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The Honorable Darrell Issa
2108 Rayburn House Office Building
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Chairman Issa,

Thank you for the opportunity to answer these questions for the record after the recent right to repair hearing. I appreciate your leadership and the Subcommittee's careful attention to these issues. My responses are below.

SMART Act Clarifications

1. What do design patents protect?

Design patents are not intended to protect useful inventions. Instead, they cover ornamental designs—that is, the decorative appearance of products. Because of the lax standards for design patents adopted by the Federal Circuit and implemented by the USPTO, firms sometimes improperly secure design patents on functional components of their products. In doing so, they sidestep the much more demanding standards for utility patents. This practice is inconsistent with both the text of the Patent Act and Congressional intent.

2. Do design patents also protect products' functionality, such as with respect to safety?

Under the standards mandated by Congress, design patents are limited to ornamental product features. Properly understood, design patents do not cover any functional advantages or safety features. To the extent a design reflects such advantages, it should be protected—if otherwise eligible—by a utility patent. The design patent application process does not consider and cannot guarantee product safety.

3. Would the SMART Act amend utility patent law?

No, the SMART act would not alter the subject matter, substantive requirements, duration, or infringement standard for utility patents in any way. If anything, the SMART Act would further the goals of utility patent law by encouraging firms to focus on genuine innovations rather than minor aesthetic variations.

4. What type of intellectual property law is focused on protecting a consumer's association of a product with a source, like its manufacturer?

Trademark law protects against consumer confusion as to the source of products and services. Importantly, trademark law imposes meaningful limits on the availability of such protection. The

collision parts at issue in the SMART Act would be considered product design trade dress. As the Supreme Court has held, product design trade dress always requires evidence of acquired distinctiveness, also known as secondary meaning. *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205 (2000). That means trademark protection is available only when the manufacturer can prove that consumers associate the design of a product with its source. Automakers may well be able to prove that consumers associate the design of a Prius with Toyota or a Grand Cherokee with Jeep. Proving secondary meaning on the basis of an isolated fender or side view mirror, however, would be considerably more difficult.

5. Would the SMART Act amend trademark law?

No, the SMART Act would not change the federal Lanham Act or state common law trademark doctrine in any respect. To the extent trade dress protection is available for collision parts today, it would remain available if the SMART Act were to be enacted.

6. What effect would the SMART Act have on consumers with respect to insurance rates?

By allowing third party manufacturers to make and sell replacement parts, the SMART Act would significantly lower the expense of collision repairs. Not only will new entrants offer parts at lower prices, but OEMs will likely lower their prices to remain competitive. Given competition among insurance providers, those savings will likely be passed on to consumers in the form of lower premiums.

7. Understanding that the brands GM, Ford, and Toyota are all trademarks, would the SMART Act allow aftermarket parts manufacturers to label their matching replacement parts as GM, Ford, or Toyota products?

Trademark law does not permit false or confusing designations of source. Aftermarket manufacturers could not, for example, label or advertise their parts as genuine or original GM parts. Nor could they use logos, slogans, or other automaker trademarks in their advertising and packaging. However, aftermarket part makers can, consistent with trademark law, accurately communicate the compatibility of their parts with specific vehicles. For example, it would be perfectly lawful for an aftermarket firm to include a statement like "This headlamp assembly is compatible with the 2023 Chevy Bolt" in its advertising or packaging.

8. Would the SMART Act prevent a car manufacturer from enforcing design patents protecting each of its cars' overall appearance against other car companies?

It would not. The SMART Act only applies to collision parts and in no way limits the availability of design patent protection for a vehicle's overall appearance. However, I should note that the text of the Patent Act strongly suggests that design patent protection is inappropriate for vehicles. Utility patents cover "any new and useful process, machine, manufacture, or composition of matter." In contrast, design patents extend only to "articles of manufacture." A plain reading suggests "machines" like cars, electronics, and home appliances are beyond the scope of design patent subject matter.

9. If Congress enacts the SMART Act, would GM be newly able to sell a truck that looks identical to a late-model F-150 in the U.S. if Ford has a design patent on the overall appearance of their current F-150 and GM brands it as a GM car?

Assuming Ford has a valid design patent for the F-150's overall appearance, GM would not be permitted to sell an identical vehicle. The SMART Act would do nothing to change that fact. Even without a design patent, Ford would likely have a strong claim for trade dress infringement given the popularity and recognizability of the F-150 design.

10. Isn't it true that aftermarket non-OEM parts are required to adhere to state like, kind and quality laws?

Yes, the use of aftermarket parts in collision repairs is regulated by state law. At least a dozen states explicitly require that non-OEM parts are of equal kind and quality to the original parts they are replacing. Nearly every other state requires either the consent of the vehicle owner or a clear disclosure if non-OEM parts are used in such repairs. In addition, many insurance policies guarantee that any non-OEM parts are of like kind and quality.

After Market Parts Clarifications

1. With respect to cosmetic exterior car parts like hoods, quarter panels, and fenders that are covered by the SMART Act, generally how much cheaper are aftermarket part options than OEM parts?

I have not conducted any systematic research on this question, but my understanding is that aftermarket parts are significantly less expensive than OEM parts. It is not uncommon for aftermarket part prices to be 40% less than the OEM equivalent. In some instances, that difference can be as high as 65%. It's important to note that parts protected by design patents are likely priced even higher since they face no competition in the marketplace.

2. Is there an organization which tests the quality of aftermarket parts?

The Certified Automotive Parts Association (CAPA) certifies aftermarket parts. CAPA's certification process entails: the review and inspection of each third-party factory and its manufacturing process; an evaluation of the fit, finish, and performance of each line of replacement parts; and random regular inspections.

3. Which car parts usually come with longer warranties: OEM parts or aftermarket parts?

I have not conducted any systematic study of warranties. But in many cases, aftermarket parts come with warranties that are as long or longer than those offered on OEM parts. In other instances, aftermarket parts may have shorter warranties.

4. Would the availability of more aftermarket part options help repair facilities repair cars faster for car owners?

One common source of delay and frustration among car owners is the unavailability of parts. This was especially problematic during the height of the pandemic, but remains true today. Repair shops and their customers can face weeks-long delays to acquire necessary parts. Those delays could be significantly reduced if more third parties manufactured compatible replacement parts.

REPAIR ACT and Data Sharing Clarifications

1. In 2014 OEMs and independent repair facilities entered into a Memorandum of Understanding related to wired access to vehicles' repair data. As cars become ever-more technologically advanced, are additional protections needed on top of the MOU?

The 2014 MOU was an important and meaningful measure that extended the reach of right to repair legislation adopted in Massachusetts. But over the last decade, that framework has become less effective. Telematics systems, which gather and wirelessly transmit vehicle data, have grown increasingly common and complex. Those systems are now capable of transmitting data that was previously available through the standardized On-Board Diagnostic port that Congress mandated in its 1990 amendments to the Clean Air Act. Telematics data, if it is available to independent shops at all, is accessible only thought each manufacturer's own proprietary platform, imposing exactly the sorts of burdens and high costs Congress intended to prevent. Moreover, since electric vehicles do not produce emissions, they are not covered by the Clean Air Act's provisions and thus are not required to include On-Board Diagnostic ports.

2. Last week, the auto manufacturers signed a pact with ASA and the Society of Collision Repair Specialists about access to vehicle-generated repair data. What is new in the pact compared to the 2014 Memorandum of Understanding with independent repairers?

In essence, the document reaffirms the same commitments already contained in the 2014 MOU. In addition, the document addresses telematics systems by promising that they will not be used to "circumvent" the existing guarantees in the 2014 MOU. In the event telematics data is needed to complete a repair, it will be made available to independent repair providers only if the data is: (1) "necessary" to complete the repair; (2) provided to authorized dealers; and (3) unavailable though other tools or providers.

3. Is the auto manufacturers' new pact enforceable?

No. This "commitment" letter contains no enforcement provisions, no remedies for non-compliance, and no dispute resolution process. Given the absence of any consideration, it is likely not even a binding contract. It is primarily a public relations document.

4. Is there legislation in Congress that would safely and effectively enable car owners to share wireless access to their cars' repair- and maintenance-related vehicle-generated data with repair facilities of their choice?

The REPAIR Act would ensure that car owners enjoy secure access to the data generated by their vehicles. It would also empower them to securely share that data with the repair shop of their choice, encouraging competition from independent repair providers. The REPAIR Act would create a process for establishing a secure and reliable portal for accessing vehicle telematics data that would reflect input from industry, NHTSA, and the FTC. The approach outlined in the REPAIR Act—in part because it recognizes the importance of clear, enforceable, nationwide legal rules—is superior to the tenuous voluntary system we rely on today.

5. With the increasing use of telematics in vehicles, what measures do you believe should be put in place to ensure the security of telematics data while still preserving access to needed repair data?

The security of vehicle telematics data is an important concern for every driver and passenger. However, denying vehicle owners and independent repair shops access to that data does nothing to improve or address security flaws in telematics systems. Greater oversight and transparency, as envisioned by the REPAIR Act, would increase the likelihood that security vulnerabilities present in vehicle telematics systems would be identified and addressed.

If I can offer any additional information, please let me know.

Respectfully,

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