

RetailLawBCLP

RETAILERS FACE FALSE ADVERTISING CASES ON DISCOUNTS FROM ORIGINAL PRICES, REWARDS POINTS

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Retailers that advertise sale prices in comparison with regular prices in California should ensure that the products were actually offered for sale at those regular prices within the preceding three months, in order to avoid potential litigation.

Los Angeles prosecutors have sued four national retailers for allegedly failing to do just that, accusing them of misleading shoppers into believing they got bigger discounts than they actually did by falsely stating the original prices in advertising sales prices on thousands of products.

The lawsuits assert false advertising and unfair competition based on alleged violation of a state law that prohibits advertising a former price unless it was “the prevailing market price” within three months before the ad runs, unless the ad “exactly and conspicuously” states the date when that price was in effect. California law also prohibits as a deceptive practice “[m]aking false or misleading statements of fact concerning reasons for, existence of, or amounts of price reductions.”

“Customers have the right to be told the truth about the price they’re paying – and to know if a bargain is really a bargain.” City Attorney Mike Feuer said in a statement.

The lawsuits, which were filed in Los Angeles County Superior Court, seek civil penalties as much as \$2,500 for each violation and injunctions to stop so-called false reference pricing to increase sales.

Class Action Alleges Consumers Using Coupons Were Deprived of Rewards Points

In a separate lawsuit, Staples is facing a consumer fraud class action lawsuit over allegations that it wrongfully calculated the number of rewards points customers receive when they use coupons.

The lawsuit, which was filed in the Southern District of California by customer Neil Torczyner, alleges the company spreads discounts for coupons across a customer’s total collected points in a purchase rather than applying them against the item the coupon was used for, allegedly shorting the total number of rewards points the customer receives.

The suit states that the points are valuable to consumers because they can be credited against purchases at Staples stores and online. Therefore, the points should be added up in the way the

company advertises.

MEET THE TEAM



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