BRIEF – BANC STANDING COMMITTEE SENATE OF CANADA

COMMENTS FROM BELRON CANADA ON BILL C-244

An Act to amend the Copyright Act (diagnosis, maintenance and repair)





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Executive Summary

Belron Canada is a leader in Canada's automotive service industry, operating 325 service centers across the country, either directly or in partnership with franchisees, under the Lebeau Vitres d'autos, Speedy Glass and Apple Auto Glass banners. We offer windshield repair and replacement services, as well as front camera recalibration for advanced driver assistance systems.

The right to repair is a principle that meets both environmental objectives, by increasing the sustainability of goods, and economic objectives, by promoting healthy competition and reasonable costs for maintenance and repair services, as well as access objectives, by maintaining local services for all Canadians.

Like other consumer goods sectors, the automotive industry has undergone a major transformation in recent years, aided by rapid technological advances. As a result, modern vehicles - whether entry-level or high-end - have become computers on wheels. As cars have become increasingly sophisticated, diagnostic, repair and maintenance services have also become more complex for service providers, but also more costly for consumers.

Automakers have taken advantage of new technologies to put in place administrative, technological and financial barriers that make it more expensive and more difficult for consumers to have diagnostic, maintenance or repair services carried out by the trusted provider of their choice. In so doing, they force consumers to do business with affiliated car dealerships. When it comes to sustainable consumption, price and access should not be a barrier to the purchase of new goods when repair is an option.

In this context, we strongly support Bill C-244 and its provisions allowing the circumvention of technological protection measures for diagnostic, maintenance and repair purposes. This bill strikes a balance between copyright protection of innovation and the interests of Canadian motorists.

However, even if the adoption of this bill represents a significant step forward for the establishment of the right to repair in Canada, it will necessarily be accompanied by a series of other legislative measures to be implemented by the federal legislator (Competition Act) and that of the provinces (consumer protection laws), which we hope will be harmonized across the country.



About Belron Canada

Belron Canada, parent company of Lebeau Vitres d'autos, Speedy Glass and Apple Auto Glass, is a leading provider of windshield repair and replacement services, as well as front camera recalibration for advanced driver assistance systems (ADAS).

With 325 service centers, two distribution centers, 26 warehouses and over 1,200 employees in all 10 provinces, Belron Canada is proud to serve drivers from coast to coast, in urban, suburban and rural communities across Canada - ensuring accessible, local service for all motorists.

Belron Canada is part of Belron International, a company present in 37 countries on six continents. Belron was founded in 1805 and will celebrate 220 years of existence next year. The group's companies share resources, exchange ideas and best practices in a global development perspective, and are mobilized everywhere in favor of establishing or strengthening the right to repair. We are the only company in the industry to operate on a global scale.



The Right to Repair

What is the right to repair?

The consumer's right to repair refers to the ability of users of goods - whether owners or long-term renters - to repair them, whether electronic, electrical, automotive or other, without hindrance from manufacturers.

This right promotes the sustainability of goods, reducing waste and environmental impact. By enabling consumers to repair their appliances themselves, or to choose from a multitude of repair options, it increases competition between repair service providers, which can lead to more competitive prices and better quality services. Locally-based repair services also mean better access for Canadians living in rural or remote areas.

There is currently global momentum for the adoption of right-to-repair legislation. Jurisdictions such as the European Union, Australia, India and some American states are taking steps to strengthen this right, in response to growing awareness of the environmental impacts of over-consumption and consumer demand for greater sustainability¹.

Citizen campaigns and demands made to governments by environmental groups and consumer rights advocates, including the CanRepair Coalition², support this trend, creating significant momentum towards regulations that facilitate and encourage the repair of goods.

Why is the right to repair necessary?

Technological advances in recent years in various categories of consumer goods have enabled manufacturers to market innovative products that improve safety, convenience, efficiency, entertainment and leisure possibilities, among other things. Copyright protection has helped stimulate investment to accelerate innovation and facilitate its commercialization here in Canada.

However, in the wake of these advances, manufacturers are exploiting certain technological tools to limit or block access by third parties for diagnostic, maintenance and repair purposes, which is contrary to the best interests of consumers.

¹ Lloveras, J., Pansera, M. & Smith, A. On 'the Politics of Repair Beyond Repair': Radical Democracy and the Right to Repair Movement. *J Bus Ethics* (2024). https://doi.org/10.1007/s10551-024-05705-z

² CanRepair Coalition - <u>https://www.canrepair.ca/</u>



This is specifically the case in the automotive sector, where consumers and repairers face constraints and barriers imposed by vehicle manufacturers.

For example, vehicle maintenance and repair shops, including those specializing in windshield repair and replacement, and those offering front camera recalibration services for advanced driver assistance systems, regularly encounter three types of manufacturerimposed barriers that directly affect customers and the price of services offered, in addition to often forcing them to travel outside their local community to obtain services from a manufacturer-affiliated dealer:

- The imposition of administrative barriers (obtaining an access code issued by the manufacturer), technological barriers (impossibility of accessing the OBD diagnostic socket), and financial barriers (cost of accessing the OBD diagnostic socket, which must be passed on to the consumer even though it is access to his or her car, or elimination of the OBD socket in favor of an Over-the-Air OTA link inaccessible to service companies not affiliated with manufacturers).
- 2. Non-sharing of vehicle original part number information. A single vehicle (of the same make, model, series and year) can have up to 15 different windshield models, and in some cases as many as 30. Manufacturers do not systematically make the installed part number available to consumers or repairers, limiting their ability to serve consumers.
- 3. The imposition of long delays between the time a vehicle is marketed and the time when diagnostic, maintenance and repair tools and information are made available to consumers and non-manufacturer-affiliated businesses whereas dealers have almost immediate access to them. These frequent situations limit consumer choice by forcing them to do business with a dealer.



Bill C-244

Bill C-244 focuses specifically on legalizing the circumvention of technological protection measures (TPMs) for specific diagnostic, repair and maintenance purposes. Belron Canada strongly supports consumers' right to repair and encourages the Senate of Canada to adopt Bill C-244, an act to amend the Copyright Act (diagnosis, repair and maintenance), as soon as possible.

In a precise and circumscribed manner, the bill allows the circumvention of protection measures for the purposes of diagnosis, repair and maintenance, without reducing the attractiveness of the protections guaranteed by the Copyright Act in terms of innovation and technological progress.

This is a timid but important first step towards consumers' right to repair. Even so, much remains to be done to implement the right to redress as other jurisdictions, including Quebec, have done. The federal government needs to amend the Competition Act to introduce more contemporary provisions on refusal to deal, misrepresentation and abuse of dominant position. The next section covers these aspects in greater detail.

Counter false perceptions about the right to repair

In the wake of Bill C-244, some manufacturers have raised concerns about the right to repair. None of these criticisms are new, as they have been raised systematically in all jurisdictions where the right to repair has been studied by legislators.

We feel it is important to share with you a few facts and considerations in response to these concerns, in order to demonstrate that they are unfounded and that a balance is possible between promoting the best interests of consumers, an environment conducive to innovation and rigorous, secure management of personal data and information.

Access to consumers' personal information

Personal information belongs to motorists who own or lease vehicles on a long-term basis, not to the automaker. It should be remembered that consumers must be able to choose for themselves the automotive technician to whom they wish to give access to this data, including those working in trusted garages, which may include those not affiliated with a car manufacturer or dealer.

In fact, many of the concerns expressed by manufacturers have no basis in fact or law. Independent garage technicians and mechanics don't want or need access to sensitive vehicle data and personal geolocation information, but they do need access to the computer, at the very least, for diagnostic, repair and maintenance purposes at the request of motorists.



Cybersecurity

Data security is an important consideration, as are the cybersecurity issues it raises. However, this issue must not be misused as an excuse to block consumers' right to repair.

It is the carmaker's responsibility to ensure adequate separation between data required for the vehicle's mechanical needs and more sensitive data and personal information, which may contain geolocation data. This is also required by various privacy laws.

It is also the responsibility of the vehicle manufacturer and any person, including Belron Canada, who has access to personal information to use it in accordance with the privacy laws in force, which already provide for these situations. It is important to note that no one should have access to personal information for which there is no use; this is the principle of limitation and the obligation of manufacturers.



The importance of also strengthening the Competition Act

Even though the adoption of Bill C-244 would lay the foundations for the right to repair in Canada from a national perspective, we reiterate the importance of this work being accompanied by a necessary modernization of the Competition Act.

The government has begun work in this direction, holding a consultation on the right to redress in recent weeks. Unfortunately, the scope of this consultation was clearly incomplete, and the automotive sector was completely omitted. This omission is all the more deplorable given that the related agricultural vehicle sector is the subject of extensive consultation and round-table discussions.

Yet all household appliances, motor vehicles and consumer electronics should be included in a federal repairability policy. The most successful consumer right-to-repair regimes internationally are those that cover all long-life consumer goods, including automobiles. The legislator must avoid a micromanagement approach by refraining from imposing specific right-to-repair requirements for each product or product category, and this is what the structure of this consultation suggests.

It's important to remember that, on average, Canadian households spend far more on private transportation costs (which include automobiles) than on household appliances and electronics.

Three aspects of the Competition Act should be strengthened with a view to government intervention in favour of the right to redress: refusal to deal, false and misleading information, and abuse of dominant position.

Refusal to deal

Car manufacturers delay providing necessary diagnostic, maintenance or repair information for a new vehicle model for several months or even quarters after it has been commercialized. This forces consumers to entrust this work to a dealer affiliated to the manufacturer, due to the lack of alternatives.

This situation creates an asymmetry of information between the manufacturer and consumers or independent repair companies. For example, the number of a part installed on a vehicle is not available to consumers or independent repairers, even on request, whereas this information is available to affiliated dealers.

Another example is the failure to share in a timely manner with non-affiliated service providers the visual targets needed to correctly recalibrate, in accordance with



manufacturer requirements, the vehicle's front camera after the replacement of a windshield, which poses a safety problem for consumers/drivers.

This limits competition and fair access to repair services for non-affiliated companies, depriving consumers of the freedom to choose their service provider and leading to higher prices.

False or misleading information

Car manufacturers claim in press releases, advertisements, websites, etc. that only original equipment manufacturer (OEM) parts can be used for windshield replacement, an unsubstantiated and unjustified claim.

We are particularly aware of the important role windscreens play in the structural integrity of vehicles and the normal operation of their safety systems. However, it has been proven time and again that OEE (Original Equipment Equivalent) parts are a very adequate alternative to original parts, and have been recognized as such by insurers across Canada for a very long time. To claim otherwise is false or misleading.

Abuse of dominant position

When several car manufacturers apply similar commercial practices, consumers and car repair companies are obliged to pay the same price to obtain an access code to the vehicle's on-board diagnostic computer.

This code is needed to recalibrate the Advanced Driver Assistance System camera, as prescribed by the manufacturer in the vehicle's service manual. This practice could raise concerns about its impact on competition and fair access to repair services for independents.

In addition, vehicle manufacturers impose strict conditions on consumers in terms of vehicle maintenance and repair. For example, a manufacturer or affiliated dealer may declare that the return of a vehicle at the end of a long-term leasing contract will incur charges if the spare parts used are not original equipment manufacturer (OEM) parts, or if the repair, maintenance or diagnostic work has not been carried out by a dealer affiliated to the manufacturer.

Another example is where a manufacturer invalidates the warranty of a vehicle purchased or leased under a long-term contract for the same reasons: the use of non-OEM parts or the use of maintenance and repair services outside the affiliated dealer network.



Recommendations

Prompt adoption of Bill C-244

Belron Canada recommends the adoption of Bill C-244 as soon as possible and without amendment. We also recommend the adoption of Bill C-294.

Include the automotive sector in ISED's right-to-repair vision

We also encourage the BANC Standing Committee to use the mechanisms at its disposal to encourage the necessary inclusion of the automotive sector in the right-to-repair work underway at Innovation, Science and Economic Development Canada. Excluding this sector would be a damaging omission from the point of view of the government's environmental objectives, as well as those aimed at improving the purchasing power of Canadians.

Harmonizing provincial policies on the right to redress

Finally, we invite the Senate of Canada to call on the federal government to provide greater leadership to the country's provinces and territories in harmonizing consumer protection legislation. The bill adopted in Quebec in 2023 should serve as a benchmark. Neither consumers, industry nor innovation ambitions would be well served by a legislative regime that varies from one province or territory to another.