

CALIFORNIA'S IOT LAW ON THE SECURITY OF CONNECTED DEVICES

Excerpted from Chapter 27 (Cybersecurity: Information, Network and Data Security) of
E-Commerce and Internet Law: Legal Treatise with Forms 2d Edition
A 5-volume legal treatise by Ian C. Ballon (Thomson/West Publishing, www.IanBallon.net)

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Ian is also the author of the leading treatise on internet and mobile law, *E-Commerce and Internet Law: Treatise with Forms 2d edition*, the 5-volume set published by West (www.IanBallon.net), which includes extensive coverage of data privacy and security breach issues, including a novel transactional approach to handling security breaches and exhaustive treatment of trends in data privacy, security breach and TCPA class action suits. In addition, he serves as Executive Director of Stanford University Law School's Center for the Digital Economy, which hosts the annual Best Practices Conference where lawyers, scholars and judges are regularly featured and interact. He also chairs PLI's annual Advanced Defending Data Privacy, Security Breach and TCPA Class Action Litigation conference.

Ian was named the Lawyer of the Year for Information Technology Law in the 2019, 2018, 2016 and 2013 editions of Best Lawyers in America and was recognized as the 2012 [New Media Lawyer of the Year](#) by the Century City Bar Association. In both 2018 and 2019 he was recognized as one of the Top 1,000 trademark attorneys in the world for his litigation practice by *World Trademark Review*. In addition, in 2019 he was named one of the top 20 Cybersecurity lawyers in California and in 2018 one of the Top Cybersecurity/Artificial Intelligence lawyers in California by the *Los Angeles and San Francisco Daily Journal*. He received the "Trailblazer" Award, Intellectual Property, 2017 from *The National Law Journal* and he has been recognized as a "Groundbreaker" in *The Recorder's* 2017 Litigation Departments of the Year Awards for winning a series of TCPA cases. In addition, he was the recipient of the California State Bar Intellectual Property Law section's Vanguard Award for significant contributions to the development of intellectual property law (<http://ipsection.calbar.ca.gov/IntellectualPropertyLaw/IPVanguardAwards.aspx>). He is listed in Legal 500 U.S., The Best Lawyers in America (in the areas of information technology and intellectual property) and Chambers and Partners USA Guide in the areas of privacy and data security and information technology. He has been recognized as one of the Top 75 intellectual property litigators in California by the *Los Angeles and San Francisco Daily Journal* in every year that the list has been published (2009 through 2019). Mr. Ballon was also listed in *Variety's* "Legal Impact Report: 50 Game-Changing Attorneys" (2012) and was recognized as one of the top 100 lawyers in L.A. by the *Los Angeles Business Journal*. Mr. Ballon also holds the CIPP/US certification from the International Association of Privacy Professionals (IAPP).

27.04[6][L] California's IoT Law on the Security of Connected Devices

California's IoT data security law,¹ Cal. Civil Code §§ 1798.91.04 to 1798.91.06, which took effect on January 1, 2020, requires a manufacturer of a connected device to equip the device with a reasonable security feature or features that are appropriate to the nature and function of the device, appropriate to the information it may collect, contain, or transmit, and designed to protect the device, and any information it contains, from unauthorized access, destruction, use, modification, or disclosure. Specifically, the law requires that a manufacturer² of a connected device³ equip the device

[Section 27.04[6][L]]

¹The Internet of Things (IoT) is a broad term used to refer to connected devices—such as smart refrigerators, smart televisions, wearable exercise monitors, self-driving cars, home security systems, and home or office climate control systems, among other things—that collect, store, or transfer information to other devices and networked computers, including personal data. *See generally supra* § 27.03B (explaining IoT).

²*Manufacturer* means “the person who manufactures, or contracts with another person to manufacture on the person’s behalf, connected devices that are sold or offered for sale in California. For the purposes of this subdivision, a contract with another person to manufacture on the

with a reasonable security feature⁴ or features that are all of the following:

- (1) Appropriate to the nature and function of the device.
- (2) Appropriate to the information it may collect, contain, or transmit.
- (3) Designed to protect the device and any information contained therein from unauthorized access, destruction, use, modification, or disclosure.⁵

Subject to these requirements, if a connected device is equipped with a means for authentication⁶ outside a local area network, it will be deemed a *reasonable security feature* under the statute if either:

- (1) The preprogrammed password is unique to each device manufactured; or
- (2) The device contains a security feature that requires a user to generate a new means of authentication before access is granted to the device for the first time.⁷

The statute also includes four express exclusions. It may not be construed “to impose any duty upon the manufacturer of a connected device related to unaffiliated third-party software or applications that a user chooses to add to a connected device.”⁸

It may not be construed “to impose any duty upon a provider of an electronic store, gateway, marketplace, or other means of purchasing or downloading software or ap-

person’s behalf does not include a contract only to purchase a connected device, or only to purchase and brand a connected device.” Cal. Civil Code § 1798.91.05(c).

³*Connected device* means “any device, or other physical object that is capable of connecting to the Internet, directly or indirectly, and that is assigned an Internet Protocol address or Bluetooth address.” Cal. Civil Code § 1798.91.05(b).

⁴A *security feature* is “a feature of a device designed to provide security for that device.” Cal. Civil Code § 1798.91.05(d).

⁵Cal. Civil Code § 1798.91.04(a). *Unauthorized access, destruction, use, modification, or disclosure* means “access, destruction, use, modification, or disclosure that is not authorized by the consumer.” *Id.* § 1798.91.05(e).

⁶*Authentication* means “a method of verifying the authority of a user, process, or device to access resources in an information system.” Cal. Civil Code § 1798.91.05(a).

⁷Cal. Civil Code § 1798.91.04(b).

⁸Cal. Civil Code § 1798.91.06(a).

plications, to review or enforce compliance . . .” with the statute.⁹

It may not be construed “to impose any duty upon the manufacturer of a connected device to prevent a user from having full control over a connected device, including the ability to modify the software or firmware running on the device at the user’s discretion.”¹⁰

And it may not be applied “to any connected device the functionality of which is subject to security requirements under federal law, regulations, or guidance promulgated by a federal agency pursuant to its regulatory enforcement authority.”¹¹

California’s IoT security law, which was the first U.S. statute to specifically address the security of information shared by connected devices, has been either applauded by security experts for taking a step in the right direction or criticized for focusing on adding “good” features instead of removing bad ones that subject devices to attacks.¹² It seems likely that other states or the federal government will seek to enact IoT regulations in the coming years.

⁹Cal. Civil Code § 1798.91.06(b).

¹⁰Cal. Civil Code § 1798.91.06(c).

¹¹Cal. Civil Code § 1798.91.06(d).

¹²See Adi Robertson, *California just became the first state with an Internet of Things cybersecurity law*, The Verge, Sept. 28, 2018 (quoting Robert Graham); Edward Kovacs, *California IoT Cybersecurity Bill Signed into Law*, SecurityWeek, Oct. 1, 2018 (quoting Graham as stating that the law “will do little [to] improve security, while doing a lot to impose costs and harm innovation.”).

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 3. [Reserved]

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4. Copyright Protection in Cyberspace
 5. Database Protection, Screen Scraping and the Use of Bots and Artificial Intelligence to Gather Content and Information
 6. Trademark, Service Mark, Trade Name and Trade Dress Protection in Cyberspace
 7. Rights in Internet Domain Names

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 10. Misappropriation of Trade Secrets in Cyberspace
 11. Employer Rights in the Creation and Protection of Internet-Related Intellectual Property
 12. Privacy and Publicity Rights of Celebrities and Others in Cyberspace
 13. Idea Protection and Misappropriation

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 21. Obtaining Assent in Cyberspace: Contract Formation for Click-Through and Other Unilateral Contracts
 22. Structuring and Drafting Website Terms and Conditions
 23. ISP Service Agreements

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25. Introduction to Consumer Protection in Cyberspace
 26. Data Privacy
 27. Cybersecurity: Information, Network and Data Security
 28. Advertising in Cyberspace

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- Chapter* 29. Email and Text Marketing, Spam and the Law of Unsolicited Commercial Email and Text Messaging

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31. Online Financial Transactions and Payment Mechanisms
 32. Online Securities Law
 33. Taxation of Electronic Commerce
 34. Antitrust Restrictions on Technology Companies and Electronic Commerce
 35. State and Local Regulation of the Internet
 36. Best Practices for U.S. Companies in Evaluating Global E-Commerce Regulations and Operating Internationally

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 38. Tort and Related Liability for Hacking, Cracking, Computer Viruses, Disabling Devices and Other Network Disruptions
 39. E-Commerce and the Rights of Free Speech, Press and Expression In Cyberspace

Part VII. Obscenity, Pornography, Adult Entertainment and the Protection of Children

40. Child Pornography and Obscenity
 41. Laws Regulating Non-Obscene Adult Content Directed at Children
 42. U.S. Jurisdiction, Venue and Procedure in Obscenity and Other Internet Crime Cases

Part VIII. Theft of Digital Information and Related Internet Crimes

43. Detecting and Retrieving Stolen Corporate Data
 44. Criminal and Related Civil Remedies for Software and Digital Information Theft
 45. Crimes Directed at Computer Networks and Users: Viruses and Malicious Code, Service Disabling Attacks and Threats Transmitted by Email

Volume 5

- Chapter* 46. Identity Theft
 47. Civil Remedies for Unlawful Seizures

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48. Assessing and Limiting Liability Through Policies, Procedures and Website Audits
 49. The Liability of Platforms (including Website Owners, App Providers, eCommerce Vendors, Cloud Storage and Other Internet and Mobile Service Providers) for User Generated Content and Misconduct
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 51. Web 2.0 Applications: Social Networks, Blogs, Wiki and UGC Sites

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52. General Overview of Cyberspace Jurisdiction
 53. Personal Jurisdiction in Cyberspace
 54. Venue and the Doctrine of Forum Non Conveniens
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In 2017 Mr. Ballon was named a "Groundbreaker" by *The Recorder* at its 2017 Bay Area Litigation Departments of the Year awards ceremony and was selected as an "Intellectual Property Trailblazer" by the *National Law Journal*.

Mr. Ballon was named as the Lawyer of the Year for information technology law in the 2019, 2018, 2016 and 2013 editions of *The Best Lawyers in America* and is listed in Legal 500 U.S., *The Best Lawyers in America* (in the areas of information technology and intellectual property) and Chambers and Partners USA Guide in the areas of privacy and data security and information technology. He also serves as Executive Director of Stanford University Law School's Center for E-Commerce in Palo Alto.

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- > **Circuit splits on Article III standing in cybersecurity litigation** (chapter 27)
- > Revisiting **sponsored link, SEO and SEM practices and liability** (chapter 9)
- > **Website and mobile accessibility** (chapter 48)
- > **The Music Modernization Act's Impact on copyright preemption and DMCA protection for pre-1972 musical works** (chapter 4)
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