Sec. & Privacy at Ga. Tech. Working Paper), http://www.iisp.gatech.edu/sites/default/files/images/online_privacy_and_isps.pdf. But see id. at 6–7 (discussing the “mistaken view” that ISPs possess more personally identifiable information online).

\textsuperscript{22}Id. at 24–25.

\textsuperscript{23}Id. at 116–18.

\textsuperscript{24}See Friedlander, supra note 17, at 908; see also Hon. Maureen K. Ohlhausen, The FCC’s Knowledge Problem: How to Protect Consumers Online, 67 FED. COMM. L.J. 203, 232 (2015) (listing Google, Facebook, Amazon, Youtube, LinkedIn, and Pandora as typical edge providers).

\textsuperscript{25}One of the issues surrounding the net neutrality debate centers on ISPs’ ability to prevent consumers from reaching edge providers through practices like “throttling.” See Ohlhausen, supra note 24, at 224; see also Definition of: Edge Network, PC MAG., http://www pcmag.com/encyclopedia/term/42363/edge-network (last visited Feb. 28, 2017).


\textsuperscript{27}See, e.g., HAROLD FELD ET AL., PROTECTING PRIVACY PROMOTING COMPETITION: A FRAMEWORK FOR UPDATING THE FEDERAL COMMUNICATIONS COMMISSION PRIVACY RULES FOR THE DIGITAL WORLD 45 (2016), https://www.publicknowledge.org/assets/uploads/blog/article-cpni-whitepaper.pdf (“Edge providers generally have only one or the other of [users’ internet access habits or physical location], and importantly consumers always have the ability to opt out . . . .”); see also Paul Ohm, The Rise and Fall of Invasive ISP Surveillance, 2009 U. ILL. L. REV. 1417, 1441 (2009) (“Google cannot know what users buy on Amazon or eBay, what they read on the New York Times, or who they friend on Facebook.”).
such as birth date, hometown, and in some cases, financial information.  

Defining the internet consumer seems like a facile task, but it must incorporate how the person uses digital devices to connect to the internet and use content. In the context of ISPs, the digital consumer conforms to a traditional definition in that the consumer purchases ISP services to access the internet. In the space of edge providers, the digital consumer engages in traditional retail, watches content, interacts with others via social media, and performs a plethora of other activities that provide a telling summary about a person's life.

B. DEFINING CONSUMER EXPECTATIONS ABOUT THEIR PERSONALLY IDENTIFIABLE INFORMATION AND THE POSSIBLE HARM

A large-scale discussion of theoretical privacy concepts is unnecessary for this Note beyond the contention that privacy is a fluid concept that consumers value. Surveys, news articles, and other studies demonstrate how digital proliferation shifted consumers' privacy expectations. For example, a telephone

28. See Feld et al., supra note 27, at 55–56.
30. Definition of Consumer, Merriam-Webster (last visited Feb. 28, 2017), https://www.merriam-webster.com/dictionary/consumer (defining a consumer as “one that consumes such as one that utilizes economic goods”).
31. See Nielsen, supra note 29.
32. For the most cited theory of privacy, see Louis D. Brandeis & Samuel D. Warren, The Right to Privacy, 4 Harv. L. Rev. 193 (1890), where Justice Brandeis posits

	[j]hat the individual shall have full protection in person and in property is a principle as old as the common law; but it has been found necessary from time to time to define anew the exact nature and extent of such protection. Political, social, and economic changes entail the recognition of new rights, and the common law, in its eternal youth, grows to meet the demands of society.

Id. at 193.
A survey conducted in 2005 revealed that 75% of Americans believed that online privacy policies signaled a commitment from entities to safeguard information. Subsequent news and information revealed the extent to which companies derived value from doing the exact opposite. The emergence of big data—whereby companies compiled and sold consumers’ fractured online browsing habits—fostered digital advertising. Exploration of this industry disclosed certain unsavory practices and subsequent consumer backlash. For example, these processes allowed companies to make predictions about personal preferences, based on a few data points, like child birth, geographic location, and sensitive health information of consumers.

Technology’s ability to create consumer tapestries prompted new theories about acceptable use, storage, and dissemination of consumer data. Solove identifies several ways unregulated use and dissemination of data harms consumers. For example, information processing facilitates efficiency, but also creates


34. See, e.g., Turow et al., supra note 4.

35. See, e.g., Dennis D. Hirsch, That’s Unfair! Or Is It? Discrimination and the FTC’s Unfairness Authority, 103 KY. L.J. 345, 345–46 (2014) (“Still it is clear that a growing number of businesses are using big data to . . . determine ‘people’s life opportunities – to borrow money, work, travel, obtain housing, get into college, and far more.’”) (quoting Danielle Citron & Frank Pasquale, The Scored Society: Due Process for Automated Predictions, 89 WASH. L. REV. 1, 18 (2014)); see also DANIEL SOLOVE, UNDERSTANDING PRIVACY 118–19 (2008) (discussing how, through the process of data aggregation, technology produces “digital dossiers” on people).


37. See Duhigg, supra note 36; Hill, supra note 36 (discussing how one data broker, MEDbase 2000, compiled lists pertaining to consumers’ medical history, including “erectile dysfunction sufferers, alcoholism sufferers, and AIDS/HIV sufferers”).

38. SOLOVE, supra note 35, at 101–70.
anxiety about “risks of downstream harm that can emerge from inadequate protection of compendiums of personal data.”

Furthermore, unfettered secondary use of the data outside the context of the original purpose for collection erodes trust between the consumer and the online world.

While lagging well behind many foreign states, the public sector in the United States inched in recent years towards defining consumer expectations about the collection, use and dissemination of personally identifiable information. In 2012, the Obama Administration provided a new framework in its Consumer Privacy Bill of Rights. Among other items, the Consumer Privacy Bill of Rights focused on individual control, transparency, security, focused collection, and accountability. Individual control encouraged companies to provide consumers appropriate control of their data at the time of collection. Transparency sought to bridge the knowledge gap between the consumer and company through “meaningful understanding of privacy risks and the ability to exercise Individual Control . . . .” Focused collection challenged companies to “engage in considered decisions about the kinds of data they need to collect to accomplish specific purposes.” Finally, security and accountability placed the onus on companies to handle data in a responsible manner and conduct ongoing reviews of data management.

C. THE FTC’S CURRENT ROLE AS A PRIVACY WATCHDOG

An agency born out of the Woodrow Wilson administration has seized responsibility for regulating the vast internet ecosystem. The Federal Trade Commission Act (FTC Act)

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39. Id. at 127.
40. See id. at 131.
42. See id. at 103–04.
43. See id. at 105.
44. Id. at 108.
45. Id. at 115.
46. See id. at 113, 116.
tasked the FTC (the Agency) with protecting consumers and promoting competition. FTC enforcement authority lies in Section 5 of the FTC Act (Section 5) which directs the Agency to regulate “unfair or deceptive acts or practices.” An unfair or deceptive trade practice is one that “causes or is likely to cause substantial injury to consumers which is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or to competition.” The meaning of “unfair” remained shrouded in ambiguity until the FTC put forth a test known as the “Cigarette Rule” that declared a practice unfair if it “offends public policy as it has been established by statutes, the common law, or otherwise . . . 2) whether it is immoral, unethical, oppressive, or unscrupulous; 3) whether is causes substantial injury to consumers.” The Rule experienced a period of dormancy, but Congress later codified a more precise version of the Cigarette Rule requiring the injury to be (1) substantial, (2) not outweighed by countervailing benefits to consumers, and (3) not reasonably avoided.

1. The FTC’s Notice-and-Choice Model

Now, the FTC enjoys the status as “the de facto federal data protection authority.” Its first foray into the world of online privacy occurred when the Agency presented a 1998 report to Congress on “fair information practice codes.” The fair

51. 15 U.S.C. § 45(n); see also DANIEL SOLOVE & PAUL M. SCHWARTZ, PRIVACY LAW FUNDAMENTALS 2013, at 135 (Int’l Ass’n of Privacy Prof’ls, 2013).
54. Solove & Herzog, supra note 7, at 600; Protecting Consumer Privacy, FED. TRADE COMMISSION, https://www.ftc.gov/news-events/media-resources/protecting-consumer-privacy (last visited Jan. 15, 2017) (“The FTC has been the chief federal agency on privacy policy and enforcement since the 1970s.”).
information practice codes encompassed five core principles concerning data privacy: (1) notice/awareness; (2) choice/consent; (3) access/participation; (4) integrity/security; and (5) enforcement/redress. Within the enforcement/redress prong, the FTC promoted a mix of internal and external mechanisms to regulate online privacy practices. First, the Agency proposed self-regulation rooted in accepted standards that establish remedies to correct errors and provide monetary compensation to consumers where necessary. Second, the Agency advocated “[a] statutory scheme [to] create private rights of action for consumers harmed by an entity’s unfair information practices.” Third, the FTC proposed a rigorous legislative scheme bolstered by Agency investigation and enforcement powers.

Currently, the FTC practices a “notice and choice” model for online consumer data practices. Scholars believe that the notice-and-choice model reflects the FTC’s preference for industry self-regulation enhanced with flexible consumer options regarding data practices. Under this framework, companies inform consumers about the use and storage of their data—a privacy policy is one example—and provide consumers with certain opt-out options. Commentators touted this as

56. Id.
57. Id. at 10–11.
58. Id.
59. Id. at 11.
60. Id at 11, 62 n.160.
61. Solove & Herzog, supra note 7, at 592.
62. See id. at 598. Attempts at industry self-regulation have come in various degrees and forms. For example, the Payment Card Industry Data Security Standards provides organizations that conduct business with member card companies must set up a data security infrastructure with a vulnerability management system that is subject to regular testing. See PCI SEC. STANDARDS COUNCIL, DSS QUICK REFERENCE GUIDE 14 (2010), https://www.pcisecuritystandards.org/documents/PCI%20SSC%20Quick%20Reference%20Guide.pdf. Additionally, the Digital Advertising Alliance comprises various digital advertising organizations that established guidelines for consumer privacy protections. About the Digital Advertising Alliance, DIGITAL ADVERT. ALLIANCE, http://digitaladvertisingalliance.org/about (last visited Feb. 19, 2017).
creating a happy medium between onerous regulations that may be unable to keep up with technological change and a completely unregulated frontier.64

2. The FTC Moves to a Harm-Based Model

In a 2010 report, the FTC acknowledged the notice-and-choice model’s shortcomings.65 The FTC also proposed the “harm-based model” which emphasized specific enforcement of consumer privacy laws.66 The harm-based approach sanctions poor data practices under the umbrella of the FTC’s traditional definition of unfair or deceptive practices.67 Five FTC statutes permit the FTC to take enforcement action for privacy violations.68 Enforcement actions are procedure heavy: an enforcement action begins with an investigation, the Agency weights whether further action is necessary, and submits a proposed complaint.69 Following the complaint, the focus of the FTC’s investigation may choose to litigate the complaint “in

65. FED. TRADE COMM’N, PROTECTING CONSUMER PRIVACY IN AN ERA OF RAPID CHANGE: A PROPOSED FRAMEWORK FOR BUSINESSES AND POLICYMAKERS iii (2010) (“[T]he notice-and-choice model, as implemented, has led to long, incomprehensible privacy policies that consumers typically do not read, let alone understand.”); see also Robert H. Sloan & Richard Warner, Beyond Notice and Choice: Privacy, Norm, and Consent, 14 J. HIGH TECH. L. 370, 390–91 (2014) (arguing that privacy policies, an essential component of notice-and-choice, cannot provide enough information to provide adequate notice).
66. See FED. TRADE COMM’N, supra note 65, at 9–10.
69. See Solove & Herzog, supra note 7, at 609; see also David C. Grossman, Blaming the Victim: How FTC Data Security Enforcement Actions Make Companies and Consumers More Vulnerable to Hackers, 23 GEO. MASON L. REV. 1283, 1302 (stating the FTC will conduct an investigation about data practices and it will conduct a multi-layered investigation) (“This [investigation] is not limited to the initial data collection, but any use of data after it is collected that is inconsistent with the context within which the company originally collected it.”)
front of an administrative or federal district court judge."\textsuperscript{70} Triggers for FTC complaints generally range from allegations of insufficient security measures, to negligent training and security procedures, to failing to honor security and privacy policies, to insufficient disclosure of data collection, and to deceptive data collection practices.\textsuperscript{71}

Critics of FTC enforcement actions contend that they are arbitrary and fail to provide entities clear guidelines on the Agency’s positions.\textsuperscript{72} These objections peaked when the FTC’s authority to regulate data privacy was challenged in \textit{FTC v. Wyndham Worldwide Corp.}\textsuperscript{73} The FTC lodged a complaint against Wyndham Hotels alleging that the company’s security measures unreasonably exposed consumers’ personal data.\textsuperscript{74} Wyndham countered that the FTC did not have authority to regulate cybersecurity as an unfair practice because the FTC has never taken a clear position on the issue.\textsuperscript{75} The Third Circuit upheld the FTC’s jurisdiction for several reasons. First, the Third Circuit determined the “unfairness” prong of Section 5 permitted the FTC to regulate cyber-security practices.\textsuperscript{76} Second, even though Congress later passed specific statutes permitting the Agency to regulate certain types of data practices, it did not negate the FTC’s general regulatory authority over cybersecurity practices.\textsuperscript{77}

Despite the favorable results of \textit{Wyndham}, the scope of the FTC’s jurisdiction remains in purgatory. In 2013, the FTC filed a complaint against LabMD, a Georgia medical corporation.\textsuperscript{78}

\textsuperscript{70} Solove & Herzog, supra note 7, at 609.


\textsuperscript{72} See, e.g., Solove & Herzog, supra note 7, at 607 (“Critics of the FTC have complained that the FTC acts in an unpredictable fashion and that companies lack guidance about what they ought to do.”).

\textsuperscript{73} 799 F.3d 236 (3d Cir. 2015).

\textsuperscript{74} \textit{Id.} at 240.

\textsuperscript{75} Wyndham alleged that the FTC never indicated a clear agency position about data practices being unfair under Section 5. \textit{Id.} at 253.

\textsuperscript{76} \textit{Id.} at 248.

\textsuperscript{77} \textit{Id.}

The complaint stemmed from inadvertent exposure of client files on a peer-to-peer network that was “likely to cause injury to consumers.” An administrative judge dismissed the complaint, but the FTC followed through with an order requiring LabMD to “notify affected individuals, establish a comprehensive information security program, and obtain assessments regarding its implementation of the program.” LabMD appealed directly to the Eleventh Circuit, which granted a stay on the FTC’s order. The Circuit cast doubt on whether a reasonable interpretation of the Agency’s enforcement powers encompasses speculative injuries. Compounding this, the Eleventh Circuit held that the FTC did not show a high probability that consumers would be harmed.

D. THE FEDERAL COMMUNICATIONS COMMISSION: REGULATORY POLICY, SCOPE, AND NEW DEVELOPMENTS

Congress established the Federal Communications Commission “[f]or the purpose of regulating interstate and foreign commerce in communication by wire and radio so as to make available . . . a rapid, efficient, Nation-wide, and worldwide wire and radio communication service with adequate facilities at reasonable charges.” Title II of the 1934 Communications Act applies to “common carriers” of communications services, providing “[i]t shall be the duty of every common carrier engaged in interstate or foreign communication by wire or radio to furnish such communication service upon reasonable request.” Section 201(b) of the Federal Communications Act states, “[a]ll charges, practices, classifications, and regulations for and in connection with [foreign and interstate communication service by wire or radio], shall be just and reasonable, and any such charge, practice, classification, or regulation that is unjust or unreasonable is

79. Id. at *5.
82. Id. at *3.
83. Id. at *5.
declared to be unlawful.” Furthermore, Section 222 of the Communications Act of 1996 places a duty of care on telecommunications providers to “protect the confidentiality of proprietary information of, and relating to, other telecommunication carriers, equipment manufacturers, and customers.”

Whereas consumer protection drives FTC policy, it is a secondary consideration in telecommunications regulation. More often, telecommunications regulatory policy stems from the premise that telecommunications are a public good that should be regulated as a utility. Therefore, policy goals center on “eliminat[ing] ‘wasteful’ competition, set[ting] reasonable prices, and guarantee[ing] universal service.” However, the FCC does oversee some consumer protection statutes like the Telephone Consumer Protection Act (TCPA). Congress passed the TCPA “to protect the privacy interests of residential telephone subscribers by placing restrictions on unsolicited, automated telephone calls.” In response to consumer sentiments about this deeply unpopular practice, the FCC, in conjunction with the FTC, created the national do-not-call list.

1. The FCC Brings ISPs within Its Regulatory Scope

The FCC created a titanic shift in the landscape for data regulation in 2015 when the Commission published the Open

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86. 47 U.S.C. § 201(b).
88. See, e.g., James B. Speta, Reconciling Breadth and Depth in Digital Age Communications Policy, in COMMUNICATIONS LAW AND POLICY IN THE DIGITAL AGE: THE NEXT FIVE YEARS 67 (Randolph J. May ed., 2012) (discussing antitrust as the foremost consideration for communications policy); accord MARC EISNER ET AL., CONTEMPORARY REGULATORY POLICY 120 (2d ed. 2006) (discussing the Congressional goal of creating a communications infrastructure with universal service).
89. EISNER ET AL., supra note 88, at 123 (“Telephone service has always been considered an essential public good; that is, providers, customers, politicians, and regulators all believe in universal service as a primary policy goal.”).
90. Id.
In the lengthy Order, the Commission removed broadband internet access service (BIAS) from the definition of information services and reclassified it as a telecommunications service subject to the Commission’s regulatory authority under Title II. The Commission defined BIAS as “a mass-market retail service by wire or radio that provides the capability to transmit data to and receive data from all or substantially all Internet endpoints.” The reclassification brought anyone “engaged” in providing broadband internet access within the scope of the Communications Act. In layman’s terms, this meant ISPs, previously beyond the reach of the FCC, were now subject to FCC jurisdiction.

2. The FCC Proposes Privacy Rules Specifically for ISPs

Concerns about data privacy did not prompt the FCC’s monumental Open Internet Order. However, in the short period following the Order, the FCC (here, the Commission)
exercised its newfound jurisdiction over ISPs. On April 1, 2016, the Commission issued a notice of proposed rulemaking (NPRM) on the privacy of customers of broadband and communications services. The NPRM garnered over 275,000 submissions from providers, consumers, and other interested parties—including the FTC.

The Commission adopted the proposed rules following the notice-and-comment period. The regulations focused on providing consumers “transparency, choice, and data security” combined with “heightened protection for sensitive customer information.” The Commission established mechanisms to protect personally identifiable information—defined as “any information that is linked or reasonably linkable to an individual or device.” First, the Commission mandated “opt-in” consent to use and share location services, financial information, social security numbers, web browsing history, and other similar data. Second, the Commission prohibited “take-it-or-leave-it” offers—situations where ISPs refused to provide services to non-consenting consumers. Third, the rules mandated disclosure of data breaches. Notably, the

100. See, e.g., Proposed Rulemaking, supra note 12, at 2501.
101. See generally id.
103. Report and Order, supra note 102, ¶¶ 399–404.
104. Id. ¶ 5.
105. Id. ¶ 89.
106. FED. COMM’N COMM’N, FACT SHEET: THE FCC ADOPTS ORDER TO GIVE BROADBAND CONSUMERS INCREASED CHOICE OVER THEIR PERSONAL INFORMATION 2 (Feb. 16, 2016) [hereinafter FACT SHEET]. The Commission does “infer consent” for certain purposes such as use and sharing of non-sensitive information to provide and market services and equipment typically marketed with the broadband service subscribed to by the customer. Id.
107. Id. at 3.
108. Id.
Commission explicitly stated that regulation over edge providers remained within the province of the FTC.109

E. DATA PRIVACY LITIGATION: PRELIMINARY PRECEDENT AND THE COURT’S OPINION IN SPOKEO

Data privacy lawsuits present three types of plaintiffs: victims of data breaches who have suffered material harm, victims of breaches who have yet to suffer harm, and those seeking to force companies into compliance with lawful data practices.110 Plaintiffs in the first category generally have access to courts because they have suffered an injury like identity theft.111 However, for the other classes of data privacy plaintiffs, Article III’s “case-or-controversy” requirement presents a significant barrier to court access.112 The Supreme Court outlined the “case-or-controversy” requirement in Lujan v. Defenders of Wildlife,113 requiring putative plaintiffs to allege “an injury in fact,” i.e., a “concrete and particularized,” “actual or imminent” “invasion of a legally protected interest.”114 Second, “a causal connection between the injury and the conduct complained of” must exist.115 “Third, it must be ‘likely’ . . . that the injury will be ‘redressed by a favorable judicial decision.’”116

1. Precedent Vacillates on Future Harm for Data Breaches

Plaintiffs’ access to court—based on the possibility of future harm from data breaches—teetered between the Circuits. The Seventh Circuit noted “the injury-in-fact requirement can be satisfied by a threat of future harm or by an act which harms the plaintiff only by increasing the risk of future harm that the plaintiff would have otherwise faced, absent the defendant’s

109. Id. at 4.
111. Id. at 397–98; see, e.g., Lambert v. Hartman, 517 F.3d 433, 437–38 (6th Cir. 2014) (concluding plaintiff suffered an injury sufficient for Article III standing when a third party made purchases on her account using information on a ticket she received).
112. See U.S. CONST. art. III, § 2.
114. Lujan, 540 U.S. at 560.
115. Id.
116. Id.
actions.” By contrast, the Sixth Circuit determined that allegations based on future harm failed to confer Article III standing in the absence of a “certainly impending” injury.

The Supreme Court appeared to restrict Article III standing requirements in *Clapper v. Amnesty International USA*.

Though not a data breach case, the plaintiffs brought claims based on the “objectively reasonable likelihood” that the government would surveil their communications and the costs the plaintiffs incurred to protect client confidentiality. The Supreme Court rejected these claims as an attempt to “manufacture standing.” Although the Court did not foreclose threatened injury as a proper basis for Article III standing, it articulated a fairly stringent temporal requirement, noting “[a]llegations of possible future injury’ are not sufficient.” Instead, threatened injury must be “certainly impending” to constitute injury in fact.


118. Reilly v. Ceridian Corp., 664 F.3d 38, 43 (6th Cir. 2011). *Reilly* presented facts similar to *Pisciotta*. *Id.* at 40. A hacker penetrated an information system belonging to Ceridian, a payroll processing company. *Id.* The plaintiffs brought claims based on increased threat of identity theft, incurred costs to monitor credit, and emotional distress. *Id.* The Sixth Circuit held that, unless the plaintiffs could show the hacker copied the information and used it, they did not suffer any harm. *Id.* at 43.


120. *Clapper*, 133 S. Ct. at 1143. The plaintiffs in *Clapper* believed government agencies monitored their communications with foreign individuals under § 1881 of the Foreign Intelligence Surveillance Act (FISA). *Id.* FISA authorized government agencies to engage in surveillance provided the government received approval from FISA courts. *Id.* at 1154–55. Plaintiffs believed they engaged in communications with “people located in geographic areas that are a special focus” of the Government’s counterterrorism or diplomatic efforts.” *Id.* at 1145 (quoting plaintiff's App. to Pet. for Cert.).

121. *Id.* at 1155.

122. *Id.* at 1147 (alteration in original) (quoting Whitmore v. Arkansas, 495 U.S. 149, 158 (1990)).

123. *Id.* at 1155.
The Seventh Circuit acknowledged Clapper’s holding, but permitted a data breach class action to continue in Remijas v. Neiman Marcus Group, LLC. Neiman Marcus suffered a data breach and disclosed it to customers who shopped in stores over the course of a year. The evidence did not prove actual identity theft. Given the uncontested evidence that hackers stole the plaintiffs’ data, the Seventh Circuit declared, “it is plausible to infer that the plaintiffs have shown a substantial risk of harm from the Neiman Marcus data breach.” For the Seventh Circuit, this met the threshold for a certainly impending injury.

2. Spokeo: The Supreme Court Denies Court Access for Consumers Seeking to Enforce Their Privacy Interests

The Supreme Court kept the status of consumer data litigation in flux in Spokeo v. Robbins. Spokeo operated a “people search engine” that gathered information about individuals and disseminated reports about them on publicly accessible websites. Spokeo generated an inaccurate profile on the plaintiff in violation of the Fair Credit Reporting Act’s requirement that consumer reporting agencies “follow reasonable procedures to assure maximum possible accuracy of consumer reports.” The plaintiff charged, among other matters, that the inaccurate report impaired his ability to secure employment. The issue in Spokeo centered on whether the statutory violation put forth in the complaint satisfied the “[f]irst and foremost” requirement of Article III standing—whether the injury was concrete and particularized. Although the Court took no position on the propriety of the Ninth Circuit’s ultimate conclusion, it held the Circuit Court did not properly delineate between “concrete” and “particularized.”

124. See Remijas v. Neiman Marcus Group, LLC, 794 F.3d 688, 697 (7th Cir. 2015).
125. Remijas, 794 F.3d at 690.
126. Id. at 692.
127. Id. at 693.
129. Id. at 1544.
130. Id. at 1545 (quoting 15 U.S.C. § 1681e(b) (2012)).
131. Id. at 1554 (Ginsburg, J., dissenting).
132. Id. at 1547–48 (quoting Steel Co. v. Citizens for a Better Environment, 523 U.S. 83, 103 (1998)).
133. Id. at 1550.
purposes, “concrete” does not equate to tangible.\textsuperscript{134} Justice Alito, quoting the opinion and Justice Kennedy’s concurrence in \textit{Lujan}, noted that Congress can elevate certain injuries “that were previously inadequate in law” and “articulate chains of causation that will give rise to a case or controversy where none existed before.”\textsuperscript{135} However, the Court held, “Article III standing requires a concrete injury even in the context of a statutory violation.”\textsuperscript{136} The Court did not detail how an intangible injury may satisfy the concrete requirement, but opined “[a] violation of one of the FCRA’s procedural requirements may result in no harm.”\textsuperscript{137} Based on this, the Supreme Court determined that an inaccurate report by a credit agency, without more, was not a sufficiently concrete injury and remanded to the Ninth Circuit for further consideration.\textsuperscript{138}

II. ANALYSIS

A dichotomy exists between the law and consumers’ reasonable expectations about their privacy. Consumers want greater autonomy over their personally identifiable information and are unsettled by companies like Spokeo—even if the company produces a completely accurate report.\textsuperscript{139} The FCC’s slight entry into data privacy rulemaking in conjunction with

\begin{itemize}
\item \textsuperscript{134} \textit{Id.} at 1549 ("Although tangible injuries tangible injuries are perhaps easier to recognize, we have confirmed in many of our previous cases that intangible injuries can nevertheless be concrete.") (citing Pleasant Grove City v. Summum, 555 U.S. 460, 481 (2009) (recognizing intangible harm in restricting free speech); and Church of Lukumi Babalu Aye, Inc. v. City of Hialeah, 508 U.S. 520, 547 (1993) (classifying city ordinances restricting the free exercise of religion as an intangible injury sufficient for Article III purposes)).
\item \textsuperscript{135} \textit{Id.} (quoting \textit{Lujan} v. \textit{Defenders of Wildlife}, 504 U.S. 555, 578 (1992) and \textit{Lujan}, 504 U.S. 555, 580 (Kennedy, J., concurring)).
\item \textsuperscript{136} \textit{Id.}
\item \textsuperscript{137} \textit{Id.} at 1550.
\item \textsuperscript{138} \textit{Id.}
\item \textsuperscript{139} \textit{See SOLOVE, supra} note 35, at 118–19 (discussing how, through the process of data aggregation, technology produces “digital dossiers” on people). \textit{But cf.} Larry Downes, \textit{The Downside of the FCC’s New Internet Privacy Rules}, \textit{HARVARD BUS. REV.} (May 27, 2016) https://hbr.org/2016/05/the-downside-of-the-fccs-new-internet-privacy-rules (arguing that data aggregation supports the services American consumers use every day, like Google, because of its dependency on ad revenue). 
\end{itemize}
the FTC’s enforcement approach represents what some experts consider a layered approach to internet regulation.140

A. THE FTC FALLS SHORT OF MEETING CONSUMER EXPECTATIONS ABOUT PRIVACY BECAUSE OF RESOURCE LIMITATIONS, ENFORCEMENT CONSTRAINTS, AND MARKET REALITIES

The FTC’s measures to protect consumer data should be lauded, but the Agency’s limited ability to protect consumers’ privacy interests must be recognized. The Agency faces a Herculean task. Its jurisdiction over edge providers—whose numbers are in the billions—is only a subset of the Agency’s oversight over the majority of American industry.141 Seven divisions of the Agency regulate consumer protection, but only forty-six people staff the Agency’s Division of Privacy and Identity Protection.142 As such, the Agency averages about only ten complaints per year.143 This diverts the Agency’s regulatory focus from wielding industry-wide change to targeting low-hanging fruit.144 Rather than forcing edge providers to evaluate whether they are honoring their privacy policies, the FTC’s limited resources incentivize companies to ensure their practices are not so egregious as to warrant FTC scrutiny.145

The FTC’s interactions with Google exemplifies the perverse incentives that exist under the Agency’s regulatory approach. In 2012, the FTC reached a settlement with Google for violating its

140. Claffy & Clark, supra note 19, at 463. Generally, layered regulation posits different firms within the larger internet ecosystem can be subject to different regulations based on their differing speed of innovation, technological change and resources. See id. at 467, 480.

141. JOHN A. SPANOGLÉ ET AL., CONSUMER LAW: CASES AND MATERIALS 47 (4th ed. 2013) (“[The FTC] has jurisdiction over all U.S. entities except banks, savings and loan institutions, federal credit unions, common carriers and nonprofits . . . .”).

142. Solove & Herzog, supra note 7, at 600–01.

143. Id. at 600 (“The FTC has lodged just over 170 privacy-related complaints since 1997, averaging about ten complaints per year.”).

144. Thomas B. Norton, The Non-Contractual Nature of Privacy Policies and the New Critique of Notice and Choice Privacy Protection Model, 27 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 181, 204 (2016) (arguing the FTC’s approach results in the agency only going after the most egregious offenders of data privacy practices).

145. See Grossman, supra note 69, at 1308 (“Thus, the FTC appears to expect companies to perform a cost-benefit analysis when designing its security program . . . .”).
tracking policies.\textsuperscript{146} The FTC heralded the victory and declared, “No matter how big or small, all companies must . . . keep their privacy promises to consumers . . . .”\textsuperscript{147} Google begged to differ. The company did not admit wrongdoing and paid a fine many observers viewed as a drop in the bucket.\textsuperscript{148} Moreover, during the same time period, Google announced a plan to consolidate user information across most of Google’s services, which many privacy advocates viewed as a flagrant violation of its privacy policy.\textsuperscript{149} The FTC acquiesced to this, and even worked toward dismissing complaints brought by consumer privacy groups to force the Agency to act.\textsuperscript{150}

The FTC aspires for a harmonious balance between the divergent interests of consumers and edge providers. In reality, the latter complain the Agency does not provide concrete guidance to work with. “The FTC has been ‘particularly tight-lipped about what data security standards it expects’ companies to employ, and a ‘chorus of lawyers and scholars have complained that enforcement is misguided absent clearer . . . standards.’”\textsuperscript{151} Companies do not know at which point

\textsuperscript{146} See Google Will Pay $22.5 Million to Settle FTC Charges It Misrepresented Privacy Assurances to Users of Apple’s Safari Internet Browser, FED. TRADE COMMISSION (Aug. 9, 2012), https://www.ftc.gov/news-events/press-releases/2012/08/google-will-pay-225-million-settle-ftc-charges-it-misrepresented (highlighting Google’s violation of an earlier privacy settlement between the company and the FTC, agreeing to settle for $22.5 million).

\textsuperscript{147} See id.

\textsuperscript{148} See, e.g., Jessica Guynn, Google Hit with Record $22.5 Million Fine for Safari Tracking, L.A. TIMES (Aug. 10, 2012), http://articles.latimes.com/2012/aug/10/business/la-fi-google-ftc-20120810 (comparing the $22.5 million to Google’s nearly $38 billion in profits the previous year).

\textsuperscript{149} Warwick Ashford, Google Privacy Re-Write Raises Data Protection Concerns, COMPUTER WKLY. (Jan. 25, 2015, 9:41 AM), http://www.computerweekly.com/news/2240114313/Google-privacy-re-write-raises-concerns (“Google’s re-write of its privacy policies comes within months of reaching a settlement with the [FTC] for misrepresenting how it used personal information and for sharing a user’s data without approval.”).


their data practices will prompt an inquiry from the Agency.152 While FTC enforcement actions may correct a particular company’s practices, the ad hoc approach leaves little in the form of precedent: FTC enforcement actions generally result in settlements that permit companies to avoid any admission of wrongdoing.153 Consequently, only three FTC actions provide any judicial guidance on unfair or deceptive data privacy practices.154

Perhaps recognizing its internal limitations, the FTC also “encourages companies and self-regulatory organizations to adhere to high standards.”155 However, attempts at self-regulation have been plagued by “inadequate participation, weak enforcement, and standards that are not sufficiently protective.”156 Market incentives do not exist to meet the lofty promises of self-regulation.157 Rather, companies seek to monetize consumer data as Google has—known as “Google envy.”158 Certainly, commoditization of data benefits consumers in that many of the essential services consumers enjoy on the internet would not be free without this phenomenon.159

152. See, e.g., Grossman, supra note 69, at 1309 (noting how the FTC refrains from mandating any technical changes and instead focuses on process and administrative oversight).

153. See Solove & Herzog, supra note 7, at 610 (“One of the main motivations for settling with the FTC is that it allows the company to avoid admitting wrongdoing in exchange for remedial measures.”).

154. Id. at 610–11 (pointing to only one case resulting in a judicial opinion, and only two others currently awaiting resolution in federal district court).

155. Comment of the Staff, supra note 102, at 30.

156. Hirsch, supra note 26, at 464.

157. See id. at 458–59 (noting several deficiencies in the self-regulation approach).

158. Ohm, supra note 27, at 1426 (attributing “Google envy” to the company’s ability to monetize their user’s behavior); see Christopher Batiste-Boykin, In Re Google, Inc.: ECPA, Consent, and the Ordinary Course of Business in an Automated World, 20 INTELL. PROP. L BULL. 21, 21 (2015) (“Either way, users of [edge] providers, like Google, should be wary because online communications are becoming a rich resource for companies to mine for data. As advances in technology occur . . . online communications will inform advertisers of users’ tastes, preferences, beliefs, associations, interests, schedules, locations, ages, and incomes.”).

159. See, e.g., Rebecca Lipman, Online Privacy and the Invisible Market for Our Data, 120 PENN. ST. L. REV. 777, 784 (2016) (“Services like Gmail, Google Calendar, and Facebook are only free because users’ data empowers Google and Facebook to generate a lot of revenue from selling ads.”).
However, there is a difference between Google’s use of personally identifiable information to generate revenue from online advertising and OkCupid soliciting information about drug use and sexual history and selling it to purveyors of personal information.\textsuperscript{160} Self-regulation does not adequately curb the troubling conduct of the latter.

B. \textit{Spokeo’s Opinion Limits Consumers’ Ability to Litigate Their Own Privacy Interests Under Consumer Protection Statutes}

As stated above, several FTC statutes permit private rights of action. However, absent a worst-case scenario data breach, the federal private rights of action provide little redress to consumers.

\textit{Spokeo} exacerbated this problem. Like most consumers, the plaintiff wanted readily accessible online information about him to be accurate and Spokeo failed to live up to its statutory obligations to ensure a modicum of accuracy.\textsuperscript{161} However, using somewhat contradictory logic, the Supreme Court determined that this alone did not entitle the Plaintiff to court access.\textsuperscript{162} The Court professed deference to Congressional judgment when faced with a statutory private right of action, noting “Congress is well positioned to identify intangible harms that meet minimum Article III requirements, its judgment is also instructive and important.”\textsuperscript{163} Despite this acknowledgment, the Court held the false report amounted to only a bare procedural

\textsuperscript{160} \textit{Id.} at 801 (discussing how OkCupid, an internet dating site, solicits users about their sexual history and drug use and sells the information off to third parties); see Joseph Jerome, \textit{Big Data: Catalyst for a Privacy Conversation}, 48 IND. L. REV. 213, 233 (2014) (noting there is little consensus in offering consumers control with regards to third party advertising industries).


\textsuperscript{162} \textit{See generally id.}

\textsuperscript{163} \textit{Id.}
harm. Justice Alito analogized the incorrect report to an improperly reported zip code, noting “it is difficult to imagine how the dissemination of an incorrect zip code, without more, could work any concrete harm.”

Putting aside the questionable accuracy of Justice Alito’s analogy, Spokeo’s effect on the Circuit Courts has not been favorable to consumers. In Gubala v. Time Warner Cable, the Seventh Circuit upheld the District Court’s dismissal of the plaintiff’s case for lack of standing. The plaintiff alleged that Time Warner Cable violated the Cable Act when it failed to dispose of his data following his termination of the services. The Seventh Circuit “tentatively [assumed] that Time Warner violated the statute by failing to destroy the personally identifiable information.” Nevertheless, in light of Spokeo’s conclusion, the Seventh Circuit held that failure to destroy personally identifiable information amounted to a procedural harm. The Eighth Circuit held as much in Braitberg v. Charter Communications, Inc. Like Gubala, Charter Communications failed to destroy personally identifiable information after the plaintiff terminated his services. The plaintiff failed to satisfy Article III standing because he did not allege, “Charter has disclosed the information to a third party; that any outside party has accessed the data, or that Charter has used the information in any way during the disputed period.”

Spokeo involved an FTC statute while Braitberg and Gubala dealt with FCC private rights of action. However, the effect is clear. The judiciary’s commitment to Article III standing and concerns about judicial economy adversely impacts its

164. Id. at 1549 (stating that, had Robins alleged only a “bare procedural violation,” it would not satisfy Article III’s requirement for injury-in-fact).
165. Id. at 1550.
167. Id. at 911.
168. Id. at 910.
169. Id.
170. Id. at 911 (dismissing plaintiff’s arguments that the violations are substantive).
171. See generally Braitberg v. Charter Commc’n, Inc., 836 F.3d 925 (8th Cir. 2016).
172. Id. at 926.
173. Id. at 930.
receptiveness towards individual suits seeking to enforce privacy interests.174

C. THE FCC SHOULD REGULATE ISPS BECAUSE OF ITS BROAD REGULATORY APPROACH AND TECHNICAL EXPERTISE IN OVERSEEING COMMUNICATIONS

As the specter of regulation tends to do, the FCC's regulatory shifts sent shudders through some interested parties.175 As to the Commission's data privacy rulemaking, commentators lamented that the “rules would impose additional costs on both consumers (in terms of time) and broadband providers (in terms of time and resources) for no obvious beneficial purpose.”176 Others said that it would foment regulatory confusion on the matter.177 However, for reasons stated below combined with pervasive incentives to monetize consumer data, a strong regulatory regime specific to ISPs is necessary.178


175. See Marsha Blackburn, Why We Need a Free Market Approach for the Communications and High-Tech Sectors, in COMMUNICATIONS LAW AND POLICY IN THE DIGITAL AGE: THE NEXT FIVE YEARS, supra note 88, at 12 (classifying net neutrality reclassification as “freedom destroying”); see also Downes, supra note 139 (arguing that data aggregation supports the services American consumers use every day, like Google, because of its dependency on ad revenue).


178. Data brokers are the prime example of the monetary incentive that exists for data. Data brokers purchase personal information from different sources to compile digital dossiers. See Hirsch, supra note 26, at 449–50. Because data brokers seek to connect the digital with the physical person, ISPs are especially attractive because they have access to both kinds of information. See id. (citing FED. TRADE COMM’N, ONLINE PROFILING: A REPORT TO CONGRESS 4, 13 (2000)).
For its part, the FTC issued a measured response to the FCC’s rulemaking that belied what some observers deem a “turf war” between the two agencies.\textsuperscript{179} The Agency characterized the prospect of two regulatory regimes as “not optimal.”\textsuperscript{180} Although the FTC commended the FCC for considering privacy interests, the Agency affirmed its ability enforce consumer privacy interests under its Section 5 enforcement powers, stating that the notice-and-choice model “maximizes consumer self-determination.”\textsuperscript{181}

Instead of speculating about the prospect of a dual regulatory regime over ISPs, the FTC should relent to the FCC. Although the FCC’s rules may have a negligible effect on the broader internet ecosystem, they provide rigorous guidelines that vindicate consumer privacy interests in ways the FTC and the judiciary cannot.

The FCC’s rulemaking stemmed from the premise that ISPs sit in a heightened position in the internet ecosystem as the “gatekeeper.”\textsuperscript{182} The FCC’s basic contention is correct for four reasons. First, ISPs provide the bridge between the edge provider and the consumer; they maintain, control, and transmit the data between the two.\textsuperscript{183} Second, ISPs “enjoy a confluence of both a total view into subscribers’ Internet access habits on one hand, and knowledge of physical information about subscribers such as home address and financial information on the other.”\textsuperscript{184}


\textsuperscript{180} See Comment of the Staff, supra note 102, at 8.

\textsuperscript{181} See Ohlhausen, supra note 177, at 3.

\textsuperscript{182} See Proposed Rulemaking, supra note 12, at 2501–03. But see Ohlhausen, supra note 177, at 4–7. The FTC questions to what extent ISPs enjoy special status in the internet ecosystem.

\textsuperscript{183} See Ohm, supra note 27, at 1423 (“[The ISP’s] principal role is routing—it receives communications from its users and sends them out to the rest of the world, and vice versa . . . ”).

\textsuperscript{184} FIELD ET AL., supra note 27.
Third, the market between ISPs and edge providers are polar opposites—the former is concentrated while the latter grows exponentially.\textsuperscript{185} Fourth, demand for ISPs is inelastic. Consumers must provide their personally identifiable information to ISPs if they want to enjoy the functionality of the internet.\textsuperscript{186}

As stated above, the FTC’s limited resources and selective enforcement hamper its ability to spur industry-wide change. Were the FTC to continue leading the way on ISP data privacy, it would perpetuate the “whack-a-mole” problem.\textsuperscript{187} The FTC’s battles with Google exemplify the issue; where the Agency succeeds in stopping one privacy practice, another one emerges.\textsuperscript{188} The FCC’s rulemaking authority offers a solution and provides a dual benefit for data privacy standards in general. First, rulemaking eschews targeted enforcement in favor of baseline standards for acceptable conduct for ISPs.\textsuperscript{189} Although regulations in the form of rulemakings are contentious and often the subject of derision amongst policy makers, the alternative thrusts ISPs into the jurisdiction of the FTC—and the anomalous results it produces.\textsuperscript{190} Rulemakings, by contrast, immediately establish a duty of care on the ISP without compromising the entity’s ability to collect information needed to provide the service.\textsuperscript{191}

\begin{footnotesize}

\textsuperscript{186} See FELD ET AL., supra note 27, at 46 ("[C]onsumers generally cannot opt out of a BIAS provider’s data collection without opting out of the Internet entirely.").

\textsuperscript{187} McGeveran, supra note 7, at 987.

\textsuperscript{188} See id. at 999–1000.


\textsuperscript{190} See Blackburn, supra note 175 (deriding the FCC’s Open Internet Order); see also Ohlhausen supra note 177 (criticizing the general outline of the FCC’s privacy rules); Simpson, supra note 151 (identifying complaints about the FTC’s privacy regulation).

\textsuperscript{191} See FELD ET AL., supra note 27, at 62.
\end{footnotesize}
The FCC’s rulemaking provides the additional benefit of placing autonomy in the hands of consumers while closing the knowledge gap between the consumer and ISP. Observers speculate that consumers participate in an unequal playing field in terms of knowing to what extent ISPs and edge providers use their personally identifiable information. Perhaps exploiting this advantage, ISPs and edge providers dictate opaque privacy policies that facilitate maximum control over consumer information. The FCC’s rulemaking shifts a modicum of control back to the consumer. For example, the default to opt-in of sharing information reflects consumer sentiments about seeking greater control of their data. Second, the rulemaking empowers consumers to understand these policies to a greater degree because it mandates that ISPs provide information about how they collect and use data.

With that said, the degree to which data engineers the internet consumers enjoy today cannot be denied. Data collection and monitoring increase cybersecurity and facilitate basic online services. The FCC’s policy objectives strike the delicate balance between honoring legitimate data practices while meeting reasonable privacy expectations. The TCPA demonstrates how the FCC accomplishes this feat. At its peak, retail from telemarketing totaled sales of $435 billion. However, telemarketing also spawned abusive practices like

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192. Yong Jin Park, Digital Literacy and Privacy Behavior Online, 40 COM/M’N RES. 215, 232 (2013) (“[U]sers are stratified and far from competent in exercising privacy control, different from such policy premise. Furthermore, . . . the levels of understanding of surveillance practices common in websites remain miniscule among the majority of users.”).

193. Gerald R. Faulhaber, Transparency and Broadband Internet Service Providers, 4 INT’L J. COMMC’N 738, 745 (2010) (discussing the incentive for ISPs to hide privacy policies because of the ability of data to generate revenue).

194. See FACT SHEET, supra note 106, at 3.

195. Id.

196. See Ohm, supra note 27, at 1466–67 (identifying four helpful functions ISPs derive from data monitoring: (1) monitoring broadband traffic, (2) detecting spam, (3) detecting viruses, (4) securing and policing bandwidth); see also Downes, supra note 139.

197. See, e.g., FELD ET AL., supra note 27, at 35 (“[T]he FCC has a twin mandate to protect consumers and to promote . . . competition.”).

telemarketing scams. \(^{199}\) The FCC, in conjunction with the FTC, tailored restrictions on the time and form of telemarketing calls. \(^{200}\) Twenty years later, privacy advocates declare the TCPA to be an “enormous success.” \(^{201}\)

Finally, from a broad policy perspective, it makes sense to demarcate regulatory jurisdiction between ISPs and edge providers, with the former subject to FCC rulemakings and the latter subject to the FTC. The FCC traditionally regulates “core communications”—be they telephone, cable, or radio communications. \(^{202}\) These traditionally separate industries and services are collapsing and converging. \(^{203}\) Recognizing the industry reality, it makes little sense to continue fragmented classification of broadband providers when they provide the same telecommunications services on an increasingly large scale.

### III. CONCLUSION

The problems posed by voluminous compendiums of personally identifiable information show no signs of abating. What is increasing is consumer awareness about these issues. The breadth of the internet ecosystem poses significant

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199. See id. at 1056.


203. Employing new digital broadband networks, traditional ‘telephone’ companies began offering multichannel video services, and ‘cable television’ operators began offering voice services. Both telephone companies and cable operators, along with ‘cell phone’ providers, offered data services over increasingly higher-speed broadband networks . . . . Of course, the old labels commonly used to denominate the various service providers, such as ‘telephone’ or ‘cable television’ or ‘cell phone’ companies, became increasingly obsolete as the marketplace continued to evolve.

regulatory challenges that the FTC is ill-equipped to deal with, despite the Agency's best efforts. Therefore, consumers should welcome the FCC lending its own expertise to the matter. Although the scope of the Commission's rulemaking can only go so far, it establishes baseline default rules for actors in the internet ecosystem who have unique access to consumer data. This also frees up resources for the FTC to regulate edge providers. In addition, the regulatory environment for ISPs and edge providers must be robust, as consumers have limited recourse to litigate their own privacy interests in court.
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