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COMMENT: Uber court win shows change is on the cards for more than just the taxi industry

[Chrysostomos Apostolidis](#), lecturer, [Newcastle Business School](#), discusses the recent UK court success of Uber for The Conversation.

The rise of ride-hailing services such as Uber and Halo has been as rapid as the [complaints from established taxi markets](#), with several cities and countries such as in [Berlin](#), [Sao Paolo](#) and [France](#) banning Uber outright. However, in London a judgement from the High Court recently declared the service [legal in the UK](#).

Uber convinced the High Court that the company's smartphone app, which connects drivers and passengers, could not be considered equivalent to taxi meters – which are not allowed for private hire vehicles – and so the company does not break British law.

This is an important step towards establishing this technological approach as a new business model, one that will radically change the way taxi and private-hire services operate. But shouldn't business models develop over time as changing markets, technologies and legal structures allow?

Uber's controversial approach

Uber has experienced [rapidly accelerating revenue growth](#) and investor interest since launch. But Uber's critics claim that its prosperity in part derives from the fact it bypasses or ignores existing taxi regulations, leading to an unfair and unethical competitive advantage over a heavily regulated competition.

They argue the absence of effective ride-hailing regulation threatens not just competitors but consumers too. Just days after the court decision, the Indian Court of Justice [convicted a former Uber driver](#) for raping a female passenger in New Delhi last year, a case that highlighted Uber's apparent failure to adequately vet drivers there (a process it says it has since improved).

So, how ethical is it for a court to legitimise a new business model despite apparent shortcomings based on the fact that it only technically doesn't break the law?

A sharing economy that wasn't

Let's recall a similar tale of how established players faced off against newcomers that did things differently.

Online sharing of music and films began in many countries with Napster, using [peer-to-peer networking to share digital files](#). The music and film industries launched lawsuits over copyright violations and introduced digital rights management (DRM) software to protect products from duplication. Some even distributed [fake or corrupt files to discourage users](#). After several years [Napster closed](#), only for many alternatives to fill the gap: Limewire, Kazaa, eDonkey, leading eventually to the development of BitTorrent

technology and the infamous Pirate Bay.

These sites generally make claims similar to those made by Uber and similar companies: they are not responsible for content, but merely enable the exchange of information. Having been dragged repeatedly through the courts, most of these sharing sites [either closed](#) or [went legit](#) with licensing agreements from the big record labels. Yet their very existence opened the door to the many legitimate music streaming services that followed such as iTunes and Spotify, and video-on-demand services such as Netflix. The industry now enjoys increasing market share and profits and develops new products and services.

Both these trailblazing companies and Uber argue that they merely offer a platform. But the outcome in the courts has been very different, on the one hand ruling against what is seen as industry-harming piracy, and on the other ruling that ride-hailing is legitimate.

David vs Goliath

What if Google, Microsoft or a similar Silicon Valley mega-corporation had economic interests in Pirate Bay, in the same way they have [investments in Uber](#)? What if it weren't taxi drivers disadvantaged by the court decision, but large multinational companies? Would that make any difference to the outcome of the court cases?

In my opinion, the question hinges on how one decides what is legal and what is ethical. There are many views; for example is professor [Stephen Feldman](#) who argues that court decision-making may be influenced by principles, legal texts and precedents, but also by [preferences and political ideologies](#). Interests, such as the political and economic, may also determine what is deemed legal and what is not in different countries.

On the other hand ethical standards tend to be held more commonly across different times and places, and are less influenced by political and economic factors. So the court may have ruled that Uber is not breaking the law, but this doesn't mean that what it is doing is fair or ethical. And regardless of controversy, for many Uber is the embodiment of how business models should be in this internet era.

What lies ahead?

Instead of wasting time and money on trying to stop progress, perhaps the appropriate response is to reconsider our approach, following the words of Captain Jack Sparrow in the Pirates of the Caribbean:

"The problem is not the problem. The problem is your attitude about the problem."

Maybe the solution is to stop trying to extend transport rules and regulations from a different age and instead create a modern set of rules and requirements that apply to both taxi and ride-hailing companies equally. It's essential for businesses to consider not only how to meet their customers' needs, but also how to create new products and services that capture value and make them more competitive. It may be time to stop waiting for disruptive technology businesses like Uber to behave more like other businesses, and try to create the right market conditions that will lead all businesses to embrace innovation.

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