

Federal Circuit Affirms Validity of Design Patents For Automotive Body Parts in Precedential Opinion

July 23, 2019

The Federal Circuit issued a precedential **opinion** on July 23, 2019, affirming the validity of two design patents related to the Ford F-150 hood and headlamp and sweepingly rejecting arguments that the patents on automotive repair and replacement parts are invalid and unenforceable.

This case began in the Eastern District of Michigan when the Automotive Body Parts Association ("ABPA") sued Ford Global Technologies, LLC ("Ford") seeking a declaratory judgment of invalidity or unenforceability of two design patents. The ABPA describes itself as a 160-member "coalition dedicated to serving the collision repair industry with quality replacement parts, backed by dependable service and fair prices." [1] The ABPA eventually moved for summary judgment, arguing that Ford's patents were both functional and exhausted, and therefore, invalid as a matter of law. In response, Judge Michelson, *sua sponte*, granted summary judgment in Ford's favor. The ABPA appealed the decision to the Federal Circuit.

On appeal, the ABPA advanced two main arguments. First, it argued the patents were functional and therefore invalid. Section 171 of Title 35 authorizes design patents claiming "new, original and ornamental design[s] for an article of manufacture." 35 U.S.C. § 171(a). The Federal Circuit has previously held that an "ornamental design" cannot be "primarily functional." *Sport Dimension, Inc. v. Coleman Co.*, 820 F.3d 1316, 1320 (Fed. Cir. 2016). The ABPA argued that because consumers seeking replacement parts seek to restore the original appearance of their vehicles, there is a functional benefit to designs that are aesthetically compatible with the vehicles.

The Federal Circuit rejected this argument, noting that not only did the ABPA lack support for their statement regarding the intent of the consumer, aesthetic appeal of a design to consumers is inadequate to render that design functional. The Federal Circuit also declined the ABPA's request to extend the trademark principle of aesthetic functionality from trademark law to design patents.

Second, the ABPA argued that the patents were unenforceable under the doctrines of exhaustion and repair. This "well-established" rule, dubbed exhaustion, "marks the point where patent rights yield to the common law principle against restraints on alienation." *Impression Prods., Inc. v. Lexmark Int'l, Inc.*, 137 S. Ct. 1523, 1531 (2017). Patent exhaustion provides that the first unrestricted sale by a patent owner of a patented product exhausts the patent owner's control over that particular item. Thus, the purchaser of the item can dispose of that product without fear of patent infringement. The ABPA argued that when an F-150 truck is sold, the entirety of any design patents embodied in the truck are exhausted and use of Ford's designs on replacement parts are permitted so long as they are intended for use with Ford trucks.

The Federal Circuit declined to accept this broad approach. Instead, the Court held that exhaustion attaches only to items sold by, or with the authorization of, the patentee, and that the ABPA failed to satisfy these requirements. Likewise, with respect to the right to repair, the Court held that it does not permit a complete reconstruction of a patented device or component but rather only allows replacement of individual unpatented components of the patented article. The Court stated:

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"The designs may be embodied in the hoods and headlamps that form part of the full F-150 truck or in separate hoods and headlamps. But though a sale of the F-150 truck permits the purchaser to repair the designs as applied to the specific hood and headlamps sold on the truck, the purchaser may not create new hoods and headlamps using Ford's designs. . . . [S]uch new hoods and headlamps are subject to Ford's design patents, and manufacturing new copies of those designs constitutes infringement . . . Ford could have only claimed its design as applied to the whole truck. Unfortunately for ABPA, Ford did not do so; the designs for Ford's hood and headlamp are covered by distinct patents, and to make and use those designs without Ford's authorization is to infringe." *Auto. Body Parts Ass'n v. Ford Glob. Techs., LLC*, 2018-1613, Slip Op. at 16-17.

Thus, despite the incorporation into a larger product, design patents covering individual automotive body components are not exhausted through sale of the vehicle as a whole.

The decision gives renewed strength to the use of design patents by manufacturers who invest heavily in the design of their products. Design patents have seen increased publicity in recent years in light of the seven-year battle between Apple and Samsung that involved numerous design patents covering the iPhone design for which Apple was awarded \$533 million by a jury. There has also been an uptick in design patent application filings in recent years, increasing almost 9% in FY2017 alone. (*USPTO FY2018 Performance and Accountability Report*) Design patents continue to be an important strategic tool to protect innovation and the ornamental design of commercial products.

Although the decision is a welcome one for suppliers and manufacturers, the ABPA issued a **statement** later on July 23, 2019 indicating that it "will be continuing to pursue its patent exhaustion arguments in petitions for rehearing at the Federal Circuit, and if necessary, in a petition for writ of certiorari to the Supreme Court."

We encourage you to contact the authors of this alert or your Miller Canfield attorney to discuss the impact of this opinion.

[1] <https://www.autobpa.com/>