T R I B U N A L D E G R A N D E I N S T A N C E O F P A R I S

3rd Chamber 3rd Section

Docket No.:
06/18186

Minutes No.: 2

Summons of:
24 November 2006

JUDGEMENT
handed down on 1st July 2009

CLAIMANT

Otis Elevator Company
10 Farm Springs Road
Famington, Connecticut 06032-2568 United States of America

represented by Ms Marianne Schaffner, Linklaters LLP,
attorney-at-law, member of the Paris Bar, court box J.30

DEFENDANTS

S.A. Schindler
1-3 rue Dewoitine
BP 64
78140 Velizy Villacoublay

represented by Mr Pierre Véron and Ms Isabelle Romet, attorneys-at-law, members of the Paris Bar, court box P.24

COMPOSITION OF THE COURT

Enforceable copies handed over on:
3/07/09

Elisabeth Belfort, Vice-Presiding Judge, *signatory of the judgement*
Agnès Thaunat, Vice-Presiding Judge,
Florence Gouache, Judge

assisted by Marie-Alince Pignolet, court's clerk, *signatory of the judgement*

DISCUSSION

At the hearing of 16 March 2009
held publicly

JUDGEMENT

Pronounced by handing over the decision to the clerk's office
After hearing both parties
in first instance

FACTS AND CLAIMS OF THE PARTIES:

Otis Elevator Company (hereinafter referred to as "Otis") is the owner of different European patents covering elevator systems.

Suspecting that the Schindler elevator models (3100, 3300, 5300 and 6200) reproduced certain characteristics protected by its patents, Otis had a *saisie-contrefaçon* carried out, upon Court authorisation, on 9 November 2006, in Schindler's premises in Vélizy-Villacoublay.

By way of a summons dated 24 November 2006, Otis brought proceedings against Schindler for infringement of:

- claims 1, 2, 10, 13 and 22 of European patent No. 1 066 213 (called "patent 213");
- claims 1, 3 to 9, 11, 12, 16 to 27, 29, 30, 32 to 34, 36, 37, 43 and 45 of European patent No. 1 060 305 (called "patent 305");
- claims 1 to 5 and 7 to 10 of European patent No. 1 153 167 (called "patent 167");
- claims 1 to 7, 11, 13, 14 and 17 of European patent No. 1 140 689 (called "patent 689");

for importing, offering for sale, selling and installing elevators 3100, 2200, 5300 and 6200.

An opposition has been filed before the European Patent Office, in Munich, against patents 305, 213 and 165.

By way of a judgement dated 16 April 2008, the *Tribunal* separated the action based on patents 305, 213 and 167 from the action based on patent 689, stayed the proceedings pending the final decision of the EPO regarding the oppositions filed against the first three patents and requested the continuation of the case preparation relating to patent 689 continue.

In the last pleading filed on 9 March 2009, Otis requests the *Tribunal* to:

- hold that all Schindler's claims and arguments are inadmissible, or at least ill-founded;

- reject the exhibits numbered 46 to 64-2 communicated by Schindler on 4 and 6 March 2009;

- reject the pleadings filed on 3 and 9 March 2009;

- find that claim 4 of the French designation of European patent 689 is not asserted by Otis, so that Schindler's counterclaim for invalidity of that claim is inadmissible;

- dismiss any counterclaim for invalidity of claims 1, 4, 6, 7, 9, 11, 13, 14 and 17 of the French designation of patent 689;

- hold that Schindler is liable for infringement of claims 1, 6, 7, 9, 11, 13, 14 and 17 of the French designation of patent 689 by importing, offering for sale, selling and installing in particular Schindler elevators 3100, 3300, 5300 and 6200;

- hold that by publishing and distributing the "Treuil SGB 142" brochure, Schindler is liable for unfair competition;

- consequently, enjoin, under penalty, Schindler to discontinue these illicit acts;

- order, under penalty, Schindler to communicate to Otis:

*the list of all the sites in France, where the foregoing elevators are being installed;

*its gross margin for each of the foregoing elevators;

*a statement of the manufactured quantities and the manufacturing periods of the foregoing Schindler elevators, including the possible service and maintenance contracts related to these elevators, by stating the price of service and maintenance quoted in the service and maintenance contracts;

- order under penalty, the recall and the destruction of any elevator held by Schindler and intended to be installed within France as well as the cancellation of any order for the infringing elevators;

- enjoin to discontinue the acts of unfair competition and to order the destruction of the "Treuil SGB 142" brochure;

- hold that the *Tribunal* will reserve the right to set the penalty amounts;

- order Schindler to pay the sum of 1 million euros as an advance on the final amount of damages, which may be adjusted in the light of expert investigations;

- order Schindler to pay the sum of €500,000 as an advance on the damages for unfair competition;

- appoint an expert to determine the damage suffered by Otis since the date defined by the statute of limitations until the filing date of the report;

- hold that the entire damage suffered by Otis will be determined by taking into account the acts of infringement and unfair competition until the date of the final decision to be handed down;

- order Schindler to pay a compensation of €500,000 pursuant to Article 700 of the French Civil Procedure Code and the legal costs including the expenses entailed by the *saisie-contrefaçon* and the expert reports which will be recovered by Ms Marianne Schaffner, attorney-at-law, Linklaters, in accordance with the provisions laid down in Article 699 of that code.

By way of pleadings filed on 2, 9 and 13 March 2009, Schindler France (hereinafter referred to as "Schindler") requests, in substance, the *Tribunal* to dismiss all of Otis's claims, to hold that claims 1, 4, 6, 7, 9, 11, 13, 14 and 17 of European patent 689 are invalid, and to order that the judgement be recorded in the French national patents register, to order Otis to pay in its favour a compensation of €500,000 for unfair competition by way of disparagement and a compensation of €500,000 for abuse of proceedings as well as a sum of €300,000 pursuant to Article 700 of the French Civil Procedure Code.

By way of pleading requesting the Court to dismiss the exhibits and the pleading submitted on March 16, 2009, Otis maintained its request for rejecting the foregoing exhibits adding exhibit No. 65 communicated on March 13, 2009 and requested the Court to reject Schindler's last pleading of March 13, 2009.

In letters dated April 15 and May 20, 2009, each party sent to the *Tribunal*, upon its request, documents substantiating the expenses it incurred during the proceedings.

The proceedings were closed on March 9, 2009.

WHEREUPON,

***on the request for rejecting Schindler's exhibits and pleading:**

Article 15 of the French Civil Procedure Code provides that "*The parties shall disclose in due time to one another factual and legal arguments supporting their claims, the means of evidence they produce and the legal arguments they rely upon so that each party may organise his defence.*"

It results from the chronology of the exchanges of exhibits and pleadings between the parties that Schindler communicated:

- in their entirety the exhibits referred to in the list of exhibits attached to the pleading of 9 June 2008, on 12 February 2009;

- in their entirety the exhibits referred to in the list of 24 December 2008, on 6 March 2009, **that is, three days before the closing date**;

- four new exhibits on Friday 6 March 2009 **that is, three days before the closing date**;

- a new exhibit on Friday 13 March 2009 **that is, after the closing date**;

and filed a new pleading on 9 March, **on the closing date** and on 13 March 2009, **after that date.**

Although it is admissible that the translation of exhibits in foreign languages be produced shortly before the closing of the exchange of pleadings and exhibits in proceedings involving major multinational companies able to examine the exhibits communicated in their native language, the foregoing Article 15 is not complied with when new exhibits on the merits are exhibited at a date making their examination impossible while their date allowed an earlier communication.

Thus, pursuant to Article 16 of the French Civil Procedure Code, which requires the Judge to enforce the parties' right to be able to prepare their defence, the *Tribunal* rejects the exhibits numbered 46, 46-1, 47, 47-1, 48, 48-1, 49, 49-1, 50, 50-1, 51, 52, 52-1, 53, 54, 55, 55-1, 56, 57, 57-1, 58, 58-1, 59, 60, 61, 62, 63, 63-1, 64, 65 which were communicated late as well as the pleadings of 9 and 13 March 2009 which were filed either on the closing date or later.

***on the scope of European patent 689:**

The patent at issue relates to a wedge clamp type termination for ropes having an elastomer coating.

The patent sets out that:

- a conventional traction elevator system includes a car, a counterweight, two or more ropes interconnecting the car and counterweight, a traction sheave to move the ropes which are formed from laid or twisted steel wire and a machine to rotate the traction sheave;

- the drawbacks of using round steel ropes relate to the rather rapid wear proportional to the traction force between them and the sheave; this situation results in the choice of ropes with a large diameter when the traction forces have to be increased but this also increases the sheave diameter and consequently, the size and the cost of the elevator systems;

- in an elevator installation, wedge clamp type termination devices are also used. These devices operate by securing the elevator rope between their opposed angled walls and a tear drop shaped wedge around which the cable is wound. The wedge acts to cam the rope against the walls of the wedge clamp device during tensioning of the ropes; the wedge may have a relatively sharp angle producing a large clamping force without deleterious effects on the ropes which have a high compressive strength;

- in order to improve the strength of the ropes, flat ropes have been developed which include a plurality of individual load carrying cords encased within a compressible common layer of coating, this layer defining an efficient engagement surface for engaging a traction sheave, because the pressure is distributed uniformly throughout the tension member; thus the traction is increased and smaller sheave diameters are possible;

The invention relates to a "wedge clamp" type termination adapted to rope members having an elastomer coating. Its main feature is the geometry of the wedge, in particular its angle and its dimensions. The latter are selected to provide a sufficient clamping force to resist slippage of the rope without exceeding the compressive stress capability of the tension member.

This patent comprises seventeen claims. At present, only claims 1, 6, 7, 9, 11, 13, 14, 17 are asserted.

In these conditions, the *Tribunal* will examine the validity of these eight claims only, claim 4 not being asserted in Otis's latest pleading.

*** on the validity of the asserted claims:**

Claim 1 is worded as follows: "*Elevator system including a car, a counterweight, a tension member having an elastomer coating for moving the car and counterweight, and a termination device for attaching an end of the tension member,* ***characterized in that,*** *the tension member is a suspension rope for suspending and moving the car and counterweight, the termination device includes a socket having at least one jaw surface; and a wedge having a centerline and at least one clamping surface, positioned at a predetermined angle from the centerline, the wedge disposed within the socket with the at least one clamping surface juxtaposed to the jaw surface, wherein the tension member is disposed between the clamping surface and the jaw surface, the termination device being such that for a given length (L) and width (W) of the clamping surface and the tension member, respectively, the predetermined angle is such that in use a tensile force on the tension member provides a normal force against the tension member which produces a stress less than the maximum compressive stress capability of the elastomer coating.*"

-on sufficiency of disclosure:

Schindler asserts the invalidity of this claim for insufficient disclosure because the patent does not state how to calculate the maximum compressive stress capability of the elastomer coating.

Pursuant to Article 138(b) of the Munich Convention, a European patent may be found invalid if the patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a skilled person;

Therefore, it must be determined in the present case if the elevator engineer, the skilled person in this matter, found in the patent specification and in the common general knowledge accessible to him sufficient information to define "the maximum compressive stress capability of the elastomer coating".

As noted by the Opposition Division of the EPO, this capability is defined in column 5, lines 42 to 45 of the patent as corresponding to **the compressive stress before non-recoverable deformation of the elastomer material**, ("*before non-recoverable deformation, or creep*") or page 7, lines 29 to 34 of the French translation: "*this is particularly important in an embodiment where tension member 22 is comprised of a urethane outer coating, or where the coating is another flexible elastomer, as they have a maximum compressive stress capability of about 5 MPa before non-recoverable deformation, or creep, occurs.*".

It is established that the Vulkollan document, dated 1975 by its author, Inventio AG and produced in the opposition procedure, teaches the elevator engineer:

* the existence on a curve resulting from the application of a given stress on a Vulkollan material taken from a range of specific polyurethane-based elastomer materials, of a point P beyond which a percentage of the strain resulting from the stress is not recoverable (residual permanent deformation).

* beyond this point P, the residual strain increases with the increase of the applied stress.

If this curve does not state the residual deformation percentage to which the maximum compressive stress of claim 1 of the patent in dispute corresponds, the Opposition Division set it at a permanent elongation value of the belt of 0.1%. However, the Opposition Division does not state which reasoning and which previous knowledge would lead the skilled person to consider this value as the value of the maximum compressive stress capability, being noted that this value corresponds neither to point P nor to the rupture point of the material.

As rightly noted by Schindler, the elevator engineer finds no help to choose a value on this curve either in the patent specification (page 7, lines 29 and following of the patent: maximum value of 5 MPa) or in the claims (claim 4: between 2.5 and 5 MPa) since maximum compressive stress capability values are mentioned therein without any reference to precisely defined materials.

The notion of "harmful global deformation" or "creep" does not seem relevant since no objective and precise element enables to define it. If it is certain that the rupture point is the most obvious "harmful" deformation point, there is a large difference between point P from which there is a residual permanent deformation and this rupture point. Otis has never contended before the EPO that the rupture point corresponded to the "*maximum compressive stress capability*" of the invention and this hypothesis is not in accordance with the patent specification which mentions "a non-recoverable deformation of the material" and not its rupture.

It should also be noted that both in claim 1 of the patent and in the specification, the patentee does not introduce any time parameter for the definition of the maximum compressive stress capability and that the latter must be assessed independently from the elapsed time.

Otis does not exhibit any document issued by rope manufacturers demonstrating that this value would be an intrinsic parameter of the material, which is neither demonstrated by the Vulkollan document as previously seen.

Finally, the tests produced in court and coming from three distinct laboratories acting at the request of the two parties, demonstrate that there is no common definition of the invention's maximum compressive stress capability, each laboratory having applied a different testing protocol on a same material in order to determine it.

In those conditions, the *Tribunal* considers that claim 1 of the foregoing patent is invalid for insufficient disclosure, the skilled person not being able to select the dimensions of the wedge clamp and its angle in order to obtain a compressive stress value lower than a defined value which is given neither by the patent nor by the knowledge accessible at the time of the invention.

The other asserted claims being dependent on claim 1 insufficiently disclosed, they are also insufficiently disclosed and equally invalid.

***on the infringement:**

Since the asserted claims are invalid, the infringement claims are without object.

***on unfair competition:**

-committed by Schindler

Otis alleges that Schindler would have distributed to its customers a Treuil SGB 142 brochure in which it states that "*the steel ropes have been known since 1908, the ropes composed of single steel strands encased in a common layer existed for special elevators before their introduction by Otis in Gen 2…it is for that reason that until now, the European Patent Office has not granted any patent for the Otis rope type*"… "*the Otis rope is not an invention*". It considers that those allegations are erroneous and ill-intentioned since it is the holder of a patent EP 167 protecting a tension member for elevator formed of metallic strands encased in a common layer of coating, the application of which was published on 14 November 2001 and which was granted on 2 May 2006.

Schindler replies that this Treuil SGB 142 document, the date and circulation of which are not demonstrated, is an answer to allegations of infringement and that its content is objective and moderate.

This *Tribunal* notes that Otis's allegation relies on quotations which are truncated and taken out of context. It results from the examination of the text in its entirety that Schindler has not denied Otis the grant of patents but stated that "*Otis was simply able to obtain patents for particular details related to flat ropes and not used by Schindler*" for, it adds, "*the belts existed for special elevators before the introduction by Otis in Gen 2*", information which Otis does not dispute.

In view of those facts, the *Tribunal* considers that the Treuil SGB 142 brochure does not contain any misleading information and constitutes a comparative advertisement in accordance with the provisions of Articles L. 121-8 and L. 121-9 of the French Intellectual Property Code.

The allegation of unfair competition made by Otis is therefore dismissed.

- committed by Otis:

Schindler claims that Otis spreads on the market false allegations of infringement acts committed by Schindler, allegations which are part of a disparagement strategy demonstrated by all the proceedings initiated in different European countries and intended to turn its customers away from it.

The *Tribunal* considers that no piece of evidence enables to substantiate Schindler's allegations, the institution of infringement actions in different European countries not being sufficient to demonstrate Otis's bad faith.

Thus Schindler's claim for unfair competition is dismissed.

***on the other claims:**

Admittedly, instituting a legal action degenerates into abuse which may give rise to a claim for compensation only in the case of malice, bad faith or gross error equipollent to fraud.

Since Otis was the holder of a patent, it is not demonstrated that it initiated the present action for infringement in order to harm Schindler.

Considering the information produced after the oral hearing and the nature of the case as well as its complexity, the *Tribunal* awards to Schindler a compensation of €300,000 pursuant to Article 700 of the French Civil Procedure Code.

Considering the content of the decision, the provisional enforcement thereof is not necessary.

ON THESE GROUNDS

THE *TRIBUNAL*,
ruling after hearing both parties, in first instance and by handing over the decision to the clerk's office,

Rejects the exhibits numbered 46, 46-1, 47, 47-1, 48, 48-1, 49, 49-1, 50, 50-1, 51, 52, 52-1, 53, 54, 55, 55-1, 56, 57, 57-1, 58, 58-1, 59, 60, 61, 62, 63, 63-1, 64, 65 which were communicated late by Schindler as well as its pleadings of 9 and 13 March 2009, which were filed either on the closing date or later,

Holds not admissible the claim for invalidity of claim 4 of European patent No. 1 140 689 which is not asserted,

Holds invalid claims 1, 6, 7, 9, 11, 13, 14 and 17 of the French designation of European patent No. 1 140 689 for insufficient disclosure,

Holds that this decision, when it becomes final, will be sent to the INPI to be entered in the national patent register, by this court's clerk at the promptest party's request,

Dismisses Otis's claims for patent infringement and unfair competition,

Dismisses Schindler's claims for unfair competition and abuse of proceedings,

Orders Otis to pay Schindler a compensation of €300,000 pursuant to Article 700 of the French Civil Procedure Code and the legal costs,

Pursuant to the provisions of Article 699 of the New French Civil Procedure Code awards to Mr Pierre Véron, attorney-at-law, the portion of the legal costs which he paid without having previously received an advance,

Dismisses all the parties' other claims,

Drafted and held down in Paris, on 1st July 2009,

Signature *Signature*

THE CLERK **THE PRESIDING JUDGE**