

25 March, 2021

Dear Members of the Business Affairs & Labor Committee:

We write to you as experts in intellectual property (IP) law to explain why manufacturers are incorrect when they claim that HB 1199 conflicts with their IP rights.

As early as 1901, courts have recognized a “right of repair or renewal” under U.S. copyright law. *Doan v. American Book Co.*, 105 F. 772 (7th Cir. 1901). Since then, courts have repeatedly brushed back efforts to use copyright law to control the markets for repair parts and information. *See* *ATC Distribution Grp., Inc. v. Whatever It Takes Transmissions & Parts, Inc.*, 402 F.3d 700, 703 (6th Cir. 2005) (holding part numbers and technical illustrations unoriginal); *see also* *Southco, Inc. v. Kanebridge Corp.*, 258 F.3d 148 (3d Cir. 2001) (part numbers unprotectable); *Toro Co. v. R & R Prod. Co.*, 787 F.2d 1208, 1213 (8th Cir. 1986) (part numbering system unoriginal).

It’s not just the courts that have rejected these efforts. In amending § 117 of the Copyright Act, Congress explicitly embraced repair. *See* § 17 U.S.C § 117(c). And more recently, the Copyright Office has recognized that repairing a range of software-enabled devices, from smartphones to tractors, is non-infringing activity. *See* *Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies*, 83 Fed. Reg. 208, 54023 (October 26, 2018).

Facilitating the repair of consumer devices is consistent with federal copyright law and policy. HB 1199 is in no way preempted by the Copyright Act, which merely prohibits states from enacting exclusive rights “equivalent” to those provided under federal law. 17 U.S.C. § 301(a). Nor does HB 1199 conflict with § 1201 of the Copyright Act. Some consumer devices, like video game consoles, are not yet subject to an exemption permitting the circumvention of technological protection measures for repair purposes. But HB 1199 does not require, authorize, or even contemplate circumvention. To the extent those activities are unlawful under federal law, they will remain so after the enactment of HB 1199.

If anything, the rules favoring repair under patent law are even clearer. Under the exhaustion doctrine, when a patentee sells a particular device to a consumer, it loses the right to control the use or subsequent transfer of that device. Exhaustion is why you can sell your used car without the manufacturer’s permission. It’s also why you can repair it free from any risk of patent liability. So long as you don’t “reconstruct” the patented article—that is, rebuild it entirely—there is simply no infringement. *See* *Aro Mfg. Co., Inc. v. Convertible Top Co.*, 365 U.S. 336 (1961). More recently, the Supreme Court made clear that manufacturers cannot leverage their patent rights to restrict the repair of the devices they sell. *Impression Prods., Inc. v. Lexmark Int’l, Inc.*, 581 U.S. \_\_\_\_ (2017).

Nor does HB 1199 jeopardize manufacturers’ trade secret rights insofar as it would enable access to information, replacement parts, tools, or software. The bill specifically exempts most trade secrets. Manufacturers must disclose information only “as necessary to provide [repair] services.” Since repair parts and tools are often generally known within the industry, they can’t be considered secrets. And the information necessary to enable repair would not extend to manufacturing schematics or other documents that would expose production processes. The sort of repair information the bill would require manufacturers to disclose is frequently shared

with authorized repair providers, who may or may not be under any legal obligation to maintain its secrecy. Even if such information is secret, HB 1199 permits manufacturers to “redact documentation to remove trade secrets” so long as doing so does not diminish its usability. Likewise, manufacturers may withhold any trade secrets “regarding a component, design, . . . part, embedded software, firmware, or tool” to the extent doing so does not interfere with repair services. Finally, the legislature is entitled to craft exceptions to trade secret law in order to safeguard the public’s interest in repair. That power is consistent with the federal Defend Trade Secrets Act. See 18 U.S.C. § 1838.

Finally, there is no reason to believe that HB 1199 exposes manufacturers to any additional risks that their products will be counterfeited or otherwise reproduced. Determined counterfeiters already have access to devices, either on the open market or directly from device makers’ own suppliers. The idea that a bill designed to empower consumers and increase competition in the repair market would contribute to the problem of counterfeiting in any material way is implausible.

The right to repair our devices is crucial, not only to our autonomy as individuals, but to our collective obligations to the planet. This bill would provide the citizens of Colorado with tools to regain control over the devices they rely on every day and to stem the environmental harms of a throwaway consumer culture. As consumers as well as IP experts, we think that allowing people to repair the things they own makes common sense. It saves money by making the products we buy last longer. It eliminates waste in the form of discarded devices. And it reduces the need to extract raw materials from the earth.

Device makers now assert exclusive control over the supply of replacement parts, tools, software, and diagnostic information necessary for consumers to repair devices themselves or to rely on independent repair providers. As a result, independent repair shops are being driven out of business, which only reinforces the dominance of device makers and their authorized repair partners. Faced with monopoly pricing in the repair market, consumers are often persuaded to replace their devices rather than repair them. We think the people of Colorado would benefit by the existence of more competition and by the opportunity to do repairs themselves.

Thank you for your leadership on this critically important issue. We are happy to offer any additional information that you and your colleagues may find useful throughout the legislative process. Please reach out if we can be of any help.

Sincerely,

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