
ANALYSING DOCTRINAL GROUNDS AND POLICY 'INCENTIVES' AGAINST DESIGN PROTECTION FOR SPARE PARTS IN THE AUTOMOTIVE INDUSTRY: CASE COMMENT ON HERO MOTO CORP V. SHREE AMBA INDUSTRIES

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INTRODUCTION

Under Section 2(a) of the Designs Act,¹ the definition of an 'article' was constructed expansively by the Bombay High Court in *Marico Limited* ('*Marico*').² However, the Delhi High Court, in its recently concluded judgment *Hero Moto Corp Ltd. v Shree Amba Industries* ('*Amba Industries*'),³ preferred a narrow interpretation. This paper argues that *Amba Industries* strikes an optimal balance between the 'incentivising' function of IP and the socio-economic objectives of such incentivisation, by restricting the undue extension of design protection in the spare parts market of the automotive industry.

To this end, I make two submissions. *Firstly*, a spare part's 'dependent' commercial existence and its functional value. Further, such parts cannot enjoy protection under alternate IP regimes because the elements of 'creativity' and 'intellectual effort' remain absent in the secondary market. *Secondly*, protecting small-scale, third-party manufacturers from adversarial IP litigation, preventing deadweight costs, and ensuring consumer welfare & social well-being are sound policy considerations, which strongly appeal to the 'law and economics' perspective of economic efficiency, and make a strong case for *Amba Industries*' liberal position of law.

¹ Designs Act 2000, s.2(a).

² *Marico Limited v. Raj Oil Mills Limited*, 2008 SCC OnLine Bom 204 (Here, the Bombay HC rejected the position of the UK, which interprets the phrase 'articles' in a restrictive manner by extending Design protection only if such article is to be made and sold separately. This court engaged in a formal interpretation of the statute and held that any article, if it is capable of being sold separately, qualifies for the test of Design protection, without the requirement of such article's independent commercial identity).

³ *Hero Motocorp Ltd. v. Shreeamba Industries*, 2023 SCC OnLine Del 4874.

BRIEF OVERVIEW: Hero Moto Corp v. Shree Amba Industries

In the concerned case, Hero sought a permanent injunction against the sale of Amba Industries' front fenders for infringing the design of their newly registered product,⁴ which incorporated a distinctive 'V' shape, with an elevated surface in the front section. Amba Industries responded with three arguments: firstly, the front fender is not an 'article' under Section 2(a) of the Design Act 2000;⁵ secondly, even if classified as an 'article', design protection is impermissible because the fender enjoys uniqueness for its functional, and not aesthetic value; and thirdly, the design lacks novelty and resembles existing designs in the market for 'fenders'.⁶

The High Court of Delhi ruled in Amba Industries' favour, primarily on the first ground, by holding that the fender does not enjoy an independent life as an article of commerce, and is merely adjunct to the primary product, i.e. a spare part for a bike's component.⁷ The next section engages with this ratio and equally compelling legal principles which favour this judgment.

THE LEGAL DIMENSION: DOCTRINAL GROUNDS AGAINST DESIGN PROTECTION FOR SPARE PARTS**Not 'Article' of Independent Commercial Existence**

Indian law assures exclusive rights against infringement of aesthetic designs to incentivise creativity.⁸ Design enhances an article's visual appeal and improves marketability.⁹ However, in the context of spare parts, the question of 'visual appeal' requires a prior enquiry into its classification as 'articles' under Section 2(a) of the Designs Act.

A significant 'class' of spare parts serve the indispensable role of restoring the overall appearance of vehicles. However, they lack a 'distinctive' commercial existence. The doctrine of 'intention' confirms this.¹⁰ When applied in our context, it highlights that a manufacturer intends to supply spare parts, in response to market demand, which, in turn, 'depends' on its

⁴ *ibid.*, [2]. [13].

⁵ *ibid.*, [27].

⁶ *ibid.*, [28].

⁷ *ibid.*, [24].

⁸ PSA, 'ISSUE V: Indian Design Act – Interpreting Its Intricacies' (*PSA Legal Counsellors*, 7 August 2007) <<https://www.psalegal.com/issue-v-head-end-in-the-sky-a-digital-reality/>> accessed 30 November 2023.

⁹ *ibid.*

¹⁰ *Ford Moto Company* [1993] R.P.C. 399.

requirement to retrieve the usefulness of a defective primary article.¹¹ In essence, such parts do not enjoy independent demand.

The intrinsic value of a creative work is connected to its individuality. Intellectual skill and reasonable judgment find room in novel, self-dependent products.¹² To unreasonably extend design protection for mere imitation of existing parts would frustrate the purpose of an IP regime. Therefore, the absence of an ‘independently effectuated intellectual effort’ in spare parts justifies the existing position of law, while aligning with the doctrine of ‘exhaustion’.

Not ‘Aesthetic’ But ‘Functional’

Restrictive enforcement of IP rights was essential to enhance production efficiency in the early phases of the industrial revolution - for the free flow of technology and social capital among manufacturing sectors.¹³ For the motor industry, spare parts became indispensable in upholding the utility and economic viability of automobiles as an industrial product. To this end, access to cost-effective parts required an exemption of designs from the IP regime. This could be realized through a clear conceptual distinction between the primary ‘functional’ purpose, and the secondary ‘aesthetic’ characteristic of spare parts.¹⁴

Indian jurisprudence reflects an unequivocal position: designs of mechanical applications must be visually appealing to enjoy design protection.¹⁵ A purely functional design is not registerable under Section 2(d) of the Designs Act,¹⁶ because it serves the sole objective of ensuring an article’s ‘effective use’.¹⁷ Spare parts precisely fulfil this utilitarian purpose.¹⁸ In law, the ‘doctrine of functionality’ captures the essence of such adjunct articles, by classifying spare parts as inherently ‘*more functional than ornamental*’.¹⁹ Consumer choice in the spare part’s market is essentially a function of economic considerations, which renders its ornamental’ value, an inconsequential factor in decision making.²⁰ Therefore, ‘mutual exclusivity’ must

¹¹ Sifam Electrical Instrument Company v. Sangamo Weston Limited [1973] R.P.C. 899.

¹² Ford Motor Co Ltd’s Design Applications [1994] RPC 545.

¹³ Alexander Carter-Silk and Michelle Lewiston, ‘The Development of Design Law -- Past and Future: From History to Policy’ [2012] SSRN Electronic Journal <<http://www.ssrn.com/abstract=2707121>> accessed 4 December 2023.

¹⁴ The Whitford Report and the Evolution of Design 1977.

¹⁵ Mohan Lal v. Sona Paint & Hardwares AIR 2013 Del 143.

¹⁶ Ahuja, VK, *Intellectual Property Rights In India* (LexisNexis, ed. 2, 2015) Chapter 18.

¹⁷ Kestos Ltd. v. Kempat Ltd. (1936) 53 RPC 139.

¹⁸ *ibid.*

¹⁹ Chrysler Motors Corp v. Auto Body Panels of Ohio, 719 F. Supp. 622 (S.D. Ohio 1989).

²⁰ Priyanka Sunjay, ‘How to Define “Article of Manufacture”: A Comparative Study of the United States and India’ (2020) 15 Journal of Intellectual Property Law & Practice 890.

prevail between the domain of design protection and the spare parts industry.²¹

Lacks Involvement of ‘Intellectual effort’

Once an original design reaches the spare parts market, trademark law, or any alternate regime under IP would fail to apply. The probability of proving the essential characteristics of Intellectual property, like ‘reputational link or ‘likelihood of confusion’ in an aftermarket of substantially indistinguishable, or perhaps, interchangeable spare parts, produced by multiple manufacturers, is dismal. Not innovation, but economic efficiency is the sole objective of the spare parts ‘aftermarket’, and claims under alternate regimes of IP must necessarily fail.²²

THE POLICY DIMENSION: SOCIO-ECONOMIC REASONS AGAINST INTELLECTUAL PROPERTY RIGHTS IN THE ‘SPARE PARTS’ INDUSTRY

Liberalization of design rights in the spare parts market

The conflict between Original Independent Manufacturers (‘OEMs’) and independent parts suppliers warrants a policy choice between strict and lenient design protection.²³ Here, the liberalization of design rights in the market for spare parts becomes important to achieve socio-economic ends.²⁴ A careful balance between an IP owner’s exclusive rights and the essential public purpose it seeks to serve (through incentivisation of innovation) is the primary goal of liberalization.²⁵

The Delhi High Court, in *Amba Industries*, acknowledges the socio-economic repercussions of extensive entrenchment of IP rights in spare parts, in the form of unjust monopolies and harm to consumer welfare.²⁶ Liberalization offers a policy solution to the High Court’s concern. However, a conceptual distinction between the original and spare parts market is crucial for the

²¹ Dana Beldiman, Blanke-Roeser Constantin and Anna Tischner, ‘Spare Parts and Design Protection – Different Approaches to a Common Problem. Recent Developments from the EU and US Perspective’ [2020] SSRN Electronic Journal <<https://www.readcube.com/articles/10.2139%2Fssrn.3650623>> accessed 4 December 2023.

²² Dana Beldiman and Constantin Blanke-Roeser, *An International Perspective on Design Protection of Visible Spare Parts* (2017).

²³ Dana Beldiman, Blanke-Roeser Constantin and Anna Tischner, ‘Spare Parts and Design Protection – Different Approaches to a Common Problem. Recent Developments from the EU and US Perspective’ [2020] SSRN Electronic Journal <<https://www.readcube.com/articles/10.2139%2Fssrn.3650623>> accessed 4 December 2023.

²⁴ *ibid.*

²⁵ Rupert Hughes, ‘Design Protection of Auto Spares: The Automotive Spares Industry Perspective’ (1994) 22 International Business Lawyer 116.

²⁶ *Hero Motocorp Ltd. v. Shreeamba Industries*, 2023 SCC OnLine Del 4874 [68].

actualization of this normative regime.

Original equipment becomes the premise for capturing ‘first-hand’ consumer markets, by satisfying the functional and aesthetic attributes that users expect from their automobiles. However, spare parts serve a different purpose. These restore utility or in some instances, appearance, which requires precise imitation of the original parts’ design and structure. Therefore, excluding this market from infringement claims is essential to protect independent ‘aftermarket’ manufacturers from being ruthlessly litigated against, by OEMs.²⁷

The risk of consumer and ecological loss, due to improper working of non-original, poor quality and unscrupulous spare parts is a valid concern. Even while liberalization seeks a restriction on design protection, the advantage to consumers must be balanced with user safety and environmental considerations.²⁸ Two propositions may prove conducive to this end.

Firstly, regulatory vigilance must be ensured to avert transactions involving spare parts of unreasonably inferior quality. This would secure consumer well-being and environmental safety by minimizing the probability of defects, and subsequent user injury or environmental harm. *Secondly*, an obligation must be imposed on spare parts manufacturers to engage in honest practices, including the duty to indicate such part’s non-originality. Such practices would minimize the scope for consumer confusion about the endorsement of spare parts by the OEM, and thereby mitigate the risk of dilution for the original manufacturer’s reputation.²⁹

The Right to Repair

Consumers have ‘*an inherent right to repair their cars in the most economical way possible*’. It can be realized when users have the freedom to acquire spare parts, under competitive market conditions.³⁰ I submit that this right must comprehensively apply in the automotive industry. Realizing the welfare of consumers and independent vendors in the spare parts market, alongside broader social interests of environmental conservation, and equitable distribution of

²⁷ *ibid.*,

²⁸ NOBRE DA SILVA Vanda, ‘Revision of Directive 98/71/EC on the Legal Protection of Designs and of Regulation(EC) 6/2002 on Community Designs’.

²⁹ Łukasz Żelechowski, ‘Non-Original Car Spare Parts and Trade Mark Infringement: Is There No Room for Referential Use? The AG Opinion in C-334/22 *Audi*’ [2023] Journal of Intellectual Property Law and Practice jpad094.

³⁰ *British Leyland Motor Corp v. Armstrong Patents Co.* [1986] 1 A.C. 577.

social capital between present and future generations is the primary objective of this right.³¹

In essence, the 'Right to Repair' opposes the exclusive ownership of original automotive component designs. Only then, consumer access to third-party manufacturers is economically and legally possible. Such access would allow users to exercise 'real choice' between competitively priced and substantially undifferentiated spare parts.³² In the EU, Article 110(1) of Community Design Rights is a 'repair clause', which marks the first step in a chain of actions towards securing legal recognition for the right to repair. This clause exempts restorative spare parts from Design protection.³³

To deal with concerns of sustainable development, genuine emphasis must be placed on easier access to repair.³⁴ This involves policy initiatives which ensure the effective repairability of complex durable products, which, in turn, would secure long periods of use, and a simultaneous decrease in pollution, which is generated by mechanical waste. Therefore, the reproduction of the original components' design, without claims of infringement, is indispensable to realize the essence behind the 'right to repair'.³⁵

CONCLUSION

This paper offered legal and policy grounds to restrict the enforcement of IP rights in the 'spare parts' market for the automotive industry. In my view, policy implications make a stronger, and indisputable case because the thrust towards 'liberal regimes of design protection' and the 'right to repair' engage with concerns beyond the impersonal doctrines of law. Social factors reflect the genuine apprehensions of consumers and 'independent spare part' manufacturers,

³¹ *ibid.*, (Competitive repair markets, devoid of stringent IP protections, would allow consumers to access inexpensive repairs, and offer them an incentive to retain and use complex products for longer periods. This entails three advantages. Firstly, consumers would enjoy an improved sense of autonomy over their possessions. Their ability to control relevant concerns about their products, including how they choose to undertake repair, allows consumers to exercise self-expression and meaningful discretion, without undue dependence on OEMs and their whims. Secondly, the right to repair enhances greater socio-economic interests by enabling independent repair shops to remain in business. Finally, a culture, which is conducive to economic repair discourages ecologically unsustainable disposal of products and thereby serves the purpose of environmental conservation. While countering an argument by OEMs, about meeting costs of research and development through the extension of IP rights in the 'aftermarket' of spare parts, the author proposes that such costs should be reflected in original pricing, rather than being recovered in other markets).

³² Opinion of AG Saugmandsgaard Øe in joined Cases C-397/16 and C-435/16 *Acacia Srl v Pneusgarda Srl and Audi AG & Acacia Srl and Rolando D'Amato v Dr. Ing. h.c.F. Porsche AG* [2017] ECLI:EU:C:2017:992 (hereinafter: *Acacia*).

³³ Council Regulation (EC) No 6/2002 on Community designs of 12 December 2001, Art. 110(1).

³⁴ Anna Tischner and Katarzyna Stasiuk, 'Spare Parts, Repairs, Trade Marks and Consumer Understanding' (2023) 54 *IIC - International Review of Intellectual Property and Competition Law* 26.

³⁵ *ibid.*

particularly those belonging to 'economically restrained' sections, against the economic abuse of IP holders. While one may argue that OEMs employ adequate levels of research and intellectual effort to claim novelty over their designs, a 'law and economics' approach would disfavour this proposition. Principles of 'Socio-economic welfare' offer persuasive force against arguments of 'exclusive' rights. The spare parts market engages in 'fair use' of existing designs and the ideal of utilitarianism justifies this stance.

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