

## Fed. Circ. Boosts Design Patents For Replacement Parts

By **Matthew Bultman**

*Law360 (July 26, 2019, 8:12 PM EDT)* -- The Federal Circuit's ruling upholding Ford patents on designs for the F-150 pickup truck strengthens companies' use of design patents to protect replacement parts, while perhaps renewing interest in legislation to shorten the term of design patents for parts used in collision repairs.

The ruling, which was unsealed this week, affirmed a Michigan district court's refusal to invalidate or declare unenforceable two Ford patents covering the design of F-150 hoods and headlamps. The patents were challenged in a lawsuit filed by the Automotive Body Parts Association, a trade group for auto parts distributors.

"For design rights holders, it's a really positive case because it shuts down these two potential avenues that the [ABPA] was using to try to take the teeth out of design patents for replacement parts," said Tracy-Gene Durkin of Sterne Kessler Goldstein & Fox PLLC.

The law allows for patents on "new" and "ornamental" designs for an article of manufacture. The Federal Circuit in previous cases has said a design patent cannot claim a "primarily functional" design. In other words, if something is essential to the use of the article, a design patent is unavailable.

Matthew Siegal of Dilworth & Barrese LLP said there are a couple knee-jerk defenses of companies accused of design patent infringement, particularly when it involves replacement parts.

One is that the design at issue is functional. The other argument is that once an individual device is sold to a customer, the patents on it are exhausted, plus the buyer has a right of repair. The Federal Circuit tackled those arguments and explained when those defenses won't hold up.

"I suspect this will become one of the most frequently cited cases in the area of design patent law," Siegal said.

Ford and the ABPA have been clashing for years. This particular case started after Ford sent cease-and-desist letters to some ABPA members. The group filed a lawsuit seeking a court order that the patents were invalid and unenforceable.

With respect to functionality, the ABPA argued that vehicle owners shopping for replacement parts want

hoods and headlamps that look the same as the original. Ford's patented designs, it said, are functional because they aesthetically match the F-150 truck.

Rejecting this argument, the Federal Circuit said the whole point of design patents is to give inventors a limited, exclusive right to a certain look. The court said it wasn't aware of any design patent case that found aesthetic appeal of this type to be functional.

The Federal Circuit also refused to borrow the concept of "aesthetic functionality" from trademark law.

The doctrine can preclude trademark protection for features that competitors need to be allowed to use. For example, it was recently decided that irrigation company Rain Bird couldn't register copper-colored plastic tubes as a trademark because the color serves the functional purpose of camouflaging hosing placed among soil and plants.

"The Federal Circuit says this is a trademark idea that has not been applied to designs and they see no reason to apply it to designs," said Elizabeth Ferrill of Finnegan Henderson Farabow Garrett & Dunner LLP. "In my mind, they cabin the functionality discussion to a discussion that's based on mechanical functionality versus aesthetic functionality."

"I think it comes out of the fact that functionality in design patents and functionality in trade dress, in particular, are very different concepts," she said.

One key difference highlighted by the Federal Circuit is that design patents have a limited lifespan, whereas trade dress rights do not. Durkin said trade dress can be an important part of a company's IP portfolio but "this case affirms that design patents are still king."

"The Federal Circuit had the opportunity to apply aesthetic functionality to design patents and expressly decided not to do that," she said. "But we know that trade dress can be very vulnerable to this argument."

On the subject of exhaustion, Ford didn't dispute that it loses patent rights on parts that are included with the F-150 truck in its initial sale. But the ABPA argued exhaustion extends even further and allows the use of Ford's designs on replacement parts.

The Federal Circuit disagreed, saying exhaustion attaches only to items sold by the patent owner and does not protect ABPA members. The court noted its reluctance to set special rules for design patents.

"Up until now, we haven't had a nice recitation of exhaustion with respect to design patents," Ferrill said. "I was happy to see what I think is relatively clear guidance from the Federal Circuit on this point."

Ford and other automakers aren't alone in turning to design patents to protect replacement parts. It is an approach taken by companies in a number of other industries, ranging from makers of toothbrushes and razor blades to printer cartridges.

The Federal Circuit's ruling confirms the value of obtaining design patents on the replaceable portions of products that have multiple parts, attorneys said.

"There are plenty of industries where people patent parts," Durkin said. "My takeaway from this is that patenting those parts is a valuable strategy and companies who have replacement parts should continue

to patent them, not only as a portion of a larger product that they might be sold with initially, but just as importantly, they should be patenting the replaceable components.”

“This case certainly eliminates arguments that people might have in terms of those replacement parts not being validly patented or not being able to be enforced,” she said.

There have been efforts in Congress over the years to significantly shrink the term of design patents on auto parts used in collision repair. The ABPA has been a vocal supporter of these measures, saying in 2017 that it was a matter of “protecting consumer choice.”

This ruling could renew interest from groups like the ABPA in those efforts.

“I think part of what the ABPA was doing was trying a different tack, as it were, because they didn’t make much progress on Capitol Hill,” Ferrill said. “If this turns out to be the last word that the courts have for the time being on this topic, they may very well decide to resurrect” potential legislation.

--Editing by Aaron Pelc and Jill Coffey.