

Protection of Spare Parts in Australia and the US Where to now?

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Spare Parts – IP Protection?

- Policy debate has been active for decades
- Main protagonists
 - Motor Vehicle Manufacturing Industry
 - Insurance Industry
 - Competition Watchdogs
- Repercussions extend beyond the car industry



Reward for Innovation

-v- Free Competition

- Is exclusivity in the new car market sufficient reward
- Should spare parts market be identified as a different market
- Efforts directed at restricting rights through changes to Designs law



Australian position

- Historically limitations to registration of designs adopted solely for functional reasons
AMP Inc v Utilux Pty Ltd
- Or designs dictated solely by function
Hosokawa Micron Int. Inc v Fortune
- Limitation narrow in scope – venturi collar

Australian position

- Amendment to Designs law in 1982
- S.18(1) Designs Act 1906

“An application for registration for a design shall not be refused, and a registered design is not invalid by reason only that the design consists of, or includes, features of shape or configuration that serve, or serve only, a functional purpose.”



Australian position

- New Designs Act 2003
- Designs dictated by function still registrable
- However – new “spare parts” defence for infringement



Australian position

- ACCC lobbied for restrictions to registration rights with respect to spare parts
- Government considered and rejected the “must fit / must match” exception found in Europe
- Legislation amended to allow a right to repair



Australian position

Section 72(1) Designs Act 2003

“... a person does not infringe a registered design if:

- a) the person uses, or authorises another person to use, a product:
 - i. in relation to which the design is registered; and*
 - ii. which embodies a design that is identical to, or substantially similar in overall appearance to, the registered design; and**
- b) the product is a component part of a complex product; and*
- c) the use or authorisation is for the purpose of the repair of the complex product so as to restore its overall appearance in whole or part.”*

Australian position

- Section 72 not yet the subject of judicial consideration
- Onus of proof reversed
 - Need to prove that the defendant knew or ought to have known the activity was not for repair
- Body kit copies still constitute infringement
- Alloy wheel substitution still constitutes infringement

United States position

- Design not patentable if “primarily functional”
- Design must be created for purpose of ornamenting
- Primarily functional / primarily ornamental distinction can be elusive
- Generally car body parts considered “primarily functional”
 - (*Chrysler Motors Corp v Auto Body Panels of Ohio*)

US / Australian Comparison

- Functional designs registrable in Australia but not in the US
 - e.g. key blade, car panel
- If the part is registrable:-
 - in the US (e.g. alloy wheel of ornamental design) a copy is an infringement even if used in repair
 - in Australia, if used in repair there is no infringement

Other IP Strategies

- Patents
(subject to implied licence to repair)
- Trade Marks
- Copyright



Trade Mark Protection

- Shapes of products are now recognized as possible indicators of trade origin
- Can car parts be registered as shape trade marks?
- Indicator of trade origin?



Trade Mark Protection



Trade Mark Protection Problem Areas

- Must be a trade mark registered with respect to itself
- Shape marks not considered inherently distinctive – difficult to register
- Is the shape principally functional
- Does the third party use the shape as a trade mark



Traditional Trade Mark Use

- Football jumper
- Car parts embossed with device or word mark
- Customs seizure



Traditional Trade Mark Use



Traditional Trade Mark Use



Traditional Trade Mark Use

