

118TH CONGRESS  
1ST SESSION

# H. R. 2460

To provide for automatic renewal protections, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 3, 2023

Ms. CLARKE of New York introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

To provide for automatic renewal protections, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Consumer Online Pay-  
5 ment Transparency and Integrity Act”.

6 **SEC. 2. AUTOMATIC RENEWAL PROTECTIONS.**

7 (a) IN GENERAL.—A person who sells a good or serv-  
8 ice to a consumer pursuant to a contract that includes  
9 a free-to-pay conversion or negative option feature or any  
10 other automatic renewal provision shall disclose such fea-

1 ture or provision and the cancellation procedure clearly  
2 and conspicuously in the contract.

3 (b) AUTOMATIC RENEWAL.—A person who sells a  
4 good or service to a consumer pursuant to a contract that  
5 will automatically renew unless the consumer cancels the  
6 contract, shall—

7 (1) notify, in the same manner as the consumer  
8 entered into the contract, the consumer of—

9 (A) the first automatic renewal (and of  
10 each automatic renewal thereafter) not less  
11 than 7 days (or a longer time period as deter-  
12 mined appropriate by the Commission) before  
13 the commencement of the renewal period; and

14 (B) how the consumer may cancel the con-  
15 tract, which shall include—

16 (i) an online mechanism for cancella-  
17 tion provided by the person; and

18 (ii) a toll-free telephone number, email  
19 address, postal mail address, or other cost-  
20 effective, timely, and easy-to-use mecha-  
21 nism for cancellation provided by the per-  
22 son;

23 (2) on an annual basis and notwithstanding the  
24 consumer's consent to the initial term (or any subse-  
25 quent term), obtain the consumer's express informed

1 consent to renew the contract before charging the  
2 consumer for the renewal; and

3 (3) notwithstanding the consumer's consent to  
4 the initial term (or any subsequent term), in the  
5 event that the person has actual knowledge that the  
6 consumer has not used the good or service provided  
7 under the contract for a period of 6 consecutive  
8 months since the consumer's most recent express in-  
9 formed consent—

10 (A) obtain the consumer's express in-  
11 formed consent to the automatic renewal before  
12 charging the consumer for the automatic re-  
13 newal; and

14 (B) notify the consumer that the consumer  
15 has a right to terminate the contract and re-  
16 ceive a prorated refund for the remaining por-  
17 tion of contract.

18 (c) FREE TRIAL.—A person who sells a good or serv-  
19 ice to a consumer pursuant to a contract that includes  
20 a free-to-pay conversion feature with a free trial period,  
21 shall—

22 (1) notify, in the same manner as the consumer  
23 entered into the contract, the consumer of—

24 (A) the automatic renewal not less than 7  
25 days (or a longer time period as determined ap-

1           appropriate by the Commission) before the expira-  
2           tion of the free trial period; and

3                   (B) how the consumer may cancel the con-  
4           tract, which shall include—

5                           (i) an online mechanism for cancella-  
6                           tion provided by the person; and

7                           (ii) a toll-free telephone number, email  
8                           address, postal mail address, or other cost-  
9                           effective, timely, and easy-to-use mecha-  
10                          nism for cancellation provided by the per-  
11                          son; and

12                   (2) notwithstanding the consumer's consent to  
13           the free trial, obtain the consumer's express in-  
14           formed consent to the automatic renewal not less  
15           than 7 days (or a longer time period as determined  
16           appropriate by the Commission) before the expira-  
17           tion of the free trial period and before charging the  
18           consumer for the automatic renewal.

19           (d) AUTOMATIC RENEWAL VOID.—In the case of a  
20   violation of subsection (a), (b), or (c)—

21                   (1) the applicable automatic renewal provision  
22                   shall be void, and the contract shall terminate upon  
23                   the occurrence of such violation; and

24                   (2) the person who violated subsection (a), (b),  
25                   or (c) shall provide the consumer with a refund for

1 all amounts paid by the consumer due to such viola-  
2 tion.

3 (e) DARK PATTERNS.—With respect to a contract  
4 that includes a free-to-pay conversion or negative option  
5 feature or any other automatic renewal provision, a con-  
6 sumer’s consent obtained through the use of dark patterns  
7 shall not be considered express informed consent.

8 (f) EXEMPTIONS.—The requirements under sub-  
9 sections (a), (b), (c), and (d) shall not apply to a service  
10 contract or any other person or contract determined ap-  
11 propriate by the Commission.

12 (g) EFFECTIVE DATE.—The requirements under this  
13 section shall take effect on the date that is 1 year after  
14 the date of enactment of this Act.

15 **SEC. 3. ENFORCEMENT BY THE COMMISSION.**

16 (a) UNFAIR OR DECEPTIVE ACTS OR PRACTICES.—  
17 A violation of section 2 or a rule promulgated under this  
18 Act shall be treated as a violation of a rule defining an  
19 unfair or a deceptive act or practice under section  
20 18(a)(1)(B) of the Federal Trade Commission Act (15  
21 U.S.C. 57a(a)(1)(B)).

22 (b) POWERS OF THE COMMISSION.—

23 (1) IN GENERAL.—The Commission shall en-  
24 force this Act in the same manner, by the same  
25 means, and with the same jurisdiction, powers, and

1 duties as though all applicable terms and provisions  
2 of the Federal Trade Commission Act (15 U.S.C. 41  
3 et seq.) were incorporated into and made a part of  
4 this Act.

5 (2) PRIVILEGES AND IMMUNITIES.—Any person  
6 who violates section 2 or a rule promulgated under  
7 this Act shall be subject to the penalties and entitled  
8 to the privileges and immunities provided in the  
9 Federal Trade Commission Act (15 U.S.C. 41 et  
10 seq.).

11 (3) AUTHORITY PRESERVED.—Nothing in this  
12 Act shall be construed to limit the authority of the  
13 Commission under any other provision of law.

14 (4) RULEMAKING.—The Commission shall pro-  
15 mulgate in accordance with section 553 of title 5,  
16 United States Code, such rules as may be necessary  
17 to carry out this Act, or to prevent unfair or decep-  
18 tive acts or practices regarding free trials, automatic  
19 renewals, or other contracts under which a con-  
20 sumer's silence or failure to take an affirmative ac-  
21 tion to reject goods or services or to cancel an agree-  
22 ment is interpreted by the seller as acceptance of the  
23 offer.

24 **SEC. 4. DEFINITIONS.**

25 In this Act:

1           (1) COMMISSION.—The term “Commission”  
2 means the Federal Trade Commission.

3           (2) CONSUMER.—The term “consumer” means  
4 any person who seeks or acquires, by purchase or  
5 lease, any goods or services.

6           (3) DARK PATTERNS.—The term “dark pat-  
7 terns” means a user interface that has the substan-  
8 tial effect of subverting or impairing user autonomy,  
9 decision making, or choice.

10          (4) FREE-TO-PAY CONVERSION.—The term  
11 “free-to-pay conversion” has the meaning given that  
12 term in section 310.2 of title 16, Code of Federal  
13 Regulations.

14          (5) NEGATIVE OPTION FEATURE.—The term  
15 “negative option feature” has the meaning given  
16 that term in section 310.2 of title 16, Code of Fed-  
17 eral Regulations.

18          (6) SERVICE CONTRACT.—The term “service  
19 contract” means a contract or agreement for a sepa-  
20 rately stated consideration for any duration—

21               (A) to perform the repair, replacement, or  
22 maintenance of property or indemnification for  
23 service repair, replacement, or maintenance for  
24 the operational or structural failure of any  
25 motor vehicle or residential or other property

1 due to a defect in materials, workmanship, acci-  
2 dental damage from handling, or normal wear  
3 and tear; or

4 (B) to indemnify for the same, including  
5 towing, rental, or emergency road service or  
6 road hazard protection, and which may provide  
7 for the service repair, replacement, or mainte-  
8 nance of property for damage resulting from  
9 power surges or interruption.

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