



## What is the Data Act?

*During the operation of a connected vehicle, a large amount of data is generated which is used to provide for example, navigation and/or connected mobility services as well as to support processes related to vehicle repair and maintenance, operational improvements, driver behaviour analysis, traffic safety management, charging infrastructure and the reduction of vehicle emissions.*

The Data Act is a new cross-sectoral horizontal EU Regulation designed to enhance the EU's data economy and foster a competitive data market by making data generated by the Internet of Things (IoT) more accessible and usable, encourage data-driven innovation and increase data availability, in particular in the automotive sector.

The Data Act aims to address the dominant position of manufacturers and service providers by putting the owners, renters and lessors in control of the data. It also facilitates data access to car drivers, third-party repair and maintenance providers and mobility service providers, enabling new business opportunities by - such as promoting competition in B2B relations within the automotive industry.

The Data Act explicitly includes provisions for sharing data with competing aftermarket services. However, it also creates new obligations.

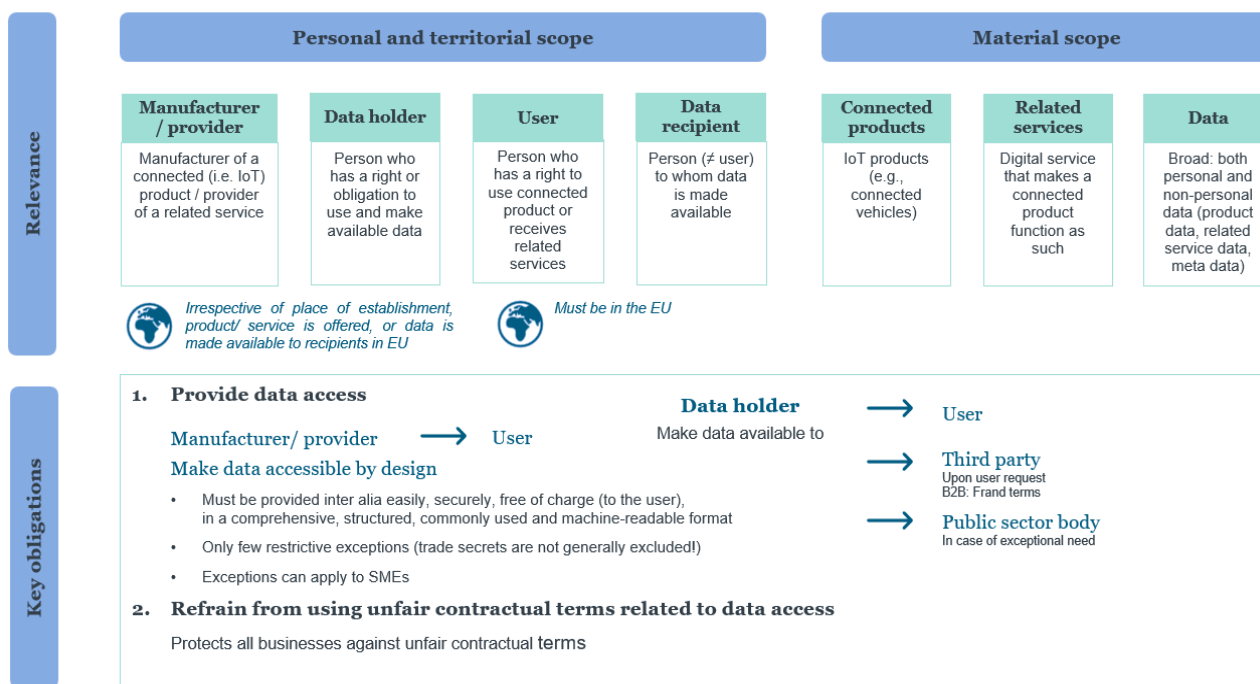
## *What products and services fall under the scope of the data sharing obligations?*

Connected products are items that can generate, obtain, or collect data about their use, performance, or environment and that can communicate this data via an electronic communications service, a physical connection or on-device access (i.e., IoT products). Vehicles are expressly mentioned as being within scope.

Related services are digital services that can be linked to the operation of a connected product and that affect the functionality of that connected product. For example, these could include smart routing systems that use real-time traffic data to suggest the most efficient routes, or a software that automatically adjusts the brightness and angle of headlights based on road conditions, weather, and surrounding traffic.

## Who is subject to the Data Act's data sharing obligations?

The Data Act generally applies to manufacturers, suppliers of data-generating components, providers of related services, holders of product data, as well as sellers, renters, and lessors of products placed on the EU market, regardless of their place of establishment. This means that most automobile manufacturers, car leasing companies, and automotive parts or software suppliers are within scope. In contrast, beneficiaries, the users (owners, lessees, and renters of vehicles) and third-party recipients appointed by users, such as car leasing companies or third-party repair and maintenance providers - must be established in the EU.



## What are the main implications of the data sharing obligations?

Vehicles must be designed and manufactured in such manner that relevant data is, by default, available to EU user(s). If data cannot be directly accessed, data holders must make the data readily available without undue delay. Users are granted the right to access a wide range of data generated by their use of IoT products and related services and may even request that this data be made available to third parties of their choice. This may also require the **disclosure of data** considered **trade secrets**.

The EU Commission will publish non-binding model contractual terms. Manufacturers and data holders must ensure such access is provided under fair, reasonable and non-discriminatory terms (FRAND). Data holders are only permitted to make available data to non-EU public sector bodies under certain conditions. This necessitates *inter alia*, the **conclusion of data sharing agreements** with users and third parties (including competitors).

For manufacturers and data holders, these new obligations pose significant technical and commercial challenges, requiring adjustments on the technical, contractual and operational fronts. The high number of stakeholders involved in vehicle operation introduces new challenges regarding security measures for data and operational processes in a tight timeframe. Further, the interplay with sector specific legislation, such as the Type Approval legislation remain unclear. While the EU Commission announced complementary vertical legislation for the access to and use of in-vehicle generated data, the timeline for its introduction is currently unknown. In the meantime, the Data Act applies as a horizontal regulation including the automotive sector.

The Data Act, however, also offers opportunities, such as obtaining data from third-party products and related services, either as a user or via users. Although the Data Act prohibits using product and related service data to develop competing products, it allows that data to be used for the development of novel (competing) services. This may, for example include the provision of aftermarket services, such as auxiliary consulting, analytics or financial services, as well as regular repair and maintenance services.

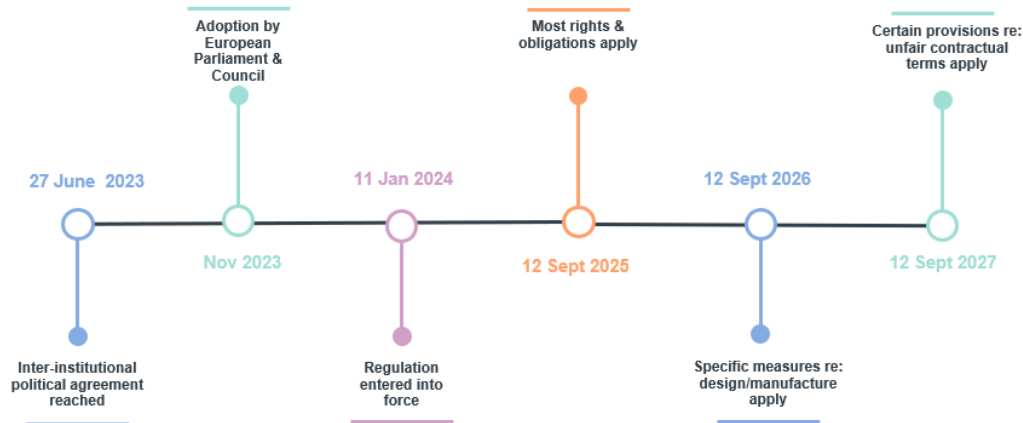
## *How we can support your business*

To ensure compliance with the Data Act, we can support you in:

- **Getting an overview** about the existing legal landscape, upcoming legislation, developments and the market practice
- **Undertaking a scoping exercise** to determine the applicability of the Data Act to your products and data
- **Conducting an impact analysis** to identify which (new) rules apply to your organisation and what it means for your business
- **Implementing the Data Act**, including:
  - Advising on changes to product design, manufacturing and information requirements to comply with data access obligations and how to protect against unlawful use or disclosure of data
  - Advising on **compliance with existing obligations** (esp. GDPR, Type Approval legislation etc.) when implementing the Data Act
  - **Designing processes and procedures** for handling data access requests from users including:
    - Analysing which data to share with others
    - Balancing the requests against the protection of trade secrets, IP and personal data
    - Managing requests from public sector bodies in cases of exceptional need
  - **Drafting and revising your contracts** and supporting documentation such as:
    - Data sharing agreements
    - Cloud computing contracts
    - Confidentiality, non-disclosure agreements (NDAs)
    - Notices providing users with transparent information
  - **Developing template agreements** for making data available to third-party businesses, ensuring the data is made available under FRAND terms
  - Adopting a **pricing policy** on how third-party businesses compensate for accessing in-scope data
  - Advising on potential FRAND disputes regarding **data access & licensing agreements**
  - Advising on **the potential benefits of the Data Act** (e.g. access to third-party data)


## What is most urgent?


The Data Act has been in force since **11 January 2024**. Most rights and obligations will apply from **12 September 2025**, while certain measures regarding design & manufacturing will only apply from **12 September 2026**. A staggered approach is provided for regarding legacy contracts.



## Enforcement

Member States are required to designate the competent authorities and establish effective, proportionate and dissuasive penalties in their local law. If personal data is involved, such fines may align with Regulation (EU) 2016/679 (GDPR) up to **20,000,000 EUR** or **4 % of the total worldwide annual turnover** of the preceding financial year, whichever is higher. It is currently unclear how the competence of the authorities and the number of fines will be defined in detail.

 *More information*



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