

FTC Launches Two More Actions under the Consumer Review Fairness Act, Requires Companies to Stop Restricting Reviews through Form Contracts

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The FTC today announced two new actions under the Consumer Review Fairness Act against companies (CRFA) that allegedly used non-disparagement provisions in consumer form contracts in connection with selling their respective services to help rent properties. The two actions follow three CRFA actions last month, which we discussed [here](#).

In the [complaint](#) against Shore to Please Vacations LLC, the FTC alleged that the company used language in form contracts providing that “[b]y signing below, you agree not to defame or leave negative reviews (includes any review or comment deemed to be negative by a Shore to Please Vacations LLC officer or member, as well as any review less than a “5 star” or “absolute best” rating) about this property and/or business in any print form or on any website . . .” The contract also stated that any breach of this clause will result in a minimum liquidated damages of \$25,000.

In the [complaint](#) against Staffordshire Property Management, LLC, the FTC alleged that Staffordshire used rental applications that provided that “Applicant ... specifically agrees not to disparage [Staffordshire], and any of its employees, managers, or agents in any way, and also agrees not to communicate, publish, characterize, publicize or disseminate, in any manner, any terms, conditions, opinions and communications related to [Staffordshire], this application, or the application process. . . .” The contract also stated that the company was entitled to damages for any breach of that provision.

The administrative orders entered in each case prohibit the companies from using “Review-Limiting Contract Terms” and require the companies to provide consumers with a notice of “Your Right to Post Honest Reviews.” It’s clear the FTC is making the CRFA a priority, so companies should take note and ensure any form contracts don’t violate the terms of the CRFA by (a) prohibiting or restricting consumers from reviewing a business’ goods, services, or conduct; (b) imposing penalties or fees on consumers for those reviews; or (c) requiring consumers to give up their intellectual property rights in the content of those reviews.