



**United States of America
Federal Trade Commission**

**FTC's Nixing the Fix: A Workshop on Repair Restrictions
Welcome and Opening Remarks**

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Thank you, all, and welcome to the FTC's Nixing the Fix Workshop.

The protagonist in the television thriller "MacGyver" once said, "There always seems to be a way to fix things." MacGyver was a genius at fixing things using duct tape, chocolate, cold medicine, and other readily available items. But in today's connected world, MacGyver may have had a bit more difficulty getting out of sticky situations. Today's consumer devices are more complicated than ever, and while this may be blasphemy to MacGyver fans, I'm not sure he could reassemble a smashed smartphone with some gum and a paperclip. After all, he is not a licensed repair professional.

Thus, we go to the heart of today's discussion: when should independent companies and consumers be allowed to repair consumer devices?

A bedrock principle in a free market economy is that robust competition provides the greatest benefits to consumers. Competition incentivizes companies to offer the best services at the most attractive prices. Based on this understanding, Congress passed the Magnuson-Moss Warranty Act in 1975. The Warranty Act prohibits companies from linking warranty coverage to the use of particular products and repair services unless the company provides those products or services for free. The law was intended to protect consumers' choice and stimulate competition among small businesses vying to serve consumers' repair needs. The FTC takes seriously our mandate to enforce the Warranty Act. Last year, the FTC sent warning letters to

several companies whose warranties appeared to violate the anti-tying provisions of the law.¹

Notably, recipients of those letters responded by modifying their business practices.

While competition is beneficial, though, it is not the only worthy goal. Safety, privacy, and data security are other laudable goals. Manufacturers have explained that they impose limitations on who can fix consumer products because of safety and security concerns, as well as product characteristics that consumers demand.

For example, replacing a battery is no longer as simple as popping in two new AA Duracells (or a lemon, nails, and a copper penny if you're MacGyver). Instead this task can require application of specific adhesives that maximize run time without causing a phone to overheat. Another concern is consumer privacy. A phone repairperson usually is given a consumer's password – which comes with access to emails, pictures, text messages, and other personal information or security programs stored on devices.

The battery replacement example illustrates how complicated repair questions have become. And weighing questions of competition and other goals like consumer safety can bring complexities.

But challenging issues like these play to one of the FTC's strengths: its perennial pursuit of learning, to inform its policy and enforcement approaches. The agency conducts policy

¹ Press Release, *FTC Staff Warns Companies that It Is Illegal to Condition Warranty Coverage on the Use of Specified Parts or Services*, April 10, 2018, <https://www.ftc.gov/news-events/press-releases/2018/04/ftc-staff-warns-companies-it-illegal-condition-warranty-coverage>.

research and development by engaging with industry participants, soliciting public input, and conducting or soliciting research. As today's event indicates, we also hold hearings, workshops, and roundtables. I anticipate that input from today's workshop will contribute to the Agency's ability to assess the dynamics of the repair market in measured and thoughtful ways.

Today's first two panels will explore limitations imposed by manufacturers on the availability of diagnostic tools, software, and replacement parts for products; the rationales for those limitations proffered by manufacturers; and the impact that those limitations have on the ability of consumers and independent repair shops to repair some products. We will also consider the privacy, data security, and safety ramifications of allowing consumers and independent repair shops to make repairs. Panelists will endeavor to identify what costs are imposed on consumers and small businesses by repair restrictions and to answer whether the costs and burdens are justified by other legitimate goals.

The third panel of this workshop will discuss whether a "fix" is needed, or if competition is effectively protecting consumer interests and wallets. Panelists will explore the existing and currently proposed "fixes." They will also discuss whether there are opportunities for consumers and independent repair shops to access the tools and information necessary to make repairs without compromising data security, privacy, safety, and other legitimate goals advanced by manufacturers.

Stakeholder input helps us advance our thinking on complex issues like these. We anticipate and hope that this workshop will spark further conversation, research, and collaboration by and among industry, consumer groups, researchers, and staff. We encourage you to submit comments and empirical research through September 16th of this year.