

Date of Hearing: March 25, 2026

Fiscal: Yes

ASSEMBLY COMMITTEE ON PRIVACY AND CONSUMER PROTECTION

Rebecca Bauer-Kahan, Chair

AB 1640 (Stefani) – As Amended March 2, 2026

SUBJECT: California Restaurant Reservation AntiPiracy Act

SYNOPSIS

Restaurants are a cornerstone of American social life: job promotions, birthdays, anniversaries, and more are often best celebrated over a meal with family and friends at a favorite restaurant or a trendy new eatery. However, a growing market for “pirated” restaurant reservations seeks to profit off the backs of these establishments’ hard-earned reputations by price-gouging reservations that are typically free. Customers are forced to either fight for reservations directly from the restaurant or pay exorbitant fees for a table. Restaurants are also harmed by reservation piracy: selling reservations may cause restaurants to believe that they are booked when they actually are not, leading to over-purchasing of ingredients and overstaffing. Restaurant owners lose profit, staff lose tips, and customers miss out on a great meal.

This bill, sponsored by the California Restaurant Association, seeks to mitigate this issue by prohibiting a person from selling a restaurant reservation for more than the amount paid for the reservation, unless the person has express written authorization from the restaurant. Violators would be subject to a civil action brought by public prosecutors or private entities harmed by a violation. The bill has no registered opposition.

If passed by this Committee, the bill will next be heard by the Judiciary Committee.

EXISTING LAW:

- 1) Prohibits a food delivery platform from arranging for the delivery of an order from a food facility without first obtaining an agreement with the food facility expressly authorizing the food delivery platform to take orders and deliver meals prepared by the food facility. (Bus. & Prof. Code § 22599(a).)
- 2) Establishes the Unfair Competition Law, which provides a statutory cause of action for any unlawful, unfair, or fraudulent business act or practice and unfair, deceptive, untrue, or misleading advertising, including over the internet. (Bus. & Prof. Code § 17200 et seq.)
- 3) Prohibits a person from using, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of a mark registered under the Model State Trademark Law in connection with the sale, distribution, offering for sale, or advertising of goods or services if such use is likely to cause confusion or mistake, or to deceive as to the source of origin of the goods or services. (Bus. & Prof. Code § 14245(a)(1).)
- 4) Pursuant to federal law, establishes the Lanham Act, which, among other things, prohibits the use in commerce, without the consent of the registrant, of any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for

sale, distribution, or advertising of any goods or services if such use is likely to cause confusion, or to cause mistake, or to deceive. (15 U.S.C. § 1114(1)(a).)

- 5) Prohibits a person from selling, or offering to sell, an appointment with the Department of Motor Vehicle. (Veh. Code § 1680(a).)

THIS BILL:

- 1) Defines “restaurant” as a retail food establishment that prepares, serves, and vends food directly to a customer.
- 2) Prohibits a person from selling or transferring, or facilitating the sale or transfer, of a restaurant reservation for an amount higher than the person paid for the reservation. Exempts from this prohibition, a person who has a written agreement with the restaurant that expressly authorizes the person to charge the higher amount.
- 3) Allows the Attorney General, or any county counsel or city attorney, to bring civil action against violators for a civil penalty of up to \$1000 for each violation, injunctive or declaratory relief, and attorney’s fees.
- 4) Provides individuals or entities who suffer actual harm with a private right of action to pursue civil litigation against violators for damages, injunctive or declaratory relief, attorney’s fees, and any other relief a court deems proper.
- 5) Establishes the California Restaurant Reservation AntiPiracy Act Fund in the State Treasury to collect any civil penalties collected by the Attorney General for the purposes of administering the bill.

COMMENTS:

- 1) **Author’s statement.** According to the author:

California’s restaurants are essential to our communities and local economies, yet they are increasingly targeted by unauthorized reservation resellers that exploit their reservation systems and monetize a restaurant’s inventory, tables, and experiences – all without consent. AB 1640 protects restaurants and consumers by prohibiting these deceptive practices, ensuring that only those with a written agreement can list or sell reservations. This bill also establishes penalties for violators, empowers the Attorney General to take legal action, and creates a state fund to support enforcement efforts. By holding bad actors accountable, AB 1640 safeguards small businesses and ensures a fair, transparent reservation process for all.

- 2) **Background.** Many restaurants faced significant challenges following the COVID-19 pandemic, including food cost spikes, understaffing, and pressures to continue operating in the height of shelter-in-place orders. Outside dining and takeout options provided restaurants with a means of income and patrons with a semblance of normalcy. Third-party apps that offered food delivery grew and have remained popular long after lockdown. As the nation began to recover from the economic and health toll that the pandemic took on the population, restaurants became a centerpiece for the return to normal. California hosts thousands of restaurants – roughly 90,000

to 100,000 – making it the largest restaurant market in the United States.¹ The Golden State’s restaurant industry generates over \$220 billion in annual sales and is the second largest employer in the private sector.²

The return to in-person dining increased restaurant partnerships with third-party reservation platforms such as Resy, OpenTable, and Tock. Typically, restaurants are charged a monthly subscription fee to use the platform and the platform then makes commissions on every booked table. For example, OpenTable receives \$1 for every seat that is booked through their platform.³ DoorDash, a common third-party food delivery app, made headlines in 2026 for their acquisition of SevenRooms, a reservation platform that allows direct bookings through a restaurant’s website.⁴ The \$1.2 billion acquisition has allowed DoorDash to enter the third-party marketplace for restaurant reservations, demonstrating the profitability for companies (and individuals) involved in coordinating restaurant reservations. These partnerships have relieved restaurants of the strain of managing their own reservation system, expanded customer access to dining options, and have increased consumer exposure to different restaurants. However, an emerging market for restaurant reservations has consumers and restaurants alike worried about the future of restaurant profitability.

The rise of secondary markets for restaurant reservations. As soon as a burgeoning market emerges, a secondary market often follows close on its heels. Anyone who has attended a concert or event at a large venue has experienced “scalpers” – resellers in parking lots trying to upsell desperate attendees tickets to a sold-out show. California is considering measures to counteract the secondary market for ticketing in the past legislative year, such as AB 1349 (Bryan, 2025). However, an important distinction in these secondary markets must be made. Whereas tickets buy entrance into a paid event, restaurant reservations are typically held free of charge.

Secondary markets for restaurant reservations rely on sites like Cita Marketplace and Appointment Traders, which act as marketplaces for the transfer and procurement of reservations. According to their website, Appointment Traders brands themselves as the eBay of time slots, allowing users to “buy someone else’s confirmed reservation, or create a reward (bid) for someone to secure one on [the user’s] behalf.”⁵ If a person wants to dine at a restaurant on a particular day but there are no available reservations on Appointment Trader, they can set a bid for a concierge to try and snag the reservation on their behalf, similar to bidding on eBay. Appointment Trader suggests a range of pricing to start the bidding out. Once the price is set, community users will receive a notification and begin trying to secure the reservation for the user. If successful, the user gets a premium reservation and the concierge earns money, often hundreds of dollars for a single reservation at a highly coveted restaurant. According to a recent

¹ Ridvika Arora, “California Restaurant Industry Statistics: Market Trends, Employment Data & Growth Insights,” *Restroworks*, (Jan 9, 2026), <https://www.restroworks.com/blog/california-restaurant-industry-statistics/>.

² National Restaurant Association, “California Restaurant Industry Impact,” (2025), https://restaurant.org/getmedia/3fc6ad4f-79b0-480e-9e7c-fee97d7d2c35/2026_state_fact_sheets_ca.pdf.

³ OpenTable, “Find the plan that fits your business,” <https://www.opentable.com/restaurant-solutions/plans/>.

⁴ Amelia Lucas, “Restaurant reservation wars heat up as DoorDash enters the arena with Resy, OpenTable,” *MSN*, (Feb 25, 2026), <https://www.msn.com/en-us/money/companies/restaurant-reservation-wars-heat-up-as-doordash-enters-the-arena-with-resy-opentable/ar-AA1X2wSL?ocid=BingNewsVerp>; Simply Wall St, “DoorDash Refines Global Footprint And Enters Reservations With SevenRooms Deal,” *UK Finance*, (Feb 28, 2026), <https://uk.finance.yahoo.com/news/doordash-refines-global-footprint-enters-070958569.html>.

⁵ Appointment Trader, “How AppointmentTrader Works for Customers,” <https://appointmenttrader.com/how-it-works/customers>.

The screenshot shows a reservation interface for 'Kru | Contemporary Japanese Cuisine Sacramento'. At the top, it says 'Get into Kru | Contemporary Japanese Cuisine Sacramento!'. Below this, there are two dropdown menus: 'Tomorrow (Saturday, Mar 14)' and 'Postpaid Table for 2'. To the right of the second dropdown is a time slot '5-6pm' with three fire icons. Below these is a 'Set Reward Amount' section with a slider. The slider is set to '\$1733', with a minimum of '\$711' and a maximum of '\$6,875 max'. A 'Hot zone' is indicated on the slider. Below the slider, it says '+25% higher fill rate vs. average'. Underneath the slider, there are three bullet points: '2 concierges will race to earn your reward', 'They usually start working in 21 minutes', and 'Secured Kru | Contemporary Japanese Cuisine Sacramento 1 time'. At the bottom, there is an orange button that says 'Offer \$1733 to 2 concierges'.

Source: <https://appointmenttrader.com/>

These reservation systems not only undermine casual diners but can actively harm restaurants. Restaurant owners pride themselves on manufacturing guests' experiences during every step of their interaction, from scrolling the menu on the restaurant's website to the first time they come in for a meal. These secondary markets can impact diners' perceptions of restaurants, especially if the experience does not fit the high price tag that diners may pay for a table.

Importantly, these markets do not rely on consent from restaurants, allowing anyone with time and connections to profit off the backs of restaurants. Restaurants, especially those that are locally-owned, often rely on reservations to predict how much food to prepare and how many staff to have on any given night. Missed reservations, while not impacting the sellers of the reservation (they get money whether or not the purchaser actually goes to the restaurant), can be detrimental to a restaurant's profits.⁸ Restaurants typically operate on razor-thin margins, with average profit margins just hitting double digits (10.5%) this year for the first time since 2022.⁹ For context, real estate investment trust margins often hover around 20-25% net profit margins.¹⁰ Additionally, restaurants are often forced to screen callers for fake numbers and bots, leading some to ask for photo identification to make a reservation, which can make "diners feel like

⁸ Alex Mitchell, "I made \$70K selling NYC restaurant reservations," *supra*.

⁹ Charles Smith, "Restaurant Profit Margins Just Hit Double Digits for the First Time Since 2022," *Smith Allen*, (Feb 28, 2026), <https://smithallengroup.com/insights/restaurant-profit-margins-double-digits-2026-california/>.

¹⁰ Aswath Damodaran, "Margins by Sector (US)", (Jan 2026), *Stern NYU*, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/margin.html.

they're in a T.S.A.-screening line.”¹¹ Reservation piracy can therefore have devastating effects on the restaurant industry and patrons seeking a celebratory night out.

3) **This bill would restrict restaurant reservation piracy.** In response to growing sales of restaurant reservations, some states have taken measures attempting to counteract reservation piracy. In 2025, New York's S.9365A came into effect, which limited the listing or selling of restaurant reservations to websites or mobile apps that have a written agreement with the restaurants.¹² Thus, only platforms with established relationships can sell reservations, allowing restaurants and authorized platforms to charge for reservations as they see fit. Nevada, Louisiana, Illinois, and Florida have recently passed their own versions of reservation anti-piracy laws that mirror New York's.¹³

This bill similarly prohibits any person from selling restaurant reservations for more than was paid for the reservation unless the person has a written agreement with the restaurant. This protects restaurants' ability to choose whether and how to work with third parties, ensuring that reservations are made available on restaurants' terms – an important safeguard for small restaurants and their patrons. And consumers who pay for reservations may still recoup the cost of paying for a high-priced reservation they can't use; they just wouldn't be able to charge a markup over that cost. To ensure its provisions are enforceable, the bill provides that public prosecutors may initiate a civil action against violators, who are subject to a civil penalty of up to \$1,000 for each violation. Additionally, entities that are harmed by a violation of the bill may bring a civil action to recover actual damages.

The bill is similar to last year's AB 1245 (Stefani), which the author opted not to move due to drafting concerns. This year's bill is straightforwardly drafted and does not raise the concerns of its predecessor.

ARGUMENTS IN SUPPORT: The California Restaurants Association, sponsors of the bill, write in support:

This bill protects restaurants and consumers by banning a deceptive practice that results in a loss of revenue for businesses that experience reservation no-shows and reduced opportunities for the public to dine at their favorite establishments.

The CRA is the unified voice of the restaurant industry – advocating for nearly 22,000 neighborhood restaurants. Our members constantly look for ways to help maximize occupancy in their establishments, which increasingly includes the use of integrated reservation systems. While restaurateurs use these systems to make booking reservations seamless for customers, there has been a rise in unauthorized third-party reservation services that use bots and fake profiles to hoard reservations and then resell them for a profit – monetizing a restaurant's inventory of tables in a dining room and creating arbitrary economic barriers for guest access.

¹¹ Adam Iscoe, “Why You Can't Get a Restaurant Reservation,” *supra*.

¹² Restaurant Reservation Anti-Piracy Act, N.Y. Gen Bus LAW § 391-w (Fernandez 2023).

¹³ S.B. 169, 83rd Leg. (Nev. 2025).; La. R.S. § 51:3291 (2025); Restaurant Reservation Anti-Piracy Act, Pub. Act. 104-0227, 2025.; Ch. 2025-55, Fla. Laws 509.104.

Restaurants invest in staffing, product procurement, developing brand reputation, and reservation services. When these third parties insert themselves into that system without an agreement and harm the complex system present for reservations, it creates several hardships for consumers and restaurants. Firstly, customer confusion – guests may assume that the establishment is involved in the reservation markup, possibly devaluing the experience for the guest because of the increased expectations that come with an inflated price. Consequently, this has created a system where only people with the means to pay for inflated reservation prices can acquire them and enjoy these restaurants.

Moreover, operational disruptions may arise from the mishandling of reservations by these third parties, potentially harming the guest experience and the reputation of the restaurant. Similarly, when these third parties are unable to resell reservations, nobody shows up – resulting in a situation where employees lose a tipped-earning opportunity, and the restaurants experience a revenue loss. These no-shows are especially harmful for neighborhood restaurants that rely on legitimate reservations to plan for anticipated costs.

Ultimately, unauthorized third-party reservation companies profit by charging exorbitant fees for reservations while making no investment or taking any risk in that same restaurant. AB 1640 is a sensible measure that helps restore control of a dining room back to restaurant operators, while removing artificial economic barriers of entry for potential guests.

REGISTERED SUPPORT / OPPOSITION:**Support**

Booking.com, B.v.
California Restaurant Association
Karl Strauss Brewing Co
OpenTable
Resy
Sacramento Metropolitan Chamber of Commerce

Opposition

None on file.

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