

## What is user privacy?

User privacy refers to a user's ability to have a say in how her data is collected, used, and shared. Currently, U.S. law approaches privacy on a sector-by-sector basis, where data held by health providers has a certain set of protections, data about consumers' credit has a different set of protections, etc. In the U.S., the only comprehensive privacy law to grant users more control over their personal data is the California Consumer Privacy Act, though several other states have considered sweeping privacy laws, and a few have passed narrower changes to the law.

## Key Takeaways:

- As policymakers think through privacy protections, it's crucial to consider the impact on small and new companies, not just tech giants.
- Startups can benefit from reasonable, common sense privacy rules that restore consumers' faith in the Internet ecosystem.
- Startups need a uniform set of rules around user privacy to provide predictability, not varying and potentially conflicting rules on a state-by-state or court-by-court basis.

## Why does it matter to startups?

After a series of high-profile privacy missteps by Internet giants in recent years, policymakers have understandably taken a stance on creating strong user privacy rights. Unfortunately, much of the discussion about privacy policy has ignored startups, which stand to lose the most. On the one hand, it's startups without name recognition and longstanding reputations and relationships with users that consumers will abandon first if they lose trust in the Internet ecosystem. At the same time, the large Internet companies that have already amassed large amounts of user data and have large budgets and legal teams will be best equipped to navigate the regulatory and business landscape that could result from reactionary policymaking in this space. A well balanced policy approach to protecting user privacy can help restore faith in the Internet ecosystem while allowing startups to continue to collect and use the data they need to provide services to consumers and compete with the big tech companies.

## Where are we now?

In 2018, the U.S. user privacy debate kicked off when California passed the first comprehensive privacy law, the California Consumer Privacy Act. Starting this year, most companies with California users will need to comply with the law's new burdens and responsibilities in order to avoid penalties from the state Attorney General as well as potential lawsuits by Californians. Following the example set by California, other states have gotten active in the privacy policy space. Several states have strengthened user privacy laws in specific contexts—such as Maine's law about Internet Service Providers—and several more states have formally introduced comprehensive privacy bills. Even California is considering adding more requirements and obligations to its privacy law through a ballot initiative this year.

Congress has started discussions around whether and how to craft a federal privacy law, but lawmakers have reportedly hit several snags. One major open question is whether a federal law should override individual states' laws, which currently stand to create a complicated patchwork of state-by-state privacy rules that will be costly for startups to navigate. Another hurdle has been whether a federal law should give individual users the ability to bring lawsuits against companies that violate the law, as opposed to a single federal agency, which would ensure that enforcement is consistent across the country and doesn't vary from court to court or open up startups to potentially abusive lawsuits.