

Federal Court Rules Gift Card Terms Disclosed After Purchase are not Enforceable

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March 20, 2008

A federal district court in Chicago recently ruled that American Express could not compel arbitration of a gift card purchaser's class action claims for breach of contract, unjust enrichment, and statutory fraud. The Chicago Court is among many government bodies focusing on disclosures with respect to gift card purchases. Over the past few years, a growing number of states have passed laws requiring gift card issuers to disclose material terms prior to purchase.

These developments highlight the importance of ensuring that material terms are disclosed to consumers before a card is purchased. In addition to complying with disclosure requirements, gift card issuers should be aware that states are continually updating their gift card laws to impose more requirements on gift cards.

This Client Advisory further describes the implications of the Chicago ruling and government bodies' increasing focus on gift card disclosures.