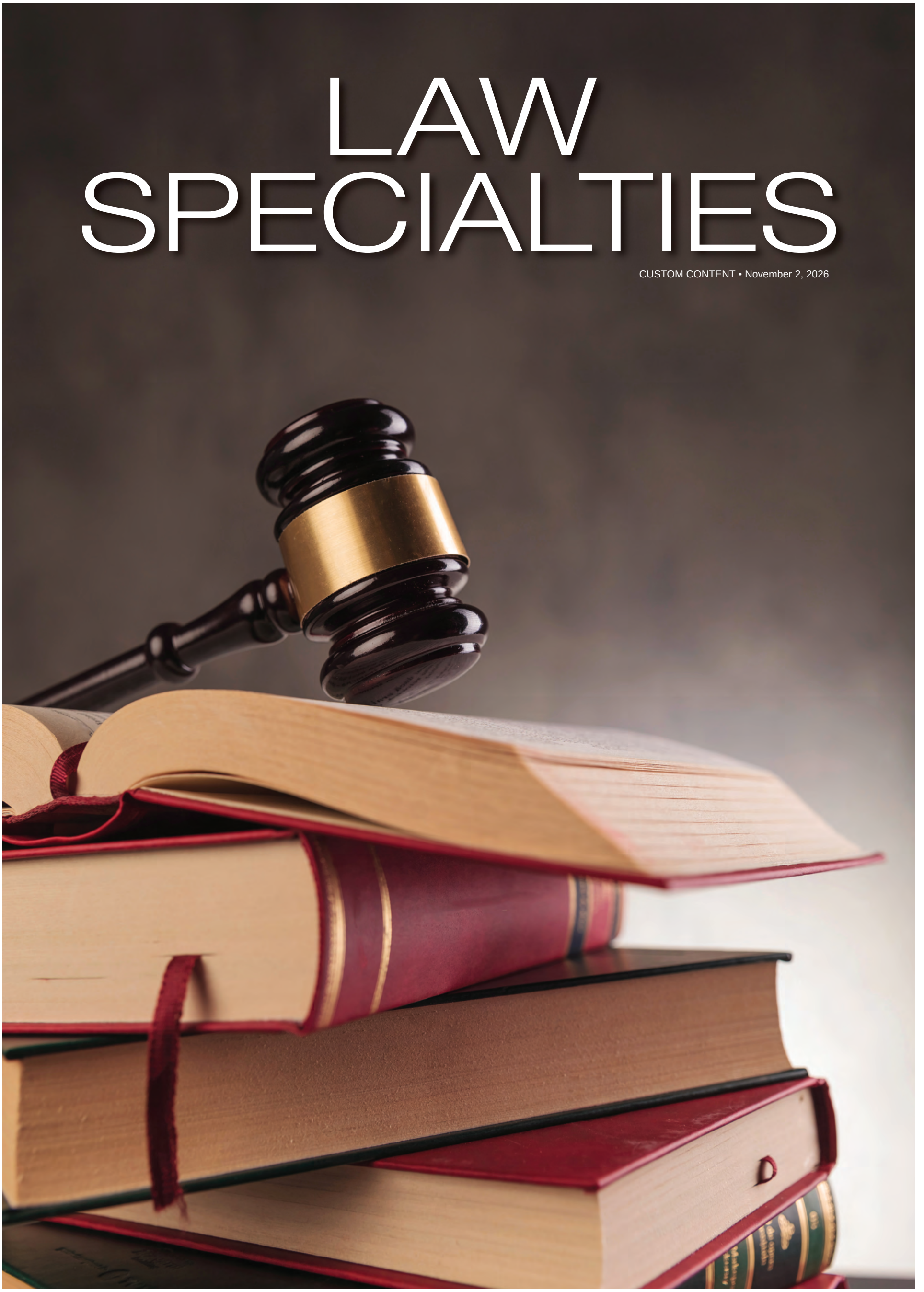
LAW SPECIALTIES

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California's Hidden Fees Law: What Businesses Need to Know About Pricing Compliance

Under California's "Hidden Fees Statute," also known as SB 478 or the "Honest Pricing Law," most businesses advertising prices to consumers must show the full price a customer will be required to pay. There are limited exceptions for certain government-imposed taxes and reasonable shipping costs.

The law targets "drip pricing." That is the practice of advertising one price, only for the consumer to discover later that mandatory fees have been added. The rule sounds simple: the price the consumer sees should be the price the consumer pays. But many businesses are finding it more complicated than it first appears.

What the Hidden Fees Statute Requires
SB 478 amended California's Consumer Legal Remedies Act. It makes it unlawful for covered businesses to advertise, display, or offer a price that does not include all mandatory fees or charges, subject to those exceptions.

The law does not dictate what businesses charge. A business can structure its prices as it chooses, including recovering costs through fees. But a mandatory fee generally must be included in the advertised price.

A business can still itemize the components of the price. It may advertise a total price and explain that it includes a service, facility, or platform fee. It generally cannot advertise a lower price and add a mandatory fee later.

Which Businesses Are Covered
The law applies broadly to the sale or lease of most goods and services for a consumer's personal use. Attorney General guidance cites event tickets, short-term rentals, hotels, and food delivery platforms as examples.

Some transactions are subject to other pricing rules. SB 1524 also created a limited exemption for mandatory fees charged by restaurants, bars, food concessions, grocery stores, grocery delivery services, and certain banquet or catering services. The exemption applies only if the fee is clearly and conspicuously disclosed, with an explanation of its purpose, wherever covered prices are displayed.

The Practical Question: What Kind of Fee Is It?
The key compliance question is often what kind of fee a business charges. A fee may be mandatory or optional. It may be imposed by the government or be a business cost. It may also depend on the customer's later conduct, the payment method, or the purchase channel. Each fee should be evaluated separately.

Taxes and Shipping Costs
The clearest exceptions are government-imposed taxes or fees and reasonable shipping costs. A business generally does not need to include sales tax or certain other government-imposed charges in the advertised price. The same is true of reasonable shipping costs for physical goods. These costs often depend on variables, like location or delivery method, that are unknown when the price is first advertised.

But businesses should not stretch these exceptions too far. The Attorney General's guidance distinguishes shipping from handling. Shipping charges may be excluded, but mandatory handling charges generally may not.

Optional Fees
Optional fees generally do not need to be included in the advertised price. Examples include an add-on service, upgrade, warranty, or feature the customer chooses. The key is whether the customer can actually complete the transaction without paying the fee. Fees based on later conduct, such as late fees or damage charges, generally are not mandatory either.

Credit Card Processing Fees
Credit card processing fees require more care. Generally, a business need not include such a fee in the advertised price if the customer can avoid it by paying another way, such as cash or check. But some businesses only accept credit cards, and some transactions can only be completed by card. In those cases, the fee may effectively be mandatory and may need to be included.

Online Platform or Convenience Fees
Platform, convenience, and ticketing fees are a common source of confusion. Consider a business that sells event tickets for $47 at the box office. Online, it charges a $3 platform fee, for a total online price of $50.

If the $3 is an avoidable credit card fee, the business may have a stronger argument for excluding it. If it is a mandatory platform or convenience fee, the business should likely not advertise the online ticket as $47.

A clearer approach would be to disclose both prices: "Tickets are $47 at the box office and $50 online, including the online platform fee." An advertisement saying "Tickets are $47, unless purchased online, in which case additional fees apply" is unlikely to be sufficient. If the business knows the online price is $50, that all-in price should be disclosed. This may clutter printed materials, but it serves the statute's purpose: preventing consumers from learning later that a required charge increases what they must pay.

Where and How the Price Should Be Disclosed
The safest approach is to make the all-in price clear and conspicuous wherever the price is advertised, displayed, or offered. On a website, the full price should appear when the price is first shown, not merely at the final checkout screen. It should not be buried in terms and conditions or hidden behind a link. At checkout, it is good practice to place the total and any fee explanations near the purchase button.

A Practical Approach to Compliance
Businesses can begin their compliance review with a few practical questions. First, where do we list prices? This includes websites, printed materials, social media, email, marketplaces, booking platforms, menus, signs, and advertisements.

Second, what fees are added after the initial price is shown? These may include service, processing, handling, or administrative fees.

Third, is each fee mandatory or optional? If the customer must pay it to complete the purchase, it likely needs to be included unless an exception applies.

Fourth, does the fee fall within a recognized exception?

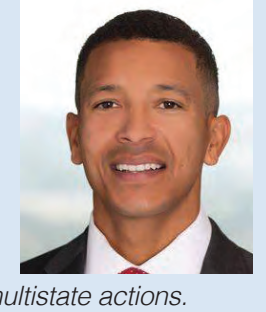
Fifth, do different purchase channels have different all-in prices? If so, each may need to be disclosed.

Finally, is the disclosure clear to an ordinary consumer?

Conclusion
The guiding principle of California's Hidden Fees Statute is simple: if a fee is mandatory, it generally needs to be included in the price the consumer sees, unless a specific exception applies.

Regulators and private plaintiffs are undoubtedly paying attention. Businesses that fail to comply may face enforcement inquiries, demand letters, or litigation. The best way to avoid scrutiny is to make pricing as clear as possible before a customer decides to buy.

As with all consumer protection laws, the details really matter. Businesses with questions about specific fees, pricing structures, or advertising materials should consult counsel to evaluate how the law applies to their particular circumstances.



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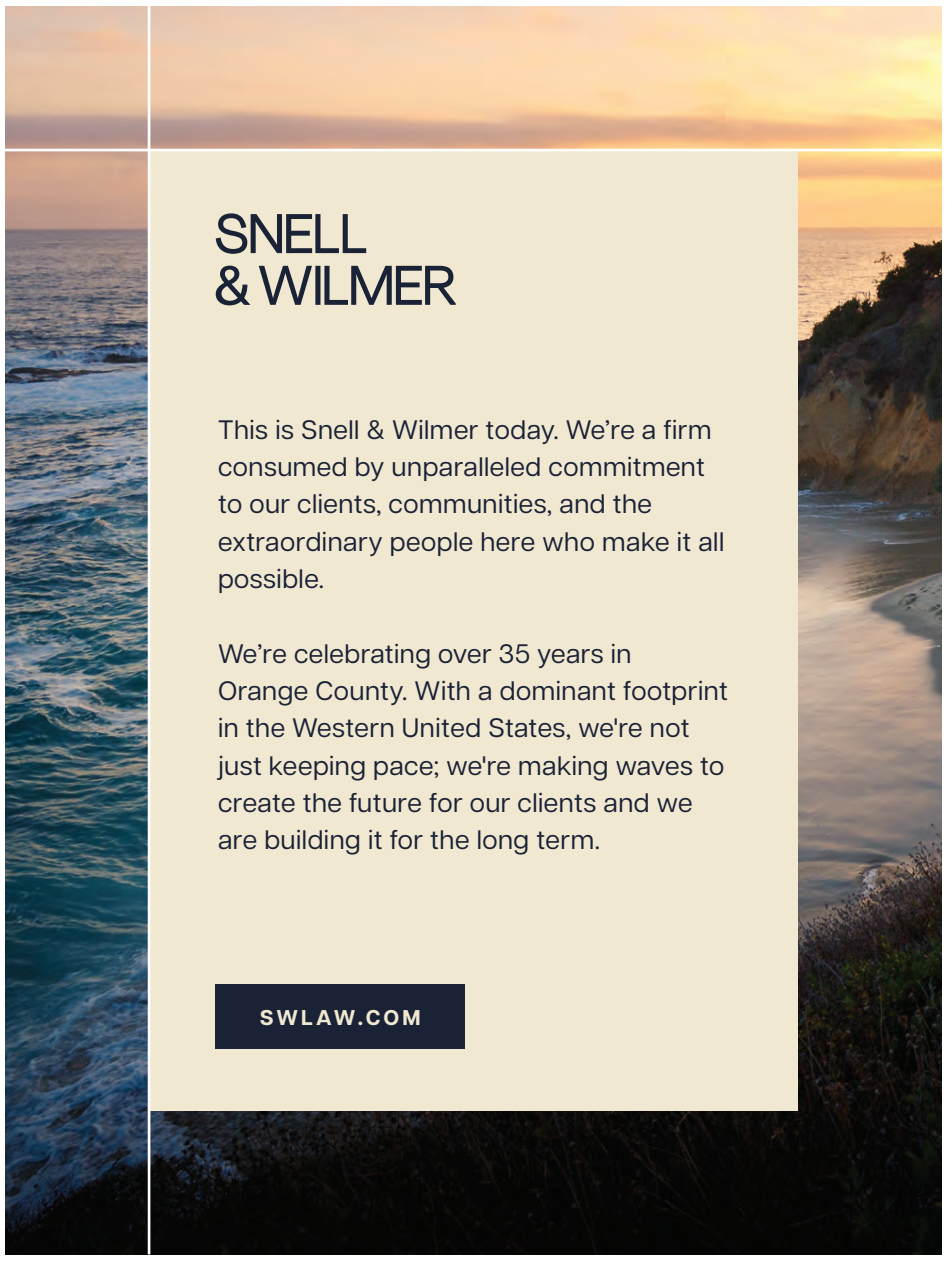
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Patent Considerations and Invention Disclosure in the Age of AI



Emily McCorry



Jason Gersting

Generative AI tools have become routine for many inventors, who use them to summarize technical concepts, refine descriptions, and prepare documents. However, entering invention details into these tools may adversely affect patent rights, a risk of which many inventors (and companies by which they are employed) may be unaware.

To be patentable, among other requirements, an invention must be novel and non-obvious as of its priority date, typically the patent application filing date. Information made public before that date may constitute "prior art" against the invention. Prior art may include patents, publications, products in public use or on sale, and information shared with a third party under no obligation of confidentiality.

Entering invention details into a consumer AI tool sends that information to a third-party provider. The terms of service for free versions of AI tools often allow the provider to store those details and use them to train future models. This could be treated as a public disclosure of the invention, particularly if the entered information contains sufficient detail for a skilled person to reproduce the invention.

In the United States, inventors generally have one year after their own public disclosure to file a patent application, so a prompt containing invention details could start that clock. Many foreign jurisdictions, including Europe and China, apply a standard of "absolute novelty," under which any public disclosure before filing may constitute a bar to patentability.

Although no court has yet ruled whether an AI prompt constitutes an invalidating public disclosure, the analysis may turn on the particular provider's terms. Consumer tools that train on prompts may be viewed differently than enterprise versions offering more robust confidentiality assurances.

Inventors and companies may wish to discuss these risks with a patent attorney before entering technical details into any AI tool. Topics to raise may include the provider's terms of service, enterprise options with confidentiality protections, and how AI use could affect attorney-client privilege more generally.

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DIVORCE-PROOF TRUST VULNERABLE CHECKBOOK

By **Paul Nelson, Esq**

Is the family trust safe when a marriage ends? Mostly. The distance between mostly safe and safe is narrow, expensive territory, and it has funded more than a few forensic accountants' retirements. The separate property inside the trust is not divided. The lifestyle it pays for, and the checkbook it flows through, are another matter.

Orange County wealth increasingly arrives in trust form. Parents fund irrevocable trusts for adult children to move assets out of taxable estates, protect against creditors, and keep family money in the family. Then one of those adult children divorces, and the trust everyone assumed was untouchable gets its first real stress test.

Start with the good news. Property acquired by gift or inheritance is separate property under Family Code § 770, and a beneficial interest in a trust created and funded by a parent is treated the same way. The trust corpus is not divided in the divorce. A spouse cannot ordinarily reach assets held in a properly drafted third-party irrevocable trust, no matter how large the number or how long the marriage.

That is where the good news ends and the details begin.

First, distributions. Money that leaves the trust and lands in a joint account stops behaving like trust money. Deposited alongside salary and used for household expenses, it commingles, and the beneficiary spouse bears the burden of tracing every dollar back to its separate source. Records fail more often than theories do.

Second, support. The corpus may be untouchable for property division, but trust income is very much touchable for support. Courts setting child and spousal support consider income from all sources, and regular distributions qualify. In In re Marriage of Williamson, 226 Cal. App. 4th 1303 (2014), even recurring cash gifts from wealthy parents were properly considered in the support calculation. Probate Code § 15305 goes further, allowing a court to reach a beneficiary's trust distributions for child support notwithstanding a spendthrift clause. The moat protects the castle. It does not protect the paycheck.

Third, the couple's own trust. A revocable living trust created during marriage and funded with community property changes nothing about the character of what is inside it. An estate plan is not a property agreement. Converting community property to separate property requires an express written declaration under Family Code § 852, and courts read that requirement strictly.

Finally, disclosure. California imposes fiduciary duties between divorcing spouses, and trust interests must be disclosed even when they are plainly separate. Believing an asset is protected is not a reason to hide it. It is, in fact, an excellent way to lose the protection.

For parents doing the planning: an independent trustee, genuinely discretionary distributions, and a beneficiary who is not also the trustee all strengthen the wall. For beneficiaries: keep distributions in a separate account, in the beneficiary's name alone, forever. The trust was built to survive a lot of things. A checkbook should not be what defeats it.

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RAINES

Beyond the Balance Sheet: Year-End Considerations for Protecting Wealth and Legacy

For many business owners, building wealth takes decades. Preserving it across generations requires the same level of discipline, planning, and intentional decision-making.

As year-end approaches, it can be a natural time to consider whether your estate and succession plans still reflect your family circumstances, financial position, and long-term objectives. For families and businesses that experienced meaningful changes during the year, several areas may warrant review.

Estate planning. Estate planning documents should evolve alongside changes in family, business, and financial circumstances. Trusts, for example, can serve purposes beyond transferring assets, including protecting beneficiaries, supporting long-term stewardship, and establishing a framework for generational wealth.

Lifetime gifting. Federal gift and estate tax exemptions can create opportunities to transfer wealth during life. Depending on the circumstances, gifting appreciating assets to family members or trusts may shift future growth outside a taxable estate. The assets selected, timing, valuation, and applicable tax rules can all affect the analysis.

Charitable giving. Gifts of appreciated assets, donor-advised funds, and certain charitable trusts may help families advance philanthropic objectives while potentially providing tax benefits. Year-end timing can be an important consideration.

Business succession. When a closely held business represents a substantial portion of family wealth, questions of future ownership, management, liquidity, and potential transition events can have significant estate and tax implications.

Advisor coordination. Estate planning attorneys, accountants, and financial advisors can provide more effective guidance when working from a shared understanding of a family's assets, business interests, and objectives.

Year-end planning is ultimately about more than taxes. It is an opportunity to consider whether the structures surrounding your wealth, business, and family remain aligned with the legacy you intend to build.



Michael J. Tang *is a Partner in the Wealth Preservation, Tax & Succession Planning practice at Raines Feldman Littrell LLP. He maintains a broad trusts and estates practice advising ultra-high-net-worth individuals and families on all aspects of income, gift, and estate tax planning.*

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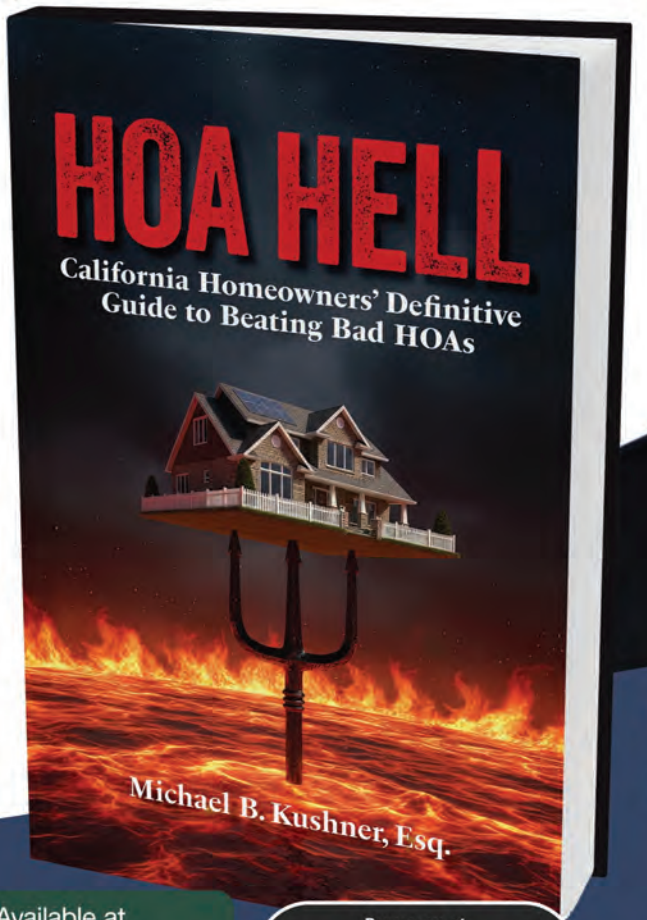
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BUSINESS, DIVORCE, AND THE ECONOMICS OF PEREIRA AND VAN CAMP



By **Paul Nelson, Esq**

The company was founded two years before the wedding. The owner arrives at the consultation confident that this settles the question. It settles roughly half of it.

California family law begins from a simple premise: the time, skill, and effort of either spouse during marriage belong to the community. An owner who spends working hours growing a separate property business rather than drawing a salary elsewhere has spent a community asset. The community is entitled to a share of what that labor produced. The question courts must answer is which force drove the growth, the owner's sweat equity or the capital and the market.

Pereira v. Pereira, 156 Cal. 1, 103 P. 488 (1909), answers for the first. It presumes the original capital was relatively passive and the founder's labor was the engine. The separate estate keeps its starting value plus a fair rate of return, roughly what the money would have earned sitting still. Everything above that becomes community property. It tends to fit professional practices, consultancies, and high-growth ventures built on one person's relationships and judgment.

Van Camp v. Van Camp, 53 Cal. App. 17, 199 P. 885 (1921), answers for the second. It treats the owner's labor as one input among many and asks what that labor was actually worth. The court sets a reasonable market salary for the services the owner-spouse rendered during the marriage, and that figure, rather than the appreciation itself, becomes the community's share. From it the court subtracts the family living expenses already paid out of those earnings, on the reasoning that the community has consumed the benefit. Whatever remains of the increase stays separate property. The approach tends to fit real estate holdings, patent-driven companies, capital-intensive manufacturers, and mature firms with deep management benches.

Few businesses sit cleanly on one side. Under Beam v. Bank of Am., 6 Cal. 3d 12, 98 Cal. Rptr. 137, 490 P.2d 257 (1971), trial courts hold broad discretion to blend the two formulas or apply each to a different phase of a company's life. A garage startup that later raises institutional capital may warrant both. The outcome turns less on the formula than on the records available to support it.

The founding date remains relevant. It is simply not dispositive. The years that follow do most of the work.

THREE STEPS BEFORE LITIGATION

1. Compensation

A history of market-rate pay is the strongest support for a Van Camp analysis. Modest owner salaries invite the argument that the community was shortchanged while value accumulated inside the company. The benefit compounds, since living expenses drawn from that salary are then deducted from the community's share.

2. Valuations

Formal valuations at the date of marriage, at funding rounds, and before liquidity events establish a baseline that forensic reconstruction years later cannot match.

3. Account Separation

Running household expenses through the business blurs the line between the two estates and hands opposing counsel a commingling argument.

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