

Insights

CALIFORNIA, FTC LEAD PUSH TO ADD AUTORENEWAL REQUIREMENTS

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If it's been a while since you've looked at the state and federal laws governing autorenewals, subscriptions, and continuous service offers, your business is likely in need of an update. Multiple jurisdictions, on both state and federal levels, have recently made substantial changes to how they regulate these relationships. BCLP's experts can provide efficient, timely guidance and updates to any firm's playbook for complying with these requirements.

For example, on September 24, 2024, California Governor Gavin Newsom signed into law [Assembly Bill \("AB"\) 2853](#), which expands requirements already in place under the California Automatic Renewal Law ("CARL"), Bus. & Prof. Code §§ 17600-17606.^[1] The amendments, which will take effect July 1, 2025, make the following major changes:

- CARL will expand to cover free trial offers that convert to paid subscriptions. Currently the law covers only automatically renewing subscriptions and continuous service offers.
- CARL will require firms doing business in California to obtain a consumer's "express affirmative consent" to the automatic renewal or continuous service offer term. Currently the law requires only a single agreement that can contain an automatic renewal or continuous service offer.
- CARL will require firms doing business in California to allow cancellation "in the same medium" used to enroll or "in the same medium in which the consumer is accustomed to interacting with the business," including "in person, by telephone, by mail, or by email." The current law already requires provisions for online cancellations, but now also requires, for example, a clearly disclosed phone number to cancel if a business enrolls customers by phone.
- In response to a cancellation request, CARL will require firms doing business in California that present the consumer with a "save offer" to simultaneously inform a consumer that they can complete the cancellation process at any time by stating that they want to "cancel." A "save" or "save offer" is a "a discount offer or other consumer benefit or informing a consumer of the

effect of the cancellation.” If the consumer clicks the link/button or states that they want to cancel, CARL will now require the business to promptly process the cancellation without delay.

- CARL will require firms doing business in California to notify consumers (1) annually, regardless of whether any changes have been made to the contract (and regardless of whether the autorenewal term is one year or longer), and (2) when any price changes are made, in addition to material changes as currently required.

There have also been several updates to existing state laws in Illinois, Tennessee and Virginia, and new laws have been passed in Minnesota, South Carolina, and Utah.

In addition, last week the FTC issued its long-awaited click to cancel rule, which specifically addresses autorenewals. And on May 28, 2024, a federal district court denied Amazon’s motion to dismiss an FTC lawsuit alleging that Amazon’s Prime enrollment and cancellation processes violated the Restore Online Shoppers Confidence Act (ROSCA). These actions provide substantial additional guidance to companies doing business online or by phone.

BCLP has a team of attorneys dedicated to Marketing & Advertising law and who are tracking all of these developments. For more information on the state autorenewal laws, ROSCA, or the FTC’s click to cancel rule, contact the authors listed, [Merrit Jones](#), [David B. Schwartz](#) or [Rebecca Spraggins](#).

[1] CARL applies to contracts with consumers, defined as “any individual who seeks, acquires, by purchase or lease, any goods, services, money, or credit for personal, family, or household purposes.” [Bus. & Prof. Code § 1601](#).

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