



Brussels, 16.7.2020
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COMMISSION DECISION

of 16.7.2020

**initiating an inquiry into the sector for consumer Internet of Things related products
and services pursuant to Article 17 of Council Regulation (EC) No 1/2003**

(HT.5752)

(Only the English, French and German texts are authentic)

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union¹,

Having regard to Council Regulation (EC) No 1/2003 of 16 December 2002 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty², and in particular Article 17 thereof,

After consulting the Advisory Committee on Restrictive Practices and Dominant Positions,

Whereas:

- (1) In accordance with Article 17 of Regulation (EC) No 1/2003, where the trend of trade between Member States, the rigidity of prices or other circumstances suggest that competition may be restricted or distorted within the internal market, the Commission may decide to conduct an inquiry into a particular sector of the economy or into a particular type of agreements across various sectors.
- (2) The sector for consumer Internet of Things ('IoT's') related products and services in the Union is already an important sector and is expected to grow substantially in the coming years. At the end of 2019, the total number of smart home devices in the Union was around 108 million devices and is forecasted to reach 184 million devices by 2023³. For the purposes of this Decision, the term "consumer IoT's related products and services" is to be understood as products and services used by consumers that are connected to a network and can be controlled at a distance. Furthermore, the term "smart home devices" is to be understood as devices used by consumers that are connected to a network and used in the smart home context, such as fridges, washing machines, smart TVs, smart speakers and lighting systems.
- (3) By their nature, certain consumer IoT related products and services, such as digital voice assistants, wearable devices and smart home devices, collect a significant

¹ OJ C 115, 9.5.2008, p. 47.

² OJ L 1, 4.1.2003, p. 1. With effect from 1 December 2009, Article 81 and 82 of the EC Treaty have become Articles 101 and 102, respectively, of the Treaty on the Functioning of the European Union ('the Treaty'). The two sets of provisions are, in substance, identical. For the purposes of this Decision, references to Articles 101 and 102 of the Treaty should be understood as references to Article 81 and 82, respectively, of the EC Treaty when appropriate. The Treaty also introduced certain changes in terminology, such as the replacement of "Community" by "Union" and "common market" by "internal market".

³ See <https://www.idc.com/getdoc.jsp?containerId=prEUR145337319>

amount of user data, including personal data. Access to these data may be an important contributing factor to market power both in the sector for consumer IoTs related products and services, and the competitive structures thereof.

- (4) The constant flow of data through consumer IoTs related products and services is already changing the way consumers and businesses interact, since companies are able to observe consumer habits, trends and even states of health, allowing those companies, to a certain degree, to predict consumer behaviour. Data is a key input in the development of artificial intelligence and companies having access to this input are likely to be better positioned to compete in markets where artificial intelligence is important.
- (5) Despite its relatively early stage of development, the sector for consumer IoTs related products and services in the Union, there are indications of company behaviour conducive to structurally distorting competition in and for this sector. In particular, there are indications of contractual and *de facto* restrictions of data access and interoperability⁴, the emergence of digital ecosystems and gatekeepers, as well as certain forms of self-preferencing and practices linked to the use of proprietary standards that could represent barriers to entry and innovation, and could lead to restrictions of market access for competitors, thereby restricting and/or distorting competition in the sector.
- (6) In light of the above, it is appropriate to inquire into the sector for consumer IoTs related products and services, in particular digital voice assistants, wearable devices as well as smart home devices.
- (7) The Commission may publish a report on the results of its inquiry and invite comments from interested parties,

HAS DECIDED AS FOLLOWS:

Sole Article

An inquiry into the sector for consumer Internet of Things related products and services in the Union is hereby initiated.

Done at Brussels, 16.7.2020

For the Commission
Margrethe VESTAGER
Executive Vice-President

⁴ This is without prejudice to the assessment under Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data. (General Data Protection Regulation), OJ L 119, 4.5.2016, p. 1–88.