Consumer sale of goods

SUMMARY

On 22 February 2018, the European Parliament’s Committee for the Internal Market and Consumer Protection (IMCO) adopted its report on the Commission proposal for a new directive on the consumer sale of goods. The Commission’s original proposal, dating from 2015, was replaced on 31 October 2017 by an amended one which intends to replace the existing Consumer Sales Directive dating from 1999 entirely, instead of regulating only online and other distance contracts as had originally been planned.

By contrast to the 1999 Consumer Sales Directive, the Commission’s proposal would introduce a maximum-harmonisation approach, meaning that EU Member States could no longer introduce a higher level of consumer protection than set in the directive.
Introduction
In December 2015, the Commission proposed a directive on contracts for online and other distance sales of goods, which was to partially replace the existing Consumer Sales Directive with regard to both online and offline distance sales. Unlike the Consumer Sales Directive, the proposed online sale of goods directive would provide for maximum harmonisation, thereby prohibiting Member States from introducing a higher level of consumer protection than envisaged in the directive. On 31 October 2017, the Commission amended the above proposal to include offline sales within its scope also.

Context
The proposed directive is part of the digital single market (DSM) strategy for Europe and is accompanied by several other proposed legal instruments, notably the digital content directive (2015/0287(COD)) and the portability of digital content directive (2015/0284 (COD)). Unveiled in November 2017, the amended proposal was made following the outcome of the regulatory fitness check (REFIT) of consumer and marketing law, completed in May 2017.

Existing situation
The subject matter of the proposal is currently regulated by the Consumer Sales Directive (CSD) from 1999, a minimum-harmonisation directive leaving Member States the right to maintain or adopt more consumer-friendly implementing provisions. The directive applies to all consumer sales transactions. It addresses the issue of seller's liability for defects in goods sold and introduces the concept of conformity with the contract, while also providing for remedies in the event of non-conformity (defectiveness). The deadline for pursuing remedies is set at a minimum of two years, running from the moment of the delivery of the goods, and can be prolonged by national legislation. Furthermore, at least during the first six months, there is a reversed burden of proof in favour of the consumer; Member States are free to extend this period. Certain Member States have provided for longer periods of legal guarantee or, as in the case of the Netherlands, have refrained from imposing a maximum period of seller's liability for defects altogether, leaving the issue to be determined on a case-by-case basis. Under the CSD, consumer remedies for defects are divided into two groups – primary remedies (repair or replacement) and secondary remedies (price reduction or termination of contract). Member States must ensure that consumers have at least the right to exercise a primary remedy of their choice if a defect appears; they may limit consumers’ recourse to secondary remedies (price reduction or termination of contract) to situations in which the primary remedy is either impossible to provide or has not been provided by the seller. However, Member States are equally free to give consumers a full choice between all remedies from the start, and some national laws provide for that.

The changes the amended proposal would bring
General issues
The proposed directive (both the original proposal from 2015 and the amended proposal from 2017) is a de facto recast of the CSD, initially limited to online and other distance contracts, but extended to all consumer sales contracts in 2017. In contrast to the CSD, the proposal provides for maximum instead of minimum harmonisation, effectively barring Member States from introducing or maintaining more consumer-friendly rules. This means that when implementing the directive into domestic law, Member States' national legislatures will be obliged to offer exactly the same level of protection as that
envisaged by the directive. In its substance, the proposed directive draws on the existing CSD or codifies the Court of Justice of the European Union's (CJEU) case law interpreting CSD rules.

**Conformity of goods**

*Notion of conformity of goods*

Under the CSD, goods have to be in conformity, inter alia, with the description given by the seller. The proposed directive introduces a direct reference to the **content** of the contract. The proposal introduces a new rule, whereby conformity of the goods with the contract should cover material defects, but also legal ones, meaning that goods must be free from any third-party rights, including intellectual property rights. The preamble specifies that goods should be free from any third-party right 'which precludes the consumer from enjoying the goods in accordance with the contract'. Presumably, other third-party rights (such as intellectual property rights) would not be considered a legal defect of the goods, provided that consumers can use them for personal consumption.

**Relevant time for analysing non-conformity**

The CSD stipulates that the relevant time for ascertaining non-conformity is the delivery of the goods (Article 5(1)). The proposal provides for a more elaborate set of rules, depending on whether the goods were installed (for instance, in the consumer's house) by the seller or under their responsibility, and whether the carrier delivering the goods was chosen by the seller or by the consumer.

**Presumption of non-conformity**

The proposal raises the level of consumer protection significantly by extending the period during which the presumption of non-conformity operates, to two years. Under the CSD, only if non-conformity becomes apparent within six months of delivery, is it presumed that it existed at the time of delivery.

**Buyer's remedies against seller**

*Cascade system (hierarchy of remedies)*

First, unlike the withdrawn proposal for a common European sales law (CESL), the proposed directive upholds the 'hierarchy of remedies', whereby the consumer does not have a free choice between repair, replacement and refund, but must first accept repair or replacement (as chosen by the seller). The consumer, if entitled to termination or reduction of price, would be allowed to terminate even if the defect were minor (in contrast, the CSD does not allow this).

Second, while under the CSD the consumer may terminate or demand a partial refund only if a repair/replacement is not available or if the seller did not complete it within a reasonable time and without 'significant inconvenience' to the consumer, under the proposal the consumer would also have a right to demand a refund in two additional circumstances: if the seller declares that they will not complete a first-degree remedy in a reasonable time, or if it is clear from the circumstances that the seller will not complete such a remedy within a reasonable timespan. Third, a new rule provides that consumers will not be entitled to a remedy to the extent that they themselves have caused the non-conformity or its effects.

**Withholding of payments, termination and refunds**

The proposal introduces a new rule, whereby in cases of non-conformity, a consumer may withhold payment of any outstanding part of the price for as long as the seller does not remedy the non-conformity.
The CSD lacks any detailed provisions on termination of a contract. The proposal fills that gap with a number of detailed rules. First, the seller must reimburse the price 'without undue delay' and no later than 14 days from receiving the notice of termination. The seller must also bear the costs of reimbursement (for instance, banking fees). Second, the proposal makes it clear that the consumer should send back the goods under the same timing conditions and at the seller's expense.

If some goods are defective and the consumer has a right to terminate the contract, they may do so only in relation to defective goods and in relation to 'other goods, which the consumer acquired as an accessory' to the defective ones. Furthermore, two rules oblige the consumer to make payments to the seller in case of termination. Under the first one, if the goods were destroyed or lost (even with no fault on the part of the consumer), the consumer must – upon termination – pay to the seller the monetary value that the goods would have had on the date of return. Under the second one, the consumer must also pay the seller for the decrease in the value of the goods, if such a decrease exceeds 'regular use', but not more than the price originally paid.

Time limits and deadlines
Under the proposal, the seller would be liable to the consumer if the non-conformity appears within two years of delivery. National law may not impose a shorter prescription period than two years from delivery. While the CSD features the same rules, the novelty is that the Member States will no longer be allowed to provide for an exception (that is, a shorter period of liability) for second-hand goods. Furthermore, the period of liability of the seller will be identical to the timeframe of the presumption of non-conformity.

Commercial guarantee
The regime concerning the commercial guarantee is the only part of the proposal that is subject to minimum harmonisation. Therefore, the Member States may enact rules providing for a higher level of consumer protection with respect to guarantees. Furthermore, under recital 14, Member States are explicitly allowed to fill legal gaps with regard to guarantees.

Preparation of the proposal
Results of the REFIT exercise
In May 2017, the Commission concluded its regulatory fitness check (REFIT) of consumer and marketing law. The main report, accompanied by reports on the public consultation, country reports and additional evidence, was devoted to other directives (on unfair terms, unfair commercial practices, price indication, misleading and comparative advertising and injunctions). The CSD was addressed in two separate studies outside the scope of the main report: one on the method of harmonisation (minimum versus maximum) and another on the extension of certain rights under the directive.

Study on the method of harmonisation
The study on the method of harmonisation, prepared by a consortium of external contractors, generally favoured the policy option of switching from minimum harmonisation (whereby Member States may enact more consumer-friendly rules than those in the directive) towards maximum harmonisation (whereby Member States' national law may not offer consumers a higher level of protection than that provided for in the directive). While the study acknowledged that in some Member States the guarantee period is longer than two years, it nevertheless argued that most defects become apparent within the first two years, and that eliminating the possibility for
Member States to extend the period of legal guarantee will 'enhance transparency and boost consumer confidence across the Single Market'.

Concerning the extension of the period for reversing the burden of proof from six months to two years, the study pointed out that many traders already de facto accept claims from consumers without requiring proof throughout the two-year period of legal guarantee, and therefore making this a legal rule would not bring about a significant change. As regards the hierarchy of remedies, the study pointed to a consumer poll from 2015, in which some 77 % of European consumers found it 'reasonable' that they cannot claim a refund for a defective good when it breaks down for the first time. Therefore, in the view of the study, granting consumers a truly free choice of remedies (between repair or replacement, and refund or reduction of price) is not necessary.

Study on the extension of rights
The study on the extension of certain rights under the CSD, also prepared by a consortium of external contractors, aimed at addressing three main issues:

- determining the costs and benefits of extending the legal guarantee period to more than two years for all products, or of applying varying guarantee periods for a selection of products depending on product type, value or life span as declared by the manufacturer;
- determining the costs and benefits of giving consumers the right to terminate the contract if the seller fails to repair or replace a defective good within a specified deadline;
- determining the costs and benefits of introducing an obligation on sellers to inform consumers about the availability of spare parts and introducing an obligation on sellers to keep or facilitate access to spare parts for all or some products.

The study found that introducing a uniform legal guarantee period extending beyond two years would increase the level of consumer protection in 23 Member States. The study noted that, according to some stakeholders, such a provision would also be environmentally friendly, leading to a reduction of waste and to tackling the problem of planned obsolescence (whereby producers lower the quality of goods on purpose, so that they break down faster and force consumers to buy new ones). On the other hand, the study noted that businesses claim they would face higher compliance costs, which some of them would try to transfer onto consumers. Nonetheless, around a third of business respondents would see the extension of the legal guarantee to three or five years as not generating additional costs.

Concerning a differentiated legal guarantee period, the study noted that 31 % of businesses interviewed expected such a system to generate 'major costs', whilst 30 % expected 'no costs'. The study considered the Dutch and Finnish differentiated legal guarantee systems to be 'rather complex'. Concerning the possibility of devising such a system at EU level, the study considered that there is 'limited evidence to suggest' that it would be possible, given its complexity and the need for continual updates in order to follow the changes in the types and quality of goods offered on the consumer market.

Concerning the introduction of a fixed deadline within which sellers would have to repair or replace faulty goods, the study noted that it was 'generally favoured by consumers' associations as a way of protecting consumers against delays in remedies'. However, the authors of the study pointed out that most sellers solve complaints within two weeks anyway, and argued that imposing a specific deadline could be problematic for sellers.
who need to wait longer for producers or service centres to carry out a repair or replacement. Concerning the introduction of an obligation to inform consumers about the availability of spare parts for consumer products, the study highlighted existing evidence which suggests that such a rule would influence consumers to purchase more repairable products.

Parliament’s starting position

In 2013, the Legal Affairs Committee (JURI) adopted a report backing the proposed CESL (proposal dating from 2011), in particular, the optional nature of the instrument and the legal form of a regulation. In its opinion, the Internal Market and Consumer Protection Committee (IMCO), in turn, suggested changing the legal form of the CESL from an optional code to a directive. In February 2014, the Parliament adopted its legislative resolution on the CESL, supporting the legal form of an optional instrument, but proposing to limit its scope to cross-border business-to-consumer transactions only.

Stakeholders’ views

Consumers

In 2016, reacting to the original proposal, the European Consumer Organisation (BEUC) considered that the proposed rules 'do not represent a high standard of protection for consumers' and that they will result in 'a considerable and highly undesirable diminution of consumer protection in a number of key areas due to its full harmonisation approach'. BEUC was particularly concerned, inter alia, about the maximum two-year legal guarantee period for consumer goods, beyond which consumers would have no remedy against the seller, and about the introduction of a 'strict hierarchy of remedies regime, which strips consumers in a number of Member States of a higher level of protection'.

Businesses

In December 2017, the EU-wide SME federation, UEAPME, issued a position paper on the outcome of REFIT, in which it highlighted the need to reinforce the right of redress of the seller towards the producer. UEAPME noted that it is 'of crucial importance for the seller to have a watertight right of redress. It should therefore be clearly provided that the producer cannot refuse the redress and has to pay for all the expenses the seller had to make in order to be able to provide for the remedy.'

The EU-wide federation of national business interest representations, BusinessEurope, reacted to the Commission’s original (2015) proposal in an April 2016 position paper, where it argued that many of the rules favour consumers at the expense of businesses, thereby creating an imbalance. In order to tilt the balance more in favour of businesses, the federation advocated, inter alia:

- deleting the rule that consumer goods must be free of third-party rights;
- introducing a requirement that consumers must notify any defect by a specific deadline (or will lose their remedy);
- deleting the rule giving consumers a reasonable time to install the goods (if they are installing the goods themselves) before the period of the legal guarantee starts to run;
- limiting the period of reversed burden of proof in favour of consumers from two years to six months only;
- not allowing consumers to terminate if the defect is minor;
- allowing sellers to decide about the method of collecting faulty goods from consumers;
- making the rule on commercial guarantees subject to maximum harmonisation.
Legal practitioners
In March 2016, the Council of Bars and Law Societies of Europe (CCBE) published a position paper reacting to the original proposal from December 2015. In it, the CCBE voiced its regret that the proposal does not extend to commercial sales contracts (business-to-business), arguing that just like consumers, SMEs in particular deserve to be protected from stronger business partners. Furthermore, putting the burden of consumer protection only on the final seller (who deals directly with the consumer) is, in their view, unfair. The CCBE further argued in favour of harmonising the rules on tangible and digital sales (the proposed digital content and services directive), arguing that incoherence between the two instruments would undermine the overall goal of consumer protection. The CCBE supported the choice of maximum, instead of minimum harmonisation. Concerning some more detailed aspects of the proposal, it suggested to reduce the period of reversed burden of proof from two years to six months only, and to prevent consumers from terminating if the defect is minor.

Advisory committees
In April 2016, the European Economic and Social Committee (EESC) adopted an opinion on the proposal (rapporteur: Jorge Pegado Liz, Portugal). The EESC criticised the choice of legal basis (proposing Article 169 TFEU instead of Article 114 TFEU) and the maximum-harmonisation approach. On the substance of the proposal, the EESC would prefer to see the requirement of durability built into the definition of conformity, which would influence the duration of the seller's liability for defects. The EESC points out that in various Member States, consumers have the right to reject defective goods and claim immediate reimbursement, which would be curtailed by the directive. The EESC considers that the rule requiring consumers to pay (upon termination of the contract) for the use, deterioration or loss of a defective good is 'highly questionable' and even contradicts CJEU case law (Case C-404/06 Quelle). The EESC recommends laying down time limits that would take into account the existing guarantee periods in some Member States, such as Finland, the Netherlands, Sweden and the UK.

National parliaments
A number of national parliaments examined the proposal. Only the French Senate adopted a reasoned opinion on subsidiarity, indicating that 'harmonising protection for consumers who make online purchases at European level must not prevent a Member State from offering its nationals a higher level of protection'. Therefore, the French senators concluded that Article 3 of the proposal – which introduces total harmonisation 'do[es] not allow the Member States to maintain and develop a higher level of consumer protection', thereby violating – in their view – the principle of subsidiarity.

Parliamentary analysis
In September 2015, the Members' Research Service of EPRS published an in-depth analysis on Contract law and the Digital Single Market, in which it explored the regulatory options available to the EU legislature with regard to the contract law-related aspects of the Digital single market strategy. Subsequently, the Members' Research Service hosted a policy hub on the subject. In February 2016, the Parliament's Policy Department for Citizens' Rights and Constitutional Affairs organised a workshop on new rules for contracts in the digital environment, also encompassing the online sales directive proposal. In April 2016, the EPRS Policy Cycle Unit published an implementation appraisal on consumer sales and, in July 2017, the EPRS Ex-Ante Impact Assessment Unit published a study on proposed EP amendments extending the scope of the proposal to offline sales.
contracts, according to which the harmonisation of sales rules across Member States and sales channels would reduce the fragmentation of the legal framework and enhance its clarity and transparency.

**Legislative process**

**Initial discussions in the Council**
In the Council, the proposal was referred to the Working Party on Civil Law (Contract Law). On 11 March 2016, the Council discussed the proposal in an open session. Some Member States indicated their desire for more time for reflection, especially in the context of the on-going REFIT exercise on the Consumer Sales Directive. Hence, work at the technical level was first initiated on the proposal for a digital content directive and not on the one for an online sales directive. The Member States also stressed the need for consistency between rules on online sale of goods, offline sale of goods and supply of digital content. The Council agreed with the Dutch Presidency's suggestion to first focus on the proposal for a digital content directive. The Council has not returned to the file since that time.

**Draft report**
On 18 November 2016, Pascal Arimont (EPP, Belgium), the rapporteur for Parliament's Committee on Internal Market and Consumer Protection (IMCO) presented his draft report. The most important modification he proposed involves expanding the scope of the directive to both online and offline sales. Therefore, the rapporteur proposes to change the title to 'Directive... on certain aspects concerning contracts for the sale of goods and repealing Directive 1999/44/EC', lifting the limitation to 'online and other distance' sale of goods. An additional recital (4a) explains that the move to provide for a uniform regime serves 'to avoid discrepancies between the rules governing distance sales and those governing face-to-face sales' and to 'prevent confusion between different sales channels, reduce complexity and increase clarity'.

**Scope of the directive**
The rapporteur proposes a new article (2a), clearly laying down the scope of the directive. It would apply to any sales contract between a consumer and a seller, but would not apply to contracts for the provision of services. Nonetheless, in the case of mixed contracts (sales and services), it would still apply to the part of such a contract relating to the sale of goods. In order to ensure alignment with the proposal for a digital content directive, the rapporteur would make it clear that the directive does not apply to goods in which digital content is embedded, unless the supplier proves that the lack of conformity 'lies in the hardware of the good' (article 2a(3)).

**Burden of proof regarding defects**
While under the original proposal any lack of conformity appearing within two years of delivery is deemed to have existed from the outset (article 8(3)), the rapporteur would reduce this timeframe to six months, unless that was 'incompatible with the nature of the goods or with the nature of the lack of conformity' (proposed article 8a).

**Exclusion of seller's liability if consumer knew or should have known about defects**
The rapporteur proposes to exclude the seller’s liability if the consumer 'was aware, or could not reasonably have been unaware' of the defects (proposed modification of article 9(5)). This is because in the rapporteur's view, 'positive knowledge of the lack of conformity must be interpreted as [its] acceptance'.
Partial termination only if partial performance is possible
The rapporteur proposes to limit the possibility of partial termination by the consumer only to those cases in which partial performance is possible (proposed modification of article 13(2)). Therefore, partial termination would be allowed only with regard to selected goods if they 'are separable from the other goods ... unless the consumer cannot be expected to accept [partial] performance'. Therefore, the consumer would still have the right to full termination if they are interested only in the whole contract, not in part of it.

Second-hand goods
In the case of second-hand goods, the rapporteur proposes that the parties – as under the existing Consumer Sales Directive – should be able to agree on a shorter period of seller’s liability for non-conformity, but not shorter than one year. The general period (for new goods) is two years.

Guarantee statement only upon consumer’s request
The rapporteur proposes to modify the rule on guarantee statements (article 15(2)) by stipulating that the consumer must be provided with a statement on request. In the original proposal, the Commission made it obligatory to provide a statement on a durable medium even if the consumer did not ask for it.

Report of the IMCO committee
On 22 February 2018, the IMCO committee adopted its report on the proposal. The committee also voted in favour of opening trilogue negotiations (for which the Council is not yet ready) and the mandate was confirmed at the February II plenary session. The committee suggests excluding from the directive’s scope any embedded digital content or digital services embedded in tangible goods. Furthermore, the directive would not apply to the sale of live animals.

Level of harmonisation
The directive would theoretically become a minimum-harmonisation instrument (Article 3(1)); however, most rules in the directive would actually be, as a matter of ‘exception’, maximum-harmonisation rules (article 3(2)). This concerns articles 3a (conformity of goods), 4 (subjective requirements for conformity), 5 (objective requirements for conformity), 6 (incorrect installation), 7 (third-party rights), 8 (relevant time for establishing conformity), 8a, 9 (hierarchy of remedies), 9a, 10 (replacement of goods), 12 (price reduction), 13 (consumer’s right to terminate), 15 (commercial guarantees) and 18 (mandatory nature of the directive’s rules). Hence, the only articles that are actually subject to minimum harmonisation are: 1 (subject matter and scope), 2 (definitions), 3 (level of harmonisation), 11 (consumer’s choice between repair and replacement), 13a (right to damages), 14 (time limits), 16 (right of redress), 16a (information on spare parts) 17 (enforcement), 19 (amendments to other EU acts), 20 (transitional provisions), 20a, 21 (repeal of the 1999 Consumer Sales Directive), 22 (deadline for transposition), 23 (entry into force), and 24 (addressees). Of these, only Articles 11 and 14 are actually concerned with the level of consumer protection. Therefore, Member States would be allowed to:

- give the consumer the right to choose between repair or replacement, even if one of the options would be disproportionate for the seller (Article 11 in conjunction with Article 3(2));
- extend the time limit for pursuing consumer remedies beyond two years (Article 14 in conjunction with Article 3(2));
- maintain or introduce provisions on remedies for hidden (latent) defects (Article 3(3));
- maintain or introduce provisions on the consumer’s short-term right to reject the goods in case of non-conformity (Article 3(3));
- maintain but not introduce new rules concerning the period during which a defect becomes apparent in goods which were transported by a carrier chosen by the consumer, i.e. a possibility to extend that deadline beyond two years (Article 8(1) in conjunction with Article 8(2a) and 3(3)).

**Criteria of conformity**
A newly inserted Article 3a would provide that the goods must meet the requirements of conformity set out in article 4 (subjective requirements for conformity), article 5 (objective requirements of conformity), article 6 (conformity requirements in case of goods requiring installation) and article 7 (lack of third-party rights). The new terminology – ‘subjective’ and ‘objective’ requirements for conformity – follows the terminology used in the proposal for a digital content and services directive, which is being worked upon in parallel. What is important is that both subjective and objective criteria are mandatory, and there is a hierarchy between them: they must be fulfilled jointly.

In the case of sale of goods corresponding to a sample shown to the consumer, the report provides for an exception – the goods will not have to be as good as the sample if the trader has brought to the attention of the consumer any deviations before the contract is concluded (article 4(1)(a)). In the case of fitness for purpose, the goods will have to be fit not only for any purpose made known by the consumer and accepted by the trader explicitly, but also for any purpose ‘that is a reasonable purpose in the circumstances’.

Concerning objective criteria for conformity, the committee introduces – in line with the proposed digital content and services directive – a reference to ‘any existing national and Union laws, technical standards, or, in the absence of such technical standards, applicable sector-specific industry codes of conduct’ (article 5(1)(a)). The features of the goods are specified in more detail, including such elements as ‘appearance, durability, functionality and security’ (article 5(1)(c) in principio). For the consumer to accept deviations from the objective criteria for conformity, there is a requirement for the consumer to ‘expressly and separately accept this deviation when concluding the contract’ (article 5(1a)), otherwise the objective criteria will still apply.

**Second-hand goods**
Member States may maintain a shorter period, but not shorter than one year, for the pursuit of consumer remedies in the case of second-hand goods, but only if the consumer actually had an opportunity to examine them in person before concluding the contract (article 8(2b)).

**Reversed burden of proof**
Instead of the two-year period of reversed burden of proof in the consumer’s favour, the report would provide for a one-year period (article 8a(1)). For second-hand goods that the consumer had examined personally, that period may be reduced to six months.

**Legal guarantee after repair or replacement**
The two-year legal guarantee period would start to run once again after each repair or replacement (article 9(1c)).

**Access to secondary remedies**
Concerning the consumer’s right to pursue a secondary remedy (termination or price reduction), this would be possible also if a ‘lack of conformity appears despite the trader’s
attempt to bring the goods into conformity' (article 9(3)(b a)), as well as in cases where 'the lack of conformity is of such a serious nature as to justify the immediate price reduction or termination of the contract' (article 9(3)(c a)). However, the open-ended notion of a 'serious nature' of the non-conformity is not defined in any way, and no interpretive guidelines are provided in the preamble, leaving it to the parties to agree upon or, ultimately, to an alternative dispute resolution body or court to interpret.

**Detailed rules on repair**

A new article 9a would lay down detailed rules on the repair of goods. Specifically, the trader would be bound by a one-month deadline to complete the repair and would have to perform it 'without any significant inconvenience to the consumer, taking account of the nature of the goods and the purpose for which the consumer required' them. Importantly, during the repair period, any risk of destruction or additional damage would be on the trader. Moreover, under article 9a(2), the consumer would have the right to withhold the payment of any outstanding part of the price until the repair is completed.

**Detailed rules on replacement**

Just like repair, replacement would also have to be completed within a deadline of one month (article 10(3a)). The deadline would be calculated from the moment when the trader has acquired physical possession of the goods. The consumer would also have a right to withhold payment of any outstanding part of the price until the replacement takes place.

**Consumer's declaration of termination or demand for price reduction**

Concerning the way in which the consumer may inform the trader of their decision to demand a price reduction or to terminate the contract, the report would allow this by way of an 'unequivocal statement… notified to the trader' (article 12(1) and Article 13(1)). In the case of sales contracts concluded digitally, the trader must provide 'an easy digital means to terminate the contract' (article 13(1) sentence 2).

**Non-conformity of part of the goods**

If only part of the goods are not in conformity and they can be separated, the consumer would be allowed to terminate only with regard to the defective goods, 'unless [they] cannot be expected to accept' partial performance (article 13(2)).

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**For instance,** a consumer bought 200m² of tiles for their apartment. These tiles were from the end of a line and were no longer being produced. Upon delivery, it turned out that 100m² of the tiles were broken and could not be replaced. Since the consumer wanted to have the same tiles throughout the apartment, they had an interest in terminating the contract wholly, not partially, and was entitled to do so.

**Right to damages**

A new rule on the trader's liability in damages towards the consumer is inserted (article 13a). Damages would be awarded 'for any financial loss arising from the lack of conformity... or a failure to supply' and would 'as far as possible, place the consumer in the position in which he would have been had the goods been in conformity with the contract'.

**Commercial guarantee**

A new rule (article 15(5a)) is inserted, whereby a producer giving a guarantee of durability of goods of two years or more would be liable directly to the consumer with regard to repair or replacement of the goods, and would have to repair or replace them no later than within one month from obtaining them.
Information on spare parts
A new article 16a provides that Member States should 'encourage' both traders and producers to provide consumers with information about any spare parts or accessories available for the goods sold. Since the provision speaks only of 'encouragement', it does not seem to require the Member States to create a legal duty for the traders or producers to provide such information.

Review after five years
A newly inserted article 20a provides that five years after the directive's entry into force, the Commission must review its application and report back to the Parliament and Council. The review must include a 'meaningful and detailed consultation' of Member States and interest group organisations (consumers, businesses and lawyers). The report must specifically look into the following rules of the directive: remedies, burden of proof, commercial guarantee, producer's liability, as well as the relationship between the directive and the proposed digital content and services directive.

References
Contracts for online and other distance sale of goods, European Parliament, Legislative Observatory.

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