

THE SWISS FEDERAL PATENT COURT: A PROMISING START

Simon Holzer, Meyerlustenberger Lachenal



It has been more than a year since the Swiss Federal Patent Court started its operations on 1 January 2012. It is not an overstatement to say that the new Court, which has (in most cases exclusive) nationwide jurisdiction for all civil patent matters, was able to live up to the expectations of the Swiss and international patent law community; the first year was very promising indeed.

The Court's system of two permanent judges and 36 non-permanent judges, of whom 25 possess a technical background and 11, legal training, proved to be a success in practice. The non-permanent judges are appointed on a case-by-case basis according to their expertise.

Proceedings thus far have generally been concluded swiftly and the new Court has sometimes closed cases faster than some German District Courts with a reputation for being "rocket docketts".

It is gratifying to observe that in particular the two full-time judges Dr Dieter Brändle and Dr Tobias Bremi try hard to provide a competitive and highly respected dispute resolution system and are not afraid of engaging in discussions with attorneys, patent attorneys and other judges to further improve the Court.

COURSE & TYPES OF PROCEEDINGS

The new Swiss Patent Court took over the responsibility for 43 ordinary patent infringement proceedings on the merits. Those proceedings came from the cantonal courts and from proceedings that were directly filed with the Court in 2012. In addition, the Court had to deal with 11 summary proceedings (most of them preliminary injunction proceedings).

Switzerland does not have a bifurcated

system. This means that an alleged patent infringer can either raise the defence that the allegedly infringed patent claim is not valid or file a nullity counterclaim with the Court. The Court deals with infringement and nullity arguments at the same time.

Patent infringement proceedings on the merits are mostly designed as actions by stages. This means that at the first stage, the plaintiff files a request for a permanent injunction and in order to prepare his claim for damages, also files a claim for information and a disclosure of account. If the court orders that the requested information must be produced by the defendant, the plaintiff can decide at the second stage if he wants to claim compensation for damages or lost profit.

In proceedings on the merits, the "settlement hearing" normally follows the first exchange of briefs. If the defendant files a counterclaim together with the statement of defence or defends his position by claiming the invalidity of the patent, the plaintiff is normally requested to provide his comments on the validity of his patent claims in advance of the first hearing. The settlement hearing serves – *inter alia* – the purpose of achieving a settlement. The Court normally provides a preliminary assessment of the case and it is remarkable that the settlement rate at this juncture is relatively high. More than 50 per cent of the cases that were completed in 2012 were amicably settled at this stage.

If no settlement can be achieved, the Federal Patent Court normally orders another exchange of briefs. This second exchange of briefs is followed by an opinion from one of the technical judges stating how, from his or her perspective,

the case should be decided. The other judges are not bound by this opinion. The parties can comment on the opinion either by written submissions or orally at the trial date.

In preliminary injunction proceedings there are normally either two exchanges of briefs or a trial hearing after the first exchange of briefs.

In accordance with Swiss case law, the Federal Patent Court does not apply a strict urgency criterion in deciding preliminary injunction matters. A request for a preliminary injunction is still considered to be timely, and thus is not precluded if a decision in the preliminary injunction proceeding can be expected before a decision on the merits that had been initiated immediately after obtaining knowledge of the alleged patent-infringing activities.

Ex-parte measures are granted only under special circumstances. Since the Swiss Patent Court Act provides that a decision must be rendered by a panel of three judges if a technical understanding is of particular significance, it normally takes several days to constitute the panel and therefore there is usually enough time to hear the defendant. Ex-parte interim measures could only be expected to ensure a sequestration or a description of allegedly patent-infringing products or processes. However, in Case No. S2013_001 the Court granted two requests for ex-parte measures. First, it granted an ex-parte measure to ensure that the customs authorities did not release imported goods that were allegedly patent infringing. Second, it rendered an ex-parte injunction after the patent holder had produced credible arguments that he

had learned only very recently that the defendant had placed infringing goods on market even though the competent technical judge had opined some days earlier that the manufacture of those products infringed the plaintiff's patent rights. This case was rather exceptional since both parties had commented on the infringement and the validity of the patent and the ex-parte injunction was only motivated by the new danger of repeated infringement caused by the new deliveries of the defendant.

COSTS & DURATION

Under the Swiss Code of Civil Procedure the losing party must bear the court costs and compensate the prevailing party for reasonable attorneys' fees. These costs are calculated according to charts published by the Federal Patent Court and depend on the value in dispute.

Court fees range from 1,000 to 150,000 Swiss francs depending on the value in dispute. Exceptions may be made where they are justified by special reasons. In summary proceedings fees may be reduced by up to half. In preliminary injunction proceedings with an estimated value in dispute of 1 million Swiss francs, the court fees normally amount to approximately 40,000 Swiss francs.

Compensation for attorneys' fees generally ranges from 2,000 to 300,000 Swiss francs depending on the value in dispute. Exceptions are made where there is a manifestly disproportionate relation between the value in dispute and the requisite time spent for professional legal representation. Expenses for patent attorneys acting exclusively in an advisory capacity are compensated as well. In summary proceedings, the compensation for professional legal representation costs is generally reduced to between 30 and 50 per cent. In a recent case with a value in dispute of 1 million Swiss francs the Court fixed the attorneys' fees (including the costs for the patent attorney) at 100,000 Swiss francs.

The duration of the proceedings heavily depends on the circumstances of the case. On average, it seems that one year must be allowed for ordinary proceedings to be decided on the merits

in cases that do not settle. Summary proceedings are swifter and are on average completed within a little less than 100 days.

All of the decisions on the merits and most of the decisions in summary proceedings rendered by the Federal Patent Court can be appealed to the Swiss Federal Supreme Court. A decision of the Swiss Federal Supreme Court can be expected within 4 to 12 months. All decisions of the Court and of the Swiss Federal Supreme Court are published.

PRAYERS FOR RELIEF

The Federal Patent Court follows a strict practice when it comes to prayers for relief. In the opinion of the Court, a decision must be able to be executed without further interpretation. Thus, a detailed description of the embodiment of every single feature of the claim in the allegedly infringing product is required. Consequently, the Court has refused to consider the merits of a case when the wording of the claims was simply cited in the prayers for relief or when only a reference to trade names of the infringing product was made. This holds true even in cases of literal infringement and not only in cases of equivalent infringement. Reference to trade names in order to describe allegedly infringing products may only be allowed if the concerned product is an authorised pharmaceutical. Whereas it is not possible to change certain persistent properties of a specific therapeutic product without losing the market authorisation, reference to name and registration number could be regarded as sufficient under the current practice of the Court.

SAISIE HELVÉTIQUE

According to the Swiss Patent Act any person requesting preliminary measures request the Court to provide a precise description of the allegedly unlawful processes or the allegedly unlawful products or other pre-trial taking of evidence.

According to the practice of the Federal Patent Court a claim of infringement must be made credible (with sufficient evidence) in order to be granted

such a pre-trial taking of evidence. An exception is made for facts that are subject to the taking-of-evidence proceedings. According to the Court, the plaintiff has to be able to produce evidence of the infringement of the majority of the features of their patent. It is not possible to file a request for a pre-trial taking-of-evidence proceeding without any evidence that the patent that is the subject of the proceeding has been infringed.

In a decision of 14 June 2012 the Federal Patent Court implemented the practice of the District Court of Düsseldorf regarding the conduct of preliminary taking-of-evidence proceedings. This means that the legal representatives of the plaintiff are normally allowed to attend the inspection of the allegedly infringing products or process, but they may only forward the information to their client to the extent it has been approved by the Court. Trade secrets which are not directly connected to the infringement of the patent cannot usually be disclosed.

ASSISTANCE OF CUSTOMS AUTHORITIES & SUMMARY PROCEEDINGS

The Swiss Federal Customs Administration is entitled to hold goods potentially infringing a valid patent for a maximum of 20 days, during which time the plaintiff must obtain a preliminary injunction in order to further delay their importation. In Case No. S2013_001 the Court instructed the customs authorities to prolong the detention of goods at the border by an ex-parte order without having examined the infringement and the validity of the patent in detail. This is a very pragmatic approach since otherwise the plaintiff could never meet the 20-day deadline.

ADMISSIBLE EVIDENCE IN PRELIMINARY INJUNCTION PROCEEDINGS

According to Swiss case law, expert opinions rendered by party experts and submitted by the parties to the Court for consideration are mere allegations and do not have any probative value. However, it remains to be seen whether the Federal Patent Court will allow a request for

a preliminary injunction that is based on credible party allegations. It is to be hoped that if the plaintiff can produce and present credible testing data, such data should be taken into account.

PROTECTIVE LETTER

To avoid an ex-parte injunction a party can file a protective letter with the Court. Such protective letter will be considered by the Court for 6 months. In 2012, the Court received 31 protective letters. However, since ex-parte decisions are relatively rare in patent matters in Switzerland, the relevance of protective letters is limited.

Once filed, a protective letter is served

on the plaintiff as soon as he has filed a request for a preliminary injunction. As a general rule, the protective letter does not replace the defendant's response to the plaintiff's request.

The protective letter can be filed against current and all future patent holders and exclusive licensees. However, the standing of the Defendant must be shown clearly. It is for instance not possible to file a protective letter "for all companies of a certain corporate group" without designating them by name, as was done in Case No. D2012_019.

RELEVANCE OF FOREIGN DECISIONS

The Federal Swiss Patent Court regularly

looks into foreign case law and considers decisions rendered abroad. However, it is not bound by foreign decisions and it draws its own conclusions. Decisions rendered by the European Patent Office (EPO)'s Boards of Appeal are of special importance since the Swiss Patent Act provides that the Court may suspend proceedings, and in particular defer judgment, where the EPO has not yet taken a final decision on a limitation or revocation of the European patent or the validity of a European patent is disputed and a final decision has not yet been taken with regard to an opposition.