



Presentation

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Ladies and gentlemen,

I am here today to give you a testimony of how design protection of spare parts has an impact on the automobile parts and service business.

Norauto Groupe is a company engaged in the distribution of spare parts (at both wholesale and retail level) as well as in servicing and repairing vehicles. We are operating more than a thousand centers in 8 European countries and employ more than 8000 people there. We have 6 brands (Norauto, Auto5, Maxauto, Midas, Carter-Cash, Synchro Diffusion) and 4 main marketing concepts, in order to offer a wide choice of solutions to our customers.

Like the whole independent aftermarket we are subject to significant changes driven by technology. Cars are now packed with electronics which means to generate a more sophisticated and more expensive service; and cars need less and less maintenance which could well mean less business for us, especially in the sale of mechanical spare parts.

But every business needs growth to be able to survive on the long term. That is why we need to strengthen and expand our range of services and to improve our competitiveness.

Now, how does design protection impact on these goals? Tersely put, it destroys our competitiveness. Why?

- If car makers are granted design protection, we as distributors (and I can speak here on behalf of FIGIEFA) are in one go deprived of a vital range of our wholesale business – the “crash” parts line. Producers of body panels are ousted from the market (as Mr. Olati explained); producers of lamps – like Hella or Valeo – and producers of windscreens – like Pilkington and St. Gobain – are no longer allowed to supply on their own the independent aftermarket. The consequence for us: No suppliers of crash parts, no more business in crash parts!
- It is no comfort that, one tier lower, the independent repairer can get these parts. However, he is forced to buy them from an authorised car dealer, his fiercest competitor, and necessarily at tariffs which are not competitive. In the long run the independent repairer can only survive if he can source his parts *directly* from the original producer and his distribution network.
- Finally, there is another anti-competitive effect of design protection. The market of visible “crash” parts amounts to about 25% of the total spare parts market. In case of design protection vehicle makers can use – and they already do use – their high monopoly profits drawn from crash parts to subsidise the prices for so-called “competitive”, in practice: mechanical parts. This way competition is unfairly hampered and distorted in the whole spare parts market; the car industry is given a competitive edge –legally sustained by a misconceived Intellectual Property concept.

