

# FTC Settles with Companies that Sought to Prevent Bad Reviews

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The [Consumer Review Fairness Act](#) was enacted in 2016 to protect consumers' ability to share their opinions about



businesses. In general, the law prohibits companies from using form contracts that: (a) prohibit or restrict consumers from reviewing a business' goods, services, or conduct; (b) impose penalties or fees on consumers for those reviews; or (c) requires consumers to give up their intellectual property rights in the content of those reviews. Last week, the FTC announced settlements with three companies for alleged violations of the Act.

It's worth noting the types of clauses that caught the FTC's attention:

- One company included a provision stating each customer "agrees not to file any complaints with the Better Business Bureau."
- Another company included a provision telling customers "not to publicly disparage or defame [the company] in any way or through any medium."
- And the third company barred "any negative statement, whether written or oral including social media about our company, volunteers, owners, representatives, etc."

As part of the settlements, each company is prohibited from including provisions in form contracts that violate the Act. In addition, the companies are required to notify consumers that previously entered into contracts with the problematic clauses, informing them – using language provided by the FTC – that the non-disparagement provisions are void. Needless to say, no company is going to enjoy sending that communication.

Although the companies were not required to pay money, Andrew Smith, Director of the FTC's Bureau of Consumer Protection, hinted that future violations could end up differently. "These gag clauses are illegal, and companies that know it but use them anyway will be subject to civil penalties."