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Patent Litigation

Switzerland: Law & Practice

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Pestalozzi

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SWITZERLAND

Law and Practice

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Contents

1. Intellectual Property Rights and Granting Procedure

1.1	Types of Intellectual Property Rights	p.4
1.2	Grant Procedure for Intellectual Property Rights	p.4
1.3	Timeline for Grant Procedure for Intellectual Property Rights	p.4
1.4	Term of Each Intellectual Property Right	p.4
1.5	Rights and Obligations of Owners of Intellectual Property Rights	p.5
1.6	Further Protection for Technical Intellectual Property Rights after Lapse of Maximum Term	p.5
1.7	Third-Party Rights to Participate in Intellectual Property Grant Proceedings	p.5
1.8	Remedies against Refusal to Grant Intellectual Property Right	p.5
1.9	Consequences of Failure to Pay Annual Fees	p.5
1.10	Post-grant Proceedings Available to Owners of Intellectual Property Rights	p.6

2. Initiating a Patent Infringement Lawsuit

2.1	Actions Available against Infringement for Owners of Technical Property Rights	p.6
2.2	Third-Party Remedies to Remove the Effects of Intellectual Property Rights	p.6
2.3	Courts with Jurisdiction for Patent Litigation	p.7
2.4	Specialised Bodies/Organisations for the Resolution of Patent Disputes	p.7
2.5	Prerequisites to Filing a Patent Lawsuit	p.7
2.6	Legal Representation in Intellectual Property Matters	p.7
2.7	Interim Injunctions for Intellectual Property Matters	p.7
2.8	Protection for Potential Opponents in Patent Litigation	p.8
2.9	Special Limitation Provisions in Intellectual Property Matters	p.8
2.10	Mechanisms to Obtain Evidence and Information for Patent Disputes	p.8
2.11	Initial Pleading Standards for Patent Disputes	p.8

2.12	Representative or Collective Action	p.9
2.13	Restrictions on Assertion of Intellectual Property Rights	p.9

3. Patent Infringement

3.1	Necessary Parties to an Action for Patent Infringement	p.9
3.2	Direct and Indirect Patent Infringement	p.9
3.3	Process Patent Infringement	p.10
3.4	Scope of Protection for an Intellectual Property Right	p.10
3.5	Defences against Patent Infringement	p.10
3.6	Role of Experts in Patent Infringement Actions	p.11
3.7	Procedure for Construing the Terms of the Patent's Claim	p.11

4. Patent Revocation/Cancellation

4.1	Reasons and Remedies for Patent Revocation/Cancellation	p.11
4.2	Partial Patent Revocation/Cancellation	p.12
4.3	Amendments in Patent Revocation/Cancellation Proceedings	p.12
4.4	Patent Revocation/Cancellation and Patent Infringement	p.12

5. Patent Litigation: Trial and Settlement

5.1	Special Procedural Provisions for Intellectual Property Rights	p.12
5.2	Decision-Makers in Patent Litigation Cases	p.12
5.3	Settling Patent Litigation Cases	p.12
5.4	Effect of Other Court Proceedings on Cases	p.12

6. Patent Litigation Remedies

6.1	Remedies for the Patentee	p.13
6.2	Rights of Prevailing Defendants in Patent Cases	p.13
6.3	Types of Remedies for Technical Intellectual Property Rights	p.13
6.4	Injunctions Pending Appeal in Patent Cases	p.13

SWITZERLAND CONTENTS

7. Appealing Intellectual Property Cases	p.13	9. Alternative Dispute Resolution in Intellectual Property Matters	p.14
7.1 Special Provisions for Intellectual Property Proceedings	p.13	9.1 Intellectual Property Actions Where Alternative Dispute Resolution Is Used	p.14
7.2 Type of Review Available at Appeal of Intellectual Property Cases	p.13		
8. Patent Litigation Costs	p.13	10. Assignment and Licensing of Intellectual Property Rights	p.14
8.1 Costs before Filing a Patent Lawsuits	p.13	10.1 Requirements or Restrictions for Assignment of Intellectual Property Rights	p.14
8.2 Calculation of Court Fees for Patent Lawsuits	p.13	10.2 Procedure for Assigning an Intellectual Property Right	p.14
8.3 Responsibility for Paying the Costs of Patent Litigation	p.13	10.3 Requirements for Restrictions to License an Intellectual Property Right	p.14
		10.4 Procedure for Licensing an Intellectual Property Right	p.14

1. Intellectual Property Rights and Granting Procedure

1.1 Types of Intellectual Property Rights

In Switzerland, new inventions are primarily protected by patents. A patent can either be applied for and granted as a Swiss national patent under the Swiss Patents Act (PatA) or as a European patent under the European Patent Convention (EPC) with extended protection for Switzerland. According to the Patents Act and Swiss judicial practice, certain inventions are excluded from patentability, such as gene sequences, methods of medical treatment or computer implemented inventions.

Undisclosed inventions may also qualify as trade secrets and are then protected by law against unlawful acquisition, use and disclosure which may qualify as an act of unfair competition (Article 6, Act against Unfair Competition) or a criminal act (Article 162, Penal Code). The Directive (EU) 2016/943 on the protection of undisclosed know-how and business information (trade secrets) is neither directly applicable nor has it been implemented in Switzerland. Overall, the Swiss provisions on trade secret protection are less detailed than the legal framework in the European Union.

Under current Swiss law, protection of an invention as a utility model is not yet available. In October 2020, the Federal Council (the Swiss government) proposed a partial revision of the Patents Act introducing, among other things, a new form of protection for inventions as utility models. The ten-year term of protection for utility models is proposed to be half of the maximum lifespan of a patent (20 years). By introducing protection through utility models, innovators shall be able to better tailor their IP strategy to their economic needs and resources. After the end of the consultation period, this proposal will be submitted to the Swiss Parliament for discussion.

1.2 Grant Procedure for Intellectual Property Rights

A Swiss national patent is granted upon application by the Swiss Federal Institute of Intellectual Property (*Institut Fédéral de la Propriété Intellectuelle*, or IPI). European patent applications with protection for Switzerland may be filed with the European Patent Office (EPO) pursuant to the EPC.

European patent applications have the same effect in Switzerland as national patent applications filed with the IPI (Article 110, PatA) and are recorded in the Swiss register once granted by the EPO.

The IPI currently examines national patent applications for only a few legal requirements, such as whether the invention is contrary to public policy or morality. In contrast to the examina-

tion procedure of European patents by the EPO, the IPI does not examine the material requirements of novelty and non-obviousness before granting the patent (Article 59 paragraph 4, PatA). According to the revision of the Patents Act proposed by the Federal Council, the IPI shall, in future, examine national patent applications for all patentability requirements. Only the yet to be introduced utility model (see **1.1 Types of Intellectual Property Rights**) shall be granted without a substantive examination of the invention.

Trade secret protection is granted by law, without any examination or registration by any authority, provided that the undisclosed invention meets the conditions for protection, such as confidentiality and an interest in its confidentiality.

1.3 Timeline for Grant Procedure for Intellectual Property Rights

Patent examination by the IPI for granting a national patent may last between one and two years or even longer, depending on whether the IPI is asked to provide a report on the state of the art or arrange an international-type search (Article 59 paragraph 5, PatA). Patent granting proceedings by the EPO usually take longer, as the novelty and obviousness requirements are examined. The European patent grant procedure takes about three to five years from the date the application is filed.

The average costs for the grant of a patent by the IPI amount to approximately EUR700 (without any fees for optional searches). To take a patent application through to the grant stage before the EPO, it currently costs on average around EUR8,000. These costs do not include the fees for consultancy services of a patent attorney.

Swiss residents do not need to be represented by a patent attorney before the IPI, but applicants (natural or legal persons) who have neither residence nor a place of business in Switzerland are obliged to be represented by a local professional representative. Similar rules apply for residents of non-contracting states in front of the EPO.

1.4 Term of Each Intellectual Property Right

For both Swiss national patents and European patents with protection for Switzerland, the term of protection is 20 years from the filing date of the patent application (Article 14, PatA).

Inventions that qualify as trade secrets are protected by law as long as the invention meets the conditions for protection – ie, it must remain confidential and the inventor must have an interest in its confidentiality.

1.5 Rights and Obligations of Owners of Intellectual Property Rights

Obligations

In order to maintain both Swiss national patents and European patents with protection for Switzerland, once granted, the patent owner's primary obligation is to timely pay the registration and annual renewal fees. The amount of the renewal fees varies based on the years of protection.

Rights

Both Swiss national patents and European patents with protection for Switzerland, confer on their owners the right to prohibit others from commercially using the invention (Article 8, PatA). It is the responsibility of the patent owner to enforce his or her exclusivity rights. Possible civil legal actions include:

- an action for permanent injunction or remedy of the unlawful situation (Article 72, PatA);
- an action for damages (Article 73, PatA); and
- an action for declaratory judgment on the existence or non-existence of a circumstance or right governed by the Patents Act (Article 74, PatA).

Actions for injunction or remedy can also be requested as preliminary measures (Article 77, PatA). Moreover, in order to establish infringements, patent owners may request as a preliminary measure that the court carries out a so-called precise description of the allegedly unlawful process or product (Article 77, PatA).

Besides the initiation of civil actions, the patent owner may file a complaint in order to start legal criminal proceedings against the infringer of its patent rights (Articles 81 et seq, PatA). The Patents Act also provides for custom measures (Articles 86a et seq, PatA). If the patent owner has clear indications that goods infringing his or her patent may imminently be imported into or exported out of Swiss customs territory, he or she may request the Customs Administration to refuse the release of the goods. The Customs Administration may withhold the goods for a maximum period of ten working days, so that the applicant may obtain preliminary measures.

Inventions which are only protected as trade secrets enjoy protection either under Swiss criminal law (Article 162, Penal Code) or under unfair competition law (Article 6, Act against Unfair Competition). Unfair competition law provides for civil injunctions, remedies and damages actions as well as for criminal sanctions.

1.6 Further Protection for Technical Intellectual Property Rights after Lapse of Maximum Term

Upon an application by the owner of a Swiss national patent or a European patent with protection for Switzerland, the IPI may grant a supplementary protection certificate (SPC) for the active ingredients or a combination of the active ingredients of medicinal products or plant protection products (Articles 140a et seq, PatA). An SPC can only be granted on the basis of a valid patent and a granted marketing authorisation for the medicinal product.

The period of protection for the SPC begins as soon as patent protection expires and is valid for a maximum period of five years. This term may be extended for a further six months if paediatric studies have been carried out and the results are reflected in the product information of the respective medicinal product (paediatric extension).

For situations where the patent owner is not able to apply for an ordinary SPC, which could be prolonged through a paediatric extension, the Patents Act also provides the possibility of a paediatric SPC that is directly linked to the patent and not the ordinary SPC.

1.7 Third-Party Rights to Participate in Intellectual Property Grant Proceedings

Third parties do not have any right to participate in the grant proceedings for a Swiss national patent – eg, by filing third party observations. However, any person can file an opposition against a Swiss national patent once it is granted by the IPI.

In proceedings before the EPO, third parties can file observations concerning the patentability of the invention (third-party observations) in order to try to prevent a patent from being granted. However, third parties cannot take part in the grant proceedings as a formal party. Any person may file an opposition against a European patent once it is granted by the EPO.

1.8 Remedies against Refusal to Grant Intellectual Property Right

Against a refusal to grant patent protection by the IPI, an appeal can be filed with the Swiss Federal Administrative Court and thereafter the Swiss Federal Supreme Court.

1.9 Consequences of Failure to Pay Annual Fees

A patent registered in the Swiss patent register is cancelled (and the patent protection terminates with effect ex nunc) if the annual renewal fees are not paid on time.

Where the patent owner provides prima facie evidence of having been prevented, through no fault on his or her part, from observing a time limit, the IPI may grant, on request, the re-

establishment of his or her rights (Article 47, PatA). Acceptance of the request has the effect of restoring the situation that would have resulted from carrying out the act in good time.

Due to the no-fault requirement, Article 47 of the Patents Act is often not applicable. Alternatively, the patent owner may file a request for further processing with the IPI (Article 46a, PatA). The request must be made within two months after receiving notification of the missed time limit or within six months after the time limit has expired. Within this time, the action that has been omitted must be executed. If the request for further processing is approved, the situation that would have resulted from executing the act on time will be restored.

1.10 Post-grant Proceedings Available to Owners of Intellectual Property Rights

Once the patent has been granted (and the opposition period has expired), the patent owner may file with the IPI a request for a declaration of partial surrender of a Swiss national patent or a European patent with protection for Switzerland in order to:

- revoke a patent claim;
- limit an independent claim by combining one or more patent claims, which are dependent on it; or
- limit an independent claim in some other way – in such cases, the limited claim must refer to the same invention and define an embodiment that is included in the specification of the published patent and in the version of the patent application that determined the date of filing.

The partial surrender may not be used to file new patent claims or to make up for something else that was overlooked in the granting procedure.

On the occasion of registration of a partial surrender, the patent owner may, within a three-month period, file an application for the establishment of one or more new patents to cover the dropped patent claims; such new patents are given the filing date of the original patent.

2. Initiating a Patent Infringement Lawsuit

2.1 Actions Available against Infringement for Owners of Technical Property Rights

Under Swiss law, civil legal actions include:

- actions for injunction or remedy (which may also be requested as preliminary measures);
- actions for damages; and
- actions for declaratory judgment.

Moreover, the patent owner may also initiate penal proceedings or apply for customs measures.

Please see **1.5 Rights and Obligations of Owners of Intellectual Property Rights** for more detail.

2.2 Third-Party Remedies to Remove the Effects of Intellectual Property Rights

Opposition

Within nine months of publication, any third party, without the need to demonstrate a proven interest, may file an opposition against a Swiss national patent granted by the IPI or against a European patent granted by the EPO.

Grounds for opposition against a Swiss national patent are rather limited. The opposing party may claim that the patent contains inventions which are excluded from patentability because:

- the invention relates to the human body or its elements;
- the invention relates to naturally occurring sequences or partial sequences of genes; or
- the invention's exploitation is contrary to human dignity or disregards the integrity of living organisms, or is in any other way contrary to public policy or morality according to Article 2 of the Patents Act.

The EPC allows for more grounds for opposition. In addition to similar opposition grounds allowed under Swiss law, a third party may also claim that:

- the invention is not new;
- the invention does not involve an inventive step;
- the invention is not susceptible to industrial application;
- the invention is not disclosed clearly and completely enough for a person skilled in the art to carry it out; or
- the patent's subject-matter extends beyond the content of the application as filed.

Civil Proceedings

Third parties, with proven interest, may also initiate civil proceedings in order to claim the invalidity or partial invalidity of a Swiss national or European patent with protection for Switzerland if the invention is excluded from patentability, is obvious, not novel or not disclosed in a way that a person skilled in the art could carry it out (Articles 26 et seq, PatA).

In addition, when the patent has been filed by an applicant who was not entitled to that patent, the entitled person may apply for assignment of the patent application or, if the patent has already been granted, the patent itself (Article 29, PatA).

Compulsory Licensing

Under Swiss law, third parties with a legitimate interest may, under certain conditions, also initiate actions for the grant of compulsory licences (Articles 36 et seq, PatA), if:

- a patent cannot be used without infringing a prior patent, provided that the invention represents an important technical advance of considerable economic significance in relation to the invention that is the subject matter of the prior patent;
- a patent is not sufficiently exploited in Switzerland, and where such a failure to exploit cannot be justified;
- the public interest so requires;
- a licence to patents in the field of semiconductor technology is required to remedy a practice held to be anti-competitive; or
- a licence to use a patented biotechnological invention is required for research purposes.

Requests for the grant of compulsory licences are rare.

2.3 Courts with Jurisdiction for Patent Litigation

The Swiss Federal Patent Court rules on civil actions concerning patents at first instance. Pursuant to Article 26 of the Patent Court Act (PCA), it has exclusive jurisdiction over civil patent litigation concerning patent validity as well as patent infringement, compulsory licence actions, requests for preliminary measures and enforcement of judgments made under its jurisdiction.

The Federal Patent Court also has jurisdiction in other civil actions that have a connection to patents, in particular those concerning contractual rights to patents (ownership and licensing) or their assignment. In such cases, the jurisdiction of the Federal Patent Court does not preclude the jurisdiction of the cantonal courts. For such disputes, the claimant may choose whether to bring an action before the Federal Patent Court or the relevant cantonal court.

An appeal against the decision of the Federal Patent Court or of a cantonal court can only be lodged with the Federal Supreme Court directly as second instance. The decision of the Federal Supreme Court is final.

2.4 Specialised Bodies/Organisations for the Resolution of Patent Disputes

Besides the Federal Patent Court, which is a specialised court comprising legal and technically versed judges, arbitral tribunals may also be competent to resolve disputes related to patents. According to Swiss case law, all aspects of intellectual property disputes are arbitrable, including contractual issues related to patents as well as disputes over the validity of patents.

Whereas arbitration proceedings related to mere validity disputes are rather rare, contractual disputes are often submitted to arbitral tribunals.

No other (non-statutory) specialised organisation exists in Switzerland to rule on patent disputes.

2.5 Prerequisites to Filing a Patent Lawsuit

Civil actions relating to intellectual property rights can be filed with the competent court without any need to attempt conciliation in front of a conciliation authority. The issuance of warning letters is also not required, but highly recommended to consolidate the legitimate interest of the claimant and to support the attribution of the procedural costs to the defendant.

A licensee who is entitled to file an action (see 3.1 **Necessary Parties to an Action for Patent Infringement**) is not required to register the licence in the patent register.

2.6 Legal Representation in Intellectual Property Matters

Parties may decide, but do not have any obligation, to be represented by an attorney at law in intellectual property matters. If a party decides to be represented in front of a Swiss court, the representative must be a qualified attorney at law. In proceedings concerning the validity of a patent in front of the Federal Patent Court, the parties may also be represented by a qualified and admitted patent attorney (Article 29, PCA).

2.7 Interim Injunctions for Intellectual Property Matters

Under Swiss law, interim measures within civil proceedings are available. The applicant must provide prima facie evidence that:

- the right to which he or she is entitled has been violated or a violation is imminent;
- violation threatens to cause not easily reparable harm; and
- the requested measure is urgent (Articles 261 et seq, Civil Procedure Code, CPC).

The applicant can request:

- an injunction;
- an order to remedy an unlawful situation;
- an order to a registering authority or to a third party; or
- performance in kind.

In cases of special urgency, and in particular where there is a risk that the enforcement of the measure will be frustrated, the court may order the interim measure immediately and without hearing the opposing party (*ex parte* interim measures) (Article 265, CPC). The *ex parte* interim measures must subsequently

be confirmed in inter partes proceedings granting the opposing party its right to be heard.

2.8 Protection for Potential Opponents in Patent Litigation

Any person who has reason to believe that an ex parte interim measure will be applied against him or her, may set out his or her position in advance by filing a protective letter (Article 270, CPC).

Protective letters must be filed with the Federal Patent Court and/or the cantonal courts that are likely to have jurisdiction for ordering the ex parte interim measures in the case at hand. The other party will be served with the protective letter only if he or she actually initiates the respective proceedings. The protective letter becomes ineffective six months after it was filed.

2.9 Special Limitation Provisions in Intellectual Property Matters

Time-Barring

Monetary claims in patent infringement proceedings are time-barred after three years from the date on which the injured party became aware of the loss or damage and of the identity of the person liable for them, but in any event ten years after the date on which the loss or damage was caused. If the action for damages is derived from an offence for which criminal law envisages a longer limitation period, that longer period also applies to the civil claim.

Claims for injunctive and declaratory relief are in principle not time-barred, but rather remain available as long as there is a legitimate interest in obtaining such a relief.

Swiss Civil Code Good Faith Requirements

The enforcement of rights might be limited due to their forfeiture based on Article 2 of the Swiss Civil Code, which requires every person to act in good faith in the exercise of his or her rights. If a person waits too long before initiating enforcement proceedings, his or her rights may be forfeited if the court determines, taking into account all relevant circumstances, that the claimant acted against good faith. As an example, the right to apply for interim measures is considered forfeited 14 months after the patent owner actually learned, or should have learned, of the infringement unless there are special circumstances. Based on Swiss case law, urgent status will not be granted by the courts if the patent owner has waited so long.

2.10 Mechanisms to Obtain Evidence and Information for Patent Disputes

Swiss procedural law does not provide any procedural mechanisms for far reaching US-style fishing expeditions in order to obtain all evidence from the opposing party that might be rel-

evant. However, there exist certain mechanisms allowing a party to obtain specific evidence.

Swiss Patents Act

Based on the Swiss Patents Act, a patent owner with a legitimate interest – ie, providing prima facie evidence that his or her patent has been infringed or an infringement is suspected – may request that the Federal Patent Court order as an interim measure:

- the securing of evidence; and/or
- a precise description to be made of the allegedly unlawful processes used and/or of the allegedly unlawful products manufactured, as well as the means used to manufacture them (Article 77, PatA).

The procedure for making the description, with or without seizure, is typically carried out by a technically trained judge and a clerk at the location where the alleged infringement takes place. Upon the request of an opposing party, the court will take necessary measures to safeguard trade secrets and might exclude the applicant from taking part in the inspection. The court will draft a written report describing the product or process and before the applicant receives the report, the opposing party is given the opportunity to comment (Article 77, PatA).

Swiss Civil Procedure Code

The Swiss Civil Procedure Code also allows a more general right to ensure preliminary taking of evidence without any need to start civil litigation (Article 158, CPC). Similar evidence as during a pending litigation on the merits can be the subject of such a preliminary taking of evidence – ie, the party may request witness hearings, the production of specifically identified documents, the inspection of goods or places or the drafting of a court-appointed expert's report. The questioning of the parties, however, can only be part of the proceedings on the merits.

In general, the parties to the case, and third parties, have a duty to co-operate in the taking of evidence (Article 160, CPC). However, the court cannot enforce its order if a party to the proceedings does not produce the required evidence. But, the court will take this into account when assessing the evidence and the facts of the dispute.

2.11 Initial Pleading Standards for Patent Disputes

Under Swiss procedural law, the statement of claim must contain:

- the prayers for relief;
- a statement of the value in dispute;
- the allegations of fact;

- a notice of the evidence offered for each allegation of fact;
and
- the date and signature.

It is not required by law to state the legal arguments (since the court must know the law), but it is common practice.

In general, each party is entitled to two submissions (or oral pleadings) during which it may provide new facts and evidence and amend its prayers for relief. After the second submission, new facts and new evidence are admissible only if presented immediately after they become known and (i) if they occurred after the second submission (proper nova), or (ii) if they existed before but could not have been submitted despite reasonable diligence (improper nova). In any case, new facts and new evidence are admitted only until the court begins its deliberations.

Changes to Pleading Procedure

These requirements apply to all civil proceedings and not only to intellectual property proceedings and are applied in a very strict manner. The Swiss Federal Supreme Court ruled in a recent decision that the former practice of the Federal Patent Court allowing the claimant to split its statement of reply in case the defendant raises a counterclaim asserting the invalidity of the patent violated these requirements. As a result of this decision, the Federal Patent Court had to change its practice. After the exchange of the first briefs (statement of claim and statement of defence), the parties are now directly summoned to an instruction hearing irrespective of whether or not a counterclaim was raised. During this hearing, the court will present a first preliminary assessment of the case and the parties may engage in settlement negotiations. If the dispute cannot be solved, the parties will exchange their second briefs.

2.12 Representative or Collective Action

Under Swiss law, no class actions or other collective actions are permitted. However, joinder of parties in civil proceedings is admissible.

2.13 Restrictions on Assertion of Intellectual Property Rights

Restrictions on the assertion of patent rights may apply from the law against unfair competition and antitrust law, in particular with respect to restrictions against parallel imports which are not justified (Article 9a, PatA and Article 5, Swiss Cartel Act) and unlawful practices by market dominant undertakings (Article 7, Swiss Cartel Act).

Furthermore, a patent owner might be restricted in the enforcement of his or her rights due to their forfeiture based on Article 2 of the Swiss Civil Code (acting in good faith), in particular if he or she were to wait too long before initiating enforcement

proceedings (see 2.9 Special Limitation Provisions in Intellectual Property Matters).

3. Patent Infringement

3.1 Necessary Parties to an Action for Patent Infringement

Civil Actions

The patent owner who has his or her rights infringed, or is threatened with an infringement, may initiate a civil action. The exclusive licensee, irrespective of the registration of the licence in the patent register, may also bring an infringement action independently, provided this is not expressly excluded by the licence agreement (Article 75, PatA). Non-exclusive licensees, however, may only join the infringement proceedings filed by the patent owner or the exclusive licensee in order to claim their own losses or damages.

An infringement action can be raised against any person:

- who uses a patented invention unlawfully;
- who refuses to notify the authority concerned of the origin and quantity of products in their possession which are unlawfully manufactured or placed on the market, and to name the recipients and disclose the extent of any distribution to commercial and industrial customers;
- who removes the patent mark from products or their packaging without authorisation from the proprietor of the patent or the licensees; and
- who abets any of the said offences, participates in them, or aids or facilitates the performance of any of these acts (Article 66, PatA).

The claimant is not obliged to initiate the infringement action against all potential infringers if there are several.

Criminal Proceedings

Criminal proceedings can be initiated against the same persons provided that they wilfully committed the patent infringement, on complaint by the patent owner or ex officio if the infringer acts for commercial gain (Article 81, PatA).

3.2 Direct and Indirect Patent Infringement

Swiss law does not explicitly know a doctrine distinguishing between direct and indirect patent infringement. Whoever commits an infringement act as described in Article 66 of the Patents Act may be held liable under Swiss civil and criminal law.

However, the Patents Act implicitly distinguishes between direct infringement (Article 66 litterae a, b and c, PatA) and

contributory infringement (Article 66 littera d, PatA), according to which any person who abets, participates in, aids or facilitates the performance of any (direct) infringement may also be held liable under civil and criminal law. According to case law of the Swiss Federal Supreme Court, a contributory infringement is accessory to a direct infringement, meaning that an unlawful principal act is required for a contributor infringement, whereby it is sufficient for a claim for injunctive relief against the contributory infringer that a direct infringement is imminent.

With regard to its application in an international context, the accessoriness has the effect that the contributory infringer acting in Switzerland but contributing to a direct infringement abroad cannot be held liable under Swiss law. On the other hand, if the direct infringement takes place in Switzerland, a contributory infringer contributing to that infringement may be liable irrespective of whether the contributory acts are performed in Switzerland or abroad.

Regarding the supply of (non-infringing) materials or parts to a customer who uses these parts or materials for the manufacture of goods infringing a patent, the Swiss Federal Supreme Court has clarified that the supplier is liable as contributory infringer if he or she knew or should have known that the means supplied were suitable for, and intended to be used by the customer for, use in the infringing goods.

3.3 Process Patent Infringement

The most important particularity of process patent infringement proceedings concerns the burden of proof. In general, the claimant carries the burden of proof in infringement proceedings. However, the burden of proof may be reversed if the patent in question is a process patent. If an invention concerns a process for the manufacture of a new product, every product of the same composition is presumed to have been made by the patented process until proof to the contrary has been provided (Article 67 paragraph 1, PatA). The same applies by analogy to a process for the manufacture of a known product if the patent owner provides prima facie evidence of an infringement of the patent (Article 67 paragraph 2, PatA).

Regarding the territorial scope of a process patent infringement, the general rules apply, meaning that a direct infringement must occur in Switzerland in order for Swiss law to apply. Accordingly, the Swiss Federal Supreme Court held in a case that if a device intended for carrying out a patented process is manufactured in Switzerland, but the process itself is only carried out abroad, the process patent is not infringed in Switzerland.

3.4 Scope of Protection for an Intellectual Property Right

Literal Infringements

The patent claims determine the scope of protection of a patent (Article 51 paragraph 2, PatA). According to established practice, the patent claims must be interpreted from the viewpoint of a skilled person, starting with the claim language but also taking into account the description and the drawings. General technical knowledge is also accepted as a means of interpretation.

In a rather recent decision, the Swiss Federal Supreme Court held that the prosecution history of a patent is in general, not decisive for the interpretation of the patent claims. Waivers and limitations made by the patent applicant during prosecution are to be taken into account only to the extent that they are ultimately reflected in the patent claims and/or the description.

Equivalent Infringements

The Patents Act explicitly holds that an imitation is also deemed to constitute a use (Article 66 littera e, PatA) and, hence, not only literal infringements but also equivalent infringements are known under Swiss law. The Swiss Federal Supreme Court and the Federal Patent Court have elaborated in several decisions, taking into account other European courts' practice, a standard test for the assessment of an equivalent infringement based on three main steps.

- Equal effect – the modified feature must objectively fulfil the same technical function as the corresponding feature of the patent claim.
- Accessibility – the modified feature must be obvious to the skilled person in light of the teaching of the patent; the Federal Patent Court has clarified that the starting point for the assessment of accessibility is not the general prior art, but the patent at issue, as this step should not be confused with the assessment of the inventive step.
- Equality – the skilled person must consider the modified feature as an equivalent solution taking into account the claim language and the description.

If all three requirements are fulfilled, an equivalent patent infringement exists according to Swiss practice.

3.5 Defences against Patent Infringement

Validity Defences

Within Swiss patent infringement proceedings, the defendant may attack the validity of the claimant's patent or raise non-infringement arguments.

The defendant may plead the invalidity of the patent as a defence in the form of an objection or as a formal counterclaim. If the defendant raises the invalidity as an objection and the court

determines that the patent is in fact invalid, that decision has only a direct effect between the parties – ie, the infringement action is rejected but the patent is not revoked from the patent register. If the defendant decides to file a counterclaim, this has the same effect as a standalone invalidity action – ie, if the invalidity of the patent is confirmed by the court, the infringement action is rejected and the patent is also declared invalid and formally revoked.

Lawful Use Defences

Alternatively, or additionally, defendants may also claim to have lawfully used the allegedly infringed patent. Defendants may argue that:

- they have been granted a valid licence right;
- they can rely on a statutory exception as per Article 9 of the Patent Act, including the exceptions of private use for non-commercial purpose, use for research or experimental purposes (in order to obtain knowledge about the subject-matter of the invention), use for teaching purposes, use for obtaining marketing authorisation for a medicinal product, use by a medicinal professional for an individual person (medical prescription exemption) or use for a direct individual preparation of a medicinal product in a pharmacy (pharmacists' exemption);
- the patent owner's rights were exhausted (Article 9a paragraph 1, PatA), whereas in general EEA-wide exhaustion applies but if the patent is of subordinate importance for the functional characteristics of the goods, global exhaustion applies, and if the price of the patented goods is fixed by the state, national exhaustion applies; or
- they have a prior use right (ie, have commercially used the invention in good faith in Switzerland or have made special preparations for that purpose prior to the filing or priority date of the patent application (Article 35, PatA)) – in this case, the defendant might have to pay the patent owner appropriate compensation (Article 48, PatA).

3.6 Role of Experts in Patent Infringement Actions

As a general rule, the Federal Patent Court makes its decisions as a three-member body (panel), of whom at least one member must possess technical training. Where a technically trained judge possesses specific expertise, that judge will address this in a written opinion and the parties are given the opportunity to comment.

Additional technical know-how, at the request of a party or ex officio, may be obtained by an opinion from one or more external experts appointed ad hoc (Article 183, CPC). However, external expert opinions do basically not play a role in patent

proceedings, since the Federal Patent Court has technically trained judges with expertise in all relevant fields of science.

The parties may submit written expert statements. However, these are considered as assertions of the parties only.

3.7 Procedure for Construing the Terms of the Patent's Claim

All arguments against the infringement of patent claims must be raised within the same proceedings. There is no separate procedure for construing patent claims.

4. Patent Revocation/Cancellation

4.1 Reasons and Remedies for Patent Revocation/Cancellation

There are several reasons for a revocation or cancellation of a patent.

Often, a patent registered in the Swiss patent register is cancelled because the renewal fees are not paid on time.

Swiss national patents or Swiss parts of European patents are also cancelled, and removed from the Swiss patent register, if an action for invalidity of the patent has been successful. The cancellation is done by the IPI upon the provision of full official copies of the final judgments. Any person with a proven interest may bring an invalidity action if the invention is excluded from patentability (eg, human body), is obvious, not novel or not disclosed in a way that a person skilled in the art could carry it out (Articles 26 et seq, PatA). The requirements for the interest to be demonstrated by the claimant are rather low. The only exception is an invalidity action based on the allegation that the patent owner has no right to the grant of the patent. This particular ground for invalidity can only be asserted by the person claiming to actually be entitled to the patent.

Rarely, an action for the cancellation of a patent is brought by a person with a demonstrated interest if the grant of licences does not suffice to meet the demand of the domestic market after a period of two years from the grant of the first compulsory licence (Article 38, PatA).

Finally, based on the prohibition against double patenting, a Swiss patent is revoked in favour of a European patent for one and the same invention with effect in Switzerland and granted to the same inventor or to his or her successor in title with the same filing or priority date (Article 125 paragraph 1, PatA).

4.2 Partial Patent Revocation/Cancellation

Partial cancellation is possible if the successful invalidity actions relate to certain patent claims only (Article 27, PatA).

4.3 Amendments in Patent Revocation/Cancellation Proceedings

A patent owner may amend a patent by revoking a patent claim, limit an independent claim by combining one or more patent claims which are dependent on it or limit an independent claim in some other way (see above **1.10 Post-grant Proceedings Available to Owners of Intellectual Property Rights**).

A patent may also be amended during invalidity or infringement proceedings. However, the patent owner is not able to rely on the amended patent at any stage of the proceedings. After the second pleading, new facts and new evidence are admissible only under very strict circumstances (see above **2.11 Initial Pleading Standards for Patent Disputes**).

The Swiss Federal Supreme Court clarified in a recent decision that if the patent owner amends the patent through the IPI during pending infringement proceedings, this has an *ex tunc* effect and thus the original patent that is subject of the infringement proceedings no longer exists. If the introduction of new facts (ie, the amended patent) is no longer admissible at the stage of the proceedings in question, the infringement proceedings must be dismissed. If the patent owner wants to proceed against the alleged infringer based on the amended version of the patent, he or she must commence new infringement proceedings.

4.4 Patent Revocation/Cancellation and Patent Infringement

Where an invalidity claim is raised as a defence within patent infringement proceedings, that invalidity claim is heard at the same time and within the same proceedings.

5. Patent Litigation: Trial and Settlement

5.1 Special Procedural Provisions for Intellectual Property Rights

The Swiss Federal Patent Court has exclusive jurisdiction in certain civil patent litigations. However, the proceedings before the Federal Patent Court are primarily based on the ordinary Swiss Civil Procedure Code, which applies to all civil proceedings. The Patent Court Act only contains a few provisions relating to the proceedings (eg, composition of the panel, jurisdiction and legal representatives).

5.2 Decision-Makers in Patent Litigation Cases

The Federal Patent Court makes its decisions as a three-member (or very occasionally a five-member) body (panel), of whom at least one member must possess technical training.

In the rare proceedings that are ruled before civil cantonal courts (see **5.4 Effect of Other Court Proceedings on Cases**), external technical experts may be appointed to submit an expert opinion *ex officio* or at the request of a party (Article 183, CPC). However, the final decision regarding technical questions remains with the judges.

5.3 Settling Patent Litigation Cases

Settlements may be agreed at any stage of civil proceedings. They may be discussed with the mediation of the court or upon separate negotiations among the parties only. Swiss courts often actively support the parties in order to find a settlement.

In front of the Swiss Federal Patent Court, the parties are summoned to an instruction hearing after the exchange of the first briefs. During this hearing, the court will present a first preliminary assessment of the case, which should serve as a basis for settlement discussions.

5.4 Effect of Other Court Proceedings on Cases

In respect of contractual rights related to patents, such as ownership and licence rights, legal actions may be filed both with the Federal Patent Court and also with the cantonal courts (Article 26 paragraph 2, PCA). Where the invalidity or infringement of a patent is to be adjudicated in such proceedings as a preliminary question or on a defence basis, the cantonal court grants the parties a reasonable period of time for filing the validity or infringement action before the Federal Patent Court, which has exclusive jurisdiction over this subject matter. The cantonal court must then stay the proceedings until a final decision has been made by the Federal Patent Court. However, considering that actions before cantonal courts with regard to patents have become very rare since the establishment of the Federal Patent Court, the influence of cantonal proceedings on the others are, in practice, very limited.

If proceedings before the Federal Patent Court relate to a European patent which is the subject of pending opposition proceedings before the EPO, the Federal Patent Court may stay its proceedings. In practice, however, this plays only a very limited role, since the Federal Patent Court emphasises that it only suspends its proceedings if a decision by the EPO can be expected in a short time.

6. Patent Litigation Remedies

6.1 Remedies for the Patentee

Civil remedies for patent holders include injunction or reparatory remedy, damages (including legal costs), and declaratory judgments. See **1.5 Rights and Obligations of Owners of Intellectual Property Rights** for further detail.

Swiss law does not provide for punitive or exemplary damages or the like. However, the patent owner may claim lost profits or, if the infringer acted in bad faith, the infringer's profit.

The court is bound by the available civil remedies and the parties' prayers for relief and has no discretion in ordering other remedies.

6.2 Rights of Prevailing Defendants in Patent Cases

According to Swiss civil procedure law, the losing party must bear the court costs and has to reimburse the prevailing party for its legal costs. The compensation for legal costs is calculated based on tariffs depending on the value of the dispute. This compensation does often not cover all the attorneys' fees and patent attorneys' fees actually incurred.

If the defendant has incurred damages due to the proceedings, he or she may claim compensation for such damages. Within proceedings for interim measures, the court may make the interim measure conditional on the payment of security by the applicant, if it is anticipated that the measures may cause damage to the opposing party. An applicant for interim measures is liable for any damages caused by unjustified interim measures. If the applicant proves, however, that he or she applied for the measures in good faith, the court may reduce the damages or entirely release the applicant from liability (Article 264, CPC).

6.3 Types of Remedies for Technical Intellectual Property Rights

The same types of remedies are available for infringements relating to Swiss national patents and European patents with protection for Switzerland. Essentially, also the same types of remedies are available for civil proceedings involving inventions protected as trade secrets. See **1.5 Rights and Obligations of Owners of Intellectual Property Rights** for further detail.

6.4 Injunctions Pending Appeal in Patent Cases

An appeal to the Swiss Federal Supreme Court does not have suspensive effect and, accordingly, injunctions granted at first instance are enforceable during the appeal proceedings. Upon request, the Federal Supreme Court may grant suspensive effect, but this is quite rare.

7. Appealing Intellectual Property Cases

7.1 Special Provisions for Intellectual Property Proceedings

Appeals to the Swiss Federal Supreme Court against decisions of the Federal Patent Court or the civil cantonal courts as sole instance follow the same rules as appeals in civil matters. No additional or specific rules apply to intellectual property rights appellate proceedings.

7.2 Type of Review Available at Appeal of Intellectual Property Cases

The Swiss Federal Supreme Court has full discretion when reviewing final decisions of prior instances on the merits with regard to legal questions. In contrast, a review of the facts is only possible in a very limited manner by ascertaining an abuse of law by the prior instance in determining the facts (Article 97, Supreme Court Act, SCA).

With regard to decisions on interim measures, the discretion of the Swiss Federal Supreme Court is narrower and limited to a review of a violation of constitutional rights (Article 98, SCA).

8. Patent Litigation Costs

8.1 Costs before Filing a Patent Lawsuit

Prior to filing a patent lawsuit, there may be significant costs associated with the technical evaluation of a patent's validity (as the defendant's usual defence will be to bring an invalidity action against the patent) and the evaluation of the potential infringement of said patent by the allegedly violating goods of the counterparty. Additional costs may arise for the issuance of warning letters or the preparation and filling of protective briefs.

8.2 Calculation of Court Fees for Patent Lawsuits

Court costs are calculated based on tariffs depending on the value of the dispute.

Upon filing an action, the claimant is requested to advance part of the court costs. In proceedings before the Federal Patent Court, the advance payment is usually half of the expected court costs, which corresponds to the expected court costs up to and including the instruction hearing.

8.3 Responsibility for Paying the Costs of Patent Litigation

As a principle, the losing party must bear the court costs and has to reimburse the prevailing party for its legal costs. A proportionate allocation in relation to the outcome is also possible.

Both, court costs and the compensation for legal costs, are calculated based on tariffs depending on the value of the dispute.

9. Alternative Dispute Resolution in Intellectual Property Matters

9.1 Intellectual Property Actions Where Alternative Dispute Resolution Is Used

In Switzerland, alternative dispute resolution (ADR), or more specifically arbitration, is an important means of resolving intellectual property disputes, particularly in international cases where a single decision is advantageous.

ADR in Switzerland is attractive for patent disputes as Switzerland provides for arbitration experts in most fields of technology.

According to Swiss case law, all aspects of intellectual property disputes are arbitrable, including contractual issues related to patents as well as disputes over the validity of patents. Whereas arbitration proceedings related to mere validity disputes are rather rare, contractual disputes are often the subject of arbitration proceedings.

10. Assignment and Licensing of Intellectual Property Rights

10.1 Requirements or Restrictions for Assignment of Intellectual Property Rights

Under Swiss law, the assignment of intellectual property rights consists of the undertaking to assign the right and the actual disposition of the right. While the undertaking to assign the right is not required to fulfil specific formal requirements, the actual transfer of the patent or patent application rights must be made in writing (Article 33 paragraph 2bis, PatA).

In order to validly assign and transfer the patent or patent application rights neither the approval of the IPI nor its recording in the Swiss patent register is required. However, if the assignment is not recorded, it is invalid against persons who have acquired in good faith rights to the patent from the registered patent owner.

For the recording of the assignment of the patent or patent application rights, the IPI requests the written consent of both the assignor and the assignee.

10.2 Procedure for Assigning an Intellectual Property Right

See **10.1 Requirements or Restrictions for Assignment of Intellectual Property Rights**.

10.3 Requirements for Restrictions to License an Intellectual Property Right

Under Swiss law, there are no specific formal requirements for licence agreements. Licence agreements can even be concluded orally and no approval of the IPI is required. Where the patent application or the patent is owned by two or more persons, a licence may not be granted without the consent of all entitled persons.

Licences may be recorded in the Swiss patent register, but this is not required for their validity between the contractual parties. However, if the licence is not recorded, it is invalid against persons who have acquired the patent in good faith (Article 34 paragraph 4, PatA).

For the recording of the licence rights, the IPI requests the written consent of the licensor.

10.4 Procedure for Licensing an Intellectual Property Right

See **10.3 Requirements for Restrictions to License an Intellectual Property Right**.

SWITZERLAND LAW AND PRACTICE

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Pestalozzi is a multicultural Swiss business law firm that has focused on high-end work for domestic and international clients since 1911. Pestalozzi's lawyers are strong and empathic personalities, known for their truly independent approach to advising and representing their clients. The firm guides and supports its clients in their strategic business decisions, anticipates their future challenges and helps them solve their critical issues. Being fully integrated, Pestalozzi encounters no inter-

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