

Introduced by Senator Hernandez

February 19, 2016

An act to add Section ~~1683~~ 1702 to the Civil Code, relating to ~~online~~ contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 1428, as amended, Hernandez. ~~Online contracts.~~ *Contracts: automatic renewal provisions.*

Existing law generally regulates formation and enforcement of contracts, including how a contract is extinguished.

~~This bill would require a contract that is entered into online that includes a provision for the automatic renewal of the term of the contract to include a provision that allows a party to terminate the contract in the same manner as the contract was entered into.~~

Existing law makes it unlawful for any business making an automatic renewal or continuous service offer to a consumer in this state to, among other things, fail to present the automatic renewal or continuous service offer terms in a clear and conspicuous manner, charge the consumer for an automatic renewal or continuous service without first obtaining the consumer's affirmative consent, and to fail to provide an acknowledgment that includes the automatic renewal 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.

This bill would require a business that makes an automatic renewal or continuous service offer that is subject to the above-described requirements to provide a consumer with an email address or option on the business' Internet Web site for the consumer to communicate his

or her decision to not renew the subscription or purchasing agreement. The bill would also require, within 24 hours of receipt of a consumer's communication to not renew the subscription or purchasing agreement, the business to notify the consumer of receipt of the consumer's communication. The bill would require the business to honor this decision.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1702 is added to the Civil Code, to read:
2 1702. A business that makes an automatic renewal or
3 continuous service offer that is subject to Article 9 (commencing
4 with Section 17600) of Chapter 1 of Part 3 of Division 7 of the
5 Business and Professions Code shall provide a consumer with an
6 email address or option on the business' Internet Web site for the
7 consumer to communicate his or her decision to not renew the
8 subscription or purchasing agreement. Within 24 hours of receipt
9 of a consumer's communication to not renew the subscription or
10 purchasing agreement, the business shall notify the consumer of
11 receipt of the consumer's communication. The business shall honor
12 the consumer's decision to not renew. The definitions of "automatic
13 renewal," "consumer," and "continuous service" provided in
14 Section 17601 of the Business and Professions Code shall apply
15 to this section.
16 ~~SECTION 1. Section 1683 is added to the Civil Code, to read:~~
17 ~~1683. A contract that is entered into online that includes a~~
18 ~~provision for the automatic renewal of the term of the contract~~
19 ~~shall also include a provision that allows a party to terminate the~~
20 ~~contract in the same manner as the contract was entered into.~~