

NEW CALIFORNIA LAW REGARDING ONLINE TRANSACTIONS

Excerpts from *Introduction to Internet Law*, California Computer Expo '96

By Jacob C. Reinbolt, Esq.
Procopio, Cory, Hargreaves & Savitch LLP

California recently created a law that governs the sale or lease, or offer to sell or lease, goods or services over the Internet. The law is an amendment of California Business & Professions Code § 17538. As amended, that section extends existing regulations of telephone, mail order, and catalog sales to cover online sales.

THIRTY DAY SHIPMENT OBLIGATION

The law provides that an online seller cannot delay for more than 30 days from the date of payment by a purchaser for goods or services without either shipping the goods or services, providing a refund, sending a letter to the buyer with notice of a delay and an offer to make a full refund within one week, or shipping substitute goods or services of equivalent or superior quality with an opportunity for the buyer to return them for a refund.

ON-SCREEN NOTICE REQUIRED

In addition, the law now requires compliance with the following



JACOB C. REINBOLT

provisions: "Any vendor subject to this section who uses the Internet to conduct sales or leases of goods or services shall provide a conspicuous on-screen notice that discloses the procedures for resolving billing, sales, and service disputes, including the vendor's return policy, the address where the vendor may be contacted, and a toll-free telephone number or cost-free method to communicate the buyer's request for

a full refund.

Any vendor conducting business from an electronic e-mail or other electronic address shall disclose the legal name and address of that business in writing on any transaction form provided to the buyer."

A violation of the terms of this section is a misdemeanor punishable by imprisonment in the county jail not exceeding six months, or by a fine not exceeding \$1,000, or by both.

Mr. Reinbolt is a partner with the firm's intellectual property team. His practice emphasizes computer law, intellectual property (trademark, copyright, trade secret, and patent), Internet law, licensing, entertainment, publishing, the arts, advertising, securities law, franchising, corporate law, and mergers and acquisitions. Mr. Reinbolt has particular ability in the needs of software, technology, and emerging and rapidly growing companies. Reach him at 619.525.3868 or jcr@procopio.com.