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FRENCH REPUBLIC

IN THE NAME OF THE FRENCH PEOPLE

COUR D'APPEL DE PARIS

Division 5 – Chamber 1

DECISION OF 7 NOVEMBER 2012

(No. , pages)

Docket Number: **11/14297**

Decision referred to the *cour d'appel*: order of 14 May 2009 – *tribunal de grande instance de Paris* – Docket No. 09/03665.

APPELLANTS

QUEST TECHNOLOGIES INC.

represented by its legal representative

3238 S Newland Street DENVER CO 80227 UNITED STATES,

represented by SCP FISSELIER - CHILOUX - BOULAY (Mr Alain FISSELIER) (attorneys-at-law, members of the Paris Bar, courthouse box: L0044)

assisted by Mr Damien REGNIER, (attorney-at-law, member of the Paris Bar, courthouse box: D0451).

SARL DISTRISUD

represented by its legal representative

11 rue Bazin

78000 VERSAILLES

represented by SCP FISSELIER - CHILOUX - BOULAY (Mr Alain FISSELIER) (attorneys-at-law, members of the Paris Bar, courthouse box: L0044)

assisted by Mr Damien REGNIER, (attorney-at-law, member of the Paris Bar, courthouse box: D0451).

RESPONDENTS

SARL AHT SUD

represented by its liquidator Mr Sylvain CRETON,

LE LAURON

83170 TOURVES

represented by SCP BOMMART FORSTER - FROMANTIN (Mr Edmond FROMANTIN)

(attorneys-at-law, members of the Paris Bar, courthouse box: J151)

assisted by Mr Laurent MUNIER, attorney-at-law, member of the STRASBOURG Bar)

Mr Sylvain CRETON

11 allée des Petits Bois

78000 VERSAILLES

Operating under the trade name FREELANCE[TN] TECHNOLOGY

SCP BOMMART FORSTER - FROMANTIN (Mr Edmond FROMANTIN)
(attorneys-at-law, members of the Paris Bar, courthouse box: J151)

assisted by Mr Laurent MUNIER (attorney-at-law, member of the STRASBOURG Bar)

COMPOSITION OF THE COURT:

After the oral report pursuant to the conditions of Article 785 of the French Civil Procedure Code and pursuant to the provisions of Articles 786 and 910 of the same code, the case was discussed on 26 September 2012, in public hearing, the appellants' attorney-at-law not being opposed to it, before Mr Benjamin RAJBAUT, President, Judge in charge of investigating the case and Ms Anne-Marie GABER, Judge.

These Judges gave an account of the oral pleadings during the deliberation of the Court, composed of:

Mr Benjamin RAJBAUT, President,

Ms Brigitte CHOKRON, Judge,

Ms Anne-Marie GABER, Judge.

Court Clerk, during the discussion: Ms Marie-Claude HOUDIN.

DECISION:

After hearing all the parties,

- the decision was made available at the Court Clerk's office, the parties having been previously notified in accordance with the requirements laid down in the second subparagraph of Article 450 of the French Civil Procedure Code.

- signed by Mr Benjamin RAJBAUT, President, and by Ms Marie-Claude HOUDIN, to whom the original copy of the decision was handed by the signatory Judge.

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THE DISPUTE

QUEST TECHNOLOGIES Inc., a company governed by the laws of the United States, is the holder of European patent No. 00 910 120 filed on 09 February 2000 claiming U.S. priority from U.S. 129,776P dated 14 April 1999; this patent was published in European Patent Bulletin No. 07/13 of 28 March 2007 under No. 1 216 317 and notice of the transmission of its translation into French to the *INPI*[TN] was published in Industrial Property Office Bulletin No. 53 of 28 December 2007.

[TN] Error in the French text, the correct name is Free Lace Technology. This error has been corrected in the rest of the decision

[TN] *Institut National de la Propriété Industrielle*, the French industrial property office

This patent is entitled: “*Draw-tight elastic cordage*”.

Mr Sylvain CRETON, operating under the trade name Free Lace Technology, is the holder of a French patent filed on 06 December 2005 and granted on 22 August 2008 under No. 2 894 115, he also filed, claiming priority from this French patent, a European patent application on 30 November 2006 under No. 1 795 085 relating to a lace that is extensible with sheath and less extensible with core marketed by SARL AHT SUD under the brand name FREE LACE.

Having noted an offer for the sale of these laces on the French market under the brand name FREE LACE, laces which, according to it, implement the features of claims 1 to 6 of its European patent No. 1 216 317, QUEST TECHNOLOGIES Inc., on 25 January 2008, called upon a bailiff to perform two reports on the websites www.freelace-technologie.com and www.freelace.com and, on 1 February 2008, a report on the purchase of laces ordered on one of these websites before serving a summons on Mr Sylvain CRETON and SARL AHT SUD on 05 March 2008 before the *tribunal de grande instance de Paris* for the infringement of claims 1 to 6 of its European patent and for damages.

DISTRISUD, beneficiary of a licence for the exclusive exploitation in France of the European patent in dispute and which sells the laces, the products deriving from this patent, under the brand name XTENEX, voluntarily intervened in the proceedings before the *tribunal* on 17 November 2008.

Having regard to the judgment handed down in the presence of all the parties on 14 May 2009 by the *tribunal de grande instance de Paris* which:

- noted DISTRISUD’s voluntary intervention,

- dismissed the request of SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology, for the invalidity of the bailiff’s reports dated 25 January 2008 and 1 February 2008 established by Ms Brigitte PEVERI-MATRIONNEAU, bailiff in Paris,

- dismissed the motion challenging jurisdiction lodged by SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology,

- dismissed the request for a stay of the proceedings lodged by SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology,

- dismissed the request lodged by SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology for the invalidity of European patent EP 1 216 317 held by QUEST TECHNOLOGIES Inc.,

- held that by offering for sale, marketing and holding for the aforementioned purposes in France the Free Lace laces model 125/30, SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology committed acts of infringement of claims 1 to 6 of the French designation of European patent EP 1 216 317 to the detriment of QUEST TECHNOLOGIES Inc. and DISTRISUD,

- ordered SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology to communicate to QUEST TECHNOLOGIES Inc. and DISTRISUD the names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the allegedly infringing products as well as the wholesalers, recipients and retailers as well as the quantities produced, marketed, delivered, received or ordered, under a penalty of €500 per day of delay after a period of one month as of the service of its decision,

- held that it reserves the right to set the ordered penalty,

- ordered SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology, jointly and severally, to pay to QUEST TECHNOLOGIES Inc. the sum of €10,000 as an advance payment on its damage,

- ordered SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology, jointly and severally, to pay to DISTRISUD the sum of €2,000 as an advance payment on its damage,

- held that claims 9 and 10 of the French designation of European patent application EP 1 795 085 are invalid for lack of inventive step,

- consequently, dismissed the requests for patent infringement lodged by SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology,

- held that DISTRISUD committed acts of unfair competition to the detriment of SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology,

- ordered DISTRISUD to pay the sum of €2,000 in damages to both SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology, in compensation for the damage they suffered due to unfair competition,

- dismissed QUEST TECHNOLOGIES Inc. and DISTRISUD's request for expert investigations,

- dismissed QUEST TECHNOLOGIES Inc. and DISTRISUD's request for unfair competition,

- dismissed QUEST TECHNOLOGIES Inc. and DISTRISUD's request for the publication of the judgment as well as their request for an injunction and for the confiscation of the infringing products,

- consequently, dismissed the requests lodged by SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology for expert investigations, publication of the decision and injunction,

- dismissed the parties' other requests,

- ordered SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology, jointly and severally, to pay to QUEST TECHNOLOGIES Inc. and DISTRISUD the sum of €20,000 pursuant to Article 700 of the French Civil Procedure Code,

- ordered the provisional enforcement of the decision,

- ordered SARL AHT SUD and Mr Sylvain CRETON operating under the trade name Free Lace Technology, jointly and severally, to pay the entire costs.

Having regard to the appeal lodged on 29 June 2009 by QUEST TECHNOLOGIES Inc. and DISTRISUD (registered under reference 09/14725).

Having regard to the appeal lodged on 30 June 2009 by Mr Sylvain CRETON (registered under reference 09/14819).

Having regard to the order handed down on 05 January 2011 by the Judge in charge of the case preparation, joining proceedings 09/14819 to proceedings 09/14725.

Having regard to the decision handed down on 06 April 2011 staying the proceedings until the day of publication of the grant of the patent issuing from European patent application EP 1 795 085 and removing the case from the case list, the costs being reserved.

Having regard to the new entry of the case on the case list on 28 July 2011.

Having regard to QUEST TECHNOLOGIES Inc. and DISTRISUD's latest pleading, notified on 04 April 2012.

Having regard to Mr Sylvain CRETON and SARL AHT SUD's latest pleading, notified on 12 June 2012.

Having regard to the order closing the procedural stage of the proceedings dated 26 June 2012.

GROUNDS FOR THE DECISION

For an exhaustive presentation of the facts and proceedings, reference is expressly made to the judgment referred to the *cour d'appel* and to the parties' pleadings;

I: ON THE ARGUMENTS SET OUT IN THE PROCEEDINGS:

Considering the following:

In appeal, Mr Sylvain CRETON and SARL AHT SUD do not put forward their motion challenging jurisdiction and their request for a stay of the proceedings; therefore, the *cour d'appel* will affirm the appealed judgment in that it dismissed this motion and this request by adopting the grounds set out therein;

Mr Sylvain CRETON and SARL AHT SUD's requests for "findings":

In the part of their pleading setting out their requests, Mr Sylvain CRETON and SARL AHT SUD request that the *cour d'appel* make a certain number of "findings" which do not constitute claims relating to the factual and legal questions to be settled by the *cour d'appel* in this dispute; consequently, the *cour d'appel* is only required to deal with the claims expressly set out as such by the parties in their pleading pursuant to the provisions of Article 954 of the French Civil Procedure Code and not with simple requests for "findings";

Mr Sylvain CRETON and SARL AHT SUD's request for joining the two appeal proceedings:

Mr Sylvain CRETON and SARL AHT SUD's request for joining the two appeal proceedings is without object, as it has already been carried out by the above-cited order of the Judge in charge of the case preparation of 05 January 2011;

Mr Sylvain CRETON and SARL AHT SUD's requests concerning Belgium and the Netherlands:

Mr Sylvain CRETON and SARL AHT SUD lodge requests before the *cour d'appel* against DISTRISUD for the alleged infringement of the Belgian and Dutch designations of its European patent EP 1 795 085 on the grounds that the Belgian Court of Tournai had referred the case to the French courts;

Therefore, the *cour d'appel* is requested to ask the competent Belgian authorities the legal articles applicable to the facts that took place in Belgium (sic), to hold that DISTRISUD is liable for deceptive practices having regard to Belgian law and for unfair competition and parasitism in Belgium, to order

the recall of the articles forming the basis of the deceptive commercial practices under a penalty of €10,000 per recorded infraction, to order the recall of the articles forming the basis of the unfair competition and parasitism under a penalty of €10,000 per recorded infraction, to enjoin DISTRISUD from continuing the marketing of its laces in Belgium under a penalty of €10,000 per recorded infraction and to hold that these deceptive commercial practices are punishable under Article 94/6 of the Belgian Act of 14 July 1991;

However, the Judge ruling in preliminary proceedings of the *Tribunal de Commerce de Tournai* (Belgium), ruling on an action initiated by Mr Sylvain CRETON against DISTRISUD for alleged acts of unfair competition and parasitism, by way of an order dated 31 March 2010, merely declared that he had no territorial jurisdiction without being able to refer the case to the competent foreign court.

Therefore, this decision did not refer the case initiated in Belgium to the French courts in general and to this Court in particular. In addition, this case was not dealt with in proceedings on the merits but in preliminary proceedings;

To date, the acts allegedly committed on the Belgian and Dutch territories have not been referred to the French courts;

Consequently, acts of unfair and parasitic competition that may have been committed on the Belgian and Dutch territories have not been referred to the *cour d'appel* and all the requests lodged on these grounds by Mr Sylvain CRETON and SARL AHT SUD before the *cour d'appel* are inadmissible;

The validity of the bailiff's report and purchase report:

Mr Sylvain CRETON and SARL AHT SUD argue that the bailiff's reports of 25 January and 1 February 2008 are invalid on the grounds that they are disguised *saisie-contrefaçon* reports with no authorisation from the President of the *tribunal de grande instance*; they therefore request that all of QUEST TECHNOLOGIES Inc. and DISTRISUD's requests be dismissed for lack of evidence;

QUEST TECHNOLOGIES Inc. and DISTRISUD reply that these bailiff's reports are perfectly in order and do not constitute disguised *saisies-contrefaçon* reports;

Pursuant to Articles L. 615-5 of the French Intellectual Property Code, the infringement shall be proven by any means; in this case, QUEST TECHNOLOGIES Inc. called upon a bailiff to carry out, on 25 January 2008, a simple report on the website www.free-lace.com to which the bailiff attached the screen captures of the various pages of this website with no irregularity likely to affect its validity being established;

On the same day, the bailiff also carried out a report on the website www.freelace-technologie.com and completed an online purchase on this website of three pairs of Free Lace laces which she received on 1 February 2008, based upon which she established a purchase report;

Finally, the bailiff placed under seals and attached to her purchase report dated 1 February 2008 the three pairs of laces purchased online;

There exists no irregularity in the bailiff's report and purchase report that might affect their validity. The bailiff did not physically seize the allegedly infringing products but rather purchased them;

Therefore, the judgment referred to the *cour d'appel* will be affirmed in that it dismissed Mr Sylvain CRETON and SARL AHT SUD's request for invalidity of the said bailiff's reports;

QUEST TECHNOLOGIES Inc.'s authority to bring an action:

Mr Sylvain CRETON and SARL AHT SUD argue that QUEST TECHNOLOGIES Inc.'s requests should be dismissed for lack of authority to bring an action on the grounds that it is no longer the holder of patent EP 1 216 317 for it assigned it to DISTRISUD; they also argue that QUEST TECHNOLOGIES Inc. and DISTRISUD's requests should be dismissed "*for failure to hear arguments on an inter partes basis*" as it did not submit to the discussion the agreement on the assignment for this patent;

However, QUEST TECHNOLOGIES Inc. never assigned its patent to DISTRISUD, it only granted to the latter, on 19 February 2008, a licence for exploiting the said patent in all European countries with exclusive exploitation for France; this licence agreement was duly submitted to the discussion (QUEST TECHNOLOGIES Inc. and DISTRISUD's exhibit No. 20) pursuant to the principle of due process; therefore, QUEST TECHNOLOGIES Inc. does have the authority to bring an action in these proceedings;

II: ON THE VALIDITY OF EUROPEAN PATENT EP 1 216 317 HELD BY QUEST TECHNOLOGIES INC.:

Considering the following:

Pursuant to the provisions of Article L. 614-12 of the French Intellectual Property Code, a European patent may be revoked with effect for France by way of a Court decision on any one of the grounds set out in Article 138(1) of the Munich Convention of 05 October 1973, for lack of novelty or lack of inventive step in particular;

The technical field of the invention:

The invention of patent EP 1 216 317 is entitled "*Draw-tight elastic cordage*";

The patentee recalls that the conventional means for fastening objects such as a shoe is by pulling a shoelace through eyelets with the lace then tightened and tied into a knot; other devices include mechanical closures such as latches, hooks or clamps for holding cords, ropes, string and the like in a manner which enables adjustment by releasing the latch to pull the cord, rope or string through to a new position;

It mentions that conventional shoestrings and mechanical fasteners have a number of limitations and drawbacks. Knots tied in shoestrings can become loose and mechanical closure devices are relatively expensive, and in many cases, they are fastened, unfastened or adjusted;

Therefore, the general object of the invention is to provide elastic cordage than can be used to fasten, tie or adjust an object, while requiring no knot or mechanical device to prevent unfastening or slippage in the cording;

The solution recommended by the invention:

To achieve the invention, the patent suggests draw-tight elastic cordage adapted for threading through an opening and having one or more components along its length which are enlarged or bulged out in diameter when axial stress is reduced, and which reduce in diameter when axial stress increases.

In one embodiment, the cordage comprises a length of integral elastic cord which is bulged out at axially spaced positions. Other embodiments provide an elastic core about which a flexible sheath is fitted, so that when the cordage is elongated under tension, the outer diameter of each bulged-out component is sufficiently small to enable threading through the opening and when the tension is released, portions of the sheath expand outwardly at axially spaced-apart locations.

The patent is composed of ten claims of which only claims 1 to 6 are invoked;

Clarity of the patent:

Mr Sylvain CRETON and SARL AHT SUD contend that the French translation of claims 1 to 6 of the patent in dispute extends the protection and leads to a lack of clarity in the patent; therefore, this patent cannot be the basis for an action for infringement and QUEST TECHNOLOGIES Inc. and DISTRISUD's claims for infringement should be dismissed;

Therefore, they request that patent EP 1 216 317 be held invalid for lack of clarity;

QUEST TECHNOLOGIES Inc. and DISTRISUD reply that the French title of the patent has no legal force and that the difference between the patent's French title and text is deprived of all significance, as the description makes it perfectly possible to understand the invention and defines the field protected by the claims;

They add that the French translation of the claims was communicated to the examiner during the procedure before the EPO which expressed no criticism as to the terms used and in particular the translation of the English word "*cordage*" by the French word "*cordon*" in the claims and that there was no extension of the patent scope on the occasion of its translation into French;

In view of the above, the patent in dispute is entitled in English "*Draw-tight elastic cordage*", which is translated word for word into French by "*Cordage élastique à tension de serrage*" ("*cordage*" being in French a marine term) whereas in the context of the claims, the English term "*cordage*" is translated by the more adequate French term "cordon" (meaning a string or lace);

In addition to the fact that the patent title has no legal force, this discrepancy in the French translation between the title (*cordage*) and the text of the claims (*cordon*) has no legal consequences insofar as the patent description makes it possible to understand the invention and defines the field protected by the claims without this leading to an extension of the patent claims;

Consequently, the first instance judges rightly held that the invention subject-matter of the patent was clearly described and that its French translation did not modify its scope and could be used as a basis for an infringement action;

Novelty and inventive step:

Mr Sylvain CRETON and SARL AHT SUD point out the following:

- a lack of novelty of claim 1 over patent U.S. 5,287,601 (Schweitzer) of 29 July 1992 which allegedly contains all the features and even the technical problem of claim 1, including extensible components, and which completely anticipates claim 1,

- a lack of inventive step of this claim over patent U.S. 2,869,205 (Kacowski) of 1959 which teaches to make a cord with alternate outer extensible (hence a variation in diameters) and non-extensible components (portions), in combination with patent U.S. 5,287,601(Schweitzer) which teaches to use elasticity with an increase in the outer diameter to stop a cord that has been threaded though an opening,

- a lack of inventive step of claim 2 over patent U.S. 2,869,205 (Kacowski) in combination with patent U.S. 5,287,601 (Schweitzer), obvious to the person skilled in the art, which teaches to use an elastic core along the entire cord length,

- a lack of novelty and inventive step of claim 3 over patent U.S. 2,869,205 (Kacowski) in combination with patent U.S. 5,287,601 (Schweitzer), obvious to the person skilled in the art, which teaches to provide a sheath having an elastic portion detached from the core and, at both ends, a non-elastic portion fixed to the core,

- a lack of inventive step of claims 4 and 5 as regards the braiding of the sheath of patent U.S. 5,287,601 (Schweitzer) about which it is obvious for the person skilled in the art having knowledge in cords with braided sheath, to come to the idea of using a first braid pattern at the end portions (claim 4) and a second braid pattern at the mid-portion (claim 5),

- a lack of inventive step of claim 6 which is drafted as a combination of claims 4 and 5,

- a lack of inventive step of claims 7 to 10 which describe no particular patentable effect;

Mr Sylvain CRETON and SARL AHT SUD, the defendants in the action for infringement, may only lodge a counterclaim for invalidity of the patent on the basis of the heads of claim asserted against them; insofar as claims 7 to 10 are not cited by QUEST TECHNOLOGIES Inc. and DISTRISUD in support of their action for infringement, Mr Sylvain CRETON and SARL AHT SUD's counterclaim for invalidity of the said claims is inadmissible;

Pursuant to the provisions of Article L. 611-11 of the French Intellectual Property Code (referring to Article 54 of the Munich Convention), an invention shall be considered new if it does not form part of the state of the art and pursuant to the provisions of Article L 611-14 (referring to Article 56 of the Munich Convention), an invention shall be considered to involve an inventive step if, having regard to the state of the art, it is not obvious to a person skilled in the art;

In this case, the person skilled in the art is a cord manufacturer, trying to solve the problem posed, namely making an elastic cord that can be used to fasten, tie or adjust an object, while requiring no knot or mechanical device to prevent unfastening or slippage in the cording;

Novelty and inventive step of claim 1:

Claim 1 reads as follows:

"1. A cordage (10) for threading through an opening (17), the cordage comprising:

an elastic core (12) and a flexible sheath (14) having an elongated shank component and at least one outwardly expandable component, the shank portion having a first diameter(D-1) which is sized insufficient[TN] *to enable its movement through the opening, the expandable component when the cord is under a given axial tension having a second diameter (D-2) which is sufficiently small to enable its movement through the opening, and the expandable component having an elastic memory which is sufficient to enable its outward expansion, responsive to the axial tension below said given tension, to a third diameter (D-3) which is sufficient to resist movement of the cordage through the opening."*

Mr Sylvain CRETON and SARL AHT SUD contend that the Ballschmieter patent DE 295 09 886 U1 of 19 June 1995 discloses a coiled lace which mentions the features of claim 1, except for the outwardly expandable components and that the Schweitzer patent U.S. 5,287,601 of 29 July 1992 comprises outwardly expandable components;

They conclude from the above that the Schweitzer patent U.S. 5,287,601 completely anticipates claim 1 which is deprived of novelty;

They add that the obvious combination of the Kacowski patent U.S. 2,869,205 of 1959 (which describes a cord with an elastic core comprising an outer flexible sheath having alternate non-extensible components and extensible components) with the Schweitzer patent U.S. 5,287,601 (which teaches how to use variations in sizes to allow and then preclude the passage of the cord through an opening) leads to claim 1 which is deprived of inventive step;

QUEST TECHNOLOGIES Inc. and DISTRISUD reply that the Ballschmieter patent DE 295 09 886, which describes a helical lace threaded through a shoe eyelet, uses none of the features of the invention given in the first claim as it does not have the following features: "*a flexible sheath having* (...) *at least one outwardly expandable component*"; therefore, claim 1 is new over this document;

They add that the Schweitzer patent U.S. 5,287,601 only describes a cord comprising a flexible core and a sheath, in a naturally helically coiled configuration to be used as a tie, a shoe lace in particular, and describes nothing more than the Ballschmieter patent DE 295 09 886; therefore claim 1 is inventive over this document;

Finally, they argue that the Kacowski patent U.S. 2,869,205 describes a shoe lace having alternate elastic and less elastic portions leading to a flexible lace of which one portion remains identical over its entire length; this lace cannot be compared to a rosary with balls separated by shank portions and allowing those balls to elongate under the effect of the pulling tensile stress applied to the lace as in the disputed invention;

They affirm that the combination of the Schweitzer and Kacowski patents is *a priori* impossible and does not obviously anticipate or suggest the features of the disputed patent, namely a rosary-shaped shoe lace;

In view of the above, the Kacowski, Schweitzer and Ballschmieter patents constitute the state of the art at the filing of QUEST TECHNOLOGIES Inc.'s patent No. 1 216 317;

The Kacowski patent U.S. 2,869,205 of 20 January 1959 describes an extensible shoe lace comprising an elastic centre cord, a covering on the cord, means securing the ends of the covering to the cord with the intermediate part of the covering freely movable with respect to the cord, portions of the covering being more easily extensible than others, these more easily extensible portions being shorter at the centre of the covering and gradually increasing in length towards the ends of the covering, the other portions being of an equal length all along the covering;

[TN] error in the French text, the correct word is "sufficient"

The Schweitzer patent U.S. 5,287,601 of 29 July 1992 describes a flexible elasticized lace, called "tie" comprising a central flexible core enclosed within an outer braided textile covering, and two pairs of thin rubber cords secured to the tie by the outer braided covering and positioned on either side of a line extending helically from the core to form the full length of the tie, these rubber cords being secured to the braided covering while in an extended state so that the tie maintains a generally helical form in its relaxed state;

The Ballschmieter DE patent No. 295 09 886 U1 of 19 June 1995 describes a flexible cord for closing articles of daily use comprising an elastic core with a textile sheath covering, arranged helically over approximately 0.15 m and which can be extended up to approximately 1 m; when the stretching for the tightening has stopped, the free ends of the cord remain in a helical form due to their elasticity and keep the cord tight;

It appears that the Ballschmieter patent merely repeats the description of the Schweitzer patent, namely a flexible cord or lace having a helical form at both ends;

To form part of the state of the art and be deprived of novelty, the invention must be disclosed in its entirety in a single confirmed prior art document with the same constituting elements, in the same form, the same configuration, with the same function, aspiring to the same technical result;

None of the patents cited as prior art mentions the features of claim 1, namely an elastic cord having axially spaced positions, components whose diameter is enlarged when the axial stress is reduced (to a dimension such that it does not enable the cord to slip through an opening) and which decreases when the axial stress increases (to a dimension sufficiently small to enable the threading of the cord through the opening), the outwardly expanded portions of the cord having diameters which are sufficiently large to resist movement of the cordage in one direction through the opening when the tension is released;

Therefore, none of these patents constitutes a prior art document likely to deprive the subject-matter of the patent in dispute of novelty;

Concerning the inventive step of this invention, a person skilled in the art wishing to provide an elastic cord that can be used to fasten, tie or adjust an object, without requiring a knot or a mechanical device in the cord to prevent the unfastening or slippage would not obviously consider combining the Kacowski patent with the Schweitzer/Ballschmieter patents;

Replacing the cord of the Schweitzer/Ballschmieter patents, which has a helical form at its ends, by the Kacowski cord formed from alternate portions being more or less extensible lengthwise does not modify the diameter for threading this cord through eyelets and therefore does not lead to a cord as described in claim 1 of QUEST TECHNOLOGIES Inc.'s patent;

However, it was not obvious to the person skilled in the art having regard to the state of the art to provide, as described in claim 1, in axially spaced positions along the cord, an enlargement of the core diameter which, first, can be extended when stretching the cord so that it can be threaded through eyelets to either release or readjust the article or device being fastened or tied down and, secondly, is sufficiently large in relation to the inner diameter of the eyelet opening when the cord is in a relaxed or unstressed state in order to resist the threading of the cord through the eyelet and fasten or tie down the article or device;

Therefore, the invention subject-matter of claim 1 of QUEST TECHNOLOGIES Inc.'s patent which solves the technical difficulty of keeping the cord tight without a knot or mechanical device by departing from the prior art, required more than the person skilled in the art merely carrying out his professional capacities with the use of the teachings from the prior art;

Therefore, claim 1 of the patent does have an inventive step;

Novelty and inventive step of claims 2 to 6:

Considering the following:

Claims 2 to 6 read as follows:

"2. A cordage as in claim 1 in which the core (12) is comprised of an integral length of elastic material.

"3. A cordage as in claim 1 in which the sheath (14) comprises at least one segment having a mid portion (28) which defines said expandable component and a pair of end portions (30, 32) which straddle the mid portion, the end portions being in anchored relationship with the core (12), the mid portion being detached from the core (12) to enable said outward expansion together with simultaneous movement of the end portions toward each other.

"4. A cordage as in claim 3 in which the sheath (14) is comprised of a braided material having a first braid pattern at the end portions (30, 32) which is sufficiently tight to frictionally grip with the core and thereby enable said anchored relationship between the end portions and core.

"*5. A cordage as in claim 4 in which the braided material has a second braid pattern at the mid-portion which is sufficiently loose to enable said detached relationship between the mid-portion and core.*

"*6. A cordage as in claim 3 in which the sheath (14) is comprised of a braided material having a first braid pattern at the end portions (30, 32) which is sufficiently tight to frictionally grip with the core and thereby enable said anchored relationship between the end portions and core, and the braided material has a second braid pattern at the mid portion (28) which is sufficiently loose to enable said detached relationship between the mid-portion and core."*

These claims depend on claim 1 to which they refer directly (for claims 2 and 3) or indirectly (for claims 4 to 6), they are therefore valid owing to their dependence on this claim which is itself valid;

Therefore, the first instance judges rightly held that claims 1 to 6 of QUEST TECHNOLOGIES Inc.'s patent EP 1 216 317 are valid and therefore dismissed Mr Sylvain CRETON and SARL AHT SUD's claim for invalidity of this patent;

III: ON THE INFRINGEMENT OF PATENT EP 1 216 317:

Considering the following:

It is difficult to understand why Mr Sylvain CRETON and SARL AHT SUD request, in the last paragraph of page 45 of their pleading, that QUEST TECHNOLOGIES Inc. and DISTRISUD's claims for "*infringement of a patent EP 1 216 317 irrelevant to this case*" (sic) be dismissed whereas, in exact fact, these companies served a summons on them for infringement of claims 1 to 6 of this patent, which, therefore, cannot seriously be considered as "*irrelevant*" to this dispute;

In the alternative, they request that the Court hold that claims 1 to 6 of patent EP 1 216 317 are not infringed, as the comparison was only made with the laces from PLOVIER TEXTILE and not with the claims of patent EP 1 216 317;

Moreover, they contend that there is no infringement as the features shared by the FREE LACE lace and claims 1 and 3 *et seq.* of patent EP 1 216 317 are mentioned in the Kacowski prior patent U.S. 2,869,205 and are therefore in the public domain; that the core of the FREE LACE lace is composed of 3, 5 or 7 microfibers and does not implement claim 2 of the allegedly infringed patent wherein the core is composed of an integral length of elastic material;

Finally, in the part of their pleading setting out their arguments, Mr Sylvain CRETON and SARL AHT SUD request on pages 10 and 25 that expert investigations be carried out to "*demonstrate that there is no similarity between QUEST TECHNOLOGIES Inc.'s cording and the laces of the CRETON patents*";

QUEST TECHNOLOGIES Inc. and DISTRISUD reply that the FREE LACE lace is an extensible elastic cord having an elastic core about which a flexible sheath is fitted and has the shape of a rosary with shank components, spaced apart by regularly distributed ball-shaped portions, the whole being constituted by a tight braiding on the shank components and a non-tight braiding on the ball-shaped portions;

This lace is intended to be threaded through the opening of an eyelet whose shank portion has a diameter sufficient to enable its threading through the opening whereas the ball portion has a larger diameter than that of the eyelet opening so that this portion resists movement through the eyelet; by exerting axial stress on the lace, the lace is elongated by stretching the expanded portion so as to enable its movement through the eyelet opening and when this tension is released, the expanded portion recovers its shape by recovering the initial diameter;

They add that the lace core is made of an integral length of elastic material with two shank portions which straddle the expandable mid-portion, that the braided sheath is composed of two different patterns;

They conclude therefrom that the FREE LACE lace does include all of features 1 to 6 of the claims of their patent EP 1 216 317;

In view of the above, Mr Sylvain CRETON and SARL AHT SUD's request for expert investigations would lead to a veritable delegation of power by making the experts the true judges of the dispute concerning the very existence of the infringement; such an assignment is beyond the framework of the expert investigations, which is a mere investigation measure entrusted to technicians to obtain a reasoned opinion on a specific point relating to their skills, and would have the effect of asking the experts to surpass the limits of their assignment as persons skilled in the art and require them to provide an opinion on the merits of the dispute;

Therefore, Mr Sylvain CRETON and SARL AHT SUD's request for expert investigations will be dismissed;

The allegedly infringing products are rightly compared with the claims of patent EP 1 216 317; it results from the exhibits submitted to the discussion that the FREE LACE lace marketed by SARL AHT SUD is an elastic cord intended to be threaded through eyelets, composed of an elastic core with a flexible braided sheath around it having shank components spaced apart by regularly positioned extensible ball-shaped components;

The shank components have a diameter which enables the cord to pass through the eyelet while the ball-shaped portions have a larger diameter than that of the eyelet opening; when exerting an axial tension on the lace, the lace is elongated and stretches the expanded portion to reach the diameter of the shank component, thereby allowing it to pass through the eyelet; when releasing the tension on the lace, the expandable portion recovers its initial shape, blocking the object (in this case a shoe) to be tied down or fastened;

To the attention of the public concerned, SARL AHT SUD presents the FREE LACE lace, on its website in particular, as a "*kind of elastic knotted rope of about thirty centimetres. Upon stretching, it passes easily through the eyelets. When it recovers its normal shape, the knots form again and hold the shoes tight around the shape of the foot*";

It matters little that the elastic core of the cord of the FREE LACE lace is made of several fibres whereas the core of allegedly infringing cord is, according to claim 2, made of an integral length of elastic material;

It emerges from the affidavit drafted on 26 November 2010 by Mr Jean-Paul PLOVIER, the manager of PLOVIER TEXTILE which manufactured the FREE LACE laces from November 2006 to July 2007 and which has been manufacturing QUEST TECHNOLOGIES Inc.'s laces since September 2007, that the fact that the lace core is made using either a single rubber cord to achieve a 3 mm diameter or several thinner rubber cords to achieve this same 3 mm diameter in no way changes the aspect and functionality of the product; it is part of the practices in this field to limit the number of references concerning the threads used (considering the small quantities produced) and then assemble the number of threads required to reach the required diameter;

Therefore, the FREE LACE lace implements the features of claims 1 to 6 of patent EP 1 216 317 held by QUEST TECHNOLOGIES Inc. and the first instance judges rightly held that Mr Sylvain CRETON and SARL AHT SUD committed acts of infringement of claims 1 to 6 of this patent;

In the alternative, Mr Sylvain CRETON requests the grant of a licence for exploiting patent EP 1 216 317 (called a compulsory licence) pursuant to the provisions of Article L. 613-15, 2nd paragraph of the French Intellectual Property Code;

However, there are no other arguments in support of this request and Mr Sylvain CRETON does not bring evidence that his invention constitutes a significant technical improvement over the prior patent or that it has a major economic interest within the meaning of the above-mentioned article; the first-instance judges rightly dismissed this request;

IV: ON THE COMPENSATION FOR THE INFRINGEMENT OF PATENT EP 1 216 317:

QUEST TECHNOLOGIES Inc. and DISTRISUD, incidental appellants concerning this head of claim, request that the appealed judgment be reversed in that it did not accede to the requested injunction and confiscation measures;

Mr Sylvain CRETON and SARL AHT SUD – which only put forward arguments in support of the dismissal of QUEST TECHNOLOGIES Inc. and DISTRISUD's claims for patent infringement– do not mention particular arguments in response to these claims;

Article L. 611-1, 1st paragraph of the French Intellectual Property Code provides that the holder of a patent has an exclusive right of exploitation and Article L. 613-3 prohibits, without the agreement of the patent holder, the manufacturing, offer, marketing, use, import or holding for the aforementioned purposes of the product that is the subject-matter of the patent;

The violation, through acts of infringement, of this exclusive right to authorise or prohibit the exploitation of the product subject-matter of the patent shall be punished in order to restore the patentee's right; therefore, these acts of infringement should be stopped by enjoining their continuation or resumption;

Moreover, Article L. 615-7-1 allows the judge, at the request of the injured party and at the infringer's expense, to order that the products recognised as infringing be confiscated to the benefit of the injured party; this measure, which appears appropriate in this case, is not subject to the condition of it being necessary to ensure the prevention of continued infringement;

Therefore, the appealed judgment will be partially reversed in that it dismissed QUEST TECHNOLOGIES Inc. and DISTRISUD's requests for an injunction and for the confiscation of the infringing products and, ruling again on this head of claim, these requests will be acceded to as set out in the grounds of this decision;

The injunction measure will be accompanied by a provisional penalty, for a period of three month, of €500 per recorded infraction or per day of delay, as of eight days following the service of this decision;

The assessment of this penalty will remain within the competence of the enforcement judge;

Concerning the amount of the damages, QUEST TECHNOLOGIES Inc. and DISTRISUD put forward arguments in support of the affirmance of the appealed judgment but, adding thereto, QUEST TECHNOLOGIES Inc. requests that the Court assess its damage as a result from the infringement at the sum of €451,869 corresponding to the amount of the profits made by the infringers for the years 2005 to 2008;

Mr Sylvain CRETON and SARL AHT SUD do not mention any further specific arguments on the amount of the interim damages pronounced by the *tribunal* or on the amount of the final damages requested before the *cour d'appel* by QUEST TECHNOLOGIES Inc. except for opposing (on page 44 of their pleading) all orders against them, jointly and severally, on the grounds that they are "*two different persons*", with no other reason;

Pursuant to the provisions of Article L. 615-7 of the French Intellectual Property Code, in order to set the damages, the court takes into account the negative economic consequences, including lost profits, suffered by the injured party, the profits made by the infringer and the moral prejudice caused to the right-holder as a result of the infringement;

To this end, in order to establish the extent of the infringement, the first instance judges rightly ordered Mr Sylvain CRETON and SARL AHT SUD to communicate to the respondents the names and addresses of the producers, manufacturers, distributors, suppliers and other previous holders of the infringing products as well as the wholesalers, recipients and retailers as well as the quantities produced, marketed, delivered, received or ordered, under a penalty of €500 per late day;

Pending this, the first instance judges also rightly awarded €10,000 to QUEST TECHNOLOGIES Inc. as an advance payment on its damage and €2,000 to DISTRISUD as an advance payment;

Therefore, the appealed judgment will be affirmed concerning these heads of claim;

DISTRISUD requests the reservation of its rights concerning the final compensation for its damage, this request will be acceded to;

QUEST TECHNOLOGIES Inc. requests that the compensation for its damage be calculated on the basis of the profits made by Mr Sylvain CRETON and SARL AHT SUD from the sale of the FREE LACE laces from 2005 to 2008 based on the accounting documents in its possession, synthetized in its exhibit No. 36 and from which it emerges that 139,281 lace pairs have been sold at the following prices (taking into account a manufacturing cost of €0.80 excluding taxes)

- 39,870 pairs directly sold during fairs and exhibitions for a profit of €7.56 per lace excluding taxes, *i.e.* €301,417 excluding taxes

- 57,711 pairs sold via independent resellers (Mr VAVASSEUR, TMS Distribution, Castella, 10TRIMAG and DISTRISUD) for a profit of €0.70 per lace excluding taxes, *i.e.* €40,397 excluding taxes,

- 27,000 pairs sold to retailers for a profit of €3.45 par lace excluding taxes, *i.e.* €93,150 excluding taxes,

- 14,700 pairs sold to distributors for a profit of €1.15 excluding taxes, *i.e.* €16,905 excluding taxes;

The total profit made by Mr Sylvain CRETON and SARL AHT SUD for the years 2005 to 2008 will thus be assessed at €451,869;

In the body of their pleading, Mr Sylvain CRETON and SARL AHT SUD express no particular criticism of this breakdown;

Therefore, pursuant to the provisions of Article L. 615-7 mentioned above, Mr Sylvain CRETON and SARL AHT SUD should be ordered, jointly and severally (as both parties commonly contributed to the acts of infringement), to pay to QUEST TECHNOLOGIES Inc. the sum of €451,869 as damages in compensation for the acts of infringement;

The sum of €10,000 set by the appealed judgment is an advance payment on the final compensation for QUEST TECHNOLOGIES Inc.'s damage; consequently, this amount will not be added to this payment order but will be deducted from the sum of €451,869 whose payment will therefore be ordered in cash or receipts to take into account the possible payment of this sum of €10,000;

V: ON THE ACTS OF UNFAIR COMPETITITON TO THE DETRIMENT OF QUEST TECHNOLOGIES INC. AND DISTRISUD:

Considering the following:

QUEST TECHNOLOGIES Inc. and DISTRISUD, also incidental appellants concerning this head of claim, put forward arguments for the reversal of the appealed judgment which dismissed their claims for unfair competition by explaining that Mr Sylvain CRETON, via his attorney-at-law, sent warning letters to the resellers of the XTENEX laces covered by patent EP 1 216 317 threatening them with actions for infringement, on the basis of his French patent;

They contend that this process, the purpose of which was to paralyse the marketing in France of the XTENEX laces, causes extremely serious damage to them in addition to the damage which results from the infringement of EP 1 216 317 and in compensation of which they each request the sum of €50,000 in damages, in addition to the injunction under penalty from continuing these acts of unfair competition;

Mr Sylvain CRETON and SARL AHT SUD advance no particular argument in reply to this request but only generally express, on page 45 of their pleading, their support for the "*dismissal of all the claims and arguments of the respondents, QUEST TECHNOLOGIES Inc. and DISTRISUD*;

In view of the above, the letter sent on 17 September 2008 by Mr Sylvain CRETON and SARL AHT SUD's attorney-at-law to the resellers of the XTENEX laces reads as follows:

"*As you have been informed, following the publication of the grant in Industrial Property Official Bulletin No. 08/34 of 22 August 2008, Mr Creton is the holder of patent No. 2 894 115 (05 12327) granted for '*Lacet de chaussure extensible autobloquant*'* (*i.e.* in English: extensible self-locking shoe lace).

We have learned that you are selling extensible self-locking shoe laces corresponding to claims 1, 2, 3 and 5 for a use corresponding to claim 7.

We ask you to withdraw from sale all products that could be confused with the laces corresponding to patent No. 2 894 115 (05 12327), to immediately cease the exploitation thereof and to send us a written agreement of non-use.

In addition, we inform you that should you decide to sell the said laces without Mr CRETON's authorisation, such acts would be considered as constituting an infringement pursuant to the French Intellectual Property Code and unfair competition pursuant to Articles 1382 et seq. *of the French Civil Code.*";

This letter was sent while QUEST TECHNOLOGIES Inc. had already sent a summons to Mr Sylvain CRETON and SARL AHT SUD before the *tribunal de grande instance de Paris* for infringement of its European patent EP 1 216 317 (from which the XTENEX derive) through the manufacturing and marketing of their FREE LACE laces (the products of Mr Sylvain CRETON's patent FR 2 894 115);

Moreover, Mr Sylvain CRETON and SARL AHT SUD have initiated no action for infringement based on French patent FR 2 894 115 but only lodged a counterclaim in the proceedings initiated by QUEST TECHNOLOGIES Inc. and DISTRISUD, on the basis of claims 9 and 10 of European patent application EP 1 795 085 filed by Mr Sylvain CRETON;

Therefore, this letter is not simply bearing information to XTENEX resellers, excluding all fault, but appears, through its threatening terms, to be a letter of formal notice for the immediate cessation of the marketing of the XTENEX laces under the pretext of alleged acts of infringement by competitors (in this case QUEST TECHNOLOGIES Inc. and DISTRISUD) whose purpose and result is to denigrate them and poach their clients;

Such acts of unfair competition, distinct from the acts of infringement, constitute a tort pursuant to Article 1382 of the French Civil Code and caused distinct damage to QUEST TECHNOLOGIES Inc. and DISTRISUD due to the resulting client poaching;

Therefore, the appealed judgment will be partially reversed concerning this head of claim, and ruling again, it will be held that Mr Sylvain CRETON and SARL AHT SUD committed acts of unfair competition against QUEST TECHNOLOGIES Inc. and DISTRISUD by denigrating them and dissuading their clients from marketing their XTENEX laces;

Mr Sylvain CRETON and SARL AHT SUD will be enjoined from continuing the said acts of infringement under a provisional penalty, for a period of three months, of €5,000 per recorded infraction as of the day of service of this decision;

The assessment of this penalty will remain within the competence of the enforcement judge;

Having regard to the elements of the case, the *cour d'appel* assesses the damage resulting therefrom at the sum of €20,000 for each of the two companies, which Mr Sylvain CRETON and SARL AHT SUD, jointly and severally, will be ordered to pay to them as damages;

VI: ON THE VALIDITY AND THE INFRINGEMENT OF EUROPEAN PATENT EP 1 795 085 HELD BY MR SYLVAIN CRETON:

On 30 November 2006, Mr Sylvain CRETON filed a European patent application under number EP 1 795 085 claiming priority from French patent FR 0 512 327 of 06 December 2005;

In first instance, Mr Sylvain CRETON and SARL AHT SUD based their action for infringement on claims 9 and 10 of this European patent application EP 1 795 085 and it is therefore in this procedural context that the first instance judges held that these claims were invalid;

Subsequent to the appealed judgment, European patent EP 1 795 085 was granted by the EPO on 24 June 2011 after the number of claims had been amended;

As a consequence, Mr Sylvain CRETON now asserts claims 1, 4 and 13 of his European patent against QUEST TECHNOLOGIES Inc. and DISTRISUD and requests that they be held liable for infringement of the French designation of the said European patent; he makes various requests for compensation on these grounds (injunction from manufacturing, displaying and selling its laces under a penalty of €10,000 per recorded infraction, confiscation of the laces for their destruction, communication under a penalty of €500 per day of delay of the contact details of the producers, manufacturers, distributors, suppliers, wholesalers and retailers of the laces, injunction under a penalty of €10,000 per recorded infraction from canvassing with the purpose of hindering the marketing of the FREE LACE laces, requests for the payment of provisional damages, request for an audit);

QUEST TECHNOLOGIES Inc. and DISTRISUD argue that this request is not related to the original arguments by a sufficient link; in the alternative, in the event that this request is held admissible, they request that the proceedings be stayed pending the final decision to be handed down by the European Patent Office following the opposition lodged by QUEST TECHNOLOGIES Inc.;

Even more alternatively, these companies put forward arguments in support of the invalidity of claims 1, 4 and 13 of the French designation of Mr Sylvain CRETON's European patent application for extension of claim 1 beyond the filed text, lack of industrial application as a whole, insufficient disclosure and lack of inventive step of claims 1, 4 and 13;

Admissibility of Mr Sylvain CRETON and SARL AHT SUD's counterclaim for infringement:

Considering the following:

QUEST TECHNOLOGIES Inc. and DISTRISUD assert before the *cour d'appel* that this counterclaim and additional claim is inadmissible pursuant to the provisions of Article 70 of the French Civil Procedure Code, because it is not related to the original arguments by a sufficient link;

Mr Sylvain CRETON and SARL AHT SUD advance no particular argument in response to this inadmissibility argument;

The CRETON European patent EP 1 795 085 is asserted against the laces manufactured and marketed by QUEST TECHNOLOGIES Inc. and DISTRISUD under the brand name XTENEX, the products of the QUEST TECHNOLOGIES Inc. European patent EP 1 216 317, the subject of the main action for infringement initiated by QUEST TECHNOLOGIES Inc. and DISTRISUD;

Therefore, the counterclaim for the infringement of the CRETON European patent EP 1 795 085 is related to the original arguments by a sufficient link and is thus admissible.

On the request for a stay of the proceedings:

QUEST TECHNOLOGIES Inc. and DISTRISUD request that the proceedings be stayed concerning this counterclaim pending the final decision to be handed down by the European Patent Office on the opposition lodged by QUEST TECHNOLOGIES Inc.;

Mr Sylvain CRETON and SARL AHT SUD advance no particular arguments in response to this request for a stay of the proceedings;

Insofar as Mr Sylvain CRETON and SARL AHT SUD's action for infringement is only based on European patent EP 1 795 085 designating France, without citing the corresponding French patent, FR 2 894 115, and as this European patent is subject to an opposition procedure before the European Patent Office, the provisions of Article L. 615-15 of the French Intellectual Property Code are not applicable and the judge is not required to stay the proceedings pending the decision of the European Patent Office;

Staying the proceedings until the final outcome of the opposition procedure appears inappropriate considering in particular how long this case has been going on and, more importantly, considering that a European patent is deemed valid in the course of the post-grant opposition procedure, the *cour d'appel* is therefore able to rule on the validity of the French designation of claims 1, 4 and 13 of European Patent EP 1 795 085;

Therefore, QUEST TECHNOLOGIES Inc. and DISTRISUD's request for a stay of the proceedings will be dismissed;

Validity of claims 1, 4 and 13 of the French designation of European patent EP 1 795 085

The invention of patent EP 1 795 085 is entitled: "*Extensible self-locking shoe lace*";

The patentee recalls that the use of conventional laces is not optimal in terms of comfort and tightness for users, in particular for practicing physical, sporting or professional activities, during which the movements and efforts of the foot in the shoe are important;

The purpose of the invention is to propose a solution to this problem and to provide a lace having a simple structure, which is easy to use and can adapt to all types of shoes to respond to the needs of the greatest possible number of users;

To achieve the invention, the patent suggests an extensible and self-locking lace, having a non-elastic flexible covering enclosing an elastic core made of elastic threads, preferably made of rubber, the covering being braided and having false balls formed when the covering is braided, these false balls being able to stretch under the effect of traction applied to the shoe lace on either side of the false balls to allow lacing and reform after the traction is released in order to keep the shoe tight thanks to the shoe lace.

Claims 1, 4 and 13 read as follows:

Claim 1

Process for manufacturing an extensible and self blocking shoe lace (1) comprising an elastic core enclosed in a flexible covering (2) with filiform portions (11) and false balls (12) able to be elongated,

***characterised in that** the self blocking false balls (12) in the covering are formed when the covering is braided around the elastic core of the shoe lace by alternate slowing of the speed of braiding the covering (2), this slowing creating occasional clusters of braided threads forming the false balls.*

Claim 4

Extensible and self blocking shoe lace (1) obtained by the process according to one of claims 1 and 2, or 3,

***characterised in that** the said covering (2) being non elastic comprises the said false balls (12) being able, on the one hand, to stretch under the effect of traction applied to the shoe lace on either side of the said false balls (12) to allow the lacing and the tightening of a shoe (4) on a foot and able, on the other hand, to reform after the said traction is released in order to keep the said shoe (4) tight thanks to the said shoe lace (1), the micro elastic threads (3) of the said elastic core and the said false balls (12) enabling the adaptation and distribution of the tightening of the said shoe by the said shoe lace according to the morphological variations of the foot inside the said shoe.*

Claim 13

Use of a shoe lace (1) according to one of claims 4 to 12 for lacing a shoe (4),

characterised in that:

- first a foot is inserted into the shoe (4) without the said shoe lace (1), the said shoe including lacing means (42) such as lace eyelets or hooks, then,

- the shoe lace (1) is passed through the said lacing means (42) on the shoe (4), applying on either side of the said false balls (12) in the shoe lace enough traction to stretch the said false balls and allow them to pass through or around the said lacing means (42),

- the tightness of the said shoe (4) is adjusted on the foot by means of the said shoe lace (1) by adjusting the position of the said false balls (12) in relation to the said lacing means (42) on the said shoe.

Article L. 611-10 of the French Intellectual Property Code (referring to Article 52 of the Munich Convention) provides that inventions which are new and involve an inventive step and which are capable of industrial application shall be patentable;

Article L. 611-15 provides that an invention is capable of industrial application if it can be made or used in any kind of industry;

Claim 1 is characterised by the fact that the self-blocking false balls of the covering described in the first paragraph of this claim are formed when the covering is braided around the elastic core of the lace by alternate slowing of the speed of braiding of the covering, this slowing creating occasional clusters of braided threads forming the false balls;

However, it emerges from the affidavit drafted on 24 February 2011 by Mr Jean-Paul PLOVIER, manager of SAS PLOVIER TEXTILE – specialising in the manufacturing of laces for sport shoes and manufacturer of the FREE LACE and XTENEX laces – that what is performed to obtain retractable ball is the exact opposite of what is described, namely that the occasional clusters of threads forming the false balls are created when accelerating the speed, which leads to a more loose braiding and enable this part of the sheath to retract, not when slowing down this speed, as this produces a tight braiding on the elastic core;

Mr Jean-Paul PLOVIER, whose technical skills in this field cannot be seriously disputed, formally attests, without being contradicted, that it is not possible to make the lace as described in claim 1 and that "*the reality of the technique and the mere observation of the product show that what Mr Creton wants to explain is a real misinterpretation*";

Claim 4 is a process claim of claim 1 and is therefore dependent thereon;

Claim 13 is a use claim of claim 1 describing the series of operations to be performed by the person who wants to lace his/her shoe; such a series of operations is not capable of industrial application in itself;

Consequently, it appears that the device subject-matter of patent EP 1 795 085 is impossible to make according to its claims and has no real technical result; as it does not constitute a solution to the problem posed, it is not patentable;

Therefore, claims 1, 4 and 13 of the French designation of European patent EP 1 795 085 held by Mr Sylvain CRETON will be held invalid for lack of inventiveness and lack of industrial application;

Due to this invalidity, all of Mr Sylvain CRETON and SARL AHT SUD's claims for infringement of the above-mentioned claims of European patent EP 1 795 085 can only be dismissed;

VII: ON THE COUNTERCLAIMS FOR UNFAIR COMPETITION AND/OR PARASITISM AND DECEPTIVE COMMERCIAL PRACTICES PRESENTED BY MR SYLVAIN CRETON AND SARL AHT SUD:

Mr Sylvain CRETON and SARL AHT SUD put forward arguments in support of the affirmance of the appealed judgment in that it held that DISTRISUD had committed acts of unfair competition by denigration against them but request, as compensation, that DISTRISUD and QUEST TECHNOLOGIES Inc. be enjoined from continuing their acts of unfair competition under a penalty of €100,000 per recorded infraction as of the day of service of this decision;

Mr Sylvain CRETON further requests that QUEST TECHNOLOGIES Inc. and DISTRISUD be ordered, jointly and severally, to pay the sum of €50,000 as an advance payment on the compensation for its damage resulting from the unfair competition and/or parasitic acts and also requested that an audit be performed to determine the amount of the damage suffered as a result of DISTRISUD's acts unfair competition and or parasitic acts;

Mr Sylvain CRETON and SARL AHT SUD add that QUEST TECHNOLOGIES Inc. and DISTRISUD's assertions according to which the patented CRETON laces are similar to the QUEST TECHNOLOGIES Inc. patented "*cordages*" are false allegations and information constituting deceptive commercial practices pursuant to Article L. 121-1 of the French Consumer Code and Articles 3, 64, 66 and 67 of the Munich Convention;

They request that QUEST TECHNOLOGIES Inc. and DISTRISUD be ordered, jointly and severally, pay to them the sum of €100,000 as damages in compensation for the damage thus caused;

DISTRISUD, incidental appellant concerning this head of claim, put forward arguments in support of the reversal of the appealed judgment in that it held it liable for unfair competition by denigration and in support of the dismissal of all of Mr Sylvain CRETON and SARL AHT SUD's requests for this reason;

It argues that it never presented the FREE LACE laces to the distributors in France as infringing products but asked the editorial staff of the website Xtriathlon, on 14 May 2008, a right of reply to an article in which Mr Sylvain CRETON presented himself as the inventor of the lace;

It indicates that the title of the right of reply "*FREE LACE, an infringing product - You be the judge*" is the work of the journalist who put it online and not DISTRISUD;

It adds that the e-mail sent on 19 May 2008 to Mr PICH, exploiting the commercial website TRI-SHOPPING, is informative and that the FREE LACE laces are not described as infringing on this website and, generally, neither DISTRISUD nor QUEST TECHNOLOGIES Inc. intervened with the sellers to stop the circulation of the FREE LACE laces both in France and the Benelux;

Concerning the accusation of parasitism, QUEST TECHNOLOGIES Inc. and DISTRISUD argue that the real holders of the patent relating to the XTENEX laces cannot be accused of parasitism, as they were merely exploiting their own invention;

Finally, QUEST TECHNOLOGIES Inc. argues that the former manufacturer (PLOVIER) and former distributor (DISTRISUD) themselves wished to become its partners and that this does not constitute a tort on its part;

Considering the above, it emerges from the exhibits submitted to the discussion that Mr Eric LENOIR, DISTRISUD's manager, sent e-mails as of 2007 to the distributors of the FREE LACE laces to present these products as products infringing the XTENEX laces, hence the e-mails sent to Mr Jacques NAVEAU, TRI.GT's manager, on 02 October 2007 *(Free Lace was an infringing product and I did not know it)* and on 16 November 2007 (*Mr Creton filed a French patent application and then a European patent application in 2005. The proceedings for these applications are pending. This means that the patents have not been granted yet and for a good reason, as they are not innovative having regard to Mike Gonzalez's invention. Moreover, the application is completely anticipated by Mike GONZALEZ's patents which have been granted and published!* (...) *a court action against Mr Creton is pending.)*, to the Swiss company Pro Import Castella on 05 March 2008 ("*Since December, Mr Creton* (...) *has been aware that he is liable for prosecution, as are his distributors)* or to Mr Pascal PICH, Tri-Shopping's manager, on 19 May 2008;

These distributors were thus led to inform Mr Sylvain CRETON and to wonder whether they should continue marketing the FREE LACE laces (e-mails from Mr Jacques NAVEAU dated 31 October 2008, from Pro Import Castella dated 10 March 2008, from Mr Pascal PICH dated 20 May 2008);

Moreover, the right of reply sent by Mr Eric LENOIR on 13 May 2008 to the editorial staff of Xtriathlon expressly mentions that the FREE LACE laces are infringing products: "*No matter what Mr Creton says about it, this is not a question of accepting competition between two brands. For Xtenex, this is about asserting its rights having regard to an infringing product.* (...) *Mr Creton sells Free Lace laces while the proceedings for infringement have already been initiated.*";

Therefore, it appears that these steps, at a time when the patent infringement had not been legally established, exceeded the normal exercise of the DISTRISUD's intellectual property rights by aiming to disorganise Mr Sylvain CRETON and SARL AHT SUD's distribution channels and constitute acts of unfair competition by denigration for which this company is liable in tort pursuant to the provisions of Article 1382 of the French Civil Code;

Having regard to the elements of the case and without it being necessary to order expert investigations for this purpose, it appears that the first instance judges made a correct assessment of the damage suffered at the sum of €2,000 each;

Consequently, the appealed judgment will be affirmed in that it held that DISTRISUD committed acts of unfair competition to the detriment of Mr Sylvain CRETON and SARL AHT SUD and in that it ordered DISTRISUD to pay to each of them the sum of €2.000 as damages for the compensation of the damage suffered, dismissing Mr Sylvain CRETON and SARL AHT SUD's request for expert investigations and their injunction request;

However, the requests lodged in appeal by Mr Sylvain CRETON and SARL AHT SUD for deceptive commercial practices, based on the provisions of Article L. 121-1 of the French Consumer Code, are only motivated by the assertion according to which the patented CRETON laces have nothing in common with the QUEST TECHNOLOGIES Inc. patented "*cordages*" whereas the latter alleges the contrary;

However, insofar as it is held that the FREE LACE laces produced by Mr Sylvain CRETON and SARL AHT SUD infringe the XTENEX laces produced and marketed by QUEST TECHNOLOGIES Inc. and DISTRISUD, the alleged facts of deceptive commercial practices are not established;

Consequently, Mr Sylvain CRETON and SARL AHT SUD's requests concerning this head of claim will be dismissed;

VIII: ON THE OTHER REQUESTS:

Considering the following:

The first instance judges held that the ordered compensation payments appear sufficient having regard to the elements of the case and dismissed the parties' respective requests for legal publication of the decision; the appealed judgment will be affirmed concerning this head of claim;

In a rather contradictory manner, Mr Sylvain CRETON and SARL AHT SUD are opposed to all order for payment pronounced on the basis of the provisions of the claims of Article 700 of the French Civil Procedure Code which is, according to them, contrary to Article 6 of the European Convention on Human Rights, with no further details, while requesting that QUEST TECHNOLOGIES Inc. and DISTRISUD be ordered to a payment on the basis of said Article 700;

In any case, except by begging the question, it is not established why Article 700 of the French Civil Procedure Code, which provides that the losing party shall bear the irrecoverable costs incurred by the opponent, is contrary to Article 6 mentioned above;

Therefore, the appealed judgment will be affirmed in that it issued a ruling on the first instance irrecoverable costs;

Moreover, it is fair to allocate to QUEST TECHNOLOGIES Inc. and DISTRISUD the global additional sum of €30,000 for the expense they incurred in appeal proceedings and which are not taken into account in the costs;

Mr Sylvain CRETON and SARL AHT SUD, the unsuccessful parties in appeal, will be ordered, jointly and severally, to pay the appeal costs, the appealed judgment being confirmed in that it ruled on the burden of the first instance costs;

For the same reasons, Mr Sylvain CRETON and SARL AHT SUD's request for payment pursuant to Article 700 of the French Civil Procedure Code will be dismissed;

ON THESE GROUNDS

The *cour d'appel*, ruling publicly and in the presence of all the parties.

Holds that Mr Sylvain CRETON and SARL AHT SUD's request for joining the two appeal proceedings is without object.

Dismisses Mr Sylvain CRETON and SARL AHT SUD's request for dismissing QUEST TECHNOLOGIERS Inc.'s claim for lack of authority to bring an action.

Holds inadmissible all of Mr Sylvain CRETON and SARL AHT SUD's requests relating to acts of unfair competition and parasitic competition in particular that may have been committed on the Belgian and Dutch territories.

Holds inadmissible Mr Sylvain CRETON and SARL AHT SUD's request for invalidity of claims 7 to 10 of European patent EP 1 216 317 held by QUEST TECHNOLGIES Inc..

Dismisses Mr Sylvain CRETON and SARL AHT SUD's request for expert investigations to demonstrate the absence of infringement of European patent EP 1 216 317 held by QUEST TECHNOLOGIES Inc.

Holds admissible Mr Sylvain CRETON and SARL AHT SUD's counterclaim for infringement of claims 1, 4 and 13 of European patent EP 1 795 085 held by Mr Sylvain CRETON.

Dismisses QUEST TECHNOLOGIES Inc. and DISTRISUD's request for a stay of the proceedings concerning the said counterclaim.

Confirms the appealed judgment in that it:

- held invalid claims 9 and 10 of the French designation of European patent application EP 1 795 085,

- consequently, dismissed Mr Sylvain CRETON and SARL AHT SUD's claims for infringement of this patent application,

- dismissed QUEST TECHNOLOGIES Inc. and DISTRISUD's requests for an injunction and confiscation of the infringing products,

- dismissed QUEST TECHNOLOGIES Inc. and DISTRISUD's requests for unfair competition,

Partially reversing these heads of claims and ruling again:

Holds invalid claims 1, 4 and 13 of the French designation of European patent EP 1 795 085 held by Mr Sylvain CRETON.

Dismisses all of Mr Sylvain CRETON and SARL AHT SUD's requests for infringement of European patent EP 1 795 085.

Enjoins Mr Sylvain CRETON and SARL AHT SUD from manufacturing, arranging to have manufactured, displaying, offering for sale, exporting, importing and/or selling laces implementing the features defined in claims 1 to 6 of European patent EP 1 216 317 held by QUEST TECHNOLOGIES Inc., more particularly the laces of the brand FREE LACE subject of the bailiff's report drafted on 25 January and February 2008, regardless of their size, under a provisional penalty, for a period of three months, of FIVE HUNDRED EUROS (€500) per recorded infraction or per late day, as of eight days following the service of this decision.

Holds that the assessment of this penalty will remain within the competence of the enforcement judge.

Orders the confiscation, for their destruction, to the benefit of QUEST TECHNOLOGIES Inc. and/or DISTRISUD, of all the infringing laces still in the possession of Mr Sylvain CRETON and SARL AHT SUD on the day of this decision.

Holds that by denigrating QUEST TECHNOLOGIES Inc. and DISTRISUD and by sending to their clients, on 17 September 2008, a warning letter enjoining them to immediately cease the marketing of the XTENEX laces produced and circulated by these companies, in order to dissuade the clients from marketing the laces, Mr Sylvain CRETON and SARL AHT SUD committed acts of unfair competition.

Enjoins Mr Sylvain CRETON and SARL AHT SUD from continuing the said acts of unfair competition under a provisional penalty, for a period of three months, of FIVE THOUSAND EUROS (€5,000) per recorded infraction as of the day of service of this decision.

Holds that the assessment of this penalty will remain within the competence of the enforcement judge.

Order Mr Sylvain CRETON and SARL AHT SUD, jointly and severally, to pay to both QUEST TECHNOLOGIES Inc. and DISTRISUD **TWENTY THOUSAND EUROS** (€20,000) as damages in compensation for the damage suffered as a result of the acts of unfair competition.

Adding thereto:

Orders Mr Sylvain CRETON and SARL AHT SUD, jointly and severally, to pay to QUEST TECHNOLOGIES Inc. **FOUR HUNDRED FIFTY ONE THOUSAND EIGHT HUNDRED AND SIXTY NINE EUROS** (€451,869) as damages in compensation for the acts of infringement.

Holds that the advance payment of TEN THOUSAND EUROS (€10,000) pronounced on these grounds by the appealed judgment will be deducted from the amount of this ordered payment which is pronounced in cash or receipts to take into account the possible payment of this sum.

Reserves DISTRISUD's rights concerning the final evaluation of its damage as a result of the acts of infringement.

Dismisses all of Mr Sylvain CRETON and SARL AHT SUD's requests for deceptive commercial practices on the basis of the provisions of Article L. 121-1 of the French Consumer Code.

Dismisses the parties' other requests.

Orders Mr Sylvain CRETON and SARL AHT SUD, jointly and severally, to pay to QUEST TECHNOLOGIES Inc. and DISTRISUD the global additional sum of **THIRTY THOUSAND EUROS** (€30,000) for the expense incurred in appeal proceedings and which are not taken into account in the costs.

Dismisses Mr Sylvain CRETON and SARL AHT SUD's request for payment pursuant to Article 700 of the French of Civil Procedure Code.

Orders Mr Sylvain CRETON and SARL AHT SUD, jointly and severally, to pay the costs of the appeal proceedings, which will be recovered pursuant to the provision of Article 699 of the French Civil Procedure Code.

THE CLERK **THE PRESIDENT**