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Question of fact or law – court sheds light on longstanding issue in Swiss patent law, or does it?

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Introduction

In a recent decision, the Federal Supreme Court – Switzerland's highest court also in patent matters – dealt with the long-disputed question of whether the assessment of patent claims is fundamentally a question of law or a question of fact. This distinction is relevant under Swiss law because in Switzerland, after the conclusion of the double exchange of briefs, new factual arguments can be presented only under very narrow conditions and the Federal Supreme Court examines factual arguments only with a limited standard of review, whereas legal arguments can still be presented in the main hearing and are examined by the Federal Supreme Court without restrictions. In order to understand the decision and its relevance, it is important to look at the differentiation between questions of fact and questions of law according to Swiss understanding.

Differentiation between questions of fact and questions of law and its relevance

In court proceedings, Swiss courts differentiate between so-called "questions of fact" and "questions of law". "Questions of fact" refer to anything concerning the facts underlying a case – for example, the question of whether a certain event relevant to the case happened, or the sequence of certain events. In other words, a question of fact asks about the relevant course of events, which forms the basis of the case and shall be legally assessed. A "question of law", on the other hand, concerns the application of the law to the established facts. For example, questions of law deal with the correct interpretation of a statutory provision, the subsuming of the facts under the legal norms and the determination of the legal consequences of a certain event. As mentioned, this seemingly abstract differentiation has significant consequences for the court practice and the parties in court proceedings in Switzerland.

First, only questions of fact can be subject to evidence submitted by the parties according to Swiss law. In civil proceedings, the parties are expected to allege and prove by suitable evidence the facts underlying their case. The application of the law to those facts, however, lies in the responsibility of the courts. This principle of *iura novit curia* means that the parties in civil proceedings – strictly speaking – must present only the facts of the case to the court, while it is not necessary that they state the applicable legal provisions and their application to the facts. In practice, parties represented by lawyers of course also include the application of the law to the alleged facts into their court submissions. If the parties do so, however, the court is not bound by such statements.

Furthermore, questions of law can be dealt with by the parties as often as they like and at any point in time in court proceedings. On the other hand, any allegation and evidence concerning questions of fact can be dealt with and submitted by the parties only within the official exchange of briefs. After the conclusion of the double exchange of briefs, new facts can be presented only in direct response to new allegations made by the opposing party and are admissible only if the new facts are asserted immediately and could not have been presented earlier if due care had been exercised.

Second, and more importantly, the Federal Supreme Court has a so-called "limited cognition". This means that upon appeal, the Supreme Court has only a limited competence to review the appealed decision by the lower-instance court. According to Swiss law, the Federal Supreme Court is bound by the facts established by the lower-instance court and may deviate from these facts only if they were determined by the first-instance court in an almost arbitrary manner, which is a rather high standard of review. This means that the Supreme Court may check only whether the lower-instance court has applied the law correctly to the established facts but may not freely assume a different factual basis of the case. As said, an exemption only applies if the appellant can show that the lower-instance court assessed the relevant facts of the case in an arbitrary manner. However, this is rarely successful.

Therefore, the qualification of a certain topic as question of law or question of fact has significant consequences under Swiss law.

In the field of patent law, the differentiation between questions of law and questions of fact is often particularly difficult and subject to many discussions amongst practitioners. In a recent decision, the Federal Supreme Court dealt with some of those uncertainties.

Decision on interpretation of patent claims

In its decision of 25 May 2021,[(1)] the Federal Supreme Court had to deal with an appeal of a patent owner against the decision of the Federal Patent Court to revoke the Swiss/Liechtenstein portion of its European patent. The European patent in suit concerned cartridges for inserting intraocular lenses into the eye. The patent is based on the so-called "wound-assisted insertion method", in which the tip of the cartridge is not fully inserted into the wound, but the wound itself partially forms a tunnel for the insertion of the lens into the chamber.

A competitor of the patent owner filed a nullity action against the Swiss/Liechtenstein designation of the mentioned European Patent before the Federal Patent Court. With its decision of 19 August 2020,[(2)] the Federal Patent Court upheld the claim and declared the nullity of the Swiss/Liechtenstein part of the European patent in suit. According to the Federal Patent Court, the patent suffered from an inadmissible amendment within the meaning of article 123(2) of the European Patent Convention (EPC). According to the Federal Patent Court, the concerned patent claims combined features from different embodiments and this combination was not disclosed in the

documents filed originally.

The Federal Patent Court reached this conclusion based on the interpretation of certain features of the asserted patent claims. The Court also stated that the limited claims according to the auxiliary claims presented by the patent owner were not suitable for overcoming the issue with article 123(2) of the EPC.

The patent owner thereafter filed an appeal against the decision of the Federal Patent Court with the Federal Supreme Court. Among other grounds for appeal, the patent owner took the position that the lower-instance court had interpreted the claims of its patent incorrectly and thereby violated article 69 of the EPC and article 51(3) of the Patent Act, respectively. The respondent – the plaintiff in the nullity proceedings before the lower-instance court – argued that the Federal Supreme Court was precluded from assessing the lawfulness of the patent interpretation carried out by the lower-instance court.

This argument was based on the assumption of the respondent that the interpretation of patent claims is a question of fact. As discussed above in the general explanations on the limited cognition of the Federal Supreme Court, the Federal Supreme Court only has the competence to review the lower-instance court's decisions concerning questions of law but must accept the facts as established by the lower-instance court as given unless those facts were established in an arbitrary manner. Consequently, if the interpretation of patent claims was indeed a question of fact, the Federal Supreme Court would not be able to review and possibly change this interpretation upon appeal unless this interpretation was clearly arbitrary.

However, the Federal Supreme Court did not accept the respondent's argument. It held that patent claims were not contractual declarations of intent by the parties to an agreement, for example, subjectively directed to a specific addressee, but were objectively designed to establish an absolute right acting as a defence against all unauthorised parties. This normative effect is absolute and presupposes a common understanding of the reserved sphere of exclusivity. In addition, the Court stated that in the interest of legal certainty it was important that the excluded parties could recognise and determine the area of exclusivity created by a patent based on comprehensible and objective criteria.

Therefore, the Federal Supreme Court held that patent claims must not be interpreted in an empirical but in a normative manner. This principle of normative interpretation is not changed by the fact that patent claims must be interpreted from the viewpoint of the person skilled in the art. According to Swiss practice, the person skilled in the art is a fictitious character whose skills and views are to be determined normatively by the courts. In conclusion, the Federal Supreme Court stated that the interpretation of patent claims was a question of law and not a question of fact. Thus, the Federal Supreme Court does have the competence to review lower-instance court decisions with respect to claim construction.

The Federal Supreme Court added that it is, however, possible that the interpretation of patent claims in certain cases is based on certain factual findings, such as the specific understanding of a technical term in a certain industry or specific technical circumstances. Such factual findings in a lower-instance court decision would again be binding for the Federal Supreme Court when reviewing the interpretation of patent claims.

Although the Federal Supreme Court followed the patent owner's position that the interpretation of patent claims by a lower-instance court could be fully reviewed by the Federal Supreme Court, it finally decided against the patent owner on the merits. It held that the interpretation of the patent claims by the Federal Patent Court was comprehensible and not unlawful and that therefore the revocation of the patent in suit was justified. Therefore, the appeal by the patent owner was finally rejected and the Swiss/Liechtenstein portion of its patent was revoked.

Comment

The decision by the Federal Supreme Court answers one of the pressing questions within the Swiss patent environment. It makes clear that the Federal Supreme Court also fully reviews the claim construction carried out by the lower-instance court. Since the interpretation of patent claims is often decisive in the outcome of the case, it is welcome that the Federal Supreme Court has the competence to review and possibly change the interpretation of the Federal Patent Court.

However, another recent decision issued by the Federal Supreme Court[(3)] shortly after the decision discussed here raises new questions when it comes to the interpretation of prior-art documents. In a decision concerning an infringement claim, the Federal Patent Court held the patent concerned to be invalid due to a lack of inventive step. The patent owner filed an appeal, mainly stating that the Federal Patent Court had interpreted the subject matter of the relevant prior art incorrectly.

The Federal Supreme Court did not agree with the appellant and upheld the decision of the Federal Patent Court. The Federal Supreme Court did not directly deal with the differentiation between questions of fact and questions of law with respect to the interpretation of prior art but held that the Federal Supreme Court does not deal with the technical understanding of the skilled person of technical documents. It is unclear from the decision of the Federal Supreme Court what is actually meant by this comment. However, it is somewhat inconsistent that on the one hand the Federal Supreme Court wants to deal with the interpretation of patent claims but on the other hand seems to exclude the interpretation of prior-art documents by the person skilled in the art from its competence.

It may appear that the specific wording of a prior-art document is a question of fact from a Swiss perspective. However, how the person skilled in the art understands a document from the prior art and in particular what conclusions the skilled person draws from it may be considered a legal question, since it is one of defining the normative understanding of the person skilled in the art.

For further information on this topic please contact Louisa Galbraith or Simon Holzer at MLL Meyerlustenberger Lachenal Froriep Ltd by telephone (+41 44 396 91 91) or email (louisa.galbraith@mll-legal.com or simon.holzer@mll-legal.com). The MLL website can be accessed at www.mll-legal.com.

Endnotes

(1) BGer 4A_490/2020, decision text in German available here.

(2) Federal Patent Court decision in the matter O2019_003, decision text in German available here.

(3) BGer 4A_149/2021 of 24 June 2021, the decision text in German is available here.