

THIRD READING

Bill No: AB 1640
Author: Stefani (D) and Lowenthal (D), et al.
Amended: 8/13/26 in Senate
Vote: 21

SENATE JUDICIARY COMMITTEE: 11-0, 6/16/26

AYES: Umberg, Niello, Allen, Caballero, Durazo, Laird, Reyes, Stern,
Valladares, Wahab, Wiener

NO VOTE RECORDED: Ashby, Weber Pierson

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 11-0, 6/29/26

AYES: Wahab, Choi, Archuleta, Arreguín, Caballero, Grayson, Menjivar, Niello,
Smallwood-Cuevas, Strickland, Umberg

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26

AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 78-0, 5/26/26 - See last page for vote

SUBJECT: California Restaurant Reservation AntiPiracy Act

SOURCE: California Restaurant Association

DIGEST: This bill prohibits a person from selling or transferring, or facilitating the sale or transfer of, a restaurant reservation for an amount higher than the price they paid for the reservation, unless the person has a written agreement with the restaurant expressly permitting them to charge a higher amount.

ANALYSIS:

Existing law:

- 1) 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).)

- 2) Establishes the Unfair Competition Law (UCL), 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, div. 7, pt. 2, ch. 5, §§ 17200 et seq.)
- 3) Prohibits a food delivery platform, as defined, 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).)
- 4) Prohibits a person from selling, or offering to sell, an appointment with the Department of Motor Vehicles. (Veh. Code, § 1680(a).)

This bill:

- 1) Establishes the California Restaurant Reservation AntiPiracy Act (Act).
- 2) Defines “restaurant” as a retail food establishment in this state that prepares, serves, and vends food directly to the customer.
- 3) Provides that a person shall not sell or transfer, or facilitate the sale or transfer of, a reservation for a restaurant for an amount higher than the person paid to acquire the reservation.
- 4) Provides that 3) does not apply if the person has a written agreement with the restaurant that expressly authorizes the person to charge the higher amount.
- 5) Provides that a person who violates the Act or causes another person to violate the Act shall be liable for the following, as applicable, in a civil action brought by the Attorney General, or any county or city attorney, in a court of competent jurisdiction:
 - a) A civil penalty not to exceed \$1,000 per violation.
 - b) Injunctive or declaratory relief.
 - c) Reasonable attorney’s fees.
- 6) Provides that an individual or entity who suffers actual harm as a result of a violation of the Act may bring a civil action to recover all of the following:

- a) Actual damages.
 - b) Reasonable attorney's fees and costs.
 - c) Injunctive or declaratory relief.
 - d) Any other relief the court deems proper.
- 7) Provides that any civil penalty recovered by the Attorney General pursuant to 5) shall be deposited in the Public Rights Law Enforcement Special Fund, as specified.

Comments

Restaurant reservations benefit restaurants and consumers. The restaurant gets a sense of how busy it's likely to be on a given night, allowing it to more efficiently plan seating charts and divide up tables between servers. The consumer gets to show up for dinner without having to worry about a wait for a table. Because reservations are a win-win, restaurant reservations are virtually always free, though some restaurants require a deposit or charge a no-show fee to reduce their losses in the event a diner doesn't make it. Increasingly, restaurants offer reservations through online platforms; in theory, letting consumers make reservations online at any time, and letting them see available dates and times for reservations, is more convenient for both the restaurant and the consumer.

Recently, however, a secondary market for reservations has sprung up to profit off of free reservations. These "reservation marketplaces" advertise themselves as merely connecting diners who need to offload a reservation—say, because a conflict arose on the reservation date—with diners who want a reservation at the same restaurant. But in practice, these marketplaces make it profitable for individuals—often, but not always, using bots—to scoop up all available free reservations, so that the only way a diner can get a reservation is to pay for it. The restaurant still bears all the risk and downside of a missed reservation; the consumer has to pay for a free thing; the only winner is the reservation pirate who gamed the system.

This bill puts a stop to reservation pirating in the state by prohibiting any person from selling restaurant reservations for more than what was paid for the reservation, unless the person has a written agreement with the restaurant to do so. Under this bill, therefore, reservation resales would still be allowed in two circumstances: when the reservation is resold at its original cost (thereby allowing consumers to recoup deposits they would otherwise lose), or when the reservation is resold with the consent of the restaurant (thereby allowing restaurants to choose

whether, and on what terms, to work with reservation resellers, and giving restaurants a greater degree of certainty regarding reservations). The bill is enforceable by a public prosecutor and creates a private right of action for persons actually harmed by a violation.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee, the fiscal effect is as follows:

Unknown, potentially significant workload cost pressures to the state funded trial court system to adjudicate any civil cases filed as a result of this bill (Trial Court Trust Fund, General Fund). The fiscal impact of this bill to the courts will depend on many unknowns, including the number of cases filed and the factors unique to each case. An eight-hour court day costs approximately \$8,000 in staff in workload. If court days exceed 10, costs to the trial courts could reach hundreds of thousands of dollars. While the courts are not funded on a workload basis, an increase in workload could result in delayed court services and would put pressure on the General Fund to fund additional staff and resources and to increase the amount appropriated to backfill for trial court operations.

SUPPORT: (Verified 8/14/26)

California Restaurant Association (Source)
California Attractions and Parks Association
California Travel Association
Epic Steak
Golden Gate Restaurant Association
Karl Strauss Brewing Company
Open Table
Sacramento Metropolitan Chamber of Commerce
Zinfandel Grill + Prelude Kitchen & Bar + Interlude Kitchen & Bar

OPPOSITION: (Verified 8/14/26)

None received

ARGUMENTS IN SUPPORT: According to a coalition of this bill's supporters:

Eating establishments constantly look for ways to help maximize occupancy in their businesses, 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 sell them for a profit – monetizing a restaurant’s inventory of tables in a dining room and creating arbitrary economic barriers for guest access.

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 intrude on the complex system for managing reservations, it creates several hardships for consumers and restaurants. Firstly, customer confusion – guests may assume that the establishment is involved in the reservation sales, 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.

ASSEMBLY FLOOR: 78-0, 5/26/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Muratsuchi, Celeste Rodriguez

Prepared by: Allison Whitt Meredith / JUD. / (916) 651-4113
8/17/26 10:38:04

**** **END** ****