



## Frequently Asked Questions

### **Q: What does the PARTS Act do?**

**A:** The PARTS Act strikes an ideal balance between protecting intellectual property and preserving competition in the automotive parts industry. The PARTS Act:

- Reduces the period during which car companies can enforce their U.S. design patents on collision repair parts against alternative suppliers for selling such parts from 14 years to 30 months.
- Begins the period enforcement of the design patent on the first offer for sale of the car model containing the design patented part — in any country.
- During the 30-month period, alternative suppliers could manufacture, test, market and distribute parts pre-sale without infringing upon the design patents.

### **Q: Has the PARTS Act been introduced in the 114<sup>th</sup> Congress?**

**A:** Yes! The PARTS Act was introduced in the U.S. House of Representatives and the U.S. Senate on February 25, 2015, by U.S. Representatives Darrell Issa (R-CA) and Zoe Lofgren (D-CA), and U.S. Senators Orrin Hatch (R-UT) and Sheldon Whitehouse (D-RI). The bill numbers are H.R. 1050 and S. 560, and both bills are assigned to the respective Judiciary Committees.

### **Q: What is an alternative collision repair part?**

**A:** A new exterior, cosmetic generic part (made in many of the same factories that make car company parts). Examples of these parts include lights, grilles, door panels, fenders, bumper covers and hoods. These are also known as aftermarket crash parts.

### **Q: Are these ‘aftermarket’ parts high quality and safe?**

**A:** The quality is assured by manufacturers and distributors who provide warranties on their parts. QPC members often have warranties that exceed those offered by the car companies. Many quality alternative parts are certified by an independent third party.

That said, the Insurance Institute for Highway Safety consistently has found (through crash testing and crashworthiness evaluations) that, generally speaking, cosmetic exterior parts “serve no safety or structural function . . . [t]hey merely cover a car like a skin” and that whether a cosmetic collision repair part is a car company part or an alternatively supplied part “is irrelevant to crashworthiness.”

In fact, when the big car companies raise such safety and quality concerns, they are simply a “red herring.” This is especially clear in light of the strong endorsement of the PARTS Act by the nation’s leading consumer groups: the Consumer Federation of America, Consumers Union, Advocates for Auto and Highway Safety, Center for Auto Safety, and Public Citizen.



## **Q: Why do we need the PARTS Act?**

**A:** The PARTS Act addresses a serious problem facing American families – the increasing inability of working families in this economy to cope with the high cost of auto repairs. A Consumer Reports survey found that approximately 40 percent of car owners are postponing repairs to their cars due to the financial burden, and an AAA telephone survey found that approximately one-in-four car owners could not afford major repairs. Now, more than ever, especially at a time when average motorists keep their vehicles for 11 or more years, consumers depend on the aftermarket for affordable, quality repair parts.

## **Q: How will the PARTS Act impact insurance premiums?**

**A:** Consumers have had the benefit of a competitive marketplace for replacement parts for decades. Among the many consumer benefits the PARTS Act preserves is helping to keep the costs of repairs down by as much as \$1.5 billion per year which, in turn, helps keep the cost of insurance premiums down. If the auto companies get their way and force alternative collision repair parts out of the marketplace, you can expect your insurance premiums to increase significantly.

But don't take our word for it. Listen to Neal Menefee, the president and CEO of Rockingham Mutual Insurance Company, who testified in front of the House Judiciary Subcommittee on Intellectual Property and said: "[Insurance providers] are working to pass [the PARTS Act] to avoid a significant increase in the cost of parts and insurance premiums."

## **Q: Shouldn't the car companies reap the rewards of their own designs?**

**A:** We respect the investment made by the car companies in intellectual property when designing their cars to create a distinctive owning and driving experience (and to compete against other car companies).

However, when consumers buy a car (for upwards of \$35,000) in the showroom, put the title in their pockets, and drive it off the lot, it is their property, and they have compensated the car company for the overall design and manufacture of the car. American consumers should not be forced to pay a monopoly price on a part such as a fender or quarter panel whenever it has been damaged in an unexpected accident and needs repair.

While protecting competition in the market for collision parts, the PARTS Act still provides car companies with up to 30 months to enforce their design patents against alternative collision repair parts suppliers and would do nothing to deter car companies from obtaining 14-year design patents on their collision parts and enforcing them for up to 14 years against other car companies to prevent them from copying one another's vehicle designs in the new car sales market. Therefore, the PARTS Act does nothing to change the incentive of the car companies to innovate as they continue to design their vehicles to compete against each other.