

PGDM (RM/IB) (10-20)
International Business Law
IB-502

Trimester – V, End-Term Examination: December 2019

Time allowed: 2 hrs 30 min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet. **The portion in italics “wherever present” should be read as background before answering questions**

Sections	No. of Questions to attempt	Marks	Marks
A	3 questions with internal choices and CILO covered	10 Marks each	3*10 = 30
B	Compulsory Case Study	20 Marks	20
		Total Marks	50

SECTION A – (10 marks * 3 questions) = 30 Marks

Q.A1 Each country has different ethics which are influenced by differences in cultures. This is the main reason why most business people find it challenging to start a business in a foreign country. It is therefore important for companies to develop a sense of responsibility when operating their business internationally to avoid conflicts.

A1a) Enumerate ethical issues faced by companies in International business. Support with real examples. (CILO 4)

Or

There are various measures that have been taken to reduce the challenges faced by foreign companies.

A1b) Enumerate measures undertaken to minimize legal and ethical risks in International business by companies. Support with real examples. (CILO 4)

Q.A2 Whether your small and medium-sized enterprise (SME) is already in the export market place or planning to enter into foreign trade, increased exports can buttress your SME. So, how do SMEs effectively negotiate in the international market? Equipping oneself with a negotiation strategy permits SMEs to maximize benefits and foster relationships—if you use the appropriate method of negotiation

A2 a) Enumerate crucial elements of negotiating International Contracts. Write a note on International Arbitration. (CILO 1,3)

Or

For the last two decades, the United Nations Convention on Contracts for the International Sale of Goods (CISG) and the International Institute for the Unification of Private Law's (UNIDROIT) Principles of International Commercial Contracts (PICC) have stood as Cornerstones in the efforts to modernize and harmonize international contract law.

A2 b). Write a short note on CISG, PICC and UNIDROIT. Are these constraints under which business must be conducted internationally, strict Or are these mere guidelines? Is it voluntary or involuntary to abide by these rules? What are dispute redressal options? (CILO 1,3)

Q.A3 As a manager in a company engaging in International business you must have knowledge of both Indian and International laws on Econtracts.

A3 a) Write a note on Indian laws on E-contracts and International convention relating to electronic communications in International contracts.

(CILO 2)

Or

A3 b). Import and Export involve Forex. Write a note on FEMA,1999 , enumerate the procedure and powers under FEMA. Support your note with real life cases.

(CILO 2)

SECTION B

CASE STUDY (20 Marks, 2 questions)

Instagram and the Ethics of Privacy

Background

Founded in 2010, Instagram considers itself to be “a fun and quirky way to share your life with friends through a series of pictures.”

By downloading the free Instagram mobile application (or app), users snap a photo with their mobile phone, then choose a filter to transform the image, and can share it on various sites such as Facebook and Twitter.

The company views itself as more than just a photo-storage tool but a way “to experience moments in your friends' lives through pictures as they happen. We imagine a world more connected through photos.”

In April 2012, the 13-employee company was acquired by social networking giant Facebook for approximately \$1 billion. In less than three years, Instagram has become one of the fastest growing social media platforms as seen by its estimated 12 million daily users.¹

Dilemma

In December 2012, several months after being acquired by Facebook, Instagram announced new changes to its privacy policy and terms of use. According to the updated terms, “a business or other entity may pay Instagram to display users' photos and other details in connection with paid or sponsored content or promotions, without any compensation to you,” and there was no apparent option to opt out.² The backlash was immediate. Photographers and celebrities were particularly upset, given that their photos were a part of their own businesses and brand images.

Instagram was quick to respond that its intention was simply to improve advertising.

Co-founder Kevin Systrom posted, “Our intention in updating the terms was to communicate that we'd like to experiment with innovative advertising that feels appropriate on Instagram.

Instead it was interpreted by many, that we were going to sell your photos to others without any compensation. This is not true and it is our mistake that this language is confusing. To be clear: it is not our intention to sell your photos.”³

Instagram's privacy policies and terms of use were once again updated in January 2013. The current terms state, “You hereby grant to Instagram a non-exclusive, fully paid and royalty-free, transferable, sub-licensable, worldwide license to use the Content that you post.”⁴ Instagram also reserves the right to share users information (including analytics information, log files, cookies, and location data, as well as the content users post) with companies affiliated with Instagram (mainly Facebook), third-party service providers, third-party advertisers, and “other parties.”⁵

While the initial backlash against Instagram has been quelled, there is still uneasiness among users regarding privacy issues. Instagram has to walk a fine line to keep its users happy and still turn a profit. On one hand, Instagram offers a free service to users, which up until this point has been free of advertisements, unlike other social media platforms like Facebook. In order to remain a viable company, Instagram has to bring in revenue somehow, and advertising seems the obvious choice.

Some believe that it is not unreasonable for Instagram to try to make money using member photos for several reasons. Firstly, it would be foolish for Instagram to walk away from such a lucrative revenue opportunity. On January 17, 2013, it announced the following powerful statistics⁶ :

- 90 million Monthly Active Users
- 40 million Photos Per Day
- 8,500 Likes Per Second
- 1,000 Comments Per Second

With staggering numbers such as these, how could a zero-revenue company not optimize these opportunities? And let us not forget that Facebook purchased the company for \$1 billion in cash and equity in April 2012. Facebook owes it to its shareholders to try to monetize Instagram considering how much it spent on this company in addition to Facebook's subpar performance since going public last year.

Secondly, users pay absolutely nothing for using Instagram's services; there is no price per photo uploaded, monthly/annual subscription required, or pricing scheme of any sort. Individuals and celebrities are not the only ones who derive personal benefit from Instagram, but businesses, too. Many small businesses like to use Instagram as a marketing tool because it is free and effective.

For instance, some will upload pictures of new product arrivals to lure new and/or existing customers to come in and purchase. Not to mention, businesses like to have Instagram accounts because the service allows them to build their brand and customer loyalty through daily/weekly posts, thus, giving them the venue to engage and interact with customers in ways they could not do previously.

Terms of Use

Welcome _____ to _____ Instagram!

These Terms of Use govern your use of Instagram and provide information about the Instagram Service, outlined below. When you create an Instagram account or use Instagram, you agree to these terms.

The Instagram Service is one of the Facebook Products, provided to you by Facebook, Inc. These Terms of Use therefore constitute an agreement between you and Facebook, Inc.

Q B1

How much, if any, of our information should Instagram be able to share with third-parties and advertisers? Is it ethical for Instagram to share this information? (CILO 4)

QB2

A user agreement is not a mere formality. It's a binding legal contract, of the type lawyers call a "contract of adhesion." Contracts of adhesion offer no room for negotiation — the user's only options are to take it or leave it. Is it ethical for users to complain about the new privacy policy when they get to advertise their pages for free ? (CILO 4)