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FTC Focus: Amazon's $2.5B Pact Broadens Regulatory Span

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This article is part of a monthly column that considers the significance of recent Federal Trade Commission announcements about antitrust issues. This installment unpacks Amazon.com Inc.'s recent $2.5 billion FTC settlement.

The Federal Trade Commission's Sept. 25 settlement with Amazon.com Inc. over alleged subscription traps is striking for its size and its scope. The headline numbers — a $1 billion civil penalty and $1.5 billion in refunds — are eye-catching, but the more consequential development is the agency's willingness to reach directly into the design of a leading platform's consumer flows and to frame subscription friction as both a deception problem and a structural market issue.[1]

As a practical matter, the FTC appears to intend to continue to treat interface design and cancellation architecture as legally significant — click-to-cancel rule or not — and will pair monetary relief with injunctions that dictate engineering choices.

The order is noteworthy, not just for what it does in the Amazon case, but also for how it fits into the FTC's broader negative option agenda after the click-to-cancel rule was voided, why the remedies foreshadow platform-focused enforcement and what it could mean for parallel antitrust theories premised on lock-in.

Allegations, Monetary Relief and Design Obligations

The FTC alleged that Amazon relied on dark patterns to nudge users into Prime without obtaining informed consent.[2] Then, it claimed that the Prime cancellation process was intentionally labyrinthine, and it cited internal emails referring to the cancellation flow as "The Iliad Flow."

The settlement's monetary relief is bifurcated between a civil penalty and consumer refunds, underscoring the commission's view that the conduct straddled both punitive and restorative justifications.

While the penalties and restitution are significant, equally significant are the forward-looking obligations, which push beyond traditional prohibitions and include prescriptive design.

The order requires Amazon to make enrollment and cancellation clearer and simpler, including an explicit option to decline Prime, more prominent disclosure of price and renewal terms, and mechanisms that allow consumers to cancel without unnecessary hurdles.[3]

This indicates a readiness by the commission to supervise the details of how platforms communicate with users, particularly where recurring charges are at issue.

The Negative Option Backdrop After Click-to-Cancel

The settlement arrives amid turbulence over the FTC's attempt to codify a click-to-cancel requirement.[4] The commission finalized a negative option rule in October 2024 that, among other things, sought to establish a consistent framework for subscriptions and cancellations. That rule was voided in the July 8 decision in *Custom Communications Inc. v. FTC*, after the U.S. Court of Appeals for the Eighth Circuit concluded the agency had not followed proper rulemaking procedures.[5]

The Amazon agreement illustrates the current continued focus on case-by-case enforcement rather than rulemaking. The FTC grounded its case in the Restore Online Shoppers' Confidence Act and Section 5 of the FTC Act, both of which the agency has long invoked to police negative option marketing.

Though the commission has in no uncertain terms expressed disapproval of the rulemaking undertaken under the prior administration, the Amazon order also seems to contemplate the possibility of future rulemaking, providing that if the agency promulgates an amended regulation governing negative options, those requirements will supersede the settlement's overlapping provisions.

From Penalties to Product: The Shift to Design-Based Injunctions

The most notable evolution evidenced by the order is the commission's migration from generalized prohibitions to design-specific mandates. Historically, consent decrees might have required a company to obtain express informed consent or provide clear disclosures, but left the details of implementation to the firm.

Here, the FTC prescribed elements of the interface itself, such as explicit decline functions and simplified cancellation architecture. By moving the remedy into the realm of product design, the agency collapsed the distance between user experience and legal compliance. In enforcement terms, the design is the conduct.

The commission's recent settlements with other subscription providers reinforce that tendency to conjoin product and policy, suggesting this remedy architecture is not unique to Amazon.[6]

This approach carries two practical consequences for platforms and subscription businesses. First, compliance will increasingly demand cross-functional coordination among legal, product, design and engineering teams. Static policies or legal reviews may not suffice if the agency's focus is on the lived experience of the user navigating a multistep flow.

Second, auditability is critical. If the legality of a subscription turns on the clarity and accessibility of specific screen elements at specific moments, companies may need robust version control, screenshot archives and testing records to document how interfaces appear to consumers over time.

Conceptual Bridges Between Deception and Exclusionary Conduct

On its face, a subscription case grounded in disclosures and cancellation friction might appear far removed from monopolization theories about self-preferencing or contractual restraints in a marketplace. Yet the FTC's ongoing antitrust suit against Amazon alleges that the company maintained monopoly power through a series of restrictions that raised rivals' costs and deterred discounting elsewhere.[7]

The conceptual bridge between the two cases is the notion of lock-in. In both contexts, the commission depicts the platform as cultivating high switching costs, whether for consumers who encounter friction unenrolling from Prime, or for sellers that face penalties if they lower prices off-platform.

The parallels matter for two reasons. First, it hints at an integrated theory of platform power in which design choices that undermine consumer autonomy are not simply deceptive, but also contribute to the durability of market power by making exit costly.

Second, it suggests a template for future actions against other platforms where recurring charges, network effects and coverage of interface choices converge. Without taking a position on the merits of the antitrust claims, the settlement's focus on friction aligns with a broader enforcement narrative that treats user experience as a mechanism by which dominance can be maintained.

For counsel managing risk across both consumer protection and competition portfolios, the practical takeaway is that design strategies once evaluated solely for conversion may now be scrutinized for their competitive effects.

Conclusion

The Amazon settlement reflects an enforcement strategy that treats subscription design as an avenue for policing deception and, by implication, for interrogating platform power. The design-based injunction, and the conceptual echoes with the FTC's monopolization case, point to a broader regulatory approach that reaches into the mechanics of how platforms engage consumers at scale.

For in-house counsel and outside practitioners, the practical implications are concrete: Compliance can now reside not only in disclosures and consent language, but in the shape and feel of on-screen flow, captured and auditable over time.

[1] https://www.ftc.gov/news-events/news/press-releases/2025/09/ftc-secures-historic-25-billion-settlement-against-amazon.

[2] https://www.ftc.gov/system/files/ftc_gov/pdf/amazon-rosca-public-redacted-complaintto_be_filed.pdf.

[3] https://www.ftc.gov/system/files/ftc_gov/pdf/Amazon-ROSCA-Order-Filed_0.pdf.

[4] https://www.ftc.gov/legal-library/browse/federal-register-notices/16-cfr-part-425-negative-option-rule.

[5] Custom Commc'ns v. FTC, No. 24-3137, 2025 WL 1873489 (8th Cir. July 8, 2025).

[6] https://www.ftc.gov/news-events/news/press-releases/2025/09/ed-tech-providerchegg-pay-75-million-settle-ftc-allegations-concerning-unlawfulcancellation; https://www.ftc.gov/news-events/news/press-releases/2025/08/match-groupagrees-pay-14-million-permanently-stop-deceptive-advertising-cancellation-billing.

[7] https://www.ftc.gov/news-events/news/press-releases/2023/09/ftc-sues-amazonillegally-maintaining-monopoly-power.

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