



Transforming Personal Mobility Through Innovation

The Automotive Industry's IP Policy Priorities

The automotive industry remains committed to creating a cleaner, safer, and smarter transportation future for personal mobility. Automotive companies are inventors, relying on strong and high-quality intellectual property rights and robust enforcement to bring new vehicle technologies to the U.S. market and to benefit consumers, the environment, and society overall.

To help support the development and deployment of cutting-edge technologies to meet crucial safety and environmental goals, the Alliance for Automotive Innovation offers the following policy recommendations:

PRIORITIZE PATENT QUALITY

Low-quality patents often lead to nuisance litigation alleging infringement of patents that should never have been issued. This adds unnecessary costs and delays to the innovations that the automotive industry is bringing to the U.S. market.

Policy Recommendations:

- Provide sufficient resources, including state-of-the-art search tools, and time for patent examiners to review patent applications
- Reform the Patent & Trademark Office's current examiner production system to focus on maximizing patent quality rather than maximizing the rate of patent decisions
- Preserve access to *inter partes review* and *post-grant review* proceedings to provide fair, efficient, and cost-effective mechanisms to evaluate and reassess the validity of issued patents

PROMOTE FAIR AND EFFICIENT RESOLUTION OF PATENT DISPUTES

Disputes over patent rights should encourage good faith negotiation and discourage bad faith gamesmanship, enabling automotive companies to resolve patent quality and validity issues quickly and efficiently.

Policy Recommendations:

- Clarify that requests for *inter partes review* and *post-grant review* proceedings should be granted when they meet the statutory requirements under the U.S. Patent Act
- Strengthen venue rules to ensure that patent litigation has a reasonable connection to the jurisdiction in which it is decided
- Specify that, to rely on the International Trade Commission's "domestic industry" standard, licensing activities must have led to the creation of a product embodying the patented invention
- Require the International Trade Commission to confirm that any exclusion order preventing the importation of a product into the U.S. is in the public interest



PREVENT ONLINE COUNTERFEIT AUTO PARTS SALES

Sellers of counterfeit goods, including counterfeit automotive parts, use e-commerce platforms to evade due diligence or verification checks. These counterfeit parts threaten the safety of drivers and other road users.

Policy Recommendations:

- Require e-commerce platforms to vet third-party sellers, their products, and their suppliers to ensure consumers are receiving authentic goods
- Hold e-commerce platforms liable for failures to adequately vet their third-party sellers, their products, and their suppliers
- Mandate that e-commerce platforms notify consumers who may have purchased counterfeit goods and provide clear information on what consumers can do to receive refunds and purchase authentic parts going forward

ENSURE FAIRNESS IN TECHNICAL STANDARDS LICENSING

As automotive companies integrate connectivity, computing capacity, and cellular networks into vehicles, they increasingly license and implement common standardized technologies that rely on standards-essential patents (“SEPs”). When these standardized technologies are not licensed on fair, reasonable, and non-discriminatory (“FRAND”) terms, it impedes innovation and efficiency in the automotive industry.

Policy Recommendations:

- Maintain that a failure to honor commitments to license SEPs on FRAND terms can be an unfair competition practice in violation of U.S. antitrust laws
- Specify that SEP holders should make licenses available to all participants in a supply chain
- Clarify that the proper remedy in SEP-related licensing disputes is the payment of proportional damages based on the smallest salable patent practicing unit, not injunctions

PRESERVE AUTOMOTIVE DESIGN PATENTS

The design and development of new vehicle models and parts is a significant component of automotive research and development and is entitled to design patent protection under U.S. law. Reducing the term of protection for automotive design patents would negatively impact the safety and reliability of automotive parts and devalue the work of automotive design center employees.

Policy Recommendation:

- Maintain the term of protection for automotive design patents at 14 years, consistent with other product categories