

PARTS ACT Patent Controversy Continues in Congress

by **Stacey Phillips**, Assistant Editor

During a legislative hearing on February 2, industry leaders testified on the PARTS Act, a controversial bill that would amend Title 35 of the U.S. Code to provide an exception from patent infringement for certain component parts of automobiles, including collision parts. Currently, a vehicle design patent lasts for 14 years. The PARTS Act would reduce that time to 30 months for repair parts.

The hearing addressed the costs and benefits of the current time restrictions on design patents for collision car parts.

Those in support of the act contend that the current law gives automakers a monopoly on the sale of repair parts and drives up prices for consumer.

Opponents of the PARTS Act say it would stifle innovation and lead to lower quality repairs, which could lead to unsafe repairs for consumers.

Subcommittee members listened to testimony from two witnesses in support of the PARTS Act: **Pat Felder**, owner of *Felder's Collision Parts* in Baton Rouge, LA; and **Jack Gillis**, director of public affairs for the Consumer Federation of America.

Other witnesses testifying against

the passing of the act, included **Kelly Burris**, intellectual property attorney, Burris Law PLLC; and **Dan Risley**, the Automotive Service Association's president and executive director.

Aaron Schulenburg, executive Director of the Society of Collision Repair Specialists (SCRS), said the PARTS Act has been a recurring piece of legislation attempting to carve out exemptions in existing patent law and provide greater opportunity for off-shore manufacturers to copy the design of manufacturer replacement parts.

"This isn't about fostering innovation or competition, and it isn't about consumer options; Consumers simply want what they had prior to a loss," said Schulenburg.

"This bill is about protecting insurer and aftermarket corporate profits. The savings that are experienced from requiring consumers to accept alternative replacement parts do not represent significant savings to the consumer today, nor is there any assurance that further savings would be passed along by the insurers paying for the parts in at least 70 percent of repairs."

He reasoned that advocates rely on data released by supporters to highlight the overall savings the use of af-

termarket parts represent, but fail to mention that by the same studies' calculations, the impact on the individual consumer is merely \$19-\$24 per policy, per year. "Furthermore, while the exemption would result in more non-original parts being made available sooner in the life cycle of the vehicle, the individual parts costs savings being touted by supporters may not factor in other potentially increased costs," said Schulenburg.

"These include additional labor manipulating the part to fit like the original or reordering delays should the particular copy prove inadequate."

No decision was made during the hearing, which was held in Washington D.C. by the U.S. House Judiciary Subcommittee on Courts, Intellectual Property, and the Internet.

"It is our hope that the House Judiciary Committee will continue to recognize the negative impacts such special interest exemptions would have," said Schulenburg.

PARTS stands for Promoting Automotive Repair, Trade, and Sales, and has been debated since 2012. It was re-introduced by Republicans **Darrell Issa** (R-CA), chairman of the subcommittee, and **Zoe Lofgren** (D-CA) in February 2015. US. Senators

Orrin Hatch (R-UT) and **Sheldon Whitehouse** (D-RI) introduced the act in the Senate.

"The consumer has a reasonable expectation that there will be a competitive market for repair parts for their automobile. There certainly is for brake pads. Why wouldn't there be for a bent fender?" Issa commented during the hearing. "A healthy aftermarket means more affordable parts for everyone."

Ed Salamy, executive director of the Quality Parts Coalition, said the hearing was an important step to spark consideration in Congress.

"The Quality Parts Coalition's sole mission is to get this pro-consumer legislation passed in Congress to protect consumers' access to competitive replacement parts when repairing their cars after an accident," according to a press release by the QPC.

Following the hearing, Risley said, "A free and open marketplace does not entail enacting a law that states an aftermarket part is equal to an OEM part. This should be decided by the party making the purchase."

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