



INTERNATIONAL LEGAL STANDARDS ON ONLINE ADVERTISING

**Author: Zilola Abdukaxarova,
Tashkent State University of Law.**



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Abstract:

This article serves as a navigation guide for understanding the legal regulation of online advertising in the USA, EU and China, with a comparative analysis on key legislation, regulatory body and major principles. Author provides recommendations for the formulation of a legal framework governing online advertising in Uzbekistan, that would offer better protection to consumers in the context of online advertising, ensuring transparency, safety, and trust in the digital marketplace. Valuable insights and links for policymakers in the field, businesses, advertisers, foreign investors, consumers and students. #Law #Business #Advertising #Technologies #Trade #Ecommerce #ConsumerProtection #InternationalStandards #Uzbekistan

Keywords:

INTRODUCTION.

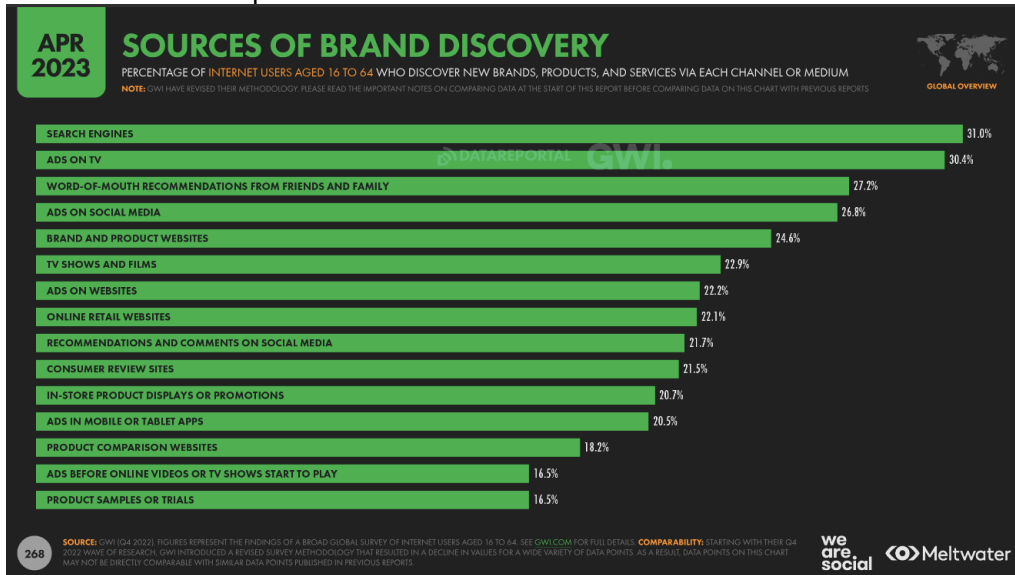
Online advertising is a form of marketing and advertising that uses the internet to deliver promotional

marketing messages to consumers. It includes various types like search engine ads, display ads, social media ads, email marketing, content marketing, and video ads.



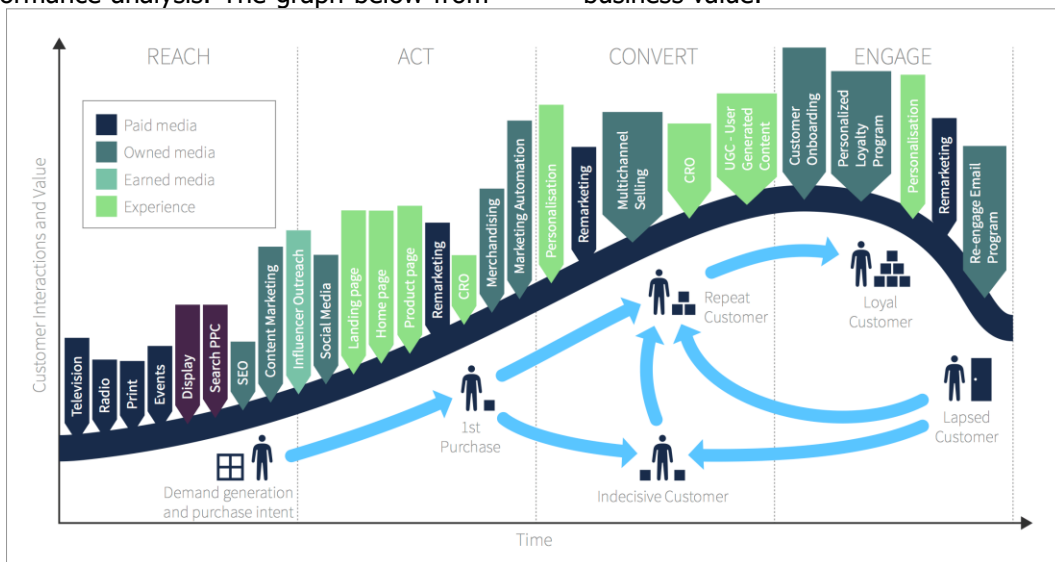
It also includes communication on Company Websites and Social Media of business entities. Data below about Brand discovery Sources proves that online advertising is extremely cost-effective compared to other

conventional advertising mediums. It improves brand visibility, and helps businesses reach a wider, global audience.



It has unique feature- precise targeted marketing, providing a surgical accuracy in its reach, slicing and dicing as per desired demography and location, enables real-time performance analysis. The graph below from

<https://www.smartinsights.com> illustrates the importance of online advertising in sales, it increases customer interaction, personalization, loyalty and business value.

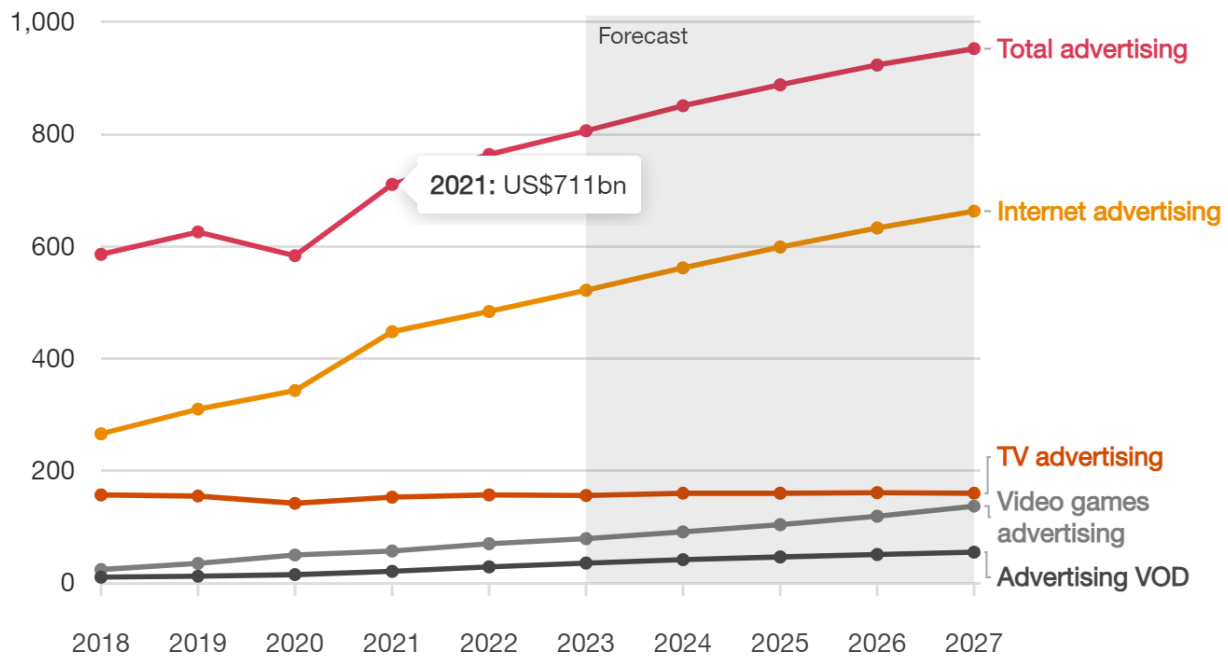


As per the PricewaterhouseCoopers PWC Global Entertainment & Media Outlook 2023–2027, TV advertising stagnates, digital components drive the growth of the advertising market. E-commerce and time spent on digital platforms grows, companies around the

world spending significantly more to reach consumers at the point of purchase and at the point of decision. Global internet advertising revenue forecasted to rise to US\$700 billions in 2027 year, as shown on the graph taken from that source:



Global revenue (US\$ billion)



It goes without saying that governments try to regulate this lucrative industry, thus the author decided to investigate **“Which international legal standards shape the online advertising landscape?”** (*Research question*) plus **Analyze and compare online advertising regulations in the EU, USA, China, to develop recommendations for Uzbekistan** (*Research objective*).

METHODOLOGY.

Overview of research methods: Analyzing legal documents, academic articles, regulatory body publications, and case studies. The document conducts a legal examination of online advertising, with a specific focus on the EU, USA and China laws. Through comparative analysis methods, the paper explores the diverse approaches taken by those countries’ jurisdictions to address online advertising issues. Various sources were explored, analyzed, list of major international laws and acts related to the topic was developed by the author with the brief description and link to the original documents using information from the websites of the European Union Federal Trade Commission (FTC), Global Advertising Lawyers Alliance (GALA), Interactive Advertising Bureau (IAB), the World Federation of Advertisers (WFA). In the findings section, the paper offers comparative analysis regarding the legal aspects of online advertising in jurisdictions of the EU, USA and China. Observations of

PricewaterhouseCoopers and Dentons were taken into consideration too.

Uzbek legislation related to digital economy and advertising, consumer protection, data privacy was tested for online advertising regulations at the national database of legislation of the Republic of Uzbekistan (lex.uz). Data and information from International Organizations was considered, particularly World Bank and United Nations observations, plus new e-commerce strategy 2023-2027, developed by the Ministry of Investments, Industry and Trade of Uzbekistan, in cooperation with the Ministry of Digital Technologies, the E-commerce Association, with the support of the EU funded International Trade Centre’s Ready4Trade Central Asia project. Industry experts were interviewed to validate findings. Lastly, author provides specific recommendations for the formulation of a legal framework governing online advertising in Uzbekistan. This article serves as a navigation guide for understanding the legal complexities of online advertising across different regions, providing valuable insights and links for policymakers in the field, businesses, advertisers, foreign investors, consumers and students. *Research limitation-* when business, digital, legal spheres collide, even interdisciplinary approach cannot help in prediction of future trends. Artificial Intelligence regulation was excluded from the scope and will be considered in future works.



ANALYSIS OF LEGISLATION ON DIGITAL ADVERTISING

The landscape of online advertising is governed by a complex array of legal standards, designed to ensure fair practices, protect consumer rights, and maintain the integrity of the digital marketplace. Understanding these legal standards is crucial for advertisers, platforms, and policymakers. Here are some of the key legal standards that shape online advertising:

1. **Restrictions** on advertising of tobacco, alcohol, drugs, weapons and military products: are valid both offline and online.
2. **Data Privacy and Protection:** Legal frameworks like GDPR in Europe and CCPA in California, USA, emphasize user consent for data collection and provide users with rights over their personal data. Advertisers are required to be transparent about the data they collect, its purpose, and how it is used.
3. **Use of Cookies and Trackers:** Regulations like the ePrivacy Directive in Europe require user consent before placing cookies or similar tracking technologies.
4. **Protection of Children:** Special rules apply to targeting children or collecting their data online. In the U.S., the Children's Online Privacy Protection Act (COPPA) regulates how children's data can be collected and used.
5. **Truthful and Non-deceptive Advertising:** This standard means that advertisements must be honest and not mislead consumers. Advertisers are prohibited from making false or misleading claims in their ads and are required to have evidence to back up any assertions made.
6. **Disclosure of Material Information:** Advertisers must disclose all essential information, particularly that which affects the veracity or context of an ad. Disclosures should be clear, conspicuous, and easily understood by the consumer.
7. **Endorsements and Testimonials:** Any connection between the endorser and the advertiser should be disclosed.
8. **Prohibition of Spam:** Unsolicited commercial messages or spam are generally prohibited. Regulations often require opt-in or opt-out provisions for commercial communications.
9. **Influencer Marketing and Native Advertising:** Ads that resemble the content of the platform they're on must be clearly labeled to avoid deception. Influencers are required to

disclose any compensation received for promoting products or services.

10. **Comparative Advertising:** While product/service comparisons are permissible, they must be factual, verifiable, and not misleading.
11. **Country-Specific Regulations:** Each country may have its specific nuances regarding online advertising. What's acceptable in one country might be prohibited in another.
12. **Industry Self-Regulation:** Many industries have self-regulatory bodies that set standards and guidelines for advertising practices, such as the Interactive Advertising Bureau (IAB) and the World Federation of Advertisers (WFA).

These standards aim to balance the interests of consumers, advertisers, and digital platforms, creating a fair and transparent online advertising ecosystem. Adherence to these standards not only ensures legal compliance but also fosters consumer trust and the long-term sustainability of the online advertising industry. Recent precedent with Meta incurring a nearly \$1.3 billion penalty for transferring user data between the United States and countries in the EU illustrates consequences when company breach privacy laws.

GLOBAL PERSPECTIVE OF DIGITAL ADVERTISING REGULATION: European Union focuses on consumer privacy (GDPR), digital markets (Digital Markets Act), and misinformation on social media (Digital Services Act). While in the United States decentralized approach is used with state-level actions like the California Privacy Rights Act (CPRA) and federal initiatives like the Competition and Transparency in Digital Advertising Act; and Children's Online Privacy Protection Act (COPPA). Cyberspace Administration of China emphasizes the identifiability of advertisements and user experience protection. Three established pillars of law in China: the Cybersecurity Law (CSL), Data Security Law (DSL), and Personal Information Protection Law (PIPL). In Uzbekistan laws on "Advertising", "E-commerce", "Personal Data" are quite modern, adopted in 2019-2022 years, but the complexities of online advertising platforms and technologies were not sufficiently covered neither in those laws not in the "Law on protection of consumer rights" adopted in 1996. There is an urgent need in update, because National Legislation assumes that the rules that affect the online world of advertising are the same as those that affect advertising in offline world, which is not true. We need to apply rules which are



originally designed for the realities and practicalities of the online world.

Let me briefly explain major Laws/Acts of the EU, USA, China and Uzbekistan. Intentionally included links to sources, so that the reader may do in-depth research of each document. More information about legislation in other countries can be also found in "Advertising Law Book" written by Global Advertising Lawyers Alliance¹.

European Union

- **General Data Protection Regulation (GDPR):** Focuses on data protection and privacy for individuals within the EU and EEA. It emphasizes the control of personal data and privacy. <https://gdpr-info.eu/>
- **Digital Services Act (DSA):** Aims to regulate digital services, particularly social media platforms, in terms of handling misinformation, hate speech, and user data. <https://digital-strategy.ec.europa.eu/en/policies/digital-services-act-package>
- **Digital Markets Act (DMA):** Establishes a set of clearly defined objective criteria to identify "gatekeepers"- large digital platforms providing so called core platform services, such as online search engines, app stores, messenger services. https://digital-markets-act.ec.europa.eu/index_en

United States of America

- **Children's Online Privacy Protection Act (COPPA):** Governs the collection of personal information from children under 13 by websites and online services. <https://www.ftc.gov/legal-library/browse/rules/childrens-online-privacy-protection-rule-coppa;> <https://www.ftc.gov/legal-library/browse/rules/childrens-online-privacy-protection-rule-coppa>
- **California Consumer Privacy Act (CCPA):** Provides California residents with rights regarding their personal information, such as

data access and deletion rights. [California Consumer Privacy Act \(CCPA\) |](#)

- **California Privacy Rights Act (CPRA):** Expands on the CCPA, adding new consumer rights and creating a new enforcement agency. <https://thecpra.org/>

China

- **Cybersecurity Law:** Regulates data privacy and security, including provisions for data localization and data transfer out of China. <https://www.lawinfochina.com/Display.aspx?LookType=3&Lib=law&Id=22826&SearchKeyword=&SearchCKeyword=&paycode=>
- **Personal Information Protection Law (PIPL):** Focuses on the protection of personal data and imposes strict rules on data processing, including consent requirements. http://en.npc.gov.cn.cdurl.cn/2021-12/29/c_694559.htm

Uzbekistan

- **Law on Advertising:** Regulates relationships in the field of production, placement, and distribution of advertising in Uzbekistan. Adopted in 2022. <https://lex.uz/uz/docs/6052633#6054238>
- **Law on E-commerce:** Establishes a framework for the regulation of electronic commerce activities in Uzbekistan. Adopted in 2022. <https://lex.uz/docs/6213428>
- **Law on Personal Data:** Applies to relations arising from the processing and protection of personal data, regardless of the processing means, including IT systems. Adopted in 2019. <https://lex.uz/docs/4831939>
- **Law on protection of consumer rights:** Regulations to protect consumers, which indirectly influence online advertising. Adopted in 1996. <https://lex.uz/docs/4525010>

The table below was created to focus on the EU, USA and China as an industry leaders and compare their key

¹ <https://www.galalaw.com/home/index>



legislation, regulatory bodies, major principles, specific recommendations:

Table 1. Comparison of Digital Advertising Legislation in the EU, USA and China.

Aspect	European Union (EU)	United States (USA)	China
Key Legislation	General Data Protection Regulation (GDPR)	Children’s Online Privacy Protection Act (COPPA)	Cybersecurity Law
	ePrivacy Directive (Cookie Law)	CAN-SPAM Act	Personal Information Protection Law
Regulatory Bodies	European Data Protection Board (EDPB)	Federal Trade Commission (FTC)	Cyberspace Administration of China (CAC)
	National data protection authorities in member states		Ministry of Industry and Information Technology (MIIT)
Major Principles	Consent for data processing	Opt-out for marketing emails	Data localization requirements
	Transparency in data use	Protecting children’s online privacy	Consent for personal data collection
	Data minimization		Enhanced cybersecurity measures
Specific Recommendations	Use of clear and concise language for consent	Regular review of privacy policies	Strict control over data cross-border transfer
	Implementing data protection impact assessments	Clear labeling of advertisements	Real-name registration for online services
	Regular updates to privacy policies as per GDPR changes	Compliance with specific state laws (e.g., California)	Rigorous data security and protection measures

Above-mentioned foreign laws serve as a backbone for most self-regulatory systems around the world in the advertising and marketing industry. For example, globally recognized guidelines, like [Meta advertising policy principles](#) that are equal for users, regardless of their country. Also [Apple Advertising Policies](#) explain what is and isn’t allowed when advertising your content with Apple’s advertising services. Another globally-applicable self-regulatory framework, developed by experts from all industry sectors worldwide is an [ICC’s Advertising and Marketing Communications Code](#). It sets high standards for a full range of marketing activities, including digital marketing communications with measures to protect children and consumer privacy. Therefore, we cannot ignore those regulations, since internet destroys physical boundaries.

RECOMMENDATIONS FOR UZBEKISTAN.

As mentioned earlier, current state of online advertising regulation in Uzbekistan should be updated, to align with international digital advertising practices. Harmonization with global standards will increase interaction in online businesses and attract world major players of e-commerce. Since Uzbekistan’s e-commerce ecosystem and the overall digital economy are in the early stages of development, adopting and adapting practices from the EU, USA, and China can help substantially.

For example, [Law on Protection of Consumer Rights](#) adopted in 1996, should have more detailed provisions on advertising, including the obligation to provide clear and accurate information, and rules against misleading or aggressive practices, like EU Consumer Rights Directive.

Also, global laws often require clear disclosure of information in online advertising, including pricing, seller details, and terms and conditions, which is less



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