

# TOWARDS A UNIFORM THEORY OF PATENT LAW: THE FEDERAL CIRCUIT DECLINES TO CREATE DESIGN-PATENT-SPECIFIC RULES FOR EXHAUSTION OR REPAIR

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## U.S. IP Litigation Alert

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On Tuesday, July 23, 2019, the Federal Circuit declined to fashion design-patent-specific doctrines of exhaustion or repair. *Automotive Body Parts Ass'n v. Ford Global Techs., LLC*, Case No. 2018-1613, slip op. at 2 (Fed. Cir. July 23, 2019). Instead, the court reemphasized that the same rules apply to utility patents and to design patents unless otherwise provided by law. *Id.* Also concluding that “aesthetic appeal” is not functional, the court affirmed the district court’s grant of summary judgment in Ford’s favor. *Id.* The decision is notable for its widening of the gap between trade dress and design patents and for its reaffirmation of the principle that design patents and utility patents should, whenever possible, receive identical treatment under the law.

At issue in the case were two patents owned by Ford that protected certain features of the Ford F-150 pickup truck. *Id.* at 1–2. The first covered the truck’s exterior hood, while the second covered the head lamp. *Id.* at 2. The Automotive Body Parts Association (“ABPA”) is “an association of companies that distributes automotive body parts,” including replacement hoods and lamps for Ford F-150s. *Id.* at 4.

Ford initially accused ABPA of infringing the design patents at the International Trade Commission (“ITC”). *Id.* The ITC case settled after the administrative law judge found that ABPA’s invalidity defenses were without merit. *Id.* ABPA then sought a declaratory judgment of invalidity or unenforceability of the patents in the district court. *Id.* The district court denied ABPA’s motion for summary judgment and *sua sponte* entered judgment in favor of Ford. *Id.*

ABPA advanced two arguments on appeal to the Federal Circuit: first, that Ford’s patents were invalid because “there is a functional benefit to designs that are aesthetically compatible with [consumer’s] vehicles,” *id.* at 7; and second, “that Ford’s patents are unenforceable against [ABPA’s] members under the related doctrines of exhaustion and repair.” *Id.* at 12.

Addressing ABPA’s first argument, the Federal Circuit held that, “even in this context of consumer preference for a particular design to match other parts of a whole, the aesthetic appeal of a design to consumers is inadequate to render that design functional.” *Id.* at 7. In the court’s view, the very nature of design patents (that is, to protect an article’s aesthetic) means that to hold otherwise would gut the principles upon which design patents are founded. *Id.* The court rejected ABPA’s exhortation to borrow the “aesthetic functionality” doctrine of trademark law, which holds “that a party cannot use trademark protection to prevent its competitors from using important product ingredients . . . or from making their products as visually entrancing as its own.” *Id.* (citing *Qualitex Co. v.*

*Jacobson Prods. Co.*, 514 U.S. 159, 170 (1995) and *Pub'ns Int'l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 339 (7th Cir. 1998)). No court had ever applied the doctrine to design patents, and the Federal Circuit declined to be the first, concluding that the difference between trademark law (designed to identify the source of goods or services) and design patent law (meant to protect an aesthetic for a particular time) means that “considerations that drive the aesthetic functionality doctrine . . . simply do not apply to design patents.” *Id.* at 8–9. ABPA's remaining arguments—appealing to Federal Circuit precedent, urging that the designs were not a “matter of concern” to consumers, and that Ford's patents should only be enforced in the initial market for sale of the pickup—were deemed similarly unpersuasive by the court. *Id.* at 9–11.

Turning to ABPA's second contention, the Federal Circuit examined the doctrines of exhaustion and repair to determine whether design-patent-specific rules were necessary. *Id.* at 12. Patent exhaustion applies “when the patentee sells his invention [such that] the thing sold is no longer within the limits of the monopoly.” *Id.* at 12 (citing *Bloomer v. McQuewan*, 55 U.S. 539, 549 (1852)). ABPA urged the Federal Circuit to expand that doctrine in the context of design patents and hold “that the sale of an F-150 truck totally exhausts any design patents embodied in the truck and permits use of Ford's designs on replacement parts so long as those parts are intended for use with Ford's trucks.” *Id.* The Federal Circuit declined: patent exhaustion “attached only to items sold by, or with the authorization of, the patentee.” *Id.* Because ABPA's members' sales were not authorized by Ford, exhaustion could not attach. *Id.* at 13. And because courts should, whenever possible, maintain harmony between design patent and utility patent doctrines, the Federal Circuit declined to create a design-patent-specific rule for exhaustion that would have allowed wholesale replacement of a patented article. *Id.* at 13–14.

Similarly, in rejecting ABPA's repair argument, the Federal Circuit noted that Ford had chosen to patent specific features of the overall F-150 design. *Id.* at 14–15. The repair doctrine, which grants purchasers “the right to repair the patented article,” does not “permit a complete reconstruction of a patented device or component,” which the court felt was essentially what ABPA advocated for. *Id.* Even though Ford *could* have patented the entire F-150 design, it chose not to; “[t]hat the auto-body components covered by Ford's patents may require replacement does not compel a special rule.” *Id.* at 16–17.

The Federal Circuit affirmed the judgment of the district court. *Id.* at 17–18.

Practitioners and clients should take note of the Federal Circuit's *Automotive Body Parts* decision for its implications to design patent law. First, however similar trade dress and design patents may be, the fact that they serve disparate purposes means that the doctrines applying to each may, in certain circumstances, become wholly inconsistent. Second, whenever possible, design patents should not be treated any differently than utility patents. This means that even if a particular doctrine has only been applied in the utility patent context, practitioners can and should look to reasons why the same doctrine may be applied to design patents. In other words, practitioners dealing with design patents should look to utility patent law for guidance before resorting to analogizing design patents to trade dress.

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