

No. 19-____

IN THE
Supreme Court of the United States

AUTOMOTIVE BODY PARTS ASSOCIATION,
Petitioner,

v.

FORD GLOBAL TECHNOLOGIES, LLC,
Respondent.

**On Petition for a Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit**

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Design patents are limited to “any new, original and ornamental design for an article of manufacture.” 35 U.S.C. § 171(a). Under the patent exhaustion doctrine, a patentee’s decision to sell a product exhausts all of its patent rights in that item. The unrestricted sale creates an implied license to use, which includes the right to repair. Analysis of whether a right to repair exists requires identification of the correct article of manufacture.

The Federal Circuit held that repair rights and identification of the article of manufacture should be determined solely by what is claimed in the patent. This holding allows a patentee to greatly diminish or eliminate the right to repair and allows improper broadening of design patent protection over unclaimed portions of a design. The question presented is:

How should the article of manufacture be determined when applying the patent exhaustion and repair doctrines in design patent cases?

RULE 29.6 STATEMENT

Automotive Body Parts Association (“ABPA”) has no parent corporation and no publicly held company owns 10% or more of its stock.

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INTRODUCTION

This is a design patent case presenting the issue of how to determine the article of manufacture to analyze whether repair or reconstruction is occurring under the patent exhaustion and repair doctrines.

The design patent statute, 35 U.S.C. § 171(a), states in relevant part “[w]hoever invents any new, original and ornamental design *for an article of manufacture* may obtain a patent therefor” (emphasis added). The phrase “for an article of manufacture” permits design patents to be obtained on designs for complete articles and also for portions of complete articles. *See In re Zahn*, 617 F.2d 261, 268 (C.C.P.A. 1980). Identifying the article of manufacture is necessary (1) when determining damages under 35 U.S.C. §289 and (2) when applying the patent exhaustion and repair doctrines.

In *Samsung Electronics Co. v. Apple Inc.*, 137 S. Ct. 429 (2016), this Court was presented with the first issue concerning damages. This Court held the term “article of manufacture” as used in 35 U.S.C. § 171(a) and in 35 U.S.C. § 289 was broad enough to include both the article and its component parts. *Id.* at 435. This Court left it to the lower courts to develop a test. Following remand, the district court adopted the four-part test proposed by the United States in *Samsung Electronics*. *See Apple, Inc. v. Samsung Electronics Co. Ltd*, Case No. 11-cv-01846, WL 4776443, *35 (N.D. Cal. October 22, 2017).

This petition presents this Court with the related and equally important second issue: how to determine the article of manufacture to analyze whether repair or reconstruction is occurring under the patent exhaustion and repair doctrines.

Here, the Federal Circuit held that repair rights and the article of manufacture should be determined solely by what Ford Global Technologies, LLC (FGTL) actually claimed. *See Automotive Body Parts Association v. Ford Global Technologies, LLC*, 930 F.3d 1314, 1325 (Fed. Cir. 2019). App. 48a. However, the court did not apply its own new claiming test in its analysis, and instead selected component articles of manufacture whose complete designs had not been claimed in the design patents. The Federal Circuit's failure to use its own claiming test was a predictable result of the defective nature of the test. As will be explained in this petition, the claiming test is contrary to the statutory framework for design patents, is contrary to this Court's precedent, and is unworkable when applied to the many different fact patterns that can and will be presented in design patent cases. It is wrong and should be abandoned.

ABPA argues that the article of manufacture should be determined by an embodiment test. This Court uses an embodiment test for determining whether patent exhaustion applies for method patents. An embodiment test is predictable even when the article of manufacture may be difficult to determine, is consistent with this Court's precedent, and is consistent with patent exhaustion and repair doctrine principles. Regardless of whether this Court adopts the embodiment test for design patents, this Court should review the Federal Circuit's decision and, at a minimum, reverse and remand this case for development of a proper test.

OPINIONS BELOW

The opinion of the U.S. Court of Appeals for the Federal Circuit is reported at 930 F.3d 1314 and reproduced at App. 31a-49a. The order of the court of appeals denying rehearing en banc is reproduced at App. 50a-51a. The opinion and order of the U.S. District Court for the Eastern District of Michigan is reported at 293 F.Supp.3d 690 and reproduced at App. 3a-30a. The final judgment of the U.S. District Court for the Eastern District of Michigan is unreported and is reproduced at App. 1a-2a.

JURISDICTION

The Court of Appeals denied rehearing en banc on September 13, 2019. App. 50a-51a. On December 4, 2019, the Chief Justice extended the time for filing a petition for a writ of certiorari to February 10, 2020. This Court has jurisdiction under 28 U.S.C. 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

U.S. Constitution art. I, § 8, cl. 8 provides in pertinent part that:

The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

35 U.S.C. § 101 states:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent

therefor, subject to the conditions and requirements of this title.

35 U.S.C. § 171(a) states:

Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

35 U.S.C. § 289 states:

Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit, but not less than \$250, recoverable in any United States district court having jurisdiction of the parties.

Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement.

STATEMENT OF THE CASE

A. Statutory Background

The patentable subject matter statutes for design patents and utility patents are fundamentally different. The utility patent statute, 35 U.S.C. § 101, states “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof,

may obtain a patent therefor, subject to the conditions and requirements of this title.” In contrast, the design patent statute, 35 U.S.C. § 171(a), states “[w]hoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.”

The word “therefor” in the utility patent statute refers to, *inter alia*, the words “machine” and “manufacture,” whereas in the design patent statute the word “therefor” refers not to “article of manufacture,” but rather to “design.” See *In re Zahn*, 617 F.2d at 268. This distinction means that unlike utility patents, design patents are not limited to designs of an “article of manufacture,” but also can include designs for *portions* of articles of manufacture. *Id.* Further, since the patented design can be just a portion of an article of manufacture, the design patent need not be limited to just one article of manufacture. Rather, the design claimed can be embodied in both a portion of an article of manufacture and also a portion of a component of an article of manufacture. The instant case provides an example. The design claimed in the D489,299 Patent is embodied both in a portion of the vehicle and in a portion of the component hood. Likewise, the design claimed in the D501,685 Patent is embodied in both a portion of the vehicle and in a portion of the component headlamp. As stated by the Federal Circuit in its opinion, “Ford’s U.S. Patent No. D489,299 and U.S. Patent No. D501,685 protect *designs used in certain models of Ford’s F-150 trucks.*” (emphasis added) App. 32a.

The conclusion that a claimed design can be embodied in both an article of manufacture and in a component of an article of manufacture is supported

by this Court's statements in *Samsung Electronics* that "[t]he term 'article of manufacture,' as used in § 289, encompasses both a product sold to a consumer and a component of that product" and "[t]his reading of article of manufacture in § 289 is consistent with 35 U.S.C. § 171(a), which makes 'new, original and ornamental design[s] for an article of manufacture' eligible for design patent protection." *Id.* at 434, 435.

B. Patent Exhaustion and Right to Repair Principles

"Patent exhaustion is a judicially fashioned doctrine without a specific source in congressionally enacted text stating the terms of this limitation on patent rights." *Helperich Patent Licensing, LLC v. N.Y. Times Co.*, 778 F.3d 1293, 1305 (Fed. Cir. 2015). Under the patent exhaustion doctrine, a patentee's decision to sell a product exhausts all of its patent rights in that item . . ." and "[t]he sale 'terminates all patent rights to that item.'" *Impression Prods., Inc. v. Lexmark Int'l, Inc.*, 137 S. Ct. 1523, 1529, 1531 (2017) (citing *Quanta Computer Inc. v. LG Electronics, Inc.*, 553 U.S. 617, 625 (2008)). The unrestricted sale of a patented article (or an article embodying or sufficiently embodying a patent), "by or with the authority of the patentee, 'exhausts' the patentee's right to control further sale and use of that article by enforcing the patent under which it was first sold." *Jazz Photo Corp. v. Int'l Trade Comm.*, 264 F.3d 1094, 1105 (Fed. Cir. 2001); *see also Lexmark Int'l, Inc. v. Impression Prods., Inc.*, 816 F.3d 721 (Fed. Cir., 2016) (stating "[t]he doctrine of patent exhaustion (or 'first sale' doctrine) addresses the circumstances in which a sale of a patented article (or an article sufficiently embodying a patent), when the sale is made or authorized by the patentee, confers on the buyer the 'authority' to engage in acts involving the

article, such as resale, that are infringing acts in the absence of such authority.”). *Id.* at 726.

Patent exhaustion is grounded on “the theory that an unconditional sale of a patented device exhausts the patentee’s right to control the purchaser’s use of that item thereafter because the patentee has bargained for and received full value for the goods.” *Keurig, Inc. v. Sturm Foods, Inc.*, 732 F.3d 1370, 1373 (Fed. Cir. 2013). The patent exhaustion doctrine applies to design patents. *See Jazz Photo*, 264 F.3d at 1110.

The “authorized sale of a patented product places that product beyond the reach of the patent,” *Intel Corp. v. ULSI Sys. Technology, Inc.*, 995 F.2d 1566, 1568 (Fed. Cir. 1993), and creates an “implied license,” under which “a patent holder receives a reward for inventive work in the first sale of the patented product.” *McCoy v. Mitsuboshi Cutlery, Inc.*, 67 F.3d 917, 921 (Fed. Cir. 1995). The “implied license to use include[s] the right to repair the patented article and necessarily to purchase repair parts from others.” *Kendall Co. v. Progressive Medical Technology, Inc.*, 85 F.3d 1570, 1573 (Fed. Cir. 1996). The implied license covers both the original purchaser of the article and all subsequent purchasers. *Hewlett-Packard Co. v. Repeat-O-Type Stencil Mfg. Corp.*, 123 F.3d 1445, 1451 (Fed. Cir. 1997). The right to repair is a question of law. *See Bottom Line Management, Inc. v. Pan Man, Inc.*, 228 F.3d 1352, 1355 (Fed. Cir. 2000).

“The distinction between permitted and prohibited activities, with respect to patented items after they have been placed in commerce by the patentee, has been distilled into the terms ‘repair’ and ‘reconstruction.’” *Jazz Photo*, 264 F.3d at 1102. “[T]here is no bright-line test for determining whether reconstruction or repair has occurred.” *Sandvik Aktiebolag v.*

E.J. Co., 121 F.3d 669, 674 (Fed. Cir. 1997). The ultimate determination is based upon “the totality of the circumstances.” *Id.* at 673. Prohibited reconstruction must be “true reconstruction of the entity as to ‘in fact make a new article’ . . . a second creation of the patented entity.” *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 346 (1961).

Patent exhaustion and the right to repair apply to so-called “have-made” rights: “[B]y exercising their rights to ‘have [licensed products] made,’ licensees can shield the unlicensed manufacturer who makes the products for them and subsequently sells the products to them from infringement liability by impliedly licensing the otherwise infringing actions.” *Intel Corp. v. Broadcom Corp.*, 173 F. Supp. 2d 201, 232 (D. Del. 2001). This is because “[t]he right to ‘make, use, and sell’ a product inherently includes the right to have it made by a third party, absent a clear indication of intent to the contrary.” *CoreBrace LLC v. Star Seismic LLC*, 566 F.3d 1069, 1072-73 (Fed. Cir. 2009).

If the thing sold “substantially embodies” patented subject matter owned by the entity that authorized the sale, then the patent is exhausted as to the thing sold. *Quanta Computer*, 553 U.S. at 638. “Substantial embodiment” in the method patent context is established if (1) the only reasonable and intended use of the article is to practice the allegedly exhausted patent; and (2) the article embodies the essential or inventive features of the allegedly exhausted patent. *See id.* at 631; *LifeScan Scotland, Ltd. v. Shasta Techs., LLC*, 734 F.3d 1361, 1368–70 (Fed. Cir. 2013).

C. Automotive Repair Industry

ABPA is an association of companies that import, make, and sell automotive body parts used to repair

cars and trucks that are damaged in collisions. App. 3a-4a. ABPA members distribute the repair parts to collision repair shops and sometimes directly to vehicle owners. App. 4a-5a. The *only* purpose of the automotive repair parts sold by ABPA members is to return the vehicles back to their original appearance and condition. App. 60a-61a.

The automotive repair industry is the industry selected by this Court to serve as an example for why the exhaustion doctrine does not permit restraints on alienation of patent rights:

Take a shop that restores and sells used cars. The business works because the shop can rest assured that, so long as those bringing in the cars own them, the shop is free to repair and resell those vehicles. That smooth flow of commerce would sputter if companies that make the thousands of parts that go into a vehicle could keep their patent rights after the first sale. Those companies might, for instance, restrict resale rights and sue the shop owner for patent infringement. And even if they refrained from imposing such restrictions, the very threat of patent liability would force the shop to invest in efforts to protect itself from hidden lawsuits. Either way, extending the patent rights beyond the first sale would clog the channels of commerce, with little benefit from the extra control that the patentees retain.

Impression Products, 137 S. Ct. at 1532.

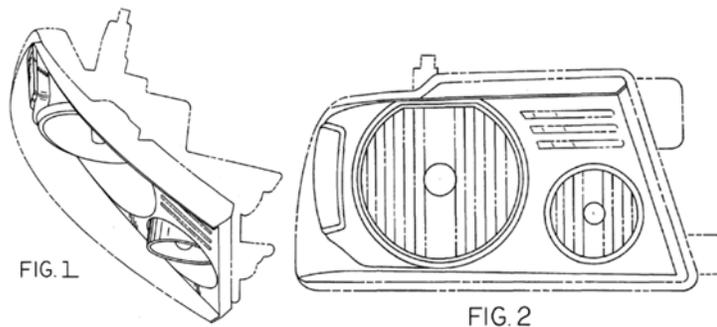
This example serves to illustrate why the embodiment test proposed by ABPA is appropriate. Unless the ambiguity and uncertainty over “article of manufacture” in

the design patent exhaustion context is resolved with a straightforward embodiment test, “the very threat of patent liability [will] force the shop to invest in efforts to protect itself from hidden lawsuits” and “clog the channels of commerce.” *Id.*

FGTL owns and attempts to enforce a portfolio of design patents that allegedly protect the designs for body parts on Ford vehicles. App. 5a.

D. FGTL’s Design Patents

FGTL’s D501,685 (“D’685”) patent is entitled “Vehicle Head Lamp” and claims “the ornamental design for a vehicle head lamp, as shown and described.” App. 52a-54a. The description states in relevant part “[t]he headlamp is intended for attachment to a vehicle.” App. 55a. The D’685 patent drawings claim only partial features of the design, and use solid lines for the claimed features and broken lines¹ for the disclaimed features, as follows:



App. 5a, 33a.

¹ The Manual of Patent Examining Procedure (MPEP) § 1503.02, subsection III states in relevant part “[s]tructure that is not part of the claimed design, but is considered necessary to show the environment in which the design is associated, may be represented in the drawing by broken lines.”

FGTL's D489,299 ("D'299") patent is entitled "Exterior of Vehicle Hood" and claims "the ornamental design for exterior of vehicle hood, as shown and described." App. 56a-58a. The description states in relevant part "[t]he hood is intended for attachment to a vehicle." App. 59a. The D'299 patent claims only partial features of the design, and uses solid lines for the claimed features and broken lines for the disclaimed features, as follows:

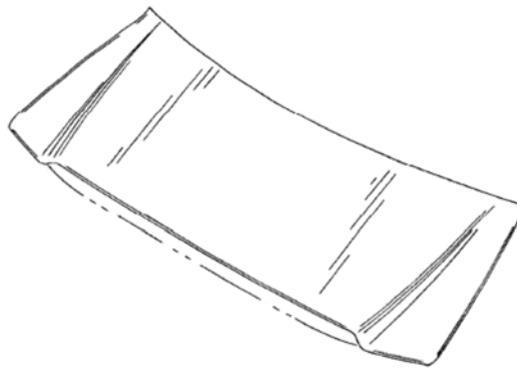


FIG. 1

App. 5a, 33a.

E. The District Court Decision

The district court's jurisdiction was based on 28 U.S.C. §§ 1331 and 1338(a) as the action arose under Title 35.

The district court held "ABPA's exhaustion defense fails as a matter of law" based on alleged "settled rules and accompanying illustrations." *See Automotive Body Parts Association v. Ford Global Technologies, LLC*, 293 F.Supp.3d 690, 705, 706 (E.D. Mich., 2019). App. 28a. But the settled rules and illustrations used by the district court involved only utility patent cases

and principles. Indeed, the primary case example used by the district court is *Aiken v. Manchester Print Works*, 1 F. Cas. 245 (C.C.D.N.H. 1865), a case involving only a utility patent directed toward a knitting needle. No design patents were involved.

Although the district court acknowledged ABPA's argument based on the distinction between utility patents and design patents, the court improperly conflated utility and design concepts when addressing ABPA's argument - and as a result made statements that are clearly incorrect. For example, the court stated "[i]ndeed, in *Aiken*, the needles were not only their own item but also a necessary part of another: the knitting machine. And so while the needle patent could be viewed as covering one entire item (a needle), it could also be viewed as covering a portion of an item that incorporates the other (the knitting machine)." App. 29a. That clearly is incorrect. The needle patent covered only the needle. Since there are no utility patent principles that allow a patent on a component part to impliedly incorporate an unclaimed parent machine, the needle patent could *not* be viewed as covering a portion of another article (the knitting machine) not claimed in the patent. The court also stated "[t]he patents at issue cover the design for those two parts [the hood and headlamp] . . ." App. 28a. That statement also is clearly incorrect. The patents at issue only cover *portions* of the hood and headlamp, just as they only cover portions of the vehicle.

Further, since in *Aiken* it was the actual needle that was claimed, there was no question that the article of manufacture was the needle. That is not the case in design patent law where the claimed design is *for* (not *of*) an article and the article may be the parent article

and component(s) thereof. *Aiken* is not relevant to this case.

Finally, the district court stated “[t]here is no case dividing patent law this way—i.e., creating separate exhaustion doctrines for utility and design patents.” App. 29a. However, the district court failed to consider that this Court historically approaches patent exhaustion in a flexible way that adapts the doctrine to new fact patterns and different type of patents. For example, in *Quanta Computer*, a case involving microprocessors and chipsets, this Court addressed the issue of whether patent exhaustion applied to method patents. When respondent LGE argued “because method patents are linked not to a tangible article but to a process, they can never be exhausted through a sale,” *Quanta Computer*, 553 U.S. at 628, this Court disagreed, stating “[i]t is true that a patented method may not be sold in the same way as an article or device, but methods nonetheless may be ‘embodied’ in a product, the sale of which exhausts patent rights.” *Id.* This Court’s embodiment test is an approach well suited to design patents because a design patent also is not *of* an article, but to a design *for* an article, including portions thereof.

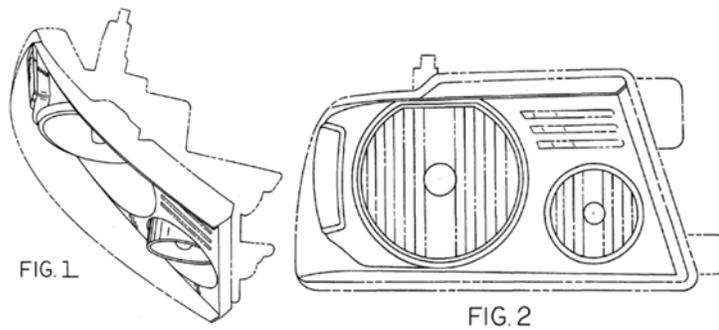
F. The Federal Circuit Decision

The Federal Circuit’s jurisdiction was based on 28 U.S.C. § 1295(a)(1), granting it exclusive jurisdiction over final determinations of a district court when the jurisdiction of that court was based, in whole or in part, on 28 U.S.C. § 1338.

The Federal Circuit affirmed the decision of the district court and held without supporting authority that the article used in the repair analysis is determined by how the design patent is claimed (“to determine what

repair rights apply, we look to what Ford actually claimed.”) App. 48a. This is a new rule for design patent cases on an issue of first impression. The court stated “Ford chose to claim designs as applied to portions of particular components, and the law permits it to do so.” App. 48a. This sentence does not identify what the “particular components” are. The court then stated “[t]hat the auto-body components covered by Ford’s patents may require replacement does not compel a special rule” and “the designs for Ford’s hood and headlamp are covered by distinct patents” App. 48a.

It clearly is incorrect to say the hood and headlamp are “covered by Ford’s patents” and “are covered by distinct patents.” The drawings indicate that only *portions* of the hood and headlamp are claimed. In Patent D’685, broken lines indicate that only the dominant and subdominant lamp with bezels and light caps, the reflector, and the side marker are claimed:



App. 5a, 33a.

In Patent D'299, broken lines indicate only the top exterior portion of the hood is claimed:

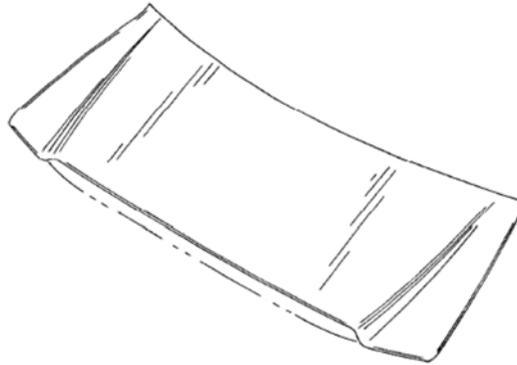


FIG. 1

App. 5a, 33a.

It also is incorrect to say that a component is “covered by” a design patent claim. As the Federal Circuit’s predecessor court stated, “[t]he claim is not the article and is not the design PER SE, but is the design APPLIED.” *In re Schnell*, 46 F.2d 203, 208 (C.C.P.A. 1931) (quoted citation omitted).

If, following the Federal Circuit’s stated rationale, an article for doctrine of repair purposes is determined by what is claimed, then the articles cannot be the hood and headlamp, but rather components thereof. However, for patent exhaustion and doctrine of repair purposes, the Federal Circuit held that the articles were the hood and headlamp. To reach that conclusion, the Federal Circuit could not have applied a “claiming” test, but rather a form of an “embodiment” test - because the claimed designs are embodied in the hood and headlamp. However, if an embodiment test is being used, then a fundamental flaw in the Federal Circuit’s reasoning is that the claimed designs also

are embodied in the vehicle, which was the article originally sold.

The Federal Circuit's selection of the hood and headlamp are arbitrary in that the opinion provides no reason why the vehicle also cannot be considered an embodiment of the claimed designs and an article for doctrine of repair purposes. Indeed, the opinion states that "Ford's U.S. Patent No. D489,299 and U.S. Patent No. D501,685 protect *designs used in certain models of Ford's F-150 trucks.*" (emphasis added) App. 32a. The only rationale provided by the Federal Circuit is the claiming test, and as explained above, the claiming test when properly applied, does not identify the hood and headlamp as the articles, but rather portions thereof. Since the vehicle also embodies the claimed designs, there is no reason the vehicle cannot be an article used for the doctrine of repair. In support of that conclusion is this Court's statement that the reference to "article of manufacture" as used in 35 U.S.C. § 171(a) is broad enough to include both the article and its component parts. *Samsung Electronics*, 137 S. Ct. at 435. Indeed, the vehicle *should* be the article used for the doctrine of repair because it was the article originally sold.

Finally, as mentioned in the Federal Circuit's opinion, the title of the D'299 Patent is "Exterior of Vehicle Hood," App. 32a, and the title of the D'685 Patent is "Vehicle Head Lamp." App. 33a. The Federal Circuit does not state that the patent title is dispositive when determining article of manufacture for repair analysis. This is entirely proper because (1) a title does not define the scope of a design patent claim, as it can be broader than the claim, *see* MPEP § 1503.01(I.), and (2) the title of a design patent is not dispositive when determining what the article of

manufacture is for purposes of 35 U.S.C. § 289. *See Apple, Inc.*, WL 4776443 at *35.

The genesis of the rationale that a patent title should not be dispositive in an article of manufacture determination is the United States' amicus brief filed in *Samsung Electronics*, which advocated use of the four-part test now being used for determining article of manufacture under 35 U.S.C. § 289. In the brief, the United States wrote "the factfinder should not treat the patent's designation of the article as conclusive" out of a concern that the patentee could manipulate the result through its characterization of the article in the title. 2016 U.S. S. Ct. Briefs LEXIS 2322, *46 (June 8, 2016). The title likewise should not be deemed conclusive when considering the article of manufacture for doctrine of repair purposes due to the ease with which the result could be manipulated and distorted.

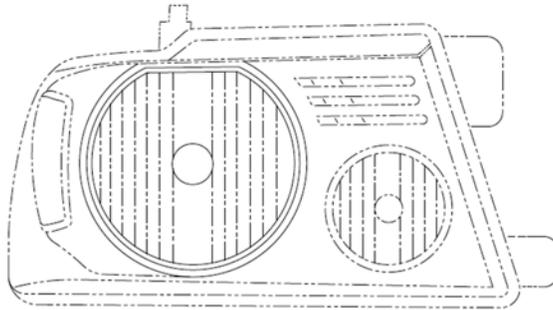
REASONS FOR GRANTING THE WRIT

I. This Court Should Review the Federal Circuit's Holding that a Claiming Test should be the Sole Test used to Identify the Article of Manufacture in a Right to Repair Analysis and to Determine Repair Rights

A. The Claiming Test conflicts with *Samsung Electronics v. Apple*, is unworkable, and should not be Adopted

One important reason this Court reversed the Federal Circuit in *Samsung Electronics* is that the former rule always selected the parent article as the article of manufacture for calculating damages under 35 U.S.C. § 289 – which often led to absurd results. For example, a patentee would receive lost profits on

an entire parent article even though only a small component of the parent article was claimed. The Federal Circuit's new claiming test will lead to equally absurd results by so grossly distorting the repair doctrine that permissible repair can lead to a conclusion of reconstruction and prohibited reconstruction can lead to a conclusion of repair. For example, assume that Figure 2 of the D'685 patent only claims portions of the dominant lamp as illustrated below (all design features other than a portion of the dominant lamp are represented in broken lines and therefore disclaimed) (Example One).



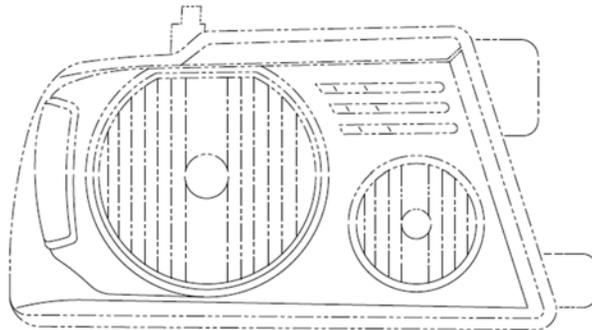
Assume further that the headlamp is damaged in a collision where the dominant lamp is dented and can be repaired. All the remaining portions of the headlamp are damaged beyond repair and must be replaced. Under the Federal Circuit's holding that selects the entire headlamp as the article of manufacture for doctrine of repair purposes, and due to the amount of replacement parts used, the conclusion likely would be impermissible reconstruction even though the only portion claimed (the dominant lamp) is being repaired. See *Jazz Photo Corp v. International Trade Commission*, 264 F.3d 1094, 1103 (Fed. Cir. 2001). Right of repair likely would be denied, which in

effect would improperly grant patent protection to all the *unclaimed* portions of the headlamp.

In a second example, assume that only the unclaimed outer lens and claimed dominant lamp are damaged beyond repair and must be replaced. (Example Two). The remainder of the headlamp is undamaged and can be reused. Under the Federal Circuit's holding, the conclusion likely would be permissible repair even though the only portion claimed (the dominant lamp) is being completely replaced.

One way to avoid these inverted and absurd results is to apply a *true* claiming test that focuses solely on the component claimed. In Example One, the repair doctrine would apply because the component claimed (the dominant lamp) is being repaired. In Example Two, the repair doctrine would not apply because the component claimed is being replaced.

But even under a true claiming test, an insurmountable problem remains because claimed designs also can be for *portions* of component parts. For example, assume that only portions of the lower halves of multiple component parts of the headlamp are claimed as follows (the upper halves have been converted to broken lines and thereby disclaimed):



In this case, what is the article of manufacture under a true claiming test? Is it the collection of components claimed or just the collection of claimed portions of the components? Following damage to the headlamp, if some of the partially claimed component parts are repaired, some are replaced, and some are reused, is the result permissible repair or impermissible reconstruction? ABPA submits that a claiming test is incapable of resolving these issues in design patent cases. In a vehicle example alone, claims can include portions of a vehicle, portions of components, portions of sub-components, and combinations of portions of the vehicle, components, and sub-components. The act of repair/reconstruction can include repair or replacement of any one or more of the component(s) or sub-component(s), of which portions or combinations of portions were claimed, for example, when portions of a headlamp and surrounding fender or hood are claimed in the same design patent and the headlamp is replaced and the fender or hood is repaired or reused.²

These examples illustrate that a claiming test cannot work consistently across foreseeable fact patterns even when the claiming test is strictly applied. Indeed, if a claiming test was a workable solution to identifying an article of manufacture in the design patent context, then it likely would have been selected as the test in the 35 U.S.C. § 289 damages context. But this Court did not adopt a claiming test in *Samsung*

² An additional problem is that determining the article of manufacture may require consideration of how the article is manufactured and whether the article can be replaced without also replacing another component. These factors are independent of claiming, further indicating a claiming approach is unworkable.

Electronics v. Apple, and instead remanded the case to the lower courts for development of an appropriate test.

The current test being used by district courts to determine the article of manufacture in the 35 U.S.C. § 289 damages context does not use claiming as the only factor to be considered. Rather, it consists of these four factors: “(1) the scope of the design claimed in the plaintiff’s patent, including the drawing and written description; (2) the relative prominence of the design within the product as a whole; (3) whether the design is conceptually distinct from the product as a whole; and (4) the physical relationship between the patented design and the rest of the product, including whether the design pertains to a component that a user or seller can physically separate from the product as a whole, and whether the design is embodied in a component that is manufactured separately from the rest of the product, or if the component can be sold separately.” (numbering added) *Apple, Inc.*, WL 4776443 at *35.³

Importantly, this four-part test proposed by the United States and adopted by the district court includes claiming as only one of four factors to be considered – thereby recognizing that a workable test cannot use only claiming to properly identify the article of manufacture.

³ ABPA does not suggest that this four-part test should be adopted for identifying an article of manufacture in a right to repair analysis. The references to “product as a whole” in factors (2), (3) and (4), and references to “product” in factor (4) are references to the product sold by the accused infringer and not to the “product as a whole” and “product” sold by the patent owner. Therefore, this test cannot determine article of manufacture for exhaustion purposes.

B. The Claiming Test Conflicts with Patent Exhaustion and Right to Repair Precedents of this Court and the Federal Circuit and will Greatly Weaken or Eliminate the Right to Repair

Under the precedents of this Court and the Federal Circuit, a patentee's decision to sell a product exhausts all of its patent rights in that item including the right to control further sale and use of that article. *See Impression Products*, 137 S. Ct. at 1529, 1531; *Jazz Photo*, 264 F.3d at 1105. The product sold may be a patented article or "an article sufficiently embodying a patent" *Lexmark Int'l*, 816 F.3d at 726. The embodiment test preserves patent exhaustion principles and prevents a patentee from doing an end run around the doctrine. *See Quanta Computer*, 553 U.S. at 628-30. The right to use includes the right to repair. *See Kendall Co.*, 85 F.3d at 1573.

Following these principles, since a vehicle was sold and the subject claimed designs are "used in" the vehicle, App. 32a, are "in that item" and "sufficiently embod[ied]" in the vehicle, the right to repair should include the right to repair the vehicle. Further, there is no reason why the right to repair the vehicle should not include the right to replace components that also embody the subject patents. The utility patent case cited by the Federal Circuit to the contrary, *Aiken*, is not applicable because the patent in *Aiken* was directed only toward the needle, which necessarily made the needle the article for right to repair purposes.⁴ That is

⁴ The Federal Circuit's opinion in this case states that a case from this Court, *Morgan Envelope Co. v. Albany Perforated Wrapping Paper Co.*, 152 U.S. 425, 435-36, 14 S. Ct. 627, 38 L.Ed. 500 (1894), endorsed *Aiken's* reasoning and so its reasoning

unlike the subject claimed designs, which are *for* an article and not *of* an article, and therefore are not tied directly and exclusively to one article or its component for right to repair purposes. The Federal Circuit’s new claiming test, which eliminates the vehicle as an article that embodies the claimed designs, is in conflict with the principles from the above precedents.

The claiming test not only conflicts with precedent, it allows a patentee to substantially weaken or eliminate legitimate repair rights and to improperly broaden patent rights through pernicious claiming techniques. For example, assume that a component of an article of manufacture consists of five subcomponents and is sold in an unrestricted sale. (Example Three). Four of the subcomponents wear out after a year’s use and need replacement. The fifth subcomponent is durable and either is reused “as is” or just needs repair. A patentee could claim just a portion of the fifth durable subcomponent design and leave the remainder of the component article unclaimed. Under the Federal Circuit’s claiming test that would select the component as the article to undergo analysis under the repair doctrine, replacement of the four unclaimed subcomponents likely would be considered prohibited reconstruction of the article even though the four subcomponents were not claimed and the only claimed subcomponent was either repaired or reused. Under this absurd but likely result of the new claiming test, a patentee through portion claiming can eliminate the right to repair even though the only subcomponent with a design portion claimed is being reused or just repaired. Further, by using such a claiming strategy, the patentee effectively can leverage patent protection

governs. App. 47a. *Morgan Envelope* is a utility patent case that did not address design patents, so it is not relevant.

over components and subcomponents of articles even though the components and subcomponents are unclaimed and should have no patent protection at all.

Finally, the claiming test also conflicts with implied license principles that underlie the right of repair. *See Kendall Co.*, 85 F.3d at 1573. In this case, since the claimed designs were embodied in the vehicle sold, an implied license to repair exists. Once a court determines that a license should be implied due to an initial authorized sale, the court next should look to the circumstances of the sale to determine the scope of the implied license. *See Carborundum Co. v. Molten Metal Equip. Innovs.*, 72 F.3d 872, 878 (Fed. Cir. 1995).

The circumstances of the vehicle sale support the conclusion that the scope of the implied license includes the right to repair the vehicle using the hood and headlamp as repair/replacement parts. There is no evidence in this case that when Ford sells a vehicle, FGTL places any restrictions on the implied licenses granted as a result of the sale. *See Met-Coil Systems Corp. v. Korners Unlimited, Inc.*, 803 F.2d 684, 686, 687 (Fed. Cir. 1986). Further, there is no evidence that Ford and FGTL mark their vehicles or any of their component parts with design patent numbers. Therefore, when a customer purchases a vehicle, they have no notice, actual or constructive, that portions of the hood and the headlamp are patented separately from the vehicle sold. To the extent a customer may be aware of the subject design patents, both subject patents state the hood and headlamp are “intended for attachment to a vehicle.” App. 55a, 59a. Additionally, and in any event, there is no evidence that the vehicles are advertised and sold as a collection of individual

parts with individual designs rather than as complete articles of manufacture with overall designs.

The reasonable expectation is that a purchaser of the vehicle receives an implied license to repair the vehicle free from any patents covering portions of the designs included in the vehicle. *See Carborundum*, 72 F.3d at 878 (The scope of an implied license “must be based on what the parties reasonably intended as to the scope of the implied license based on the circumstances of the sale.”). At a minimum, there are fact issues in that regard. Based on this reasonable expectation and FGTL’s lack of action or notice to dissuade this reasonable expectation, the scope of the implied license should extend to repairing the vehicle with the hood and headlamp repair/replacement parts. The Federal Circuit’s new claiming test does not include or recognize any of the above implied license factors and therefore is in conflict with the legal principles underlying the right to repair. In contrast, ABPA’s proposed embodiment test, which would identify the vehicle as the article of manufacture for doctrine of repair purposes, is consistent with the above implied license principles and factors.

C. Writ Should be Granted Because the Flaws in the Claiming Test Are Evident and Litigants Should not be Burdened with an Unworkable Test that can lead to Perverse Results

The time is ripe to accept this petition for a writ of certiorari. The discussion and illustrations above demonstrate that the Federal Circuit’s claiming test is flawed and will prove to be unworkable when, in addition to the article sold, there are numerous article components and portions of article components that

embody the claimed design or embody portions of the claimed design.

A similar, unworkable legal test has occurred before in design patent law. Beginning in *Litton Systems v. Whirlpool*, 728 F.2d 1423 (Fed. Cir. 1984), the Federal Circuit used a point of novelty test for determining design patent infringement. In *Litton*, the court stated “even though the court compares two items through the eyes of the ordinary observer, it must nevertheless, to find infringement, attribute their similarity to the novelty which distinguishes the patented device from the prior art.” *Id.* at 1444. As more design patent cases came before the Federal Circuit, it became apparent that the point of novelty test had flaws and did not work when the claimed design consisted of multiple features and there were multiple prior art references. These flaws finally led the Federal Circuit to abandon the point of novelty test twenty-four years later in *Egyptian Goddess v. Swisa*, 543 F.3d 665 (Fed. Cir. 2008) (en banc).

In *Egyptian Goddess*, the Federal Circuit expressly recognized that although the point of novelty test “proved reasonably easy to apply in simple cases,” it was more difficult to apply “where the claimed design has numerous features that can be considered points of novelty, or where multiple prior art references are in issue and the claimed design consists of a combination of features, each of which could be found in one or more of the prior art designs.” *Id.* at 671.

The lessons learned from the emergence and ultimate abandonment of the point of novelty test should not be forgotten. Due to the unique nature of designs, portion claiming, and the statutory scheme for design patents, rules that may appear to work at first for simple designs can prove to be unworkable and lead to

perverse results when the claimed designs and accused products become more complex. The Federal Circuit's new claiming test is such a rule, as discussed and illustrated above. Countless inventors, competitors, litigants, and courts alike were burdened with the incorrect point of novelty test for almost twenty-five years. To avoid a similar unfortunate result, this Court should recognize the flaws in the claiming test now and accept this case for review.

II. The Decision Below Presents Issues of Recurring and Nationwide Importance

By using a claiming test as the sole means to identify an article of manufacture in a repair analysis, the Federal Circuit's decision distorts the patent exhaustion and repair doctrines for design patents. Absent this Court's intervention, design patentees now can use pernicious claiming strategies to minimize or eliminate the doctrine of repair and to improperly broaden design patent protection over unclaimed portions of a design that do not qualify for patent protection. These claiming strategies are not legitimate efforts to protect just rewards for innovative ornamental designs, but rather improper attempts to force product purchasers to pay additional monopolistic prices simply to return the purchased products embodying the claimed designs back to their original condition and appearance. This result not only will adversely affect the automotive repair industry with its thousands of daily repair part transactions, but also will adversely affect every industry where products or product components have designs or portions of designs covered by design patents and are in need of repair.

The issue also has constitutional significance. The Patent Clause authorizes Congress to "promote the

Progress of Science . . . , by securing for limited Times to . . . Inventors the exclusive Right to their respective . . . Discoveries.” U.S. Const., art. I, § 8, cl. 8. The clause “reflects a balance between the need to encourage innovation and the avoidance of monopolies which stifle competition without any concomitant advance in the ‘Progress of Science and useful Arts.’” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989), which precludes “enlarge[ment of] the patent monopoly without regard to the innovation, advancement or social benefit gained thereby.” *Graham v. John Deere Co.*, 383 U.S. 1, 5-6 (1966).

The Federal Circuit’s decision raises serious constitutional questions by permitting a patentee to protect designs well beyond those attributable to its own “Discoveries.” As illustrated in Example One and Example Three above, a patentee through portion claiming can eliminate the right to repair even though the only subcomponent with a design portion claimed is being reused or just repaired. And as further illustrated by these two examples, the Federal Court’s decision allows a patentee to leverage patent protection over components and subcomponents of articles even though the components and subcomponents are unclaimed and ineligible for patent protection. Since the Federal Circuit’s decision substantially distorts the delicate balance between the encouragement of innovation and the avoidance of improper monopolies that stifle competition, it presents an important and recurring issue of constitutional significance that warrants this Court’s review.

CONCLUSION

The petition should be granted.

Respectfully submitted,

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Counsel for Petitioner

February 10, 2020

APPENDIX

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APPENDIX A

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Case No. 2:15-cv-10137

AUTOMOTIVE BODY PARTS ASSOCIATION,
Plaintiff,
v.
FORD GLOBAL TECHNOLOGIES, LLC,
Defendant.

JUDGMENT

Honorable Laurie J. MICHELSON

Consistent with the opinion and order entered on February 20, 2018 (R. 72) and the Automotive Body Parts Association's subsequent notice (R. 73) it is **HEREBY ORDERED** and **ADJUDGED** that Ford Global Technologies, LLC is entitled to judgment on the ABPA's complaint seeking a declaration that U.S. Patent Nos. D489,299 and D501,685 are invalid or unenforceable. In entering this judgment, the Court notes that, as reflected by the citations in its February 20, 2018 opinion, it did consider and address New World International's response brief filed in Case No. 15-10394 (R. 104) and associated appendix (R. 105) in issuing the February 20 opinion. Those filings from that case are thus deemed part of the record in this case.

SO ORDERED.

2a

Dated: February 23, 2018

s/Laurie J. Michelson
LAURIE J. MICHELSON
U.S. DISTRICT JUDGE

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was served upon counsel of record and any unrepresented parties via the Court's ECF System to their respective email or First Class U.S. mail addresses disclosed on the Notice of Electronic Filing on February 23, 2018.

s/Keisha Jackson
Case Manager

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APPENDIX B

293 F.Supp.3d 690

UNITED STATES DISTRICT COURT, E.D.
MICHIGAN, SOUTHERN DIVISION

Case No. 2:15-cv-10137

AUTOMOTIVE BODY PARTS ASSOCIATION,
Plaintiff,

v.

FORD GLOBAL TECHNOLOGIES, LLC,
Defendant.

Signed February 20, 2018

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Frank A. Angileri, Amy C. Leshan, Linda D. Mettes,
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for Defendant.

OPINION AND ORDER DENYING FORD'S
MOTION TO DISMISS THE CASE AS MOOT
[61] AND DENYING THE ABPA'S MOTION
FOR SUMMARY JUDGMENT [39]

Laurie J. MICHELSON, U.S. District Judge

The Automotive Body Parts Association effectively
asks this Court to eliminate design patents on auto-
body parts. Members of the ABPA import, make, and

sell auto-body parts that are used to repair cars and trucks damaged in a collision. Ford Global Technologies, LLC holds a large portfolio of patents that protect the designs for body parts for Ford vehicles. The ABPA, on behalf of its members, filed this lawsuit asking this Court to declare that two of Ford's patents protecting the design of two F-150 body parts are either invalid or unenforceable. But the ABPA's arguments are not specific to those two patents. Instead, the ABPA argues that designs for auto-body parts are simply not eligible for patent protection because consumers seeking to repair their vehicles do not select body parts for their design and because the designs were dictated by the body parts' function. In the alternative, the ABPA says that patents protecting the designs of auto-body parts are unenforceable against its members because the patent rights are exhausted upon the first authorized sale of the vehicle.

The ABPA now seeks summary judgment. (R. 39.) It asks this Court to declare as a matter of law that two of Ford's design patents are invalid or unenforceable. The Court has carefully considered the parties' arguments made not only in this case but in a related case presenting the same invalidity and unenforceability questions. Having done so, the Court finds that the ABPA has not shown that Ford's designs for an F-150 hood and headlamp are not eligible for design patent protection and has not shown that Ford's patent rights to those designs are exhausted when Ford sells an F-150 truck.

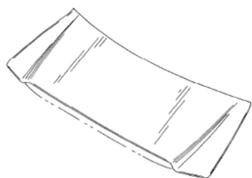
I.

A.

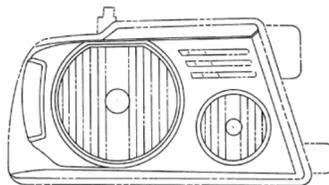
Plaintiff Automotive Body Parts Association is an association of companies that distribute automotive body parts. (See R. 2, PID 10-11.) Members of the

ABPA sell auto-body parts to collision repair shops or even directly to vehicle owners.

Defendant Ford Global Technologies, LLC owns a portfolio of well over a hundred patents protecting the designs for auto-body parts. (*See* R. 62, PID 1253–1321.) Two are at issue in this case: U.S. Patent No. D489,299 and U.S. Patent No. D501,685. The '299 patent protects the design for a Ford F–150 hood and the '685 patent protects the design for an F–150 head-lamp:



'299 patent, Fig. 1.



'685 patent, Fig. 2.

B.

It appears that the first significant dispute between Ford and the ABPA arose in 2005. That year, Ford filed an action with the United States International Trade Commission against seven members of the ABPA. (R. 68, PID 1453, 1585.) Ford initially accused these ABPA members of infringing 14 of its design patents for auto-body parts, including the two at issue in this case. (*See* R. 68, PID 1585.) Ford later dropped those two patents from the ITC action. The ITC action (and a second one) settled in 2009, with Ford granting a single ABPA member, LKQ Corporation, the exclusive right to sell auto-body parts protected by Ford's design patents. (*See* R. 62, PID 1329.)

As relevant to this case, things between Ford and the ABPA remained relatively quiet until 2013, with Ford sending only two cease-and-desist letters to

ABPA members in 2011 and 2012. (See R. 68, PID 1466, 1471.) But in 2013, the tension between Ford and ABPA member New World International, Inc. escalated. (R. 62, PID 1250.) Ford wrote to New World, “We purchased several articles from New World International that are covered by Ford design patents[.]” (R. 62, PID 1260.) Ford referenced one of the design patents at issue in this case, the ’299 patent. (*Id.*) Ford asked New World to “refrain from importing or selling parts covered by Ford design patents.” (R. 62, PID 1251.) New World did not comply (or at least that is what Ford thought), so in November 2013, Ford sent New World another letter. The second letter warned that if New World did not stop offering certain auto-body parts on its website, Ford “w[ould] be forced to consider all avenues available to protect and enforce its intellectual property rights.” (R. 61, PID 1245.)

Less than two weeks after Ford’s November 2013 letter, the ABPA filed this lawsuit in the Eastern District of Texas. See *Auto. Body Parts Assoc. v. Ford Global Techs.*, No. 13–00705 (E.D. Tex. filed Nov. 25, 2013.) The ABPA asked the federal court in Texas to declare six of Ford’s design patents, including the ’299 and the ’685 patents, invalid or unenforceable.

A few months later, Ford challenged the ABPA’s standing to seek such relief. One way for an association to have standing to sue is for the association to satisfy the *Hunt* test: “(a) its members would otherwise have standing to sue in their own right; (b) the interests it seeks to protect are germane to the organization’s purpose; and (c) neither the claim asserted nor the relief requested requires the participation of individual members in the lawsuit.” *Hunt v. Wash. State Apple Advertising Comm’n*, 432 U.S. 333, 343, 97 S.Ct. 2434, 53 L.Ed.2d 383 (1977). In September 2014,

the federal court in Texas found that the ABPA had satisfied this test. *Auto. Body Parts Ass'n v. Ford Glob. Techs., LLC*, No. 4:13-CV-705, 2014 WL 4652123, at *8 (E.D. Tex. Sept. 17, 2014). As to the first *Hunt* requirement, the court found that “in its cease and desist letters, Ford accused New World of infringing the design patents, which is sufficient to establish that New World would have standing in its own right to bring an action for declaratory judgment against Ford.” *Id.* at *8.

Following that determination, the ABPA amended its complaint. Instead of seeking a declaration that six of Ford’s design patents for auto-body parts were invalid or unenforceable, it only sought that declaration as to the ’299 and ’685 patents. (*See* R. 2.)

In January 2015, the federal court in Texas transferred the case to the Eastern District of Michigan and it was assigned to this Court’s docket. (*See* R. 1.)

Just two weeks later, Ford filed a separate lawsuit against New World in the Eastern District of Michigan. *Ford Global Techs., LLC v. New World Int’l, Inc. et al.*, No. 15–10394 (E.D. Mich. filed Jan. 29, 2015). Ford initially accused New World of infringing the two patents at issue in this case along with several others. Like in the ITC action, Ford later dropped its claims that New World had infringed the two patents at issue here. Ford’s case against New World was reassigned to this Court’s docket as a companion to this case.

C.

In October 2016, the ABPA filed the motion for summary judgment now pending before this Court. (R. 39.) According to the ABPA, the ’299 and ’685 patents are invalid because they do not protect ornamental designs and they are unenforceable against ABPA

members because when Ford sells an F-150 truck, its patent rights in the design of the truck's hood and headlamp are exhausted. (*See* R. 39, PID 566.)

That same month, New World, which is represented by the same counsel as the ABPA, filed for summary judgment in the companion to this case. New World essentially made the same invalidity and unenforceability arguments as did the ABPA. Although New World subsequently withdrew that motion, Ford then filed a mirror-image motion for summary-judgment: it claimed that its design patents were *not* invalid for failing to protect ornamental designs and that they were *not* unenforceable under the doctrine of exhaustion. Given that ABPA's motion in this case and Ford's in the companion addressed the same two issues, the parties agreed that the Court should consider the arguments presented in all the briefs in both cases in deciding both motions.

While this Court was in the midst of drafting its opinion on the two motions, a threshold issue arose in each case. The first was a result of *TC Heartland LLC v. Kraft Foods Group Brands LLC*, — U.S. —, 137 S.Ct. 1514, 197 L.Ed.2d 816 (2017). There, the Supreme Court held that a corporation can be sued for patent infringement only in its state of incorporation. *See id.* at 1517. New World's was Texas. So this question arose: should Ford's suit against New World remain in the Eastern District of Michigan?

The other threshold issue involved this case. Although it had made similar statements earlier, in its summary-judgment briefing, Ford made clear that it was not accusing New World of infringing the two patents at issue in this case. (*See* R. 54.) As noted above, under *Hunt*, the ABPA's standing to seek a declaratory judgment was premised on New World's

standing to do so. So the Court asked the parties to brief the issue of mootness. (*See* R. 54.) In that briefing, Ford went a step further: it offered a covenant never to sue New World (and a few others) for infringing the '299 and '685 patents. (*See* R. 61, PID 1104.) So this question arose: is this case moot?

The Court has already answered one of the two threshold questions. In particular, the Court found that under *TC Heartland*, the Eastern District of Michigan was not the proper venue for Ford's suit against New World and that New World had not waived the defense of improper venue. *See generally Ford Glob. Techs., LLC v. New World Int'l Inc.*, No. 2:15-CV-10394, 2017 WL 5635451 (E.D. Mich. Nov. 7, 2017). The Court thus transferred Ford's infringement case to the Northern District of Texas. *See Ford Glob. Techs., LLC v. New World Int'l Inc.*, No. 3:17-cv-03201-N (N.D. Texas filed Nov. 22, 2017.) Ford's summary-judgment motion the one that mirrors the one the ABPA asks this Court to decide—remains pending before the federal court in Texas.

II.

The Court now turns to the other threshold issue: whether this case is moot.

On the surface, it seems so. Based on the covenant it has offered and associated representations it made at oral argument, Ford is willing to irrevocably commit to never suing New World (and three other entities) for infringing the two patents at issue in this case, the '299 and '685 patents. (*See* R. 63, PID 1104, 1348.) And, as explained, the federal court in Texas found that the ABPA had standing in this case because Ford had sent New World cease-and-desist letters. In other words, the ABPA's standing to seek a declaration that

the two patents-in-suit are invalid or unenforceable was built upon New Worlds' standing to do so. But now, Ford has cut out that foundation by saying that it will never sue New World for infringing the two patents-in-suit.

But this case is not between New World and Ford—it is between the ABPA and Ford. And so if there is a case or controversy between another ABPA member and Ford, the ABPA could pursue declaratory relief premised on that member's ability to do so.

In examining this issue, the Court is mindful that after *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 S.Ct. 764, 166 L.Ed.2d 604 (2007), “a declaratory judgment plaintiff does not need to establish a reasonable apprehension of a lawsuit in order to establish that there is an actual controversy between the parties.” See *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1384 (Fed. Cir. 2007). Instead a “more lenient legal standard,” *Micron Tech., Inc. v. Mosaid Techs., Inc.*, 518 F.3d 897, 902 (Fed. Cir. 2008), applies: “whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment,” *MedImmune*, 549 U.S. at 127, 127 S.Ct. 764.

Considering “all the circumstances,” the controversy between Ford and National Autobody Parts Warehouse, an ABPA member, is *just* substantial and *just* immediate enough that an opinion on the merits of the ABPA's two defenses will not be advisory. It appears that NAPW is a middle-man in the auto-body parts distribution chain: it buys auto-body parts from manufacturers (or others more upstream than it) and then resells them to repair shops (or others more down-

stream than it). (See R. 69, PID 1678–80.) According to NAPW, manufacturers of the hood and headlamp covered by the two patents in this case have been told by Ford’s exclusive licensee, LKQ, that if they manufacture the hood and headlamp for anyone but LKQ, they would “be subject to patent enforcement efforts by” Ford. (R. 69, PID 1680.) Notably, these manufacturers are themselves ABPA members. (R. 69, PID 1680.) Thus, if Ford is willing to sue those ABPA members for selling the hood and headlamp to NAPW, it seems likely that Ford would sue NAPW if it, in turn, sold the hood and headlamp to collision repair shops or vehicle owners.

Of course, an Article III case or controversy cannot be based on a hypothetical—that NAPW might someday buy the hood and headlamp from a manufacturer and might someday sell it. But NAPW has averred that in the past, it purchased and sold a hood and a headlamp that Ford claims are covered by the two patents-in-suit. (R. 69, PID 1679.) And NAPW says it is “ready and willing” to do so now. (*Id.*) It has even asked Ford for a license to sell the hood and headlamp and was denied. (*Id.*) And it asked Ford’s exclusive licensee to buy the hood and headlamp from it, but LKQ refused. (*Id.*) So, on this record, there is more than speculation that NAPW might sell the hood and headlamp. It has in the past, it wants to now, and has tried to obtain permission to do so.

The Court is aware that even under *MedImmune*’s less-stringent test it is not enough that NAPW subjectively believes that it would be sued for patent infringement if it purchased and then sold the hood and headlamp—there must be “some affirmative act” by Ford. *SanDisk*, 480 F.3d at 1380–81; accord *Asia Vital Components Co. v. Asetek Danmark A/S*, 837

F.3d 1249, 1253 (Fed. Cir. 2016). But there have been affirmative acts by Ford against ABPA members in the past: the ITC actions and the cease-and-desist letters. *See Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1341 (Fed. Cir. 2008) (“Prior litigious conduct is one circumstance to be considered in assessing whether the totality of circumstances creates an actual controversy.”). And there is an affirmative act by Ford against an ABPA member right now: Ford’s lawsuit against New World alleging infringement of the 13 design patents. Of course, Ford is not suing New World for the two patents at issue in this case and has said it never will. But to the extent that this would quell NAPW’s fear of suit should it purchase and sell the hood and headlamp, another fact heightens it: Ford has refused to extend the covenant to all ABPA members and NAPW specifically.

Thus, while a close call, the Court finds a sufficient case or controversy between Ford and NAPW. *MedImmune*, 549 U.S. at 127, 127 S.Ct. 764. And given that NAPW is an ABPA member, it follows that the ABPA may seek a declaration that the ’299 and ’685 patents are invalid or unenforceable.

III.

The Court thus turns to the ABPA’s motion for summary judgment.

A.

Here too there is a threshold question: what is the ABPA’s summary-judgment burden? At trial, an accused infringer must show that a design patent is invalid because it protects function rather than ornamentation by clear-and-convincing evidence. *See Ethicon Endo-Surgery, Inc. v. Covidien, Inc.*, 796 F.3d 1312, 1328 (Fed. Cir. 2015). And, at trial, the accused

infringer must show that a patent cannot be enforced against it by a preponderance of the evidence. *Jazz Photo Corp. v. United States*, 439 F.3d 1344, 1350 (Fed. Cir. 2006). Thus, the ABPA moves for summary judgment on issues it has the burden of proof on at trial, which would usually mean that the ABPA has the considerable summary-judgment burden of showing that *every* reasonable jury would find in its favor (clearly and convincingly or by a preponderance, as the case may be). See *Hotel 71 Mezz Lender LLC v. Nat'l Ret. Fund*, 778 F.3d 593, 601 (7th Cir. 2015); *Surles v. Andison*, 678 F.3d 452, 455–56 (6th Cir. 2012).

But the ABPA argues that whether a design is directed to function is a question of law (See R. 39, PID 579.) (Its position on exhaustion is less clear. (See R. 39, PID 580–81.)) It strikes the Court that even if the ultimate question is one of law, there are often underlying questions of fact. For example, whether there are alternative designs for the product that allow it to perform the same function is a question of fact. So to the extent that there are material factual disputes, it would seem that the ABPA would have the considerable burden of showing that every reasonable jury would resolve the material factual dispute in its favor. See *Hotel 71*, 778 F.3d at 601; *Surles*, 678 F.3d at 455–56.

Ultimately, the Court need not decide whether invalidity due to functionality and unenforceability due to exhaustion present pure questions of law or mixed questions of law and fact. The Court will assume in the ABPA's favor that it only needs to convince this Court that the two patents in suit are invalid or unenforceable. It may proceed this way because, as will be explained, the ABPA has not persuaded this Court to find in its favor and so it would follow that it has not

persuaded the Court that *every* reasonable jury would find in its favor.

The Court now turns to the merits.

B.

The Court starts with the ABPA's claim that the '299 and the '685 patents are invalid. The Patent Act restricts design-patent protection to "ornamental" designs. *See* 35 U.S.C. § 171. The ABPA claims that the designs of the '299 and the '685 patents are not ornamental. The ABPA makes two main arguments in support of this claim: the designs of the two patents-in-suit are not "a matter of concern" and the two designs are "dictated by function." (*See* R. 39, PID 571–74; R. 51, PID 575–76; Case No. 15–10394, R. 104, PID 5586–87.) (The ABPA places its dictated-by-function argument under the matter-of-concern umbrella (*see* Case No. 15–10394, R. 104, PID 5585–86), but whether part of the matter-of-concern test or a separate test for patent eligibility, the dictated-by analysis is the same.)

The Court considers these two primary arguments in turn and then addresses ABPA's related policy arguments. None are convincing.

1.

The "matter of concern" approach to deciding whether a design is entitled to patent protection is based on a straightforward concept: if no one cares about a particular design, then the design is not deserving of patent protection. *See Application of Stevens*, 173 F.2d 1015, 1019 (C.C.P.A. 1949) ("It has been held repeatedly that articles which are concealed or obscure in normal use are not proper subjects for design patents, since their appearance cannot be a matter of concern."). An example of a design that is of no concern is the

design for a rotary brush for a vacuum cleaner that, during its normal use, is concealed from view. *Id.* at 1019.

The ABPA argues that the designs of the '299 and '685 patents are not a matter of concern because when an F-150 is damaged (say in a crash), the owner simply wants the body parts that will return her F-150 to the way it looked when it was new. (R. 39, PID 572.) In other words, the ABPA says that the F-150 owner will not shop around and compare various hood designs; instead she will, in mechanistic fashion, simply order the hood that came with the truck when it came off the assembly line. (*See* R. 39, PID 573; Case No. 15-10394, R. 104, PID 5586-87.) In further support of this assertion, the ABPA claims that vehicle owners (or collision repair shops on the owner's behalf) "typically" order a replacement body part by part number and thus never even consider the part's design. (*See* R. 39, PID 573.) And, says the ABPA, insurance policies often only cover returning the vehicle to "its pre-loss operational safety, function, and appearance." (R. 39, PID 572, 660.) Thus, the ABPA implies that if the owner of an F-150 wants her insurer to pay the repair costs, she needs to have her truck restored to the way it looked before the accident. (*See* R. 39, PID 572, 577; but *see* R. 39, PID 627.)

The ABPA has not established a necessary premise of its argument: that the "matter of concern" inquiry is constrained to the perspective of a vehicle owner *at the time* that she is buying a replacement body part, as opposed, for example, to the time she initially buys the truck. None of the ABPA's legal authorities—*Gorham Manufacturing Co. v. White*, 81 U.S. 511, 14 Wall. 511, 20 L.Ed. 731 (1871), the district court and Federal Circuit opinions in *Best Lock Corp. v. ILCO Unican*

Corp., or the district court and Sixth Circuit opinions in *Static Control Components, Inc. v. Lexmark Int'l, Inc.*—establish this premise. Moreover, there is authority to the contrary.

Starting with *Gorham*, the ABPA relies on this language: “[The acts of Congress which authorize the grant of patents for designs] manifestly contemplate[] that giving certain new and original appearances to a manufactured article may enhance its *salable value*, *may enlarge the demand for it*, and may be a meritorious service to the public.” 81 U.S. at 524–25 (emphasis added). The Court agrees with the ABPA that the references to “salable value” and “demand” suggest that in deciding whether a design is entitled to patent protection, a court should take into account whether design plays a role in consumers’ purchase decisions. (See Case No. 15–10394, R. 104, PID 5582–83.) But even if a consumer’s valuation of the design is key to deciding whether the design is a matter of concern, it does not follow that it is only the consumer’s perspective when she seeks to replace the product with the patented design that matters. After all, an article’s design may have been the very reason the consumer bought the article in the first place. Or, at least, a reason.

The two *Best Lock* opinions also do not help the ABPA establish that the design of an auto-body part is a matter of concern only if it is a matter of concern when the auto-body part is being replaced. The design patent in *Best Lock* covered a unique-looking key blade (the portion of a key that is inserted into a lock). 94 F.3d 1563, 1564–65 (Fed. Cir. 1996). Although the district court found that the blade’s design was not “a matter of concern to a purchaser,” it did so by finding that the design of the blade was *never* a matter of con-

cern to the purchaser: “Ornamentation, or the aesthetic quality of this design, is not a matter of concern during either the use of the product *or at the time the key or lock is purchased*. . . . There is no evidence that at *any time* in the commercial process the appearance of the cross-section of the key or keyway represented a matter of ornamental concern to the purchaser or the user.” 896 F.Supp. 836, 843 (S.D. Ind. 1995) (emphases added). In other words, the district court in *Best Lock* did not limit the matter-of-concern inquiry to when a lost key might need to be replaced (at which point design would obviously not be a matter of concern because the lock owner needs the one key that will open his lock). And, as will be discussed below, the Federal Circuit’s holding did not depend on whether the key blade design was a matter of concern to purchasers. *See Best Lock*, 94 F.3d at 1566.

That leaves the ABPA with the two *Static Control* opinions. Neither establish the premise missing from the ABPA’s matter-of-concern argument. *Static Control* involved a patent for the design of a toner cartridge. 697 F.3d 387, 421 (6th Cir. 2012). As in *Best Lock*, the district court in *Static Control* found that the appearance of the cartridges were “of no matter of concern during those cartridges’ *entire existence*—beginning after completion of manufacture or assembly and ending with the ultimate destruction, loss, or disappearance of those cartridges.” 487 F.Supp.2d 830, 839 (E.D. Ky. 2007) (emphasis added). And the Sixth Circuit’s reasoning largely tracked that of the district court. *See* 697 F.3d at 422.

In short, none of *Gorham*, *Best Lock*, or *Static Control* limit the matter-of-concern inquiry to the consumer’s thought process when she is replacing an article with a patented design. As such, the ABPA has not

established a necessary premise of its matter-of-concern argument.

And, in fact, there is binding precedent that strongly supports a finding that designs for auto-body parts pass the matter-of-concern test for patent eligibility. At issue in *In re Webb* was whether the design for an artificial femur was eligible for patent protection. 916 F.2d 1553, 1555 (Fed. Cir. 1990). The patent examiner and appeal board thought not, reasoning that the femur, once placed inside the body, would never be seen and thus its aesthetic was of no concern to anyone. *Id.* at 1556. The Federal Circuit rejected this argument. It acknowledged that “replacement items” (like a vacuum cleaner’s rotary brush) are either sold by part number or at most viewed to assess whether they will do the job; thus, how these items look are of no concern to consumers. *Id.* at 1558. But the Federal Circuit pointed out that the design of other items (like a casket or artificial femur), while of no concern in their ultimate use, are of concern when marketed. *Id.* at 1558. Thus, the Court held, “the inquiry must extend to whether *at some point in the life of the article* an occasion (or occasions) arises when the appearance of the article becomes a ‘matter of concern.’” *Id.* at 1557 (emphasis added).

In re Webb closes the door (or hood) on the ABPA’s matter-of-concern argument. Even if Ford had not produced considerable evidence on the point (*see* Case No. 15–10394, R. 99, PID 4455–59), it is beyond reasonable debate that the design of an auto-body part is important to consumers at least when they are deciding which car to buy. In other words, the look of the vehicle matters or, in patent parlance, is a matter of concern.

The ABPA also argues that the designs protected by the '299 and '685 patents are not “ornamental” under § 171 because the designs were “dictated by function.”

Like the matter-of-concern test for design-patent eligibility, the dictated-by-function test captures a simple concept: if an article had to be designed a certain way for the article to function, then the design does not deserve patent protection. *See Ethicon Endo-Surgery, Inc. v. Covidien, Inc.*, 796 F.3d 1312, 1328 (Fed. Cir. 2015). This is for two related reasons. One: the point of granting monopolies on designs is to encourage people to come up with innovative ones. *See Donald S. Chisum*, 8 *Chisum on Patents* § 23.03[4] at 23–38 (2016). But if a design was dictated by how the article works, then the design is more byproduct than innovation. *See Avia Grp. Int'l, Inc. v. L.A. Gear California, Inc.*, 853 F.2d 1557, 1563 (Fed. Cir. 1988) (“When function dictates a design, protection would not promote the decorative arts, a purpose of the design patent statute.”), *abrogated on other grounds by Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665 (Fed. Cir. 2008). Two: if a design patent could protect a design dictated by the article’s function, then the holder of a design patent would effectively be granted a monopoly on the function without having to clear the hurdles for obtaining a *utility* patent, i.e., the monopoly on function would be unearned. *See Chisum, supra*, § 23.03[4].

The ABPA asserts that several functions dictate the designs covered by the '299 and '685 patents. For one, the ABPA says that the designs for the hood and headlamp are dictated by the need to physically fit onto the F-150, including mating with the surrounding body parts and connecting to the truck’s frame. (*See* R. 39, PID 572; R. 51, PID 1031; Case No. 15–

10394, R. 104, PID 5587.) For another, the ABPA says that the designs are dictated by the need to match the F-150's overall aesthetic. (See R. 39, PID 572; R. 51, PID 1031; Case No. 15-10394, R. 104, PID 5587.) And the ABPA implies that insurance provisions and government regulations dictate the designs of the hood and headlamp. (See R. 39, PID 572.)

Taking this last point first, the cases the ABPA cites are inapposite. In *Application of Carletti*, 328 F.2d 1020, 1021-22 (C.C.P.A. 1964), the court did find that the gasket was designed to meet military specifications but it also found that the design was simply not for aesthetics: “[i]t seems naive in the extreme to believe that anyone would try to ‘ornament’ the rubber gasket on the under side of the bung cap for a gasoline drum.” As for *Shop*TV, Inc. v. Bed Bath & Beyond, Inc.*, No. 09CV00057, 2010 WL 427782 (D. Colo. Jan. 19, 2010), the district court later withdrew its adoption of that report and recommendation because the case settled. See 2010 WL 582165. And legal authority aside, ABPA has no evidence that insurance provisions or government regulations are so restrictive that auto manufacturers cannot choose how to design their trucks' hoods or headlamps. Indeed, a stroll through a used-car lot (or autotrader.com) reveals just the opposite.

The ABPA's aesthetic-functionality argument has more merit. Indeed, it has been accepted in trademark law. Take *Deere & Co. v. Farmhand, Inc.*, 560 F.Supp. 85 (S.D. Iowa 1982), for instance. There, John Deere's claim of trademark infringement rested in part on the fact that a competitor had painted its loaders—a bulldozer-like part that attaches to the front of a tractor—“John Deere green.” See *id.* at 88-89. While farm-equipment consumers might well have associ-

ated the distinct shade of green with John Deere, the court found that the color could still not serve as a trademark because the color was aesthetically functional. *Id.* at 96–99. In particular, farmers testified that matching the loader’s color with their tractor’s color was an important factor in choosing which loader to buy. *Id.* at 91, 98. The ABPA implies that the situation in this case is similar: just like “John Deere green” allowed one part of the tractor (the loader) to match the aesthetic of the tractor as a whole, Ford’s designs allow the hood and headlamp to match the aesthetic of the truck as a whole. (See R. 39, PID 572; Case No. 15–10394, R. 104, PID 5588.)

For at least three reasons the Court declines to import the aesthetic-functionality doctrine from trademark law to design-patent law.

First, no court has done so. This despite that both trademarks and design patents have coexisted for well over a century.

Second, trademark law and patent law serve different purposes. By ensuring that a mark is associated with a particular source, trademark law simultaneously encourages the mark holder to make high-quality goods and discourages competitors from selling poor-quality goods under the guise of the mark. See *Qualitex Co. v. Jacobson Prod. Co.*, 514 U.S. 159, 164, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995). In other words, “by protecting a firm’s reputation,” trademark law “seeks to promote competition.” *Id.* at 164, 115 S.Ct. 1300. In contrast, patents inhibit competition. *Schering-Plough Corp. v. F.T.C.*, 402 F.3d 1056, 1065–66 (11th Cir. 2005) (“By their nature, patents create an environment of exclusion, and consequently, cripple competition.”); see also *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 215, 100 S.Ct. 2601, 65 L.Ed.2d 696

(1980); *Retractable Techs., Inc. v. Becton Dickinson & Co.*, 842 F.3d 883, 893 (5th Cir. 2016). Yet the “policy predicate for the entire [trademark] functionality doctrine stems from the public interest in enhancing competition.” *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 827 (3d Cir. 1981).

Third, there is greater reason for trademark law to be concerned with functionality (aesthetic or otherwise) than design-patent law. If a trademark could protect function, the mark holder would gain a *perpetual* monopoly over the product’s function without clearing the hurdles for obtaining *any* patent—utility or design. See *Qualitex*, 514 U.S. at 165, 115 S.Ct. 1300; *Keene*, 653 F.2d at 824. In contrast, those seeking a design patent must clear at least some hurdles related to novelty. And the term of monopoly is limited to 15 years. Thus, the inequity of a design patent protecting the aesthetically functional aspect of an article is simply not as great as a trademark doing so.

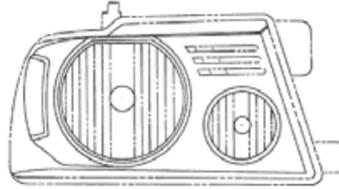
In short, the ABPA has not persuaded the Court that a design is not entitled to patent protection if it performs an aesthetic function (like matching the aesthetic of a hood to the aesthetic of an F–150).

That leaves the ABPA’s claim that the designs of the ’299 and ’685 patents are dictated by their need to physically fit the F–150. But the need for the hood and headlamp to mate with surrounding parts and truck frame only restricts the pool of available designs in a limited way. Those who buy trucks for their looks can imagine a dozen hood and headlamp designs that would physically fit the existing structure of the F–150. But one does not have to imagine because Ford has found real-life examples:

23a



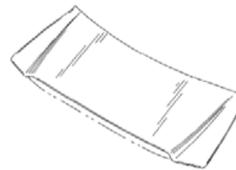
Performance Part



'685 patent, Fig. 2.



Performance Part



'299 patent, Fig. 1.

(Case No. 15–13094, R. 99, PID 4639–40, 4678–4707, 4714–29.) The fact that there are “performance parts,” i.e., alternative hood and headlamp designs that both perform their intended function and fit the F–150, strongly suggests that the designs are not dictated by function. See *Ethicon Endo–Surgery, Inc. v. Covidien, Inc.*, 796 F.3d 1312, 1329–30 (Fed. Cir. 2015) (“We have not mandated applying any particular test for determining whether a claimed design is dictated by its function and therefore impermissibly functional. We have often focused, however, on the availability of alternative designs as an important—if not dispositive—factor in evaluating the legal functionality of a claimed design.”).

The existence of performance parts also serves to distinguish this case from one of the ABPA’s principle cases that the Court said it would revisit: the Federal Circuit’s opinion in *Best Lock*. (See Case No. 15–10394, R. 104, PID 5590–92.) There, the patent holder argued that the design of the key blade was not dictated by function because there were “unlimited” key blade and

corresponding lock designs. 94 F.3d at 1566. The Federal Circuit rejected this argument. It noted that the patent was not directed to key-and-lock combination but just a key blade. *Id.* And, said the Court, there was exactly one key blade that would physically fit the corresponding lock. *Id.* So the blade had to be designed as shown in the patent or it would not serve its intended function. *Id.* Here, the existence of performance parts demonstrates that the designs claimed in the '299 and '685 patents are not necessary for the hood and headlamp to perform their intended functions.

In short, the ABPA has not persuaded the Court that the designs of the '299 and '685 patents are dictated by function.

3.

That leaves the ABPA's policy-based arguments for invalidity.

For one, the ABPA claims that design patents are premised on a *quid pro quo*: in exchange for a monopoly on its design, the patent holder contributes to the decorative arts. (R. 39, PID 574–75.) The ABPA thinks that Ford has not kept up its end of the bargain because “design patent protection for automotive repair parts does not promote the decorative arts or provide other public benefits.” (R. 39, PID 575.) But it appears that the basis for this last statement is that auto-body part designs are dictated by function or of no concern to consumers. As the Court has rejected these two arguments, the policy argument must be rejected too.

The ABPA also says that if Ford is allowed to protect its designs for F-150 body parts it is allowed “double recovery”: once when the truck is sold, and then again when the truck is repaired. (R. 39, PID 575.) But the ABPA has no evidence that the revenue Ford receives

by selling (or licensing LKQ to sell) replacement body parts does not lower the initial sale price of the vehicle. In any event, if the designs are “ornamental” within the meaning of § 171, then it is for Congress, not this Court, to address any “double recovery” issues.

The ABPA further identifies a “practical problem that would arise if design patents on automotive repair parts are not held invalid.” (R. 39, PID 576.) It refers to the fact that patents give their holders the right to exclude others from using the patented design so, if Ford wanted, it could decide not to sell any replacement body parts itself and further decide to preclude anyone else from doing so. (*Id.*) The result: “if an owner wants an original design, then the owner has to purchase a new vehicle.” (*Id.*) But the ABPA offers no evidence to suggest that Ford has any plans to force its customers to purchase a new vehicle every time a customer’s vehicle sustains significant body damage. And there are good reasons to think Ford has no such plans: General Motors, Toyota, Volkswagen, Nissan, Fiat–Chrysler, Honda, etc.

* * *

In sum, the ABPA has not persuaded the Court (by clear and convincing evidence or otherwise) that Ford’s design patents covering the F–150 hood and headlamp are invalid.

C.

In the alternative, the ABPA argues that the ’299 and ’685 patents are unenforceable against ABPA members under the doctrine of patent exhaustion. The Court is unpersuaded.

Like the doctrines discussed so far, the patent exhaustion captures a relatively straightforward concept. Included in a patent holder’s bundle of rights are the

rights to exclude others from selling or using an item covered by her patent. *See* 35 U.S.C. §§ 154, 171. But when she sells (or authorizes another to sell) the patented item, she has reaped her reward, and so all patent rights to that one item are “exhausted.” *See Bowman v. Monsanto Co.*, 569 U.S. 278, 283–84, 133 S.Ct. 1761, 185 L.Ed.2d 931 (2013). In other words, the authorized sale “confers on the purchaser, or any subsequent owner, the right to use or sell the [item] as he sees fit.” *Id.* at 283, 133 S.Ct. 1761 (internal quotation marks and alteration omitted). And the purchaser’s right to use the patented item includes the right to use it for its lifetime, *Adams v. Burke*, 84 U.S. 453, 455, 17 Wall. 453, 21 L.Ed. 700 (1873), so the doctrine of patent exhaustion also grants the purchaser of a patented item the right to repair it, *Standard Havens Prod., Inc. v. Gencor Indus., Inc.*, 953 F.2d 1360, 1376 (Fed. Cir. 1991). And the right to repair the patented item “includes the right to purchase repair parts.” *Standard Havens*, 953 F.2d at 1376.

For example, suppose a company holds a patent that covers a knitting machine (but has no patents covering any individual part of the machine). If the company sells the patented machine, the machine’s owner can use the machine and, if it breaks, repair the machine without worry that he is violating the patent-holder’s rights. *See Jazz Photo Corp. v. Int’l Trade Comm’n*, 264 F.3d 1094, 1102–03 (Fed. Cir. 2001), *other grounds abrogated by Impression Prod., Inc. v. Lexmark Int’l, Inc.*, — U.S. —, 137 S.Ct. 1523, 198 L.Ed.2d 1 (2017). And the machine’s owner may even repair the machine by replacing worn out parts, say the knitting machine’s needles, with new ones. *Cf. Wilson v. Simpson*, 50 U.S. 109, 125–26, 9 How. 109, 13 L.Ed. 66 (1850).

But exhaustion has its limits. The authorized sale of a patented item permits the owner to sell and use the one item that he purchased—not to make a replacement should that one item be destroyed. *See Bowman*, 569 U.S. at 283–84, 133 S.Ct. 1761. In other words, “the [exhaustion] doctrine restricts a patentee’s rights only as to the ‘particular article’ sold; it leaves untouched the patentee’s ability to prevent a buyer from making new copies of the patented item.” *Id.* at 284, 133 S.Ct. 1761 (internal citations omitted).

A second example helps illustrate this rule. In *Aiken v. Manchester Print Works*, a company held a patent that covered unique needles for a knitting machine. *See* 1 F.Cas. 245 (C.C.D.N.H. 1865). As the company’s sale of a knitting-machine-with-needles bundle exhausted the company’s patent rights to the needles, the purchaser of the bundle could use the needles and repair them (say by straightening out a bend). *Id.* at 247. But the *Aiken* court held that the purchaser of the bundle was not permitted to make replacement needles. *Id.* In reaching its conclusion that the machine could not be repaired by replacing worn out needles with new ones, the court explicitly distinguished the first example provided above, i.e., where a patent covered the knitting machine but no patent covered just the needles. *See id.* (distinguishing *Wilson v. Simpson*, 50 U.S. 109, 9 How. 109, 13 L.Ed. 66 (1850)). The Supreme Court long ago approved of the reasoning of *Aiken*, *see Morgan Envelope Co. v. Albany Perforated Wrapping Paper Co.*, 152 U.S. 425, 434–36, 14 S.Ct. 627, 38 L.Ed. 500 (1894), and the Federal Circuit says that the venerable case is still the law, *see Helferich Patent Licensing, LLC v. N.Y. Times Co.*, 778 F.3d 1293, 1304 (Fed. Cir. 2015).

These settled rules and accompanying illustrations show that the ABPA's exhaustion defense fails as a matter of law. In the ABPA's view, when Ford sells an F-150, its rights in the '299 and '685 are exhausted. (R. 39, PID 583-84.) So, says the ABPA, when an F-150 is damaged in an accident, the owner of the F-150 has the right to repair it. (R. 39, PID 584.) Thus, according to the ABPA, the owner may replace the hood and headlamps on the vehicle by making new ones or by having new ones made for her. (See R. 39, PID 584-85.) The problem with the ABPA's argument is that the F-150 is just like the knitting machine in *Aiken* and its hood (or headlamp) is just like the needles in *Aiken*. The patents at issue cover the design for those two parts—not the design for the truck as a whole—so while the authorized sale of an F-150 permits the owner to use and repair her hood and headlamp, it does not permit her to make unauthorized replacements or have replacements made for her.

The ABPA responds that *Aiken* involved a utility patent while this case involves design patents. And, says the ABPA, while utility patents are *for* an article of manufacture, design patents are *for a design for* an article of manufacture. Compare 35 U.S.C. § 101, with 35 U.S.C. § 171. Thus, the ABPA claims, while a utility patent can only protect an item, a design patent can protect the design for a *portion* of an item. (R. 51, PID 1034; Case No. 15-10394, R. 104, PID 5597); see also *Application of Zahn*, 617 F.2d 261, 268 (C.C.P.A. 1980) (“While the [patented] design must be embodied in some articles [of manufacture], the statute is not limited to designs for complete articles[] or ‘discrete’ articles[.]”). From the ABPA's perspective then, a patent protecting a design for one item “is the same as” a patent protecting the design for a portion of a larger item that includes the other item. (R. 39, PID

589; Case No. 15–10394, R. 104, PID 5600.) As applied to this case, while the '299 and '685 patents protect the design for the hood and headlamp for an F–150, that is the same as protecting the design for a *portion* of the F–150. (*See id.*) According to the ABPA, this is different than in *Aiken* where the patent at issue protected an item, i.e., the needles. (*See id.*) And, says the ABPA, this difference means that exhaustion permits repair of the F-150 (not just repair of the hood and headlamps), including by replacing the truck's hood and headlamps. (*See id.*)

There is no case dividing patent law this way—i.e., creating separate exhaustion doctrines for utility and design patents. Indeed, in *Aiken*, the needles were not only their own item but also a necessary part of another: the knitting machine. And so while the needle patent could be viewed as covering one entire item (a needle), it could also be viewed as covering a *portion* of an item that incorporates the other (the knitting machine).

And if there were a case where the ABPA's distinction would warrant creating separate exhaustion doctrines for utility and design patents, this is not that case. Like the multi-component machine with a patented part in *Aiken*, the F–150 body is comprised of multiple components with patented parts. This is not a case dealing with a unitary vehicle body, a portion of which is protected by a design patent. In the event of an accident, F–150 owners do not need to replace the entire vehicle body as if it were a one-piece shell. They can instead replace separate body parts. But, as in *Aiken*, they must do so subject to Ford's patent rights on those parts.

In short, under the long-standing limits on the doctrine of patent exhaustion, the mere purchase of an F–150 does not convey to the owner the right to make

new auto-body parts covered by Ford's design patents. It follows that the owner lacks the right to have those parts made for her by ABPA members. The ABPA's exhaustion defense thus fails as a matter of law.

IV.

For the foregoing reasons, the Court finds that this case is not presently moot and thus DENIES Ford's motion to dismiss (R. 61). The Court further finds that the ABPA has not shown that U.S. Patent Nos. D489,299 and D501,685 are invalid because the designs they protect fall outside the scope of 35 U.S.C. § 171 or that those two patents are unenforceable against ABPA members because they become exhausted when Ford sells F-150 trucks. It follows that the ABPA's motion for summary judgment (R. 39) is DENIED.

Moreover, having considered two full sets of briefing on the ABPA's two affirmative defenses, which is the entirety of the ABPA's declaratory-judgment complaint, the Court intends to enter judgment in favor of Ford for the reasons set forth in this opinion and pursuant to Rule 56(f)(1). While Ford has not moved for summary-judgment in this case, it has in the case that was formerly before this Court and now pending before a federal court in Northern Texas. And New World—which is represented by the same counsel as the ABPA—responded to that motion and, at the parties' urging, this Court considered that response and addressed those arguments in writing this opinion. Discovery in this case closed over a year ago (R. 35, PID 551), and both parties' have indicated, if not outright said, that ABPA's two defenses could be decided as a matter of law. The Court thus sees no basis for further argument on the ABPA's claims of invalidity and unenforceability.

SO ORDERED.

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APPENDIX C

930 F.3d 1314

UNITED STATES COURT OF APPEALS,
FEDERAL CIRCUIT

2018-1613

AUTOMOTIVE BODY PARTS ASSOCIATION,
Plaintiff-Appellant,

v.

FORD GLOBAL TECHNOLOGIES, LLC,
Defendant-Appellee.

Sealed Opinion Issued: July 11, 2019
Public Opinion Issued: July 23, 2019**

Robert Glenn Oake, Jr., Oake Law Office, Allen, TX,
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Jessica Lynn Ellsworth, Hogan Lovells US LLP,
Washington, DC, argued for defendant-appellee. Also
represented by Katherine Booth Wellington; Frank A.
Angileri, Marc Lorelli, Brooks Kushman PC, Southfield,
MI.

Before HUGHES, SCHALL, and STOLL, Circuit
Judges.

STOLL, Circuit Judge.

* This opinion was originally filed under seal and has been
unsealed in full.

This case involves both differences and similarities between design patents and utility patents. A design patent protects a “new, original and ornamental design for an article of manufacture.” 35 U.S.C. § 171(a). While established law bars design patents on primarily functional designs for lack of ornamentality, utility patents must be functional to be patentable. In many other ways though, design and utility patents are similar. Section 171(b) of Title 35 demands as much, directing that the requirements that apply to “patents for inventions shall apply to patents for designs” unless otherwise provided.

Here, we decide what types of functionality invalidate a design patent and determine whether long-standing rules of patent exhaustion and repair rights applicable to utility patents also apply to design patents. Automotive Body Parts Association (ABPA) asks us to hold that the aesthetic appeal—rather than any mechanical or utilitarian aspect—of a patented design may render it functional. And it asks us to expand the doctrines of exhaustion and repair to recognize the “unique nature” of design patents. Both theories invite us to rewrite established law to permit ABPA to evade Ford Global Technologies, LLC’s patent rights. We decline ABPA’s invitation and affirm the district court’s summary judgment.

BACKGROUND

I

Ford’s U.S. Patent No. D489,299 and U.S. Patent No. D501,685 protect designs used in certain models of Ford’s F-150 trucks. The D ’299 patent, titled “Exterior of Vehicle Hood,” claims “[t]he ornamental design for exterior of vehicle hood.” Figure 1, below, illustrates the hood.

33a

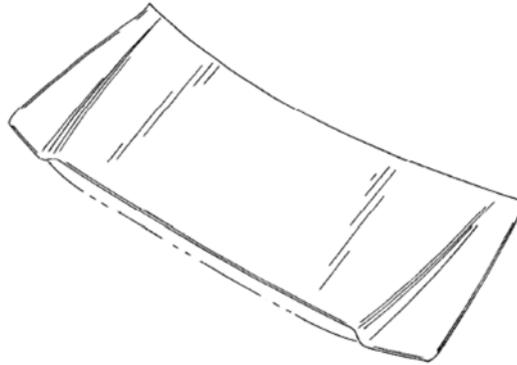
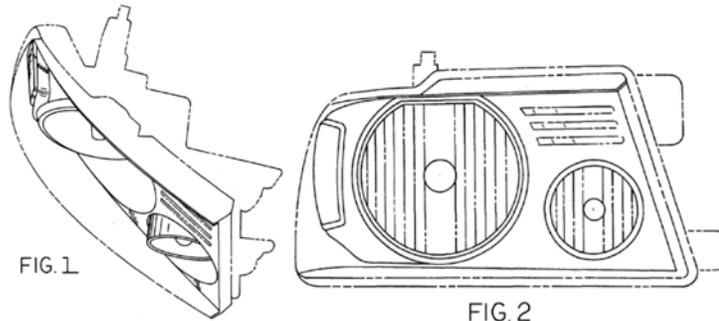


FIG. 1

The D '685 patent, titled "Vehicle Head Lamp," claims "[t]he ornamental design for a vehicle head lamp," as shown in Figures 1 and 2, reproduced below.



The inventors of these designs are artists holding Bachelor of Fine Arts degrees from the College for Creative Studies. In a declaration, one inventor explained that the inventors had "full control and responsibility for the exterior appearance of the . . . Ford F-150 truck," that "the design team created and selected part designs based on aesthetic appearance," and that although engineers reviewed the final designs, "[t]here were no changes to the aesthetic designs of the [] parts based on engineering or functional requirements." J.A. 2538-39.

ABPA, an association of companies that distribute automotive body parts, clashed with Ford at the International Trade Commission when Ford accused a number of ABPA members of infringing the D '299 and D '685 patents, among others. The ITC actions eventually settled, but only after the administrative law judge ruled that “respondents’ [invalidity] defense that the asserted patents do not comply with the ornamentality requirement of 35 U.S.C. § 171 has no basis in the law,” J.A. 256, and that “there is no legal basis for respondents’ assertion of [unenforceability based on] either the patent exhaustion or permissible repair doctrines,” J.A. 242.

Undeterred, ABPA sued Ford in district court, seeking a declaratory judgment of invalidity or unenforceability of the D '299 and D '685 patents. ABPA eventually moved for summary judgment. The district court considered ABPA’s arguments and denied the motion, noting that ABPA “effectively ask[ed] this Court to eliminate design patents on auto-body parts.” *Auto. Body Parts Ass’n v. Ford Glob. Techs., LLC*, 293 F. Supp. 3d 690, 694 (E.D. Mich. 2018). Though Ford had not moved for summary judgment, the district court announced its intention to enter judgment in favor of Ford sua sponte pursuant to Federal Rule of Civil Procedure 56(f)(1). *Id.* at 707. ABPA responded, agreeing that it had not “include[d] any additional argument, authorities, or evidence beyond that which has already been considered by this Court,” and stating that it “d[id] not object to the prompt entry of final judgment so that [it could] file a notice of appeal.” J.A. 2149. The district court entered summary judgment, and ABPA appeals.

DISCUSSION

We review the district court’s sua sponte grant of summary judgment under the law of the regional circuit. *See Charles Mach. Works, Inc. v. Vermeer Mfg. Co.*, 723 F.3d 1376, 1378 (Fed. Cir. 2013). In the Sixth Circuit, “[t]he substance of the district court’s decision is reviewed de novo under the normal standards for summary judgment.” *Leffman v. Sprint Corp.*, 481 F.3d 428, 430 (6th Cir. 2007) (“The district court’s procedural decision to enter summary judgment sua sponte, however, is reviewed for abuse of discretion.” (quoting *Shelby Cty. Health Care Corp. v. S. Council of Indus. Workers Health & Welfare Trust Fund*, 203 F.3d 926, 931 (6th Cir. 2000))). Accordingly, we determine whether, after weighing all inferences in favor of ABPA, Ford is entitled to judgment as a matter of law.¹ *See Leary v. Daeschner*, 349 F.3d 888, 897 (6th Cir. 2003).

I

We first address ABPA’s invalidity arguments. Section 171 of Title 35 authorizes patents claiming “new, original and *ornamental* design[s] for an article of manufacture.” 35 U.S.C. § 171(a) (emphasis added). Our precedent gives weight to this language, holding that a design patent must claim an “ornamental” design, not one “dictated by function.” *See, e.g., High Point Design LLC v. Buyers Direct, Inc.*, 730 F.3d 1301, 1315

¹ Ordinarily, we review a district court’s determination of whether a patented design is invalid due to functionality for clear error. *See Ethicon Endo-Surgery, Inc. v. Covidien, Inc.*, 796 F.3d 1312, 1328 (Fed. Cir. 2015). ABPA invites us to revisit this standard and establish de novo review. Given the de novo standard inherent in review of summary judgment, we do not reach this question.

(Fed. Cir. 2013). We have recognized, however, that a valid design may contain some functional elements. After all, “a design patent’s claim protects an article of manufacture, which ‘necessarily serves a utilitarian purpose.’” See *Sport Dimension, Inc. v. Coleman Co.*, 820 F.3d 1316, 1320 (Fed. Cir. 2016) (quoting *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1123 (Fed. Cir. 1993)). But a design patent may not claim a “primarily functional” design. *Id.* “If [a] particular design is essential to the use of the article, it can not be the subject of a design patent.” *L.A. Gear*, 988 F.2d at 1123.

While “[w]e have not mandated applying any particular test,” certain considerations assist courts in assessing whether a design is dictated by function. *Ethicon*, 796 F.3d at 1329. These include:

[W]hether the protected design represents the best design; whether alternative designs would adversely affect the utility of the specified article; whether there are any concomitant utility patents; whether the advertising touts particular features of the design as having specific utility; and whether there are any elements in the design or an overall appearance clearly not dictated by function.

Berry Sterling Corp. v. Pescor Plastics, Inc., 122 F.3d 1452, 1456 (Fed. Cir. 1997). We have often emphasized the presence or absence of alternative designs, noting that the existence of “several ways to achieve the function of an article of manufacture,” though not dispositive, increases the likelihood that a design serves a primarily ornamental purpose. *Id.* (quoting *L.A. Gear*, 988 F.2d at 1123); see also *Nordock, Inc. v. Sys. Inc.*, 803 F.3d 1344, 1361 (Fed. Cir. 2015) (affirming ornamentality where record showed “alternate designs

available achieve the same utilitarian purpose”), *vacated on other grounds*, — U.S. —, 137 S. Ct. 589, 196 L.Ed.2d 471 (2016); *Rosco, Inc. v. Mirror Lite Co.*, 304 F.3d 1373, 1378 (Fed. Cir. 2002) (“[I]f other designs could produce the same or similar functional capabilities, the design of the article in question is likely ornamental, not functional.”).

A

ABPA posits (without record support) that consumers seeking replacement parts prefer hoods and headlamps that restore the original appearance of their vehicles. It concludes that there is a functional benefit to designs that are aesthetically compatible with those vehicles. *See, e.g.*, Appellant’s Br. 8–9 (“The function of the claimed designs includes their appearance . . .”). From there, rather than arguing that Ford’s designs are functional because they achieve some mechanical or utilitarian goal, ABPA argues that Ford’s hood and headlamp designs are functional because they aesthetically match the F-150 truck. But ABPA does not identify, nor can we find, any design patent case ruling aesthetic appeal of this type functional.

We hold that, even in this context of a 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. As the Supreme Court acknowledged almost 150 years ago, “giving certain new and original appearances to a manufactured article may enhance its salable value, [and] may enlarge the demand for it.” *Gorham Mfg. Co. v. White*, 81 U.S. (14 Wall.) 511, 525, 20 L.Ed. 731 (1871). But regardless of the market advantage conferred by a patented appearance, competitors may not utilize a protected design during the patent’s life. *See id.*; *see also* 35 U.S.C. § 289. To hold that designs that

derive commercial value from their aesthetic appeal are functional and ineligible for protection, as ABPA asks, would gut these principles. The very “thing . . . for which [the] patent is given, is that which gives a peculiar or distinctive appearance,” its aesthetic. *Gorham*, 81 U.S. at 525. If customers prefer the “peculiar or distinctive appearance” of Ford’s designs over that of other designs that perform the same mechanical or utilitarian functions, that is exactly the type of market advantage “manifestly contemplate[d]” by Congress in the laws authorizing design patents. *Id.*

B

ABPA’s contrary arguments are unpersuasive. It first asks us to borrow the principle of “aesthetic functionality” from trademark law. In that context, courts have explained that a party cannot use trademark protection to prevent its competitors from using “important product ingredient[s],” *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 170, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995), or “from making their products as visually entrancing as [its] own,” *Pub’ns Int’l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 339 (7th Cir. 1998) (Posner, J.) (explaining that trademark and trade dress protection are unavailable “if consumers derive a value from the fact that a product looks a certain way that is distinct from the value of knowing at a glance who made it”). In *Qualitex*, the Supreme Court permitted a party to trademark a particular color only after explaining that protection might not be available if the “color serve[d] a significant nontrademark function.” *Qualitex*, 514 U.S. at 170, 115 S.Ct. 1300.

ABPA acknowledges that no court has applied “aesthetic functionality” to design patents, but it asks us to become the first. Appellant’s Br. 28–29. We decline. Though trademarks and design patents have certain

similarities, *see id.* at 29–30, it does not follow that trademark principles apply equally to design patents. Trademarks and design patents serve different purposes and have different governing law. Trademarks promote competition by permitting a perpetual monopoly over symbols that “distinguish[] a firm’s goods and identify[] their source, without serving any other significant function.” *Qualitex*, 514 U.S. at 166, 115 S.Ct. 1300. Trademarks ensure that a particular producer reaps the rewards—and bears the risks—of its products’ quality and desirability. *See id.* at 163–64, 115 S.Ct. 1300. It follows that a company may not indefinitely inhibit competition by trademarking features, whether utilitarian or aesthetic, “that either are not associated with a particular producer or that have value to consumers that is independent of identification.” *Pub’ns Int’l*, 164 F.3d at 339; *see also Qualitex*, 514 U.S. at 164–65, 115 S.Ct. 1300 (holding companies may not “inhibit[] legitimate competition” by trademarking desirable features to “put competitors at a significant non-reputation-related disadvantage”). In contrast, design patents expressly grant to their owners exclusive rights to a particular aesthetic for a limited period of time. *See Qualitex*, 514 U.S. at 164, 115 S.Ct. 1300; *see also* U.S. Const. art. I, § 8, cl. 8. The considerations that drive the aesthetic functionality doctrine of trademark law simply do not apply to design patents.

ABPA also attempts to justify its functionality argument with reference to our case law, but it misunderstands our precedent. In *Best Lock Corp. v. Ilco Unican Corp.*, 94 F.3d 1563 (Fed. Cir. 1996), we considered a design patent for a key “blade,” the portion of the key that interacts with a lock to open or close it. *Id.* at 1564. The parties agreed that “the key blade must be designed as shown in order to perform its intended

function—to fit into its corresponding lock’s keyway. An attempt to create a key blade with a different design would necessarily fail because no alternative blank key blade would fit the corresponding lock.” *Id.* at 1566. On those facts, we affirmed the district court’s finding that the claimed key blade design was dictated solely by function, and the design patent was invalid. *Id.* ABPA argues that only Ford’s patented designs aesthetically “match” the F-150,² and attempts to analogize *Best Lock* to the instant case. But *Best Lock* turned on the admitted fact that no alternatively designed blade would mechanically operate the lock—not that the blade and lock were aesthetically compatible. *Id.*; see also *Static Control Components, Inc. v. Lexmark Int’l, Inc.*, 697 F.3d 387, 395, 422 (6th Cir. 2012) (holding a printer cartridge design functional where “each company’s cartridges will work with only its brand of printers” and “the design of the printer dictated the exact design of the cartridge”).

Best Lock is distinguished for yet another reason. Ford introduced abundant evidence of alternative headlamp and hood designs that physically fit its trucks. See *Auto. Body Parts*, 293 F. Supp. 3d at 703 (reproducing images); J.A. 2442–43. ABPA’s own witnesses testified to the existence of “performance parts” that have a different “design or shape” than the manufacturer’s parts so that they have “some aesthetic appeal or something like that.” J.A. 940–41; see also J.A. 1312–13 (testifying that customers select performance parts because “[t]hey want [their vehicles] to look dif-

² ABPA also briefly suggests that insurers require repair parts to use Ford’s original designs with the F-150 but cites no evidentiary support. ABPA’s own witness explained that insurers simply pay a sum of money for repairs; they do not dictate whether a repair is even made. J.A. 1312.

ferent”). And ABPA admitted that a “performance part” “will fit the associated vehicle . . . but may differ in appearance from the original part.” J.A. 1330; *see also* J.A. 1340 (same). On these facts, *Best Lock* bears little similarity to this case.

Similarly, ABPA urges us to rule that Ford’s designs are not a “matter of concern” to consumers. We have explained that a design is generally not a “matter of concern,” and lacks ornamentality, if it may not be observed or if it is assessed only for functionality. *See In re Webb*, 916 F.2d 1553, 1557–58 (Fed. Cir. 1990). ABPA avers that consumers assess Ford’s designs only to assess their aesthetic compatibility with the F-150. But by definition, if a consumer assesses the aesthetic of a design in considering whether to purchase it, the design *is* a matter of concern. *See id.* Indeed, ABPA and its witnesses admitted that customers select replacement parts from among multiple different designs based on their preferred aesthetic, further undermining ABPA’s position. *See* J.A. 940–41, 1312–13, 1330, 1340. And regardless, the district court found that “it is beyond reasonable debate that the design of an auto-body part is important to consumers at least when they are deciding which car to buy.” *Auto. Body Parts*, 293 F. Supp. 3d at 701. ABPA fails to explain how that well-supported finding constitutes error.

Finally, ABPA asks this court to rule, as a matter of policy, that Ford’s design patents may be enforced only in the initial market for sale of the F-150, and not in the market for replacement components. Appellant’s Br. 36. ABPA argues that a market-specific rule is appropriate because customers have different concerns in different contexts. It declares that customers care about design in the initial sales market, but not when they select replacement parts. But ABPA cites

no supporting facts. Instead, it ignores abundant record evidence regarding performance parts available as replacements for customers who “want [their vehicles] to look different.” J.A. 1312–13. It cites no patent case to support its argument. And it seeks to side-step our precedent, which asks “whether *at some point* in the life of the article an occasion (or occasions) arises when the appearance of the article becomes a ‘matter of concern.’” *Webb*, 916 F.2d at 1557 (emphasis added). Finding neither legal nor factual support for ABPA’s argument, we reject it.³ We therefore affirm the district court’s determination that ABPA failed, as a matter of law, to prove Ford’s designs functional by clear and convincing evidence. *See Ethicon*, 796 F.3d at 1328 (discussing burden and standard of proof).

II

We next address ABPA’s contention that Ford’s patents are unenforceable against its members under the related doctrines of exhaustion and repair.

A

“The franchise which the patent grants, consists altogether in the right to exclude every one from making, using, or vending the thing patented, without the permission of the patentee.” *Bloomer v. McQuewan*, 55 U.S. (14 How.) 539, 549, 14 L.Ed. 532 (1852). But when the patentee sells his invention, the thing sold “is no longer within the limits of the monopoly.” *Id.*; *see also*

³ A bill seeking to create a market-based analysis specifically for auto-body design patents was introduced in a previous Congress but has not become law. *See* PARTS Act, S. 780, 113th Cong. (2013); J.A. 664. “[I]t is not our job to apply laws that have not yet been written.” *See Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 456, 104 S.Ct. 774, 78 L.Ed.2d 574 (1984).

United States v. Masonite Corp., 316 U.S. 265, 277–78, 62 S.Ct. 1070, 86 L.Ed. 1461 (1942). 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.*, — U.S. —, 137 S. Ct. 1523, 1531, 198 L.Ed.2d 1 (2017). An authorized sale compensates the patentee for his invention. After such a sale, the patentee may no longer “control the use or disposition’ of the product.” *Id.* (quoting *United States v. Univis Lens Co.*, 316 U.S. 241, 250, 62 S.Ct. 1088, 86 L.Ed. 1408 (1942)). And the purchaser may use or dispose of that product without incurring liability for infringement. *See, e.g., ExcelStor Tech., Inc. v. Papst Licensing GMBH & Co. KG*, 541 F.3d 1373, 1376 (Fed. Cir. 2008) (“patent exhaustion is a defense to patent infringement”).

Ford concedes that when it sells an F-150, its patents are exhausted as to the components actually sold as part of that truck. Oral Arg. at 17:58–18:24, <http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2018-1613.mp3>. ABPA argues that exhaustion extends further, asserting 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. *See* Appellant’s Br. 43–45. But exhaustion attaches only to items sold by, or with the authorization of, the patentee. *See Jazz Photo Corp. v. Int’l Trade Comm’n*, 264 F.3d 1094, 1105 (Fed. Cir. 2001) (explaining that an authorized sale “exhausts’ the patentee’s right to control further sale and use of *that article*” but does not permit a “second creation of the patented entity” (emphasis added)), *overruled on other grounds by Impression Prod.*, 137 S. Ct. at 1538; *see also Bowman v. Monsanto Co.*, 569 U.S. 278, 286,

133 S.Ct. 1761, 185 L.Ed.2d 931 (2013) (“The exhaustion doctrine is limited to the ‘particular item’ sold”). ABPA’s members’ sales are not authorized by Ford; it follows that exhaustion does not protect them. *See Helferich Patent Licensing, LLC v. N.Y. Times Co.*, 778 F.3d 1293, 1302 (Fed. Cir. 2015) (“[T]he decisions finding exhaustion . . . have done so *only* when . . . *an authorized acquirer* was using the same invention by infringing the asserted claims.” (emphases added)).

ABPA asks us to “adapt[]” this rule for design cases. *See* Appellant’s Br. 49. But we apply the same rules to design and utility patents whenever possible. *See* 35 U.S.C. § 171(b) (“The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.”). Accordingly, we have held that principles of prosecution history estoppel, inventorship, anticipation, and obviousness apply to both design patents and utility patents. *See, e.g., Pac. Coast Marine Windshields Ltd. v. Malibu Boats, LLC*, 739 F.3d 694, 702 (Fed. Cir. 2014) (“The same principles of public notice that underlie prosecution history estoppel apply to design patents as well as utility patents.”); *Hoop v. Hoop*, 279 F.3d 1004, 1007 (Fed. Cir. 2002) (“We apply the same standard of inventorship to design patents that we require for utility patents.”); *Hupp v. Siroflex of Am., Inc.*, 122 F.3d 1456, 1461 (Fed. Cir. 1997) (“In determining whether a design patent is invalid based on a description in a printed publication, . . . the factual inquiry is the same as that which determines anticipation by prior publication of the subject matter of a utility patent”); *In re Borden*, 90 F.3d 1570, 1574 (Fed. Cir. 1996) (“Design patents are subject to the same conditions on patentability as utility patents, including the nonobviousness requirement of 35 U.S.C. § 103.”). We see no persua-

sive reason to depart from this standard for the exhaustion doctrine.

ABPA points to the Supreme Court’s decision in *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617, 128 S.Ct. 2109, 170 L.Ed.2d 996 (2008), to assert that we should nevertheless create a design-patent-specific rule for exhaustion. Appellant’s Br. 49. In *Quanta*, the Court rejected an attempt to exempt method claims from exhaustion. *See Quanta*, 553 U.S. at 628, 128 S.Ct. 2109. After reviewing the history and purpose of the doctrine, the Court noted that “[o]ur precedents do not differentiate transactions involving embodiments of patented methods or processes from those involving patented apparatuses or materials.” *Id.* at 628–29, 128 S.Ct. 2109. It therefore held that like other utility patents, method patents are exhausted by the authorized sale of an item embodying the claimed invention. *Id.* at 638, 128 S.Ct. 2109. And accordingly, it determined that the sale of a microprocessor embodying a method patent exhausts that patent. *See id.* It did not, however, hold that purchasers of those microprocessors could make their own, new microprocessors using the patented invention, as ABPA suggests. Far from supporting ABPA’s position, *Quanta* supports our reluctance to establish special rules for design patents—our precedents do not differentiate transactions involving embodiments of patented designs from those involving patented processes or methods. *See, e.g., Jazz Photo*, 264 F.3d at 1110 (“[T]he principle of exhaustion applies to the design patents as well as to the utility patents.”).

B

ABPA’s right of repair argument is equally unpersuasive. The right of use transferred to a purchaser by an authorized sale “include[s] the right to repair the

patented article.” *Kendall Co. v. Progressive Med. Tech., Inc.*, 85 F.3d 1570, 1573 (Fed. Cir. 1996). The right of repair does not, however, permit a complete reconstruction of a patented device or component. See *Helperich*, 778 F.3d at 1303–05 (noting purchaser cannot recreate patented product); *Kendall*, 85 F.3d at 1573–74 (explaining that while a purchaser may not undertake a “complete ‘reconstruction’” of the patented device, he may replace “individual *unpatented* components” of the patented article (emphasis added)). And it does not permit a purchaser to infringe other patents by manufacturing separately patented components of the purchased article. See *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 346, 81 S.Ct. 599, 5 L.Ed.2d 592 (1961) (“[R]eplacement of a spent, *unpatented element* does not constitute reconstruction. The decisions of this Court require the conclusion that reconstruction of a patented entity, comprised of unpatented elements, is limited to such a true reconstruction of the entity as to ‘in fact make a new article’” (emphasis added) (quoting *United States v. Aluminum Co. of Am.*, 148 F.2d 416, 425 (2d Cir. 1945) (Hand, J.))); *Helperich*, 778 F.3d at 1303–05 (noting prohibition on reconstruction).

ABPA argues that purchasers of Ford’s F-150 trucks are licensed to repair those trucks using replacement parts that embody Ford’s hood and headlamp design patents. But straightforward application of long-standing case law compels the opposite conclusion. Over 150 years ago, a New Hampshire court considered facts similar to those of this case in *Aiken v. Manchester Print Works*, 1 F. Cas. 245 (C.C.D.N.H. 1865). There, the patentee sold a patented knitting machine whose needles wore out on a regular basis. *Id.* at 245–46. Though the needles were covered by a separate patent, the accused infringers argued that they could properly

manufacture replacement needles to continue using the knitting machine they had purchased. The court disagreed, holding that “the needle is subject to a patent, and in making and using it they have infringed.” *Id.* at 247. It distinguished an earlier Supreme Court case in which a purchaser had been permitted to replace the knives used in a patented cutting machine, noting “the cutters and knives, in [*Wilson v. Simpson*, 50 U.S. (9 How.) 109, 13 L.Ed. 66 (1850)], were not subject to a patent.” *Id.* The Supreme Court endorsed *Aiken*’s reasoning in *Morgan Envelope Co. v. Albany Perforated Wrapping Paper Co.*, 152 U.S. 425, 435–36, 14 S.Ct. 627, 38 L.Ed. 500 (1894), and its reasoning governs here. Ford’s patents claim “[t]he ornamental design for exterior of vehicle hood,” *see* D ’299 patent, Claim, and “[t]he ornamental design for a vehicle head lamp,” *see* D ’685 patent, Claim. 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. Like the needles in *Aiken*, such new hoods and headlamps are subject to Ford’s design patents, and manufacturing new copies of those designs constitutes infringement.

ABPA attempts to distinguish *Aiken* and its progeny by asserting that these cases apply only to utility patents. ABPA urges us to adopt a new rule that recognizes the “unique nature” of design patents. *See* Appellant’s Reply Br. 18. In particular, ABPA claims that the statutory language authorizing design patents dictates such a rule. Unlike 35 U.S.C. § 101, which authorizes utility patents for a “process, machine, manufacture, or composition of matter, or any new and

useful improvement thereof,” 35 U.S.C. § 171 permits design patents for a “design for an article of manufacture.” ABPA argues that because “article of manufacture,” is a term broad enough to include both a product component and the product itself, *see Samsung Elecs. Co. v. Apple Inc.*, — U.S. —, 137 S. Ct. 429, 434, 196 L.Ed.2d 363 (2016), sale of either the component (i.e., the hood or headlamp) or the whole product (i.e., the F-150) totally exhausts a design patent and permits unlimited repair. *See* Appellant’s Br. 43–58.

We disagree. In our view, the breadth of the term “article of manufacture” simply means that Ford *could* properly have claimed its designs as applied to the entire F-150 or as applied to the hood and headlamp. To determine what repair rights apply, we look to what Ford actually claimed. As always, “the name of the game is the claim.” *Arlington Indus., Inc. v. Bridgeport Fittings, Inc.*, 632 F.3d 1246, 1255 n.2 (Fed. Cir. 2011) (quoting Giles S. Rich, *The Extent of the Protection and Interpretation of Claims—American Perspectives*, 21 Int’l Rev. Indus. Prop. & Copyright L. 497, 499, 501 (1990)). Ford chose to claim designs as applied to portions of particular components, and the law permits it to do so. *See, e.g., Samsung*, 137 S. Ct. at 435; *Gorham*, 81 U.S. at 512. That the auto-body components covered by Ford’s patents may require replacement does not compel a special rule. Just as the patentee in *Aiken* could have only claimed the needles in conjunction with the knitting machine, 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. *See Aiken*, 1 F. Cas. at 247.⁴

We thus reject ABPA’s attempts to develop design patent-specific exhaustion and repair rules.⁵ Consequently, we affirm the district court’s ruling that ABPA has not shown that Ford’s designs for an F-150 hood and headlamp are exhausted when Ford sells an F-150 truck.

CONCLUSION

Having considered the parties’ remaining arguments and found them unpersuasive, we affirm the district court.

AFFIRMED

COSTS

Costs to Appellee.

⁴ ABPA asserts that Ford’s purchasers are unaware of the design patents covering the hood and headlamp and suggests that as a result we should permit their use of the patented designs. Appellant’s Br. 56–57. Even if purchasers are unaware—and ABPA cites no factual support for that assertion—direct infringement does not require knowledge of a patent. *See Glob.-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 761 n.2, 131 S.Ct. 2060, 179 L.Ed.2d 1167 (2011) (“[A] direct infringer’s knowledge or intent is irrelevant.”).

⁵ As an additional argument for affirmance, Ford asserts that because ABPA and its members are not themselves the purchasers of Ford’s trucks, they cannot benefit from an implied license to repair the trucks. *See Appellee’s Br.* 43–45. For purposes of this opinion, we do not reach this issue.

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APPENDIX D

NOTE: This order is nonprecedential.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2018-1613

AUTOMOTIVE BODY PARTS ASSOCIATION,
Plaintiff-Appellant

v.

FORD GLOBAL TECHNOLOGIES, LLC,
Defendant-Appellee

Appeal from the United States District Court for
the Eastern District of Michigan in No. 2:15-cv-
10137-LJM-RSW, Judge Laurie J. Michelson.

ON PETITION FOR PANEL REHEARING
AND REHEARING EN BANC

Before PROST, *Chief Judge*, NEWMAN, LOURIE,
SCHALL*, DYK, MOORE, O'MALLEY, REYNA,
WALLACH, TARANTO, CHEN, HUGHES, and
STOLL, *Circuit Judges*.

PER CURIAM.

* Circuit Judge Schall participated only in the decision on the
petition for panel rehearing.

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ORDER

Appellant Automotive Body Parts Association filed a combined petition for panel rehearing and rehearing en banc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on September 20, 2019.

FOR THE COURT

September 13, 2019
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

APPENDIX E

- (12) United States Design Patent
Metros et al.
- (10) Patent No.: US D501,685 S
- (45) Date of Patent: ** Feb. 8, 2005

(54) VEHICLE HEAD LAMP

- (75) Inventors: Craig Metros, Bloomfield, MI (US);
Jeffery M. Nowak, Huntington Woods,
MI (US); Patrick J. Schiavone, Bir-
mingham, MI (US); Tyler Jon Blake,
Dearborn, MI (US)
- (73) Assignee: Ford Global Technologies, LLC,
Dearborn, MI (US)
- (**) Term: 14 Years
- (21) Appl. No.: 29/173,484
- (22) Filed: Dec. 30, 2002

Related U.S. Application Data

- (63) Continuation-in-part of application No.
29/171,865, filed on Dec. 2, 2002.
- (51) LOC (7) Cl. 26-06
- (52) U.S. Cl. D26/28
- (58) Field of Search D26/28-36; 362/61,
362/80, 81, 82, 83, 83.4,
267, 269, 275, 457-468,
475-478, 485-487
- (56) References Cited

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OTHER PUBLICATIONS

Photographs of commercial parts, 6 pages, prior to Dec. 20, 2002.*

Photographs of commercial parts-66 pages, prior to Dec. 30, 2002.

Ford Motor Company; excerpts from product brochure entitled "1978 Ford Pickups".

Ford Motor Company; excerpts from product brochure entitled "78 Ford Pickups. Tough All Over."

Ford Motor Company; excerpts from product brochure entitled "Ford Truck Accessories and Specialties Catalog"; published 1978.

Ford Motor Company; excerpts from product brochure entitled "Nuovo Ford Transit."; published circa 1978.

Ford Motor Company; excerpts from product brochure entitled "78 Ford Courier".

Ford Motor Company; excerpts from product brochure entitled "Tough Ford pickups: America's No. 1 sellers.*"; published circa 1977.

Ford Motor Company; excerpts from product brochure entitled "1978 Ford Recreation Vehicles".

(List continued on next page.)

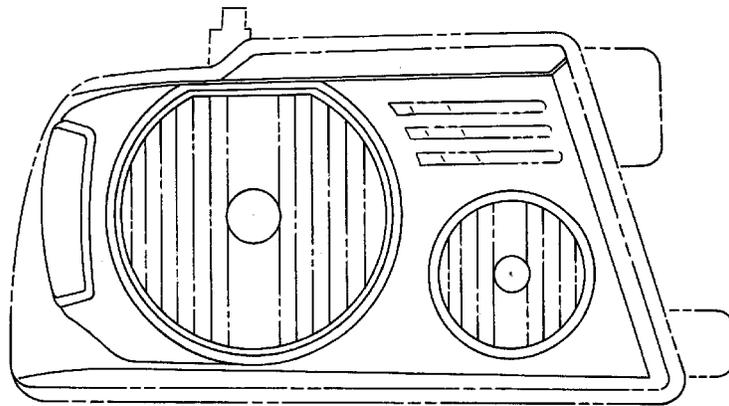
54a

Primary Examiner—Marcus A. Jackson

(74) *Attorney, Agent, or Firm—David B. Kelley*

(57) CLAIM

The ornamental design for a vehicle head lamp, as shown and described.



DESCRIPTION

FIG. 1 is a perspective view of a vehicle head lamp in accordance with an embodiment of the present invention;

FIG. 2 is a front view of the vehicle head lamp of FIG. 1;

FIG. 3 is a side view of the vehicle head lamp of FIG. 1;

FIG. 4 is a top view of the vehicle head lamp of FIG. 1; and,

FIG. 5 is a perspective view of a vehicle head lamp in accordance with another embodiment of the present invention.

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The head lamp is intended for attachment to a vehicle, and the broken lines in the drawings are not part of the claimed design. The vehicle head lamp of FIGS. 1-4 is intended for use on the right front fender of a vehicle. FIG. 5 shows an alternate embodiment for the same head lamp intended for use on the left front fender of the vehicle. Other than the location and orientation, the head lamps for either fender of the vehicle are the same.

1 Claim, 3 Drawing Sheets

APPENDIX F

(12) United States Design Patent
Metros et al.

(10) Patent No.: US D501,685 S

(45) Date of Patent: ** Feb. 8, 2005

(54) EXTERIOR OF VEHICLE HOOD

(75) Inventors: Craig Metros, Bloomfield, MI (US);
Patrick J. Schiavone, Birmingham,
MI (US); Tyler Jon Blake, Dearborn,
MI (US)

(73) Assignee: Ford Global Technologies, LLC,
Dearborn, MI (US)

(**) Term: 14 Years

(21) Appl. No.: 29/171,892

(22) Filed: Dec. 2, 2002

(51) LOC (7) Cl. 12-16

(52) U.S. Cl. D12/173

(58) Field of Search D12/173, 90-92,
D12/196; 180/69.1,
69.2, 69.22, 69.25

(56) References Cited

U.S. PATENT DOCUMENTS

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D489,281 * 6/2002 Sinkiortz D12/173

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Photographs of Commercial Parts, 6 Pages. Photographs of commercial parts-57 pages.

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Ford Motor Company; excerpts from product brochure entitled "Ford Truck Accessories And Specialties Catalog"; published 1978.

Ford Motor Company; excerpts from product brochure entitled "Nuovo Ford Transit."; published circa 1978.

Ford Motor Company; excerpts from product brochure entitled "78 Ford Courier".

Ford Motor Company; excerpts from product brochure entitled "Tough Ford pickups: America's No. 1 sellers.*"; published circa 1977.

Ford Motor Company; excerpts from product brochure entitled "1978 Ford Recreation Vehicles".

Ford Motor Company; excerpts from product brochure entitled "1978 Ford 4—Wheelers".

Ford Motor Company; excerpts from product brochure entitled "1978 Ford Bronco".

Ford Motor Company; excerpts from product brochure entitled "1978 Ford Club Wagons".

Ford Motor Company; excerpts from product brochure entitled "Free Wheelin' Ford Trucks"; published circa 1977. Ford Motor Company; excerpts from product brochure entitled "1978 Ford Econoline".

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Ford Motor Company; excerpts from product brochure entitled "1978 Ford Courier".

Ford Motor Company; excerpts from product brochure entitled "1979 Ford Recreation Vehicles".

Ford Motor Company; excerpts from product brochure entitled "Ford Club Wagon Van"; published circa 1978.

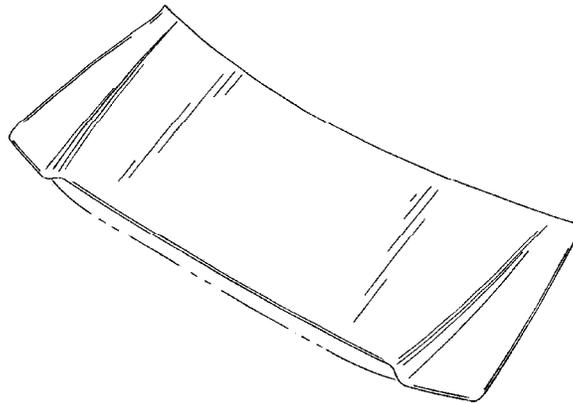
(List continued on next page.)

Primary Examiner—Melody N. Brown

(74) Attorney, Agent, or Firm—David B. Kelley

(57) CLAIM

The ornamental design for exterior of vehicle hood, as shown and described.



DESCRIPTION

FIG. 1 is a perspective view of an exterior of vehicle hood in accordance with an embodiment of the present invention;

FIG. 2 is a front view of the vehicle hood of FIG. 1;

FIG. 3 is a top view of the vehicle hood of FIG. 1; and,

FIG. 4 is a side view of the vehicle hood of FIG. 1.

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The hood is intended for attachment to a vehicle, and the broken lines in the drawings are for illustrative purposes only and not part of the claimed design. The bottom view of the hood is not part of the claimed design. The side views of the vehicle hood are mirror images of one another.

1 Claim, 2 Drawing Sheets

APPENDIX G

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN

Civil Action No. 2:15-CV-10137-UM-MJH

AUTOMOTIVE BODY PARTS ASSOCIATION,
Plaintiff,
v.
FORD GLOBAL TECHNOLOGIES, LLC,
Defendant.

DECLARATION OF JOSEPH TSAI

1. My name is Joseph Tsai. I am fully qualified to make this declaration and have personal knowledge of the facts stated herein.
2. I am on the Board of Directors of the Auto-motive Body Parts Association (ABPA).
3. I am Vice-President at New World Inter-national (New World). New World is located at 1720 East State Highway 356 in Irving, Texas 75060. New World is in the business of distributing aftermarket automotive body parts and is a member of the ABPA.
4. The aftermarket body parts that New World has sold in the past include 2004 Ford F-150 hoods, grilles, and headlamps, and 2005 Mustang front bumper fascias, hoods, and taillamps. These parts have the same appearance as the parts that are originally included on the 2004 Ford F-150 and 2005 Mustang when they are originally sold.

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5. The F-150 Truck and 2005 Mustang sometimes are involved in collisions and need repair. I am generally familiar with the process of repair when a Ford F-150 or 2005 Mustang become damaged in a collision or for other reasons such as vandalism or hail damage.

6. New World purchases the repair parts from a manufacturer or distributor and then sells it to a person or entity needing the parts for repair of the Ford F-150 or Mustang. The person or entity purchasing the repair part from New World may be, for example, the owner of the vehicle or a repair facility. To my knowledge, the repair parts are always sold for the purpose of repairing the vehicles and are never sold for any other purpose.

7. To my knowledge, the repair parts are not sold to reconstruct an essentially new vehicle. Rather, the repair parts are sold to repair a vehicle. In my experience and to my knowledge, if the damage to a F-150 Truck, Mustang, or other vehicle is so extensive that essentially a new vehicle has to be reconstructed, the vehicle will not be repaired. That is because the cost of the reconstruction will greatly exceed the cost of purchasing another F-150 Truck, Mustang, or other vehicle.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: 10/31/16

/s/ Joseph Tsai
Joseph Tsai