# Before the FEDERAL TRADE COMMISSION WASHINGTON, D.C. 20580

In the Matter of	)		
Children's Online Privacy	,	)	P994504
Protection Rule	)		

### **COMMENTS OF A&E TELEVISION NETWORKS**

A&E Television Networks, including the A&E Network, The History Channel, The Biography Channel and History Channel International (collectively, "AETN"), by counsel and pursuant to the Federal Trade Commission's Notice of Proposed Rulemaking ("NPRM"), <sup>1</sup>/ hereby submits comments on the proposed regulations implementing the Children's Online Privacy Protection Act ("COPPA" or the "Act"). <sup>2</sup>/

### I. INTRODUCTION

AETN is a cable programming service that provides entertainment and educational programming consisting primarily of documentaries, historical and/or biographical profiles, and original dramas. In conjunction with its programming -- and in some ways, as a supplement thereto -- AETN maintains several websites that provide content for AETN's viewers and other users of the Internet. Although these websites are not targeted to children, AETN is critically interested in any federal

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½ 64 Fed. Reg. 22750 (April 27, 1999).

<sup>&</sup>lt;sup>2</sup>/ 15 U.S.C. § 6501, et seq.

regulation that may affect interaction between AETN and its viewers and other visitors to AETN's websites.

AETN recognizes and appreciates the FTC's efforts in what is a complex and delicate balancing act between protecting the privacy and well-being of our nation's children, and avoiding excessive restrictions on the nearly limitless informational, educational and commercial opportunities presented by the Internet. Both COPPA and the Commission's implementing regulations seek to make the Internet a safe environment for children to pursue their educational and entertainment needs and interests. At the same time, however, this worthy objective must be approached with a sensitivity to other important policy issues, including minimizing regulation of the Internet, preserving the interactivity of the medium and sustaining — and further promoting — burgeoning electronic commerce, or "e-commerce" trade.

AETN notes that COPPA represents the first foray by government into regulation of Internet privacy policy. Hence, this rulemaking is critically important for reasons that go beyond the issue of children's privacy. Because this is the first governmental regulation of Internet privacy, COPPA and the Commission's rules adopted here will likely serve as a template for future governmental action and future implementing regulations. <sup>3</sup>/ Moreover, this proceeding will introduce regulation to the Internet, a notably unpredictable environment. AETN thus believes that the wisest approach in this rapidly-changing environment is for the Commission to proceed

<sup>&</sup>lt;sup>3</sup>/ See, e.g., S. 809, 106th Cong. (1999).

cautiously and incrementally in crafting, adopting and enforcing any new rules so that the repercussions of any such rules can be thoughtfully gauged and the rules then appropriately modified.

This is particularly important given the growing importance of the Internet on the nation's economy. According to the U.S. Commerce Department, if trends suggested by preliminary analyses on Internet technology and electronic trade continue, e-commerce will drive economic growth in this country for many years into the foreseeable future. As of last April, for example, traffic on the Internet was doubling every 100 days. <sup>4</sup>/ However, Commerce's report stressed that:

Governments must allow electronic commerce to grow up in an environment driven by markets, not burdened with extensive regulation[.] While government actions will not stop the growth of electronic commerce, if they are too intrusive, progress can be substantially impeded. <sup>5</sup>/

These principles follow the Administration's recognition that:

Where government involvement is needed [on Internet matters], its aim should be to support and enforce a predictable, *minimalist*, consistent and *simple* legal environment for commerce. <sup>6</sup>/

By these Comments AETN suggests that the Commission should approach implementation of COPPA in a manner that recognizes the complexity of regulating the Internet, giving industry a chance to adapt, and allowing the Commission a chance to make refinements to the new rules where necessary that would best serve both the underlying purposes of COPPA, as well as the promotion of

THE EMERGING DIGITAL ECONOMY, United State Department of Commerce Report, April 1998.

<sup>&</sup>lt;u>⁵</u>/ *Id*.

A FRAMEWORK FOR GLOBAL ELECTRONIC COMMERCE, White House Report, July 1997, at 5 (emphasis added).

the Internet as a tool of entertainment, education and information. Further, these Comments raise several questions about the reach, clarity and mechanics of the proposed rules. AETN notes that it is crucial that the new rules make absolutely clear how and when entities with websites such as AETN's will be made subject to the rules, and precisely how those entities will go about complying with the new rules. <sup>7</sup>/

As to specific issues, AETN seeks clarity as to the reach of Act and the proposed implementing regulations. In addition, AETN observes that the Commission's inclusion of "passive" information-gathering in the proposed rules could result in some website operators unwittingly exposing themselves to liability, and require others not actively engaged in gathering information to meet COPPA's regulatory burdens. Also, AETN is unclear regarding the mechanics, extent, and likely effectiveness of the required interaction between website operators and parents that the proposed rules seem to contemplate. Finally, AETN briefly discusses the costs that may be imposed on website and online operators endeavoring to comply with the proposed rules.

#### II. BACKGROUND

As noted above, AETN is primarily a cable programming service that offers A&E Network ("A&E"), a well-established cable network, The History Channel (which is approaching its fifth anniversary), and two newer services --History Channel International and The Biography Channel. A&E is currently received in

For this reason, AETN strongly supports the Commission's stated intention to hold a workshop on the proposed rules.

approximately 74 million cable households throughout the country. <sup>8</sup>/ It features critically acclaimed original entertainment programming, including the BIOGRAPHY® series, mysteries, dramatic and documentary programs and specials. The History Channel is a unique, high-quality programming service featuring documentaries, movies and miniseries placed in historical perspective. Audiences have responded to the quality nature of this programming, as The History Channel now has over 57 million subscribers. In addition, AETN has recently commenced offering The Biography Channel, a spin-off of its successful BIOGRAPHY® series. To meet consumer interest in historical topics, AETN also recently launched History Channel International, which will have a global approach and perspective to presenting programming with historical appeal.

In association with A&E, The History Channel, The Biography Channel, and History Channel International, AETN has several websites that tie into the network's various program offerings (collectively "A&E Online"). A&E Online provides listings for AETN shows, and behind-the-scenes perspectives on AETN programming, and the website gives AETN's viewers an opportunity to discuss the subject matter of various documentaries produced for AETN. A&E Online also allows the networks' viewers to purchase copies of their favorite programs aired on any of AETN's programming services, and other merchandise, as well as to subscribe to publications related to AETN's programs.

See Paul Kagan Associates, Inc., CABLE PROGRAM INVESTOR at 11 (May 12, 1999).

AETN has voluntarily established privacy policy governing each of the websites. With respect to children, the privacy policy is even broader than the COPPA requirements, providing that "[n]o information should be submitted to or posted at A&E's websites by children 16 years of age or under without their parent's or guardian's consent." See Attachment 1. As a general matter, the AETN privacy policy provides that "[u]nless otherwise disclosed during collection, A&E Online does not provide any personally identifying information, regardless of its source, to any third party for any purposes whatsoever at this time." It further provides that users will have the ability to "opt out" if the policy is changed in the future with respect to supplying information to third parties. Users are notified that certain types of personally-identifying information may be collected, including information volunteered by users, or other information collected by passive means. 9/ Whenever

Generally, AETN's web server automatically recognizes only the domain names of website visitors. However, AETN collects e-mail addresses of those who choose to communicate via e-mail, as well as survey information volunteered by users. The information typically is used to improve the content of AETN web pages, notify users about updates and to contact customers. In addition, users who provide AETN with their postal addresses may receive periodic mailings with information on new products and services or upcoming events, and users that supply AETN with their telephone number(s) may receive telephone contact from AETN with information regarding orders they have placed online.

such information is collected, however, users have the ability to opt out. 10/

Although AETN's websites are not designed to appeal to children, and generally collect very little personally identifiable information, the proposed rules could empower the Commission to determine whether the rules would apply to AETN based on the Commission's review of various characteristics of AETN's websites. 11/ In particular, one key aspect of AETN's Internet presence is A&E Classroom and The History Channel Classroom, the former having been cited by Vice President Gore for its innovative and educational role in supporting Cable in the Classroom. 12/ These offerings through AETN's websites provide teachers with resources to help plan classroom discussions and research projects based on AETN's shows. A&E Classroom and The History Channel Classroom provide an ideal way to enhance basic skills, present complex material, and make the classroom experience more constructive, enriching and rewarding for both teachers and students. The Classroom websites offer program calendars, an extensive array of classroom materials, lesson plans, and other resources that serve as useful additions to middle school, junior high and high school

In each instance, the AETN Privacy Policy provides users with instructions for removing their names or other information from such lists so as to avoid further contact. The Policy warns users that any voluntary disclosure of personal information (e.g., user name, real name, e-mail address) on A&E Online's message boards may be collected and used by others and could result in unsolicited messages from other posters or parties. In addition, A&E Online uses temporary cookies to track which products a user has chosen to purchase during an online session. Apart from such use, AETN does not use cookies to identify specific individuals, and temporary cookies expire once a particular shopping session is finished.

<sup>11/</sup> See infra, 10-12.

<sup>&</sup>lt;sup>12</sup>/ Remarks of Vice President Al Gore, National Cable Television Association Convention, Los Angeles, California, April 29, 1996.

curricula. <sup>13</sup>/ The *A&E Classroom* and *History Channel Classroom* websites also allow teachers to post -- and thereby exchange -- lesson plans and other instructional ideas keyed off AETN's cable programming. Further, AETN's *Classroom* websites provide links to other valuable educational resources on the Internet.

## III. THE COMMISSION SHOULD EXERCISE CAUTION IN ADOPTING RULES UNDER COPPA

Given AETN's significant Internet presence and the activities described above, AETN is critically interested in the way in which regulation is introduced to the medium of the Internet. While AETN's websites are not "directed toward children," nor does AETN have actual knowledge that it collects personal information from children through its websites, the nature of some of AETN's Internet offerings may well be accessed by children, or by those whose work involves children (which may itself lead to children accessing AETN's sites). AETN thus offers the following observations on the Commission's proposed COPPA rules.

As an overarching matter, and as noted above, <sup>14</sup>/ AETN urges the Commission to approach Internet regulation in an incremental manner, to the extent possible. A more cautious approach would allow the industry an opportunity to adapt to the new regulations and would help avoid having to guess how the Internet will develop. If rules are adopted incrementally, it will be easier for website and online service operators to provide the FTC with valuable feedback as to any necessary

<sup>13/</sup> The networks also sponsor awards and other programs designed to support quality history education.

 $<sup>\</sup>frac{14}{}$  Supra, 2-4.

refinements or revisions to the rules. If too many rules, with too many facets and too many new obligations are imposed simultaneously, it may be difficult for industry to identify exactly what aspect of the rules need revisiting if they prove difficult to implement or enforce. If rules are perceived as being too regulatory or too complex, they will create an incentive for operators to restrict access to children, or to limit opportunities for interactivity. If this were to be the result of the Commission's rules, then COPPA would disserve the very segment of the population it is designed to protect. AETN notes that the statute itself seems to allow for such an incremental approach by providing for periodic review. <sup>15</sup>/ In this regard, AETN suggests that the Commission should attempt to regulate lightly and leave as much discretion as possible to website operators. If subsequent review indicates that such a market-oriented approach is insufficient, that would be the appropriate time to consider such controls. Such an approach is preferable to adopting comprehensive regulation and subsequently considering whether the rules were excessive.

# A. The Rules Should Defer to the Operator's Initial Determination of Whether a Website or Online Service is Directed Toward Children

As noted above, AETN's websites are not targeted to children. But if the rules adopted by the Commission create the potential that AETN's websites could be deemed by the government to be directed at children, regardless of our intentions,

See 15 U.S.C. § 6506 (Commission shall review the implementation of COPPA and its effects on website operators and children's access to online information no later than 5 years after effective date of new regulations).

there may be significant ramifications for how our website is designed and operated. <sup>16</sup>/ Such a possibility could encourage website operators to discourage access by children to their websites -- an outcome that would not further COPPA's purpose. This potential adverse consequence may have an even greater impact on websites that are designed for young adults and older teens. Accordingly, the rules should make clear that the Commission will defer to the good faith judgment of website operators that their websites are not targeted to children. <sup>17</sup>/

As currently proposed, the rules may permit a website to be regulated even where the operator does not intend to target children. The proposed rule defines the term, "website or online service directed toward children" somewhat circularly, as "a commercial website or online service . . . that is targeted to children." The Commission further suggests that:

In determining whether a commercial website or online service . . . is targeted to children, the Commission will consider its subject matter, visual or audio content, age of models, language or other characteristics of the website or online service, as well as whether advertising promoting or appearing on the website or online service is directed to children. The Commission will also consider competent and reliable empirical evidence regarding audience competition [and] the intended audience[.] <sup>18</sup>/

<sup>&</sup>lt;sup>16</sup>/ Such effects might include the way in which a website is designed, its level of interactivity, whether any information is collected, or whether access by children is permitted at all.

Such a presumption would be consistent with broadcast regulations in which the Federal Communications Commission defers to the good faith judgments of broadcast licensees. Policies and Rules Concerning Children's Television Programming Revision of Programming Policies for Television Broadcast Stations, 11 FCC Rcd 10660,  $\P$  88, (1996).

Lagrangia Children's Online Privacy Protection Rule -- Definitions (1999) (proposed to be codified at 16 C.F.R. § 312.2).

Such an *ad hoc* approach to determining whether or not a website operator must comply with the COPPA rules may do more to stifle Internet communication than to protect children. One problem of this approach is that it errs on the side of administrative convenience at the expense of regulatory certainty. For example, the NPRM notes that the definition "provides the Commission flexibility as it seeks to enforce the proposed Rule." Yet flexibility borne of administrative discretion could cause significant uncertainty for website and online service operators attempting to determine whether the COPPA rules apply to them, and how to comply.

This may be particularly true for entities with an Internet presence like AETN's. As noted above, AETN's *Classroom* websites are directed primarily toward educators. There may be several aspects of those pages, however, that appeal to children,  $^{19}$ / and in particular to especially industrious students. It could well come to the point that, despite AETN's best efforts to keep its websites targeted toward adults, there may be an argument that *A&E Classroom* and/or *The History Channel Classroom* may be "directed toward children." If so, AETN could abruptly find itself having to deal with the sticky question of whether it has "actual knowledge" that it is "passively collecting" personal information from a child.  $^{20}$ /

While the NPRM suggests that the Commission's approach toward its definition of "directed toward children" is "consistent with that taken in other media to define what is directed to children, including television, radio and print advertising,"

The same may prove true for AETN's The Biography Channel web page from time to time, depending on the personalities featured there on any given date.

<sup>20/</sup> See infra, 14-16.

the analogy is not entirely apt. Those media are subject to independent tracking services that provide demographic information on viewership, listenership and readership, which are necessary for setting advertising rates, the core business functions of those media. There is not yet any similar, widely available, external demographically-sensitive usage-tracking reference for websites. In fact, it seems that the only way for a website or online service operator to determine whether a significant proportion of its "hits" are from children is to collect the type of information which will automatically bring it with in the ambit of the COPPA rules. <sup>21</sup>/

Accordingly, AETN respectfully requests that the Commission modify its proposed rule to provide more flexibility for website operators. Internet publishers should have the ability to determine whether or not their sites are "directed toward children" and should be allowed to decide whether or not to shoulder the obligations imposed by COPPA. Such good faith decisions of the operators should be accorded the presumption of validity.

## B. The Commission Should Clarify COPPA's Requirements Regarding the Collection of Personal Information

Under the Act and the Commission's proposed rules implementing it, the COPPA regulations apply not only to "operators of a website or online service directed to children," but also to "any operator that has actual knowledge that it is collecting

Even then, a website or online service operator's success in determining whether a visitor to its site is a child is complicated by the fact that parents and children often use the same computer and may even have common or identical e-mail addresses or other electronic identifiers.

personal information from a child." <sup>22</sup>/ In this regard, the NPRM suggests that "an operator of a general interest website or online service that is not directed to children . . . will have duties under the Rule only if it knows that particular visitors are under the age of 13." AETN supports this as the general rule. However, the regulations stemming from the general rule must be clear, since website and online service operators' policies and page design will be affected by the extent to which "actual knowledge" may be imputed to them.

Assuming the Commission modifies its proposed rules as requested herein, a website operator that intends to reach those under 13 will know that it is subject to the rules, because it will have purposefully created its website content so as to direct it toward children. However, entities in the second category -- *i.e.*, operators of general interest websites and online services -- may unwittingly be subjected to regulation if the rules are not made quite clear. This raises the murky question of when a website operator will have "actual knowledge" that it has, even "passively," collected information from a child.

The Commission should recognize that online service operators will often have no way of determining, even when actively collecting personal information, whether the information is being submitted by an adult or a child. Even if one of the items of information requested is the age of the person submitting the information, there will seldom be any way to verify the accuracy of the response. In the context of

<sup>&</sup>lt;sup>22</sup>/ 15 U.S.C. § 6502(a)(1); Children's Online Privacy Protection Rule -- Regulation of unfair or deceptive acts and practices (1999) (proposed to be codified at 16 C.F.R. § 312.3).

the "actual knowledge" that triggers the obligation to comply with COPPA and the proposed rules, the question becomes, if a website or online service collects *any* personally identifiable information, <u>and</u> it becomes aware that information has been submitted by a particular child, is the operator liable under the rules if it hasn't *already* redesigned its policies and website to comply? Or, do the rules contemplate (or does the Commission intend to provide) some sort of good faith exemption in this area?

The "actual knowledge" standard is even more significant because the proposed rules apply to "the direct or passive gathering of any personal information from a child by any means," including but not limited to: (1) an online request for personal information; (2) collection using a chat room, message board, or other public posting, or (3) passive tracking or use of any identifying code linked to an individual, such as a cookie. <sup>23</sup>/ The Commission goes on to explain in the NPRM that:

This term includes all online requests for personal information regardless of whether their personal information is ultimately transmitted online or offline. Thus, it would include a situation where the website or online service directs the child to print out a form, respond in writing to the questions, and mail the form back to the website or online service.

This definition of "collect or collection," which is not derived from the statute, and the wide range of activities the Commission's explanatory note suggests it encompasses, raises several issues, including the fact that the definition suggests a website or online service operator could be made subject to the rules despite taking no affirmative action

Children's Online Privacy Protection Rule -- Definitions (1999) (proposed to be codified at 16 C.F.R. § 312.2) (emphasis added). Similarly, the proposed rules define "disclosure" as making personal information collected from a child publicly available in identifiable form "by any means," including through "a message board" that would "enable a child to reveal personal information to others online." *Id*.

to collect, use, disclose, or even review any information, from children or even otherwise.

As noted above, it is AETN's policy that "[n]o information should be submitted to or posted at A&E's Web sites by children 16 years of age or under without their parent's or guardian's consent." See Attachment 1. At the same time, as disclosed in its privacy policy and subject to an "opt out" prerogative, AETN may collect certain information, including e-mail addresses, postal addresses or telephone numbers. In addition, A&E Online uses temporary cookies to assist online shopping, and provides online message boards from which personally identifiable information could be collected by third parties if disclosed by the user. Thus, even though AETN's websites are not directed at children, some of its activities could conceivably trigger application of the rules if it is considered to have "actual knowledge" that a person under 13 submitted information on its site.

For this reason, the Commission must clarify that a website operator has "actual knowledge" that it is collecting information about children only if it is actively soliciting such information. At a minimum, the rules should not apply to the operator of a general-interest website unless the operator is asking online users to provide agerelated information. In the case of "passive" means of collection, the final rules should make clear that such collection triggers the rule only where the operator actively seeks age-related information and intentionally associates that information with a persistent identifier, such as a cookie. In addition, the mere offering of an electronic messaging board or other communication service (e.g., pen-pal service, chat room or e-mail service)

should not trigger the rules unless the operator intentionally provides such service to users under 13. Without such a clarification, all website operators would be subject to the rules, not just those that target children, since any two-way communication service potentially "would enable a child to reveal personal information to others online." <sup>24</sup>/

### C. The Commission Should Clarify the Requirements Regarding Parental Notice and Consent

The keystone of COPPA and its implementing regulations is the requirement that website and online service operators provide notice to parents and obtain "verifiable parental consent" for any collection, use and/or disclosure of personal information from children. <sup>25</sup>/ It is through this notice and consent process, and the steps that these measures enable parents to take, that COPPA is primarily intended to protect children. However, the notice and verifiable parental consent provisions of the proposed rules seem difficult to understand and appear to present several imponderables that should be simplified to the extent possible.

As an overarching matter, the parental notice and consent rules are not entirely clear as to how website and online service operators are supposed to comply. Compared to the specificity of the rules on what type of notices regarding information practices for children must appear on a website or online service, and the content and

Children's Online Privacy Protection Rule -- Definitions (1999) (proposed to be codified at 16 C.F.R. § 312.2)

<sup>25/ 15</sup> U.S.C. § 6502(b)(1)(A); Children's Online Privacy Protection Rule -- Regulation of unfair or deceptive acts and practices (proposed to be codified at 16 C.F.R. § 312.3(a),(b)); Notice (proposed to be codified at 16 C.F.R. § 312.4); and Parental Consent (proposed to be codified at 16 C.F.R. § 312.5) (1999).

placement thereof, the rules requiring the actual notification of parents, and those for obtaining verifiable parental consent, may require some clarification by the Commission.

The mechanics of obtaining parental consent are not obvious. For example, proposed rule Section 312.4(c) requires that:

[A]n operator must make reasonable efforts, taking into account available technology, to ensure that a parent of a child receives notice of an operator's practices with regard to the collection, use, and/or disclosure of the child's personal information[.]

While the balance of Section 312.4(c), in subsections (i)-(iv), does a good job of explaining what the notice should contain, the rule is much less specific as to how the notice is to be delivered or achieved. In particular, it is unclear how website and online service operators are intended to ascertain that the parent, rather than a child, receives the required notification. This is especially the case where, as noted above, families share common e-mail addresses or other Internet identifiers, making it impossible to know with certainty (i) whether personal information is coming from a parent or a child, and (ii) whether information flowing in the opposite direction is being received by a parent rather than a child.

The NPRM suggests that "[r]easonable efforts to provide parents with notice . . . can include . . . sending the notice by postal mail, sending the notice to the parent's e-mail address, or having the child print out a consent form to give to the parent." Each of these measures, however, is easily susceptible to corruption by both unscrupulous adults and enterprising children. The Commission should be careful to ensure that website and online service operators are not faced with the potentially

impossible task of trying to determine whether communications are actually coming from and/or going to parents or other appropriate adults. Moreover, the Commission should avoid measures that would impede interactive uses of the Internet.

Similar issues arise as to proposed Section 312.5, which requires that:

An operator must make reasonable efforts to obtain verifiable parental consent, taking into consideration available technology. Any method to obtain verifiable parental consent must be reasonably calculated, in light of available technology, to ensure that the person providing the consent is the child's parent.

The rule does not speak, however, to how website and online service operators might achieve these objectives. As with Section 312.4, the NPRM offers a number of suggestions on how to comply with the proposed rule, but they appear equally susceptible to avoidance as those discussed above.

These Comments, as well as the questions posed in the NPRM, reveal that the obligations to provide notice to parents and/or to obtain, verifiably, their consent to the collection, use and/or disclosure of their child's personal information, raise serious issues as to how to ensure that the notice is actually delivered to, and consent is actually obtained from, a parent or legal guardian rather than the child. Children are becoming increasingly sophisticated in their use of the Internet, and more and more of them are taking to it more instinctively each day than are their parents. Placing the onus of trying to determine whether a child is masquerading as a parent or other legal guardian on website operators underscores the uncertainty faced by website and online service operators obliged to comply with the parental notice and consent provisions of COPPA and the proposed rules.

As noted above, AETN does not direct its websites to children. However, it is vital that any rules adopted by the Commission to implement COPPA be workable and take into account the nature of Internet communication. Moreover, even once the Commission sheds some additional light on the applicability and mechanics of the parental notice and consent obligations, fulfilling them is likely to impose substantial costs on website and online service operators subject to the COPPA rules. Significant human resources necessary to discern when and where to provide notice and obtain consent will be required. Labor to actually transmit, receive and process notices and consents may also prove costly. And while the costs of accomplishing these tasks through the Internet may not be overwhelming, doing so through postal or telecommunications services is likely to be quite expensive. AETN entreats the Commission to take these costs into consideration as it moves toward the adoption of final rules in this proceeding.

#### IV. CONCLUSION

COPPA stands as the first government attempt to regulate Internet privacy policy. By introducing government regulation to the Internet, the rules implementing the Act here will attempt to have a positive effect on what is already a notably unpredictable environment, and will likely serve as an example for subsequent Internet regulation. As such, the Commission should proceed cautiously and incrementally in adopting COPPA regulations.

The Internet presents endless informational, educational and commercial opportunities to both adult and child users, and its ever-growing economic significance

would be hard to overstate. To date, the approach to government involvement with the Internet has proceeded on a minimalist, consistent, simplistic course. The Commission's proposed rules should continue along this course in recognizing the importance of both the goals of COPPA <u>and</u> the preservation and sustenance of interactivity and the exigencies of e-commerce.

Specifically, the new rules must be absolutely clear as to how and when website and online service operators will be subject to regulation, as well as to how such entities will meet their regulatory obligations. Any rules that the Commission adopts should respect a website operator's initial determination as to whether its website or online service is "directed toward children." Furthermore, the rules regarding the collection of personal information should be made clearer, particularly with regard to the concepts of "actual knowledge" and the "passive collection" of information. As to the former, the Commission should explicitly establish that website operators obtain "actual knowledge" of the collection of information about children only where the solicitation of information is actively designed to reach children. Finally, the Commission should clarify the requirements and mechanics regarding verifiable parental consent.

These clarifications and modifications to the proposed rules will assist greatly with regulatory compliance and enforcement. Moreover, they will help preserve the benefits of the Internet for all users and minimize the impact of the proposed rules on the Internet's commercial promise.

### Respectfully submitted

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### ATTACHMENT 1

http://www.aande.com/privacy.html