

3

4

5 6

7

8

10.

9

11

12

13

CALIFORNIA,

14

15

16 17

18

19

20

21

23

22

24 25

26 27

28

SEP 05 2017

Sherri R. Carter, Executive Officer/Clen-By Elvia T. Espinoza, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF LOS ANGELES

PEOPLE OF THE STATE OF

Plaintiff,

LENOVO (UNITED STATES) INC.,

Defendant.

Case No. BC 674647

FINAL JUDGMENT AND PERMANENT INJUNCTION

Plaintiff, the People of the State of California ("the People" or "Plaintiff"), through its attorney, Xavier Becerra, Attorney General of the State of California, by Deputy Attorney General Lisa B. Kim, and Defendant Lenovo (United States) Inc. ("Lenovo," as defined in Part I of this Final Judgment and Permanent Injunction), appearing through its attorneys, Perkins Coie LLP, having stipulated to the entry of this Final Judgment and Permanent Injunction ("Judgment") by the Court without the taking of proof and without trial or adjudication of any fact or law, without this Judgment constituting evidence of or an admission by Lenovo regarding any issue of law or fact alleged in the Complaint on file, and without Lenovo admitting any

- 16

ownership and branding of Defendant or the Software Provider, a Third Party Service Provider, or any person or entity otherwise excluded by the Proviso in Paragraphs 6-7 of this Judgment;

- d. The identity or specific categories of such third parties; and
- e. The purposes for sharing such Covered Information.
- ii. At the time this disclosure is made, a Clear and Conspicuous mechanism shall be provided for a consumer to indicate assent to the operation of the Covered Software by taking affirmative action authorizing its operation.
- B. "Application Software" means any computer program designed for and used by consumers (e.g., database programs, word processing programs, games, Internet browsers or browser add-ons) that Lenovo preinstalls or causes to be preinstalled onto a Covered Product. Application Software does not include device drivers; system software designed to configure, optimize or maintain a computer; operating systems; software bundled, integrated or included with operating systems; or software otherwise provided to Lenovo for preinstallation on a Covered Product by an operating system provider.
- C. "Clear(ly) and Conspicuous(ly)" means that a required disclosure is difficult to miss (i.e., easily noticeable) and easily understandable by consumers, including in all of the following ways:
- i. In any communication that is solely visual or solely audible, the disclosure must be made through the same means through which the communication is presented. In any communication made through both visual and audible means, such as a television advertisement, the disclosure must be presented simultaneously in both the visual and audible portions of the communication even if the representation requiring the disclosure ("Triggering Representation") is made through only one means.
- ii. A visual disclosure, by its size, contrast, location, the length of time it appears, and other characteristics, must stand out from any accompanying text or other visual elements so that it is easily noticed, read, and understood.

- iii. An audible disclosure, including by telephone or streaming video, must be delivered in a volume, speed, and cadence sufficient for consumers to easily hear and understand it.
- iv. In any communication using an interactive electronic medium, such as the Internet or software, the disclosure must be unavoidable.
- v. On a product label, the disclosure must be presented on the principal display panel.
- vi. The disclosure must use diction and syntax understandable to consumers and must appear in each language in which the Triggering Representation appears.
- vii. The disclosure must comply with these requirements in each medium through which it is received, including all electronic devices and face-to-face communications.
- viii. The disclosure must not be contradicted or mitigated by, or inconsistent with, anything else in the communication.
- D. "Covered Information" means the following information from or about an individual consumer that is input into, stored on, accessed or transmitted through Application Software: (a) a first and last name; (b) a physical address; (c) an email address or other online contact information, such as an instant messaging user identifier or a screen name; (d) login credentials and passwords; (e) a telephone number; (f) a Social Security number; (g) a driver's license or other government-issued identification number; (h) a financial institution account number; (i) credit or debit card information; (j) any portion of the content of a consumer's communications; (k) any portion of the content of a consumer's files (e.g., documents, photos or videos); and (l) precise geolocation information sufficient to identify a street name and name of a city or town.
- E. "Covered Product" means any personal computer (i.e., desktop computers, laptops, laptops that convert into tablets or vice versa, and notebooks) that is manufactured by or on behalf of Defendant and is sold to U.S. consumers. Covered Products do not include servers and server peripherals, mobile handsets or smartphones, or tablets or similar devices that are sold

Final Judgment and Permanent Injunction

People v. Lenovo (United States) Inc.

this Judgment, whether acting directly or indirectly, in connection with the advertising,

28

1.6

promotion, offering for sale, sale, or distribution of Covered Software shall not make a misrepresentation, in any manner, expressly or by implication, about any Feature of the Covered Software.

#### **Affirmative Express Consent Provision**

- 6. It is further ordered that, commencing no later than 120 days after the Effective Date, Defendant, its officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Judgment, whether acting directly or indirectly, shall not preinstall or cause to be preinstalled any Covered Software unless Lenovo or the Software Provider:
  - A. Will obtain the consumer's Affirmative Express Consent;
- B. Provides instructions for how the consumer may revoke consent to the Covered Software's operation, which can include uninstalling the Covered Software; and
- C. Provides a reasonable and effective means for consumers to opt out, disable or remove all of the Covered Software's operations, which can include uninstalling the Covered Software.
- 7. Provided, however, that Affirmative Express Consent will not be required if sharing the Covered Information is reasonably necessary to comply with applicable law, regulation, or legal process.

#### Mandated Software Security Program

8. It is further ordered that Defendant must, no later than the Effective Date, establish and implement, and thereafter maintain a comprehensive software security program that is reasonably designed to (1) address software security risks related to the development and management of new and existing Application Software, and (2) protect the security, confidentiality, and integrity of Covered Information. The content, implementation and maintenance of the software security program must be fully documented in writing. The software security program must contain administrative, technical, and physical safeguards appropriate to Defendant's size and complexity, the nature and scope of Defendant's activities,

6

9 10

11 12

13 14

15

16

17

18 19

2.0

21 22.

23

24 25

26

27 28 the nature of the Application Software, the security policies and practices of the Software Provider, and the sensitivity of the Covered Information, including:

- A. The designation of an employee or employees to coordinate and be responsible for the software security program;
- B. The identification of internal and external risks to the security, confidentiality. or integrity of Covered Information that could result in the unauthorized disclosure, misuse, loss, alteration, destruction, or other compromise of such information, and assessment of the sufficiency of any safeguards in place to control these risks. At a minimum, this risk assessment must include consideration of risks in each area of relevant operation, including: (1) employee training and management; (2) Application Software design, including the processing, storage. transmission, and disposal of Covered Information by the Application Software; and (3) the prevention, detection, and response to attacks, intrusions, or other vulnerabilities;
- C. The design and implementation of reasonable safeguards to control these risks. and regular testing or monitoring of the effectiveness of the safeguards' key controls, systems. and procedures:
- D. The development and use of reasonable steps to select and retain software or service providers capable of maintaining security practices consistent with this Judgment, and requiring software and service providers, by contract, to implement and maintain appropriate safeguards; and
- The evaluation and adjustment of the software security program in light of the results of the testing and monitoring required by sub-provision C. above, any changes to Defendant's operations or business arrangements, or any other circumstances that Defendant knows or has reason to know may have an impact on the effectiveness of the software security program.

#### Software Security Assessments by a Third Party

It is further ordered that, in connection with compliance with the provision of this Judgment titled Mandated Software Security Program, Defendant must obtain initial and biennial assessments ("Assessments"):

- A. The Assessments must be obtained from a qualified, objective, independent third-party professional, who uses procedures and standards generally accepted in the profession. A professional qualified to prepare such Assessments must be a person qualified as a Certified Secure Software Lifecycle Professional (CSSLP) with professional experience with secure Internet-accessible, consumer-grade devices; an individual qualified as a Certified Information Systems Security Professional (CISSP) or as a Certified Information Systems Auditor (CISA) with professional experience with secure Internet-accessible consumer-grade devices; or a qualified individual or entity approved by the Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, as ordered in the FTC Action.
- B. The reporting period for the Assessments must cover: (1) the first 180 days after the Effective Date for the initial Assessment, and (2) each 2-year period thereafter for 20 years for the biennial Assessments.

#### C. Each Assessment must:

- i. Set forth the specific administrative, technical, and physical safeguards that Defendant has implemented and maintained during the reporting period;
- ii. Explain how such safeguards are appropriate to Defendant's size and complexity, the nature and scope of Defendant's activities, the nature of the Application Software, the security policies and practices of the Application Software provider and the sensitivity of the Covered Information;
- iii. Explain how the safeguards that have been implemented meet or exceed the protections required by the Provision of this Judgment titled Mandated Software Security Program; and
- iv. Certify that the Mandated Software Security Program is operating with sufficient effectiveness to provide reasonable assurance that the security of the Application Software preinstalled on Covered Products and the security, confidentiality, and integrity of Covered Information is protected, and that the Mandated Software Security Program has so operated throughout the reporting period.

D. Each Assessment must be completed within 60 days after the end of the reporting period to which the Assessment applies as set forth in Part IV of the FTC Order.

#### Expiration

10. The obligations and other provisions set forth in Paragraphs 4 through 9 shall expire twenty (20) years after the Effective Date of this Judgment. Nothing in this paragraph should be construed or applied to excuse Lenovo from its obligations to comply with all applicable state and federal laws, regulations, and rules.

#### III. COMPLIANCE MONITORING

- 11. Defendant is required to monitor its compliance with this Judgment in the same manner as it is required to monitor its compliance with the FTC Order, all as detailed in Part VI of the FTC Order.
- 12. Upon request by any Participating State, Lenovo shall provide a copy of any Assessment or other submission made to the FTC pursuant to the FTC Order within 10 days of the request.

#### IV. ACKNOWLEDGMENTS OF THE JUDGMENT

13. For 5 years after the Effective Date, Lenovo must deliver a copy of this Judgment to all individuals and entities listed in Part V of the FTC Order.

#### V. PAYMENT TO THE STATES

14. Within thirty (30) days of the Effective Date of this Judgment, Lenovo shall pay to the California Attorney General Three Hundred and Eighty-Nine Thousand and Two Hundred and Four and 94/100 Dollars (\$389,204.94) pursuant to Business and Professions Code section 17206. The payment shall be made by check payable to the "California Attorney General's Office" and shall be delivered to the Department of Justice, Office of the Attorney General, Consumer Law Section, Privacy Enforcement and Protection Unit, 300 S. Spring Street, Suite 1702, Los Angeles, CA 90013, ATTN: Lisa B. Kim. This payment is made as part of a multistate settlement which includes a total payment of Three Million Five Hundred Thousand Dollars (\$3,500,000) to the Participating States.

2.7

15. Said payment shall be used by the California Attorney General for attorneys' fees and other costs of investigation and litigation; used to defray costs of the inquiry leading to this Judgment, and for the California Attorney General's enforcement of California's consumer protection laws, at his sole discretion of the California Attorney General.

#### VI. RELEASE

Attorney General releases and discharges Lenovo and its affiliates, subsidiaries and divisions from all civil claims that the California Attorney General could have brought under California Business and Professions Code Section 17200 et seq. based on Lenovo's conduct alleged in the Complaint filed in this action prior to the Effective Date of this Judgment. Nothing contained in this paragraph shall be construed to limit the ability of the California Attorney General to enforce the obligations that Lenovo has under this Judgment. Further, nothing in this Judgment shall be construed to create, waive, or limit any private right of action.

#### VII. GENERAL PROVISIONS

- 17. The Parties to this action may agree in writing, through counsel, to an extension of any time period in this Judgment without a court order.
- 18. Nothing in this Judgment shall be construed as an approval or a sanction by the California Attorney General of any of Lenovo's past, present, or future business acts and practices.
- 19. Lenovo shall not, directly or indirectly, participate in any activity or form a separate entity or corporation for the purpose of engaging in acts or practices in whole or in part in California that are prohibited by this Judgment or for any other purpose that would otherwise circumvent any term of this Judgment. Lenovo shall not cause, knowingly permit, or encourage any other persons or entities acting on its behalf, to engage in practices prohibited by this Judgment.
  - 20. Lenovo shall pay all court costs associated with the filing of this Judgment, if any.
- 21. If any portion of this Judgment is held invalid by operation of law, the remaining terms of this Judgment shall not be affected and shall remain in full force and effect.

22. Whenever Lenovo shall provide notice to the California Attorney General under this
Judgment, that requirement shall be satisfied by sending notice to: Lisa B. Kim, Deputy
Attorney General, Office of the Attorney General, 355 S. Spring Street, Suite 1702, Los Angeles,
CA 90013. Any notices or other documents sent to Lenovo pursuant to this Judgment shall be
sent to the following address: (1) Lenovo (United States) Inc., ATTN: General Counsel, 1009
Think Place, Morrisville, North Carolina 27560-900 and (2) Rebecca S. Engrav, Esq., Perkins
Coie, 1201 Third Avenue, Suite 4900, Seattle, WA 98101-3099. All notices or other documents
to be provided under this Judgment shall be sent by United States mail, certified mail return
receipt requested, or other nationally recognized courier service that provides for tracking
services and identification of the person signing for the notice or document, and shall have been
deemed to be sent upon mailing. Any party may update its address by sending written notice to
the other party.

- 23. Except as otherwise provided under law, this Judgment may only be enforced by Plaintiff, Lenovo, and this Court.
- 24. Jurisdiction is retained by the Court for the purpose of enabling any party to the Judgment to apply to the Court at any time for such further orders and directions as may be necessary or appropriate for the construction or the carrying out of this Judgment, for the modification of any of the injunctive provisions hereof, for enforcement of compliance herewith, and for the punishment of violations hereof, if any.
  - 25. The clerk is ordered to enter this Judgment forthwith.

Dated: SEP 0-5 2017 MARC MARMARO

Judge of the Superior Court

STATE	ATTORNEYS GENERAL DESIGNATED CONTACTS
	CONTACTS
Arizona	Taren Ellis Langford Unit Chief Counsel Arizona Attorney General's Office 400 W. Congress Street, Suite S-315 Tucson, 'AZ 85701 Taren.Langford@azag.gov (520) 628-6631
Arkansas	Peggy Johnson Assistant Attorney General Office of the Arkansas Attorney General 323 Center Street, Suite 500 Little Rock, Arkansas 72201 peggy.johnson@arkansasag.gov (501) 682-8062
California	Lisa B. Kim Deputy Attorney General Office of the Attorney General Consumer Law Section Privacy Enforcement and Protection Unit 300 South Spring Street, Suite 1702 Los Angeles, CA 90013 Lisa.Kim@doj.ca.gov (213) 897-0013
Colorado	Mark Bailey Senior Assistant Attorney General Colorado Attorney General's Office 13 00 Broadway 7 <sup>th</sup> Fl. Denver CO 80203 Mark.bailey@coag.gov (720) 508-6202
Connecticut	Matthew F. Fitzsimmons Assistant Attorney General Department Head Privacy and Data Security Department Office of the Attorney General 110 Sherman Street Hartford CT 06105 Matthew.Fitzsimmons@ct.gov (860) 808-5515

Florida	Edward Moffitt Senior Financial Investigator/Supervisor Multistate & Privacy Bureau Office of the Attorney General 135 W Central Blvd, Suite 670 Orlando, FL 32801-2437 Edward.Moffitt@MyFloridaLegal.com (407) 845-6388
Hawaii	Lisa P. Tong Enforcement Attorney State of Hawaii Office of Consumer Protection 235 S. Beretania Street #801 Honolulu, Hawaii 96813 <a href="mailtong@dcca.hawaii.gov">https://district.org/dcca.hawaii.gov</a> (808) 586-5978
Idaho	Stephanie Guyon Deputy Attorney General Idaho Attorney General's Office Consumer Protection Division 954 W. Jefferson Street, 2 <sup>nd</sup> FL. Boise, ID 83702 stephanie.guyon@ag.idaho.gov (208) 334-4135
Illinois	Matthew W. Van Hise, CIPP/US Assistant Attorney General Consumer Privacy Counsel Consumer Fraud Bureau Illinois Attorney General's Office 500 South Second Street Springfield, IL 62706 mvanhise@atg.state.il.us (217) 782-9024
Indiana	Ernâni Magalhães Deputy Attorney General Consumer Protection Division Office of Attorney General Curtis Hill 302 West Washington Street IGCS-5th Floor Indianapolis, IN 46204 ernani.magalhaes@atg.in.gov (317) 234-6681

Iowa	Nathan Blake ,
	Assistant Attorney General
	Office of the Attorney General of Iowa
	1305 E. Walnut St.
	Des Moines, IA 50319
	nathan.blake@iowa.gov
·	(515) 281-4325
, i	(313) 201-4323
Vonces	Sarah M. Dietz
Kansas	
·	Assistant Attorney General
	Office of Kansas Attorney General Derek Schmidt
	120 SW 10 <sup>th</sup> Avenue, 2 <sup>nd</sup> Floor
	sarah.dietz@ag.ks.gov
	(785) 296-3751
	· .
Louisiana	L. Christopher Styron
	Section Chief - Consumer Protection
	Assistant Attorney General
	Louisiana Department of Justice
	1885 N. Third Street
	Baton Rouge, Louisiana 70802
	styronl@ag.louisiana.gov
	(225) 326-6468
	(223) 320-0400
Maine	Linda Conti
iviaine	Assistant Attorney General
	Maine Office of the Attorney General
	6 State House Station
	Augusta, Maine 04333-0006
	Linda.conti@maine.gov
	(207) 626-8591
Minnesota	Evan Romanoff
	Assistant Attorney General
	Minnesota Attorney General's Office
	445 Minnesota Street, Suite 1200
	St. Paul, MN 55101
	Evan.romanoff@ag.state.mn.us
	(651) 757-1454

) / · · · ·	T Y.
Missouri	Joyce Yeager
	Assistant Attorney General
	Consumer Protection Section
	Office of the Missouri Attorney General
	PO Box 899
	Jefferson City, MO 65102
	joyce.yeager@ago.mo.gov
	(573) 751-6733
Nebraska	Daniel Birdsall
TVOTABLE	Assistant Attorney General
	Consumer Protection Division
	Nebraska Attorney General's Office
	,
	2115 State Capitol Building
	Lincoln, NE 68509
	dan.birdsall@nebraska.gov
	(402) 471-3840
0	
° Nevada	Nevada Consumer Advocate
	Office of the Nevada Attorney General
	Bureau of Consumer Protection
	100 N. Carson St.
	Carson City, NV 89701
	(775) 684-1100
	aginfo@ag.nv.gov
·	agimo(to,ag.nv.gov
New Hampshire	John W. Garrigan
110W Hampanic	Assistant Attorney General
	Consumer Protection and Antitrust Bureau
	:
	New Hampshire Department of Justice
	33 Capitol Street
	Concord, NH 03301
	603-271-1252
	john.garrigan@doj.nh.gov
New Jersey	Elliott M. Siebers
	Deputy Attorney General
	Affirmative Civil Enforcement Practice Group
	Office of the Attorney General
	State of New Jersey
	124 Halsey St. – 5 <sup>th</sup> Floor
	P.O. Box 45029-5029
	Newark, NJ 07101
	elliott.siebers@law.njoag.gov
	(973) 648-4460

>1 X/ 1	C1 1 D 11
New York	Clark Russell
*	Deputy Bureau Chief
	Bureau of Internet and Technology
	New York State Office of the Attorney General
	120 Broadway
	New York, NY 10271-0332
	clark.russell@ag.ny.gov
ac .	
	(212) 416-6494
\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	771 701
North Carolina	Kim D'Arruda, CIPP/US
	Special Deputy Attorney General
*	North Carolina Department of Justice
	Consumer Protection Division
	114 West Edenton Street
, ,	Raleigh, NC 27603
	kdarruda@ncdoj.gov
	(919) 716-6013
	(717) /10-0013
Nauda Dalasta	Brian M. Card
North Dakota	
, , , , , , , , , , , , , , , , , , ,	Assistant Attorney General
	Consumer Protection & Antitrust Division
	Office of Attorney General of North Dakota
	1050 E. Interstate Ave., Suite 200
	Bismarck, ND 58503-5574
	bmcard@nd.gov
. v	(701) 328-5570
,	(***)*******
Oregon	Eva H. Novick
31 <b>3</b> 5011	Assistant Attorney General
	Financial Fraud/Consumer Protection Section
A TOTAL TOTA	
	Oregon Department of Justice
	100 SW Market Street
	Portland, OR 97201
	eva.h.novick@doj.state.or.us
	(971) 673-1880
Pennsylvania	John M. Abel, Esquire
1 chiloy ivania	Pennsylvania Office of Attorney General
	Bureau of Consumer Protection
	15th Floor, Strawberry Square
	Harrisburg, PA 17120
	jabel@attorneygeneral.gov
	*
	, e
	A A
	Laste de VII des records de VII de versage en la record de VII des Records de VII de V

71 1 71 1	
Rhode Island	Edmund F. Murray, Jr. Special Assistant Attorney General Rhode Island Department of Attorney General 150 South Main Street Providence, Rhode Island 02903
	emurray@riag.ri.gov (401) 274-4400 ext. 2401
South Carolina	Chantelle L. Neese Assistant Attorney General
	SC Attorney General's Office Consumer Protection & Antitrust Section Rembert C. Dennis Bldg 1000 Assembly St.
	P. O. Box 11549 Columbia, SC 29211
	CNeese@scag.gov (803) 734-2346
South Dakota	Philip D. Carlson Assistant Attorney General Consumer Protection Division
	South Dakota Attorney General 1302 E. Hwy. 14, Ste. 1
	Pierre, SD 57501 Phil.Carlson@state.sd.us (605) 773-3216
* .	, ,
Tennessee	Carolyn Smith
	Senior Counsel
	Consumer Protection and Advocate Division
	Tennessee Attorney General's Office P.O. Box 20207
	Nashville, TN 37202-0207
·	carolyn.smith@ag.tn.gov
	(615) 532-2578
Texas	C. Brad Schuelke
	Senior Assistant Attorney General
	Office of the Attorney General
	Consumer Protection Division 300 W. 15 <sup>th</sup> Street, 9 <sup>th</sup> Floor
, , ,	Austin, Texas 78701
	Brad.schuelke@oag.texas.gov (512) 463-1269
	(312) 703-1207

Vermont	Ryan Kriger Assistant Attorney General Vermont Office of the Attorney General Public Protection Division 109 State St. Montpelier, VT 05609 ryan.kriger@vermont.gov (802) 828-3170
Washington	Andrea Alegrett Assistant Attorney General Office of the Attorney General, State of Washington 800 Fifth Avenue, Suite 2000 Seattle, WA 98104-3188 andreaal@atg.wa.gov (206) 389-3813