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CONFORMED COL ORIGINAL FILED Superior Court of Califo County of Los Angele

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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 CALIFORNIA,

Plaintiff.

V.

LENOVO (UNITED STATES) INC.,

Defendant.

Case No. BC 6 7 4 6 4 7

[FROM SELD] 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

1	liability; with all parties having waived their right to appeal, and the Court having considered the		
2	matter and good cause appearing:		
3	IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:		
4	1. The Court has jurisdiction over the allegations and subject matter of the People's		
5	Complaint filed in this action, and, solely for the purposes of this matter, the parties to this action.		
6	Venue is proper in this county, and this Court has jurisdiction to enter this Stipulated Judgment.		
7	This Judgment is entered pursuant to and subject to California Business and Professions Code		
8	section 17200 et seq.		
9	I. <u>DEFINITIONS</u>		
1•	2. The following definitions shall apply to this Judgment:		
11	A. "Affirmative Express Consent" means that:		
12	i. Prior to the initial operation of any Covered Software, it shall be Clearly		
13	and Conspicuously disclosed, separate and apart from any "end user license agreement,"		
14	"privacy policy," "terms of use" page or similar document, the following:		
15	1) For any Covered Software that displays advertising,		
16	a. The fact that the Covered Software will display advertisements,		
17	including any pop-up advertisements; and		
18	b. The frequency and circumstances under which such		
19	advertisements are displayed to the consumer; and		
20	2) For any Covered Software that transmits, or causes to be transmitted,		
21	Covered Information to a person or entity other than the consumer,		
22	a. The fact that the software will transmit, or cause to be transmitted,		
23	the Covered Information to a person or entity other than the consumer;		
24	b. The types of Covered Information that will be transmitted to a		
25	person or entity other than the consumer;		
26	c. The types of Covered Information that the receiving person or		
27	entity will share with third parties, which does not include an entity with a common corporate		
20			

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_fo_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

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,

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
- E. 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

9. 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"):

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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; ●r 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.

1	D. Each Assessment must be completed within 60 days after the end of the		
2	reporting period to which the Assessment applies as set forth in Part IV of the FTC Order.		
3	Expiration		
4	10. The obligations and other provisions set forth in Paragraphs 4 through 9 shall expire		
5	twenty (20) years after the Effective Date of this Judgment. Nothing in this paragraph should be		
6	construed or applied to excuse Lenovo from its obligations to comply with all applicable state		
7	and federal laws, regulations, and rules.		
8	III. COMPLIANCE MONITORING		
9	11. Defendant is required to monitor its compliance with this Judgment in the same		
10	manner as it is required to monitor its compliance with the FTC Order, all as detailed in Part VI		
11	of the FTC Order.		
12	12. Upon request by any Participating State, Lenovo shall provide a copy of any		
13	Assessment or other submission made to the FTC pursuant to the FTC Order within 1 ● days of		
14	the request.		
15	IV. ACKNOWLEDGMENTS OF THE JUDGMENT		
16	13. For 5 years after the Effective Date, Lenovo must deliver a copy of this Judgment to		
17	all individuals and entities listed in Part V of the FTC Order.		
18	V. PAYMENT TO THE STATES		
19	14. Within thirty (30) days of the Effective Date of this Judgment, Lenovo shall pay to		
20	the California Attorney General Three Hundred and Eighty-Nine Thousand and Two Hundred		
21	and Four and 94/100 Dollars (\$389,204.94) pursuant to Business and Professions Code section		
22	17206. The payment shall be made by check payable to the "California Attorney General's		
23	Office" and shall be delivered to the Department of Justice, Office of the Attorney General,		
24	Consumer Law Section, Privacy Enforcement and Protection Unit, 300 S. Spring Street, Suite		
25	1702, Los Angeles, CA 90013, ATTN: Lisa B. Kim. This payment is made as part of a		
26	multistate settlement which includes a total payment of Three Million Five Hundred Thousand		
27	Dollars (\$3,500,000) to the Participating States.		

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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.

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