

Table of Contents

PART A. INTRODUCTORY

CHAPTER 1. OVERVIEW

- § 1:1 Historical context
- § 1:2 Practical context
- § 1:3 Organization of the book—In general
- § 1:4 —State laws
- § 1:5 —Federal Trade Commission Act
- § 1:6 Summary

PART B. STATE LAW OF CONSUMER PROTECTION AND SALES PRACTICES

CHAPTER 2. COMMON-LAW ACTIONS AND ORIGINS OF STATE UDAP STATUTES

- § 2:1 Introduction
- § 2:2 Elements of common-law fraud
- § 2:3 Misrepresentation by nondisclosure
- § 2:4 Seller culpability—The scienter requirement
- § 2:5 Buyer's justifiable reliance/Puffery
- § 2:6 Negligent misrepresentation
- § 2:7 Innocent misrepresentation
- § 2:8 Remedies and limitations on common-law actions
- § 2:9 Consumer Contracts under Common Law—
Acceptance of Terms
- § 2:10 —Unconscionability and Deception as Defenses
- § 2:11 Origins of Unfair and Deceptive Practices Acts
- § 2:12 Model acts for state UDAP statutes

CHAPTER 3. UNFAIR AND DECEPTIVE PRACTICES ACTS

- § 3:1 Deceptive and unfair trade practices—An overview
- § 3:2 Deceptive trade practices—Intent to deceive
- § 3:3 —Reliance
- § 3:4 —Justifiable reliance not required
- § 3:5 —Justifiable reliance required
- § 3:6 —Reasonable Consumer Standard and Puffery Defense
- § 3:7 —Reliance—Actual reliance/materiality
- § 3:8 —Omission of material facts
- § 3:9 Deceptive Trade Practices—Omission of material facts—Materiality
- § 3:10 Deceptive trade practices—Omission of material facts—Actual knowledge or intent standard
- § 3:11 — —Negligence or duty to disclose standard
- § 3:12 —Specific deceptive practices
- § 3:13 — —Deceptive pricing
- § 3:14 — —Bait and switch advertising
- § 3:15 — —Pyramid schemes
- § 3:16 Unfairness and unconscionability—General criteria
- § 3:17 —Unconscionably high prices
- § 3:18 —Distant venue
- § 3:19 —Duress, coercion, and unfair advantage
- § 3:20 —Reckless promises
- § 3:21 —Defective products and poor warranty performance
- § 3:22 —Miscellaneous misconduct
- § 3:23 FTC jurisprudence as interpretive source
- § 3:24 —Statutory provisions
- § 3:25 —Judicial deference to FTC
- § 3:26 —States guided but not bound by FTC
- § 3:27 Violations of state regulations specific prohibitions
- § 3:28 Violations of other state or federal laws
- Appendix 3A. State Consumer Protection Statutes—Citations
- Appendix 3B. State Consumer Protection Statutes—Substantive Provisions
- Appendix 3C. State-by-State Bibliography on Unfair and Deceptive Trade Practices Acts

TABLE OF CONTENTS

**CHAPTER 4. SCOPE AND COVERAGE
OF STATE ACTS**

- § 4:1 Introduction
- § 4:2 “Consumer” transactions—Introduction
- § 4:3 Limitation to “consumer” transactions—Business
litigation—Covered
- § 4:4 — —Not covered
- § 4:5 — —Must the seller be a merchant?
- § 4:6 — —Nonmerchants & government entities not
covered
- § 4:7 — —Nonmerchant sellers covered
- § 4:8 — —Parties’ direct involvement in transaction
- § 4:9 Nature of transaction or injury
- § 4:10 — —Political activities
- § 4:11 — —“Trade or commerce”
- § 4:12 — —“Merchandise”
- § 4:13 — —Physical injuries
- § 4:14 Limitation to “consumer” transactions—
Employer-employee relationship
- § 4:15 — —Completed transaction
- § 4:16 Real property, mobile homes, and landlord/tenant
relations—Introduction
- § 4:17 — —Real property—Not included
- § 4:18 — —Included
- § 4:19 — —Mobile home lots and landlord/tenant
transactions—Rentals not included
- § 4:20 — —Rentals included
- § 4:21 Regulated industries
- § 4:22 — —Credit—Covered
- § 4:23 — —Not covered
- § 4:24 — —Debt collection—Covered
- § 4:25 — —Not covered
- § 4:26 — —Securities and investments—Covered
- § 4:27 — —Not covered
- § 4:28 — —Insurance practices—Covered
- § 4:29 — —Not covered
- § 4:30 — —Public utilities—Covered
- § 4:31 — —Not covered
- § 4:32 — —Other regulated activities—Exempt or
preempted
- § 4:33 — —Not exempt
- § 4:34 Professional activities

- § 4:35 —Professionals covered
- § 4:36 —Professionals not covered
- § 4:37 Newspapers, magazines, and broadcasters
- § 4:38 Liability of corporate officers or shareholders,
principals, agents, assignees, and out-of-state
sellers
- § 4:39 —Corporate officers and shareholders
- § 4:40 —Principal
- § 4:41 —Agent
- § 4:42 —Assignees
- § 4:43 —Out-of-state sellers or customers

Appendix 4A. Statutory Limitations and Exemptions

CHAPTER 5. PREREQUISITES TO STATUTORY ACTIONS

- § 5:1 Introduction
- § 5:2 Notice provisions
- § 5:3 —Adequate notice
- § 5:4 —Statutory notice not required
- § 5:5 Public interest requirement
- § 5:6 —Contract disputes not in the public interest
- § 5:7 —Violations of other statutes or regulations
- § 5:8 —Potential for repetition
- § 5:9 Ascertainable loss to plaintiff—Extent of
requirement and implications
- § 5:10 —Determination of ascertainable loss
- § 5:11 Ascertainable loss found
- § 5:12 Ascertainable loss not found
- § 5:13 Exhaustion of administrative remedies—
Exhaustion required
- § 5:14 —Exhaustion not required
- § 5:15 —Other statute as exclusive remedy
- § 5:16 Timing issues: statute of limitations and
retroactivity—Importance of timing
- § 5:17 —Statutes of limitations—Applicable limitations
period
- § 5:18 Timing issues: Statute of limitations and
retroactivity—Statutes of limitations—Running
and tolling of limitations period
- § 5:19 Timing issues: statute of limitations and
retroactivity—Provisions applied retroactively
- § 5:20 —Provisions not applied retroactively

TABLE OF CONTENTS

- § 5:21 Contract clauses
- § 5:22 —Arbitration clauses
- § 5:23 —Waiver of right to sue
- Appendix 5A. Statutory Private Actions: Prerequisites and Existence

CHAPTER 6. PRIVATE REMEDIES

- § 6:1 Introduction
- § 6:2 Private rights of action
- § 6:3 Standing to Sue in Federal Court
- § 6:4 Actual and compensatory damages—Benefit of the bargain—The majority approach
- § 6:5 —Mental anguish
- § 6:6 —Physical pain and suffering
- § 6:7 —Consequential damages
- § 6:8 Rescission and restitution
- § 6:9 Injunctions
- § 6:10 Minimum, multiple, and punitive damages—Overview
- § 6:11 —Minimum damages
- § 6:12 —Mandatory provisions
- § 6:13 —Intentional violation as a prerequisite
- § 6:14 —Unreasonable refusal to settle
- § 6:15 —Recovery of multiple damages in addition to other relief
- § 6:16 —Punitive damages
- § 6:17 Attorney’s fees and court costs—Issues presented
- § 6:18 —Prevailing consumer—Mandatory or discretionary award
- § 6:19 — —Necessity of proving actual damage
- § 6:20 — —Fee awards for legal services clients and state enforcement agencies
- § 6:21 —Prevailing defendant—Fees available to “prevailing party”
- § 6:22 — —Fees available if suit was “groundless” or “frivolous”
- § 6:23 — —Fees available from state attorney general
- § 6:24 —Appellate fees and costs of expert witnesses
- § 6:25 —Calculating reasonable fees
- § 6:26 —Specific determinations
- § 6:27 —Effect of settlement on fee award
- § 6:28 Class actions—Introduction and issues presented

- § 6:29 —Special prerequisites
- § 6:30 —Commonality
- § 6:31 —Manageability
- § 6:32 —Ability of individual plaintiff to represent class
- § 6:33 —Class actions by state attorney general
- § 6:34 —Safeguards against abuse of class action
- § 6:35 Arbitration and class actions

Appendix 6A. Private Remedies

CHAPTER 7. AGENCY ENFORCEMENT

- § 7:1 Introduction
- § 7:2 Investigative powers—Civil investigative demands—Introduction
- § 7:3 —“Reason to believe” standard
- § 7:4 —Definiteness of demand
- § 7:5 —Relevance of information requested
- § 7:6 —Authority of attorney general
- § 7:7 —Respondent’s right to hearing and judicial review
- § 7:8 Injunctions
- § 7:9 —Mootness
- § 7:10 —Public interest standard
- § 7:11 —Nature and extent of injunction
- § 7:12 Voluntary assurances of compliance
- § 7:13 Restitution for consumers—Introduction
- § 7:14 —Express or implied authority
- § 7:15 —Entitlement to share in restitution
- § 7:16 —Amount and type of restitution
- § 7:17 Civil and criminal penalties—Introduction
- § 7:18 —First violation
- § 7:19 —Multiplying penalties
- § 7:20 —Criteria for determining penalties
- § 7:21 —Civil penalties equivalent to criminal penalties
- § 7:22 —Criminal penalties
- § 7:23 Substantive rulemaking power
- § 7:24 —Binding versus interpretive rules
- § 7:25 —Delegation of legislative power
- § 7:26 —Judicial review
- § 7:27 —Emergency rulemaking
- § 7:28 Local enforcement
- § 7:29 First amendment defenses
- § 7:30 Federal preemption

TABLE OF CONTENTS

§ 7:31 —Airlines

Appendix 7A. Governmental Enforcement Authority

Table of Laws and Rules

Table of Cases

Index

Table of Contents

PART C. FTC LAW OF UNFAIR AND DECEPTIVE TRADE PRACTICES

CHAPTER 8. HISTORICAL BACKGROUND AND JURISDICTION

- § 8:1 Introduction
- § 8:2 Statutory underpinnings and history of the FTC
- § 8:3 Public interest requirement
- § 8:4 Interstate commerce requirement—In general
- § 8:5 Pre-1975 application of the “in commerce” requirement
- § 8:6 Interstate commerce requirement resolution by the 1975 amendment
- § 8:7 Exempt industries—In general
- § 8:8 —Insurance industry
- § 8:9 —Nonprofit trade associations
- § 8:10 —Food and drugs—Primary jurisdiction of FDA
- § 8:11 Concurrent Jurisdiction with CFPB

CHAPTER 9. UNFAIR TRADE PRACTICES

- § 9:1 Introduction
- § 9:2 Commission discretion
- § 9:3 General criteria—Marketplace morality
- § 9:4 —Tripartite cigarette rule test
- § 9:5 —1980 unfairness policy statement
- § 9:6 —Policy Statement applied
- § 9:7 —Policy Statement codified
- § 9:8 Coercive sales techniques—In general
- § 9:9 —Lottery cases
- § 9:10 —High pressure methods
- § 9:11 —Vulnerable consumers
- § 9:12 Withholding material information—In general

- § 9:13 —Efficacy
- § 9:14 —Price
- § 9:15 —Safety risks
- § 9:16 Unsubstantiated advertising claims
- § 9:17 Unfair contract clauses and postpurchase practices—In general
- § 9:18 Breach of contract
- § 9:19 Noncontractual practices
- § 9:20 Unfair contract clauses
- § 9:21 Internet abuses and theft of information
- § 9:22 Conclusion

Appendix 9A. FTC Policy Statement on Unfairness

CHAPTER 10. DECEPTIVE PRACTICES: HISTORICAL FOUNDATIONS AND GENERAL CRITERIA

- § 10:1 Introduction
- § 10:2 Seller's intent irrelevant
- § 10:3 Tendency or capacity to deceive—The traditional standard
- § 10:4 Reasonable consumer versus protection of the ignorant—In general
- § 10:5 —The early cases—Protecting the ignorant
- § 10:6 —Protecting the average consumer
- § 10:7 Materiality and the puffing defense—In general
- § 10:8 Materiality
- § 10:9 "Puffing" defense
- § 10:10 Net impression, half-truth and double meanings—In general
- § 10:11 Net impression
- § 10:12 Half-truth or innuendo
- § 10:13 Double meanings
- § 10:14 Deception by omission—In general
- § 10:15 —Used or reprocessed goods
- § 10:16 —Nature of the product
- § 10:17 —Foreign origin
- § 10:18 —Health and safety risks
- § 10:19 —Investment risks
- § 10:20 —Legal requirements
- § 10:21 Interpreting advertisements—In general
- § 10:22 —Judicial deference to FTC
- § 10:23 —Extrinsic evidence—Trend

TABLE OF CONTENTS

§ 10:24 — —Sources

§ 10:25 Consumer fraud

Appendix 10A. FTC Policy Statement on Deception

CHAPTER 11. DECEPTIVE PRACTICES: SPECIFIC APPLICATIONS

§ 11:1 Introduction

§ 11:2 Advertising substantiation—In general

§ 11:3 —Origin, purpose and effect of program

§ 11:4 —Shifting burden of proof

§ 11:5 —Legal basis

§ 11:6 —Reasonable basis defined

§ 11:7 —Standards for over-the-counter drugs, dietary
supplements and “cure” claims

§ 11:8 Medical Procedures

§ 11:9 Advertising substantiation—Weight loss claims

§ 11:10 —Health and safety claims

§ 11:11 —Food & nutrition claims

§ 11:12 —Claims based on surveys and tests

§ 11:13 —Performance claims in general

§ 11:14 —Puffery

§ 11:15 —Post-claim evidence

§ 11:16 Visual and other nonverbal deception—In
general

§ 11:17 —Pictorial misrepresentations

§ 11:18 —Television mock-ups

§ 11:19 —Emotional and psychological appeals

§ 11:20 —Subliminal and product placement advertising

§ 11:21 —Program-length and “native” advertisements

§ 11:22 Testimonials and endorsements—In general

§ 11:23 Celebrity endorsements

§ 11:24 Consumer testimonials and reviews

§ 11:25 Social media influencers

§ 11:26 Expert and organizational endorsements

§ 11:27 Testimonials and endorsements—Conclusion

§ 11:28 Comparative advertising—In general

§ 11:29 —Industry self-regulation

§ 11:30 —FTC cases

§ 11:31 Deceptive pricing—In general

§ 11:32 Discounts from “list” or prevailing price

§ 11:33 Discounts from former price

§ 11:34 “Free” offers

- § 11:35 Negative Options and ROSCA; Gift Cards
- § 11:36 Bait and switch—The classic version
- § 11:37 —Unavailability of grocery specials
- § 11:38 —Junk fees and motor vehicle pricing
- § 11:39 Deceptive pricing—Conclusion
- § 11:40 Advertising of tobacco products—In general
- § 11:41 —FTC cigarette advertising cases
- § 11:42 —FDA regulations
- § 11:43 —state action
- § 11:44 Environmental advertising—In general
- § 11:45 —FTC’s environmental marketing guides
- § 11:46 —FTC adjudication
- § 11:47 —Climate change and energy issues
- § 11:48 “Made in the U.S.A.”

Appendix 11A. FTC Policy Statement on Advertising
Substantiation

CHAPTER 12. FTC REMEDIES

- § 12:1 Introduction
- § 12:2 Cease-and-desist orders—Issues presented
- § 12:3 —General standard of judicial review
- § 12:4 —How courts have applied the standards to
specific FTC orders
- § 12:5 —Product coverage
- § 12:6 —Scope of conduct prohibited
- § 12:7 Proceeding by case or rule
- § 12:8 Industry-wide rulemaking—In general
- § 12:9 —Pre-Magnuson-Moss rulemaking
- § 12:10 —Magnuson-Moss rulemaking
- § 12:11 —Judicial review
- § 12:12 —The FTC Improvements Act of 1980 and the
legislative veto
- § 12:13 —FTC rulemaking 1981–90
- § 12:14 —FTC rulemaking 1990 to 2021
- § 12:15 —FTC rulemaking 2021 to present
- § 12:16 Injunctions; FTC injunctive authority generally
- § 12:17 —“Proper showing” for injunctive relief
- § 12:18 —scope of non-monetary relief available in
section 13(b) proceedings
- § 12:19 Consumer redress—Issues presented
- § 12:20 —Early commission efforts
- § 12:21 —Section 19 redress actions

TABLE OF CONTENTS

§ 12:22	—Redress as part of permanent injunction under section 13(b)
§ 12:23	—individual liability
§ 12:24	—Redress as part of consent order under section 5
§ 12:25	Civil penalties—In general
§ 12:26	—Section 5(l)—Violation of cease-and-desist order by the same party
§ 12:27	— —Multiplying violations
§ 12:28	— —Criteria for setting total penalty
§ 12:29	— —Right to jury trial
§ 12:30	—Section 5(m)(1)(A)—Rule violations
§ 12:31	—Section 5(m)(1)(B)—Violation of orders issued against third parties
§ 12:32	Bans and disclosures: Trade names and corrective advertising—In general
§ 12:33	Bans and disclosures: Trade names—Excision
§ 12:34	Bans and disclosures: Corrective advertising—Theory and background
§ 12:35	—Judicial approval
§ 12:36	—Burden of proof
§ 12:37	—Trends
§ 12:38	Disclosures as part of section 13(b) injunctions
§ 12:39	First Amendment and commercial speech—In general
§ 12:40	—Supreme Court cases
§ 12:41	First Amendment and FTC remedies—In general
§ 12:42	—Cases limiting FTC remedies
§ 12:43	—Cases upholding FTC remedies
§ 12:44	No private right of action under the FTC Act—In general
§ 12:45	—Early history
§ 12:46	—Majority view
§ 12:47	—The lone dissent
§ 12:48	—FTC telemarketing rules
§ 12:49	—Conclusion

CHAPTER 13. FTC: EVOLVING CONSUMER TRANSACTIONS AND PRIVACY

§ 13:1	Introduction
--------	--------------

CONSUMER PROTECTION AND THE LAW

- § 13:2 The rise of telemarketing fraud
- § 13:3 Telemarketing fraud remedies—FTC cases prior to 1994 Telemarketing Act
- § 13:4 —Federal legislation—1994 Telemarketing Act and 1991 Telephone Consumer Protection Act
- § 13:5 FTC rulemaking—Telemarketing rule and enforcement cases
- § 13:6 —The Do Not Call Registry and Illegal Robocalls
- § 13:7 Court challenges to the Do Not Call rule
- § 13:8 Do Not Call rule enforcement
- § 13:9 FTC rulemaking—Mail, internet or telephone order merchandise rule
- § 13:10 “900” number regulations—In general
- § 13:11 —FTC cases
- § 13:12 —Federal legislation
- § 13:13 —The FTC Rule
- § 13:14 Online consumer transactions—In general
- § 13:15 Internet-related consumer scams
- § 13:16 Deceptive earnings claims in the internet economy
- § 13:17 CANSPAM Act—Legislative approach to unsolicited commercial e-mail
- § 13:18 Consumer online information privacy and the FTC—In general
- § 13:19 Children’s online privacy
- § 13:20 Gramm-Leach-Bliley Act and consumer financial privacy
- § 13:21 Pretexting, Impersonation fraud, misrepresentation and spyware cases
- § 13:22 Identity theft and security breaches
- § 13:23 Privacy framework and privacy policies
- § 13:24 International enforcement and the U.S. SAFE WEB Act

Table of Laws and Rules

Table of Cases

Index