

FRENCH REPUBLIC
IN THE NAME OF THE FRENCH PEOPLE

COUR D'APPEL OF PARIS

Division 5 – Chamber 1

DECISION DATED 17 MARCH 2010

(No. , 06 pages)

Docket number: **08/09140**

Judgment referred to the *Cour d'Appel*: Judgment dated 09 January 2008 – *Tribunal de Grande Instance* of PARIS – Docket No. 2006/5848

APPELLANTS

DOCUMENT SECURITY SYSTEM INC

a company incorporated under the laws of the United States of America

represented by its current legal directors

whose registered office is located at 28 Main Street East – Suite 1525 – Rochester

State of New York

UNITED STATES OF AMERICA

TREBUCHET CAPITAL PARTNERS

Compulsory joinder

represented by its current legal directors

whose registered office is located at 609-3 Cantiague Rock Road Westbury

11590 NEW YORK

UNITED STATES OF AMERICA

domiciled at the office of MONIN – D'AURIAC DE BRONS, *Avoués* before the *Cour d'Appel*, assisted by Mr Denis SCHERTENLEIB, attorney-at-law, member of the PARIS bar, court house box W03

RESPONDENT

EUROPEAN CENTRAL BANK

represented by its current legal directors

whose registered office is located at Kaiser Strasse 29

60311 FRANKFURT (GERMANY)

represented by FISSELIER – CHILOUX – BOULAY, *Avoués* before the *Cour d'Appel*, assisted by Mr Yves BIZOLLON, attorney-at-law, member of the PARIS bar, court house box R 255, pleading on behalf of BIRD & BIRD AARPI

COMPOSITION OF THE COUR D'APPEL

The case was discussed on 7 December 2009, in open court, before the *Cour d'Appel* composed of:

Mr Didier PIMOULLE, Presiding Judge

Ms Brigitte CHOKRON, Judge

Ms Anne-Marie GABER, Judge

who deliberated.

CLERK: during the discussion: Ms Jacqueline VIGNAL

DECISION:

- **after hearing all the parties**
- issued by making the decision available at the *Cour d'Appel*'s clerk office, the parties having been previously notified under the conditions provided for in the second paragraph of Article 450 of the French Civil Procedure Code;
- signed by Mr Didier PIMOULLE, Presiding Judge, and by Ms Aurélie GESLIN, clerk, to whom the signatory Judge handed the original copy of this decision.

THE COUR D'APPEL,

Having regard to the appeal lodged by the company incorporated under the laws of the United States of America, DOCUMENT SECURITY SYSTEM INC (hereafter: DSS), against the judgment of the *Tribunal de Grande Instance* of Paris (3rd Chamber, 3rd Section), docket No. 06/05848), issued on 9 January 2008;

Having regard to the last pleading (12 June 2009) of the appellant and of TREBUCHET CAPITAL PARTNERS, compulsory joinder and, as such, appellant;

Having regard to the last pleading (9 November 2009) of the EUROPEAN CENTRAL BANK (hereafter: ECB), respondent;

Having regard to the closing order pronounced on 9 November 2009;

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Whereupon,

As DSS, holder of European patent EP 0 455 750, which relates to a “*method of making non replicable document*”, accused the ECB of infringement following the manufacture and distribution of the €, €10, €20, €50, €100, €200 and €500 banknotes, the latter initiated actions for invalidity of the asserted patent before the national courts having jurisdiction; accordingly, the ECB sued DSS before the *Tribunal de Grande Instance* of Paris for revocation of claim 1 of the French designation of this patent for lack of novelty, of inventive step and for extension of the patent's subject-matter beyond the original patent application as filed, and for revocation of claims 2 to 4 of the same patent for lack of inventive step and for extension of the patent's subject-matter beyond the original patent application as filed; the *Tribunal*, in the appealed judgment, pronounced the invalidity of claims 1, 2, 3 and 4 of the patent for extension of their subject-matter beyond the patent application as filed;

After the referred judgment was issued, the patent was partially assigned to TREBUCHET CAPITAL PARTNERS, which was called to compulsory join in the proceedings;

Reference is made to the referred judgment and to the parties' pleadings to know, in more details, the case's circumstances, the state of the various proceedings, which are ended or pending and to which this dispute gave rise before courts of other States, and the relevant basic technical data, such as, in particular, the operating mode of the scanning copying devices and the means to obtain a moiré effect to distinguish an original document from its replication by a screen system;

It is sufficient to recall that European patent application EP 0 455 750 first was dismissed on 18 July 1995 by the EPO Examination Division and that, during the prosecution of the appeal lodged against this decision, new features, designated by letters F and G, were added to the initial claim and that the patent was granted following the amendments made;

The appellants request that the *Cour d'Appel* reverse the judgment, dismiss all the claims lodged

by the ECB and hold, as the *Bundespatentgericht* in Germany and the Hague Court in the Netherlands already did, that the added features do not constitute an extension of the subject-matter of the granted patent beyond the content of the patent application as filed, so that the ground for revocation put forward by the ECB and adopted by the referred judgment is not constituted;

On the opposite, the ECB requests that the *Cour d'Appel* affirm the disputed judgment and rule in the same line as the first instance Court of Brussels, as the Patents Court of the High Court of Justice and as the Court of Appeal in Great Britain;

As exactly stated by the first instance judges, the legal rules applicable to the dispute result from:

- Article 123 of the Munich Convention dated 5 October 1973 (EPC), according to which if “*the European patent application or European patent may be amended in proceedings before the European Patent Office*” (paragraph 1), it may not, however, be amended “*in such a way that it contains subject-matter which extends beyond the content of the application as filed*” (paragraph 2);

- Article 138, paragraph 1 c, of the same EPC, from which it results that the European patent may be revoked if “*the subject-matter of the European patent extends beyond the content of the application as filed*”;

- Article L. 614-12 of the French Intellectual Property Code, which sets forth that “*a European patent may be revoked with effect for France on any one of the grounds set out in Article 138(1) of the Munich Convention*”;

By virtue of these rules, a feature added in a claim should be disclosed in the initial patent application directly, even implicitly provided that it is a clear and unambiguous consequence of what is explicitly set out; its possible obviousness is not sufficient;

As a result, the *Cour d'Appel*, as the *Tribunal* did, has to compare the subject-matter of the protection sought in the amended patent application with the elements disclosed in the documents of the patent application as filed; then, it has to ascertain whether the added elements can be objectively deduced from all the elements (description, claims, drawings) disclosed in the filed patent application by the person skilled in the art, who is precisely identified;

The appellants do not dispute that the case should be settled in accordance with these rules and these principles;

The parties do not criticise the portrait of the person skilled in the art painted by the *Tribunal*, as being a technician, who works for an organisation which needs to guarantee the security of the items of value it issues (banks, police services, etc.) or who works for printers producing these items of value, who has a technical diploma in optics or physics or has a long experience in the security printing industry, who may work in team with the principal's staff, knowing the different security systems, in particular the printed security patterns, the screen traps using the half-tone screen method, and the screen offset printing;

DSS and TREBUCHET CAPITAL PARTNERS eventually reproach the *Tribunal* for having made a too restrictive interpretation and a too formalist application of Article 138, paragraph 1 c EPC and of Article 123 EPC; they globally argue that since the claims as granted, which include the F and G added features in particular, relate to embodiments of the invention that are different from those referred to in the claim as filed, but are found in the invention's description, the charge for extension of the subject-matter of the claims as granted beyond the subject-matter of the patent application as filed is not characterised and the patent, in the light of the cited prior art documents, in particular those of the 1976

CHF 20 banknote, the 1975 £10 banknote and the “Canadian bank note company” and “Kurowski” patents, is really novel and is based on certain inventive step;

It results from the foregoing that by following the method inferred from the rules and principles recalled above, one should check if the F and G features added to claim 1 of the granted patent are disclosed in the initial patent application directly, even implicitly provided that it is a clear and unambiguous consequence of what is explicitly set out in the description, in the claims or in the drawings of the patent application as filed;

The F and G features, which constitute the subject-matter of the dispute, relate to the following elements:

F: *“overlaying the grid pattern on the original image to produce on the document a printed image which comprises the original image having a superimposed transmitted or obstructed print pattern conforming to the grid pattern and in which the print pattern normally is not discernible by the naked eye.”*

G: *“such that the original image and the printed image appear to the naked eye to be generally the same, the print pattern causing visibly discernable interference (e.g., moiré) patterns and/or false tones, colours or omissions to be produced in the printed image in copies of the document made by the copying devices.”*

The appellants state that the invention’s origin lies in the serendipitous discovery by the inventor of the fact that the copy of an original document by means of a colour copier cannot be used to produce another faithful copy. This phenomenon is explained by the fact that the first copy, if it has been made with a scanning apparatus, incorporates lines, which are brought during the reading of the original document by the copier, whose horizontal or vertical space very little differs from the print pattern of the authentic documents and which create distortions or moiré effects revealing the fraudulent nature thereof because they cannot be replicated identically by subsequent copying since two photocopiers cannot rigorously have the same scanning pitch distance;

They explain that this finding allowed the inventor (1) to design an original document including an image composed of lines, dots or swirls arranged so as to be equidistantly spaced in a very little different way from the scanning pitch distance of a determined copying system, so that distortions or moiré effects necessarily appear on the copies, (2) to deduce the possible use of a photocopier to detect counterfeits since the copy of a suspect document will immediately reveal if the latter is an original document or a copy, and (3) to use the properties of the first-generation copy to make it a non replicable original document;

They argue that the F and G features, which only define an embodiment of the invention, in that they provide the overlaying of the original document with a grid pattern, which is designed in relation to the scanning pitch distance of a determined replication apparatus and which normally is not discernible by the naked eye, accordingly are disclosed in the elements of the patent application as filed;

But the invention’s description explain how to design a non replicable original image incorporating lines, dots and swirls arranged according to a horizontal or vertical pitch distance, which is very little different from the pitch distance of the linear grids of the scanning copying devices, so that the copy of the original image by such a device necessarily comprises distortions; accordingly, are described the principles that should guide the design of an image in order that it cannot be faithfully replicated; and these principles open up no prospect for the idea of overlaying any original image with a grid pattern, which is specially designed in relation to the scanning pitch distance of a determined copier and which normally is not discernible by the naked eye, so that the original image and the image overlaid with this pattern appear to be generally identical;

The appellants vainly strive to show that this idea was contained in the description of the particularity of the first-generation copy, whose serendipitous discovery is at the origin of the invention;

The patent seeks to protect a method for manufacturing a non replicable original document; by definition, the manufacture of a copy, even if it is not replicable itself, does not fall within what is provided for in the patent application since it presupposes a pre-existing original document;

In reality, all the appellants' arguments consist, somewhat mischievously, in passing the mark left on the first-generation copy by the scanning performed by the copying device during the reading of the original document for the grid pattern described in the F and G added features, which is specially designed to be superimposed, before any copy, on the original document to make itself not faithfully replicable;

But this subterfuge is doomed to failure since, even if the grid pattern, designed to overlay the image, is added to it and leaves it intact, so that the image would be found again in whole after the withdrawal of the grid pattern, it is quite the opposite for the first-generation copy which is different from the original image for good since it substitutes, for the latter, an image irremediably modified by the mark left by the copier's scanning;

Eventually, none of the elements in the description, in the claim or in the drawings, which compose the patent application as filed, did allow the person skilled in the art to deduce, on the filing date of the patent application, the process of superimposing a grid pattern specially designed on an original image as indicated in the F and G added features;

It results therefrom that the *Tribunal* does not incur the reproach the appellants make to it for having made a too restrictive interpretation and a too formalist application of Article 138, paragraph 1 c, EPC and of Article 123 EPC, that the appeal is not founded and that the appealed judgment will be affirmed;

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ON THESE GROUNDS:

AFFIRMS the appealed judgment;

ORDERS DOCUMENT SECURITY SYSTEM INC, a company incorporated under the laws of the United States of America, and TREBUCHET CAPITAL PARTNERS to pay the costs of the appeal, which can be collected in accordance with Article 699 of the French Civil Procedure Code, and to pay €60,000 to the EUROPEAN CENTRAL BANK pursuant to Article 700 of the French Civil Procedure Code.

THE CLERK,

THE PRESIDING JUDGE,