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FTC Finalizes Privacy Settlement with Chitika

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The FTC finalized its settlement of privacy charges it brought against online advertising company Chitika, Inc.

Chitika, acting as a go-between for websites and advertisers, placed cookies on consumers' browsers to target ads towards each consumer's interests. Chitika's privacy policy indicated that consumers had the option of opting out of these targeted ads by clicking on an Opt-Out button. According to the FTC, Chitika allegedly continued to track users' online activities even after they chose to opt-out of online tracking because Chitika's opt-out lasted for 10 days. Between May 2008 and February 2010, consumers who believed they had opted out of having cookies placed on their browsers continued to have their browsing activity tracked after the 10 day opt out period expired. The FTC charged the company with deceptive and unfair practices in violation of the FTC Act.

The final order, which was approved by the Commission in a 5-0 vote, requires that every targeted ad include a hyperlink that takes consumers to a clear mechanism allowing them to opt out of receiving Chitika's targeted ads for at least 5 years. The company has also promised to destroy data it collected prior to March 2010. (We summarized the proposed settlement with Chitika as well as three other FTC enforcement actions relating to privacy in our [March client alert](#).)

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