

The Internet of Things and Consumer Protection

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Views expressed are those of the speaker and not necessarily those of the Commission or any Commissioner.



FTC Background

- **Independent law enforcement agency**
- **Consumer protection and competition mandate**
- **Section 5 of FTC Act prohibits “unfair or deceptive acts of practices”**
- **Policy work includes public workshops, Congressional testimony, consumer education, and business guidance**
- **Privacy is a consumer protection priority**



Enforcement Actions



Common Remedies

- **Prohibition against misrepresentations**
- **Comprehensive data security or privacy program, appropriate to company's size, activities, information collected**
- **Third party assessments of programs**
- **Other case-specific requirements – e.g., disclosures, software updates**
- **Civil penalties for violations**



TRENDnet: overview

TRENDnet

- **Security vulnerabilities in IP cameras and mobile apps**
 - login credentials transmitted and stored in clear text
 - failed to monitor security vulnerability reports
 - failed to use reasonable and appropriate security in software design and testing
- **Attacker accessed hundreds of camera feeds**



TRENDnet: design & testing

TRENDnet

- **No software security review and testing at key points, including:**
 - security architecture review
 - software vulnerability and penetration testing
 - reasonable and appropriate code review and testing
- **Failed to implement reasonable guidance or training for responsible employees**



TRENDnet: deception claim

TRENDnet



- Company's marketing statement and user interface represented that it had taken reasonable steps to ensure that (1) its cameras and apps could securely monitor private areas of a consumer's home or workplace and (2) that a user's security settings will be honored
- Due to the Company's alleged security failures, these representations constitute false or misleading claims.



TRENDnet: unfairness claim

TRENDnet

- **Company failed to provide reasonable security to prevent unauthorized access to live IP camera feeds**
- **Security failures caused or are likely to cause substantial injury to consumers that is not outweighed by benefits and is not reasonably avoidable**
- **Potential harms included an increased likelihood of: (1) targeting by criminals; (2) personal activities being observed and recorded**



TRENDnet: order requirements

TRENDnet

- Required to provide notice to consumers, with technical support to update or uninstall cameras
- Prohibited from misrepresenting security
- Required to establish comprehensive security program, with third-party compliance assessments



Internet of Things Workshop



- **Takeaways for consumers**
- **Takeaways for device manufacturers**

