H. R. 5115

To amend the Federal Trade Commission Act to include requirements for declaring an unlawful act or practice, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 2016

Mr. MULLIN (for himself, Mr. LANCE, and Mr. HARPER) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend the Federal Trade Commission Act to include requirements for declaring an unlawful act or practice, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Statement on Unfairness Reinforcement and Emphasis Act” or the “SURE Act”.

SEC. 2. UNLAWFUL ACT OR PRACTICE.

Section 5(n) of the Federal Trade Commission Act (15 U.S.C. 45(n)) is amended to read as follows:

“(n) UNLAWFUL ACT OR PRACTICE.—
“(1) Substantial injury required.—

“(A) In general.—The Commission shall have no authority under this section or section 18 to declare unlawful an act or practice on the grounds that such act or practice is unfair unless the act or practice causes or is likely to cause substantial injury to consumers which is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or to competition.

“(B) Substantial injury to consumers.—For purposes of this subsection, an act or practice does not cause and is not likely to cause substantial injury to consumers if the injury or harm resulting from such act or practice is trivial or merely speculative. An injury may be sufficiently substantial if the injury does a small harm to a large number of people. An act or practice may be likely to cause a substantial injury if the act or practice raises a significant risk of concrete harm.

“(C) Considerations required.—In determining whether an act or practice causes or is likely to cause substantial injury to con-
sumers under this subsection, the Commission shall consider the following:

“(i) Whether the act or practice results in monetary harm.

“(ii) Whether the act or practice results in unwarranted health or safety risk.

“(iii) Whether the act or practice results only in emotional or other more subjective harm.

“(2) NET EFFECTS OF INJURY REQUIRED.—

“(A) CONSIDERATIONS REQUIRED.—An act or practice is not unfair unless the act or practice is injurious in its net effects. In determining whether an act or practice is injurious in its net effects, the Commission shall consider the following:

“(i) The various costs for a remedy, including the costs to the parties directly before the Commission.

“(ii) The burdens on society in general in the form of increased paperwork, increased regulatory burdens on the flow of information, reduced incentives to innovation and capital formation, and other similar matters.
“(B) CONSUMER DECISIONS.—The Commission may not second-guess the wisdom of particular consumer decisions, but may consider whether the act or practice unreasonably creates or takes advantage of an obstacle to the free exercise of consumer decisionmaking.

“(3) PUBLIC POLICY CONSIDERATIONS.—In determining whether an act or practice is unfair, the Commission may consider established public policies as evidence to be considered with all other evidence. Such public policy considerations may not serve as a primary basis for such determination.”.