Revision of Patents Act - consultation procedure open

11.11.2020

Key takeaways

- **On 14 October 2020, the Federal Council opened the consultation procedure on the preliminary draft of the revision of the Patents Act (PatA).**
- **The cantons, Swiss Parliament, umbrella organisations and other interested stakeholders are invited to take position on the preliminary draft until 1 February 2021.**
- **Inter alia, the preliminary draft provides for Swiss patent applications to be examined for novelty and inventiveness in future.**
- **As an alternative to this fully examined patent, a utility model would be available, which does not involve substantive examination and has a term shortened to ten years.**

Introduction

After the Federal Council adopted a parliamentary motion calling for the modernisation of Swiss patent law, both chambers of Parliament approved the motion in 2019. The Swiss Federal Institute of Intellectual Property (IPI) was subsequently tasked by the Federal Council to prepare a preliminary draft on a revised PatA.

As of today, the examination of the patenting requirements is carried out by the IPI as part of the granting procedure. In this regard a special feature of current Swiss patent law is that the IPI does not examine novelty and inventive step. Although these two criteria are prerequisites for a legally valid patent, they are not examined in the context of the patent application, but only in the event of a possible later nullity action in civil proceedings.

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The preliminary draft of the revised PatA proposes two key measures to modernise Swiss patent law. Firstly, the existing patent examination before the IPI is to be extended to include the central examination topics of novelty and inventive step. Secondly, an unexamined utility model with a reduced term of protection is to be introduced as an alternative and supplement to the fully examined patent. This utility model shall replace the existing, not fully examined Swiss patent.

What are the proposed key changes of the preliminary draft?

Full examination of Swiss patents

The main element is the introduction of the full examination, i.e. a patent examination that includes the examination of novelty and inventive step. The registration procedure (as with the European patent (EP)) would then include examination of whether the invention already forms part of the state of the art (novelty) and whether the invention is obvious to a person skilled in the art (inventive step).

Utility model

As with the patent, the object of protection of the utility model is an invention. The present revision introduces a utility model that, in principle, imposes the same requirements on inventions as the existing patent, but excludes it for inventions in the fields of biotechnology, pharmaceutical, chemical substances and for processes.

The revision provides for a ten-year period of protection (as opposed to twenty years for the patent). It is intended to enable quick registration at costs not higher than those for patents under current Swiss law. The utility model shall be extendable to countries also familiar with this tool (e.g. Germany, France, China etc.).

The interests of competitors and third parties in the removal of unjustly granted utility models can be taken into account by an administrative cancellation procedure. The IPI would act as the first instance in these proceedings. Appeals against its decisions would have to be lodged with the Federal Administrative Court.

With regard to taxation, the profits made by companies from utility models would also be eligible for reduced taxation within the so-called patent box, as is the case with patents.

English language applications and proceedings

In civil proceedings before the Federal Patent Court, English is already today an admissible procedural language. In order to further align the Swiss patent system to the global R&D community, where English is predominantly used, the preliminary draft allows English also for applications and – with the consent of the involved parties and the court – as procedural language for first instance objection proceedings. Procedural rulings and decisions would continue to be issued in one of Switzerland’s official languages.

Objection procedure

The introduction of the fully examined patent would lead to an extension of the scope of examination in opposition proceedings, since third parties may also have an interest in objecting to the novelty or inventive step of a newly filed patent.

The draft law also provides that the IPI would be entitled to continue the opposition proceedings ex officio and to examine the legality of a granted patent even if an opposition is withdrawn. This would ensure that the public is protected against unlawfully granted patents even if the opponents and the patentees privately agree to withdraw the opposition.

What impacts are to be expected?

The target audience of the new Swiss patent and utility model should primarily be Swiss companies that are mainly active in their home market of Switzerland – usually SMEs.

The benefits for those concerned would lie in the greater choice, lower transaction costs and greater legal certainty (especially with regard to the newly fully examined Swiss patents). The latter also applies to a lesser extent to the utility model; like the current Swiss patent, it is not fully examined, but in contrast, cannot be registered in all fields of technology and has only half the life span. In addition, utility models would also be subject to cancellation proceedings.

Since the IPI does not currently examine the core criteria of a patent application (novelty and inventive step) in the patent-granting procedure, appeals against patent refusals are essentially limited to formal aspects. The number of appeals against negative examination decisions might therefore increase with the revision of patent law. The introduction of the new utility model could also lead to a somewhat higher number of administrative court proceedings.

For patent applicants who are active not only in Switzerland but also internationally, an EP is and will generally remain more attractive. An EP allows protection to be applied for in up to 38 European states in a central examination and registration procedure. The question may therefore be raised whether the alleged benefits of the draft new law justify the introduction of new administrative and court proceedings triggering substantial additional financial means for the state.

Pestalozzi will observe the further developments in this legislative process and provide you with updates on the topics.

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No legal or tax advice

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