

CARU's New Metaverse Guidelines: Safeguarding Children in the Digital Frontier

The Bottom Line

- While the metaverse presents immense opportunities to engage with children, it also presents significant risks, such as cyber-bullying, sexual harassment and exploitation, exposure to violence and self-harm.
- Brands that intend to engage with children in the metaverse should review CARU's Metaverse Guidelines, which provides best practices for advertising to children in metaverse spaces to ensure responsible and positive engagement with children.

The Children's Advertising Review Unit (CARU), a division of BBB National Programs, recently announced guidelines for child-directed advertising and privacy in the metaverse ([the Metaverse Guardrails](#)). Although the metaverse creates innovative, educational and entertaining experiences for children, it also creates potential harms and dangers for them. These include bullying, sexual exploitation and harassment, unintended purchases and personal privacy invasions.

According to CARU, the Metaverse Guardrails are a set of "realistic, actionable recommendations" and best practices intended to help companies:

- Develop metaverse experiences directed to children,
- Comply with existing advertising and privacy laws and
- Engage responsibly with children online.

The Metaverse Guardrails come on the heels of the [FTC's report entitled "Protecting Kids from Stealth Advertising in Digital Media,"](#) which provides recommendations for marketing to kids and teens in the digital landscape. The recommendations include not blurring advertising and content and providing prominent just-in-time disclosures that identify the commercial nature of the message.

Metaverse Guardrails' Best Practices and Recommendations for Child-Directed Ads

1. **Be Transparent** – Do not present advertising in a manner that blurs the distinction between advertising and content. Use design techniques, such as contextual cues, to distinguish ads from content.
2. **Define Ad Content** – Understand when content is and is not advertising.
 - The following would likely be considered advertising:
 - If the appearance of a product or brand is intended to promote or encourage the purchase of the product.
 - There is an endorsement of a specific product or brand.
 - A featured product is tied to the promotion for an event and details about the event are given.
 - A virtual product is intended to be a true and accurate representation of the same physical product available for retail offline or online.
 - Users are directed to a purchase experience/flow that leads users to where money is exchanged to make a purchase.
 - Advertising is not:
 - An entertainment or educational experience that focuses on storytelling or gameplay with no material connection between the brand's products and the real world (offline) and the metaverse experience.
 - A company's use of generic products within a branded experience.
 - A product placement where there has been no payment or any other consideration.

Other factors that may be considered include whether the content is sponsored by another company or when a brand licenses its intellectual property to another experience.
3. **Make Disclosures** – Know when, how and how often to properly disclose advertising, including content from influencers and endorsements. Disclosures should be made in easy-to-understand language (e.g., "Ad" or "This is an "Ad"), be unavoidable and appear with sufficient frequency so that children are likely to see, hear and understand them. Using both audio and visual disclosures is best practice.

4. **Protect Children's Privacy** – Get to know and ensure compliance with COPPA, the Children's Online Privacy Protection Act.
5. **Understand Privacy Policies** – Brands must ensure that the privacy practices on each chosen platform are COPPA compliant. If the platform does not comply with COPPA, the brand's presence on the platform may not comply with COPPA.
6. **Stay Abreast of Privacy Regulations** – Brands should stay aware of ever-evolving relevant state, federal and international privacy regulations and legislation in connection with the metaverse.

For More Information

Please contact the attorney listed below or the Davis+Gilbert attorney with whom you have regular contact.

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