March 20, 2014

Mr. Donald S. Clark
Secretary
Federal Trade Commission
Office of the Secretary
Room H-113 (Annex J)
600 Pennsylvania Avenue NW
Washington, DC 20580


Dear Mr. Clark:

The Center for Digital Democracy (CDD), by its attorneys, the Institute for Public Representation, writes to supplement its Request for Investigation (the Request) of Disney’s Marvelkids.com, filed on December 18, 2013. Although Disney changed the privacy policy soon after CDD filed the Request, the new Disney-wide privacy policy does not comply with the COPPA Rule. Specifically, the notice about information collection practices is insufficient in several ways. Also, Disney continues to allow third party advertisers to collect children’s personal information in violation of the revised COPPA Rule. Finally, because these violations are not limited only to Marvelkids.com, CDD requests that the FTC investigate all of Disney’s child-directed websites to assure they comply with the COPPA Rule.

*Admitted to the California bar only; DC bar membership pending. Practice supervised by members of the DC bar.
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Background

The Report alleged that Marvelkids.com is a “child-directed” commercial website as defined in the COPPA Rule and thus must assume that its visitors are children. It further alleged that the website violated the COPPA Rule because the Marvelkids.com privacy policy admitted the site collected personal information from visitors to the site (including IP addresses and the pages visited before and after visiting Marvelkids.com) and using this information to tailor communications to the child. The privacy policy further stated that the website allowed third party ad companies and ad serving companies including BlueKai, DataXu, Turn, and Google DoubleClick, to directly collect information from users of Marvelkids.com.  

We noted that the Marvelkids.com privacy policy was dated April 1, 2012, which was before the revised COPPA Rule took effect on July 1, 2013. Two days after CDD filed the Request, Disney replaced that privacy policy with the Disney-wide privacy policy.

Marvelkid’s New Privacy Policy Does Not Provide Sufficient Notice

Disney’s new privacy policy for Marvelkids.com violates the COPPA Rule’s general notice requirements in at least two ways. First, the Marvelkids privacy policy link does not take the parent directly to Disney’s Children’s Online Policy. Second, several of the links are not “clear and prominent.”

In the 1999 Statement of Basis and Purpose, the Commission noted that “operators are free to combine the privacy policies into one document, as long as the link for the children’s policy takes visitors directly to the point in the document where the operator’s policies with respect to children are discussed, or it is clearly disclosed at the top of the notice that there is a specific section discussing the operator’s information practices with regard to children.”  

In the recently updated Frequently Asked Questions, the Commission states that this “advice remains in effect under the amended Rule. Operators should also ensure that the link for the children’s portion of the privacy policy appears on the home page or screen of the children’s area of the site or service, and at each area where personal information is collected from children.”

Marvelkids.com fails to meet the general notice requirement because it fails to provide a direct link to the children’s privacy policy on the home page. Instead, parents must click on three separate links to find the Children’s Policy. First, the parent needs to

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1 Request for Investigation at 4-5.  
2 64 Fed. Reg. 59888, 59894 n.98.  
find the “privacy policy” link at the bottom of the Marvelkids.com homepage, which is shown in figure 1.\(^4\)

![Figure 1: Privacy Policy Link on Marvelkids.com](image)

Clicking on this link takes the parent to the Disney Privacy Center, shown in figure 2.

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\(^4\) Disney also fails to comply with Rule 312.4(d)’s requirement that the privacy policy link be clear and prominent. As can be seen in Figure 1, the link neither stands out, nor is more noticeable than the other links at the bottom of the page, as required by COPPA FAQ at C.10.
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This page does not satisfy the alternative method of providing general notice to parents, i.e., by “clearly disclos[ing] at the top of the notice that there is a specific section discussing the operator’s information practices with regard to children.”\(^5\) There is no mention at the top of the notice regarding a specific children’s section. Instead, the quick link to the children’s privacy policy is listed as #6 out of 11 choices.

Assuming the parent notices this link, clicking on it will take her to a summary of the children’s privacy policy as shown in figure 3. The parent must then find the link to the Children’s Policy at the very end of the summary section.

\(^5\) COPPA FAQs at C.10.
Clicking on this link takes the parent to the Children’s Online Privacy Statement shown in Appendix A. Forcing parents to wade through three different webpages with tiny, inconspicuous links to find the Children’s Policy violates COPPA Rule 312.4(d), which requires that “an operator must post a prominent and clearly labeled link to an online notice of its information practices with regard to children on the home or landing page or screen of its website or online service.”

Second, Disney’s Children’s Online Privacy Policy does not satisfy the rule’s requirement to list the “name, address, telephone number, and e-mail address of all operators collecting or maintaining personal information from children through the website.” As shown in Figure 4 below, Disney does not list all of the operators collecting or maintaining personal information, but does provide a link.

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6 16 C.F.R. § 312(d)(1).
COPPA FAQs C.10 advises that website operators “may include a clear and prominent link in the privacy policy to the complete list of operators, as opposed to listing every operator in the policy itself. You must ensure, however, that your privacy policy signals parents to, and enables them easily to access, this list of operators.” (emphasis added). Disney fails to meet this standard.

The link is not clear and prominent; it consists of a one-word hyperlink. The FTC has observed that “simply hyperlinking a single word or phrase in the text . . . may not be effective.” The hyperlink does not stand out from the surrounding text in any way except that it is dark blue instead of black. Moreover, the link is buried in the “Persistent Identifiers” section of the Children’s Online Privacy Policy, which itself is not easy to locate.

**Disney Allows Third Parties to Collect and Use Persistent Identifiers for Purposes Other Than Internal Support**

In the Request, CDD argued that the language of the privacy policy, as well as the large number of third party cookies placed by companies engaged in behavioral advertising, strongly suggested that Marvelkids.com was allowing the collection, use, and disclosure of persistent identifiers for purposes other than internal support in

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8. In addition, CDD found that the link did not function until February 18, 2014, nearly two months after Disney posted the new privacy policy.
violation of the revised COPPA Rule.\textsuperscript{9} Disney still fails to limit such collection to support for internal purposes.

The Disney Children’s Online Policy states that Disney companies may collect persistent identifiers and use them “principally” for “internal purposes only.”\textsuperscript{10} However, the COPPA Rule defines support for the internal operations of the website to mean those activities necessary to fulfill one or more of seven specific functions. The functions are the following: “(a) maintain or analyze the functioning of the website or online service; (b) perform network communications; (c) authenticate users of, or personalize the content on, the website or online service; (d) serve contextual advertising on the website or online service or cap the frequency of advertising; (e) protect the security or integrity of the user, website, or online service; (f) ensure legal or regulatory compliance; or (g) fulfill a request of a child as permitted by §§ 312.5(c)(3) and (4).”\textsuperscript{11} In addition, “the information collected for the activities listed in paragraphs (a)-(g) [may not be] used or disclosed to contact a specific individual, including through behavioral advertising, to amass a profile on a specific individual, or for any other purpose.”\textsuperscript{12} The Statement of Basis and Purpose emphasizes “that the use of persistent identifiers is to be limited to the [activities listed in its definition], and that these activities are to be narrowly construed.”\textsuperscript{13}

Disney’s representation that it collects and uses persistent identifiers “principally” for internal purposes is not consistent with the COPPA Rule requirement that persistent identifiers may not be collected for any other purpose. Further, the Disney Children’s Online Privacy Policy cites an example of an “internal” use that falls outside the COPPA Rule’s definition of internal operations. The policy states that persistent identifiers may be used to “generate anonymous reporting for use by [The Walt Disney Family of Companies].” Such unspecified use by any of the large number of Disney companies\textsuperscript{14} does not fall under one of the seven specific permitted uses.\textsuperscript{15}

\textsuperscript{9} Request for Investigation at 10-21.
\textsuperscript{11} 16 C.F.R. § 312.2 (definition of “Support for Internal Operations”) (emphasis added).
\textsuperscript{12} Id.
\textsuperscript{13} Statement of Basis and Purpose, 78 Fed. Reg. 3972, 3981 (Jan. 17, 2013) (agreeing with commenter EPIC) [hereinafter SBP].
\textsuperscript{14} Disney is a large multinational corporation with five business segments: media networks, parks and resorts, studio entertainment, consumer products and interactive media. See Company Overview, Walt Disney Co. http://thewaltdisneycompany.com/about-disney/company-overview (last visited Mar. 3, 2014). Many of the Disney Companies have names that do not include the name
Another reason to believe that Marvelkids.com permits the collection and use of personal information from children is that its list of third party operators collecting persistent identifiers on Disney websites includes 43 different companies: AdColony; Akamai; Appia; Apple iTunes; AppRedeem; Brightcove; Burstly (First Party Ads); Celtra, Inc.; Commission Junction; comScore; Crittercism, Inc.; D’Fusion; DoubleClick; Evidon; Fiksu; Flashtalking, Inc.; Free App Magic (aka Magic Solver); FreeWheel Media; GeoRiot; Googleadservices; Innovid; Insight Express; Interpolls; Jibro, Inc. d/b/a AdColony; Jumtap; Kaltura; Kochava; MagicSolver.com Ltd.; Media Mind; Native X; Net Acuity; Nielsen; Omniture; PlaySpan; Pointroll; Safecount; Spongecell, Inc.; Tapjoy, Inc.; Tealium; Unity; Urban Airship; Vindico LLC; and Vuforia. This list includes not only some of the same companies found previously, but many others whose business models rely heavily on behavioral advertising such as Omniture and Tapjoy. Disney is responsible under the COPPA Rule for unauthorized data collection by third parties.

CDD confirmed the placement of cookies on Marvelkids.com by using Ghostery, an Internet privacy tool that tracks cookies installed by websites. In addition to finding cookies placed by the companies listed by Disney, CDD found cookies placed by Google AdSense. Google AdSense engages in behavioral advertising, and allowing it to operate on Marvelkids.com violates the COPPA Rule.

Disney, such as ESPN, ABC, A&E Network, and LucasFilm, and thus, their relationship would not be clear to consumers. SBP, 78 Fed. Reg. 3972, 3980 (Jan. 17, 2013).

Nor should Disney’s claim that the reporting is anonymous make any difference, because it is not difficult to re-identify such data. See Paul Ohm, Broken Promises of Privacy: Responding to the Surprising Failure of Anonymization, 57 UCLA L. Rev. 1701 (2010).

Request for Investigation at 19.


CDD found cookie installation from these same parties in the original Request. Request for Investigation at 18-20. CDD also found cookies placed by Brightcove. The FTC should investigate what data they are collecting and how it is used.

Its website states: “AdSense’s innovative targeting options allow advertisers to more precisely reach their desired audiences on your site — meaning more revenue for you and a better experience for your users. Ads can be targeted based on the content of your site or the interests of your users.” Why Adsense?, http://www.google.com/adsense/start/why-adsense.html#subid=na-en-ha-bk_MC.
The FTC Should Investigate Whether Disney Complies with the COPPA Rule with Respect to its Other Child-Directed Websites

Because Disney’s response to the Request was to substitute Disney’s company-wide policy, it is likely that the same COPPA Rule violations present on Marvelkids.com also occur on Disney’s other child-directed websites. For example, the privacy link on DisneyJunior.com also requires three clicks to get to the Children’s Online Privacy Policy. See Appendix B.

The Disney’s Children’s Online Privacy Policy itself raises further concerns. The introduction states the following:

The Walt Disney Family of Companies (“TWDC”), including for example Club Penguin and MarvelKids, is committed to protecting the privacy of children who use our sites and applications. This Children’s Online Privacy Policy explains our information collection, disclosure, and parental consent practices with respect to information provided by children under the age of 13 (“child” or “children”), and uses terms that are defined in our general Privacy Policy.

While this language makes clear that this is the policy that applies to Marvelkids.com as well as Club Penguin, it does not make clear which of the other Disney websites it applies to. At best, this lacks the clarity required by the COPPA Rule’s notice requirements. At worst, given Disney’s claim that “excepting web sites such as Club Penguin, which skews very young, most of what Disney does is directed at families,” it suggests that Disney may not abide by its children’s online privacy policy on websites such as Disney, Jr., even though the sites are child-directed.

Finally, Disney’s Children’s Online Privacy Policy is misleading to the public in violation of Section 5 of the Federal Trade Commission Act. The children’s policy falsely claims that “This policy is in accordance with the U.S. Children’s Online Privacy Protection Act.” It also displays icon for TRUSTe Kid’s Privacy, an icon that is supposed to signify that the website complies with the COPPA Rule.

Conclusion

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CDD urges the FTC to investigate, in light of this new information, whether Disney is complying with the COPPA Rule on Marvelkids.com and all of its child-directed websites.

Yours Truly,

/s/

John Tran  
Georgetown Law Student

Date: March 20, 2014

Eric G. Null  
Angela J. Campbell  
Institute for Public Representation

Counsel for Center for Digital Democracy
Children’s Online Privacy Policy

Updated: 12/20/2013

The Walt Disney Family of Companies (“TWDC”), including for example Club Penguin and MarvelKids, is committed to protecting the privacy of children who use our sites and applications. This Children’s Online Privacy Policy explains our information collection, disclosure, and parental consent practices with respect to information provided by children under the age of 13 (“Child” or “Children”), and uses terms that are defined in our general Privacy Policy. This policy is in accordance with the U.S. Children’s Online Privacy Protection Act (“COPPA”). For more information about COPPA and general tips about protecting children’s online privacy, please visit OnGuardOnline.

1. The Information We Collect From Children, How We Use It, and How and When We Communicate With Parents

TWDC offers to its users a range of sites and applications, some of which are primarily targeted at children, and others that are intended for users of all ages and their families. Our sites and applications offer a variety of activities, including activities that may collect information from children. Below we summarize potential instances of collection and outline how and when we will provide parental notice and/or seek parental consent. In any instance that we collect personal information from a child, we will retain that information only so long as reasonably necessary to fulfill the activity request or allow the child to continue to participate in the activity, and ensure the security of our users and our services, or as required by law. In the event we discover we have collected information from a child in a manner inconsistent with COPPA’s requirements, we will either delete the information or immediately seek the parent’s consent for that collection.

Registration

Children can, in many cases, register with our sites and applications to view content, play games, participate in contests, and engage in special features, among other things. During the registration process, we may ask the child to provide certain information for notification and security purposes, including a parent or guardian's email address, the child’s first name and gender, the child’s member or account username, and password. We also may ask for birth dates from children to validate their ages. We strongly advise children never to provide any personal information in their usernames. Please note that children can choose whether to share their information with us, but certain features cannot function without it. As a result, children may not be able to access certain features if required information has not been provided. We will not require a child to provide more information than is reasonably necessary in order to participate in an online activity.

About the collection of parent email address: Consistent with the requirements of COPPA, on any child-targeted site or application, or in any instance where we ask for age and determine the user is age 12 or under, we will ask for a parent or guardian email address before we collect any personal information from the child. If you believe your child is participating in an activity that collects personal information and you or another parent/guardian have NOT received an email providing notice or seeking your consent, please feel free to contact us at privacycontact@disney.com. We will not use parent emails provided for parental consent purposes to market to the parent, unless the parent has expressly opted in to email marketing or has separately participated in an activity that allows for such email contact.

Content Generated by a Child

Certain activities on our sites and applications allow children to create or manipulate content and save it with TWDC. Some of these activities do not require children to provide any personal information and therefore may not result in notice to the parent or require parental consent. If an activity potentially allows a child to insert personal information in their created content, we will either pre-screen the submission to delete any personal information, or we will seek verifiable parental consent by email for the collection. Examples of created content that may include personal information are stories or other open-text fields, and drawings that allow text or free-hand entry of information. If, in addition to collecting content that includes personal information, TWDC also plans to post the content publicly or share it with a third party for the third party’s own use, we will obtain a higher level of parental consent.
About Verifiable Parental Consent:

**Email Consent.** In the event TWDC wishes to collect personal information from a child, COPPA requires that we first seek a parent or guardian’s consent by email. In the email we will explain what information we are collecting, how we plan to use it, how the parent can provide consent, and how the parent can revoke consent. If we do not receive parental consent within a reasonable time, we will delete the parent contact information and any other information collected from the child in connection with that activity.

**High-Level Consent.** In the event TWDC collects personal information from a child that will be posted publicly, we will seek a higher level of consent than email consent. Such “high-level” methods of consent include but are not limited to asking for a credit card or other payment method for verification (with a nominal charge involved), speaking to a trained customer service representative by telephone or video chat, or requiring a signed consent form by mail, email attachment, or fax. After providing high-level consent, a parent may have the opportunity to use a pin or password in future communications as a way to confirm the parent’s identity.

**Teacher consent in lieu of a parent.** With regard to school-based activities, COPPA allows teachers and school administrators to act in the stead of parents to provide consent for the collection of personal information from children. Schools should always notify parents about these activities. For more information on parental rights with respect to a child’s educational record under the Family Educational Rights and Privacy Act (FERPA), please visit the FERPA site.

**Chat**

Certain games and activities that are directed to children allow users to communicate directly with other users by means of a chat system. In most cases, these chat systems employ filters that are intended to prevent the communication of both personal information and age-inappropriate words and phrases. In addition to filters, we may employ live moderation and/or encourage other users to flag inappropriate communications. We strongly encourage children who use these interactive features on our sites and applications never to provide personal information about themselves or any third party, and certainly never to attempt to circumvent our filters or moderation. We also recommend that parents carefully supervise their children when the children participate in online activities.

Where TWDC employs a chat system that does not filter all or nearly all personal information, we will first seek high-level consent from the parent.

**Contests and Sweepstakes**

For contests and sweepstakes, we typically require only the information necessary for a child to participate, such as first name (to distinguish among family members) and parent email address (to notify the parent where required by law). We only contact the parent for more personalized information for prize-fulfillment purposes when the child wins the contest or sweepstakes.

Of course, some contests and sweepstakes ask the child to submit their own created content along with the child’s entry. In those instances, we may require parental consent prior to submission. Please see Content Generated by a Child above for more information on our collection, notice, and consent policies.

**Email Contact with a Child**

On occasion, in order to respond to a question or request from a child, TWDC may need to ask for the child’s online contact information, such as an email address. TWDC will delete this information immediately after responding to the question or request.

In connection with certain activities or services, we may collect a child’s online contact information, such as an email address, in order to communicate with the child more than once. In such instances we will retain the child’s online contact information to honor the request and for no other purpose such as marketing. One example would be a newsletter that provides occasional updates about a site, game/activity, television show, personality/character, or feature movie. Whenever we collect a child’s online contact information for ongoing communications, we will simultaneously require a parent email address in order to notify the parent about the collection and use of the child’s information, as well as to provide the parent an opportunity to prevent further contact with the child. On some occasions a child may be engaged in more than one ongoing communication, and a parent may be required to “opt-out” of each communication individually.
Push Notifications

Push notifications are notifications on mobile and other devices that are typically associated with downloaded applications, and which can communicate to the device holder even when the application is not in use. We will require a child to provide a parent email address before the child can receive push notifications from our child-directed applications that collect a device identifier. We will then provide the parent with notice of our contact with the child and will provide the parent the opportunity to prevent further notifications. Finally, we will not associate the device identifier with other personal information without contacting the parent to get consent.

Geolocation Data

If a child-directed TWDC site or application collects geolocation information that is specific enough to equate to the collection of a street address, we will first seek parental consent via email.

Persistent Identifiers

When children interact with us, certain information may automatically be collected, both to make our sites and applications more interesting and useful to children and for various purposes related to our business. Examples include the type of computer operating system, the child’s IP address or mobile device identifier, the web browser, the frequency with which the child visits various parts of our sites or applications, and information regarding the online or mobile service provider. This information is collected using technologies such as cookies, flash cookies, web beacons, and other unique identifiers (which we define under the “Online Tracking Technologies” section of our general Privacy Policy). This information may be collected by TWDC or by a third party. This data is principally used for internal purposes only, in order to:

- provide children with access to features and activities on our sites and applications
- customize content and improve our sites and applications
- conduct research and analysis to address the performance of our sites and applications
- generate anonymous reporting for use by TWDC

In the event we collect (or allow others to collect) such information from children on our sites and applications for other purposes, we will notify parents and obtain consent prior to such collection.

The list of third-party operators who collect persistent identifiers on our sites and applications may be found here:

Please contact us at the mailing address, email, or phone number below with questions about the operators' privacy policies and collection and use practices:

Disney Interactive
500 South Buena Vista Street
Mail Code 7667
Burbank, CA 91521-7667
United States of America

Phone: (877) 466-6689
Email: privacycontact@disney.com

2. When Information Collected From Children Is Available To Others

In addition to those rare instances where a child’s personal information is posted publicly (after receiving high-level parental consent), we also may share or disclose personal information collected from children in a limited number of instances, including the following:

- We may share information with our service providers if necessary for them to perform a business, professional, or technology support function for us.
- We may disclose personal information if permitted or required by law, for example, in response to a court order or a subpoena. To the extent permitted by applicable law, we also may disclose personal information collected from children (i) in response to a law enforcement or public agency's (including schools or children services) request; (ii) if we believe disclosure may prevent the instigation of a crime, facilitate an investigation related to public safety or protect the safety of a child using our sites or applications; (iii) to protect the security or integrity of our sites, applications, and other technology, as well as the technology of our service providers; or (iv) enable us to take precautions against liability.

3. Parental Choices and Controls

At any time, parents can refuse to permit us to collect further personal information from their children in association with a particular account, and can request that we delete from our records the personal information we have collected in connection with that account. Please keep in mind that a request to delete records may lead to a termination of an account, membership, or other service.

Where a child has registered for a Disney.com account, we use two methods to allow parents to access, change, or delete the personally identifiable information that we have collected from their children:

1. Parents can request access to and delete their child’s personal information by logging on to the child’s account through the Member Services Home Page located here. Parents will need their child's username and password. The Your Account home page explains how to recover a password if the child cannot recall it.
2. Parents can contact Guest Services to request access to, change, or delete their child’s personal information by sending an email to us at ms_support@help.go.com.
Parents of Club Penguin users may contact Club Penguin directly at:

Club Penguin  
c/o Disney Canada Inc.  
1628 Dickson Avenue Suite 500  
Kelowna, British Columbia, V1Y 9X1  
CANADA  
Phone: (888) 861-4111 (US and Canada) or +1 (250) 861-5111  
Email: support@clubpenguin.com

Parents of MarvelKids users may contact Marvel directly at:

135 W. 50th Street, 7th Floor  
New York, NY 10020  
United States of America  
Phone: +1 (212) 576-4000 (US and Canada)  
Email: Onlinesupport@Marvel.com

Any other inquiries may be directed to:

Disney Interactive  
500 South Buena Vista Street  
Mail Code 7667  
Burbank, CA 91521-7667  
United States of America  
Phone: (877) 466-6669 (US and Canada)  
Email: privacycontact@disney.com

In any correspondence such as e-mail or mail, please include the child’s username and the parent’s email address and telephone number. To protect children’s privacy and security, we will take reasonable steps to help verify a parent’s identity before granting access to any personal information.
Appendix B: Reaching Disney’s Children’s Privacy Policy from Disneyjunior.com

6. Children’s Privacy

We recognize the need to provide further privacy protections with respect to personal information we may collect from children on our sites and applications. Some of the features on our sites and applications are age-gated so that they are not available for use by children, and we do not knowingly collect personal information from children in connection with those features. When we intend to collect personal information from children, we take additional steps to protect children’s privacy, including:

- Notifying parents about our information practices with regard to children, including the types of personal information we may collect from children, the uses to which we may put that information, and whether and with whom we may share that information.
- In accordance with applicable law, obtaining consent from parents for the collection of personal information from their children, or for sending information about our products and services directly to their children.
- Limiting our collection of personal information from children to no more than is reasonably necessary to participate in an online activity.
- Giving parents access or the ability to request access to personal information we have collected from their children and the ability to request that the personal information be changed or deleted.

For additional information about our practices in the United States and Latin America regarding children’s personal information, please read our Children’s Privacy Policy.

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The Walt Disney Company

Privacy Policy  Notice to CA Residents  Privacy Controls  Internet Safety  Contact Us

Children’s Online Privacy Policy

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