

Director Randi Flesland, The Norwegian Consumer Council
Speech at Seminar “The need enforceable rules for IoT security”
EU Parliament
June 20, 2017

Dear all,

Thank you for inviting us here today to discuss this very important issue. My name is Randi Flesland and I am the director of the Norwegian Consumer Council. I want to thank you all for coming here today – to discuss this important issue. A special thanks to Christel Schaldemose for hosting us – to BEUC for organising and to all of you for coming and contributing.

As you are aware, an increasing number of devices come with an internet-connection and are able to communicate with each other. This leads to many new opportunities, while at the same time perpetuating consumer challenges and introducing novel issues

Through a multitude of sensors and an internet connection, objects that used to be analogue are now networked and “talk” to each other. Consequently, it’s easy to be overwhelmed by all the possibilities this might give, including increased comfort, safety, and efficiency. However, there are also a number of challenges that needs addressing.

Few other products illustrate the challenges such as internet-connected toys, at the same time as children are particularly vulnerable and are in need of special protection.

We looked at the terms of service, privacy policies and the technical features of selected toys just before Christmas last year. As you could see from the video shown in the introduction, the findings show a serious lack of understanding of children’s rights to privacy, security and protection from direct marketing.

Once we discovered these major breaches of European law and consumer expectation, we alerted the European Consumer organization, BEUC, and the Transatlantic Consumer Dialogue – and got at short notice 24 organisations from 18 countries involved to take various forms of action.

We filed complaints with the Data Protection Agency, the Consumer Ombudsman and the Product Safety Authority in Norway, and eight other organisations did the same across the EU and four organisations in the US filed complaints with the Federal Trade Commission (FTC).



This had substantial impact, with some highlights:

- toys were immediately removed from some major toy chains in Belgium and Netherlands
- Walmart and Toys”R”Us removed it from their stores in the US. Amazon delists it in the US and EU.
- In February Cayla was banned in Germany and in April it received a spot in the Berlin Spy Museum.
- Senators in the US has brought up the issue, parliamentarians in Denmark, Norway and the UK as well. California has introduced legislation to address the issue.

There have been some very commendable initiatives at the EU level, and to mention a few:

1. The Vera Jourouva and Commission, brought together data protection authorities and the consumer enforcement protection network in March to discuss the issue.
2. Christel Schaldemose immediately brought up the issue in the European Parliament, and we thank her for that. And that is also the reason we are here today.
3. The Joint Research Centre, who are here today, published a study on the issue and ENISA who has been working for a long time raising the issue of cyber security.

However, there were some substantial drawbacks, as neither EU nor national legislative frameworks are up to date to cover with this new type of products and risks, thereby possibly leaving consumers behind without proper protection:

1. In Germany, the only country where we saw the product banned, the authorities had to use an old “spy paragraph” from their telecommunication regulation, potentially penalizing consumers for unknowingly having bought this unsafe product.
2. None of the Product Safety Authorities in Europe initiated any enforcement actions, despite having received multiple complaints regarding the complete lack of security acted, as they did not have a legal mandate to do so.
3. The companies producing, distributing and selling the toys accepted little to no liability or responsibility. The company behind the doll, Genesis, have more or less gone underground, despite the massive attention this issue has had.

I don't have all the answers – but it seems clear we need EU wide rules that give a basic level of protection when it comes to digital security, which again will foster consumer trust and contribute to a safer single market. This should be complimented with the possibility of enforcement of competent national and European Authorities.



Whether this should happen through the General Product Safety Directive, Toy Safety Directive, the Product Liability Directive or other frameworks is up to the Commission, Member States, the European Parliament and other relevant stakeholders to decide.

It is clear although new technologies may come with both benefits and disadvantages, it remains essential that consumer- and privacy rights are maintained – and the EU has a key role in ensuring that legislation is fit for purpose.

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