

What legal issues should I consider before launching an online business?

The legal basics of starting an online business are similar to traditional business (i.e., formation, registration, employment).

Launching in e-commerce though requires additional considerations, including privacy, internet-specific marketing issues, tax and even international law.

If your business collects personal information from customers, be aware of legal requirements surrounding data retention, sharing and disclosure, including those contained in the Children's Online Privacy Protection Act (COPPA), Gramm-Leach-Bliley Act and/or the Health Insurance Portability and Accountability Act (HIPAA). Using "cookies" or otherwise tracking your customer's online activities? Keep a close eye on evolving laws regarding the use and disclosure of that tracking data like California's Online Privacy Protection Act. (It's the internet – you must consider laws of all states in which you intend to do business.)



Federal and state governments have also passed advertising laws that apply to your online business. Email, search engine and social media marketing must all comply with basic truth-in-advertising rules as well as endorsement disclosure guidelines, the FTC's Mail Order Rule governing shipping and refunds and the CAN-SPAM Act relating to email marketing.

Other areas of consideration:

- Well-drafted Terms of Use and website privacy policies are a must, as is enforcement of any violations of those terms and policies.
 - Know when and where you must collect applicable state and local sales tax.
 - Be sure the images, video, copy and/or music featured on your website are original content or appropriately licensed for your use.
 - Finally, if your business participates in the global marketplace, there are additional compliance issues including international tax, customs laws and consumer protection laws.
- are several things to always keep in mind. First, apply your procedures equally for all applicants or employees. Second, before taking an adverse action based on something learned in a background check confirm: (a) that all required notices were provided; and (b) the decision is supported by business needs. The old adage "an ounce of prevention is worth a pound of cure" is just as timely today, as ever.



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