### California AdTruth Campaign – Brief Highlights of California UCL, FAL and CLRA

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<td><strong>Unfair Competition Law</strong>&lt;br&gt;B&amp;P 17200</td>
<td>Conduct that constitutes “unfair competition” is defined as any of the following: (1) an “unlawful” business act or practice; (2) an “unfair” business act or practice; (3) a “fraudulent” business act or practice; (4) “unfair, deceptive, untrue or misleading advertising”; and (5) any act prohibited by sections 17500 through 17577.5.</td>
<td>Many states’ similar statutes exempt specific industries, such as those that are highly regulated. California UCL applies to any “person” (includes businesses). The law is unsettled as to claims of indirect liability. Suits may be brought by any “persons,” which includes businesses, with some limitations.</td>
<td>Injunctive relief, restitution, civil penalties (govt enforcement actions only). No damages. Penalties increased if the victims are elderly or disabled.</td>
<td>There is no right to a jury trial in California UCL claims. Claims alleging false representations connected to the sale of goods frequently have to overcome a “puffing” defense. See BBB COA on objective v. subjective claims for possible discussion point. UCL is coextensive with the reach of due process; applicable to out-of-state defendants.</td>
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<td><strong>False Advertising Law</strong>&lt;br&gt;B&amp;P 17500</td>
<td>Prohibits advertising about goods or services that the defendant knew or should have known was “likely to deceive” a reasonable consumer and advertising with the intent not to sell as advertised.</td>
<td>Like UCL, above, brought by a person who has suffered injury in fact and has lost money or property as a result of the defendant’s violation. Frequently brought in conjunction with UCL claim.</td>
<td>Up to six months in jail or a fine of $2,500, or both. Injunctive relief and restitution. A violation of FAL is automatically a violation of UCL.</td>
<td>Extraterritorial application more limited. Applies to statements made “before the public in this state” and “from this state before the public in any state.”</td>
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<td><strong>Consumer Legal Remedies Act</strong>&lt;br&gt;Cal. Civ. Code 1750</td>
<td>Prohibits “unfair methods of competition” and “unfair or deceptive acts or practices” in connection with the sale or lease of goods or services. Lists specific prohibited acts (see below).</td>
<td>Claims must be brought by “consumers” (individual for personal, family or household purposes). Must have purchased, not just obtained the good or service—eliminates recipients of gifts.</td>
<td>Legal and equitable relief. Actual damages, injunctive relief, restitution and punitive damages. Additional award of up to $5,000 to senior citizens or disabled persons under certain circumstances. Attorney’s fees and court costs awarded to the prevailing party, only for defendant in bad faith.</td>
<td>Does not apply to operators of advertising mediums unless they had knowledge of the prohibited acts. Cannot be waived by contract and has even invalidated forum selection clauses. Has a notice and cure requirement.</td>
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CLRA Frequently Litigated Prohibitions:

1. Section 1770(a)(14) – Representing that a transaction confers or involves rights, remedies or obligations that it does not have or involve, or that are prohibited by law.

2. Section 1770(a)(17) – Representing that the consumer will receive a rebate, discount or other economic benefit that is actually contingent on another event.

3. Section 1770(a)(19) – Inserting an unconscionable provision in the contract.

CLRA Prohibited Acts:

(1) Passing off goods or services as those of another.

(2) Misrepresenting the source, sponsorship, approval, or certification of goods or services.

(3) Misrepresenting the affiliation, connection, or association with, or certification by, another.

(4) Using deceptive representations or designations of geographic origin in connection with goods or services.

(5) Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that he or she does not have.

(6) Representing that goods are original or new if they have deteriorated unreasonably or are altered, reconditioned, reclaimed, used, or secondhand.

(7) Representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another.

(8) Disparaging the goods, services, or business of another by false or misleading representation of fact.

(9) Advertising goods or services with intent not to sell them as advertised.

(10) Advertising goods or services with intent not to supply reasonably expectable demand, unless the advertisement discloses a limitation of quantity.

(11) Advertising furniture without clearly indicating that it is unassembled if that is the case.

(12) Advertising the price of unassembled furniture without clearly indicating the assembled price of that furniture if the same furniture is available assembled from the seller.

(13) Making false or misleading statements of fact concerning reasons for, existence of, or amounts of, price reductions.

(14) Representing that a transaction confers or involves rights, remedies, or obligations that it does not have or involve, or that are prohibited by law.

(15) Representing that a part, replacement, or repair service is needed when it is not.

(16) Representing that the subject of a transaction has been supplied in accordance with a previous representation when it has not.

(17) Representing that the consumer will receive a rebate, discount, or other economic benefit, if the earning of the benefit is contingent on an event to occur subsequent to the consummation of the transaction.

(18) Misrepresenting the authority of a salesperson, representative, or agent to negotiate the final terms of a transaction with a consumer.

(19) Inserting an unconscionable provision in the contract.
(20) Advertising that a product is being offered at a specific price plus a specific percentage of that price unless (A) the total price is set forth in the advertisement, which may include, but is not limited to, shelf tags, displays, and media advertising, in a size larger than any other price in that advertisement, and (B) the specific price plus a specific percentage of that price represents a markup from the seller's costs or from the wholesale price of the product.

(21) Selling or leasing goods in violation of Chapter 4 (commencing with Section 1797.8) of Title 1.7.

(22)(A) Disseminating an unsolicited prerecorded message by telephone without an unrecorded, natural voice first informing the person answering the telephone of the name of the caller or the organization being represented, and either the address or the telephone number of the caller, and without obtaining the consent of that person to listen to the prerecorded message.

(23)(A) The home solicitation, as defined in subdivision (h) of Section 1761, of a consumer who is a senior citizen where a loan is made encumbering the primary residence of that consumer for purposes of paying for home improvements and where the transaction is part of a pattern or

(24)(A) Charging or receiving an unreasonable fee to prepare, aid, or advise any prospective applicant, applicant, or recipient in the procurement, maintenance, or securing of public social services.

(26) Advertising, offering for sale, or selling a financial product that is illegal under state or federal law, including any cash payment for the assignment to a third party of the consumer's right to receive future pension or veteran's benefits.

(27) Representing that a product is made in California by using a Made in California label created pursuant to Section 12098.10 of the Government Code, unless the product complies with Section 12098.10 of the Government Code.