

Patent Litigation in Switzerland – At the Brink of a New Era

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I. INTRODUCTION

Creativity is something everybody expects from a painter, a writer, or another professional in the liberal arts. It is not normally expected from a lawyer, and it takes some experience with the law to find and appreciate creativity in a lawyer.

Everybody who has had the privilege of working with Guntram Rahn knows that his mind is not only sharp but also that it is as creative as that of the many inventors he has helped to protect the results of their creativity. And he became an inventor himself when he invented what became known as the “Swiss torpedo”.

Switzerland is not located adjacent the sea so the term “Swiss land mine” would have been more to the point – though politically not quite correct. Both the torpedo and the land mine aim to destroy – or render ineffective – a target: The “Swiss torpedo” sought to render ineffective the threat of an action for patent infringement before the Düsseldorf Court by the Swiss proprietor of a European patent. The “torpedo” was a petition for a declaration of non-infringement by the alleged infringer to the Cantonal Court of Grison, this being the proper venue because the patent proprietor was domiciled in the Canton of Grison in Switzerland.

This strategy, developed by Guntram, was a complete success: the Düsseldorf Court did stay the infringement proceeding which had been initiated shortly after the Swiss proceedings had been initiated. The Swiss Federal Supreme Court confirmed the jurisdiction of the Cantonal Court of Grison¹ and the parties settled the case even before the Swiss court started investigating the petition for non-infringement of the European patent.

1. BGE 129 III 295 – *Pulverlack*.

II: DEFICIENCIES OF PREVIOUS PATENT LITIGATION IN SWITZERLAND

Guntram's creative strategy was successful not only because of Art. 2(1) of the Lugano Convention which stipulates jurisdiction is generally at the court at the domicile of the defendant; but also because, unlike the courts in Germany, Swiss courts tend to review patent validity prior to deciding the question of the alleged infringement. Of course, another reason for advocating this approach is the assumption that an action before a Swiss Court will take more time than an action before a German Court, a rule of thumb that has worked well with courts in Italy.

At that time, patent litigation in Switzerland was not renowned for either its speed or its quality, but change is in the making. Previously, legal actions in patent matters in Switzerland could be taken to the cantonal courts of any of the 26 cantons (actually: States) which did, and for a short while still continue, to have legal autonomy in matters of procedural law. While patent law was and is uniform Federal law, its implementation was in the hands of the cantonal courts as the Courts of First Instance.

About 20 patent cases per year are brought before the 26 cantonal courts. While the majority of patent cases is handled by one of the four Courts of Commerce (in the Cantons of Zurich, Berne, Aargau and St. Gall), with the Zurich Court handling approximately 10 of these cases per year, this still is anything but impressive considering, for example, that the two patent chambers of the Düsseldorf Court probably handle more than 10 cases per month. In other words, most of the Swiss Courts handling patent cases do not have sufficient experience. Aside from the differing procedural rules (which finally have been unified) only a few judges have a technological background or training so the courts have to appoint experts, even in preliminary injunction proceedings. In difficult cases this may take several months or even years, and it is quite problematic from a constitutional point of view in that patent disputes are decided, in essence, by an expert who – even though appointed by the Court – is not a judge himself.

III. THE BIRTH OF A SWISS PATENT COURT

There is general and growing understanding within the IP community that IP proprietors not only need firm property rights but also a system which allows for swift enforcement and where court decisions can be expected within a reasonably short time, preferably within one year. It is recognized that predictability of the result of application of the legal provisions by the court is not only in the interest of the proprietors of IP property but also in the interest of their competitors, keeping in mind that whoever alleges his rights to be infringed is not immune from becoming accused of infringing the IP rights of others; and that thanks to globalisation and international forum shopping there is worldwide and increasing competition among IP Courts. This can be observed particularly well when looking at the patent courts

in Germany, France, the UK and the Netherlands,² and also at the national level as well, e.g. as in the case of the patent courts at Düsseldorf, Mannheim, Hamburg and Munich.

Decades ago ‘interested parties’ within the Swiss industry as well as Swiss IP attorneys and IP associations, such as AIPPI and INGRES, proposed the establishment of a single court for all patent disputes in Switzerland. They held that it was in the interest of the Swiss economy – considered one of the leading technological innovators – that technological innovation should be protected by an efficient and reliable system of patent enforcement. An informal survey among cantonal courts indicated that all of the courts (except the Cantonal Court of Zurich) would have been happy to relinquish their jurisdiction over patent disputes (not, however, their jurisdiction in other types of IP disputes). The movement in favour of establishing a Federal Patent Court in Switzerland was further helped by the enactment of uniform Civil Procedure Rules for all civil courts in Switzerland (which has become effective on January 1, 2011) and by the fact that in two other areas of law, federal courts of first instance had already been established, namely the Federal Administrative Court and the Federal Criminal Court.

As a result,³ Switzerland will have a Federal Patent Court, probably by the beginning of 2012. The creation of this Court will be constituted mainly by four Federal Acts: The revised Swiss Patent Act,⁴ the new Act on the Federal Patent Court,⁵ the new Federal Rules on Civil Procedure which will replace the 26 cantonal laws on Civil Procedure⁶ as of January 1, 2011, and the new Patent Attorney Act.⁷

IV. MAJOR CHARACTERISTICS OF THE NEW SWISS PATENT COURT

Although the name of this Court in German will be the same name as the German “*Bundespatentgericht*”, there will be some quite fundamental differences between the Swiss and the German Federal Patent Court:

First of all, the Swiss Federal Patent Court will not only have subject matter jurisdiction to decide patent nullity/validity issues, but will also have jurisdiction

2. See the assessment of the effects of the European Patent Litigation Agreement (EPLA) on disputes relating to European patents, Annex 1, available under <www.epo.org/patents/law/legislative-initiatives/epla/assessment_en.html>.

3. See explanatory report, <www.ige.ch/fileadmin/user_upload/Juristische_Infos/d/j10053d.pdf>; see also Stieger, “*Bundespatentgericht ante portas!*” in Leupold/Rüetschi/Stauber/Vetter (eds.), “*Der Weg zum Recht, Festschrift für Alfred Bühler*”, Schulthess Verlag 2008, p. 179-219; Brändle, “*Eidgenössisches Patentgericht erster Instanz – Fluch oder Segen?*”, in: Kur/Luginbühl/Waage (eds.), “*... und sie bewegt sich doch!*” – Patent Law on the Move, Festschrift für Gert Kolle und Dieter Stauder“, Carl Heymanns Verlag 2005, p. 301-311.

4. “*Patentgesetz*”, SR 232.14.

5. “*Bundespatentgerichtsgesetz*”, <www.admin.ch/ch/d/ff/2009/2023.pdf>.

6. “*Zivilprozessordnung*”, <www.admin.ch/ch/d/ff/2006/7413.pdf>.

7. “*Patentanwaltsgesetz*”, <www.admin.ch/ch/d/ff/2009/2013.pdf>.

to decide patent infringement issues at the summary proceedings stage. In contrast, the German Federal Patent Court can decide nullity actions only with questions of infringement and patent ownership having to be decided by the regular courts.

Secondly, the language used by the parties before the Swiss Federal Patent Court need not be one of the official languages of Switzerland, i.e. German, French and Italian. Rather, if the parties agree, briefs can be filed and hearings can be held in English too. This is important because up to now French has rarely been used and Italian almost never in patent disputes in Switzerland. Judgments and orders by the Court will still have to be in one of the official languages, however.

Thirdly, in matters involving patent validity/nullity issues the Swiss Federal Patent Court will not be able to rule *ex officio* but will remain bound by the facts as presented and the claims as raised by the parties, i.e., in line with the rules of civil procedure rather than administrative procedure. Therefore, validity – depending on how the issue is raised – can be decided not only with effect *erga omnes* but also with effect of only *inter partes*.

The fourth characteristic (and – again – a fundamental difference resides in the standards of review of the Court of Appeal) is: whereas the German Federal Supreme Court (FCJ) may fully review the facts (and also often retains court experts on technology), the Swiss Federal Supreme Court is basically limited to a review of the application of the law; thus, in Switzerland the Patent Court will be the first and usually also the only instance where facts are heard and assessed. (This used to be the case too when each cantonal court was the court of first instance.)

Regarding personnel, the Swiss Patent Court will not only include a pool of ten judges with legal training and backgrounds in chemistry, etc., but also a pool of twenty judges with training and background in technology. This should allow the court to decide most cases without the help of external experts and to speed up proceedings significantly. However, the new court will have to take over most of the cases now pending before the cantonal courts, namely all cases where the finding of evidence has not been completed at the time the new court takes up its work, i.e. approximately 20 cases. As a consequence it will start with a considerable “backlog” of cases. Nevertheless, the Swiss IP community seriously expects that decisions will be rendered within twelve months not only in summary proceedings but in regular proceedings as well.

V. PREPARING FOR BECOMING OPERATIONAL

All the judges of the Patent Court were evaluated by a Federal commission and then elected by the Swiss Parliament on June 16, 2010.

The extra-official judges are patent attorneys and/or attorneys-at-law with significant experience in patent disputes. Following a Swiss tradition, due also to the small size of the country and the small number of court cases, these judges will continue to work in private practice – of course, continuing to abide by the rules against conflicts of interest and being bound by an obligation of secrecy.

In addition to these extra-official part-time judges, who will be appointed in each new case by the President, the Court will have two official judges. One of them, Dr. Dieter Brändle, has also been elected as the President of the Court. He used to be the patent specialist judge at the Zurich Court of Commerce and is considered to be the most experienced active judge in patent disputes in Switzerland and well known within the community of European patent judges. The other extra-official judge (although working part-time) will be Dr. Tobias Bremi, a patent attorney who, although not having worked as a judge before, is experienced with patent disputes and also has an excellent reputation.

To begin with, the Patent Court will convene at the premises of the Federal Administrative Court in Berne but will move to St. Gall, which is one of the reasons why the start of the Court had to be postponed from January 1, 2011 to 2012. If the parties agree, the Patent Court can also convene at any other place in Switzerland.

In regular proceedings the Patent Court will sit with a panel of three judges, one of them always with a technological background and one with a legal background, or – in more complex cases, and probably in the starting phase – with five judges. In summary proceedings, the decisions will be rendered by the President or by another judge with a legal background, usually together with one or – if the technological facts are very important – even two judges with a technological background.

VI. EXCLUSIVE JURISDICTION FOR ALMOST ALL PATENT DISPUTES

The Patent Court will have exclusive jurisdiction for all disputes regarding nullity/validity (“*Bestandsklagen*”) and infringement (“*Verletzungsklagen*”) of patents and Supplementary Protection Certificates (SPCs). It will have concurrent jurisdiction with cantonal courts for all other disputes in relation to patents and SPCs (e.g., disputes about ownership of patent rights). In relation to the Tribunals of Arbitration, the creation of this new court in Switzerland does not change anything as to the ability to arbitrate patent disputes, which will continue to be liberal.

Therefore, actions calling for nullity, including actions for partial nullity of patents and SPCs – no matter what the basis (e.g. failure to satisfy formal requirements, lack of ownership, double patenting) is – will be decided exclusively by the Patent Court. An action for revocation because of lack of ownership which could also be filed with a cantonal court must be filed with the Patent Court if combined with an action for nullity. Also, the Patent Court will have exclusive jurisdiction to decide all actions in regular or summary proceedings by or against the proprietor of a patent or an SPC because of an alleged inherent or imminent infringement, including actions for declaration of infringement and of non-infringement and also including actions for confirmation of a right of continued use.

Further, any other action “materially connected with” (“*im Sachzusammenhang mit*”) patents or SPCs can be filed with the Patent Court. Yet, such actions can also be filed with a cantonal court. Such concurrent jurisdiction may exist with respect to actions about ownership of a patent, and to actions based on contracts which are

linked directly or indirectly to patents or patent applications, that is, patent license agreements and research and development agreements.

Questions about subject matter jurisdiction to interpret relevant statutory provisions may arise if the defendant in an action, e.g. for payment of patent royalties filed with a cantonal court, raises the defence of nullity or non-infringement. He could do so either by filing a counter-action for nullity (with effect *erga omnes*) or by claiming unenforceability (“*Einrede*”; with effect *inter partes* only). The situation is clear in the case of a counterclaim: the cantonal court loses jurisdiction and has to transfer the case to the Patent Court. In the case of a claim of non-enforceability, the defendant will be given a deadline within which to bring his claim before the Patent Court, with the cantonal proceeding being temporarily stayed. This would mean, however, that a defence which was intended to be *inter partes* only might actually have an *erga omnes* effect when the Patent Court rules on the invalidity or non-infringement of the Plaintiff’s patent, and this will therefore lead to substantially higher cost risks. Hopefully the parties will be able to find pragmatic solutions for this problem, should it ever arise.

VII. PARTIES’ EXPERT OPINIONS

Another recognized problem that will have to be dealt with by the Patent Court is the fact that expert opinions filed by the parties are not considered evidence in a legal sense under the new Federal Rules of Civil Procedure and – theoretically – may not be considered at all. A possible pragmatic solution would be to submit the expert’s arguments in a brief by the party and call the expert as an expert witness to be questioned by the Court and the opposing party.

VIII. PRE-TRIAL DISCOVERY

Another new instrument introduced by the Federal Rules of Civil Procedure⁸ in combination with the revised Swiss Patent Act⁹ and expected to have a significant impact on patent litigation concerns discovery. This has traditionally been very limited because, as in most other non-Anglo-American jurisdictions, pre-trial gathering of evidence (“*vorsorgliche Beweisabnahme*”) was possible only if the patentee could show that an infringement of his patent rights had happened or was imminent and that there was an actual danger that the evidence would disappear or be altered (“*Verschleierungsgefahr*”) unless secured by a court order.

In the future, the patentee will have a right to a precise description (“*genaue Beschreibung*”) of the allegedly infringing product or process if he shows that his

8. Art. 158 (1) lit. b.

9. Art. 77.

patent is likely infringed. This “*saisie helvétique*”¹⁰ has been inspired by the French “*saisie description*” and also by the EU Enforcement Directive 2004/48. However, unlike the French practice, where it is sufficient to allege that a patent right has been infringed, under Swiss law the patentee still needs to show that infringement is probable. He is no longer required, however, to show a danger of disappearance or dilution of the evidence. Actually, the Rules of Procedure of the Canton of Berne, to my knowledge singularly in Switzerland, used to have a similar provision which did allow taking of evidence not only for securing evidence but also for assessing the chance of success of litigation. However, the judges, as I experienced in a pharmaceutical case, were quite reluctant to apply this provision using any opportunity to deny jurisdiction, and I do not know of any case where pre-trial evidence was taken to allow an assessment of the chances of success of litigation.

The evidence is taken by a member of the new Patent Court based on a request for description by the patent proprietor. Before the precise description is made available to the party requesting it, the alleged infringer will have the opportunity to claim that the description discloses confidential information. Needless to say, it is expected that the allegedly infringing party will always claim confidentiality of all information contained in the description, and will argue that the claimant misuses his right for description just for a “fishing expedition”, i.e. for gathering valuable information about a competitor. The success of this new tool of “description” will therefore depend entirely on how the Patent Court balances the interest of the patent owner to obtain information - which according to the explicit intention of the legislature shall allow him to assess the chances of success of bringing suit – and the interest of the alleged infringer not to disclose his business secrets to a competitor.

There is hope that the Patent Court will be able to accurately assess the secrecy of information, or to protect potentially secret parts of the evidence from access by the opposing party. However, there will be many cases, too, where the judges do not know enough about the relevant business to fairly assess the legitimate interest of the alleged patent infringer to keep information secret which is part of the description. In such situations an approach might be taken which is called “Attorney’s Eyes Only” and which seems to work well in Germany,¹¹ for example. According to this approach, the result of the description is not given to the parties but to claimant’s attorney under the proviso that he/she shall act as a filter for secret information. While never having been involved in an “Attorney’s Eyes Only” case, I find this approach appealing, yet some colleagues in Switzerland might find it difficult to withhold information from their clients. Swiss attorneys – different from many of their colleagues in Germany – have usually not worked for the government during their training and have never been sworn in as officials (“*verbeamtet*”) and might put their client’s interests above that of the public. It is seriously hoped that the fear of “fishing expeditions” will not be exaggerated and will not deprive patentees of the

10. See Stieger, “*Prozessieren über Immaterialgüterrechte in der Schweiz: Ein Quantensprung steht bevor*”, GRUR Int. 2010, 574-588.

11. The so-called “*Düsseldorfer Praxis*”, recently confirmed by the German Federal Supreme Court (FCJ) November 16, 2009, Case No. X ZB 37/08 – *Lichtbogenschnürung*.

opportunity to assess the allegedly infringing product or process before engaging in (costly) litigation.

In the context of the role of attorneys, it merits mention that parties before the Patent Court in disputes about patent nullity can be represented either by an attorney-at-law or by a patent attorney. In other disputes, patent attorneys have at least the right to be heard about questions of technology, and the Court may (and probably will) grant this right to other persons too, e.g. foreign patent attorneys. The legal right of patent attorneys to represent their client before the Patent Court (at least in validity/nullity disputes) is justified because (after July 1, 2011) the title “patent attorney” will be protected in Switzerland at last by the new Act on Patent Attorneys.¹² This Act will allow the use of this title only by persons who have special (technological and legal) training and who have passed a special exam (unless exempted because of a grandfather clause), therefore warranting professional – including forensic – quality of work and as well as statutory protection of (patent) attorney-client communication. The limitation of the right of patent attorneys to represent clients in nullity actions but not in infringement disputes is more difficult to justify. It might be of interest to know that the monopoly of attorneys-at-law in Switzerland – different from the situation in Germany, for example – is limited to professional representation before civil and criminal courts and does not encompass other legal activities, namely that of advising clients and drafting agreements which is permitted by other professionals as well.

IX. DURATION

At this time, it is impossible to predict how long proceedings – both regular as well as summary – before the Patent Court will take. The new Rules of Civil Procedure grant a great deal of discretion to the presiding judge. It remains to be seen whether the judges will speedily try their cases by setting short deadlines, by being restrictive in granting extensions, not allowing excessive briefs, refraining from retaining court experts, and by swiftly rendering decisions after briefs have been exchanged and evidence taken. Based on experience in Düsseldorf and Mannheim, it is expected that the Patent Court should be able to render decisions within a year or less and that the Swiss Federal Supreme Court will continue to render its decisions within another six months of the initial decision.

Should the Patent Court meet these expectations and take into consideration that an appeal to the Supreme Court has, in principle, no suspending effect, this should reduce the necessity for preliminary injunctions too (which, until now and because of the practice to retain court experts even in summary proceedings, have not been issued much faster than injunctions in regular proceedings).

Generally, the “right to be heard” is a principle that is highly respected by Swiss courts. This is the reason that extremely few *ex parte* injunctions are granted in

12. “Patentanwaltsgesetz”, <www.admin.ch/ch/d/ff/2009/2013.pdf>.

Switzerland in general, and in patent cases in particular. This is also why the newly introduced possibility to file protective briefs (“*Schutzschrift*”) in anticipation of a request for preliminary injunctions will probably not be used frequently in patent disputes.

Also in view of the duration of patent litigation, it will be interesting to see if the Patent Court will hold so-called “hearings with the presiding judge” (“*Referentenaudienz*”). For many years the Zurich Court of Commerce has summoned the parties in a new dispute – that is: after the first exchange of briefs and subject to further pleadings and taking of evidence – and informed them as to the Court’s preliminary assessment of the case and tried to help the parties to come to a settlement. This is done very early in the proceedings and at a time when the parties have not yet been involved too far – psychologically as well as financially – and this frequently is the very first time that persons in charge of both parties meet face-to-face. Since this preliminary assessment by a delegation of the Court is usually very well reasoned, many new cases can be resolved relatively fast and inexpensively. As mentioned above, the President of the Patent Court used to work at the Zurich Court of Commerce and has considerable experience with this very successful tool for solving legal conflicts, though less frequently in patent disputes than in other areas.

It will be also be interesting to see if the Patent Court will be able to issue injunctions in cases where patent-infringing products have been seized by Customs and where the seizure would be lifted unless confirmed by a court within 20 days. The possibility of basing customs seizures on patent rights has been introduced quite recently and this appears to explain why no such proceedings have been initiated so far, or why none have become public.

X. THE FUTURE OF THE SWISS PATENT COURT

The question may be raised as to the future of the Swiss Patent Court in view of a European and EU-Community Patent Court. Since the future of the EEUPC itself is not clear, and because it certainly will be several years before we will see an operable and operative system of European patent litigation, there is the reasonable expectation that the Swiss Federal Patent Court might well become one of the decentralised European patent courts of first instance.

To come back to the start: with the creation of the Swiss Patent Court the “Swiss torpedo” will soon be history. Expectations are high that the new Swiss Patent Court will develop an excellent reputation for swift and well-founded resolutions of patent disputes.

