

115TH CONGRESS  
2D SESSION

# H. R. 5815

To require the Federal Trade Commission to establish privacy protections for customers of online edge providers, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 15, 2018

Mr. CAPUANO introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

To require the Federal Trade Commission to establish privacy protections for customers of online edge providers, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Customer Online Noti-  
5       fication for Stopping Edge-provider Network Trans-  
6       gressions” or the “CONSENT Act”.

7       **SEC. 2. PRIVACY OF CUSTOMERS OF EDGE PROVIDERS.**

8       (a) DEFINITIONS.—In this section—

9               (1) the term “breach of security” means any in-  
10       stance in which a person, without authorization or in

1 violation of any authorization provided to the person,  
2 gains access to, uses, or discloses sensitive customer  
3 proprietary information;

4 (2) the term “Commission” means the Federal  
5 Trade Commission;

6 (3) the term “customer” means—

7 (A) an individual who is a customer of an  
8 edge provider; and

9 (B) an individual who is a user of an edge  
10 service provided by an edge provider;

11 (4) the term “edge provider” means a person  
12 that provides an edge service, but only to the extent  
13 to which the person provides that service;

14 (5) the term “edge service”—

15 (A) means a service that is provided over  
16 the Internet—

17 (i) for which the edge provider re-  
18 quires the customer to subscribe or estab-  
19 lish an account in order to use the service;

20 (ii) that the customer purchases from  
21 the edge provider without a subscription or  
22 account;

23 (iii) through which a program  
24 searches for and identifies items in a data-

1 base that correspond to keywords or char-  
2 acters specified by the customer; or

3 (iv) through which a customer di-  
4 vulges sensitive customer proprietary infor-  
5 mation of the customer; and

6 (B) includes any service that is provided—

7 (i) through a software program, in-  
8 cluding a mobile application; or

9 (ii) over the Internet, directly or indi-  
10 rectly, through a connected device;

11 (6) the term “opt-in consent” means a method  
12 by which an edge provider may obtain from a cus-  
13 tomer affirmative, express consent to use, disclose,  
14 or permit access to the sensitive customer propri-  
15 etary information of the customer after the customer  
16 has received explicit notification of the request of the  
17 edge provider with respect to that information;

18 (7) the term “personally identifiable informa-  
19 tion” means any information that is linked, or rea-  
20 sonably may be linked, to a specific individual or de-  
21 vice; and

22 (8) the term “sensitive customer proprietary in-  
23 formation” includes—

24 (A) financial information;

25 (B) health information;

- 1 (C) information pertaining to children;  
2 (D) Social Security numbers;  
3 (E) precise geolocation information;  
4 (F) content of communications;  
5 (G) call detail information;  
6 (H) web browsing history, application  
7 usage history, and the functional equivalents of  
8 either; and  
9 (I) any other personally identifiable infor-  
10 mation that the Commission determines to be  
11 sensitive.

12 (b) PRIVACY OF CUSTOMERS OF EDGE PRO-  
13 VIDERS.—

14 (1) ACT PROHIBITED.—It is unlawful for an  
15 edge provider to violate the privacy of a customer in  
16 a manner that violates a regulation prescribed under  
17 paragraph (2).

18 (2) REGULATIONS.—

19 (A) IN GENERAL.—In carrying out this  
20 Act, the Commission shall—

- 21 (i) not later than 1 year after the date  
22 of enactment of this Act, promulgate,  
23 under section 553 of title 5, United States  
24 Code, regulations to protect the privacy of  
25 customers of edge providers; and

(ii) ensure that the regulations promulgated under clause (i) take effect not later than 180 days after the date on which the regulations are promulgated.

(B) REQUIREMENTS UNDER REGULATIONS.—In promulgating regulations under subparagraph (A), the Commission shall—

(i) require an edge provider to notify a customer about the collection, use, and sharing of the sensitive customer proprietary information of the customer, including by—

(I) notifying the customer about the types of sensitive customer proprietary information the edge provider collects;

(II) specifying how and for what purposes the edge provider uses and shares sensitive customer proprietary information; and

(III) identifying the types of entities with which the edge provider shares sensitive customer proprietary information;

(ii) require an edge provider to—

1 (I) supply the information de-  
2 scribed in clause (i) when a customer  
3 initially subscribes to, establishes an  
4 account for, purchases, or begins re-  
5 ceiving an edge service; and

6 (II) update a customer when the  
7 policies of the edge provider relating  
8 to the information described in clause  
9 (i) change in a significant way;

10 (iii) require an edge provider to obtain  
11 opt-in consent from a customer to use,  
12 share, or sell the sensitive customer propri-  
13 etary information of the customer;

14 (iv) implement strong protection for  
15 sensitive customer proprietary information  
16 that has been de-identified to prevent the  
17 restoration of any personally identifiable  
18 information that has been previously re-  
19 moved, including by—

20 (I) requiring an edge provider to  
21 alter the customer information so that  
22 the customer information cannot be  
23 reasonably linked to a specific indi-  
24 vidual or device;

1 (II) requiring an edge provider to  
2 publically commit to maintain and use  
3 sensitive customer proprietary infor-  
4 mation in an unidentifiable format  
5 and to not attempt to restore any per-  
6 sonally identifiable information that  
7 has been previously removed from the  
8 sensitive customer proprietary infor-  
9 mation; and

10 (III) requiring an edge provider  
11 to contractually prohibit the practice  
12 of restoring any personally identifiable  
13 information that has been previously  
14 removed from sensitive customer pro-  
15 prietary information;

16 (v) determine on a case-by-case basis  
17 the reasonableness of any program that re-  
18 lates the price of an edge service to the  
19 privacy protections afforded to customers,  
20 and require an edge provider to fully dis-  
21 close plans that provide discounts or other  
22 incentives in exchange for a express affirm-  
23 ative consent of the customer to the use  
24 and sharing of the sensitive customer pro-  
25 prietary information of the customer;

1 (vi) prohibit an edge provider from re-  
2 fusing to serve a customer who does not  
3 consent to the use and sharing of the cus-  
4 tomer proprietary information of the cus-  
5 tomer for commercial purposes (commonly  
6 known as a “take-it-or-leave-it offer”) on  
7 the basis of that refusal to consent by the  
8 customer; and

9 (vii) require an edge provider to—

10 (I) develop reasonable data secu-  
11 rity practices; and

12 (II) notify a customer if a breach  
13 of security has occurred if the edge  
14 provider determines that an unauthor-  
15 ized disclosure of the sensitive cus-  
16 tomer proprietary information of the  
17 customer has occurred and harm is  
18 reasonably likely to occur.

19 (c) ENFORCEMENT BY THE COMMISSION.—

20 (1) IN GENERAL.—Except as otherwise pro-  
21 vided, this Act and the regulations prescribed under  
22 this Act shall be enforced by the Commission under  
23 the Federal Trade Commission Act (15 U.S.C. 41 et  
24 seq.).



1           (2) UNFAIR OR DECEPTIVE ACTS OR PRAC-  
2           TICES.—Subject to subsection (d), a violation of this  
3           Act or a regulation prescribed under this Act shall  
4           be treated as a violation of a rule defining an unfair  
5           or deceptive act or practice prescribed under section  
6           18(a)(1)(B) of the Federal Trade Commission Act  
7           (15 U.S.C. 57a(a)(1)(B)).

8           (3) ACTIONS BY THE COMMISSION.—Subject to  
9           subsection (d), and except as provided in subsection  
10          (f)(1), the Commission shall prevent any person  
11          from violating this Act or a regulation prescribed  
12          under this Act in the same manner, by the same  
13          means, and with the same jurisdiction, powers, and  
14          duties as though all applicable terms and provisions  
15          of the Federal Trade Commission Act (15 U.S.C. 41  
16          et seq.) were incorporated into and made a part of  
17          this Act, and any person who violates this Act or  
18          such regulation shall be subject to the penalties and  
19          entitled to the privileges and immunities provided in  
20          the Federal Trade Commission Act (15 U.S.C. 41 et  
21          seq.).

22          (d) ENFORCEMENT BY CERTAIN OTHER AGEN-  
23          CIES.—Compliance with the requirements imposed under  
24          this Act shall be enforced as follows:

1           (1) Under section 8 of the Federal Deposit In-  
2           surance Act (12 U.S.C. 1818) by the appropriate  
3           Federal banking agency, with respect to an insured  
4           depository institution (as those terms are defined in  
5           section 3 of that Act (12 U.S.C. 1813)).

6           (2) Under the Federal Credit Union Act (12  
7           U.S.C. 1751 et seq.) by the National Credit Union  
8           Administration Board, with respect to any Federal  
9           credit union.

10          (3) Under part A of subtitle VII of title 49,  
11          United States Code, by the Secretary of Transpor-  
12          tation, with respect to any air carrier or foreign air  
13          carrier subject to that part.

14          (4) Under the Packers and Stockyards Act,  
15          1921 (7 U.S.C. 181 et seq.) (except as provided in  
16          section 406 of that Act (7 U.S.C. 226; 227)) by the  
17          Secretary of Agriculture, with respect to any activi-  
18          ties subject to that Act.

19          (5) Under the Farm Credit Act of 1971 (12  
20          U.S.C. 2001 et seq.) by the Farm Credit Adminis-  
21          tration, with respect to any Federal land bank, Fed-  
22          eral land bank association, Federal intermediate  
23          credit bank, or production credit association.

24          (e) ENFORCEMENT BY STATE ATTORNEYS GEN-  
25          ERAL.—

1 (1) IN GENERAL.—

2 (A) CIVIL ACTIONS.—In any case in which  
3 the attorney general of a State has reason to  
4 believe that an interest of the residents of that  
5 State has been or is threatened or adversely af-  
6 fected by the engagement of any person in a  
7 practice that violates this Act or a regulation  
8 prescribed under this Act, the State, as *parens*  
9 *patriae*, may bring a civil action on behalf of  
10 the residents of the State in a district court of  
11 the United States of appropriate jurisdiction  
12 to—

13 (i) enjoin that practice;

14 (ii) enforce compliance with this Act  
15 or such regulation;

16 (iii) obtain damages, restitution, or  
17 other compensation on behalf of residents  
18 of the State; or

19 (iv) obtain such other relief as the  
20 court may consider to be appropriate.

21 (B) NOTICE.—

22 (i) IN GENERAL.—Before filing an ac-  
23 tion under subparagraph (A), the attorney  
24 general of the State involved shall provide  
25 to the Commission—

1 (I) written notice of that action;  
2 and

3 (II) a copy of the complaint for  
4 that action.

5 (ii) EXEMPTION.—

6 (I) IN GENERAL.—Clause (i)  
7 shall not apply with respect to the fil-  
8 ing of an action by an attorney gen-  
9 eral of a State under this paragraph  
10 if the attorney general determines  
11 that it is not feasible to provide the  
12 notice described in that clause before  
13 the filing of the action.

14 (II) NOTIFICATION.—In an ac-  
15 tion described in subclause (I), the at-  
16 torney general of a State shall provide  
17 notice and a copy of the complaint to  
18 the Commission at the same time as  
19 the attorney general files the action.

20 (2) INTERVENTION.—

21 (A) IN GENERAL.—On receiving notice  
22 under paragraph (1)(B), the Commission shall  
23 have the right to intervene in the action that is  
24 the subject of the notice.

1 (B) EFFECT OF INTERVENTION.—If the  
2 Commission intervenes in an action under para-  
3 graph (1), it shall have the right—

4 (i) to be heard with respect to any  
5 matter that arises in that action; and

6 (ii) to file a petition for appeal.

7 (3) CONSTRUCTION.—For purposes of bringing  
8 any civil action under paragraph (1), nothing in this  
9 Act shall be construed to prevent an attorney gen-  
10 eral of a State from exercising the powers conferred  
11 on the attorney general by the laws of that State  
12 to—

13 (A) conduct investigations;

14 (B) administer oaths or affirmations; or

15 (C) compel the attendance of witnesses or  
16 the production of documentary and other evi-  
17 dence.

18 (4) ACTIONS BY THE COMMISSION.—In any  
19 case in which an action is instituted by or on behalf  
20 of the Commission for violation of this Act or a reg-  
21 ulation prescribed under this Act, no State may,  
22 during the pendency of that action, institute an ac-  
23 tion under paragraph (1) against any defendant  
24 named in the complaint in the action instituted by  
25 or on behalf of the Commission for that violation.

1 (5) VENUE; SERVICE OF PROCESS.—

2 (A) VENUE.—Any action brought under  
3 paragraph (1) may be brought in the district  
4 court of the United States that meets applicable  
5 requirements relating to venue under section  
6 1391 of title 28, United States Code.

7 (B) SERVICE OF PROCESS.—In an action  
8 brought under paragraph (1), process may be  
9 served in any district in which the defendant—  
10 (i) is an inhabitant; or  
11 (ii) may be found.

12 (f) TELECOMMUNICATIONS CARRIERS.—

13 (1) DEFINITION.—In this subsection, the term  
14 “telecommunications carrier” has the meaning given  
15 the term in section 3 of the Communications Act of  
16 1934 (47 U.S.C. 153).

17 (2) ENFORCEMENT BY THE COMMISSION.—Not-  
18 withstanding section 5(a)(2) of the Federal Trade  
19 Commission Act (15 U.S.C. 45(a)(2)), compliance  
20 with the requirements imposed under this Act shall  
21 be enforced by the Commission with respect to any  
22 telecommunications carrier, but only to the extent  
23 that the telecommunications carrier is operating as  
24 an edge provider.

1           (3) RELATIONSHIP TO OTHER LAW.—To the ex-  
2           tent that the applicability of section 222, 338(i), or  
3           631 of the Communications Act of 1934 (47 U.S.C.  
4           222, 338(i), 551) to a telecommunications carrier is  
5           inconsistent with this Act, this Act shall supersede  
6           those sections only to the extent that the tele-  
7           communications carrier is operating as an edge pro-  
8           vider.

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