

# White Paper

on

## Protecting the Consumer Patent Law Right of Repair and the Aftermarket for Exterior Motor Vehicle Repair Parts: The PARTS Act, S. 812; H.R. 1879, 115th Congress

Joshua D. Sarnoff  
Professor of Law  
DePaul University College of Law \*

November 2017

---

\* Special thanks are due to Sarah Burstein, Associate Professor of Law, The University of Oklahoma College of Law, for her many contributions to this White Paper and her analyses of the theory, history, and practice of design patents, without attributing any of the specific views below to Professor Burstein (her work speaks for itself). The Quality Parts Coalition provided financial support for the research and writing of this White Paper, but all views and any errors are my own.

## EXECUTIVE SUMMARY

**Introduction: The Need for the PARTS Act.** Legislation is needed to protect the patent law consumer repair right for exterior, non-structural, non-safety-related exterior collision repairs for motor vehicles. Automobile exterior collision repair parts (repair parts) are the largest and most important aftermarket for consumer products. For decades, a robust competitive aftermarket for repair parts existed, supplied by Original Equipment Manufacturers (OEMs) and non-OEMs. This aftermarket has allowed consumers to choose to repair the original appearance of their motor vehicles with less-expensive, non-OEM repair parts, and has thereby resulted in *billions* of dollars of savings while helping to minimize insurance premiums. However, the recent granting to and assertion by OEMs of partial-product design patents for repair parts now threatens the repair parts aftermarket, and the valuable consumer and insurance savings that have resulted.

**History and Theory of Design Patents on Parts and Fragments.** Utility and design patents have been obtained for many years on *parts* of larger, functional products. Since 1980, design patents also have been obtained on *fragments* of parts of such products that are sold to the public. These “partial-product” and “fragment” design patents *are the result of Patent Office and court activism* to expand design patent subject matter since 1842. They are *not* the result of legislative authorization of such design patents. Specifically, Congress has authorized patents only for things that are “useful in themselves,” and for design patents only for the *overall* appearance of “*articles of manufacture.*” Congress has *not* authorized design patents for *parts* of such functional articles, much less for “machines” or for their parts. Congress also has not authorized patents for *fragments* of parts, notwithstanding an appellate court precedent in 1980 that has led to widespread patenting of designs for parts of useful products and for fragments of such parts.

**The Patent Law Consumer Repair Right and Partial-Product Design Patents.** The patent law consumer repair right exists because of the patent law “exhaustion” doctrine. Under that doctrine, the original purchase (the “first sale”) of a product embodying a patent exhausts *all* patent rights as to that particular product. The first sale thereby creates an unrestricted ownership right in the purchasing consumer, who may repair the purchased product when it becomes damaged or worn. On May 30, 2017, in *Impression Products, Inc. v. Lexmark Int’l, Inc.*, the U.S. Supreme Court explicitly reaffirmed that patent exhaustion cannot be avoided or overridden by contractual restrictions imposed on the first sale by the patent holder. Further, the Supreme Court focused in dicta specifically on the right to have purchased *motor vehicles repaired* free from the patent holder’s continuing control, after a patented motor vehicle is sold. Partial-product and fragment design patents *effectively override* the exhaustion doctrine, by prohibiting repairs of *parts* when the exhaustion doctrine would permit repairs of *overall* purchased motor vehicles that embody those parts. Legislation is therefore needed to preserve the consumer repair right and the aftermarket for repair parts for *legitimate* exterior repairs to the original appearance of motor vehicles that embody such partial-product or fragment design patents. After all, consumers have *already* paid patented prices to purchase their motor vehicles.

**The Consumer Repair Right is Very Broad and Authorizes Repairs of Entire Products.**

The patent law consumer repair right has existed since 1850 and is very broad. It authorizes repairs of overall products by restoring or rebuilding damaged original parts, as well as by substituting new replacement parts. Thus, but for partial-product and fragment patents, the *original OEM parts* may be refurbished by *any person* for overall product repairs, or replacement parts may be newly manufactured by OEMs or by *OEM competitors* for use in such repairs. The only limit on the consumer repair right is that an *overall product* may not be “reconstructed.” In contrast, partial-product and fragment design patents obtained by OEMs *effectively override* the consumer repair right in their purchased motor vehicles. They do so by prohibiting refurbishment or new manufacture of *parts* that would be used to repair the *overall products* when the already purchased motor vehicles are *not* being reconstructed.

**The PARTS Act’s Narrow Solution to the Problem of Unauthorized Design Patents and Infringement Rights.**

Legislation has been introduced to address the threat from partial-product and fragment design patents to the consumer repair right for exterior motor vehicles repairs. The *Promoting Automotive Repair, Trade, and Sales Act*, S. 812 and H.R. 1879, 115<sup>th</sup> Congress (“PARTS Act”), would address the problem directly and narrowly, by redefining the scope of the design patent *infringement right* solely in regard to legitimate, exterior motor vehicle repairs and repair parts. The PARTS Act would thereby restore the consumer repair right in regard to the original appearance of *overall* purchased motor vehicles, authorizing repairs to those vehicles to be made using competitive aftermarket parts. Specifically, the PARTS Act would make clear that making, offering for sale, or importing competitive non-OEM parts for *legitimate* repairs is *never* an act of infringement. The PARTS Act also would make clear that selling or using competitive parts for such legitimate repairs is not infringing conduct thirty (30) months after a product embodying a partial-product or fragment design patent is first placed on the market. This period reflects a legislative compromise that avoids the need to determine when particular motor vehicles are totally spent and thus when their repair would qualify as a reconstruction. Significantly, the PARTS Act would *not* abolish or limit design patent subject matter, nor affect any rights of design patent holders in any other way. OEMs will remain free to use such patents to prevent competition in the market for *new* overall motor vehicles and parts for such vehicles.

**The PARTS Act is Similar to Other Legislative Measures to Correct Judicial Over-Extension of Patent Rights.**

Congress has previously adopted limited restrictions on infringement rights in response to the over-extension of patent rights by courts. Such legislative responses take varying forms and pose no constitutional concerns. Specifically, Congress has responded to unauthorized judicial patent activism by adopting exclusions from the definition of infringing conduct, defenses to infringement, limitations on remedies, and even elimination of certain kinds of eligible subject matter. Congress, moreover, has imposed such measures retroactively on existing patents. In the Hatch-Waxman Act, for example, Congress limited the definitional scope of infringing conduct, when an appellate court extended the scope of the infringement right so as to prohibit legitimate experimentation with patented products for competitive product regulatory approvals. Congress thus routinely adopts targeted, narrow corrective legislation to correct specific patent law concerns. The only apparent requirement for Congress to adopt such legislation is the recognition that a significant problem has developed that warrants fixing.

# Introduction

## The Patent Law Consumer Repair Right and the Motor Vehicle Repair Parts Aftermarket

Legislation is needed to preserve the robust, competitive market for exterior, non-structural and non-safety-related collision repair parts (“repair parts”). Consumers use repair parts to restore the original appearance of their purchased motor vehicles. This “aftermarket” exists because of the long-standing patent law consumer right to repair purchased, patented products. That consumer right was expressly recognized by patent law in 1850.<sup>1</sup> The consumer repair right prevents patent rights from extending to and prohibiting *legitimate* repairs of functional products that embody patented inventions or designs. After all, consumers have already paid patented prices to purchase those products.

The consumer repair right is very broad. It includes restoring or rebuilding damaged original parts, as well as substituting new replacement parts.<sup>2</sup> Thus, original parts may be refurbished for product repairs or replacement parts may be newly manufactured by competitors of the product’s patent holder. The only limit to the repair right is that it must not amount to “reconstructing” an entirely new, patented product in place of the original product. Reconstruction, unlike repair, is considered an unauthorized infringement, as the “making” of a *new* patented product (that is insufficiently related to the original product being reconstructed).<sup>3</sup>

The consumer repair right exists because of the patent law “exhaustion” doctrine. Under that doctrine, the original purchase (the “first sale”) of a product embodying a patent exhausts *all* patent rights as to that particular product. The first sale thereby creates an unrestricted ownership right in the purchasing consumer, who may repair the product when it becomes damaged or worn. Alternatively, the consumer may choose to resell the damaged or worn product to someone else for repair or other uses. This “exhaustion” doctrine limits the scope of the patent property right and the corresponding patent infringement right. Exhaustion thereby preserves the right of consumers to repair their *legitimately* purchased functional products without triggering patent rights again. Otherwise, consumers might be viewed as engaging in infringing conduct when performing acts on their *purchased* patented products that could be found infringing if performed on products that were *not previously purchased* from the patent holder.

On May 30, 2017, in *Impression Products, Inc. v. Lexmark Int’l, Inc.*,<sup>4</sup> the U.S. Supreme Court explicitly reaffirmed that patent exhaustion cannot be avoided or overridden by contractual restrictions imposed on the first sale by the patent holder.<sup>5</sup> Specifically, the Court held that exhaustion is “automatic” once the particular patented product has been sold to the consumer, who can then use that product free from any patent law restrictions or need for any further patent

---

<sup>1</sup> See, e.g., *Wilson v. Simpson*, 50 U.S. (9 How.) 109, 123 (1850).

<sup>2</sup> See, e.g., *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 346 (1961) [hereinafter *Aro I*].

<sup>3</sup> See *id.*; 35 U.S.C. § 271(a) (defining infringement as conduct that “makes, uses, offers to sell, or sells ... or imports ... any patented invention”).

<sup>4</sup> *Impression Products, Inc. v. Lexmark Int’l, Inc.*, 137 S.Ct. 1523 (2017).

<sup>5</sup> See *id.* at 1532-33 (“This Court accordingly has long held that, even when a patentee sells an item under an express restriction, the patentee does not retain patent rights in that product.”).

holder authorization.<sup>6</sup> The Court thereby implicitly reaffirmed that the patent law consumer repair right cannot be defeated by contractual restrictions. Further, the Supreme Court focused in dicta specifically on the right to have purchased *motor vehicles* repaired free from the patent holder's continuing control, after a patented motor vehicle is sold.<sup>7</sup> Without this limit, consumers whose patented motor vehicles are in need of repair effectively: (a) would have to purchase new motor vehicles (that are potentially subject to the same or other patent rights); or (b) would have to obtain patent licenses (from the same patent holder) to repair and to continue to use their already purchased motor vehicles. But in either case, the patent holder would already have received its full, legitimate "reward" through the *original* sales price.<sup>8</sup>

### Partial-Product Design Patents and the Threat to the Patent Law Consumer Repair Right

Utility and design patents have been obtained for many years on *parts* of larger, functional products. Since 1980, design patents also have been obtained on *fragments* of parts of such products that are sold to the public. As discussed in detail below, these "partial-product" and "fragment" design patents are the result of Patent Office and court activism to expand design patent rights. They are not the result of legislative authorization of such design patent rights.<sup>9</sup>

Specifically, partial-product and fragment design patents are being obtained instead of or in addition to patent protection on the *entire* functional product to which the parts and fragments contribute. Such partial-product and fragment patents interfere with the consumer right to repair the *entire* product that they have purchased. They do so by prohibiting owners of purchased products from making repairs with and from purchasing repair *parts* made by someone other than the patent holder (or its licensee). Partial-product and fragment patents thereby prohibit repairs of the *entire* product that consumers have purchased, unless a new patented *part* is obtained from the patent holder. This effectively overrides the exhaustion doctrine in regard to the entire product, and thereby eliminates consumers' rights to repair their purchased products.

Partial-product patents are not justified for ornamental designs of manufactured articles, and fragment patents are not justified either for ornamental designs or for functional advances.

---

<sup>6</sup> See *id.* at 1531 ("The Patent Act grants patentees the 'right to exclude others from making, using, offering for sale, or selling [their] invention[s].' For over 160 years, the doctrine of patent exhaustion has imposed a limit on that right to exclude. The limit functions automatically: When a patentee chooses to sell an item, that product 'is no longer within the limits of the monopoly' and instead becomes the 'private, individual property' of the purchaser, with the rights and benefits that come along with ownership. A patentee is free to set the price and negotiate contracts with purchasers, but may not, 'by virtue of his patent, control the use or disposition' of the product after ownership passes to the purchaser.") (alteration in original) (citations omitted); *id.* at 1535 ("In sum, patent exhaustion is uniform and automatic. Once a patentee decides to sell—whether on its own or through a licensee—that sale exhausts its patent rights, regardless of any post-sale restrictions the patentee purports to impose, either directly or through a license.").

<sup>7</sup> See *id.* at 1532 ("so long as those [consumers] bringing in the cars own them, the [repair] shop is free to repair ... those vehicles.... [E]xtending the patent rights beyond the first sale would clog the channels of commerce, with little benefit from the extra control that the patentees retain.").

<sup>8</sup> See, e.g., *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 497 (1964) [hereinafter *Aro II*] (plurality opinion) (an agreement authorizing use of the patented product necessarily also authorized repairs to it; "so far as the use of it was concerned, the patentee *had received his consideration*, and it was no longer within the monopoly of the patent.") (emphasis added) (quoting *Adams v. Burke*, 84 U.S. (17 Wall.) 435, 456 (1873)).

<sup>9</sup> See, e.g., Gerard N. Magliocca, *Ornamental Design and Incremental Innovation*, 86 MARQ. L. REV. 845, 846 (2003) ("Despite intense lobbying efforts that predate the first World War, Congress has rejected every proposal to grant designs broad property rights.").

Specifically, design patents are authorized only for *ornamental* features of *entire, functional* products. This is because ornamental designs for functional products are perceived in their entirety as part of the *overall* functional products that they help to form.<sup>10</sup> Thus, design patents are not authorized for parts of such products. Congress, moreover, has not authorized design patents except in regard to *useful* articles, and has limited the type of useful articles for that are eligible subject matter to an “article of manufacture.”<sup>11</sup> Design patents therefore are not authorized for machines. In contrast, Congress has authorized utility patents for a broader set of useful articles, specifically “machines, manufactures, or compositions of matter.”<sup>12</sup> In light of Constitutional authorization for Congress to “promote the Progress of ... useful Arts,”<sup>13</sup> Congress has limited patent eligible subject matter to various *useful* articles, rather than provided patents for *aesthetic* creations. As fragments of parts of products are never functional by themselves, they can never be the kinds of useful articles that are patent eligible subject matter.

Nevertheless, the Patent Office has issued many design patents for parts and fragments, and courts have affirmed their validity. Not only should such design patents not exist, they should not be used to defeat consumers’ rights to repair their purchased patented products. Before discussing how they do so, and to better understand the problem and the need for a legislative solution, it is necessary first to provide some basic design-patent-law theory and to discuss the history of expanding design patent eligible subject matter to parts and fragments of parts of entire functional products.

Legislation has been introduced to address the threat from partial-product design patents to the consumer repair right for exterior motor vehicles repairs. Specifically, the *Promoting Automotive Repair, Trade, and Sales Act*, S. 812 and H.R. 1879, 115<sup>th</sup> Congress (“PARTS Act”), would address the problem directly by redefining the scope of the design patent infringement right solely in regard to legitimate, exterior motor vehicle repairs and repair parts. The PARTS Act would thereby restore consumers’ rights to repair the original appearance of purchased motor vehicles and to make repairs using competitive aftermarket parts. As a result, the PARTS Act would preserve the robust and competitive aftermarket in such motor vehicle repairs and repair parts, which is in the process of being shut down by the use of partial-product design patents. Congress has previously adopted limited restrictions on infringement scope in response to the over-extension of patent rights.

---

<sup>10</sup> See, e.g., *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511, 525-26 (1871) (“A patent for a product is a distinct thing from a patent for the elements entering into it.... We do not say that in determining whether two designs are substantially the same, differences in the lines, the configuration, or the modes by which the aspects they exhibit are not to be considered; but we think the controlling consideration is the resultant effect”) (emphasis added); *id.* at 530 (“Still, though variances in the ornament are discoverable, the question remains, is the effect of the whole design substantially the same?”) (emphasis added); *Smith v. Whitman Saddle Co.*, 148 U.S. 674, 682 (1893) (“If, therefore, this drop were material to the design, and rendered it patentable as a complete and integral Whole, there was no infringement.”) (emphasis added).

<sup>11</sup> 35 U.S.C. § 171 (“Whoever invents any new, original, and ornamental design for an *article of manufacture* may obtain a patent therefor, subject to the conditions and requirements of this title.”) (emphasis added).

<sup>12</sup> 35 U.S.C. § 101 (“Whoever invents or discovers any new and useful process, *machine, manufacture, or composition of matter*, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”) (emphasis added).

<sup>13</sup> U.S. CONST., art. I, § 8, cl. 8.

A description of the PARTS Act is provided below (4), after a detailed discussion of: (1) the theory of design patent law and the history of unauthorized expansion of the design patent statute to grant partial-product and fragment design patents; (2) the concerns for the consumer repair right posed by such patents; and (3) the history of the consumer repair right in patent law exhaustion doctrine. A short description of similar legislative corrective measures to judicially over-extended infringement rights follows (5).

## 1. The Theory and History of Eligible Subject Matter for Utility and Design Patents in Regard to Parts and Fragments

### Utility and Design Patent Eligible Subject Matter in Regard to Parts of Entire Products

The Patent Act provides *utility* patent protection only for a “new and *useful* process, machine, manufacture, or composition of matter.”<sup>14</sup> The Patent Act provides *design* patent protection only for a design embodied in an “article of manufacture” (*i.e.*, a *useful* article, not merely an aesthetic creation), and only if the design is itself “new, original, and *ornamental*.”<sup>15</sup> A design for patent law is an *appearance* created by a *specific* article of manufacture, and is not a freestanding or abstract aesthetic creation or concept that can be applied to many physical objects.<sup>16</sup>

---

<sup>14</sup> 35 U.S.C. § 101 (emphasis added).

<sup>15</sup> 35 U.S.C. § 171 (emphasis added). In the original 1842 design patent statute, Congress required that there be a “new and original design for a *manufacture*” (of various kinds, including “any new and useful pattern, or print, or picture ... fixed on, any *article of manufacture*”). Act of Aug. 29, 1842, ch. 263, § 3, 5 Stat. 543, 543-44 (1842) (emphasis added). Congress also at that time included as eligible subject matter designs of “a bust, statue, or bas relief or composition in alto or basso relievo,” which are principally aesthetic objects rather than useful articles. *Id.*; see Thomas B. Hudson, *A Brief History of the Development of Design Patent Protection in the United States*, 30 J. PAT. OFF. SOC’Y 380, 385 (1948). These particular objects do not “function” in the same way as “useful” mechanical objects, but nevertheless are used in their intended manner *as a whole* by consumers. In any event, the specific categories of design patent eligible subject matter were eliminated in 1902 in favor of the broader term “article of manufacture,” and sculptural objects by then were protected (for their aesthetic aspects) through copyright law, which continues to recognize that such aesthetic objects may have other useful functions. *See id.* at 388-93; Act of July 8, 1870, 16 Stat. 212; *cf.* 17 U.S.C. § 101 (2014) (defining “useful article” for copyright law in terms of function other than appearance or conveying information, and limiting the copyright protectable “design of a useful article” that is a pictorial, graphic, or sculptural work “only to the extent that, such design incorporates ... features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.”). It is unsurprising that confusion historically existed over the proper subject matter for design patent law and copyright law. The 1842 design patent law was originally supposed to be a form of *copyright* protection, but Patent Office Commissioner Ellsworth convinced Congress to authorize patents rather than copyrights for ornamental designs for functional products and for statutes (whether or not statues are functional in the same sense). *See* Jason J. DuMont & Mark D. Janis, *The Origins of American Design Patent Protection*, 88 IND. L.J. 837, 855-73 (2013) [hereinafter DuMont & Janis, *The Origins of American Design Patent Protection*].

<sup>16</sup> *See, e.g.*, U.S. Pat. & Trademark Off., Manual of Patent Examining Practice § 1502 (9<sup>th</sup> ed. Rev. 07.2015, Nov. 2015) (“Design is *inseparable from the article* to which it is applied and *cannot exist alone* merely as a scheme of surface ornamentation....”) (emphasis added); *id.*, § 1504.01 (“The factor which distinguishes statutory design subject matter from mere picture or ornamentation, *per se* (*i.e.*, abstract design), is the embodiment of the design in an article of manufacture.”); 1 WILLIAM C. ROBINSON, THE LAW OF PATENTS FOR USEFUL INVENTIONS § 200, at 284 (1890) (“A design is *an instrument* created by the *imposition upon a physical substance* of some peculiar shape or ornamentation which produces a *particular* impression upon the human eye, and through the eye upon the mind.”) (emphasis added). *See generally* Sarah Burstein, *The Patented Design*, 83 TENN. L. REV. 161 (2015).

Partial products (or parts) refer to subunits of objects that are combined to form larger, entire products. The entire product that the parts comprise normally is either an “article of manufacture” or a “machine,” and the entire product is normally what is functionally useful and what is sold in the marketplace to consumers. Parts, however, sometimes may be sold in the marketplace separately from the entire products that they comprise. In general, such partial products are functional only *when incorporated into* an overall product that functions as an entirety. Such partial products are not supposed to be patentable by themselves, because they are not “useful in themselves.”<sup>17</sup> Rather, they must be combined with other parts to form a useful article of manufacture or a machine. In such cases, only the *entire* article that performs (and is intended to perform) a *particular* useful function *by itself* should constitute patent eligible subject matter.

It therefore is necessary to determine whether a part that is sold by itself either is functional by itself (and thus is potentially patent eligible by itself) or is functional only when integrated with the rest of an entire product. For example, car mirrors are not sold (and consumers do not purchase them) for use other than by attaching the car mirrors to an entire car. Car mirrors therefore should not be considered “functional” products (“manufactures” or “articles of manufacture”) that are “useful in themselves,” for either utility patent or design patent purposes. Such car mirrors should not be considered patent eligible subject matter simply because they *can be sold* separately from an entire car. Nor should car mirrors be considered patent eligible subject matter simply because someone *can use* the mirrors in an *unintended or generic* manner, for example as a shaving mirror or as a door stop. Rather, car mirrors should be patentable only through a patent on an entire functional motor vehicle of which they form a part.<sup>18</sup>

As discussed in more detail below, the Patent Office and the courts have interpreted design patent law to permit many *parts* to themselves be considered patent eligible subject matter simply because they are sold as products. They have authorized such patents notwithstanding that Congress has authorized design patents only for an “article of manufacture,”<sup>19</sup> *i.e.*, for an article that is useful in itself,<sup>20</sup> and notwithstanding that design protection is intended to protect

---

<sup>17</sup> See Hudson, *supra*, at 385 (“all the things named in the law as constituting [design] patentable subject matter are things designed to give ornamental or pleasing appearance to articles *useful in themselves*”) (citation omitted and emphasis added) (quoting WILLIAM EDGAR SIMONDS, A SUMMARY OF THE LAW OF PATENTS FOR USEFUL INVENTIONS AND FORMS (1874) [hereinafter SIMONDS 1874]); 1 ROBINSON, *supra*, § 157, at 229 (1890) (“Every invention in the industrial arts is either an operation or *an instrument*.... An instrument is *an idea of means, embodied in some article or combination of articles* which, when employed in the manner designed by the inventor, is capable of producing *a certain predetermined effect*.”) (emphasis added). As noted by Commissioner of Patents William E. Simonds in his 1874 treatise on design patents, “with the exception of busts, statues, bas-reliefs and compositions in alto or basso relieve, all the things named in the law as constituting [design] patentable subject matter are things designed to give ornamental or pleasing appearance *to articles useful in themselves*, and irrespective of their artistic excellence....” Hudson, *supra*, at 385 (emphasis added) (quoting SIMONDS 1874, *supra*).

<sup>18</sup> *Cf.*, *e.g.*, U.S. Pat. No. 549,160 (1895) (the famous Selden patent for a “liquid hydrocarbon gas-engine of the compression type” claimed in “combination with a road-locomotive, provided with suitable running gear....”).

<sup>19</sup> 35 U.S.C. § 171.

<sup>20</sup> See 1 ROBINSON, *supra*, § 182, at 269 (“A manufacture is an instrument created by the exercise of mechanical forces and *designed for the production of mechanical effects*, but not capable, when set in motion, of attaining by its own operation to any predetermined result.”) (emphasis added); *id.* § 188, at 276 (“The *essence of a manufacture* resides in the idea of means which it embodies. A manufacture, being *a finished product*, usually impresses the observer as *a complete realization of the purposes of the inventor*, and suggests the idea of an end accomplished rather than that of a means by which an end may be attained.”) (emphasis added).



the overall appearance of useful articles. Further, they have authorized such patents when the parts comprised a machine rather than an “article of manufacture,” notwithstanding that Congress has not authorized design patents for a “machine.”<sup>21</sup> Generally, the Patent Office issued and the courts upheld these design patents by treating the part of a machine as an article of manufacture *because* it was sold, without considering whether it was a useful article by itself.<sup>22</sup>

As summarized by Commissioner Simonds in his 1883 treatise (principally in regard to utility patent precedents), the Patent Office by that time had expanded the meaning of “manufacture” and “article of manufacture” to focus on the separate *sales* (or even separate making) of parts, rather than on the functional *uses* of the parts sold. “[A]n article does *not* need to be a *finished product* in order to enable it to be an ‘article of manufacture’; the term fairly covers such products as are complete in themselves, *or are so far complete as to be subject to independent manufacture and sale.*”<sup>23</sup> In contrast, earlier precedents of the Patent Office had taken the opposite position, *e.g.*, that the object was not an “article of manufacture” when it was “not a device or article that [the seller] can offer to the public as complete for their use.”<sup>24</sup> In 1902, Congress likely intended to reverse at least some of the expansive Patent Office and court interpretations in regard to design patent eligible subject matter, when revising the language of the act to limit design patents to the single category of an “article of manufacture.”<sup>25</sup> But the

---

<sup>21</sup> See, *e.g.*, Sarah Burstein, *The “Article of Manufacture” in 1887*, 32 BERKELEY TECH. L.J. (forthcoming 2017), (manuscript at 1, 26-28 ) [hereinafter Burstein, *The “Article of Manufacture” in 1887*], [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2850604](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2850604) (discussing Patent Office and court interpretations of “machine” and of “manufacture” or “article of manufacture”); *id.* at 5 (in 1887, “article of manufacture” was a term of art that “referred to a tangible item made by humans—*other than* a machine or composition of matter—that had a unitary structure and *was complete in itself* for use or for sale”) (emphasis added); 1 ROBINSON, *supra*, § 175, at 259-61 (“A machine differs from all other mechanical instruments in that its rule of action resides within itself. Such other instruments receive their law of operation as well as their motive power from exterior sources, and act in a variety of methods according to the will of their employer or the *modus operandi* of the machine to which they may be temporarily attached. The structural law of a machine, however, is its one enduring and essential characteristic. It becomes a complete invention only when it is capable of entire practical obedience to this law; and when its power to correspond therewith is interrupted or destroyed, it at once ceases to be the machine on which that law was formerly imposed.”).

<sup>22</sup> For an example of a court questioning whether a part of a machine can be a separate article of manufacture, consider U.S. Pat. No. D21,416, discussed in *Westinghouse Electric & Manufacturing Co. v. Triumph Electric Co.*:

The patent was for a design of a new and useful configuration of a frame for electric machines.... It is further objected by the appellee that the frame of the electric machine is not an article of manufacture, within the meaning of the statute above quoted, and that a design patent cannot be granted for the configuration of what is part of a machine, rather than an article of manufacture, within the meaning of the law. The question is not free from difficulty, and we do not find it necessary to consider it.

97 F. 99, 100-02 (6th Cir. 1899). In contrast, the court may have wrongly suggested that design patents were not limited to useful articles. See *id.* at 102 (arguing for a different, aesthetic meaning of “useful” under the pre-1902 design patent eligibility provision: “the subject of a design patent may also be useful in an entirely different sense or direction.... The subject of invention, so far as form or shape or configuration is concerned, must be useful in the sense that it tends to promote pleasure, refinement, comfort, depending upon the sense of the beautiful.”) (quoting *Ex parte Schulze-Berge*, 42 O.G. 293 (1888)).

<sup>23</sup> WILLIAM EDGAR SIMONDS, A SUMMARY OF THE LAW OF PATENTS FOR USEFUL INVENTIONS AND FORMS 19 (1883) (emphasis added). See also WILLIAM EDGAR SIMONDS, A DIGEST OF PATENT OFFICE DECISIONS: 1869-1879, at 29 (1880) (“A part of a device is an ‘article of manufacture’ when separately sold in the trade”) (citing *Ex Parte Butterfield*, 1872 Dec. Comm’r Pat. 153, 154; *Ex parte Blanchard*, 1870 Dec. Comm’r Pat. 59, 59).

<sup>24</sup> *Ex parte Campbell*, 1872 Dec. Comm’r Pat. 228, 228.

<sup>25</sup> In 1902, Congress eliminated the separate category of busts, statues, and relief impressions (along with all other separate categories) in favor of the catch-all phrase “article of manufacture.” Act of May 9, 1902, ch. 783, 32 Stat.

Patent Office and the courts did not subsequently interpret the 1902 Act's changed language to have reversed the expansive approach to granting design patents on partial products. Rather, the courts eventually extended design patent subject matter eligibility to fragments of parts as well.

### A Short History of the Unauthorized Expansion of Design Patent Eligible Subject Matter

When first enacted by Congress in 1842, the design patent subject matter eligibility provision applied to various categories of complete, manufactured, useful products. These were: a “manufacture”; printed “fabrics”; impressions or ornaments on “any article of manufacture” in marble or other material; patterns and pictures “worked into or worked on, or printed, painted, cast, or otherwise fixed” on “any article of manufacture”; any “shape or configuration” of “any article of manufacture”; and various kinds of “statue.”<sup>26</sup> All of these categories (except possibly statues) were *functional* objects.<sup>27</sup> Significantly, Congress did not then and still has not

---

193, 193; *see Hudson, supra*, at 388-93. (Earlier, Congress had eliminated the category of “fabrics” in 1861, as it was encompassed by the broader provision for patterns “worked into or worked on, or printed, or painted, or cast, or otherwise fixed on any article of manufacture.” Act of Mar. 2, 1861, ch. 88, § 11, 12 Stat. 246, 248; *see Hudson, supra*, at 383-84.) Although the resort in 1902 to the general term “article of manufacture” was meant to encompass categories of objects not specifically enumerated, Congress was unclear as to whether all such products now had to be functional (in the sense of utility patent law) or rather that design patent protection was extended to non-functional (aesthetic) articles. Nevertheless, a 1902 Report noted that the revision to the design patent act was proposed by Patent Commissioner Allen because of “the conflicting rulings on what constituted patentable subject matter under the Act of 1870.” Hudson, *supra*, at 389. The revision was intended “to make clear the fact that mechanical devices of little importance *unaccompanied by the development of new mechanical functions were not to be protected by design patents*. These patents are now restricted to those ornamental characteristics of manufactured articles which were intended primarily to be the subject for the application of this law before its employment had been widened beyond its originally intended scope.” *Id.* at 392 (emphasis added) (quoting F. I. Allen, Commissioner of Patents, Annual Report (1902)); *cf.* Jason DuMont & Mark D. Janis, *U.S. Design Patent Law: A Historical Look at the Design Patent Interface*, 24 (Oct. 10, 2016) (unpublished manuscript) {hereinafter DuMont & Janis, *U.S. Design Patent Law*}, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2852453](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2852453) (“The 1902 Act was not intended to shrink the scope of subject matter protected under the design patent statute, but it may have had that effect for some types of subject matter.”).

<sup>26</sup> Hudson, *supra*, at 381-82 (citation omitted). *See generally* DuMont & Janis, *The Origins of American Design Patent Protection, supra*, at 855-73. As noted above, the statue category was an anomaly, and later removed. DuMont and Janis also document that in the historical record of the 1842 Act they found “no evidence of any debate over the wisdom of the core idea that substantive utility patent law rules [rather than copyright law as originally proposed by Senator Ruggles] should govern a new design protection regime and no indication that drafters of the design patent statute were sufficiently prescient to foresee that copyright and utility patent jurisprudence would evolve along divergent paths in the decades to come.” *Id.* at 868.

<sup>27</sup> Under the 1842 Act, moreover, the patent-eligible design had to be “invented or produced,” and had to be “new and original,” except for patterns, prints, and pictures that had to be “new *and useful*.” Hudson, *supra*, at 381-83 (emphasis added). As noted by Commissioner Simonds in 1874, the “new and useful” language for prints reflected an understanding that:

It is not unreasonable to assume it was this application of aesthetic ideas or principles to the adornment of *useful articles*, moving in the minds of the legislators who drafted the laws of 1842 and 1861, that induced them to insert the word “useful” into the text when they named as patentable subject matter “any new and useful pattern, print or picture”.... All inventions or discoveries having utility as their basis were fully protected by laws other than those relating to designs, and *it is not reasonable to suppose that the originators of the design patent acts intended to offer another method of protection to things already protected*. It would then seem tolerably plain that the legislators who originated the design patent acts had in mind ... *designs for ornament applied to articles capable of serving a useful purpose*....

*Id.* at 385 (emphasis added) (quoting SIMONDS 1874, *supra*). Given the origination of design protection as copyright legislation, the inclusion of statues in the 1842 design patent could have reflected a legislative category error. *See,*

authorized design patents for “machines,” which have been a category of eligible subject matter for utility patents since 1790.<sup>28</sup> Nevertheless, the Patent Office has issued design patents for machines and for parts of machines, and the courts have approved them.<sup>29</sup>

Subsequent to the 1842 Act, Congress left the design patent subject matter eligibility provision essentially unchanged until 1870. Then, as part of a larger utility patent act revision act, the design patent subject matter provision was “defined in more concise language.”<sup>30</sup> However, continuing judicial controversy over the term “useful” in one of the subcategories of the relevant subject matter prompted Congress to further revise the statute in 1902 to make clear that design patent protection applied only to “new, original, and *ornamental*” designs for an “article of manufacture.” Congress thus eliminated all of the separate, original (and slightly modified) categories of functional products (and statues) in favor of that one, collective term referring to useful articles.<sup>31</sup> (Although Congress in 1887 had addressed the design patent damages provision, there is no indication it meant to affect the subject matter provision when doing so.<sup>32</sup>)

The Patent Office (which later became the Patent and Trademark Office (PTO)) and the courts provided varying interpretations of the scope of eligible subject matter for design patents from 1902 forward. During this period, the Patent office issued numerous patents for parts, as well as for entire machines and for parts of machines.<sup>33</sup> There was no relevant additional legislation until 1952, and the 1952 Act did not intend to change the design patent substantive standards.<sup>34</sup>

---

*e.g.*, DuMont & Janis, *U.S. Design Patent Law*, *supra*, at 6-9 (discussing various theories of why Congress included statues and busts in the 1842 Act).

<sup>28</sup> *See, e.g.*, Act of Apr. 10, 1790, ch. 7, § 1, 1 Stat. 109, 110 (authorizing patents to persons who “invented or discovered any useful art, manufacture, engine, *machine*, or device, or any improvement therein”) (emphasis added).

<sup>29</sup> *See, e.g.*, U.S. Pat. No. D115,942 (1939) (to Frank Schwinn for a bicycle); U.S. Pat. No. D204,121 (1966) (to Schwinn Bicycle Co. as assignee for a bicycle seat); Schwinn Bicycle Co. v. Goodyear Tire & Rubber Co., 444 F.2d 295, 300 (9<sup>th</sup> Cir. 1970) (affirming invalidity of D204,121 for obviousness, without considering eligible subject matter, as the alleged infringer apparently had not contested the eligibility of a design patent for part of a machine); *cf.* WILLIAM D. SHOEMAKER, PATENTS FOR DESIGNS § 95, at 163(1929) (arguing that the Patent Office should not have rejected patents on entire machines while granting patents on moveable parts of those machines, but rather should have adopted a “much more reasonable construction of the law” to grant patents on the entire machines while denying protection “to a component part thereof”: “The design patent law is directed to a *completed production*, and ornamentation required by the act is measured by the article’s condition at the time of sale or at the time of use.”) (emphasis added) (citations omitted).

<sup>30</sup> Hudson, *supra*, at 383-84.

<sup>31</sup> *See id.* at 388-90.

<sup>32</sup> Specifically, Congress addressed a separate concern regarding the inability to prove damages when apportionment of the value of the design to the infringing product could not be demonstrated. Congress thus adopted a specific remedy provision for design patents, authorizing either statutory damages or entire profits, but did not then alter the requirement for an “article of manufacture.” *See* Act of Feb. 4, 1887, ch. 105, § 1, 24 Stat. 387, 387 (currently codified at 35 U.S.C. § 289); Burstein, *The “Article of Manufacture” in 1887*, *supra*, at 26, 34-35, 56-60. That provision, however, has only generated additional controversy, given that the “article of manufacture” concept imported into the damages provision did not resolve the question of whether and when the design patent could cover the part, the whole, or both. *See, e.g.*, Samsung Electronics, Co. v. Apple, Inc., 137 S.Ct. 429, 434 (2016) (“article of manufacture” under this provision “encompasses both a product sold to a consumer and a component of that product”).

<sup>33</sup> *See, e.g.*, 1 DONALD S. CHISUM, CHISUM ON PATENTS § 23.03[2] (on-line ed. 2017) (discussing post-1902 judicial decisions); SHOEMAKER, *supra*, ch. IX, at 150-65 (discussing both pre- and post-1902 Patent Office and judicial decisions); *cf.* Burstein, *The “Article of Manufacture” in 1887*, *supra*, at 35-56, 63-68 (discussing Patent Office and judicial decisions through 1902).

<sup>34</sup> *See, e.g.*, 1 CHISUM, *supra*, § 23.03[2].

Significantly, between 1967 and 1980, the PTO did *not* believe that design patents on parts (or at least on fragments of parts) of entire products should issue, even though the PTO had previously issued many such patents.<sup>35</sup> During that time, the PTO believed that earlier court decisions interpreting the eligibility provision required the PTO to *reject* partial-product design patents that were not separately functional (or at least to reject patents on fragments of such parts). Thus, in 1980 in *Application of Zahn*,<sup>36</sup> the PTO Appeals Board had held that the 1967 decision of the Court of Customs and Patent Appeals (CCPA) in *Application of Blum*<sup>37</sup> required the PTO “to hold that a design patent cannot properly be granted for the ornamental design of a portion only of an article of manufacture.”<sup>38</sup>

The CCPA in *Zahn*, however, revised the common and widespread understanding that design patents were limited to the *entire* appearance of *entire* products that were treated as articles of manufacture under the statute.<sup>39</sup> Specifically, Judge Giles Rich (who had also written *Blum*) held in *Zahn* that even fragments of parts of products (fragments that were neither manufactured separately nor sold separately and that were not conceivably useful in themselves) *were* eligible subject matter for design patents.<sup>40</sup> *Zahn* thus caused a “sea change” in “design patent claim drafting.”<sup>41</sup>

More importantly, *Zahn* encouraged applicants to seek protection for the designs both of parts and of fragments of parts, separately from and in addition to patents on the designs of the entire products in which they were incorporated. *Zahn*, moreover, authorized such design patents without regard to any limitation to the overall appearance of the entire article of manufacture, and without considering whether the parts or the fragments were functional by themselves or were manufactured and sold separately as products.<sup>42</sup>

---

<sup>35</sup> Cf. Burstein, *The “Article of Manufacture” in 1887*, *supra*, at 80 (“It appears that the Patent Office did not start taking design patents seriously until sometime around 1870. And of course, in any age, human institutions are prone to human error. A nineteenth-century design patent examiner could make a mistake as easily as a twenty-first-century design patent examiner.”).

<sup>36</sup> *Application of Zahn*, 617 F.2d 261 (C.C.P.A. 1980) (addressing a design on the shank portion of an integrally manufactured drill bit).

<sup>37</sup> *Application of Blum*, 374 F.2d 904 (C.C.P.A. 1967).

<sup>38</sup> *Zahn*, 617 F.2d at 264 (emphasis added).

<sup>39</sup> Nevertheless, the PTO had granted some patents on portions of multicomponent products having movable parts. *See, e.g., Samsung Electronics*, 137 S.Ct. at 435 (holding that “several articles of manufacture of peculiar shape which when combined produce a machine or structure having movable parts may each separately be patented as a design....”) (quoting *Ex parte Adams*, 84 Off. Gaz. Pat. Office 311 (1898)); *cf. Schwinn Bicycle Co. v. Goodyear Tire & Rubber Co.*, 444 F.2d 295, 296-301 (9th Cir. 1970) (holding invalid for obviousness a design patent for a bicycle seat, which is moveable in regard to other components but does not normally move in use).

<sup>40</sup> *Zahn*, 617 F.2d at 267 (quoting the PTO’s belief that “‘a claim to a design which is embodied in less than all of an article of manufacture – at least in one which is an integral or one-piece article such as a drill, or a screwdriver – is not permitted by the provision of § 171 authorizing a patent for ‘any new, original and ornamental design for an article of manufacture.’ We know of no reason for putting such a limited construction on that statute. We do not so construe it.”) (citation omitted).

<sup>41</sup> Perry J. Saidman, *What is the Point of the Point of Novelty Test for Design Patent Infringement?* 90 J. PAT. & TM. OFFICE SOC’Y 401, 411 (2008).

<sup>42</sup> Fragments of parts are never manufactured or sold separately, and they are never functional by themselves. If they were separately manufactured and functional, they would then be considered parts of the entire product.

This expansion of *design* patent eligible subject matter by Judge Rich has resulted in significant concerns for the consumer repair right and has generated the need for a legislative correction to protect that right, particularly in regard to exterior motor vehicle repair parts.<sup>43</sup> In the same way, significant concerns arose when Judge Rich expanded eligible subject matter for *utility* patents to include software,<sup>44</sup> business methods,<sup>45</sup> and by extension many other things (like sports moves). In response to those concerns, Congress promptly imposed a legislative correction (at least for business methods), as discussed further below.<sup>46</sup>

## 2. The Consumer Repair Right, Partial-Product and Fragment Design Patents, and the Need for the PARTS Act

### The Consumer Repair Right and Partial-Product and Fragment Design Patents

The consumer right to repair purchased, patented *entire* products with newly manufactured *parts* permits the making, offer for sale, importation, sale and use of competitive repair parts for motor vehicles. (This consumer repair right thus includes the right to use the newly manufactured, non-functional and non-safety-related exterior repair parts that the PARTS Act addresses.) Without the consumer repair right, the patent infringement right could prohibit patent holders from purchasing repair parts to repair their purchased, whole functional products.

Without partial-product or fragment design patents, moreover, the consumer repair right permitted repair parts made by competitors to original equipment manufacturers (OEMs) to be used to restore the entire appearance of motor vehicles, so long as an entire patented motor vehicle was not being reconstructed. In contrast, because partial-product and fragment designs cover only the part or fragment, and not the product as a whole, partial-product and fragment design patents can prohibit competitors from making new, non-OEM repair *parts* embodying the patented design.

Partial product and fragment patents thus can override the consumer repair right to use new parts (other than those that the original equipment manufacturer may be willing to supply). Such patents do so by making the replacement part or fragment itself a *separate* “article of manufacture” from the entire product, and subject to a separate (and often additional) design patent.<sup>47</sup> With such partial-product or fragment patents, *repair or reconstruction is to be determined with regard to the part or fragment that is patented and not to the whole purchased consumer product*. Such patents therefore prohibit others from creating and using new repair parts to substitute for the original parts *even when the entire product is not being reconstructed*.

---

<sup>43</sup> Although Congress likely should correct the scope of design patent eligible subject matter generally, the importance of the threat to the consumer repair right for motor vehicles warrants immediate attention.

<sup>44</sup> See *In re Alappat*, 33 F.3d 1526 (Fed. Cir. 1994) (en banc).

<sup>45</sup> See *State Street Bank & Trust Co. v. Signature Fin. Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998).

<sup>46</sup> Concern over software patents has led the Supreme Court to revise its earlier, more permissive interpretation of the patent eligibility provision. See *Alice Corp. Pty. Ltd. v. CLS Bank Int'l.*, 134 S.Ct. 2347, 2354 (2014).

<sup>47</sup> This is clearly contrary to the premise of design patents that an “article of manufacture” must be a product useful in itself. No one sells exterior repair parts or fragments intending them to be used by themselves (much less as works of art). Such parts and fragments are valuable *only* for repairing the original appearance of the *entire* product.

Without partial-product or fragment patents, the creation of new parts was not prohibited, and the use of those parts was prohibited only if and when used to reconstruct an *entire* product such as a motor vehicle.

Before Judge Rich's holding in *Zahn* encouraged applicants to seek partial-product and fragment design patents on non-functional automobile collision repair parts, the consumer repair right permitted consumers to make repairs of their already purchased vehicles using either OEM or non-OEM repair parts. Further, a robust competitive aftermarket developed in both the manufacture of non-OEM repair parts and in the provision of non-OEM repair services, using either non-OEM or OEM repair parts. This aftermarket has allowed consumers to choose repairs with less-expensive, non-OEM parts, and has thereby resulted in *billions* of dollars of savings while helping to minimize insurance premiums.<sup>48</sup> The recent granting and assertion of many new partial-product design patents for such non-functional collision repair parts now threatens the parts aftermarket, and the valuable consumer and insurance savings that have resulted.

### The Threat to the Consumer Repair Rights and The Non-OEM Parts Aftermarket

The 1980 *Zahn* decision dramatically limited the scope of the patent law consumer repair right in regard to motor vehicle repair parts, by authorizing fragment design patents and, by logical extension, by implicitly authorizing partial-product design patents. Since that time, design patents have increasingly been obtained on parts of the entire exterior appearance of motor vehicles, such as bumper covers, fenders, quarter panels, etc.<sup>49</sup> Although such parts may themselves be sold, they are not functional by themselves. Rather, they are intended to be useful only when integrated into particular OEM motor vehicle models. Typically, a patented partial-product design is for a discrete OEM exterior part of an entire, original motor vehicle, and the patented part is also sold as an OEM repair part. These partial-product design patents thus prohibit the making, offer for sale, import, sale, and use of what would otherwise be *legitimate, competitive, non-OEM* repair parts, designed to match the original patented part for integration with a particular OEM motor vehicle model.<sup>50</sup>

---

<sup>48</sup> See, e.g., Property Casualty Insurers Association of America, *Aftermarket Parts: A \$1.5 Billion Benefit for Consumers* 1 (January 2013) (estimating that eliminating the ability to use non-OEM parts would add \$1.5 billion *per year* to insurance claim costs, and that the “average insurance premium reflecting vehicle damage coverages may increase by about 3.6 percent more per insured car. This translates into a 2.0 percent increase in the combined liability and physical damage premium per insured car if non-OEM parts could no longer be used.”). Additional consumer savings also result from repairs with non-OEM parts that do not go through insurance claims.

<sup>49</sup> It is unclear what percentage of these partial-product design patents reflect fragments of parts, and to what extent such fragments or parts are sold separately (except as repair parts). However, these patents are not generically functional, but intended only for use by incorporation into a larger and *specific* automobile design.

<sup>50</sup> In some jurisdictions, such designs or parts are referred to as “must-match” or “must-fit” designs. See, e.g., John R. Thomas, Congressional Research Service, *Intellectual Property Issues in Industrial Designs: Issues in Innovation and Competition*, CRS Report RL34559, at 11 (Jan. 6, 2010), <https://fas.org/sgp/crs/misc/RL34559.pdf>; James F. Fitzpatrick, *Competition in Automobile Replacement Parts – Back to Monopoly Profits*, 19 U. BAL. L. REV. 233, 249 (1989). In most cases, “must-match” designs are required to assure functionality of the entire product, or to avoid wear or damage to the entire product. Such “must-match” designs neither are functional in themselves nor are generic products, but rather are specific designs intended for specific entire products.

The growth in these partial-product exterior design patents accelerated dramatically after 2005.<sup>51</sup> In 2005, Ford brought a complaint in the International Trade Commission (ITC) seeking an exclusion order to prevent the import of competitive aftermarket repair parts for the Ford F-150 truck, which were protected by partial-product design patents. After finding some of the asserted design patents invalid, the ITC granted a general exclusion order on other asserted design patents in 2007.<sup>52</sup> The legal action was terminated in 2009 while an appeal was pending, when Ford settled the action by granting the leading distributor of competitive aftermarket parts, LKQ Corporation, an *exclusive* license to provide aftermarket repair parts for all Ford products.<sup>53</sup>

Since that time, other partial-product design patents have been asserted by Ford and by other OEMs to threaten non-OEM manufacturers, importers, distributors, and repair shops. These businesses use competitive aftermarket parts rather than OEM parts for exterior collision repairs.<sup>54</sup> Further, design patent law has developed to allow patents to issue on essentially *any* non-functional appearance that is new and non-obvious, even if there is no significant aesthetic creativity in the ornamental design.<sup>55</sup> This apparently has led to a proliferation of design patents obtained principally for the purpose of excluding competition in motor vehicles and repair parts, rather than to advance the design arts in motor vehicles.<sup>56</sup> These developments now threaten to entirely eliminate competition by non-OEM exterior repair parts, and consequently to drive out of the market non-OEM manufacturers, importers, distributors, repair shops, and consumers.

Exclusively licensing a single non-OEM aftermarket repair parts distributor, moreover, will not preserve robust competition in the aftermarket for repair parts. Rather, it will result in monopoly (or duopoly) pricing and will dramatically restrict choices and increase costs for consumers. Using litigation to create such a monopoly (or a duopoly through a settlement agreement) can

---

<sup>51</sup> See, e.g., Quality Parts Coalition, DISTURBING TREND: Collision Repair Part Design Patents Granted (2016), (noting that the number of design patents on such parts more than doubled from 2005 to the end of 2015), [http://www.keepautopartsaaffordable.org/sites/all/themes/framework/pdf\\_resource/design\\_patents\\_on\\_collision\\_repair\\_parts\\_2017-04.pdf](http://www.keepautopartsaaffordable.org/sites/all/themes/framework/pdf_resource/design_patents_on_collision_repair_parts_2017-04.pdf).

<sup>52</sup> See, e.g., International Trade Commission, In the Matter of Certain Automotive Parts, Inv. No. 337-TA-557, Notice of Final Determination of Violation of Section 337 and Issuance of General Exclusion Order; Termination of the Investigation; Denial of Motion for Reconsideration (June 6, 2007) (decision on complaint filed against various companies by Ford Global Technologies LLC on Dec. 12, 2005).

<sup>53</sup> See, e.g., LKQ Corporation and Ford Renew Patent License Agreement, <http://www.lkqcorp.com/en-us/About/Press-Releases/ArticleID/5>.

<sup>54</sup> See, e.g., *Promoting Automotive Repair, Trade, and Sales Act: Hearing on H.R. 1057 Before the H. Comm. on the Judiciary, Subcomm. on Courts, Intellectual Property, and the Internet*, 114th Cong. 30-38 (2016) (statement of Pat Felder, Owner, Felder's Collision Parts, Inc.) (noting receipt of a cease-and-desist letter from Chrysler, notwithstanding use of licensed parts; also noting increased prices for parts resulting from the LKQ settlement because the exclusive licensing royalties are passed on to consumers). For a more recent example, see Complaint, *Ford Global Technologies, LLC v. New World International, Inc.*, No. 2:15-cv-10394 (E.D. Mich. March 13, 2015). See generally Brian Garst, *Aftermarket Shock: The High Cost of Auto Parts Protectionism* 6-7 (2016).

<sup>55</sup> See, e.g., *Ethicon Endo-Surgery, Inc. v. Covidien, Inc.*, 796 F.3d 1312, 1329-31 (Fed. Cir. 2015); *In re Webb*, 916 F.2d 1553, 1557 (Fed. Cir. 1990).

<sup>56</sup> See, e.g., Jack Gillis, Consumer Federation of America, Remarks Before the U.S. Patent and Trademark Office, 1 (June 16, 2008) (“In the early 1990s, the car companies came to Congress and asked for special design copyright protection on these replacement parts and Congress said *no*. Our concern today is that the car companies are now using design patents, not for the important and legitimate protection of the entire design of their vehicles, but to prevent competition when it comes to getting the parts we need to repair our vehicles. Automakers are essentially hijacking design patent laws to create a parts monopoly.”) (emphasis in original).

have similar anticompetitive effects to the illegal practice of “reverse payments” settlements used to maintain high prices and prevent more robust competition in the market for generic drugs.<sup>57</sup>

Eliminating the aftermarket for non-OEM repair parts could theoretically force consumers who seek to avoid the monopoly (or duopoly) of partial-product or fragment design patents on repair parts to use parts that *differ* in external appearance from the originals. But consumers likely would not make such a choice. No consumer wants a repaired motor vehicle to look like “Frankenstein’s monster” – constructed from parts that do not fit seamlessly together, and thus which may also be subject to greater wear and other problems. Rather, consumers should be able to restore the *original* appearance of the motor vehicles that they originally purchased using non-OEM parts. And without meaningful competition in the non-OEM parts aftermarket, they can only do so by paying monopoly (or duopoly) prices.

Consequently, eliminating the aftermarket for competitive, non-OEM repair parts will raise prices paid by consumers for purchased OEM (or OEM-licensed) aftermarket parts, and over time could result in raised insurance premiums charged to consumers.<sup>58</sup> Multiple regression analysis shows that the competitive non-OEM parts aftermarket: (a) has resulted in *non-OEM* product choices that have reduced prices by *at least* twenty-six percent (26%) and up to fifty-percent (50%) relative to OEM parts<sup>59</sup>; (b) has further reduced the price of *OEM* parts by eight percent (8%); and (c) has saved consumers collectively approximately one-and-one-half billion dollars *per year* (\$1.5B/yr).<sup>60</sup> These consumer savings may soon become OEM monopoly profits.

In summary, unless something is done soon to stop the assertion of partial-product and fragment design patents from eliminating the aftermarket in non-OEM parts, choices and competition will diminish, the cost of parts will rise, and insurance premiums may rise at consumers’ expense. Congress needs to act now to protect the consumer repair right and the aftermarket for competitive, exterior, non-OEM repair parts for motor vehicles.

---

<sup>57</sup> See, e.g., *FTC v. Actavis*, 133 S. Ct. 2223, 2231 (2013) (“there is reason for concern that settlements taking this form tend to have significant adverse effects on competition”).

<sup>58</sup> In many cases, consumers choose to repair their motor vehicles without triggering insurance, particularly for lower-cost repairs. In these cases, consumers immediately pay the increased costs from reduced competition without creating pressure for insurance rate increases. Although insurance rates are highly regulated, increased prices could result over time in higher rates. See, e.g., *Promoting Automotive Repair, Trade and Sales Act: Hearing on H.R. 1057 Before the H. Comm. on the Judiciary, Subcomm. on Courts, Intellectual Property, and the Internet*, 114th Cong. 7 (2016) (Statement of Rep. Jerrold Nadler) (“According to some estimates, since generic auto parts can cost up to 50 percent less than brand--name alternatives, consumers could pay over a billion dollars a year more for repair parts if the independent market were to be eliminated.... And if repair parts cost more, insurance companies will be forced to raise their rates too, further hurting consumers.”).

<sup>59</sup> See, e.g., Quality Parts Coalition, The “Promoting Automotive Repair, Trade, and Sales Act of 2015”: Background Summary 1 (2015); Garst, *Aftermarket Shock*, at 2 & n.3 (citing *Hearing on Design Patents and Auto Replacement Parts Before the H. Comm. on the Judiciary*, 112th Cong. (2010) (statement of Robert Passmore, Senior Director of Personal Lines Policy, Property Casualty Insurers Association of America)).

<sup>60</sup> See, e.g., MiCRA Economics, *Consumer Benefits from a Competitive Aftermarket for Crash Repair Parts*, Executive Summary, 3-5 (2015) (also suggesting very minimal offsetting reductions of original sales prices to compensate for increased repair prices, and noting that large insurers may choose to limit collision insurance premium increases only to those motor vehicles for which repair part costs have risen, but would not differentiate with regard to motor vehicles in regard to property insurance premiums); Property Casualty Insurers Association of America, *Aftermarket Parts*, *supra*.



### 3. The Traditional Patent Law Consumer Repair Right

The consumer right to repair patented products was recognized by the Supreme Court as early as 1850.

It is the use of the whole [product] of that which a purchaser buys, when the patentee sells to him a machine; and when he repairs the damages which may be done to it, it is no more than the exercise of that right of care which every one may use to give duration to that which he owns, or has a right to use as a whole.<sup>61</sup>

As the Court later held in 1872, patented products when sold “become the private individual property of the purchasers, and are no longer specifically protected by the patent laws . . . .”<sup>62</sup> As a result, consumers may repair their purchased patented products without any further payment to or any further authorization from patent holders

To understand why this is the case, it is important to note that patent law prohibits the only the *unauthorized* making, sale, use, etc. of patented products.<sup>63</sup> Patent law excludes from the definition of infringing conduct such activities with a patented product once it is legitimately purchased by a consumer (or anyone else). This is because the purchase exhausts all patent rights in the particular product, and thus all subsequent activities with that product are *deemed authorized* as a matter of law. As the Supreme Court recently held:

The doctrine of patent exhaustion limits a patentee’s right to control what others can do with an article embodying or containing an invention. Under the doctrine, “the initial authorized sale of a patented item terminates all patent rights to that item.”... And by “exhaust[ing] the [patentee’s] monopoly” in that item, the sale confers on the purchaser, or any subsequent owner, “the right to use [or] sell” the thing as he sees fit.<sup>64</sup>

The consumer right to repair a purchased, patented product thus is the inherent consequence of the exhaustion limit on the patent infringement right.

As the Supreme Court held in the context of motor vehicles in *Aro Manufacturing Co. v. Convertible Top Replacement Co.* case (*Aro I*), the authorized use of a purchased patented product includes the right to make legitimate repairs so as to further use the product.

[A] patented combination includes the right “to preserve its fitness for use so far as it may be affected *by wear or breakage*.”... We hold that maintenance of the ‘use of the whole’ of the patented combination through *replacement of a spent, unpatented element* does *not* constitute reconstruction.... Mere replacement of

---

<sup>61</sup> *Wilson v. Simpson*, 50 U.S. (9 How.) 109, 123 (1850).

<sup>62</sup> *Mitchell v. Hawley*, 83 U.S. (16 Wall.) 544, 548 (1872).

<sup>63</sup> See 35 U.S.C. § 271(a) (“[W]hoever *without authority* makes, uses, offers to sell, or sells ... or imports ... any patented invention infringes the patent”) (emphasis added).

<sup>64</sup> *Bowman v. Monsanto Co.*, 133 S.Ct. 1761, 1766 (2013) (quoting *Quanta Computer, Inc. v. LG Electronics, Inc.*, 533 U.S. 617, 625 (2008), and *United States v. Univis Lens Co.*, 316 U.S. 241, 249-50 (1942)).

individual unpatented parts, one at a time, *whether of the same part repeatedly or different parts successively*, is no more than *the lawful right of the owner to repair his property*.<sup>65</sup>

The only limit on this repair right is when the *entire* product is *totally spent*, so that the purported repair is actually a reconstruction – the making of a *new* product.<sup>66</sup>

The consumer right to repair thus also includes the right to use *replacement* parts in order to continue to use the originally purchased, patented product. Replacing parts so as to preserve the useful life of a product is *not* enough by itself to amount to an impermissible reconstruction. As *Aro I* held:

[M]aintenance of the “use of the whole” of the patented combination through replacement of a *spent, unpatented element* does not constitute reconstruction. The decisions of this Court require the conclusion that reconstruction of a patented entity, comprised of unpatented elements, is limited to such a true reconstruction of the entity as to “in fact make a new article.”<sup>67</sup>

Of course, determining when a product is finally “spent” – and thus fixing the line between repair and reconstruction – has never been easy or clear. As held in *Aro I*, the consumer may repair a product as many times as it can, without causing an impermissible “reconstruction.” The distinction between repair and reconstruction, moreover, did not depend in any way on distinguishing between *fixing* original parts of products that became worn or broken or *substituting* new repair parts for the original parts. It was always recognized that some parts cannot (or cannot efficiently or practically) be fixed, and that new repair parts will need to be substituted.

Thus, the Supreme Court in *Aro I* noted that even worn or damaged parts that constituted the “heart of the invention” could be replaced by new parts when making a legitimate repair, without infringing the patent right by making a reconstruction of the entire product. “No element, not itself separately patented, that constitutes one of the elements of a combination patent is entitled to patent monopoly, however essential it may be to the patented combination and no matter how costly or difficult replacement may be.”<sup>68</sup> The U.S. Court of Appeals for the Federal Circuit (Federal Circuit) has similarly noted the substantial breadth of the consumer repair right: “Nor is the doctrine of repair limited to temporary or minor repairs. It encompasses any repair that is necessary for the ‘maintenance of the “use of the whole” of the patented combination through replacement of a spent, unpatented element.’”<sup>69</sup>

---

<sup>65</sup> *Aro I*, 365 U.S. at 344-46 (citation omitted and emphasis added). See also *Jazz Photo Corp. v. ITC*, 264 F.3d 1094, 1102 (Fed. Cir. 2001) (“While the ownership of a patented article does not include the right to make a substantially new article, it does include the right to preserve the useful life of the original article.”).

<sup>66</sup> See, e.g., *Aro I*, 365 U.S. at 346 (“In order to call the monopoly, conferred by the patent grant, into play for a second time, it must, indeed, be a second creation of the patented entity....”); *Jazz Photo*, 264 F.3d at 1105 (“Underlying the repair/reconstruction dichotomy is the principle of exhaustion of the patent right.”).

<sup>67</sup> *Aro I*, 365 U.S. at 346 (emphasis added).

<sup>68</sup> *Id.* at 345.

<sup>69</sup> *Sage Prods. Inc. v. Devon Indus. Inc.*, 45 F.3d 1575, 1578 (Fed. Cir. 1995) (quoting *Aro I*, 365 U.S. at 346).

In summary, the exhaustion doctrine applies to *any and all* subsequent uses of purchased, patented products, including repairing such products. The patent holder may not use patent law to enforce any restrictions on the use of the original product after it has been sold. As the U.S. Government recently stated in a Supreme Court amicus brief:

The principle of patent “exhaustion”... “delimit[s] the scope of the patent grant.”... Under the exhaustion doctrine, also known as the “first sale” doctrine, “the initial authorized sale of a patented item *terminates all patent rights to that item.*” A patentee who authorizes a sale of a patented article therefore cannot invoke patent law to enforce *ongoing restrictions on the use* or resale of that item.<sup>70</sup>

But for the development of partial-product and fragment design patents, consumers could continue to repair purchased motor vehicles without authorization from the patent holder.

#### **4. Preserving the Consumer Repair Right and the Parts Aftermarket through the PARTS Act**

The “*Promoting Automotive Repair, Trade, and Sales Act*” (*PARTS Act*) remedies the developing problem caused by partial-product and fragment design patents. It does so by restoring the historic consumer right to repair their motor vehicles using legitimate, non-OEM exterior motor vehicle repair parts. It also protects the ability of competitors to make, offer for sale, import, and sell such parts in order for consumers to use them in legitimate repairs.

As discussed in detail below, the PARTS Act would adopt two sets of *narrow* exclusions from the definition of the kinds of conduct prohibited by the design patent infringement right (and also would adopt a needed conforming amendment to the design patent damages provision). These exclusions substantially preserve the consumer right to repair purchased motor vehicles to their original appearance, and permit the continued existence of a competitive aftermarket for motor vehicle exterior repair parts. These exclusions thereby restrict the over-extension of the infringement right that resulted from granting partial-product and fragment design patents in the first place. Congress has previously adopted limited exclusions from infringement – as well as exceptions or defenses to infringement and similar restrictions on patent holder rights – once it has recognized the existence of unforeseen, problematic over-extensions of the patent infringement right.<sup>71</sup>

The PARTS Act exclusions from infringement do *not* prohibit partial-product or fragment design patent eligibility, and do not limit the scope or duration of such patents. The exclusions also are not *defenses* that excuse otherwise improper conduct. Rather, they reflect legislative recognition

---

<sup>70</sup> Brief for the United States as Amicus Curiae Supporting Petitioner for a Writ of Certiorari, *Impression Prods. Inc. v. Lexmark Int’l. Inc.*, 137 S. Ct. 1523 (2017) (No. 15-1189) (emphasis added) (citing *Aro II*, 377 U.S. at 497, and *Quanta Computer, Inc.*, 553 U.S. at 625).

<sup>71</sup> See, e.g., 35 U.S.C. § 271(e)(1) (excluding from the definition of infringing conduct experimental activity with patented inventions relating to regulatory approval for drugs and medical devices); 35 U.S.C. § 273 (adopting a prior user defense for otherwise-infringing conduct, originally for business methods and later expanded to all patents); cf. 35 U.S.C. § 287(c) (eliminating remedies against doctors and institutions for infringing patented medical methods).

that the manufacture, offer for sale, and import of parts for legitimate repair of the ornamental appearance of motor vehicle products should *never* have been considered infringing conduct. As a legislative compromise, they also strike a new temporal balance with regard to the sale and use of such parts, limiting the infringement right for sale and use to a short period. This compromise avoids the need to address the difficult question of how to determine when an entire motor vehicle is totally spent, and thus how to distinguish permissible repairs from impermissible reconstructions of the products that the repair parts seek to restore for use.

The PARTS Act thus is another, necessary corrective measure in patent law, and it is limited to the specific and serious problem identified above regarding partial-product and fragment patents. This is the context where the consumer repair right in regard to design patents matters the most. The PARTS Act is limited to motor vehicles, as they are the second most expensive product (after houses) that consumers buy.<sup>72</sup> Motor vehicles also are the consumer product most likely to need repairs to restore their original appearance, because of frequency of collisions.

Specifically, the PARTS Act's exclusions from infringing conduct operate by separating the different categories of infringement rights into two different time periods.

- Section 2 of the PARTS Act would create new Section 271(j)(1)(A) of the Patent Act:

“it shall not be an act of infringement of such design patent [that claims a component part of the exterior of a motor vehicle only, such as a hood, fender, tail light, side mirror, or quarter panel of a motor vehicle as originally manufactured] to make or offer to sell within the United States, or import into the United States, any article of manufacture that is similar or the same in appearance to the component part that is claimed in such design patent if the purpose of such article of manufacture is for the repair of a motor vehicle so as to restore such vehicle to its appearance as originally manufactured.”

This section makes clear that making new repair parts (including testing those parts) or reconstructing original parts, offering to sell such parts, and importing such parts for the purpose of making legitimate repairs to restore the original *appearance* of motor vehicles is *never* an act of infringement.<sup>73</sup>

- Section 2 also would create new Section 271(j)(1)(B):

“after the expiration of a period of 30 months beginning on the first day on which any such component part is first offered to the public for sale as part of a motor vehicle in any country, it shall not be an act of infringement of such design patent to use or sell within the United States any article of manufacture that is similar or the same in appearance to the component

---

<sup>72</sup> *Promoting Automotive Repair, Trade, and Sales Act: Hearing on H.R. 1057 Before the H. Comm. on the Judiciary, Subcomm. on Courts, Intellectual Property, and the Internet*, 114th Cong. 39-47 (2016) (statement of Dan Risley, President, Automotive Service Association).

<sup>73</sup> The PARTS Act does not address any utility patents in partial products, so infringement of any *functional* repair parts is unaffected. Congress also may wish to review in another context the standards for granting any partial-product utility patents.

part that is claimed in such design patent if the purpose of such article of manufacture is for the repair of a motor vehicle so as to restore such vehicle to its appearance as originally manufactured.”

That section authorizes the sale or use of parts for the purpose of making legitimate repairs, beginning *thirty months* after a motor vehicle embodying the patent is first put on sale in the worldwide market. This legislative compromise avoids the need to determine whether a motor vehicle is “spent” and thus to distinguish permissible repairs from impermissible reconstructions in all cases where the PARTS Act applies.

- Section 3 of the PARTS Act would create a new subsection, Section 289(b), of the design patent damages provision:

“INAPPLICABILITY.—This section shall not apply to an act described in paragraph (1) or (2) of subsection (a) if that act would not be considered an act of infringement under section 271(j).”

That section makes clear that the special design patent damages remedy for *total* profits of an infringing “article of manufacture”<sup>74</sup> does not apply when Section 271(j) excludes such conduct from being considered an infringement.<sup>75</sup>

- Finally, Section 4 of the PARTS Act would assure that these provisions are effective, by applying them immediately to issued patents and to pending applications. Specifically, Section 4 provides that ninety (90) days after enactment, the provisions:

“shall apply to any patent issued, or application for patent filed, before, on, or after that effective date.”

The PARTS Act will not deprive manufacturers of any *legitimate* patent rewards or incentives needed to create motor vehicle exterior designs. Manufacturers owning design patents on exterior parts already receive their “consideration,”<sup>76</sup> and patent law provides its incentives to produce improved designs, through the *first* sale of the *entire* purchased product that embodies a partial-product or fragment design patent.

Finally, the PARTS Act does not affect the ability of partial-product or fragment patent holders to assert their patents against competitors producing new motor vehicles. The PARTS Act provides only a limited correction to partial-product and fragment design patents, preventing over-extension of the patent infringement right *only* in regard to the consumer repair right and *only* for exterior motor vehicle repairs. The PARTS Act thus preserves the design patent infringement right *entirely* intact for its *full* term in every other respect. Accordingly, there is no

---

<sup>74</sup> See 35 U.S.C. § 289.

<sup>75</sup> Without this conforming amendment, the language of existing Section 289 could be read to apply even when no infringement had occurred, as that language does not explicitly cross-reference Section 271 or refer to “infringement” of the patent.

<sup>76</sup> *Aro II*, 377 U.S. at 497.

legitimate argument that adopting the PARTS Act will diminish incentives for improving the design of motor vehicle appearances or of their exterior parts.

## 5. The PARTS Act Is Similar to Other Legislative Corrections of Over-Extended Patent Infringement Rights

The PARTS Act adopts a precise and limited remedy to the adverse effects of partial-product and fragment design patents on the consumer right to repair the original appearance of previously purchased entire motor vehicles. Without legislative correction, such patents override the repair right that consumers should possess by virtue of purchasing their motor vehicles. The PARTS Act makes clear that making, offering for sale, importing, selling, and using original or new parts intended solely for the purpose of legitimate repair of motor vehicles to their original appearance does not constitute infringing conduct under Section 271(a) at the relevant times.

This proposed approach to limiting the over-extension of the patent law infringement right, caused here by judicial expansion of patent law subject matter eligibility, follows well-established precedents. Congress adopted a similar approach in 1984 in the Hatch-Waxman Act,<sup>77</sup> after the Federal Circuit in the *Roche v. Bolar* case had extended the infringement right to prohibit the use of patented inventions when developing information for generic drug and medical device regulatory approvals.<sup>78</sup> Specifically, the Federal Circuit in *Bolar* dramatically narrowed the historic experimental use “exception”<sup>79</sup> to infringement, under which such conduct for a long time had been thought to be permitted.<sup>80</sup> In response, Congress immediately adopted a new provision limiting the definition of infringing conduct to exclude such activities, which Congress believed should not have been considered infringing in the first instance.<sup>81</sup> Congress thereby adopted a limited, industry-specific remedy, once it recognized that a significant problem had been caused by judicial interpretation of the Patent Act that Congress had neither intended nor expected to occur.

Similarly, Congress adopted a defense to infringement for prior users of business methods when Judge Rich and the Federal Circuit extended utility patent protection to such methods in 1998 in *State Street Bank & Trust v. Signature Financial Group*.<sup>82</sup> Shortly thereafter, Congress adopted Section 273 of the Patent Act, which provided a limited “prior user right” as a defense to

---

<sup>77</sup> Drug Price Competition and Patent Term Restoration Act, Pub. L. No. 98-417, 98 Stat. 1585 (1984).

<sup>78</sup> See *Roche v. Bolar*, 733 F.2d 858, 862-63 (Fed. Cir. 1984) (finding the experimental use exception inapplicable to scientific tests using a patented pharmaceutical compound for the purpose of obtaining generic product marketing approval from the Food and Drug Administration).

<sup>79</sup> The experimental use “exception” is actually an exclusion from the definition of conduct that is considered to be infringing under Section 271(a), was originally based on a more restrictive interpretation of the scope of the statutory patent property right, and has improperly been interpreted as a “common-law” “defense” to infringement. See, e.g., Henrik Holzapfel & Joshua D. Sarnoff, *A Cross-Atlantic Dialog on Experimental Use and Research Tools*, 48 IDEA 123, 136 (2008); cf. *Integra LifeSciences I, Ltd. v. Merck KGaA*, 331 F.3d 860, 863 n.2 (Fed. Cir. 2003) (“common law” exception).

<sup>80</sup> Cf. H.R. Rep. No. 98-857, pt. 2, at 61 (1984) (“Roche was wrongly decided. Congress did not intend the word ‘uses’ in § 271(a) to extend so broadly.”) (citation omitted).

<sup>81</sup> See 35 U.S.C. § 271(e).

<sup>82</sup> *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998).

infringement solely for business method inventions.<sup>83</sup> In the 2011 Leahy-Smith America Invents Act (AIA), Congress revised and extended the prior user right defense in Section 273, making it generally applicable to *all* types of patented inventions (*i.e.*, any process, machine, manufacture, or composition of matter).<sup>84</sup> Congress even thought to provide explicitly for exhaustion of patent rights with regard to the purchasers of the prior users' products, to assure that such patents do not interfere with consumer rights to use (including to repair) or to sell their purchased products.<sup>85</sup>

Congress has sometimes adopted limitations *on remedies* in order to protect particular actors and their legitimate conduct, when problems have arisen from private parties asserting patents in unforeseen ways that Congress had authorized. Thus, Congress in 1996 adopted Section 287(c) to limit remedies against doctors who might infringe medical method patents, once the practice developed of suing doctors on such patents.<sup>86</sup> Such parties simply cannot be sued for infringement of such patents, even though their conduct is still considered infringing.<sup>87</sup> As with the Hatch-Waxman Act and the prior user right, such limitations on remedies leave patent eligibility and patent incentives essentially intact, while protecting particular actors and specific conduct from threats of infringement.

In contrast, when Congress has later recognized that it did not intend for various types of subject matter to be considered patent eligible –although such patents were legally authorized and were legally obtained – Congress has sometimes entirely excluded such inventions from patent eligibility or from patentability. Thus, in Section 33 of the 2011 AIA amendments, Congress directly prohibited patents for human organisms.<sup>88</sup> And in Section 14 of the 2011 AIA amendments, Congress indirectly excluded patents from issuing for tax liability methods, by preventing those methods from being used to distinguish claimed inventions from the prior art.<sup>89</sup>

In summary, Congress has repeatedly used various legislative approaches to restrict the over-extension of the patent infringement right that has been triggered by expansive judicial and PTO interpretations of patent eligible subject matter, by expansions of the patent infringement right, or by unanticipated assertions of patent rights against legitimate conduct that should not be prohibited. In doing so, Congress has usually singled out particular industries and particular

---

<sup>83</sup> American Inventors Protection Act of 1999 [hereinafter AIPA], in Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. No. 106-113, § 4302, 113 Stat. 1501A-555 (Nov. 29, 1999) (adopting 35 U.S.C. § 273).

<sup>84</sup> See Leahy-Smith American Invents Act [hereinafter AIA], Pub. L. No. 112-29, § 5, 125 Stat. 284 (Sept. 16, 2011) (amending 35 U.S.C. § 273).

<sup>85</sup> See 35 U.S.C. § 273(d).

<sup>86</sup> See Omnibus Consolidated Appropriations Act of 1997, Pub. L. No. 104-208, § 616, 110 Stat. 3009 (1996) (enacting 35 U.S.C. § 287(c)). See generally Leisa T. Peschel, Revisiting the Compromise of 35 U.S.C. § 287(c), 16 TEX. INTELL. PROP. L.J. 299, 303-09 (2008) (discussing the history of patent assertions against doctors that led to the legislative response).

<sup>87</sup> See 35 U.S.C. § 287(c)(1) (“With respect to a medical practitioner’s performance of a medical activity that constitutes an infringement under section 271(a) or (b), the provisions of sections 281, 283, 284, and 285 shall not apply against the medical practitioner or against a related health care entity with respect to such medical activity.”)

<sup>88</sup> See AIA, § 33(a) (relating to 35 U.S.C. § 101) (“Notwithstanding any other provision of law, no patent may issue on a claim directed to or encompassing a human organism.”).

<sup>89</sup> See AIA, § 14(a) (relating to 35 U.S.C. §§ 102, 103) (“For purposes of evaluating an invention under section 102 or 103 of title 35, United States Code, any strategy for reducing, avoiding, or deferring tax liability, whether known or unknown at the time of the invention or application for patent, shall be deemed insufficient to differentiate a claimed invention from the prior art.”).

conduct for exclusions from, exceptions to, or limitations on the over-extended patent grants or infringement rights. And where Congress believes that particular subject matter should not qualify for patent protection, it has sometimes prevented any further patents for such subject matter from being granted. Thus, the only apparent requirement for Congress to adopt such legislation is the recognition that a significant problem has developed that warrants fixing. The PARTS Act responds to precisely such a problem, and does so in a way that does not deprive patent holders of any legitimate rewards or incentives.

Finally, Congress has often applied such corrective measures *retrospectively* to previously issued patents subject to broader infringement rights. For example, Congress applied the business method patent prior user right to all then-existing business-method patents, except for those already involved in pending litigation.<sup>90</sup> Further, Congress expressly rejected arguments that it would effectuate an unconstitutional taking of property by providing for covered business method post-grant reviews of previously issued patents, which single out particular industries and might invalidate patents issued by the PTO even if they had been held valid by courts.<sup>91</sup> The Federal Circuit similarly rejected a constitutional takings claim when Congress had provided for post-grant reexaminations.<sup>92</sup> The Supreme Court, moreover, has noted (when deciding whether legislative or regulatory actions rise to the level of an unconstitutional, uncompensated taking) that the extent of diminution of value on the property as a whole must be considered.<sup>93</sup> The PARTS Act would preserve the design patent holders' rights *entirely* intact *except* in regard to the consumer repair right. Thus, there should be no concern whatsoever with applying the PARTS Act immediately to existing patents to remedy a problem that Congress neither foresaw nor intended to create, but which has resulted from judicial expansion of the design patent eligibility provision without legislative warrant.

---

<sup>90</sup> See AIPA, § 4303 (“This subtitle and the amendments made by this subtitle shall take effect on the date of the enactment of this Act, but shall not apply to any action for infringement that is pending on such date of enactment or with respect to any subject matter for which an adjudication of infringement, including a consent judgment, has been made before such date of enactment.”).

<sup>91</sup> See 157 Cong. Rec. H4421 (daily ed. June 22, 2011) (statement of Rep. Lamar Smith) (“The application of these new reexamination procedures to existing patents is not a taking or otherwise a violation of the Constitution.”) (quoting a letter from former Judge Michael McConnell, U.S. Court of Appeals for the 10th Circuit).

<sup>92</sup> See *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 602-03 (1985).

<sup>93</sup> *Penn Central Transportation Co. v. City of New York*, 438 U.S. 104, 130-31 (1978) (“[T]he submission that appellants may establish a ‘taking’ simply by showing that they have been denied the ability to exploit a property interest that they heretofore had believed was available for development is quite simply untenable.... In deciding whether a particular governmental action has effected a taking, this Court focuses rather both on the character of the action and on the nature and extent of the interference with rights in the parcel as a whole”).



## Conclusion

The consumer right to repair a purchased patented product has existed in patent law since at least 1850. The development of partial-product and fragment design patents threatens to take away that right. Congress did *not* intend to authorize partial-product or fragment design patents when providing for design patents in and since 1842. Although partial-product and fragment design patents have become commonplace since the 1980 *Zahn* decision, Congress has yet to approve of that unwarranted expansion of design patent eligible subject matter. In any event, Congress did *not* intend for such patents to deprive consumers of their right to repair their purchased products.

The PARTS Act seeks to restore the patent law consumer right to repair purchased, patented products in the context that matters most – the repair of motor vehicles that have been damaged in collisions to their original appearance. The PARTS Act also will protect and preserve the competitive aftermarket for new, non-OEM exterior repair parts. By doing so, the PARTS Act will continue to maintain consumer choices and price savings, and hopefully will preserve the lower insurance premiums that the consumer repair right historically has provided. Congress should act *now* to adopt the PARTS Act, before the aftermarket for repair parts is lost.