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From:	Presidency
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Subject:	Amended proposal for a Directive of the European Parliament and of the Council on certain aspects concerning contracts for the sales of goods, amending Regulation (EC) No 2006/2004 of the European Parliament and of the Council and Directive 2009/22/EC of the European Parliament and of the Council and repealing Directive 1999/44/EC of the European Parliament and of the Council - <i>General approach</i>

I. INTRODUCTION

On 9 December 2015, the Commission adopted a proposal for a Directive on certain aspects concerning contracts for the online and other distance sales of goods (hereafter the 'Sales of Goods proposal', or 'Sales of Good Directive'). The main objective of the proposal is to contribute to the proper functioning of the internal market while providing for a high level of consumer protection. The proposal is a key deliverable under the 'Digital Single Market Strategy for Europe'¹, which also includes the closely related proposal for a Directive on certain aspects concerning contracts for the supply of digital content and digital services (hereafter: 'proposal for a Directive on Digital Content', or 'Digital Content Directive'); the latter proposal is already at an advanced stage of negotiations in the trilogue with the European Parliament.

At an early stage in the examination of the Sales of Goods proposal, both legislators expressed certain doubts and made it clear that they wished to avoid different legal regimes for distance and face-to-face sales. As a result, the Commission amended its proposal on 31 October 2017².

The Council Working Party on Civil Law Matters (Contract Law) completed its first examination of the Sales of Goods proposal in May 2018. Based on the results of this examination, the text was partly redrafted by the Bulgarian Presidency and the incoming Austrian Presidency in June 2018. The redraft has been examined thoroughly under the Austrian Presidency, with the particular objective of identifying solutions to the issues which had been highlighted by delegations. The Presidency has strived to establish a balanced compromise between the positions expressed by delegations, with a view to achieving a text acceptable to all delegations or to as many delegations as possible. The text has been redrafted with that in mind.

¹ 8672/15.

² ST 13927/17.

Following the most recent discussions in the Working Party on Civil Law Matters and in the JHA Counsellors meeting in November, the Presidency is convinced that the time is now ripe to submit the redrafted text of the Sales of Goods proposal to ministers and to invite them to agree on a General Approach. Following the examination in Coreper on 28 November 2018, a few final adaptations of the text have been inserted in Article 8b and the recitals. The draft text, annexed to this note, broadly takes into account the interests expressed by Member States and should also provide an appropriate balance between the respective interests of industry and consumers.

II. SPECIFIC ELEMENTS OF THE COMPROMISE TEXT

All the provisions in the Sales of Goods proposal have been examined in detail, but the following issues should be highlighted as they have been given particular attention at expert level in the Council:

1. Consistency between the Sales of Goods proposal and the proposal for a Directive on Digital Content

The Member States have generally agreed on the need to achieve consistency between the two directives, as their respective rules are closely interlinked. Efforts have therefore been made to ensure – as far as appropriate – coherence between the two directives. In this regard the Presidency has focused on the use of identical terminology, for example as regards ‘goods with digital elements’, and alignment of the wording in both directives. The Presidency is aware that there may still be a need for further alignments at technical level but is confident that any remaining inconsistencies can be tackled in the upcoming joint Trilogue negotiations on both the Sales of Goods Directive and the Digital Content Directive. Despite the efforts made on coherence between the two files, in some cases it has been considered justified to provide for specific solutions in the Sales of Goods Directive. The reasoning behind this is that the Sales of Goods Directive has a broader scope to that of the Digital Content Directive, which only covers the provision of digital content and digital services.

2. The regulation of 'goods with digital elements'³

The issue of how 'goods with digital elements' should be regulated has been of key importance during the examination at expert level. At the Council (JHA) meeting in June 2018⁴, ministers agreed that such goods should be governed in a comprehensive manner by the rules in the Sales of Goods Directive, and not by those in the Digital Content Directive, but that the rules in question should be designed in an adaptable and technologically neutral manner. The Presidency believes that the text in the Annex is in line with these instructions as well as the technical concerns raised at expert level (see in particular Article 2(e)(ii) and Article 2a(2)). In the course of negotiations at expert level the definition of 'goods with digital elements' (former 'smart goods' or 'goods with embedded digital content') was extended by referring to all and not only the main functions. This decision was taken as it was considered difficult in practice to determine whether a particular function was a 'main' function of a good with digital elements. At the same time the consequent extended scope of application of the Sales of Goods Directive was limited through the newly-introduced concept of delimitation, whereby only such digital content or digital services incorporated in or inter-connected with a good that form part of the sales contract fall within the scope of the Sales of Goods Directive. In contrast, the Digital Content Directive covers contracts for the supply of digital content or digital services that are separate from the sales contract. This new concept makes it far easier to clearly distinguish between the scope of application of the two directives, as compared with the former, purely 'functional' approach. However, there may also be scope for interpretation in the new concept, which focuses on the content of the sales contract. As a result, the new approach includes a presumption rule governing cases of doubt.

³ Referred to as 'embedded digital content' in the Commission proposal.

⁴ ST 9261/18.

3. The issue of updates for digital elements in goods

The introduction of a clear obligation on the seller to provide for updates for goods with digital elements is one of the major innovations in the Sales of Goods Directive compared to the old Directive 1999/44/EC. The extent and conditionality of the obligation to update digital elements in goods has also been discussed repeatedly. More specifically, the need to ensure that rules appropriate both for elements delivered in a single act of supply and for elements delivered continuously are in place has been the focus of attention. The Presidency believes that the draft provisions in Articles 5, 8 and 8a of the Annex provide effective regulation in this regard and should also reflect the positions expressed by Member States well. The obligation to provide for updates is also one of the areas where it has been considered justified to deviate slightly in the Sales of Goods Directive from the provisions in the Digital Content Directive, with specific regard to the length of the obligation. In respect of goods with digital elements, where the sales contract provides for a single act of supply of the digital content or digital service the Sales of Goods Directive does not follow the approach of the Digital Content Directive by obliging the seller to provide updates during the period of time which the consumer may reasonably expect, but limits this obligation to a period of two years. The reasoning behind this is to ensure legal certainty for the broad range of different types of goods covered by the scope of the Sales of Goods Directive. Following the approach in the Digital Content Directive would lead to years of legal uncertainty as to the length of the update obligation, until such time as courts determined the time-limits corresponding to consumer expectations in respect of different types of goods.

4. Streamlined text and balance between interests of consumers and businesses

One of the aims of the Presidency was to create a streamlined text that is easily comprehensible and applicable in practice. Consequently, the Presidency was eager to focus discussion of the Directive on the major aspects that needed to be regulated at European level while leaving details in many areas to be covered by the legislation of Member States. On the other hand, the Presidency was keen to provide balanced solutions that would take into account the interests of both consumers and businesses.

5. Position of the European Parliament

The European Parliament's IMCO committee adopted a negotiating position on the amended Sales of Goods proposal in February 2018, which was later endorsed in the Parliament's plenary. The examination in the Council during 2018 has thus been conducted with full knowledge of the positions of the Parliament, so the Presidency considers that the text in the Annex should provide a basis for reaching an agreement with the Parliament fairly soon.

III. CONCLUSION

The Council (Justice and Home Affairs) is invited, at its meeting on 6 and 7 December 2018, to:

- (a) confirm a general approach on the compromise text of the Sales of Goods proposal, as set out in the Annex to this document;**
- (b) agree that this text will form the basis for the negotiations with the European Parliament, which are scheduled to start in December 2018.**

Amended proposal for a

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on certain aspects concerning contracts for the sales of goods, amending Regulation (EU) 2017/2394⁵ of the European Parliament and of the Council and Directive 2009/22/EC of the European Parliament and of the Council and repealing Directive 1999/44/EC of the European Parliament and of the Council

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee⁶, Acting in accordance with the ordinary legislative procedure,

⁵ Note: The new CPC Regulation (EU) 2017/2394 repealed (EC) No 2006/2004.

⁶ OJ C 264, 20.7.2016, p. 57.

Whereas:

- (1) In order to remain competitive on global markets, the Union needs to improve the functioning of the internal market and successfully answer the multiple challenges raised today by an increasingly technologically-driven economy. The Digital Single Market Strategy⁷ lays down a comprehensive framework facilitating the integration of the digital dimension into the internal market. The first pillar of the Strategy tackles fragmentation in intra-EU trade by approaching all major obstacles to the development of cross-border e-commerce, which constitutes the most significant part of cross-border business-to-consumer sales of goods.
- (2) For the good functioning of the internal market, the harmonisation of certain aspects concerning contracts for sales of goods taking as a base a high level of consumer protection, is necessary.
- (3) E-commerce is one of the main drivers for growth within the internal market. However its growth potential is far from being fully exploited. In order to strengthen Union competitiveness and to boost growth, the Union needs to act swiftly and encourage economic actors to unleash the full potential offered by the internal market. The full potential of the internal market can only be unleashed if all market participants enjoy smooth access to cross-border sales of goods, including in e-commerce transactions. The contract law rules on the basis of which market participants conclude transactions are among the key factors shaping business' decisions whether to offer goods cross-border. Those rules also influence consumers' willingness to embrace and trust this type of purchase.

⁷ COM(2015) 192 final.

- (3a) Technological evolution has led to a growing market for goods that incorporate or are inter-connected with digital content or digital services. Due to the increasing number of such devices and their rapidly growing uptake by consumers, action at EU level is needed in order to ensure a high level of consumer protection and increase legal certainty as regards the rules applicable to contracts for the sales of these products. This would help to reinforce the trust of consumers and traders.
- (4) The Union rules applicable to the sales of goods are still fragmented although rules on pre-contractual information requirements, the right of withdrawal for distance contracts and delivery conditions have already been fully harmonised. Other key contractual elements such as the conformity criteria, the remedies for a lack of conformity with the contract and main modalities for their exercise are currently subject to minimum harmonisation in Directive 1999/44/EC of the European Parliament and of the Council⁸. Member States have been allowed to go beyond the Union standards and introduce rules that ensure even higher level of consumer protection. Having done so, they have acted on different elements and to different extents. Thus, national provisions transposing Directive 1999/44/EC significantly diverge today on essential elements, such as the absence or existence of a hierarchy of remedies.

⁸ Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees OJ L 171, 7.7.1999, p.12.

- (5) Existing disparities may adversely affect businesses and consumers. Pursuant to Regulation (EC) No 593/2008 of the European Parliament and of the Council⁹, businesses directing activities to consumers in other Member States need to take account of the mandatory consumer contract law rules of the consumer's country of habitual residence. As these rules differ among Member States, businesses may be faced with additional costs. Consequently many businesses may prefer to continue trading domestically or only export to one or two Member States. That choice of minimising exposure to costs and risks associated with cross-border trade results in lost opportunities of commercial expansion and economies of scale. Small and medium enterprises are in particular affected.
- (6) While consumers enjoy a high level of protection when they purchase from abroad as a result of the application of Regulation (EC) No 593/2008, fragmentation also impacts negatively on consumers' levels of confidence in cross-border transactions. While several factors contribute to this mistrust, uncertainty about key contractual rights ranks prominently among consumers' concerns. This uncertainty exists independently of whether or not consumers are protected by the mandatory consumer contract law provisions of their own Member State in the case where a seller directs his cross-border activities to them or whether or not consumers conclude cross-border contracts with a seller without the respective seller pursuing commercial activities in the consumer's Member State.

⁹ Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I) OJ L177, 4.7.2008, p.6.

- (7) While online sales of goods constitute the vast majority of cross-border sales in the Union, differences in national contract laws equally affect retailers using distance sales channels and retailers selling face-to-face and prevent them from expanding across borders. This Directive should cover all sales channels, in order to create a level playing field for all businesses selling goods to consumers. By laying down uniform rules across sales channels, this Directive should avoid any divergence that would create disproportionate burdens for the growing number of omni-channel retailers in the Union. The need for retaining consistent rules on sales and guarantees for all sales channels was confirmed in the Fitness Check of EU consumer and marketing law, which also covered Directive 1999/44/EC.

[...]

- (11) This Directive should cover rules applicable to the sales of goods, including goods with digital elements, only in relation to key contract elements needed to overcome contract-law related barriers in the internal market. For this purpose, rules on conformity requirements, remedies available to consumers for a lack of conformity of the goods with the contract and main modalities for their exercise should be fully harmonised and the level of consumer protection as compared to Directive 1999/44/EC, should be increased. Fully harmonised rules on some essential elements of consumer contract law will make it easier for businesses especially small and medium sized enterprises to offer their products in other Member States.¹⁰ Consumer will benefit from a high level of consumer protection and welfare gains by fully harmonising key rules.¹¹

¹⁰ Part from former recital 9.

¹¹ Part from former recital 10.

- (11a) The rules of this Directive complement the rules of Directive 2011/83/EU of the European Parliament and of the Council. While Directive 2011/83/EU of the European Parliament and of the Council mainly lays down provisions regarding pre-contractual information requirements, the right of withdrawal from distance and off-premises contracts and rules on delivery and passing of risk, this Directive introduces rules on conformity of the goods, remedies in the event of a lack of conformity and modalities for the exercise of such remedies.¹²
- (11a0) This Directive should only apply to tangible movable items which constitute goods as defined in this Directive. Member States should therefore be free to regulate contracts for the sale of immovable property, such as residential buildings, and its main components intended to constitute a major part of such immovable property.
- (11b) The rules of this Directive and the rules of the Digital Content Directive [XXX] complement each other. While the Digital Content Directive lays down rules on certain requirements concerning contracts for the supply of digital content or digital services, this Directive lays down rules on certain requirements concerning contracts for the sales of goods. Therefore, the supply of digital content or digital services, including of digital content supplied on a tangible medium, is covered by the Digital Content Directive, which also applies to goods like DVDs and CDs which only function as a carrier of the digital content. In contrast, this Directive should apply to contracts for the sale of goods, including goods with digital elements which require digital content or a digital service in order to perform their functions.¹³

¹² Former recital 15.

¹³ Former recital 13.

- (11c) The term “goods” under this Directive should include “goods with digital elements”, and therefore also refer to any digital content or digital service that is incorporated in or inter-connected with such goods in such a way that the absence of that digital content or digital service would prevent the goods from performing their functions. Digital content which is incorporated in or inter-connected with a good may be any data which is produced and supplied in digital form, such as operating systems, applications and any other software. Digital content can be pre-installed at the moment of the conclusion of the sales contract or according to that contract can be installed subsequently. Digital services inter-connected with a good may include services which allow the creation, processing, access to or storage of data in digital form, such as software-as-a-service offered in the cloud computing environment, the continuous supply of traffic data in a navigation system or the continuous supply of individually adapted training plans in the case of a smart watch.

- (11d) This Directive should apply to contracts for the sale of goods with digital elements where the absence of the incorporated or inter-connected digital content or digital service would prevent the goods from performing their functions and where that digital content or service is provided with the goods under the sales contract. Whether the supply of the incorporated or inter-connected digital content or digital service forms part of the sales contract with the seller, should depend on the content of this contract. This should include incorporated or inter-connected digital content or digital services the supply of which is explicitly stipulated by the contract. It should also include those sales contracts which can be understood as covering the supply of specific digital content or digital service because they are normal in goods of the same type and the consumer may reasonably expect them given the nature of the goods and taking into account any public statement made by or on behalf of the seller or other persons in earlier links of the chain of transactions, including the producer. If, for example, a smart TV was advertised as including a particular video application, this video application would be part of the sales contract. This applies regardless of whether the digital content or digital service is pre-installed in the good itself or has to be downloaded subsequently on another device and is only inter-connected to the good. For example, a smart phone may come with a standardised pre-installed application provided according to the sales contract such as an alarm application or a camera application. Another example could be a smart watch. In this case, the watch itself would be the good with digital elements which can perform its functions only with an application that is provided under the sales contract but has to be downloaded by the consumer onto a smart phone. In this case the application would be the inter-connected digital element. This should also apply if the incorporated or inter-connected digital content or digital service is not provided by the seller himself but is supplied according to the sales contract by a third party.

If it is unclear whether the seller or an independent third party is liable for the supply of the digital content or the digital service, it should be the seller who is liable for the supply of the digital content or digital service unless he proves that the supply of the digital content or digital service is not part of the sales contract. Furthermore, ascertaining a bilateral contractual relationship between the seller and the consumer of which the supply of the incorporated or inter-connected digital content or digital service forms part should not be affected by the mere fact that the consumer has to consent to a licensing agreement with a third party in order to benefit from the digital content or the digital service.

- (11e) In contrast, if the consumer concludes a contract for the supply of digital content or a digital service which does not form part of the sales contract, this contract would be separate from the contract on the sale of the goods, even if the seller acts as an intermediary of this second contract with the third party supplier, and may fall within the scope of the Digital Content Directive if the conditions of that Directive are met. For instance, if the consumer downloads a game application from the app store onto a smart phone, the contract for the supply of the game application is separate from the contract for the sale of the smart phone itself. Therefore this Directive should only apply to the sales contract concerning the smart phone while the supply of the game application may fall under the Digital Content Directive. Another example for a digital content or digital service which does not form part of the sales contract and therefore would not fall within the scope of this Directive would be a case where it is expressly agreed that the consumer buys a smart phone without a specific operating system and the consumer subsequently concludes a contract for the supply of an operating system from a third party. In this case the separately bought operating system may fall within the scope of the Digital Content Directive.

- (12) For the purpose of legal clarity, this Directive should include a definition of a sales contract. That definition should provide that contracts where goods are yet to be produced or manufactured, including under the consumer's specifications, are also included in the scope of this Directive. Furthermore, an installation of the goods could fall within the scope of the Directive if the installation forms part of the sales contract and has to be done by the seller or under the seller's responsibility. Where a contract includes elements of both sales of goods and provision of services, it should be left to national law to determine whether the whole contract can be classified as a sales contract within the meaning of this Directive.

[...]

- (14) This Directive should not affect national law to the extent that the matters concerned are not regulated by this Directive, in particular the legality of the goods, damages and general contract law aspects such as the formation, validity, nullity or effects of contracts. The same applies to the consequences of the termination of the contract and to certain aspects regarding repair and replacement which are not regulated in this Directive. Member States should remain free to regulate the rights of the parties to withhold the performance of their obligations or part thereof until the other party performs its obligations, in particular whether the consumer is entitled to withhold the payment of the price because of a lack of conformity. Member States should also remain free to regulate the consumer's entitlement to compensation for damages suffered as a consequence of an infringement by the seller of the provisions of this Directive, including whether the consumer should be entitled to compensation for a damage suffered as a consequence of a lack of conformity or compensation if the repair or replacement caused significant inconvenience or was delayed.

This Directive should also not affect national rules not specific to consumer contracts providing for specific remedies for certain types of defects that were not apparent at the time of conclusion of the sales contract, referring to national provisions which may lay down specific rules for the seller's liability for hidden defects. This Directive should also not affect national laws providing for non-contractual remedies of the consumer in case of lack of conformity of goods against persons in earlier links of the chain of transactions, for example manufacturers, or other persons fulfilling their obligations.

- (14a) This Directive should equally not affect the possibility of Member States to allow consumers to choose a specific remedy if the lack of conformity of the goods becomes apparent shortly after delivery referring to national provisions which may provide for a right of the consumer to reject the good with a defect and treat the contract as repudiated or ask for immediate replacement, within a specific short period of time after the delivery of the goods which should not exceed 30 days.
- (14b) Member States should remain free to regulate information requirements of the seller in connection with the conclusion of the contract or the duty of the seller to warn the consumer for instance about certain characteristics of the good, the suitability of materials provided by the consumer or possible disadvantages resulting from specific requests of the consumer, for example a request by the consumer to use a specific fabric for the tailoring of a ball gown.

[...]

- (18) In order to balance the requirement of legal certainty with an appropriate flexibility of the legal rules, any reference to what can be expected of or by a person in this Directive should be understood as a reference to what can reasonably be expected. The standard of reasonableness should be objectively ascertained, having regard to the nature and purpose of the contract, to the circumstances of the case and to the usages and practices of the parties involved.
- (19) In order to provide clarity as to what a consumer can expect from the goods and what the seller would be liable for in case of failure to deliver what is expected, it is essential to fully harmonise rules for determining the conformity of goods. Any reference to conformity in this Directive should refer to conformity of the goods with the sales contract, as opposed to conformity of goods with legal provisions for example. In order to safeguard the legitimate interests of both parties to a sales contract, conformity should be assessed based on both subjective and objective criteria.
- (19a) Therefore, the goods should comply with the requirements which have been agreed between the seller and the consumer in the contract. Such requirements may include, among others, the quantity, quality, type and description of the goods, their fitness for a specific purpose as well as the delivery of the goods with the agreed accessories and any instructions. The requirements of the contract should include those resulting from the pre-contractual information which, in line with Directive 2011/83/EU, forms an integral part of the contract.

- (19b) Given that the digital content or digital services incorporated in or inter-connected with goods are constantly developing, sellers may agree with consumers to provide updates for such goods. Updates, as agreed in the sales contract, may improve and enhance the digital content or digital service element of goods, extend their functionalities, adapt them to technical developments, protect them against new security threats or serve other purposes. Therefore, the conformity of goods with digital content or digital services which are incorporated in or inter-connected with the goods should also be assessed in relation to whether the digital content or digital service element of such goods is updated in the manner that has been stipulated in the sales contract. A lack of updates which had been agreed in the sales contract should be considered a lack of conformity of the goods. Moreover, defective or incomplete updates should also be considered a lack of conformity of the goods, as this would mean that they are not performed in the manner stipulated in the contract.
- (19c) In order to be in conformity, the goods should comply not only with the requirements agreed in the contract but also with the objective requirements for conformity set out in this Directive. Conformity should be assessed, inter alia, considering the purpose for which goods of the same type would normally be used, whether they are supplied with the accessories and instructions that the consumer may reasonably expect to receive or whether they correspond to the sample or model that the seller made available to the consumer. The goods should also possess the qualities and features which are normal in goods of the same type and which the consumer may reasonably expect, given the nature of the goods and taking into account any public statement made by or on behalf of the seller or other persons in earlier links of the chain of transactions.

- (19d) Beside contractually agreed updates, the seller should also provide updates, including security updates, in order to ensure that goods with digital elements remain in conformity. The seller's obligation should be limited to updates which are necessary for such goods to maintain their conformity with the objective and subjective conformity requirements laid down in this Directive. Unless the parties have contractually agreed otherwise, the seller should not be obliged to provide upgraded versions of the digital content or digital service of the goods nor improve or extend the functionalities of goods beyond the conformity requirements. If an update provided by the seller or by a third party supplying the digital content or digital service according to the sales contract causes a lack of conformity of the good with digital elements, the seller should be liable for bringing the good into conformity again. This Directive should not affect legal obligations to provide security updates laid down in other Union law or national law.

- (19e) Ensuring longer durability of consumer goods is important for achieving more sustainable consumption patterns and a circular economy. Similarly, keeping non-compliant products out of the Union market by strengthening market surveillance and providing the right incentives to economic operators is essential to increase trust in the functioning of the internal market. For these purposes, product specific Union legislation is the most appropriate approach to introduce durability and other product related requirements in relation to specific types or groups of products, using for this purpose adapted criteria. This Directive should therefore be complementary to the objectives followed in such Union product specific legislation, and should include durability as an objective criterion for the assessment of conformity of goods. Durability as an objective conformity criterion in this Directive should refer to the ability of the goods to maintain their functions and performance through normal use. In order for goods to be in conformity they should possess the durability which is normal for goods of the same type and which the consumer may reasonably expect given the nature of the specific goods and any public statement made by or on behalf of any person in the chain of transactions. The assessment should also take into account all other relevant circumstances, such as the price of the goods and the intensity or frequency of the use that the consumer makes of the goods. In addition, in so far as specific durability information is indicated in any pre-contractual statement which forms part of the sales contract, the consumer should be able to rely on them as a part of the subjective criteria for conformity.

- (19f) Under this Directive the seller should be obliged to deliver to the consumer goods which are in conformity at the time of delivery. Sellers may make use of spare parts in order to fulfil their obligation to repair goods in the event of a lack of conformity that existed at the time of delivery. While this Directive should not introduce an obligation on sellers to ensure the availability of spare parts throughout a period of time as an objective conformity requirement, it should not affect other provisions in national laws obliging the seller, the producer or other persons in the chain of transactions to ensure the availability of spare parts or to inform consumers about such availability.
- (20) A large number of consumer goods are intended to be installed before they can be usefully used by the consumer. In addition, in the case of goods with digital elements, the installation of the digital content or digital service is usually necessary for the consumer to be able to use such goods according to their intended purpose. Therefore any lack of conformity resulting from an incorrect installation of the goods, including from the incorrect installation of the digital content or digital service incorporated in or inter-connected with the goods, should be regarded as a lack of conformity where the installation was performed by the seller or under the seller's control. Where the goods were intended to be installed by the consumer, a lack of conformity resulting from incorrect installation should be regarded as a lack of conformity of the goods irrespective of whether the installation was performed by the consumer or by a third party under the consumer's responsibility, if the incorrect installation was due to shortcomings in the installation instructions such as incompleteness or a lack of clarity of the installation instructions which the average consumer would find difficult to use.

- (21) Conformity should cover material defects as well as legal defects. Restrictions resulting from a violation of third party rights, in particular intellectual property rights, might prevent or limit the use of the goods in accordance with the contract. Member States should ensure that in such cases the consumer is entitled to the remedies for the lack of conformity as set out in this Directive, unless national law provides for the nullity or rescission of the contract as a result of such violation.
- (22) In order to ensure sufficient flexibility, for instance for the sale of second-hand goods, it should be possible for the parties to deviate from the objective requirements for conformity. Such a deviation should only be possible if the consumer was specifically informed about it and if the consumer accepts it separately from other statements or agreements and by way of active and unequivocal conduct.

[...]

- (24) Enhancing legal certainty for both consumers and sellers requires a clear indication of the time when the conformity of the goods to the contracts should be assessed. The relevant time for assessing the conformity of the goods should be the time when the goods are delivered. This should also apply to goods which incorporate or are inter-connected with digital content or a digital service supplied through a single act of supply. However, where the digital content or digital service incorporated in or inter-connected with the goods is to be supplied continuously over a period of time, the time for establishing conformity of that digital content or digital service element should not be a moment in time but a period of time, starting from the time of delivery. For reasons of legal certainty, this period of time should be equal to the period during which the seller is liable for a lack of conformity.

- (24a) In principle, in the case of goods with digital elements where the digital content or digital service incorporated in or inter-connected with the goods is supplied through a single act of supply, the seller is only liable for a lack of conformity that exists at the time of delivery. However, the obligation to provide updates should tend to the fact that the digital environment of any such good constantly changes. Therefore, updates are a necessary tool in order to ensure that the goods are able to function in the same way that they did at the time of delivery. Also, in contrast to traditional goods, goods with digital elements are not completely separate from the seller's sphere because the seller, or a third person supplying the digital content or digital service according to the sales contract, is able to update the goods from a distance, usually over the internet. Therefore, if the digital content or digital service is provided by a single act of supply, the seller should be liable to provide updates necessary to keep the goods with digital elements in conformity throughout the period during which the seller is liable for a lack of conformity, even if the goods were in conformity at the time of delivery.
- (24b) This Directive should not regulate the meaning of 'delivery', which should be left to national law. In particular, this applies to the question what the seller has to do in order to fulfil his obligation to deliver the goods. Furthermore, references to the time of delivery in this Directive are without prejudice to the rules on the passing of risk as provided under Directive 2011/83/EU and accordingly implemented into the national law of the Member States.

- (24c) Goods with digital elements should be deemed delivered to the consumer when both the physical component of the goods has been delivered and the single act of supply of the digital content or digital service has been performed or the continuous supply of the digital content or digital service over a period of time has begun. This means that the seller should also make the digital content or digital service available or accessible to the consumer in such a way that the digital content or digital service, or any means suitable for downloading or accessing it, has reached the sphere of the consumer and no further action is required by the seller in order to enable the consumer to use the digital content or digital service in accordance with the contract, for example by providing a link or a download option. Therefore, the relevant moment for establishing conformity should be the time when the digital content or digital service is supplied, if the physical component was delivered earlier. In this way it is safeguarded that there is a uniform starting point of the liability or limitation period for the physical component on the one hand and for the digital element on the other hand. Moreover, in many cases the consumer will not be able to notice a defect of the physical component before the digital content or digital service is supplied.
- (24d) When the goods require installation by the seller, the consumer may not be able to use the goods or notice a defect before the installation has been completed. Therefore, where under the sales contract the goods are to be installed by the seller or under the seller's responsibility, the goods should be considered to be delivered to the consumer when the installation is complete.

[...]

- (25a) In order to ensure legal certainty for sellers and overall consumer confidence in cross-border purchases, it is necessary to provide for a period during which the consumer is entitled to remedies for any lack of conformity which exists at the relevant time for establishing conformity. Considering that when implementing Directive 1999/44 the large majority of Member States have foreseen a period of two years and in practice this is considered by market participants as a reasonable period, this period should be maintained. The same should apply in the case of goods with digital elements. However, where the contract provides for continuous supply for more than two years, the consumer should be entitled to remedies for any lack of conformity of the digital content or the digital service that occurs or becomes apparent within the period of time during which the digital content or digital service is to be supplied under the contract. In order to ensure flexibility for Member States to increase the level of consumer protection in their national law, Member States should be free to provide for longer time limits for the liability of the seller than the ones laid down in this Directive.
- (25b) For reasons of coherence with the existing national legal systems, Member States should have the possibility to provide either that the seller is liable for a lack of conformity that becomes apparent within a specific period of time, possibly coupled with a limitation period, or that the consumer's remedies are only subject to a limitation period. In the former case, Member States should ensure that the period for the seller's liability is not circumvented by a shorter limitation period for the consumer's remedies. In the latter case, Member States should be able to maintain or introduce only a limitation period for the consumer's remedies without introducing a specific period within which the lack of conformity must become apparent in order for the seller to be liable. In order to ensure that consumers are equally protected also in these cases, Member States should ensure that when only a limitation period applies, it should not be shorter than the liability period as provided for in this Directive.

- (25c) On certain aspects a different treatment of second-hand goods may be justified. Although a liability or limitation period of two years or more generally reconciles the interests of both the seller and the consumer, this may not be the case with regard to second-hand goods. Member States may therefore enable the parties to agree on a shortened liability or limitation period for such goods. Leaving this question to a contractual agreement between the parties increases contractual freedom and ensures that the consumer should be informed both about the nature of the good as a second-hand good and the shortened liability or limitation period. However, such a contractually agreed period should not be shorter than one year.
- (25d) This Directive does not regulate the question under which conditions the liability period, as provided for in the Directive, or a limitation period may be suspended or interrupted. Therefore, Member States should be able to provide for the suspension or interruption of the liability period or limitation period, for example in the event of repair, replacement or negotiations between the seller and the consumer with a view to an amicable settlement.

- (25e) During a period of one year or two years if Member States choose to apply a two-years period, the consumer should only need to prove that the good is not conforming, without also needing to prove that the lack of conformity actually existed at the relevant time for establishing conformity. In order to rebut the consumer's claim the seller would need to prove that the lack of conformity did not exist at that time. In addition, in some cases the presumption that the lack of conformity existed at the relevant time for establishing conformity may be incompatible with the nature of the goods or the nature of the lack of conformity. The former could be the case with goods which deteriorate by their nature such as perishable products, for example flowers, or goods which are only intended for a single use. An example for the latter may be a lack of conformity which can only be a result of an action by the consumer or of an evident external cause which occurred after the goods were delivered to the consumer. In the case of goods with digital elements where the contract provides for continuous supply of the digital content or digital service, the consumer should not have to prove that the digital content or digital service was not in conformity during the respective period of time for establishing conformity. In order to rebut the consumer's claim the seller would need to prove that the digital content or digital service was in conformity during that period.

Similarly, in the case of goods with digital elements where the contract provides for a single act of supply of the digital content or digital service, during the period of time for maintaining conformity in relation to updates the consumer should not have to prove that a lack of conformity of the digital content or digital service is due to the omission of an update. In order to rebut the consumer's claim the seller would need to prove that the lack of conformity was not due to the omission of an update required under this Directive.

- (25f) Member States should be allowed to maintain or introduce provisions stipulating that, in order to benefit from his rights, the consumer must inform the seller of a lack of conformity within a period not shorter than two months from the date on which the consumer detected such lack of conformity. Member States may ensure a higher level of protection for the consumer by not introducing such an obligation.

[...]

- (26a) In order to increase legal certainty and to eliminate one of the major obstacles inhibiting the internal market, this Directive should fully harmonise the remedies available to the consumer for a lack of conformity of the goods and the conditions under which these remedies can be exercised. In particular, in the case of lack of conformity, consumers should be entitled to have the goods brought into conformity, or to receive a proportionate reduction in the price, or to terminate the contract.

- (27) For having the goods brought into conformity, the consumer should enjoy a choice between repair or replacement. Enabling consumers to require repair should encourage a sustainable consumption and could contribute to a greater durability of products. The consumer's choice between repair and replacement should only be limited where the option chosen would be legally or factually impossible or, compared to the other option available, would impose costs on the seller that would be disproportionate. For instance, it might be disproportionate to request the replacement of goods because of a minor scratch where this replacement would create significant costs while, at the same time, the scratch could easily be repaired.
- (27a) The seller should be allowed to refuse to bring the goods into conformity if both repair and replacement are impossible or would impose disproportionate costs on him. The same should apply if either repair or replacement is impossible and the alternative remedy would impose disproportionate costs on the seller. For instance, when goods are located in a place different from where they were originally delivered, the costs of postage and carriage could become disproportionate for the seller.

- (27b) When a lack of conformity becomes apparent the consumer should inform the seller about it in order to give him the opportunity to bring the good into conformity. The seller should do this within a reasonable period of time. That means that in principle the consumer is not immediately entitled to a price reduction or termination of the contract but should give the seller the reasonable time to repair or replace the non-conforming good. When the reasonable period of time has passed without the seller having repaired or replaced the good, the consumer should be entitled to claim and push through a price reduction or termination of the contract without waiting any longer.
- (28) When repair or replacement have not provided the consumer with a proper remedy to the lack of conformity, the consumer should be entitled to a price reduction or to terminate the contract. This is in particular the case when the seller has not completed repair or replacement or it is clear from the circumstances that the seller will not complete repair or replacement, or the seller has refused to bring the goods into conformity because repair and replacement are impossible or would impose disproportionate costs on the seller.

- (28a) In certain situations it may be justified that the consumer should be entitled to have the price reduced or the contract terminated immediately. Where the seller has taken action to bring the goods into conformity but a lack of conformity becomes apparent subsequently, it should be objectively ascertained whether the consumer should accept further attempts by the seller to bring the goods into conformity, taking into account all circumstances of the case such as the type and the value of the goods and the nature and the significance of the lack of conformity. In particular, for expensive or complex goods it may be justified to allow the seller another attempt to remedy the lack of conformity. It should also be taken into account whether the consumer cannot be expected to maintain confidence in the ability of the seller to bring the goods into conformity, for instance due to the fact that the same problem appears twice. Similarly, in certain situations the lack of conformity may be of such a serious nature that the consumer cannot maintain confidence in the ability of the trader to bring the goods into conformity. This could be the case when the lack of conformity severely affects the ability of the consumer to make normal use of the goods and the consumer cannot be expected to trust that repair or replacement by the seller would remedy the problem.
- (29) In order to maintain the balance of the rights and obligations of the contracting parties, the consumer should enjoy the right to terminate the contract only in cases where the lack of conformity is not minor. In case of only a minor lack of conformity, the termination of the contract would impose a disproportionate burden on the seller.

- (29a) Member States should be able to regulate the conditions under which the performance of the debtor can be fulfilled by another person, for example the conditions under which the seller's obligation to repair a good can be performed by the consumer or a third party at the seller's expense.
- (29b) In order to protect consumers against the risk of extended delays, any repair or replacement should be successfully completed within a reasonable period. What is a reasonable time for completing a repair or replacement should be objectively ascertained considering the nature of the goods, the lack of conformity and the effort needed to complete repair or replacement. When implementing this Directive, Member States should be able to interpret the notion of reasonable time for completing repair or replacement, by providing for fixed periods which could generally be considered reasonable for repair or replacement, in particular with regard to specific categories of products.
- (29c) This Directive does not regulate where the obligations of a debtor have to be performed. Therefore, this Directive should neither define where the place of delivery is nor prescribe where the repair or replacement should take place, and these questions should be left to national law.

- (29d) Where the seller brings the good into conformity by replacement, the consumer should not be obliged to pay for the normal use of the goods before they were replaced. The use of the goods should be considered normal when it is in accordance with the nature and purpose of the goods.
- (29e) In order to make the right to terminate effective for consumers, in situations where the consumer acquires multiple goods and the lack of conformity impacts only some of the goods delivered under the contract, the consumer should have the right to terminate the contract also in relation to the other goods acquired together with the non-conforming goods, even if the latter are in conformity with the contract, if the consumer cannot reasonably be expected to accept keeping only the conforming goods.
- (30) Where the consumer terminates the contract due to the lack of conformity, this Directive should prescribe only the main effects and modalities of the right of termination, in particular the obligation for the parties to return what they have received. Thus, the seller should be obliged to refund the price received from the consumer and the consumer should return the goods.
- (31) This Directive should not affect the possibility for Member States to regulate the consequences of termination other than those provided for in this Directive, such as the consequences of the decrease of the value of the goods or of their destruction or loss. Member States should also be allowed to regulate the modalities of reimbursement of the price to the consumer, for example those related to the means used for such reimbursement or possible costs and fees incurred as a result of the reimbursement. Member States should, for instance, also have the possibility to provide for certain time limits for the reimbursement of the price or for the return of the goods.

[...]

[...]

- (34) In order to ensure transparency, certain transparency requirements for commercial guarantees should be provided, alongside the pre-contractual information requirements on the existence and conditions of commercial guaranteed set out in Directive 2011/83/EC. Moreover, in order to improve legal certainty and to avoid that consumers are misled, this Directive should provide that where commercial guarantee conditions contained in associated advertisements are more favourable to the consumer than those included in the guarantee statement the more advantageous conditions should prevail. Finally, this Directive should provide rules on the content of the guarantee statement and the way it should be made available to consumers. For instance, the statement should include the terms of the commercial guarantee and state that the legal guarantee of conformity is not affected by the commercial guarantee, making it clear that the commercial guarantee terms constitute an undertaking that it is additional to the legal guarantee of conformity. Member States should be free to lay down rules on other aspects of commercial guarantees not covered by this Directive, for example the possibility to associate debtors other than the guarantor to the commercial guarantee, provided that those rules do not deprive consumers of the protection afforded to them by the fully harmonised provisions of this Directive on commercial guarantees. While Member States should remain free to determine that commercial guarantees should be provided free of charge, they should ensure that any undertaking by the seller or the producer which falls under the definition of commercial guarantees as set out in this Directive complies with the harmonised rules of this Directive.

- (35) Considering that the seller is liable towards the consumer for any lack of conformity of the goods resulting from an act or omission of the seller or a third party, it is justified that the seller should be able to pursue remedies against the responsible person earlier in the chain of transactions. However, this Directive should not affect the principle of freedom of contract between the seller and other parties in the chain of transactions. The details for exercising that right, in particular against whom and how such remedies are to be pursued and whether the remedies are of a mandatory nature, should be provided by the Member States. The question whether also the consumer may raise a claim directly against a person in earlier links of the chain of transactions, is not regulated by this Directive.
- (36) Persons or organisations regarded under national law as having a legitimate interest in protecting consumer contractual rights should be afforded the right to initiate proceedings, either before a court or before an administrative authority which is competent to decide upon complaints or to initiate appropriate legal proceedings.
- (37) Nothing in this Directive should prejudice the application of rules of private international law, in particular Regulation (EC) No 593/2008 and Regulation (EU) No 1215/2012 of the European Parliament and of the Council¹⁴.

¹⁴ Regulation (EU) No 1215/2012 of the European Parliament and of the Council on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (recast) OJ L 351, 20.12.2012, p. 1.

- (38) Directive 1999/44/EC should be repealed. The date of repeal should be aligned with the transposition date of this Directive. In order to ensure a uniform application of the laws, regulations and administrative provisions necessary for Member States to comply with this Directive to contracts concluded from the transposition date onwards, this Directive should not apply to contracts concluded before its transposition date.
- (39) Regulation (EU) No 2017/2394 of the European Parliament and of the Council¹⁵ should be amended to include a reference to this Directive in its Annex so as to facilitate cross-border cooperation on enforcement of this Directive.
- (40) Directive 2009/22/EC of the European Parliament and of the Council¹⁶ should be amended to include a reference to this Directive in its Annex so as to ensure that the consumers' collective interests laid down in this Directive are protected.
- (41) In accordance with the Joint Political Declaration of 28 September 2011 of Member States and the Commission on explanatory documents⁵³, Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified.

¹⁵ Regulation (EU) No 2017/2394 of the European Parliament and of the Council on cooperation between national authorities responsible for the enforcement of consumer protection laws and repealing Regulation (EC) No 2006/2004 OJ L 345, 27.12.2017, p.1.

¹⁶ Directive 2009/22/EC of the European Parliament and of the Council of 23 April 2009 on injunctions for the protection of consumers' interests OJ L 110, 1.05.2009, p.30.

- (42) The objectives of this Directive, namely to contribute to the functioning of the internal market by tackling in a consistent manner contract law-related obstacles for the cross-border sales of goods in the Union, cannot be sufficiently achieved by the Member States, as each Member State individually is not in a position to tackle the existing legal fragmentation by ensuring the coherence of its legislation with other Member States' legislations. The objectives of this Directive can rather be better achieved at Union level by removing main contract law-related obstacles through full harmonisation. Therefore, in order to achieve the objectives of this Directive the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives.
- (43) This Directive respects the fundamental rights and freedoms and observes the principles recognised, in particular, by the Charter of Fundamental Rights of the European Union, including those enshrined in Articles 16, 38 and 47 thereof.

HAVE ADOPTED THIS DIRECTIVE:

Article 1

Subject matter

The purpose of this Directive is to contribute to the proper functioning of the internal market while providing for a high level of consumer protection by laying down common rules on certain requirements concerning sales contracts concluded between the seller and the consumer, in particular rules on conformity of goods with the contract, remedies in case of lack of conformity, the modalities for the exercise of those remedies, and commercial guarantees.

[...]

Article 2

Definitions

For the purposes of this Directive, the following definitions shall apply:

- (a) ‘sales contract’ means any contract under which the seller transfers or undertakes to transfer the ownership of goods and the consumer pays or undertakes to pay the price thereof;
- (b) ‘consumer’ means any natural person who, in relation to contracts covered by this Directive, is acting for purposes which are outside his trade, business, craft or profession;
- (c) ‘seller’ means any natural person or any legal person, irrespective of whether privately or publicly owned, who, in relation to contracts covered by this Directive, is acting, including through any other person acting in his name or on his behalf, for purposes relating to his trade, business, craft or profession;

- (d) 'producer' means the manufacturer of goods, the importer of goods into the Union or any person purporting to be a producer by placing their name, trade mark or other distinctive sign on the goods;
- (e) 'goods' means
- (i) any tangible movable items; water, gas and electricity are to be considered as goods within the meaning of this Directive where they are put up for sale in a limited volume or a set quantity;
 - (ii) any tangible movable items that incorporate or are inter-connected with digital content or a digital service in such a way that the absence of that digital content or digital service would prevent the goods from performing their functions ('goods with digital elements');
- (e1) 'digital content' means data which is produced and supplied in digital form;
- (e2) 'digital service' means
- (i) a service that allows the consumer to create, process, store or access data in digital form; or
 - (ii) a service that allows the sharing of or any other interaction with data in digital form uploaded or created by the consumer or other users of that service;
- (e3) 'compatibility' means the ability of the goods to function with hardware or software with which goods of the same type are normally used, without the need to convert them;
- (e4) 'functionality' means the ability of the goods to perform their functions having regard to their purpose;

- (e5) 'interoperability' means the ability of the goods to function with hardware or software different from the ones with which goods of the same type are normally used;
- (e6) 'durable medium' means any instrument which enables the consumer or the seller to store information addressed personally to that person in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored;¹⁷
- (f) 'commercial guarantee' means any undertaking by the seller or a producer (the guarantor) to the consumer, in addition to his legal obligation relating to the guarantee of conformity, to reimburse the price paid or to replace, repair or service goods in any way if they do not meet the specifications or any other requirements not related to conformity set out in the guarantee statement or in the relevant advertising available at the time of, or before the conclusion of the contract;
- (g) *(deleted)*
- (i) 'free of charge' means free of the necessary costs incurred in order to bring the goods into conformity, particularly the cost of postage, carriage, labour or materials.

Article 2a

Scope

1. This Directive shall apply to sales contracts between a consumer and a seller.
- 1a. Contracts between a consumer and a seller for the supply of goods to be manufactured or produced shall also be deemed sales contracts for the purpose of this Directive.

¹⁷ Note to translators: The definition of "durable medium" corresponds to the definition used in Article 2(10) of Directive 2011/83/EU (Consumer Rights Directive), except for the term "seller" (rather than "trader").

2. This Directive shall not apply to contracts for the supply of digital content or digital services. It shall however apply to digital content or digital services which are incorporated in or inter-connected with goods in the meaning of Article 2(e)(ii) and are provided with the goods under the sales contract, irrespective of whether such digital content or digital service is supplied by the seller or by a third party. In case of doubt whether the supply of an incorporated or inter-connected digital content or digital service forms part of the sales contract, the digital content or digital service shall be presumed to be covered by the sales contract.
3. This Directive shall not apply
- (a) to any tangible medium which incorporates digital content in such a way that the tangible medium serves exclusively as a carrier for the supply of the digital content;
 - (b) to any goods sold by way of execution or otherwise by authority of law.
4. Member States may exclude from the scope of this Directive contracts for the sale of
- (a) second-hand goods sold at public auction where consumers have the opportunity of attending the sale in person;
 - (b) living animals.
5. This Directive shall not affect the possibility of Member States to regulate general contract law aspects, such as rules on formation, the validity, the nullity or effects of contracts, including the consequences of the termination of a contract in so far as they are not regulated in this Directive, or the right to damages.

6. This Directive shall not affect the possibility of Member States to allow consumers to choose a specific remedy if the lack of conformity of the goods becomes apparent within a short period after delivery which shall not exceed 30 days. This Directive shall also not affect national rules not specific to consumer contracts providing for specific remedies for certain types of defects that were not apparent at the time of conclusion of the sales contract.

Article 3

Level of harmonisation

Member States shall not maintain or introduce, in their national law, provisions diverging from those laid down in this Directive, including more or less stringent provisions to ensure a different level of consumer protection, unless otherwise provided for in this Directive.

Article 3a

Conformity of goods

The seller shall deliver goods to the consumer which shall, as applicable, meet the requirements of Articles 4, 5 and 6.

Article 4

Subjective requirements for conformity

In order to conform with the contract, the goods shall, where applicable:

- (a) be of the quantity, quality, type and description and possess the functionality, compatibility, interoperability and other features as required by the contract;

- (b) be fit for any particular purpose for which the consumer requires them and which the consumer made known to the seller at the latest at the time of the conclusion of the contract and which the seller has accepted;
- (ba) be delivered along with all the accessories and any instructions, including on installation, as stipulated by the contract; and
- (c) [...]
- (d) be updated as stipulated by the contract.

Article 5

Objective requirements for conformity

1. In addition to complying with any conformity requirements stipulated in the contract, the goods shall:
 - (a) be fit for the purposes for which goods of the same type would normally be used taking into account, where applicable, any existing national and Union laws, technical standards or, in the absence of such technical standards, applicable sector-specific industry codes of conduct;
 - (b) where applicable, possess the quality of and correspond to the description of a sample or model, which the seller made available to the consumer before the conclusion of the contract;
 - (b1) where applicable, be delivered along with such accessories including packaging, installation instructions or other instructions which the consumer may reasonably expect to receive;

- (b2) in the case of goods with digital elements, where applicable, be updated, including by security updates, as necessary to maintain conformity; and
- (c) be of the quantity and possess the qualities and other features, including in relation to durability, functionality, compatibility and security, which are normal in goods of the same type and which the consumer may reasonably expect given the nature of the goods and taking into account any public statement made by or on behalf of the seller or other persons in earlier links of the chain of transactions, including the producer, particularly in advertising or on labelling.

2. The seller shall not be bound by public statements, as referred to in paragraph 1(c) if he shows that:

- (a) the seller was not, and could not reasonably have been, aware of the statement in question;
- (b) by the time of conclusion of the contract the statement had been corrected in the same or a comparable way as it has been made; or
- (c) the decision to buy the goods could not have been influenced by the statement.

3. There shall be no lack of conformity within the meaning of paragraph 1 if, at the time of the conclusion of the contract, the consumer was specifically informed that a particular characteristic of the goods was deviating from the conformity requirements stipulated in paragraph 1 and the consumer has expressly and separately accepted this deviation when concluding the contract.

Article 6

Incorrect installation

Any lack of conformity resulting from the incorrect installation of the goods, shall be regarded as lack of conformity of the goods, if

- (a) the installation forms part of the sales contract and was done by the seller or under the seller's responsibility; or
- (b) the installation, intended to be carried out by the consumer, was done by the consumer and the incorrect installation was due to shortcomings in the installation instructions provided by the seller or, in the case of goods with digital elements, by the seller or by the supplier of the digital content or digital service.

Article 7

Third party rights

Where a restriction resulting from a violation of any right of a third party, in particular intellectual property rights, prevents or limits the use of the goods in accordance with Articles 4 and 5, Member States shall ensure that the consumer is entitled to the remedies for the lack of conformity provided for by Article 9, unless national law provides for the nullity or rescission of the sales contract as a result of such violation.

Article 8

Liability of the seller

1. The seller shall be liable to the consumer for any lack of conformity which exists at the time when the goods were delivered.
2. In the case of goods with digital elements where the sales contract provides for continuous supply of the digital content or digital service over a period of time, the seller shall also be liable for any lack of conformity of the digital content or digital service that occurs or becomes apparent within two years from the time indicated in paragraph 1. Where the contract provides for continuous supply for more than two years, the seller shall be liable for any lack of conformity of the digital content or digital service that becomes apparent or occurs within the period of time during which the digital content or digital service is to be supplied under the contract.
3. In the case of goods with digital elements where the sales contract provides for a single act of supply of the digital content or digital service, the seller shall also be liable for any lack of conformity of the digital content or digital service that is caused by the omission of an update required under Article 5(1)(b2) and that occurs or becomes apparent within two years from the time indicated in paragraph 1.

Article 8a

Time limits

1. The consumer shall be entitled to the remedies provided for by Article 9 for a lack of conformity of the goods where the lack of conformity becomes apparent within two years as from the relevant time for establishing conformity pursuant to Article 8(1) (liability period).

In the case of goods with digital elements where the sales contract provides for continuous supply of the digital content or digital service over a period of time, the consumer shall also be entitled to the remedies provided for by Article 9 for any lack of conformity of the digital content or digital service that occurs or becomes apparent within the period of time indicated in Article 8(2) (liability period).

In the case of goods with digital elements where the sales contract provides for a single act of supply of the digital content or digital service, the consumer shall also be entitled to the remedies provided for by Article 9 for any lack of conformity in the meaning of Article 8(3) that occurs or becomes apparent within the period of time indicated in Article 8(3) (liability period).

- 1a0. If, under national legislation, the remedies provided for by Article 9 are subject to a limitation period, that period shall not be shorter than the time limits for the liability of the seller pursuant to paragraph 1.
- 1a. Member States may maintain or introduce longer time limits than those referred to in paragraph 1. In this case the period of time of two years indicated in Article 8(2) and (3) shall be extended accordingly.

- 1b. Notwithstanding paragraph 1, Member States may maintain or introduce only a limitation period for the remedies provided for by Article 9, which shall not be shorter than the time limits for the liability of the seller pursuant to paragraph 1. If the limitation period is longer than two years, the period of time of two years indicated in Article 8(2) and (3) shall be extended accordingly.
2. Member States may provide that, in the case of second-hand goods, the seller and the consumer may agree to contractual terms or agreements with a shorter liability or limitation period than those referred to in paragraph 1 and 1b, which shall however not be less than one year.
3. [...]

Article 8b

Burden of proof

1. Any lack of conformity which becomes apparent within one year from the time indicated in Article 8(1), shall be presumed to have existed at the time indicated in Article 8(1), unless proved otherwise or unless this presumption is incompatible with the nature of the goods or with the nature of the lack of conformity. This also shall apply to goods with digital elements unless provided otherwise in paragraphs 2 or 3.
- 1a. Instead of the one-year period laid down in paragraph 1, Member States may maintain or introduce a period of two years from the time indicated in Article 8(1).

2. In the case of goods with digital elements where the sales contract provides for continuous supply of the digital content or digital service over a period of time, the burden of proof with respect to whether the digital content or digital service was in conformity during the time indicated in Article 8(2) shall be on the seller for a lack of conformity which becomes apparent within the period of time indicated in Article 8(2).
3. In the case of goods with digital elements where the sales contract provides for a single act of supply of the digital content or digital service, the burden of proof with respect to whether the lack of conformity was caused by the omission of an update shall be on the seller for a lack of conformity which becomes apparent within the period of time indicated in Article 8(3).

Article 8c

Obligation to notify

Member States may maintain or introduce provisions stipulating that, in order to benefit from his rights, the consumer must inform the seller of a lack of conformity within a period of at least two months from the date on which he detected such lack of conformity.

Article 9

Consumer's remedies for the lack of conformity

1. In the case of a lack of conformity, the consumer shall be entitled to have the goods brought into conformity or to receive a proportionate reduction in the price, or to terminate the contract under the conditions set out in this Article.
- 1a. For having the goods brought into conformity, the consumer may choose between repair and replacement, unless the remedy chosen would be impossible or, compared to the other remedy, would impose costs on the seller that would be disproportionate taking into account all circumstances including:
 - (a) the value the goods would have if there were no lack of conformity;
 - (b) the significance of the lack of conformity;
 - (c) whether the alternative remedy could be completed without significant inconvenience to the consumer.
2. The seller may refuse to bring the goods into conformity if repair and replacement are impossible or would impose costs on him that would be disproportionate, taking into account all circumstances including those which are mentioned in paragraph 1a(a) and (b).

3. The consumer shall be entitled to either a proportionate reduction of the price in accordance with Article 12 or the termination of the contract in accordance with Article 13 in any of the following cases:
- (a) the seller has not completed repair or replacement or, where applicable, has not completed repair or replacement in accordance with Article 10(1a) and (2) or the seller has refused to bring the goods into conformity according to paragraph 2;
 - (b) a lack of conformity appears despite the seller having attempted to bring the goods into conformity;
 - (c) the lack of conformity is of such a serious nature as to justify the immediate price reduction or termination; or
 - (d) the seller has declared, or it is clear from the circumstances, that the seller will not bring the goods into conformity within a reasonable time or without significant inconvenience for the consumer.
- 3a. The consumer shall not be entitled to terminate the contract if the lack of conformity is only minor. The burden of proof that the lack of conformity is minor shall be on the seller.
4. Member States may regulate whether and to which extent a contribution of the consumer to the lack of conformity does affect his right to remedies.

Repair or replacement of the goods

1. A repair or replacement shall be completed
 - (a) free of charge,
 - (b) within a reasonable period of time from the moment the seller has been informed by the consumer about the lack of conformity, and
 - (c) without any significant inconvenience to the consumer, taking into account the nature of the goods and the purpose for which the consumer required the goods.
- 1a. Where the lack of conformity is remedied by repair or replacement of the goods, the consumer shall make the goods available to the seller. The seller shall take back the replaced goods at his expense.
2. Where a repair requires the removal of goods that had been installed in a manner consistent with their nature and purpose before the lack of conformity became apparent, or where such goods are to be replaced, the obligation to repair or replace the goods shall include the removal of the non-conforming goods and the installation of replacement goods or repaired goods, or bearing the costs thereof.
3. The consumer shall not be liable to pay for the normal use of the goods during the period prior to their replacement.

Article 11

[...]

Article 12

Price reduction

The reduction in of price shall be proportionate to the decrease in the value of the goods received by the consumer compared to the value the goods would have if they were in conformity.

Article 13

Termination of the contract

1. The consumer shall exercise the right to terminate the contract by means of a statement to the seller expressing the decision to terminate the contract.
2. Where the lack of conformity relates to only some of the goods delivered under the contract and there is a ground for termination of the contract pursuant to Article 9, the consumer may terminate the contract only in relation to those goods, and any other goods which the consumer acquired together with the non-conforming goods if the consumer cannot reasonably be expected to accept keeping only the conforming goods.
3. Where the consumer terminates a contract as a whole or in relation to some of the goods delivered under the contract in accordance with paragraph 2:
 - (a) the seller shall reimburse to the consumer the price paid for the goods;
 - (b) the consumer shall return, at the seller's expense, to the seller the goods.
 - (c) [...]
 - (d) [...]

Article 14

[...]

Article 15

Commercial guarantees

1. Any commercial guarantee shall be binding on the guarantor under the conditions laid down in the commercial guarantee statement and the associated advertising available at the time of or before the conclusion of the contract.

If the conditions laid out in the commercial guarantee statement are less advantageous to the consumer than those laid down in the associated advertising, the commercial guarantee shall be binding under the conditions laid down in the advertising relating to the commercial guarantee, unless before the conclusion of the contract the associated advertising has been corrected in the same or a comparable way as it has been made.

2. The commercial guarantee statement shall be provided to the consumer on a durable medium at the latest at the time of the delivery of the goods. The commercial guarantee statement shall be expressed in plain, intelligible language. It shall include the following:
 - (a) a clear statement that the consumer is entitled by law to remedies by the seller free of charge in case of a lack of conformity of the goods and that those remedies are not affected by the commercial guarantee;
 - (b) the name and address of the guarantor;

- (c) the procedure to be followed by the consumer to obtain the implementation of the commercial guarantee;
 - (d) the designation of the goods to which the commercial guarantee applies; and
 - (e) the terms of the commercial guarantee.
3. *(deleted)*
4. Non-compliance with paragraph 2 shall not affect the binding nature of the commercial guarantee for the guarantor.
5. Member States may lay down rules on other aspects concerning commercial guarantees which are not regulated in this Article including rules on the language or languages in which the commercial guarantee statement shall be made available to the consumer.

Article 16

Right of redress

Where the seller is liable to the consumer because of a lack of conformity resulting from an act or omission by a person in earlier links of the chain of transactions, the seller shall be entitled to pursue remedies against the person or persons liable in the chain of transactions. The person against whom the seller may pursue remedies and the relevant actions and conditions of exercise, shall be determined by national law.

Article 17

Enforcement

1. Member States shall ensure that adequate and effective means exist to ensure compliance with this Directive.
2. The means referred to in paragraph 1 shall include provisions whereby one or more of the following bodies, as determined by national law, may take action under national law before the courts or before the competent administrative bodies to ensure that the national provisions transposing this Directive are applied:
 - (a) public bodies or their representatives;
 - (b) consumer organisations having a legitimate interest in protecting consumers;
 - (c) professional organisations having a legitimate interest in acting.

Article 18

Mandatory nature

1. Unless otherwise provided for in this Directive, any contractual agreement which, to the detriment of the consumer, excludes the application of national measures transposing this Directive, derogates from them or varies their effect before the lack of conformity of the goods is brought to the seller's attention by the consumer, shall not be binding on the consumer unless the parties to the contract exclude, derogate from or vary the effects of the requirements of Article 5(1) in accordance with Article 5(3).
2. This Directive shall not prevent the seller from offering to the consumer contractual arrangements which go beyond the protection provided for in this Directive.

Article 19

Amendments to Regulation (EU) 2017/2394 and Directive 2009/22/EC

1. In the Annex to Regulation (EU) 2017/2394, point 3 is replaced by the following:

"22. Directive (EU) N/XXX of the European Parliament and of the Council of XX/XX/201X on certain aspects concerning contracts for the sales of goods, amending Regulation (EU) 2017/2394 and Directive 2009/22/EC and repealing Directive 1999/44/EC (OJ...)"

2. In Annex I to Directive 2009/22/EC point 7 is replaced by the following:

"7. Directive (EU) N/XXX of the European Parliament and of the Council of XX/XX/201X on certain aspects concerning contracts for the sales of goods, amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC and repealing Directive 1999/44/EC (OJ...)"

Article 20

Transitional provisions

This Directive shall not apply to contracts concluded before [the date of two years and six months after the entry into force of this Directive].

Article 21

Repeal of Directive 1999/44/EC of the European Parliament and of the Council

Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees is repealed as of [*the date (first of the months) of two years after the entry into force*]. References to the repealed Directive shall be construed as references to this Directive and shall be read in accordance with the correlation table set out in Annex 1.

Article 22

Transposition

1. Member States shall adopt and publish the laws, regulations and administrative provisions necessary to comply with this Directive by [*the date (first of the month) of two years after the entry into force of this Directive*] at the latest.
- 1a. Member States shall apply those measures from [*the date (first of the month) of two years and six months after the entry into force of this Directive*] to all contracts concluded from that date onwards.
2. When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.
3. Member States shall communicate to the Commission the text of the provisions of national law which they adopt in the field covered by this Directive.

Article 22a

Review

The Commission shall, not later than on *[the date of five years after entry into force]*, review the application of this Directive and submit a report to the European Parliament, the Council and the European Economic and Social Committee. The report shall assess in particular whether the application of this Directive and Directive XXX/XX *[The Directive on certain aspects concerning contracts for the supply of digital content]* ensures a consistent and coherent framework for the proper functioning of the internal market with regard to the supply of digital content, digital services and goods with digital elements in line with principles governing Union policies.

Article 23

Entry into force

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*. However, Article 19 shall apply from *[the date (first of the month) of two years after the entry into force of this Directive]*.

Article 24

Addressees

This Directive is addressed to the Member States. Done at Brussels,

For the European Parliament

For the Council

The President

The President