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HOUSE BILL 1606

State of Washington

68th Legislature

2023 Regular Session

By Representative Ryu

- AN ACT Relating to increasing accountability for products sold on electronic commerce platforms; and amending RCW 7.72.010, 7.72.040,
- 3 and 7.72.060.

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- 4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 5 **Sec. 1.** RCW 7.72.010 and 1991 c 189 s 3 are each amended to read 6 as follows:
- 7 ((For the purposes of this chapter, unless the context clearly
 8 indicates to the contrary:)) The definitions in this section apply
 9 throughout this chapter unless the context clearly requires
 10 otherwise.
 - (1) ((Product seller.)) "Product seller" means any person or entity that is engaged in the business of selling products, whether the sale is for resale, or for use or consumption. The term includes a manufacturer, wholesaler, distributor, or retailer of the relevant product. The term also includes a party who is in the business of leasing or bailing such products. The term "product seller" does not include:
- 18 (a) A seller of real property, unless that person is engaged in 19 the mass production and sale of standardized dwellings or is 20 otherwise a product seller;

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(b) A provider of professional services who utilizes or sells products within the legally authorized scope of the professional practice of the provider;

- (c) A commercial seller of used products who resells a product after use by a consumer or other product user: PROVIDED, That when it is resold, the used product is in essentially the same condition as when it was acquired for resale;
- (d) A finance lessor who is not otherwise a product seller. A "finance lessor" is one who acts in a financial capacity, who is not a manufacturer, wholesaler, distributor, or retailer, and who leases a product without having a reasonable opportunity to inspect and discover defects in the product, under a lease arrangement in which the selection, possession, maintenance, and operation of the product are controlled by a person other than the lessor; and
- (e) A licensed pharmacist who dispenses a prescription product manufactured by a commercial manufacturer pursuant to a prescription issued by a licensed prescribing practitioner if the claim against the pharmacist is based upon strict liability in tort or the implied warranty provisions under the uniform commercial code, Title 62A RCW, and if the pharmacist complies with recordkeeping requirements pursuant to chapters 18.64, 69.41, and 69.50 RCW, and related administrative rules as provided in RCW 7.72.040. Nothing in this subsection (1)(e) affects a pharmacist's liability under RCW 7.72.040(1).
- (2) ((Manufacturer.)) "Manufacturer" includes a product seller who designs, produces, makes, fabricates, constructs, or remanufactures the relevant product or component part of a product before its sale to a user or consumer. The term also includes a product seller or entity not otherwise a manufacturer that holds itself out as a manufacturer.

A product seller acting primarily as a wholesaler, distributor, or retailer of a product may be a "manufacturer" but only to the extent that it designs, produces, makes, fabricates, constructs, or remanufactures the product for its sale. A product seller who performs minor assembly of a product in accordance with the instructions of the manufacturer shall not be deemed a manufacturer. A product seller that did not participate in the design of a product and that constructed the product in accordance with the design specifications of the claimant or another product seller shall not be deemed a manufacturer for the purposes of RCW 7.72.030(1)(a).

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(3) ((Product.)) "Product" means any object possessing intrinsic value, capable of delivery either as an assembled whole or as a component part or parts, and produced for introduction into trade or commerce. Human tissue and organs, including human blood and its components, are excluded from this term.

 The "relevant product" under this chapter is that product or its component part or parts, which gave rise to the product liability claim.

- (4) ((Product liability claim.)) "Product liability claim" includes any claim or action brought for harm caused by the manufacture, production, making, construction, fabrication, design, formula, preparation, assembly, installation, testing, warnings, instructions, marketing, packaging, storage or labeling of the relevant product. It includes, but is not limited to, any claim or action previously based on: Strict liability in tort; negligence; breach of express or implied warranty; breach of, or failure to, discharge a duty to warn or instruct, whether negligent or innocent; misrepresentation, concealment, or nondisclosure, whether negligent or innocent; or other claim or action previously based on any other substantive legal theory except fraud, intentionally caused harm or a claim or action under the consumer protection act, chapter 19.86 RCW.
- (5) ((Claimant.)) "Claimant" means a person or entity asserting a product liability claim, including a wrongful death action, and, if the claim is asserted through or on behalf of an estate, the term includes claimant's decedent. "Claimant" includes any person or entity that suffers harm. A claim may be asserted under this chapter even though the claimant did not buy the product from, or enter into any contractual relationship with, the product seller.
- (6) ((Harm.)) "Harm" includes any damages recognized by the courts of this state: PROVIDED, That the term "harm" does not include direct or consequential economic loss under Title 62A RCW.
- 32 (7) "Electronic commerce platform" means an entity that operates 33 an internet website, online catalog, or software application in which 34 the entity contracts or enters into an agreement with one or more 35 third parties to offer products for sale.
- **Sec. 2.** RCW 7.72.040 and 1991 c 189 s 2 are each amended to read as follows:
- 38 (1) Except as provided in subsection (2) of this section, a 39 product seller <u>or electronic commerce platform,</u> other than a

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1 manufacturer, is liable to the claimant only if the claimant's harm 2 was proximately caused by:

3 (a) The negligence of such product seller <u>or electronic commerce</u> 4 <u>platform;</u> or

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- (b) Breach of an express warranty made by such product seller or electronic commerce platform; or
- (c) The intentional misrepresentation of facts about the product by such product seller <u>or electronic commerce platform</u> or the intentional concealment of information about the product by such product seller <u>or electronic commerce platform</u>.
- 11 (2) A product seller <u>or electronic commerce platform</u>, other than 12 a manufacturer, shall have the liability of a manufacturer to the 13 claimant if:
 - (a) No solvent manufacturer who would be liable to the claimant is subject to service of process under the laws of the claimant's domicile or the state of Washington; or
- 17 (b) The court determines that it is highly probable that the 18 claimant would be unable to enforce a judgment against any 19 manufacturer; or
 - (c) The product seller <u>or electronic commerce platform</u> is a controlled subsidiary of a manufacturer, or the manufacturer is a controlled subsidiary of the product seller <u>or electronic commerce</u> platform; or
 - (d) The product seller <u>or electronic commerce platform</u> provided the plans or specifications for the manufacture or preparation of the product and such plans or specifications were a proximate cause of the defect in the product; or
- 28 (e) The product was marketed under a trade name or brand name of 29 the product seller or electronic commerce platform.
- 30 (3) Subsection (2) of this section does not apply to a pharmacist who dispenses a prescription product in the form manufactured by a commercial manufacturer pursuant to a prescription issued by a licensed practitioner if the pharmacist complies with recordkeeping requirements pursuant to chapters 18.64, 69.41, and 69.50 RCW, and related administrative rules.
- 36 **Sec. 3.** RCW 7.72.060 and 1981 c 27 s 7 are each amended to read 37 as follows:
- 38 (1) Useful safe life. (a) Except as provided in ((subsection 39 $\frac{1}{1}$))(b) ((hereof)) of this subsection, a product seller or

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electronic commerce platform shall not be subject to liability to a claimant for harm under this chapter if the product seller or electronic commerce platform proves by a preponderance of the evidence that the harm was caused after the product's "useful safe life" had expired.

"Useful safe life" begins at the time of delivery of the product and extends for the time during which the product would normally be likely to perform or be stored in a safe manner. For the purposes of this chapter, "time of delivery" means the time of delivery of a product to its first purchaser or lessee who was not engaged in the business of either selling such products or using them as component parts of another product to be sold. In the case of a product which has been remanufactured by a manufacturer, "time of delivery" means the time of delivery of the remanufactured product to its first purchaser or lessee who was not engaged in the business of either selling such products or using them as component parts of another product to be sold.

- (b) A product seller <u>or electronic commerce platform</u> may be subject to liability for harm caused by a product used beyond its useful safe life, if:
- (i) The product seller <u>or electronic commerce platform</u> has warranted that the product may be utilized safely for such longer period; or
- (ii) The product seller <u>or electronic commerce platform</u> intentionally misrepresents facts about its product, or intentionally conceals information about it, and that conduct was a proximate cause of the claimant's harm; or
- (iii) The harm was caused by exposure to a defective product, which exposure first occurred within the useful safe life of the product, even though the harm did not manifest itself until after the useful safe life had expired.
- (2) Presumption regarding useful safe life. If the harm was caused more than ((twelve)) 12 years after the time of delivery, a presumption arises that the harm was caused after the useful safe life had expired. This presumption may only be rebutted by a preponderance of the evidence.
- (3) Statute of limitation. Subject to the applicable provisions of chapter 4.16 RCW pertaining to the tolling and extension of any statute of limitation, no claim under this chapter may be brought more than three years from the time the claimant discovered or in the

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- 1 exercise of due diligence should have discovered the harm and its
- 2 cause.

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