

California's Amended Automatic Renewal Law Goes into Effect

DECEMBER 1, 2010

California's recently enacted law regarding automatic renewal offers will go into effect today. Under the law, any entity offering an "automatic renewal" plan, which is any plan or arrangement in which a paid subscription or purchasing agreement is automatically renewed at the end of a definite term for a subsequent term must: (1) present the terms clearly and conspicuously before the individual subscribes to the offer; (2) obtain affirmative consent to the automatic renewal offer terms prior to charging the consumer; and (3) provide a record for the consumer that includes the terms and conditions of the offer, a description of the cancellation policy, specific information on how to cancel the offer and, if the offer includes a free trial, that the consumer may cancel before the consumer pays for any goods or services.

The material terms include: (1) that the subscription will continue until cancellation; (2) a description of the cancellation policy; (3) the recurring charges; (4) the length of the renewal term; and (5) the minimum purchase obligation.

The terms of the automatic renewal offer must be presented either in larger type than the surrounding text or in contrasting type, font, or color to the surrounding text of the same size, or set off from the surrounding text in a manner that clearly calls attention to the terms. Finally, companies must offer an easy-to-use mechanism for cancelling the offer, such as a toll-free number, email address, or a postal address if the consumer is directly billed.

TIP: Companies that offer products and services subject to an automatic renewal plan to California consumers should review their offer advertising materials to ensure that the materials clearly and conspicuously disclose the material terms of the offer in the manner described by California law. In particular, terms and conditions should be located in close proximity to the offer and set apart in more prominent font, size, or color that clearly draws the consumer's attention. In addition, companies should review their offer procedures to confirm compliance under California's new stricter requirements, including providing an adequate acknowledgement and an easy-to-use cancellation method.

1 Min Read

Related Topics

California

Automatic Renewal offers

Related Capabilities

Advertising Litigation

Intellectual Property

Patent Litigation

Trademark Litigation, Prosecution & Brand Protection

Litigation/Trials

Privacy & Data Security

Related Professionals



Ronald Y. Rothstein



Jennifer Golinveaux



Becky Troutman



Michael Elkin