

Limitation of patents during infringement proceedings – case law and strategic considerations

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Over the past two years, patent owners have frequently limited patents in suit during infringement proceedings in Switzerland. Two recent Federal Supreme Court decisions have illuminated how and at what stage in the patent proceedings limitations are possible in Switzerland. While bringing some long-awaited clarity, the recent case law also raises new questions and issues for patent owners to consider when determining their litigation strategy in Switzerland.

Key procedural principle

According to a strict principle of the Civil Procedure Code, parties in civil proceedings have only two possibilities to submit new allegations in fact without restrictions: a plaintiff may do so in its claim statement and reply, while a defendant may do so in its answer to the claim and rejoinder. The term 'factual allegations' includes not only, for example, new grounds for invalidity or new evidence (eg, new prior art documents), but also limitations of the patent in suit, even in the sense of an auxiliary request.

After the double exchange of briefs, parties may submit new allegations or evidence in only two cases:

- if the new allegations or evidence came into existence only after the exchange of briefs; or
- if the concerned party could not have introduced the new allegations or evidence at an earlier stage in the proceedings, including where the counterparty's last submission caused the concerned party to submit the new allegations or evidence.

The concerned party must submit new allegations or evidence within approximately 10 days of:

- the new allegations coming into existence; or
- the counterparty making its last submission, which prompts the new allegations.

First Federal Supreme Court decision

To understand the first Federal Supreme Court decision, which was issued on 6 August 2019,⁽¹⁾ it is important to understand the former course of patent infringement proceedings before the Federal Patent Court.

Previously, after a patent owner filed an infringement action, the alleged infringer would usually raise an invalidity objection to the patent in suit in its answer to the claim. The patent owner could respond only to those invalidity objections in a 'limited reply' (ie, a reply that was strictly limited to the question of validity). After that, an instructional hearing with the possibility of settlement talks would take place. If the parties could not reach a settlement, the court would request that the patent owner file the second part of its reply (ie, concerning infringement and validity). Finally, the alleged infringer would submit its rejoinder, which would end the official exchange of briefs.

In the Federal Supreme Court's 6 August 2019 decision, it held that this Federal Patent Court practice contradicted the aforementioned basic principle of the Civil Procedure Code. The Federal Supreme Court concluded that the Federal Patent Court's practice of giving the plaintiff three opportunities to make

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unrestricted submissions (ie, the claim statement, the limited reply and the additional reply) was inadmissible.

The court also held that a patent owner must anticipate possible invalidity arguments in its claim statement and may react to them with patent limitations at this stage, even if it does not know whether the defendant will raise those arguments.

Further, the court concluded that if a defendant files new invalidity arguments or prior art only and for the first time in its rejoinder, the patent owner may react to this with:

- new factual allegations;
- new evidence; or
- a limitation of the patent, where such limitation:
 - was directly caused by the arguments raised by the alleged infringer in its rejoinder;
 - qualifies as a direct reaction to those arguments from a technical perspective; and
 - is made within approximately 10 days of the rejoinder being served on the patent owner.

Second Federal Supreme Court decision

On 19 August 2020 the Federal Supreme Court dealt with a similar question.⁽²⁾ In these infringement proceedings, the responsible technical judge of the Federal Patent Court issued a preliminary written opinion after the double exchange of briefs, which considered that the patent in suit was infringed, novel and inventive, but invalid due to violations against Article 123(2) of the European Patent Convention (EPC).

Since the patent owner could not amend its patent at this stage in the proceedings, pursuant to the Federal Supreme Court's aforementioned decision (because the double exchange of briefs had ended), it obtained a limitation of its patent from the Swiss Federal Institute of Intellectual Property with immediate effect. The patent owner filed its newly limited patent in the ongoing proceedings before the Federal Patent Court and argued that:

- the limited patent was a new fact that had come into existence only after the double exchange of briefs; and
- its submission in the proceedings must therefore be admissible according to the applicable procedural law.

As mentioned, the filing of new allegations after the double exchange of briefs is possible if the new fact comes into existence only after the exchange.

In its first-instance decision, the Federal Patent Court concluded that the infringement proceedings should continue, considering the newly limited patent, because the Swiss Federal Institute of Intellectual Property limitation was a new fact that had arisen only recently and therefore could not have been introduced to the proceedings earlier. This was the first decision by the Federal Patent Court that included dissenting opinions from two of the five judges. Therefore, it is unsurprising that the case was appealed before the Federal Supreme Court.

The Federal Supreme Court held that patent limitations introduced by patent owners as a mere defence with *inter partes* effect cannot be treated differently to patent limitations filed before or during the proceedings and granted by the Swiss Federal Institute of Intellectual Property. The court agreed that, in principle, a limited version of a patent must be qualified as new matter of fact. However, according to the court, this does not mean that patent owners can present such limited patents at any stage of the proceedings.

In this case, the alleged infringer asserted in its rejoinder that the patent in suit was invalid due to a violation of Article 123(2) of the EPC. However, the patent owner limited its patent only at a much later stage in the proceedings, after the responsible technical judge had issued his written preliminary opinion to the parties. Since the patent owner knew of the issue with Article 123(2) of the EPC when reading the counterparty's rejoinder, it could and should have limited its patent as a direct reaction to this rejoinder within approximately 10 days of receiving it.

The Federal Supreme Court concluded that the pending proceedings concerned the old version of the patent in suit (ie, before the limitation). Since this version no longer existed due to the Swiss Federal Institute of Intellectual Property limitation, the proceedings became groundless and had to be written off. Therefore, the Federal Supreme Court lifted the Federal Patent Court's decision and dismissed the case without prejudice.

Key takeaways

Three key points can be taken from these two Federal Supreme Court decisions:

- In patent infringement proceedings in Switzerland, patent owners may limit their patents without

restriction only before the double exchange of briefs has ended. A patent owner has two possibilities to do this: in its claim statement and reply. It is irrelevant whether the limitation is requested before the Swiss Federal Institute of Intellectual Property or implemented with *inter partes* effect within the infringement proceedings.

- After the double exchange of briefs, a patent owner may limit its patent only if the limitation is a direct reaction to and was caused by invalidity arguments newly brought forward by the counterparty in its rejoinder. The patent owner must implement such limitations within 10 days of receiving the rejoinder.
- If a patent owner limits its patent with the Swiss Federal Institute of Intellectual Property after the exchange of briefs and the limitation is not a reaction to new arguments in the rejoinder, it may not submit the newly limited patent in the pending proceedings. The limitation usually results in the proceedings being written off as 'groundless' (ie, dismissed without prejudice), since the old patent no longer exists.

Strategic implications for patent proceedings in Switzerland

Parties that intend to file patent infringement actions in Switzerland should consider the following strategic points in the context of patent limitation case law.

Anticipation of invalidity arguments

In Switzerland (unlike in Germany and other jurisdictions), the patent litigation system is not bifurcated. Therefore, alleged infringers may (and usually do) present nullity arguments against the validity of the patent in suit as mere defence arguments during infringement proceedings. The Federal Patent Court examines the validity of the patent in suit in detail if such invalidity objections are raised. This validity assessment is the same as the assessment that a court would carry out in revocation proceedings. Therefore, before initiating infringement proceedings in Switzerland, patent owners should consider possible arguments against the validity of the patent in suit and ways to counter those arguments.

Preparation

A patent owner may implement an unrestricted limitation of the patent in suit to overcome invalidity arguments only in its claim statement or reply. It makes sense for the patent owner to draft different limited versions of its patent, considering possible nullity arguments at an early stage. The drafting of such limited versions is usually complex and time consuming because patent owners must ensure that the limited versions:

- are still infringed; and
- do not violate Article 123(2) of the EPC, which is examined strictly in Switzerland.

This preparation ensures that a patent owner can file several versions of its patent as auxiliary requests with its reply.

Quick reaction

Patent owners must be prepared to react quickly to new arguments in the rejoinder. Should the counterparty withhold relevant invalidity arguments or prior art documents and submit them only with its rejoinder, the patent owner must react within a short period to limit the patent.

Coordination of proceedings

Patent litigation often has a multi-jurisdiction approach. This means that parallel infringement proceedings may be pending before courts in different jurisdictions while opposition proceedings against the patent in suit take place simultaneously before the European Patent Office (EPO). Due to Switzerland's non-bifurcated system, the questions of infringement and validity of the patent in suit must be dealt with in parallel. In a multi-jurisdiction patent litigation strategy, the argumentation in different countries concerning infringement and validity should be coordinated as far as possible. In Switzerland, it usually makes sense to coordinate the validity arguments with the defence arguments raised in the opposition proceedings before the EPO and synchronise the auxiliary versions of the patent in suit.

Comment

While these case law examples leave some questions unanswered and raise new issues concerning patent limitation in Switzerland, they emphasise that preparation, anticipation and coordination are always key for successful patent litigation in Switzerland.

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Endnotes

(1) For further information please see [BGer 4A_70/2019](#), 6 August 2019.

(2) For further information please see [BGer 4A_58/2019](#), 19 August 2020.

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