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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

AGE OF LEARNING, INC., a  
corporation, also d/b/a ABCmouse and  
ABCMouse.com,

Defendant.

Case No. 2:20-cv-7996

**STIPULATED ORDER FOR  
PERMANENT INJUNCTION  
AND MONETARY  
JUDGMENT**

Plaintiff, the Federal Trade Commission (“Commission”), filed its  
Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”) for  
a permanent injunction and other equitable relief in this matter, pursuant to  
Sections 13(b) and 19 of the Federal Trade Commission Act (“FTC Act”), 15  
U.S.C. §§ 53(b), 57b, and the Restore Online Shoppers’ Confidence Act

STIPULATED FINAL ORDER

1 (“ROSCA”), 15 U.S.C. § 8404. The Commission and Defendant stipulate to the  
2 entry of this Stipulated Order for Permanent Injunction and Monetary Judgment  
3 (“Order”) to resolve all matters in dispute in this action between them.  
4

5 **THEREFORE, IT IS ORDERED** as follows:

6 **FINDINGS**

7 A. This Court has jurisdiction over this matter.

8 B. The Complaint alleges that Defendant participated in deceptive and  
9 unfair acts or practices in violation of Sections 13(b) and 19 of the FTC Act, 15  
10 U.S.C. §§ 53(b), 57b, and ROSCA, 15 U.S.C. § 8404, in the advertisement,  
11 marketing, distribution, and sale of online educational programs to consumers  
12 throughout the United States.

13 C. Defendant neither admits nor denies any of the allegations in the  
14 Complaint, except as specifically stated in this Order. Only for purposes of this  
15 action, Defendant admits the facts necessary to establish jurisdiction.

16 D. Defendant waives any claim that it may have under the Equal Access  
17 to Justice Act, 29 U.S.C. § 2412, concerning the prosecution of this action through  
18 the date of this Order, and agrees to bear its own costs and attorney fees.

19 E. Defendant waives all rights to appeal or otherwise challenge or  
20 contest the validity of this Order.

21 **DEFINITIONS**

22 For the purpose of this Order, the following definitions apply:

23 A. **“Billing Information”** means any data that enables any person to  
24 access a customer’s account, such as a credit card, checking, savings, share or  
25 similar account, utility bill, mortgage loan account, or debit card.

26 B. **“Charge,” “Charged,” or “Charging”** means any attempt to collect  
27 money or other consideration from a consumer, including causing Billing  
28

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1 Information to be submitted for payment, including against the consumer’s credit  
2 card, debit card, bank account, telephone bill, or other account.

3  
4 C. **“Clear(ly) and Conspicuous(ly)”** means that a required disclosure is  
5 difficult to miss (i.e., easily noticeable) and easily understandable by ordinary  
6 consumers, including in all of the following ways:

7 1. In any communication that is solely visual or solely audible, the  
8 disclosure must be made through the same means through which the  
9 communication is presented. In any communication made through both visual and  
10 audible means, such as a television advertisement, the disclosure must be presented  
11 simultaneously in both the visual and audible portions of the communication even  
12 if the representation requiring the disclosure is made in only one means.

13 2. A visual disclosure, by its size, contrast, location, the length of  
14 time it appears, and other characteristics, must stand out from any accompanying  
15 text or other visual elements so that it is easily noticed, read, and understood.

16 3. An audible disclosure, including by telephone or streaming  
17 video, must be delivered in a volume, speed, and cadence sufficient for ordinary  
18 consumers to easily hear and understand it.

19 4. In any communication using an interactive electronic medium,  
20 such as the Internet or software, the disclosure must be unavoidable.

21 5. The disclosure must use diction and syntax understandable to  
22 ordinary consumers and must appear in each language in which the representation  
23 that requires the disclosure appears.

24 6. The disclosure must comply with these requirements in each  
25 medium through which it is received, including all electronic devices and face-to-  
26 face communications.

27 7. The disclosure must not be contradicted or mitigated by, or  
28 inconsistent with, anything else in the communication.

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2 8. When the representation or sales practice targets a specific  
3 audience, such as children, the elderly, or the terminally ill, “ordinary consumers”  
4 includes reasonable members of that group.

5 D. “**Defendant**” means Age Of Learning, Inc., a corporation, which also  
6 does business as ABCmouse and ABCmouse.com, as well as any successors and  
7 assigns.

8 E. “**Negative Option Feature**” means, in an offer or agreement to sell or  
9 provide any good or service, a provision under which the consumer’s silence or  
10 failure to take affirmative action to reject a good or service or to cancel the  
11 agreement is interpreted by the seller or provider as acceptance or continuing  
12 acceptance of the offer.

13 F. “**Telemarketing**” means any plan, program, or campaign which is  
14 conducted to induce the purchase of goods or services by use of one or more  
15 telephones, and which involves a telephone call, whether or not covered by the  
16 Telemarketing Sales Rule.

## 17 **ORDER**

### 18 **I. PROHIBITION AGAINST MISREPRESENTATIONS** 19 **RELATED TO NEGATIVE OPTIONS**

20 **IT IS ORDERED** that Defendant, Defendant’s officers, agents, employees,  
21 and attorneys, and all other persons in active concert or participation with any of  
22 them, who receive actual notice of this Order, whether acting directly or indirectly,  
23 in connection with promoting or offering for sale any good or service with a  
24 Negative Option Feature, are permanently restrained and enjoined from  
25 misrepresenting, expressly or by implication:

26 A. Any cost to the consumer to purchase, receive, use, or return the  
27 initial good or service;

28 B. That the consumer will not be Charged for any good or service;

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1 C. That a good or service is offered on a “free,” “trial,” “sample,”  
2 “bonus,” “gift,” “no obligation,” “discounted,” “upgraded” basis, or words of  
3 similar import, denoting or implying the absence of an obligation on the part of the  
4 recipient of the offer to affirmatively act in order to avoid Charges, including  
5 where a Charge will be assessed pursuant to the offer unless the consumer takes  
6 affirmative steps to prevent or stop such a Charge;

7  
8 D. That the consumer can obtain a good or service for a processing,  
9 service, shipping, handling, or administrative fee with no further obligation;

10 E. Any purpose for which the consumer’s Billing Information will be  
11 used;

12 F. The date by which the consumer will incur any obligation or be  
13 Charged unless the consumer takes an affirmative action on the Negative Option  
14 Feature;

15 G. That a transaction has been authorized by the consumer;

16 H. Any material aspect of the nature or terms of a refund, cancellation,  
17 exchange, or repurchase policy for the good or service, including whether it is easy  
18 for consumers to cancel Defendant’s good or service; or

19 I. Any other material fact.

20 **II. REQUIRED DISCLOSURES RELATING TO NEGATIVE**  
21 **OPTION FEATURES**

22 **IT IS FURTHER ORDERED** that Defendant, Defendant’s officers, agents,  
23 employees, and attorneys, and all other persons in active concert or participation  
24 with any of them, who receive actual notice of this Order, whether acting directly  
25 or indirectly, in connection with promoting or offering for sale any good or service  
26 with a Negative Option Feature, are permanently restrained and enjoined from:

27 A. Representing directly or indirectly, expressly or by implication, that  
28 any good or service that includes a Negative Option Feature is being offered on a

STIPULATED FINAL ORDER

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