

**COMMENTS TO THE U. S. PATENT AND TRADEMARK OFFICE ON PENDING  
LEGISLATION H. R. 5638 (110<sup>TH</sup> CONGRESS, 2D SESSION) AND DESIGN  
PROTECTION**

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**I. Executive Summary**

The U. S. Congress is considering legislation to permit products made up of parts to be repaired without infringing any U. S. utility patent or design patent on the product or its parts. This repair right is to the extent the protected features contribute to the product appearance. There is no need for this legislation, as current utility patent and design patent laws usually allow the repair without patent infringement. Patent law does not allow reconstruction of a product.

This paper reviews the history of product repair and reconstruction in relation to the proposed legislation. A brief review of international law and national laws indicates a general acceptance of the repair doctrine, with some differences in how it was applied. Issues are identified that needs to be considered in evaluating this legislation, and recommendations are given on how to proceed with this review.

**II. Introduction**

These comments are submitted in response to a solicitation by the U. S. Patent and Trademark Office in its web notice of May 29, 2008, as part of the Town Meetings held to receive

comments on design protection and, in particular, on proposed legislation related to spare parts design patent protection.

The terminology used in this paper will separate the discussion for a product made up of parts (combination product), and an individual part of a combination product. Also, the U. S. utility patent will be discussed separately from the U. S. design patent. A U. S. utility patent protects the functional arrangement of a product<sup>1</sup> and U. S. design patent protects only product appearance that is primarily not functional.<sup>2</sup> The basic principles of U. S. patent law apply to both utility and design patents, because of their common statute, with exceptions spelled out in the patent statute and by the courts.<sup>3</sup> Where the term “patent” is used, it will refer to both utility patent and design patent.

In the U.S. Congress, Representative Zoe Lofgren introduced a repair parts bill, H.R. 5638 (110th Cong., 2d Session.), on March 13, 2008, that follows in some respects the proposed European Union (EU) broad exclusion from infringement for repair. This bill would add a new subsection (j) to the U. S. Patent Act at 35 U.S.C. § 271, providing as follows:

*(j) it shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States any article of manufacture that itself constitutes a component part of an other article of manufacture, if the sole purpose of the component part is for the repair of the article of which it is a part so as to restore its appearance.*

It is clear from this proposed legislation that utility patent and design patent infringement rights will be eliminated for the individual repair parts that contribute to product appearance. The proposed legislation is not limited to patents, as it would include trademarks and copyright protected designs.

While the main dispute is between automobile manufacturers that produce original car parts and competitive parts suppliers, the U.S. legislation applies the exclusion to repair for all products.

### **III. Current U. S. law on patented product repair and reconstruction**

This report analyzes the legal history of U.S. law regarding the repair exemption from patent infringement and reconstruction infringement for situations related to the proposed legislation.

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1. U. S. patent law, 35 U.S.C. § 101 (2008).

2. U. S. patent law, 35 U.S.C. § 171 (2008).

3. U. S. patent law, 35 U.S.C. §§ 171-173 (2008); (Section 171 states: “Provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.” The law for utility patents must be considered for design patents, and the law from court decisions on utility patents may also apply to design patents.)

### **A. U. S. Case Law – Authorized, Non-Infringement Repair**

It is clear from U. S. case law that the repair non-infringement principle has been established for a product purchased from the owner of a utility patent for the product, and that reconstruction of a product is an infringement. A very important U.S. Supreme Court case on this topic is *Aro Mfg. Co. v. Convertible Top Replacement Company* (Aro I)<sup>4</sup>. In this case replacement of an automobile convertible top fabric was permitted even though the combination of the convertible top mechanism, including the fabric cover was patented. The court held that even if the top would have been uniquely created for the patented device, there would not be contributory infringement from the replacement. It was an authorized repair of the patented product. Since this case was limited to a utility patent, a question is whether the principle would apply to a design patent. There is a strong argument that the same conclusion of non-infringement would result for parts replaced in a combination product that were protected by design patents to retain the product appearance. As discussed below in this section, the U. S. case law supports this conclusion.

Therefore, under current law a purchaser of a product from the patent owner would be able to repair any of its parts. Fenders, windshields and doors, for example, could be replaced without any risk of patent infringement, either of a utility patent or design patent. An exception might be a contractual requirement excluding repair or further use, if it is enforceable. This contractual exception would be subject to questions of patent misuse and antitrust on a case by case basis.

While most U. S. patent infringement cases involved utility patents, a primary example for repair of a product protected by a design patent can be used to illustrate the current law, *Jazz Photo Corp. V. International Trade Commission*,<sup>5</sup> and its companion federal case, *Fuji Photo Film Co., Ltd. V. Jazz Photo Corp.*<sup>6</sup> In the Federal Circuit, Court of Appeals (Federal Circuit) review of the *Jazz International Trade Commission* case, it was held that a one time disposable camera with film inside could be repaired by a third party who took the camera case off to add a new roll of film and sell the camera for another use.<sup>7</sup> The camera outside case had to be removed to gain access to the old film and a new outer case had to be added. A design patent protected the camera appearance, and utility patents protected some of the functional features. The court held these changes were not infringement of any of the patents.<sup>8</sup> The court noted that the original camera could have been sold with an agreement to restrict the sale to one time use, but that contractual approach was not used.<sup>9</sup> It is clear from the *Jazz* case that the repair doctrine applies to design patents.

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4. *Aro Mfg. Co. v. Convertible Top Replacement Company*, 365 U.S. 336 (1961).

5. *Jazz Photo Corp. V. International Trade Commission*, 264 F. 3d 1094 (Fed. Cir. 2001).

6. *Fuji Photo Film Co., Ltd. V. Jazz Photo Corp.*, 394 F.3d 1368 (Fed. Cir. 2005).

7. *Supra* note 5 at 1098.

8. *Supra* note 5 at 1110

9. *Supra* note 5 at 1107-1108

As for products made from a combination of parts, there is no need in the U. S. for the proposed legislation to provide a combination product repair right, as long as the company selling the combination product is the patent owner or that company has the right to sell the combination product is the patent owner, or that company has the right to sell the combination without infringement of any patents. This repair doctrine was established by the *Aro I* case.

**B. U. S. Case Law – No Right to Repair – Lack of Authorization from Patent Owner**

This legal requirement for the product manufacturer or seller to have authorization from the patent owner was established in *Aro Manufacturing Co., Inc., et al, v. Convertible Top Replacement Co., Inc. (Aro II)*,<sup>10</sup> that involved a situation where the repair was on a car that had not been purchased from the utility patent owner, or under a license from the patent owner. The court held there was no right to repair.

There is patent infringement, both for utility patents and design patents, where the person authorizing the repair did not obtain the product from the patent owner, or have an implied license to repair. If someone makes the product without authorization from the patent owner and infringes the patent, there is no repair right for an owner of that product. This requirement is consistent with the patent right.

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10. *Aro Manufacturing Co., Inc., et al, v. Convertible Top Replacement Co., Inc.*, 377 U.S. 476 (1964).

### C. Patent contributory infringement or parts patents infringement – Repair principle

In the U. S. Supreme Court *Aro I* decision, the Court concluded that purchase of the automobile from a utility patent owner gave the purchaser the right to repair without utility patent infringement.<sup>11</sup> The utility patent in the *Aro I* case was a convertible top combination of parts including the replaceable fabric. The court noted that the fabric was specifically designed for the car top structure. The fabric top was a unique feature of the patented product and under the patent law of contributory infringement the person who supplied this part might have been a patent infringement. The contributory infringement doctrine creates an infringement when a part uniquely designed for a product are made, even though the patent does not claims the combination of parts and not the unique part.

The *Aro I* decision addressed the issue of whether the fabric top was a contributory infringement, under 35 U.S.C. § 271(c).<sup>12</sup> The court kept its focus on the repair right and found no contributory infringement. Federal Circuit cases have followed the *Aro I* case holding on this point.<sup>13</sup>

The *Aro I* case is strong support for the repair doctrine, allowing repair of a product when a combination product, or a part of that product is protected by a utility patent or a design patent.

In considering the repair right, a court decides if there has been a reconstruction of the product, a right that a patent owner is recognized to have. The Federal Circuit cases have shown a trend for flexible and broad interpretation of the repair doctrine, short of a clear showing of reconstruction. Federal Circuit cases have regularly ignored the contributory infringement issue for combination products with a utility patent protecting the combination, indicating that the presence of a patent protected part would not prevent product repair.<sup>14</sup>

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11. *Supra* note 4 and accompanying text.

12. *Supra* note 4 at 338-347.

13. *Porter v. Farmers Supply Service, Inc.*, 790 F.2d 882, at 884-886 (Fed. Cir 1986 (One of the first Federal Circuit cases on the repair and contributory infringement issues involved a replacement disk for tomato harvester); *Dana Corp. v. American Precision Co., Inc.*, 827 F.2d 755, 758-769 (Fed. Cir. 1987) (truck clutches repair; court held there was no direct infringement, a requirement for a finding of contributory infringement. The clutch refurbishing using a production line and with multiple part replacement were repairs); *Lummus Industries, Inc v. D. M. & E. Corp.*, 862 F.2d 267 (Fed. Cir. 1988)(Court held cutter device patent for filament textile fiber was infringed and applied the contributory infringement law. The court rejected the *Dana* case broad view that the repair principle prevails over contributory infringement; Most later Federal Circuit cases favored the *Dana* case view, as evidenced by the recent *Husky* case); *Husky Injection Molding System Ltd. v. R & D Tool Engineering Co.*, 291 F.3d 780, 784-788 (Fed. Cir. 2002) (Molding machine competitor was allowed to make replacement molds for patented machine; This case also evidences the flexible approach to what is repair, allowing parts that are not spent to be replaced for the machine under certain circumstances, to restore the serviceability of the machine. The basic law that where repair is allowed there can be no contributory infringement has been followed in the Federal Circuit.); Authur J. Gajarsa, Evelyn Mary Aswad, Joseph S. Cianfrani, How Much Fuel to Add to the Fire of Genius? Some Questions about the Repair/Reconstruction Distinction in Patent Law, 48 Am. U. L. Rev 1205 (1999)(In this review of U. S. repair/reconstruction case law, the authors analyze the increased use of contracts to control the right to repair a product. They urge more effort to evaluate the impact of this use of contractual control of repair.)

14. *Id.*, *Husky*, 291 F.3d 780.

The case law supports the application of the repair doctrine for all patent rights held by the manufacturer, and the current contract law permits contractual arrangements, on a limited basis, for third part patented parts owners who have their parts incorporated into a combination product.

#### ***IV. International related laws***

U. S. treaty obligations should be reviewed for requirements that must be followed. Review of national laws, while not controlling, helps to provide another perspective on the patent infringement repair right topic.

In most other countries the term “patent” is used solely to identify a utility patent. Design protection is provided usually by an industrial design system separate from the patent law. This discussion will continue to use the terms utility patent and design patent for the corresponding protection.

A brief review of the law in Australia,<sup>15</sup> several European countries<sup>16</sup> and Canada,<sup>17</sup> indicated that a repair right was provided for utility patents, where the owner authorizing the repair has obtained the product from the patent owner, or the product owner had at least an implied license to repair. No discussion in national laws of a repair right was found for design patents.

In the European Union (EU) the situation for the Community Design Regulation has progressed to the point where an amendment may be made to provide a repair right for all design registered products.<sup>18</sup> The debate is primarily between the car manufacturers and the after market

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15. Australian Government Report: *Review of the “Spare Parts” Provision in the Designs Act 2003*, Dec. 2005 (available on the Australian IP Office web site at URL: <http://www.ipaustralia.gov.au/media/pages/resource/media/2006.htm>, web site last visited on July 14, 2008)(Australia introduced a new design right system under its Designs Act 2003. Design registration of spare parts do not prevent repair. A review after two years operation of the law was conducted. The above report concluded that so far the spare parts provision “was yet to have a significant effect on industry and consumers,” Executive Summary, page 3 of the report.

16. Amiram Benyamini, *Patent Infringement in the European Community*, 13 IIC Studies 100-114, 204-215 (In general, utility patent laws in Europe have repair rights provisions, with some variations in approach; footnote 29 has a detailed list of publications on the U. S. repair topic.)

17. Harold G. Fox, *The Canadian Law and Practice Related to Letters Patent for Invention*, 391 (4<sup>th</sup> Ed 1969)(The author explained that Canada allows repair of a patented device. If a patented device has an essential feature that is replaced, infringement will occur. More relevant to the U. S. proposed legislation, the authored stated “[i]f a combination patent protects also a separate element, it would seem that purchase from the patentee of such separate element licenses its use in the combination, and the purchaser cannot be penalized for so using it.” [citations omitted].)

18. Audrey Horton, *European Design Law and the Spare Parts Delemma: The Proposed Regulation and Directive*, E.I.P.R. 1994 16(2), 51-57; Joseph Drexel, Retro M. Hilty and Annette Kur, *Design Protection for Spare Parts and the Commission Proposal for a Repair Clause*, 36 IIC 448(2005)(These publications will bring the reader up to date as of 2005 on the EU Community Design repair parts proposal. In essence, the proposal is to provide that the presence of a Community Design protection on a part will not prevent repair of a combination product. Since 2005 the EU Parliament has endorsed this proposal with a few changes that do not affect its basic approach. The Internet is the best place to keep up on this topic, as any developments are quickly picked up by the news services and

alternative manufacturers of spare parts, but the EU proposal gives the repair right to all registered Community Design spare parts. The proposal is not limited to car parts. There is no repair provision concerning utility patents.

## **V. Issues created by the proposed legislation**

### **A. Defining who has the right to repair**

The proposed legislation is unclear on who has the right to repair. This point was explained in connection with the discussion of Aro II in section III(B) of this paper.

### **B. Rights of third party patent owner**

The proposed legislation does not directly address the situation where a third party has a patented part in the combination product. This topic was addressed in section III (C) of this paper

### **C. The fit of the proposed law into the current patent law on repair and reconstruction**

Under current U. S. infringement law there is a careful factual analysis of all the facts to determine whether there has been a repair or reconstruction. It is not clear how the proposed legislation would affect the current repair and reconstruction law. The proposed law does not incorporate principles of the current law in the legislation. This topic relates to all the discussion in section III of this paper and the cited cases.

### **D. The effect of the proposed legislation on utility patent law**

It is not clear what effect the legislation will have on combination products or parts protected by utility patents that are part of the combination product appearance. It appears that utility patent protected products and parts are subject to the legislation's broadly worded repair provision. The legislation needs to be clarified on the utility patent law impact. This topic is discussed in the Introduction, section II.

### **E. The effect of the proposed legislation on independent businesses part suppliers**

It is clear that under current law when a manufacturer owns all the patents on its product a product owner has the right to repair. In the situation where a combination product has a part manufactured and patented by a third party business, the right to give the repair authorization may be held by the third party business. The combination product manufacturer will have to negotiate that for the repair right.

The economic impact of being able to incorporate parts invented by third parties in a combination product is an important consideration. A third party patent owner may not want to have their part refurbished, for safety reasons, or due to technology complexity in the repair, for example.

Current U. S. law does provide for agreements to limit repair of parts, under certain circumstances. The proposed legislation should take third party product supplied business situations into consideration.<sup>19</sup>

An example of the situation referred to above could be a car rear mirror, of the type that changes automatically for day and night use. This product is a part of the car and may have been patented by a third party business that supplies them to several car manufacturers. The U. S. economy should not diminish the incentive of these third party inventors to patent improvement parts for product combination manufacturers. The proposed legislation introduces a new complication for our innovation system. A third party patented owner should be able to obtain the full benefits from their product part patent. This topic is discussed in section III(D) of this paper.

#### **G. Compliance with the WTO membership: TRIPS (Trade related Aspect of Intellectual Property Rights)**

A question is whether the World Trade Organization (WTO) TRIPS requirement for design protection is an issue. TRIPS requires that each member provide protection for industrial designs.<sup>20</sup> There is no conflict between TRIPS and the exception to infringement based on repair. TRIPS has a balancing of interests in its articles 7 and 8, It allows members to adjust their national laws for economic reasons and public needs through negotiation. This review for each member's approach, within limits, should allow WTO members to retain repair provisions in their national laws. These TRIPS provisions do require serious negotiation to achieve a mutually satisfactory resolution, with the alternative of TRIPS Dispute Resolution Process encouraging that result. The fact that TRIPS member have included, or are considering adding, repair provisions in their national laws is further evidence that use of repair provisions is acceptable. The national laws on repair are discussed in section IV.

## **VI. Recommendations**

### **A. Current Law Retained**

There appears to be no need to have new legislation, as the rights being sought are provided now. The courts will be able to apply the repair doctrine to the spare parts issues. The judicial approach will provide the necessary interpretation with current law. The legislative approach may be too complex a way to achieve the necessary interface with existing law. This recommendation is explained in sections III(B) and III(C).

### **B. International Review.**

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19 . *Supra* note 13, Gajarsa et al (This article discusses contractual agreements restricting use of a product.)

20. Article 25(1) TRIPS, General Agreement on Tariffs and Trade (The TRIPS document can be found on the World Trade Organization web site at URL: <http://www.wto.org>., last viewed on July 14, 2008)

A more detailed study of any proposed legislation is needed, with some consideration of the general approach taken in other countries and particularly whether there is a binding requirement because of U. S. membership in TRIPS. This issue is discussed in section V(G).

**C. As a minimum, resolve the above listed issues**

There are several issues raised in section V above that need to be discussed and, hopefully, the proposed legislative text will be clarified to address these concerns.

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The opportunity to present these comments is greatly appreciated. The comments were prepared after a careful review of all related U. S. Supreme Court and Federal Circuit cases on the repair and reconstruction topics, and a brief study of materials on the international and foreign laws related to these topics.

If there are any questions about my comments, please feel free to contact me at my E-mail address shown above. This contact point will allow a prompt response.

It is requested that these comments be published as a part of the U. S. Patent and Trademark Office dissemination of the comments received on this topic.

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