

CALIFORNIA
(2022 version)

Section 17600 - Legislative intent

It is the intent of the Legislature to end the practice of ongoing charging of consumer credit or debit cards or third party payment accounts without the consumers' explicit consent for ongoing shipments of a product or ongoing deliveries of service.

Section 17601 – Definitions For the purposes of this article, the following definitions shall apply:

(a) "Automatic renewal" means a 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.

(b) "Automatic renewal offer terms" means the following clear and conspicuous disclosures:

(1) That the subscription or purchasing agreement will continue until the consumer cancels.

(2) The description of the cancellation policy that applies to the offer.

(3) The recurring charges that will be charged to the consumer's credit or debit card or payment account with a third party as part of the automatic renewal plan or arrangement, and that the amount of the charge may change, if that is the case, and the amount to which the charge will change, if known.

(4) The length of the automatic renewal term or that the service is continuous, unless the length of the term is chosen by the consumer.

(5) The minimum purchase obligation, if any.

(c) "Clear and conspicuous" or "clearly and conspicuously" means 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 of the same size by symbols or other marks, in a manner that clearly calls attention to the language. In the case of an audio disclosure, "clear and conspicuous" and "clearly and conspicuously" means in a volume and cadence sufficient to be readily audible and understandable.

(d) "Consumer" means any individual who seeks or acquires, by purchase or lease, any goods, services, money, or credit for personal, family, or household purposes.

(e) "Continuous service" means a plan or arrangement in which a subscription or purchasing agreement continues until the consumer cancels the service.

Ca. Bus. and Prof'l. Code § 17601

Added by Stats 2009 ch 350 (SB 340),s 1, eff. 1/1/2010.

Section 17602- Unlawful acts by business making automatic renewal or continuous service offer to consumer.

(a) It is unlawful for any business that makes an automatic renewal offer or continuous service offer to a consumer in this state to do any of the following:

(1) Fail to present the automatic renewal offer terms or continuous service offer terms in a clear and conspicuous manner before the subscription or purchasing agreement is fulfilled and in visual proximity, or, in the case of an offer conveyed by voice, in temporal proximity, to the request for consent to the offer. If the offer also includes a free gift or trial, the offer shall include a clear and conspicuous explanation of the price that will be charged after the trial ends or the manner in which the subscription or purchasing agreement pricing will change upon conclusion of the trial.

(2) Charge the consumer's credit or debit card, or the consumer's account with a third party, for an automatic renewal or continuous service without first obtaining the consumer's affirmative consent to the agreement containing the automatic renewal offer terms or continuous service offer terms, including the terms of an automatic renewal offer or continuous service offer that is made at a promotional or discounted price for a limited period of time.

(3) Fail to provide an acknowledgment that includes the automatic renewal offer terms or continuous service offer terms, cancellation policy, and information regarding how to cancel in a manner that is capable of being retained by the consumer. If the automatic renewal offer or continuous service offer includes a free gift or trial, the business shall also disclose in the acknowledgment how to cancel, and allow the consumer to cancel, the automatic renewal or continuous service before the consumer pays for the goods or services.

(4) Fail to provide a consumer with a notice, as may be required by subdivision (b), that clearly and conspicuously states all of the following:

(A) That the automatic renewal or continuous service will automatically renew unless the consumer cancels.

(B) The length and any additional terms of the renewal period.

(C) One or more methods by which a consumer can cancel the automatic renewal or continuous service.

(D) If the notice is sent electronically, the notice shall include either a link that directs the consumer to the cancellation process, or another reasonably accessible electronic method that directs the consumer to the cancellation process if no link exists.

(E) Contact information for the business.

(b) A business shall provide a consumer with a notice as specified in paragraph (4) of subdivision (a) if either of the following is true, provided that if an automatic renewal offer or a continuous service offer requires a notice under both paragraphs (1) and (2), only the notice specified in paragraph (2) shall be required:

(1) The consumer accepted a free gift or trial, lasting for more than 31 days, that was included in an automatic renewal offer or continuous service offer or the consumer accepted an automatic renewal offer or continuous service offer at a promotional or discounted price, and the applicability of that price was more than 31 days.

(A) The notice shall be provided at least 3 days before and at most 21 days before the expiration of the predetermined period of time for which the free gift or trial, or promotional or discounted price, applies.

(B) An offer shall be exempt from the requirements under this paragraph if the consumer does not enter into the contract electronically and the business has not collected or maintained the

consumer's valid email address, phone number, or another means of notifying the consumer electronically.

(C) For purposes of this paragraph, "free gift" does not include a free promotional item or gift given by the business that differs from the subscribed product.

(2) The consumer accepted an automatic renewal offer or continuous service offer with an initial term of one year or longer, that automatically renews unless the consumer cancels the automatic renewal or continuous service. In this case, the notice shall be provided at least 15 days and not more than 45 days before the automatic renewal offer or continuous service offer renews.

(c) A business that makes an automatic renewal offer or continuous service offer shall provide a toll-free telephone number, electronic mail address, a postal address if the seller directly bills the consumer, or it shall provide another cost-effective, timely, and easy-to-use mechanism for cancellation that shall be described in the acknowledgment specified in paragraph (3) of subdivision (a).

(d) (1) In addition to the requirements of subdivision (b), a business that allows a consumer to accept an automatic renewal or continuous service offer online shall allow a consumer to terminate the automatic renewal or continuous service exclusively online, at will, and without engaging any further steps that obstruct or delay the consumer's ability to terminate the automatic renewal or continuous service immediately. The business shall provide a method of termination that is online in the form of either of the following:

(A) A prominently located direct link or button which may be located within either a customer account or profile, or within either device or user settings.

(B) By an immediately accessible termination email formatted and provided by the business that a consumer can send to the business without additional information.

(2) The termination requirements of this subdivision apply to the automatic renewal terms and continuous service terms of the contract and the remaining provisions of the contract continue to be governed by all applicable laws and regulations.

(3) Notwithstanding paragraph (1), a business may require a consumer to enter account information or otherwise authenticate online before termination of the automatic renewal or continuous service online if the consumer has an account with the business. A consumer who is unwilling or unable to enter account information or otherwise authenticate online before termination of the automatic renewal or continuous service online shall not be precluded from authenticating or terminating the automatic renewal or continuous service offline using another method pursuant to subdivision (c).

(e) In the case of a material change in the terms of the automatic renewal or continuous service that has been accepted by a consumer in this state, the business shall provide the consumer with a clear and conspicuous notice of the material change and provide information regarding how to cancel in a manner that is capable of being retained by the consumer.

(f) The requirements of this article shall apply only prior to the completion of the initial order for the automatic renewal or continuous service, except as follows:

(1) The requirements in paragraphs (3) and (4) of subdivision (a) may be fulfilled after completion of the initial order.

(2) The requirements in subdivision (b) may be fulfilled after completion of the initial order.

(3) The requirement in subdivision (e) shall be fulfilled prior to implementation of the material change.

Ca. Bus. and Prof. Code § 17602

Amended by Stats 2021 ch 450 (AB 390),s 1, eff. 1/1/2022.Added by Stats 2017 ch 356 (SB 313),s 2, eff. 1/1/2018.

17603.

In any case in which a business sends any goods, wares, merchandise, or products to a consumer, under a continuous service agreement or automatic renewal of a purchase, without first obtaining the consumer s affirmative consent as described in Section 17602, the goods, wares, merchandise, or products shall for all purposes be deemed an unconditional gift to the consumer, who may use or dispose of the same in any manner he or she sees fit without any obligation whatsoever on the consumer s part to the business, including, but not limited to, bearing the cost of, or responsibility for, shipping any goods, wares, merchandise, or products to the business.

(Added by Stats. 2009, Ch. 350, Sec. 1. (SB 340) Effective January 1, 2010. Section operative December 1, 2010, pursuant to Section 17606.)

17604.

(a) Notwithstanding Section 17534, a violation of this article shall not be a crime. However, all available civil remedies that apply to a violation of this article may be employed.

(b) If a business complies with the provisions of this article in good faith, it shall not be subject to civil remedies.

(Added by Stats. 2009, Ch. 350, Sec. 1. (SB 340) Effective January 1, 2010. Section operative December 1, 2010, pursuant to Section 17606.)

17605.

The following are exempt from the requirements of this article:

(a) Any service provided by a business or its affiliate where either the business or its affiliate is doing business pursuant to a franchise issued by a political subdivision of the state or a license, franchise, certificate, or other authorization issued by the California Public Utilities Commission (CPUC).

(b) Any service provided by a business or its affiliate where either the business or its affiliate is regulated by the CPUC, the Federal Communications Commission, or the Federal Energy Regulatory Commission.

(c) Any entity regulated by the Department of Insurance.

(d) Alarm company operators, as defined in Section 7590.2, and regulated pursuant to Chapter 11.6 (commencing with Section 7590) of Division 3.

(e) A bank, bank holding company, or the subsidiary or affiliate of either, or a credit union or other financial institution, licensed under state or federal law.

(f) Service contract sellers and service contract administrators regulated by the Bureau of Electronic and Appliance Repair pursuant to Article 4.5 (commencing with Section 9855) of Chapter 20 of Division 3.

(Added by Stats. 2009, Ch. 350, Sec. 1. (SB 340) Effective January 1, 2010. Section operative December 1, 2010, pursuant to Section 17606.)