

# **The Protection of Privacy on the Internet: a Law and Economics Perspective**

## **Abstract**

The topic of this thesis is protection of privacy on the Internet, further narrowed down to the matter of granting consent to store and process cookies and looking at it specifically from the perspective of law and economics. The aim of this paper is to answer the question of whether the current legislation of granting permission to process cookies is sufficient and user-friendly. To answer this question, the thesis was based on interpretation of the results of a survey about using cookies, conducted on selected Czech websites, namely those of central authorities of the Czech Republic, Czech news portals and Czech online shopping stores. Furthermore, the thesis proposes specific changes within current legislation of processing cookies.

Because of the transposition of Directive on privacy and electronic communications into the legal order of the Czech Republic, the policy of granting consent to the storing and processing of personal data has changed from the original opt-out policy to the current opt-in policy. The current opt-in policy requires a preceding user's consent. In this thesis, I conclude that applying this opt-in policy has lowered the user-friendly settings and that it did not lead to any improvement of protection of privacy. The user may grant consent by a single click or by staying on the website. However, this does not apply the other way round. With the current legislation, disagreeing to processing cookies presents substantial transaction costs in terms of time. That is why I state that, even though, it seems to be – de jure – an opt-in policy, it is, de facto, an opt-in policy.

In the diploma thesis, I suggest returning to the original policy of granting consent. The opt-out policy would be based on a paternalistic approach by the state. This would also allow web operators to continue to individually adjust the privacy policies on their websites under certain conditions.

## **Key words:**

**cookies, protection of personal data, protection of privacy**