Second Regular Session Seventy-second General Assembly STATE OF COLORADO

INTRODUCED

LLS NO. 20-0143.01 Jennifer Berman x3286

HOUSE BILL 20-1195

HOUSE SPONSORSHIP

Titone and Singer,

SENATE SPONSORSHIP

Bridges and Cooke,

House Committees Business Affairs & Labor **Senate Committees**

A BILL FOR AN ACT

| 101 | CONCERNING A REQUIREMENT THAT A MANUFACTURER OF DIGITAL |
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| 102 | ELECTRONIC EQUIPMENT FACILITATE THE REPAIR OF THE |
| 103 | EQUIPMENT BY PROVIDING PERSONS OTHER THAN AUTHORIZED |
| 104 | REPAIR PROVIDERS AFFILIATED WITH THE MANUFACTURER |
| 105 | WITH THE RESOURCES NEEDED TO REPAIR THE EOUIPMENT. |

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <u>http://leg.colorado.gov</u>.)

Usually, an owner of digital electronic equipment (equipment), such as cell phones and tablets, must seek diagnostic, maintenance, or

repair services of the equipment from the original equipment manufacturer (manufacturer) or an authorized repair provider affiliated with the manufacturer.

The bill requires a manufacturer to provide parts, embedded software, tools, or documentation, such as diagnostic, maintenance, or repair manuals, diagrams, or similar information, to independent repair providers and owners of the manufacturer's equipment to allow an independent repair provider or owner to conduct diagnostic, maintenance, or repair services. A manufacturer's failure to comply with the requirement is an unfair or deceptive trade practice. Manufacturers need not divulge any trade secrets to independent repair providers and owners.

Any contractual provision or other arrangement that a manufacturer enters into that would remove or limit the manufacturer's obligation to provide these resources to independent repair providers and owners is void and unenforceable.

| 1 | Be it enacted by the General Assembly of the State of Colorado: |
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| 2 | SECTION 1. In Colorado Revised Statutes, 6-1-105, add |
| 3 | (1)(nnn) as follows: |
| 4 | 6-1-105. Unfair or deceptive trade practices. (1) A person |
| 5 | engages in a deceptive trade practice when, in the course of the person's |
| 6 | business, vocation, or occupation, the person: |
| 7 | (nnn) VIOLATES PART 13 OF THIS ARTICLE 1. |
| 8 | SECTION 2. In Colorado Revised Statutes, add part 13 to article |
| 9 | 1 of title 6 as follows: |
| 10 | PART 13 |
| 11 | CONSUMER RIGHT TO REPAIR |
| 12 | DIGITAL EQUIPMENT |
| 13 | 6-1-1301. Short title. The short title of this part 13 is the |
| 14 | "CONSUMER DIGITAL REPAIR BILL OF RIGHTS ACT". |
| 15 | 6-1-1302. Definitions. As used in this part 13, unless the |
| 16 | CONTEXT OTHERWISE REQUIRES: |
| 17 | (1) (a) "AUTHORIZED REPAIR PROVIDER" MEANS A PERSON THAT |

IS UNAFFILIATED WITH AN ORIGINAL EQUIPMENT MANUFACTURER AND
 THAT HAS AN ARRANGEMENT WITH THE MANUFACTURER, WHETHER FOR
 A DEFINITE OR AN INDEFINITE PERIOD, IN WHICH THE MANUFACTURER, FOR
 THE PURPOSE OF OFFERING TO PROVIDE SERVICES FOR DIGITAL ELECTRONIC
 EQUIPMENT TO AN OWNER OF THE EQUIPMENT, GRANTS THE PERSON:

6 (I) A LICENSE TO USE A TRADE NAME, SERVICE MARK, OR OTHER
7 PROPRIETARY IDENTIFIER; OR

8 (II) AUTHORIZATION UNDER ANY OTHER ARRANGEMENT TO ACT
9 ON BEHALF OF THE MANUFACTURER.

(b) "AUTHORIZED REPAIR PROVIDER" INCLUDES AN ORIGINAL
EQUIPMENT MANUFACTURER THAT OFFERS TO PROVIDE SERVICES TO AN
OWNER FOR THE MANUFACTURER'S DIGITAL ELECTRONIC EQUIPMENT IF
THE MANUFACTURER DOES NOT HAVE, WITH RESPECT TO THE EQUIPMENT,
AN ARRANGEMENT WITH AN UNAFFILIATED PERSON, AS DESCRIBED IN
SUBSECTION (1)(a) OF THIS SECTION.

16 (2) "DIGITAL ELECTRONIC EQUIPMENT" MEANS A PRODUCT SOLD
17 IN THIS STATE THAT, FOR ITS FUNCTIONALITY, DEPENDS IN WHOLE OR IN
18 PART ON DIGITAL ELECTRONICS EMBEDDED IN, OR ATTACHED TO, THE
19 PRODUCT.

(3) "DOCUMENTATION" MEANS A MANUAL; DIAGRAM, INCLUDING
A SCHEMATIC DIAGRAM; REPORTING OUTPUT; SERVICE CODE DESCRIPTION;
OR SIMILAR TYPE OF INFORMATION THAT AN ORIGINAL EQUIPMENT
MANUFACTURER PROVIDES TO AN AUTHORIZED REPAIR PROVIDER FOR
PURPOSES OF ASSISTING THE AUTHORIZED REPAIR PROVIDER WITH
SERVICES PERFORMED ON DIGITAL ELECTRONIC EQUIPMENT.

26 (4) "EMBEDDED SOFTWARE" MEANS PROGRAMMABLE
27 INSTRUCTIONS THAT ASSIST WITH DIGITAL ELECTRONIC EQUIPMENT

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OPERATION, INCLUDING PROGRAMMABLE INSTRUCTIONS THAT AN OWNER
 RECEIVES:

3 (a) IN CONNECTION WITH THE EQUIPMENT OR A PART FOR THE4 EQUIPMENT; OR

(b) AS A PATCH OR FIX FOR THE EQUIPMENT.

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(5) (a) (I) "FAIR AND REASONABLE TERMS AND COSTS", WITH 6 7 RESPECT TO OBTAINING DOCUMENTATION, PARTS, EMBEDDED SOFTWARE, 8 OR TOOLS FROM AN ORIGINAL EQUIPMENT MANUFACTURER TO PROVIDE 9 SERVICES, MEANS TERMS AND COSTS, INCLUDING CONVENIENCE OF 10 DELIVERY AND OF ENABLING FUNCTIONALITY AND INCLUDING RIGHTS OF 11 USE, THAT ARE EQUIVALENT TO THE MOST FAVORABLE TERMS AND COSTS 12 THAT THE MANUFACTURER OFFERS TO AN AUTHORIZED REPAIR PROVIDER. 13 (II) ANY COSTS CONSIDERED UNDER SUBSECTION (5)(a)(I) OF THIS 14 SECTION MUST BE CALCULATED USING NET COSTS INCURRED, ACCOUNTING 15 FOR ANY DISCOUNTS, REBATES, OR INCENTIVES OFFERED.

16 (b) WITH RESPECT TO DOCUMENTATION, "FAIR AND REASONABLE 17 TERMS AND COSTS" MEANS THAT THE ORIGINAL EQUIPMENT 18 MANUFACTURER PROVIDES THE DOCUMENTATION, INCLUDING ANY 19 RELEVANT UPDATES TO THE DOCUMENTATION, AT NO CHARGE; EXCEPT 20 THAT THE MANUFACTURER MAY CHARGE A FEE FOR A PRINTED COPY OF 21 THE DOCUMENTATION IF THE AMOUNT OF THE FEE COVERS ONLY THE 22 MANUFACTURER'S ACTUAL COST TO PREPARE AND SEND THE PRINTED COPY 23 OF THE DOCUMENTATION.

24 (6) (a) "INDEPENDENT REPAIR PROVIDER", EXCEPT AS OTHERWISE
25 PROVIDED IN SUBSECTION (6)(b) OF THIS SECTION, MEANS A PERSON IN
26 THIS STATE THAT IS:

27 (I) NOT AN ORIGINAL EQUIPMENT MANUFACTURER'S AUTHORIZED

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1 REPAIR PROVIDER NOR AFFILIATED WITH AN ORIGINAL EQUIPMENT 2 MANUFACTURER'S AUTHORIZED REPAIR PROVIDER; AND 3 (II) ENGAGED IN OFFERING OR PROVIDING SERVICES. 4 (b) "INDEPENDENT REPAIR PROVIDER" INCLUDES: 5 (I) AN AUTHORIZED REPAIR PROVIDER IF THE AUTHORIZED REPAIR 6 PROVIDER IS OFFERING OR PROVIDING SERVICES FOR AN ORIGINAL 7 EOUIPMENT MANUFACTURER OTHER THAN A MANUFACTURER WITH WHICH 8 THE AUTHORIZED REPAIR PROVIDER HAS AN ARRANGEMENT DESCRIBED IN 9 SUBSECTION (1) OF THIS SECTION; AND 10 (II) AN ORIGINAL EQUIPMENT MANUFACTURER WITH RESPECT TO 11 OFFERING OR PROVIDING SERVICES FOR ANOTHER ORIGINAL EQUIPMENT 12 MANUFACTURER'S DIGITAL ELECTRONIC EQUIPMENT. 13 (7) "ORIGINAL EQUIPMENT MANUFACTURER" MEANS A BUSINESS 14 ENGAGED IN SELLING OR LEASING NEW DIGITAL ELECTRONIC EQUIPMENT 15 MANUFACTURED BY OR ON BEHALF OF THE MANUFACTURER. 16 (8) "OWNER" MEANS A PERSON THAT OWNS OR LEASES DIGITAL 17 ELECTRONIC EQUIPMENT PURCHASED OR USED IN THIS STATE OR AN AGENT 18 OF THE OWNER. 19 (9) "PART" MEANS A NEW OR USED REPLACEMENT PART THAT AN 20 ORIGINAL EQUIPMENT MANUFACTURER OFFERS FOR SALE OR OTHERWISE 21 MAKES AVAILABLE FOR THE PURPOSE OF PROVIDING SERVICES. 22 (10) "SERVICES" MEANS DIAGNOSTIC, MAINTENANCE, OR REPAIR 23 SERVICES PERFORMED ON DIGITAL ELECTRONIC EQUIPMENT. 24 (11) "TRADE SECRET" HAS THE MEANING SET FORTH IN SECTION 25 7-74-102 (4). 26 6-1-1303. Original equipment manufacturer obligations 27 regarding services - unfair or deceptive trade practice - exemptions.

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1 (1) EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION:

(a) FOR THE PURPOSE OF PROVIDING SERVICES FOR DIGITAL
ELECTRONIC EQUIPMENT SOLD OR USED IN THIS STATE, AN ORIGINAL
EQUIPMENT MANUFACTURER SHALL, ON FAIR AND REASONABLE TERMS
AND COSTS, MAKE AVAILABLE TO ANY INDEPENDENT REPAIR PROVIDER OR
OWNER OF THE MANUFACTURER'S EQUIPMENT ANY DOCUMENTATION,
PARTS, EMBEDDED SOFTWARE, OR TOOLS, INCLUDING UPDATES TO
INFORMATION OR EMBEDDED SOFTWARE.

9 (b) WITH RESPECT TO EQUIPMENT THAT CONTAINS AN ELECTRONIC 10 SECURITY LOCK OR OTHER SECURITY-RELATED FUNCTION, AN ORIGINAL 11 EQUIPMENT MANUFACTURER SHALL, ON FAIR AND REASONABLE TERMS 12 AND COSTS, MAKE AVAILABLE TO INDEPENDENT REPAIR PROVIDERS AND 13 OWNERS OF THE MANUFACTURER'S EQUIPMENT ANY DOCUMENTATION, 14 PARTS, EMBEDDED SOFTWARE, OR TOOLS NEEDED TO RESET THE LOCK OR 15 FUNCTION WHEN DISABLED IN THE COURSE OF PROVIDING SERVICES. THE 16 MANUFACTURER MAY MAKE THE DOCUMENTATION, PARTS, EMBEDDED 17 SOFTWARE, OR TOOLS AVAILABLE TO INDEPENDENT REPAIR PROVIDERS 18 AND OWNERS OF THE MANUFACTURER'S EQUIPMENT THROUGH 19 APPROPRIATE SECURE RELEASE SYSTEMS, APPROPRIATE AGREEMENTS, OR 20 BOTH.

(2) A VIOLATION OF SUBSECTION (1) OF THIS SECTION IS AN UNFAIR
OR DECEPTIVE TRADE PRACTICE IN ACCORDANCE WITH SECTION 6-1-105
(1)(nnn).

24 (3) (a) SUBSECTION (1) OF THIS SECTION DOES NOT APPLY TO:

25 (I) ANY PART THAT IS NO LONGER AVAILABLE TO THE ORIGINAL
26 EQUIPMENT MANUFACTURER; AND

27 (II) ANY CONDUCT THAT WOULD REQUIRE THE ORIGINAL

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EQUIPMENT MANUFACTURER TO DIVULGE A TRADE SECRET; EXCEPT THAT
 A MANUFACTURER SHALL NOT REFUSE TO MAKE AVAILABLE TO
 INDEPENDENT REPAIR PROVIDERS AND OWNERS ANY DOCUMENTATION,
 PART, EMBEDDED SOFTWARE, OR TOOL NECESSARY TO PROVIDE SERVICES
 ON GROUNDS THAT THE DOCUMENTATION, PART, EMBEDDED SOFTWARE,
 OR TOOL IS ITSELF A TRADE SECRET.

7 (b) (I) WITH RESPECT TO ANY DOCUMENTATION, AN ORIGINAL
8 EQUIPMENT MANUFACTURER MAY REDACT THE DOCUMENTATION TO
9 REMOVE TRADE SECRETS FROM THE DOCUMENTATION BEFORE PROVIDING
10 ACCESS TO THE DOCUMENTATION IF THE USABILITY OF THE REDACTED
11 DOCUMENTATION FOR THE PURPOSE OF PROVIDING SERVICES IS NOT
12 DIMINISHED.

(II) WITH RESPECT TO ANY PART, EMBEDDED SOFTWARE, OR TOOL,
AN ORIGINAL EQUIPMENT MANUFACTURER MAY WITHHOLD INFORMATION
REGARDING A COMPONENT, DESIGN, OR FUNCTIONALITY OF, OR PROCESS
OF DEVELOPING, THE PART, EMBEDDED SOFTWARE, OR TOOL IF THE
INFORMATION IS A TRADE SECRET AND THE USABILITY OF THE REDACTED
DOCUMENTATION FOR THE PURPOSE OF PROVIDING SERVICES IS NOT
DIMINISHED.

20 6-1-1304. Limitations. (1) SUBJECT TO SUBSECTION (2) OF THIS
21 SECTION, NOTHING IN THIS PART 13:

(a) ALTERS THE TERMS OF ANY CONTRACT OR OTHER
ARRANGEMENT IN FORCE BETWEEN AN ORIGINAL EQUIPMENT
MANUFACTURER AND AN AUTHORIZED REPAIR PROVIDER, INCLUDING THE
PERFORMANCE OR PROVISION OF WARRANTY OR RECALL REPAIR WORK
AND ANY EXCLUSIVITY OR NONCOMPETE CLAUSE IN A CONTRACT; OR
(b) REQUIRES AN ORIGINAL EQUIPMENT MANUFACTURER TO

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PROVIDE AN INDEPENDENT REPAIR PROVIDER OR OWNER ACCESS TO
 INFORMATION, OTHER THAN DOCUMENTATION, THAT THE MANUFACTURER
 PROVIDES TO AN AUTHORIZED REPAIR PROVIDER PURSUANT TO A
 CONTRACT OR OTHER ARRANGEMENT WITH THE INDEPENDENT REPAIR
 PROVIDER EXCEPT AS NECESSARY TO COMPLY WITH SECTION 6-1-1303 (1).

6 (2) WITH RESPECT TO ANY CONTRACT OR OTHER ARRANGEMENT
7 BETWEEN AN ORIGINAL EQUIPMENT MANUFACTURER AND AN
8 INDEPENDENT REPAIR PROVIDER, ANY PROVISION, AGREEMENT, OR
9 LANGUAGE IN THE CONTRACT OR ARRANGEMENT THAT WAIVES, AVOIDS,
10 RESTRICTS, OR LIMITS THE MANUFACTURER'S OBLIGATIONS UNDER THIS
11 PART 13 IS VOID AND UNENFORCEABLE.

12 SECTION 3. Act subject to petition - effective date. This act 13 takes effect January 1, 2021; except that, if a referendum petition is filed 14 pursuant to section 1 (3) of article V of the state constitution against this 15 act or an item, section, or part of this act within the ninety-day period 16 after final adjournment of the general assembly, then the act, item, 17 section, or part will not take effect unless approved by the people at the 18 general election to be held in November 2020 and, in such case, will take 19 effect January 1, 2021, or on the date of the official declaration of the 20 vote thereon by the governor, whichever is later.

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