

February 9, 2016

The Honorable Darrell E. Issa
Chairman
Subcommittee on Courts, Intellectual Property,
and the Internet
Committee on the Judiciary
U.S. House of Representatives
6310 O'Neil Federal Office Building
200 C Street SW
Washington, DC 20024

The Honorable Jerry L. Nadler
Ranking Member
Subcommittee on Courts, Intellectual Property,
and the Internet
Committee on the Judiciary
U.S. House of Representatives
6310 O'Neil Federal Office Building
200 C Street SW
Washington, DC 20024

Re: Hearing on H.R. 1057, the Promoting Automotive Repair, Trade, and Sales ("PARTS") Act

Dear Chairman Issa and Ranking Member Nadler

The American Intellectual Property Law Association ("AIPLA") appreciates the opportunity to present our perspective on H.R. 1057, the Promoting Automotive Repair, Trade, and Sales Act ("PARTS") Act of 2015, and respectfully requests that a copy of this letter be made a part of the record for the February 2, 2016 hearing. For the reasons set forth below, we are opposed to the legislation.

AIPLA is a national bar association of approximately 14,000 members who are primarily lawyers engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.

The United States has long recognized that patent protection is a necessary and beneficial incentive to foster the investment in and development of innovative new designs to enhance the attractiveness and appeal of products for consumers. Congress enacted the first design patent law in 1842.¹ Some thirty years later, the U.S. Supreme Court acknowledged the important role design patents play in innovation:

¹ Act of Aug. 29, 1842, ch. 263, §2,5 Stat. 543 (codified as amended at 35 U.S.C. §171).

“The acts of Congress which authorize the grant of patents for designs were plainly intended to give encouragement to the decorative arts.... The law manifestly contemplates that giving certain protection to certain new and original appearances to a manufactured article may enhance its salable value, may enlarge the demand for it, and may be a meritorious service to the public.” *Gorham Co. v. White*, 81 U.S. 511, 525 (1871).

Over the years, as competition has come to rely not only on the function but also on the appearance of a wide variety of products, predictable design protection laws play an increasingly important role in the nation’s dynamic economy. With the advent of new tools and technologies, such as computer-aided design, computer-aided manufacturing, and computer-aided engineering, the engineering and manufacturing of all kinds of new products has greatly accelerated. However, the same capability that can be employed to develop innovative new designs can also be employed to cheaply and rapidly copy the designs of competitors. Without strong design patent protection, modern tools of reproduction would be used to copy the designs of any number of products and consumer goods that were developed at great expense and effort. Accordingly, strong laws to protect designs are more important than ever. In this respect, U.S. design patent law has played a critical role in protecting American industry against domestic and foreign imitators.

AIPLA foresees that shortening the term of design patent protection, as proposed in H.R. 1057, will have a negative impact on the patent system. The legislation proposes to reduce the length of design patent protection for certain motor vehicle component parts from 14 years (or 15 years for design patent applications filed after the May 13, 2015 implementation of the Hague Agreement) to 30 months. This reduction of patent protection will discourage important innovation by designers and manufacturers of motor vehicle parts. While proponents of the legislation argue that H.R. 1057 would benefit consumers by lowering the cost of replacement parts and insurance, it would do so only by curtailing the intellectual property rights of those who created or invested in the innovative design deemed worthy of patent protection. This legislation would give competitors a very early opportunity to freely copy innovative designs without bearing the innovators’ burden of investing in research and development. Furthermore, the bill could also set a negative precedent for other legislation that would similarly reduce design patent terms for other industries.

To the extent that there is a concern for overreaching by patent owners, judicial precedent has appropriately differentiated permissible repair from impermissible reconstruction of patented items. The U.S. Supreme Court has already recognized that, while it is an infringement to reconstruct a patented article, no infringement results from the repair of such articles that have been properly licensed from the patent owner.² The repair of a patented article of manufacture is

² *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 337 U.S. 476 (1964); see also *Sage Products, Inc. v. Devon Industries, Inc.* 45 F.3d 1575 (Fed. Cir. 1995); *FMC Corp. v Up-Right Inc.* 21 F.3d 1073 (Fed. Cir. 1994); *Porter v. Farmers Supply Service, Inc.*, 790 F.2d 882 (Fed. Cir. 1986); *Dana Corp. v. American Precision Co.*, 827 F.2d 755 (Fed. Cir. 1987).

permitted so long as the parts used for repair are not covered by other separate design or utility patents.

Finally, as design protection becomes increasingly important around the world, the PARTS Act would place the United States out of step with existing international laws and treaties. The Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS Agreement”) speaks to a requirement for design protection in Article 25.1, requiring member countries to protect “new or original” designs through either industrial design or copyright law.³ The agreement also specifically requires a minimum of 10 years for the duration of design protection.⁴ Additionally, the 1999 Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs (“Hague Agreement”) provisions took effect in the United States on May 13, 2015, allowing U.S. applicants to file international design patent applications in member countries. The Hague agreement has a provision which requires a 15-year term of protection from issuance.⁵

Design patents provide important and necessary protection which fosters innovation in creative new designs. If H.R. 1057 is enacted, it would deprive patent owners of necessary rights and would erode the repair/reconstruction doctrine. As a result, the bill, if enacted, would put at risk many individual innovators and companies who have faithfully invested in creating new, innovative, and patentable designs in the motor vehicle field.

AIPLA would like to thank the Subcommittee for considering our views on these important issues, and we look forward to further opportunities to assist the Subcommittee in this matter.

Respectfully submitted,



Denise W. DeFranco
President
American Intellectual Property Law Association

Cc: Chairman Goodlatte and Ranking Member Conyers

³ Article 25(1), TRIPS, General Agreement on Tariffs and Trade, available at https://www.wto.org/english/tratop_e/trips_e/intel2_e.htm.

⁴ *Id.*; Article 26.3.

⁵ Article 17, Initial Term and Renewal of the International Registration and Duration of Protection, Hague Agreement Concerning the International Registration of Industrial Designs, Geneva Act (1999), available at http://www.wipo.int/wipolex/en/treaties/text.jsp?file_id=285214#article5.