

RK/D

cause-list number: 03/2732

date of judgment: 30 June 2004

DISTRICT COURT OF THE HAGUE

Civil Law Section - Room D

Judgment in the case with cause-list number 03/2732 of:

the private company with limited liability PARK-LINE B.V.,
established in The Hague,
claimant in the principal action,
defendant to the counterclaim,
procurator litis: *Meester W.E. Pors*,

versus

the legal person under foreign law PAYWAY OY,
established in Finland,
defendant in the principal action,
counterclaimant,
procurator litis: *Meester W. Taekema*,
lawyer: *Meester W.A. Hoyng*.

The parties will hereinafter be called "Park-Line" and "PayWay".

The District Court has taken cognizance of the following documents, which are in the file of the case.

- the order of the Provisional Judge of this District Court of 13 August 2003;
- the summons of 20 August 2003;
- the document comprising submission of exhibits of 24 September 2003;
- the statement of defence/counterclaim with exhibits of 12 November 2003;
- the statement of defence in the counterclaim proceedings.

At the session of 14 May 2004 the parties clarified their positions orally through *Meester Pors* and *Meester Hoyng*. The written pleadings have been added to the file of the case.

LEGAL GROUNDS

1. Facts

- 1.1. PayWay is the holder of European patent EP 0 634 039 (hereinafter called "EP 039") for a parking system. The mention of the grant of the patent was published on 4 February 1998.

- 1.2. EP 039 is in force in Belgium, Switzerland, Germany, Spain, France, England, Italy, Liechtenstein, the Netherlands and Sweden.
- 1.3. The claims of EP 039 read (in the uncontested Dutch translation) as follows:
1. *Vehicle parking system, comprising a database (5) and, in conjunction with parking a vehicle in a car park and in conjunction with terminating a parking period, means for sending a unique code assigned to the driver of the vehicle to the database, with the said database having means for registering the parking period and for determining the parking fee and the address to which the parking fee will be debited, on the basis of the data received, **characterized in that** each parking space of the car park has been assigned a unique digital and/or alphabetical code, the said sending means being adapted to send to the said database, together with the said unique code assigned to the driver of the vehicle, in conjunction with parking the vehicle in a parking space and terminating a parking period, also a unique code assigned to the vehicle as well as the unique code that has been assigned to that parking space that is occupied by the said vehicle.*
 2. *A parking system according to Claim 1, **characterized in that** the unique vehicle code consists of the vehicle registration characters or parts of the said characters.*
 3. *A parking system according to any one of Claims 1-2, **characterized in that** the means for sending the said codes to the database comprise a cordless transmitter or a cable transmission.*
 4. *A parking system according to any one of Claims 1-2 characterized **in that** the means for sending the said codes comprise a telephone.*
 5. *4 parking system according to any of the preceding Claims, characterized **in that** the means for sending the said codes comprise a transmitter that is programmed with the vehicle code and the code of the addressee.*
- 1.4. In the original English text claim 1 reads as follows:
- A vehicle parking system, comprising a database (5) and means for sending, in conjunction with parking a vehicle in a car park and in conjunction with terminating a parking period, a unique code assigned to the vehicle driver to the database; said database having means for registration of the parking period and for determining the parking fee and the address to which the parking fee shall be debited, on the basis of the data received, **characterized in that** each parking space of the car park is assigned a unique digital and/or alphabetical code, said sending means being adapted to send to said database together with said unique code assigned to the vehicle driver, in conjunction with parking the vehicle in a parking space and terminating a parking period, also a unique code assigned to the vehicle and the unique code assigned to that parking space which is occupied by said vehicle.*

- 1.5. Page 2 lines 15-19 of the description reads:

The drawing schematically illustrates a parking place 1 which has been assigned a numerical and/or alphabetical code that is unique to that particular parking space for instance 12 3 and also a vehicle 2 parked in the said space.

- 1.6. Page 2 line 34 to page 3 line 15 of the description reads:

After having parked the vehicle in the parking space the driver dials on his/her vehicle telephone - mobile telephone - the code 12 3 unique to that parking space, the vehicle code A B C and a personal or payment responsibility code 4 5 6. The code combination is sent via transmitter 3 and the base or relay station 4 to the database 5, in which the time at which the information was received, is recorded together with data information concerning the parking space used, the vehicle that used the parking space and the person who is responsible for paying the parking fee. When the driver collects the vehicle from the parking space, he/she sends the combined code to database 5 again, via the vehicle telephone, following which the database records that the parking period has ended. Data are processed and are, for instance, converted to a form that denotes the place, time and fee for the parking period. According to the invention this parking fee may be debited by a municipal telephone company or through the national telephone company, through its normal debiting routines.

- 1.7. Page 3 lines 26 through 33 reads as follows:

It is also conceivable to operate the inventive parking system by means of a separate code transmitter in the possession of the person who is responsible for payment of the parking fee, with this transmitter possibly being programmed with the vehicle code and the code of the responsible person, so that only the code of the parking space need be entered when the vehicle is parked.

- 1.8. On page 3 line 39 to page 4 line 7 of the description the following has been included:

Vehicle parking and parking periods may be supervised by a car park superintendent who is equipped with a portable computer 8 capable of displaying a graphic picture of the parking places or spaces that are supervised. The car park superintendent will then be able to check by means of the computer whether or not the parked vehicles have been registered in a local computer and database.

- 1.9. On page 5 lines 6 through 12 and 13 through 21 of the description the following may be read:

The subscription fees for long-term parking and parking in residential environments can be administrated readily, and differential parking fees in accordance with parking zones, payment of the said fees etc. can be readily achieved. The inventive system also provides for flexible use of existing parking areas.

The inventive parking system also makes it possible to supervise parking effectively in spite of the fact that in large parking areas supervision is maintained by means of only a few superintendents. Superintendents equipped with portable computers obtain a comprehensive graphic view of the different parking areas. The parking superintendent also quickly receives information disclosing the parking spaces where no parking fee has been paid.

- 1.10. In his report of 5 October 1995 the examiner of the European Patent Office referred to the American patent application US A 4,555,618 (hereinafter called: "US 618") - designated as X and Y in the International Search Report with the PCT application - as the latest state of the art and remarked on the subject that in it a unique code is assigned to the driver, which is sent to a database while the place where the obligation of payment has arisen is also registered. On the basis of US 618 the examiner did not consider it inventive to send not only data concerning the driver and parking place but also a vehicle code.
- 1.11. In his letter of 2 April 1996 the patent agent of PayWay inter alia wrote the following to the examiner:

Dl [US 618] fails to disclose a vehicle parking system, in which each parking space of the car park is assigned a unique code, which is sent to a database together with the unique code assigned to the driver (= the one responsible for payment of the parking fee) and a unique code assigned to the vehicle. The parking system according to Dl is really meaningful only in combination with parking lots or parking buildings having gates operated by the bar code element bearing the code assigned to the driver or credit customer.

Contrary thereto, the system according to the present invention is useful to advantage also in open parking lots, e.g. for parking spaces arranged along a street. The three unique codes may be transmitted by a vehicle telephone, such that no investments and no maintenance are required at the parking area. Still, applicant's parking system is fully controllable, since a car park superintendent can easily check whether or not a vehicle parking in a certain parking space has been registered in the database.

- 1.12. Park-line sells and operates a parking system in which a code is assigned to every individual subscriber, identical to his or her mobile telephone number. The subscriber can report the parking of a vehicle to the database by calling in by mobile telephone or by signing in via the internet. On that occasion the subscriber must enter the code of the parking area inside which he wishes to park. A parking area is a collection of individual parking places to which the same conditions for pay parking apply, such as the amount of the parking fee, the period in which payment must be made and the maximum parking period. Every subscriber is assigned a unique transponder card that must be placed in the vehicle to be parked. The unique code of the transponder card assigned to an individual subscriber is linked in the database to (the mobile telephone number of) that subscriber. When that subscriber calls in, a link is automatically made in the database - by means of number identification or, if number identification has been switched off, the keyed-in telephone number - between the subscriber and the unique transponder card assigned to him. If the subscriber signs in via the

internet the code of the transponder card must be entered separately. The parking superintendent may scan the transponder card, by means of which it is determined on the basis of the records in the database whether the relevant vehicle has been registered for pay parking.

- 1.13. The system of Park-line is used in several towns, such as Haarlem, Delft, The Hague, Deventer, Groningen, Leiden and Rotterdam. Park-line also offers its system (through the intermediary of group companies) in England and Germany.
- 1.14. By letter of 5 November 2002 Pay Way informed Park-line that it believes that Park-line infringes EP 039 by means of its parking system and ordered Park-line to refrain from further infringements.

2. Claim, basis and defence

- 2.1. Park-line claims a declaratory judgment that it does not infringe EP 039 with its parking system in the Netherlands and also (and if necessary as a provisional claim) that by judgment with the right of provisional enforcement the District Court forbids PayWay to make it known to third parties in any way that it believes that Park-line is violating its patent rights, on pain of a penal sum and whilst ordering PayWay to pay the costs of the action.
- 2.2. PayWay has contested the claims of Park-line and claims in the counterclaim proceedings that by judgment with the right of provisional enforcement Park-line should be forbidden to violate EP 039 in all the designated countries, this on pain of a penal sum, with additional claims such as a recall, statement of profit made, also on pain of a penal sum and also an order to surrender profit or compensation yet to be assessed by the court and an order for Park-line to pay the costs of the action.
- 2.3. Park-line and PayWay have conducted defences against the claims on the two sides, which will be discussed below, in so far as relevant, in the assessment.

3. Assessment

- 3.1. The court states at the outset that Park-line has not invoked the invalidity of EP 039, so that the District Court proceeds on the basis of the validity of EP 039. Both in the principal action and in the counterclaim proceedings it must be examined whether the parking system of Park-line does or does not violate EP 039. Park-line has admitted (in § 18 of the written pleading) that in its system it also used a unique driver's code as referred to in EP 039 but has asserted that its parking system does not violate EP 039 because (a) its system does not use a code that is assigned to the vehicle and (b) in its system no individual parking places inside a car park are distinguished.

(a) vehicle code

- 3.2. In particular Park-line has supported its assertion that its system makes no use of a unique code assigned to the vehicle by pointing out that the transponder card is assigned to an individual subscriber and that the said card can be used for any

vehicle (or object) that the said subscriber wants to (have others) place in a pay parking space - which vehicle as such has not been registered and will not be registered in the database. The District Court rejects that assertion.

- 3.3. A meaningful participation in the parking system of Park-line entails that the transponder card must be placed in the vehicle (or object) to be parked. Only by scanning the transponder card can the parking superintendent check whether the vehicle in which the transponder card has been placed, has been registered for pay parking in the database. Without use of the transponder card a subscriber can pay by registering for a particular zone, as demonstrated at the session by *Me ester Pors*, but if subsequently the relevant subscriber was to park a car in that zone without placing his own transponder card in the car, he runs the risk of a fine nevertheless, because the car cannot be identified then as (belonging to) a participant in the Park-line system, *for* which payment has been made by (or on behalf of) the holder of the card.
- 3.4. It may be true, as Park-line asserts, that payment must be made for a parking place during the time that it is occupied, but in that connection it obviously concerns occupation *by a vehicle* (or another object that may be present there). If no parking fee has been paid or the transponder card has not been left in the car, the fine is also linked via the registration of the car to the owner of the car and not to the person who has parked the car.
- 3.5. From the above it follows that the transponder card, which has a unique code, must be considered a unique code associated with the vehicle, as referred to in the characteristic of claim 1 of EP 039. The mere circ umstance that the transponder card may be used in any arbitrary car (or any arbitrary object) or may be loaned by a subscriber to a third person for its use by that third person in his car, does not change this. Provided that there is a registration (in the name) of the subscriber for pay parking in the relevant zone, the Park-line system can only be used for a car if the transponder card assigned to that subscriber has been left behind in that car. The transponder card is then - at any rate for the duration of the pay parking - specifically linked to that one car and therefore functions as the unique code that is linked to that car, as a result of which the parking superintendent can check whether payment has been made by (or in the name of) the holder of that card for occupation of the parking place by that car.
- 3.6. Park-line's assertion that EP 039 requires that 3 codes must always be *sent* jointly and that this would not be the case with Park-line, is also rejected by the District Court. When calling in by mobile telephone, the telephone number (if number identification has been switched on) is sent automatically to the receiver. If number identification has been switched off, the mobile number must be sent manually by keying in the number. If the subscriber signs in via the internet, the personal code assigned must also be conveyed. In order to enable the parking superintendent to check the payment, the code of the transponder card must be linked in the database to the code of the subscriber to whom the transponder card has been issued. When a subscriber calls in for pay parking by means of his mobile telephone number, a link is automatically made in the database to the transponder card assigned to that subscriber and it is registered in that way that payment has been made for use of that transponder card. When a

subscriber signs in via the internet, the subscriber must also explicitly state the code of the transponder card to be used. In that way in the system of Park-line the vehicle code is also implicitly (namely, by means of automatic linking) or explicitly sent to the database, together with the user code. In view of the passage from the introduction to the description of EP 039 (p. 3, lines 26 through 33) quoted in legal ground 1.7, that method of sending simply comes within the scope of protection of EP 039. That is all the more true because EP 039 dates from 1993, so that the average professional will read the technologies now available into EP 039 without any inventor's work, such as for instance the use of a mobile telephone with number identification instead of the vehicle telephone mentioned in the execution example.

(b) individual parking places

- 3.7. The parties disagree about the meaning of *'parking space of the car park'* in the characteristic of claim .1. Park-line takes the position that this must be understood to mean the individual parking *place* - in the sense of space within a car park that offers room for one vehicle - in view of the words: *"each parking space"* and *"and the unique code assigned to that parking space which is occupied by said vehicle"* (in the original English text: *"each parking space"* and *"and the unique code assigned to that parking space which is occupied by said vehicle"*). In support of its assertion Park-line furthermore refers to page 5, lines 13-21 of the description in which a checking system with the aid of a graphic view of parking areas is described (see legal ground 1.9) and also to page 1, lines 8-10, in which in the discussion of the known state of the art the term parking space irrefutably refers to an individual parking place, according to Park-line.
- 3.8. According to PayWay a distinction can be made into *a car park or parking area (car park or parking area)*, in which different *parking spaces (parking spaces)* may be present (for instance for a particular category of vehicles or that part of a larger area inside which the same parking conditions apply) and in which the parking spaces may subsequently be sub-divided into several individual *parking places (parking places)*. In support of that assertion PayWay points at page 2 lines 15-19 of the description (see legal ground 1.5). Pay Way argues that in view of the description the wording of claim 1 is not automatically clear, but that its explanation - that the term parking *space (parking space)* used in claim I has a wider meaning than parking *place (parking place)* - is more logical.
- 3.9. The District Court agrees with PayWay that the claims and the description of EP 039 do not provide complete clarity about the meaning of "parking space". But the District Court rejects the assertion that the explanation of the term parking space advocated by PayWay is more logical. The passage mentioned by PayWay (page 2 lines 15-19) may indeed be understood in such a way that the term parking space is used in the sense of "area consisting of several individual parking places", but the words *that particular parking space (that particular parking space)* may also be understood as referring back to *a parking place (a parking place)*, so that the two terms are used as synonyms. Several other passages rather point in the direction of the meaning of "individual parking place". In that connection the District Court refers to the use of the term parking

space in the discussion of the state of the art, where - as PayWay admits - an individual parking place is intended. The phrase *'parking space that is occupied by the said vehicle'* in claim 1 also points in that direction. The District Court does not endorse the assertion of PayWay that it is possible to speak of occupying a parking space even if only one of the different individual parking places is used to park a car. After all, in general "occupation" will be interpreted as filling a space completely. Besides, the passages on page 4 line 12: *"to book a parking space in advance"*, page 5 lines 3-6 *"The inventive system also provides a convenience whereby the motorist can obtain automatically information concerning available parking spaces"* and page 5 lines 20/21: *'parking spaces for which no parkingfee has been paid'*, indicate that a parking space must be understood to mean an individual parking place. In the opinion of the District Court the average professional will therefore interpret the term parking space as an individual parking place. In addition any lack of clarity concerning the meaning of the terms used in the claims and description that is not removed either, as in this case, by the file of the grant of the patent must work to the disadvantage of the patent holder in connection with the legal certainty required for third parties by section 69 EPC. That means that the term parking space must be interpreted as an individual parking place. As Park-line does not assign a code to individual parking places, there is no question of a literal violation.

- 3.10. PayWay has also argued, with reasons, however, that the system of Park-line is an equivalent of the patented system because it does not deviate from it in essence. On the subject the District Court holds the following.
- 3.11. As appears from the description of EP 039 the patent means to offer a solution for the problems that occur in the event of pay parking in freely accessible open parking spaces that are found in densely populated areas, such as public streets. The problems mentioned in the description are inter alia the high administration costs, investment costs and maintenance costs as a result of the use of equipment that is costly and susceptible to vandalism and breakdowns. That solution is offered because for pay parking in public areas no hardware is necessary and the driver need only use the telephone to sign in and out and state where which car is parked. EP 039 provides for this by sending three unique codes to the database (explicitly or implicitly by a link in the database), namely the driver's code, the vehicle code and the parking place code.
- 3.12. EP 039 is distinguished from US 618 in the sense that it may be used in open parking spaces, such as along public roads, which are found in urban areas. That is made possible by the combination of the above-mentioned three codes. On page 5 lines 6-11 of the description it is stated that the patented system makes it possible to achieve differentiated parking fees in accordance with parking zones. A specific rate may then be linked to a particular parking place, which may deviate from the applicable rate for another parking place. The average professional will therefore understand that the parking place code is especially necessary to calculate the parking fee required for the parking place used. As it is inherent in any pay parking system that the payment must be checked, the average professional will also realize that the vehicle code is meant to supply that check.

- 3.13. The District Court rejects the assertion of Park-line that a unique parking place code according to EP 039 is essential for the parking system to make supervision possible. That cannot be concluded from the mere fact that EP 039 describes a checking system whereby parking superintendents get a graphic view of different parking areas and information about parking spaces for which no parking fee has been paid. After all, this leaves intact that other checking possibilities than the one mentioned in the execution example are also possible and come within the protective scope of the patent. Effective checks may also be made on the basis of the vehicle code. That is so evident that the absence of an execution example tailored to that evident checking method cannot detract from it. The District Court furthermore holds that it is not logical either to presume that the parking place code was primarily intended for checking purposes as Park-line argues. After all, in that case the unique vehicle code would not be necessary while - also according to Park-line's assertion - the invention precisely consists of the sending of a combination of the three codes. In that connection the vehicle code - just as the two other codes - constitutes an essential characteristic from the patent claim that performs an essential function (namely making checking possible).
- 3.14. Both in the system of Park-line and the patented system the function of the parking place code therefore lies in the rate differentiation. The assignment of one code to several individual parking places within a parking area to which the same parking conditions apply, as in the system of Park-line, is not an essentially different measure than the assignment of different unique codes - but still indicating the same rate - to individual parking places within such a parking area. After all, in that way the same result (namely a hardware-free parking system for public areas) is achieved in essentially the same manner (sending a rate-indicating code). In that way the system of Park-line comes within the equivalence scope of EP 039.
- 3.15. The reasonable legal certainty for third parties required by article 69 EPC does not necessitate assuming a more limited protective scope of EP 039. After all, every third party will understand that it is not essential to use a unique code for the different parking places within a zone (to which the same parking conditions apply) but that the same code may be used for that group of parking places. That does not detract in any way from the solution given by EP 039 for the problems involved in the existing methods for pay parking in public spaces consisting of the state of the art. In particular the use of one (rate) code for several parking places does not affect the necessary check of payment. After all, in that case checking is also made possible by the unique vehicle code. Furthermore it cannot be concluded in reason from the file of the grant of the patent in any way that the assignment of a unique code to every individual parking place would be of essential interest to (the patentability of) the invention and even less that PayWay had wanted to waive the protection of versions lying within the equivalence scope of the patent.
- 3.16. From the above it follows that the District Court believes that Park-line infringes EP 039 direct.

- 3.17. The District Court believes that the prohibition requested by PayWay for all the designated countries may be granted. After all, at the session of the court Pay Way asserted without contestation that Park-line would also want to expand its activities outside the Netherlands, England and Germany (where it is already active). The threat of a patent infringement is enough to grant the prohibition. The District Court sees no reason to maximize the claimed penal amounts. The other matters claimed in the counterclaim proceedings also qualify for being granted subject to the terms formulated in the operative part. From this it follows that the claims in the principal action will be rejected. As the party held to be wrong Park-line will be ordered to pay the costs of the action in the principal action and counterclaim proceedings.

DECISION

The District Court

in the principal action:

- rejects the claims;

in the counterclaim proceedings:

prohibits Park-line from any further direct infringement of EP 0634039 in the countries designated therein, more especially by sale or operation of parking systems as operated by it at present, this on pain of a penal amount of EUR 1,000,000.00 for every system whereby this prohibition is transgressed in the period commencing 6 weeks after service of this judgment;

- orders Park-line within fourteen days after service of this judgment to write a letter to every buyer to whom it has supplied a infringing system or every buyer for whom it operates a infringing system or whom it assists in the operation of a infringing system, with only the following contents:

The District Court of The Hague has ordered us to write this letter. The District Court has determined that the GSM parking system supplied by us violates European patent 0634034 of the Finnish enterprise PayWay. This enterprise pointed out to us at the time that a patent violation was committed. Although Pay Way is entitled to demand that you cease using the system, PayWay has indicated that it will permit further use of the system if you pay a royalty of 10% of the gross proceeds to PayWay for the past and in the future. If you are prepared to make these payments to PayWay, we request you urgently to communicate this to us within four weeks after the date of this letter. If you are not prepared to make these payments to PayWay, we request you urgently to cease the use of our system within four weeks after the date of this letter. We apologize for the inconvenience caused.

orders Park-line within eight weeks after service of this judgment to give the lawyer of PayWay (with submission of the letters despatched in pursuance of the judgment) the names of the parties to whom that letter has been sent and to give PayWay the names of the parties that have indicated that they are prepared to pay

the royalty to PayWay;

- orders Park-line within three months after service of the judgment to communicate to Pay Way by means of a report of an independent chartered accountant what the sales realized and profit made with the infringing acts are;
- orders Park-line to hand over, at the choice of Pay Way, the profit made with the infringing acts or full compensation to be assessed by the court and to be settled in accordance with the law;

orders Park-line to pay a penal sum of EUR 10,000 for every day that there is no full compliance with an order imposed in pursuance of this judgment;

rejects all additional or other claims;

in the principal action and counterclaim proceedings:

orders Park-line to pay the costs of the action on the part of Pay Way, estimated until this judgment at EUR 205.00 in disbursements and EUR 1,170.00 in fee for the procurator litis;

gives this judgment with the right of provisional enforcement.

This judgment has been given by *Meester* G.R.B. van Peurse, *Meester* R. Kalden and *Meester* R.C.D.E. Hasekamp and was pronounced at the public session of the court of 30 June 2004 in the presence of the clerk of the court.

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