The Intellectual Property Review

Third Edition

Editor
Robert L Baechtold

Law Business Research

The Intellectual Property Review

The Intellectual Property Review

Reproduced with permission from Law Business Research Ltd.
This article was first published in The Intellectual Property Review - Edition 3
(published in May 2014 – editor Robert L Baechtold).

For further information please email
Nick.Barette@lbresearch.com

The Intellectual Property Review

Third Edition

Editor
Robert L Baechtold

Law Business Research Ltd

THE LAW REVIEWS

THE MERGERS AND ACQUISITIONS REVIEW

THE RESTRUCTURING REVIEW

THE PRIVATE COMPETITION ENFORCEMENT REVIEW

THE DISPUTE RESOLUTION REVIEW

THE EMPLOYMENT LAW REVIEW

THE PUBLIC COMPETITION ENFORCEMENT REVIEW

THE BANKING REGULATION REVIEW

THE INTERNATIONAL ARBITRATION REVIEW

THE MERGER CONTROL REVIEW

THE TECHNOLOGY, MEDIA AND
TELECOMMUNICATIONS REVIEW

THE INWARD INVESTMENT AND
INTERNATIONAL TAXATION REVIEW

THE CORPORATE GOVERNANCE REVIEW

THE CORPORATE IMMIGRATION REVIEW

THE INTERNATIONAL INVESTIGATIONS REVIEW

THE PROJECTS AND CONSTRUCTION REVIEW

THE INTERNATIONAL CAPITAL MARKETS REVIEW

THE REAL ESTATE LAW REVIEW

THE PRIVATE EQUITY REVIEW

THE ENERGY REGULATION AND MARKETS REVIEW

THE INTELLECTUAL PROPERTY REVIEW

THE ASSET MANAGEMENT REVIEW

THE PRIVATE WEALTH AND PRIVATE CLIENT REVIEW

THE MINING LAW REVIEW

THE EXECUTIVE REMUNERATION REVIEW

THE ANTI-BRIBERY AND ANTI-CORRUPTION REVIEW

THE CARTELS AND LENIENCY REVIEW

THE TAX DISPUTES AND LITIGATION REVIEW

THE LIFE SCIENCES LAW REVIEW

THE INSURANCE AND REINSURANCE LAW REVIEW

THE GOVERNMENT PROCUREMENT REVIEW

THE DOMINANCE AND MONOPOLIES REVIEW

THE AVIATION LAW REVIEW

THE FOREIGN INVESTMENT REGULATION REVIEW

THE ASSET TRACING AND RECOVERY REVIEW

THE INTERNATIONAL INSOLVENCY REVIEW

THE OIL AND GAS LAW REVIEW

THE FRANCHISE LAW REVIEW

THE PRODUCT REGULATION AND LIABILITY REVIEW

www.TheLawReviews.co.uk

PUBLISHER
Gideon Roberton

BUSINESS DEVELOPMENT MANAGERS
Adam Sargent, Nick Barette

ACCOUNT MANAGERS
Katherine Jablonowska, Thomas Lee, James Spearing, Felicity Bown

PUBLISHING ASSISTANT
Lucy Brewer

MARKETING ASSISTANT
Chloe Mclauchlan

EDITORIAL ASSISTANT
Shani Bans

HEAD OF PRODUCTION
Adam Myers

PRODUCTION EDITOR
Timothy Beaver

SUBEDITOR
Janina Godowska

MANAGING DIRECTOR
Richard Davey

Published in the United Kingdom
by Law Business Research Ltd, London
87 Lancaster Road, London, W11 1QQ, UK

www.TheLawReviews.co.uk

ISBN 978-1-909830-04-2

Printed in Great Britain by
Encompass Print Solutions, Derbyshire
Tel: 0844 2480 112

ACKNOWLEDGEMENTS

The publisher acknowledges and thanks the following law firms for their learned assistance throughout the preparation of this book:

ABDULAI, TAIWO & CO

ADVOKATFIRMAET BA-HR DA

ANAND AND ANAND

ANDERSON MŌRI & TOMOTSUNE

ARNOLD + SIEDSMA

BIRD & BIRD LLP

BONELLI EREDE PAPPALARDO

CHAVALIT & ASSOCIATES LIMITED

CHRISTODOULOS G VASSILIADES & CO LLC

CLIFFORD CHANCE

DI BLASI, PARENTE & ASSOCIADOS

DITTMAR & INDRENIUS

FERRAIUOLI LLC

FITZPATRICK, CELLA, HARPER & SCINTO

HECHANOVA BUGAY VILCHEZ & ANDAYA-RACADIO

HOGAN LOVELLS (PARIS) LLP

KIM & CHANG

LDS ŁAZEWSKI DEPO & PARTNERS

LIU, SHEN & ASSOCIATES

MANEV & PARTNERS LTD

MOLITOR AVOCATS À LA COUR

MUŞAT & ASOCIAŢII

NAMAZIE & CO

NORTON ROSE FULBRIGHT CANADA LLP

PEPELIAEV GROUP

PLESNER LAW FIRM

POWELL GILBERT LLP

SAINT ISLAND INTERNATIONAL PATENT AND LAW OFFICES

SKRINE

TILLEKE & GIBBINS

VIEIRA DE ALMEIDA & ASSOCIADOS

WENGER PLATTNER

CONTENTS

EDITOR'S PREFACE

It is not an overstatement to say that essentially all business is global, and the protection of intellectual property is the lifeblood of all business. The scope and implementation of that protection, however, varies from country to country.

It would be ideal if there were one universal set of laws, rules and procedures. But, while the efforts of many dedicated individuals have accomplished much in harmonising intellectual property protection, we remain defined as much by our differences as by what we have in common. It therefore is incumbent on all of us, as advisers to our clients, to be conversant with the individual practices in each of the economically significant countries.

The goal of this review is to provide that guidance. We have assembled a body of leading practitioners to explain the opportunities for intellectual property protection in their respective jurisdictions, together with the most significant recent developments and any aspects that are unique to their country. While we have striven to make the book both accurate and comprehensive, we must note that it is necessarily a summary and overview, and we strongly recommend that the reader seek the advice of experienced advisers for application of the principles contained in this review to any specific matter.

Reflecting on the past two editions of this review, we have seen the radical reshaping of US patent law under the America Invents Act, steady progress towards harmonisation of patent rights in Europe with a Unified Patent Court, and continued development and enforcement of patent rights in China. The authors of each chapter will highlight these and other notable developments in their respective countries. This third edition demonstrates the need for annual reviews of intellectual property on a global scale to remain current for our clients.

It is our hope that the reader will find this a useful compilation and often-consulted guide.

Robert L Baechtold
Fitzpatrick, Cella, Harper & Scinto
New York
May 2014

Chapter 27

SWITZERLAND

Michael Isler[1]

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Switzerland is party to the majority of international treaties concerning protection of intellectual property rights, including the Paris Convention, TRIPS, and – in the realm of patents – the Patent Cooperation Treaty (PCT), the European Patent Convention, the Patent Law Treaty and the London Agreement. However, since Switzerland is neither a member state of the European Union (EU) nor of the broader European Economic Area (EEA), it is not bound to heed harmonised EU regulations and directives. Hence, there are some notable differences from the *acquis communautaire*, particularly in the field of copyright. Nevertheless, the Swiss legislator frequently tends to unilaterally adopt European directives, such as, in the area of patentability of genetic material, Directive 98/44/EC of 6 July 1998 on the Legal Protection of Biotechnological Inventions.

The most important forms of intellectual property protection available in Switzerland are briefly described in turn below.

i Patents

Despite the small domestic market, patents attract particular attention in Switzerland due to the importance of the pharmaceutical industry and its upstream sectors. Hence, Swiss patent legislation and jurisprudence tends to be rather pro-patentee. Patents may be obtained on the basis of a national or – more commonly – a European application or via the designation of Switzerland (directly or through a European application) pursuant to the PCT. In order for a technical invention to be patentable, it must be new, non-obvious, capable of industrial application, and sufficiently disclosed. It needs to be emphasised at the outset though that national applications are not examined with

1 Michael Isler is a senior associate at Wenger Plattner. The author would like to thank Konrad Becker, a patent attorney at Latscha Schöllhorn Partner Ltd, for his valuable comments.

respect to novelty and non-obviousness and are therefore granted on the basis of a mere examination of formal aspects. The term of protection is 20 years from the filing date.

The patent endows the proprietor with a right to enjoin others from commercial use of the invention, which encompasses, in particular, manufacturing, storage, offering, placing on the market, importation, exportation, as well as possession for any of these purposes. Carrying in transit may also be prohibited, but only under the proviso that importation was not permitted pursuant to the law of the country of destination.

The effects of the patent do not, *inter alia*, extend to use within the private sphere for non-commercial purposes; research or experimental purposes; or for obtaining marketing authorisation for a medicinal product. Further, the Federal Patent Act has since 2009 provided for a nuanced exhaustion regime, partly reversing a Federal Supreme Court landmark decision handed down a decade earlier and endorsing the principle of national exhaustion in patent rights.[2] The Act introduces EEA-wide exhaustion, except if the patent protection is only of subordinate importance for the functional characteristics of the goods, in which case the patented goods first sold by or with the consent of the patentee anywhere in the world may be imported. Strangely, the same applies to agricultural means of production and agricultural investment goods. On the other hand, the patentee's consent is always reserved if the goods are subject to price regulation in Switzerland or the country of origin. This carve-out of national exhaustion is mainly designed to prevent parallel imports of pharmaceutical products.

Utility patents for minor technical inventions do not exist in Switzerland. However, since the requirements of novelty and non-obviousness are not examined *ex officio* during the application process, domestic patents may serve as a relatively easy to obtain, but also easy to challenge instrument of protection.

ii Supplementary protection certificates

Supplementary protection certificates (SPCs) can be obtained for active ingredients of patented and authorised pharmaceutical products or pesticides. The term of protection is the shorter of five years or the time between the filing date of the patent and the date of marketing authorisation in Switzerland, minus five years. The application for an SPC must be filed within six months following the date of marketing authorisation or patent grant, whichever occurs later. The SPC grants the same rights as a patent and is subject to the same restrictions. Within these limits, the scope of protection extends to any use of the product as a pharmaceutical (or pesticide, as the case may be).

As the law currently stands, there are no other forms of patent term extensions available in Switzerland, for paediatric use, for example, but this may change upon adoption of an amendment to the Federal Therapeutics Act, which is currently being debated in parliament (see Section V, *infra*).

iii Copyright

Copyright protection for literary, scientific or artistic works of an individual nature, including computer programs, is available immediately upon the work's creation

2 Federal Supreme Court, 7 December 1999 – *Kodak*, 126 III 129 et seq.

irrespective of the author's nationality or domicile and is not subject to any registration requirement. The term of protection expires 70 years after the author's death. Neighbouring rights (rights of artistic performers, phonographic rights, rights of broadcasters) enjoy a term of 50 years from the year of presentation, publication or transmission respectively. There is no *sui generis* protection of database rights or photographs in Switzerland.

The copyright owner is entitled to determine if, when and how the work is being exploited. The owner's exclusive right is limited by the private use and other customary limitations, which are devised in a relatively broad manner and partly subject to collective exploitation by authorised collecting societies. Pursuant to long-established case law and subject to a few statutory exceptions, Switzerland has adopted the concept of international exhaustion of copyright, meaning that an example of a copyrighted work put into circulation with the author's consent anywhere in the world may be freely imported into Switzerland.[3]

iv Trademarks

Trademark protection can be obtained through national registration or designation of Switzerland via the Madrid System (Agreement and Protocol). Signs that (1) belong to the public domain; (2) are of a shape that constitutes the essential nature of the claimed goods or is otherwise technically necessary; (3) are misleading; and (4) are contrary to public order, morality or the law cannot acquire protection as a trademark. Compared with other offices, Swiss examiners tend to be fairly strict when it comes to the appraisal of misleading indications of origin, both alluding to domestic locations or places abroad. Unexpected refusals are not uncommon in this area, but frequently overturned on appeal.

A trademark is valid for a period of 10 years from the date of application and may be renewed indefinitely for subsequent periods of 10 years each. The trademark endows the owner with the exclusive right to prohibit others from using in commerce an identical or confusingly similar sign for the designation of specific goods or services. As in copyright protection, the Swiss Federal Supreme Court has posited international exhaustion once a branded product has been put into circulation for the first time.[4]

Indications of origin are protected in their own right by virtue of Articles 47 et seq. of the Federal Trademark Act. They are not subject to any registration requirements. Parliament recently endorsed an amendment aiming at enhancing designations evoking Swiss origin. The new regulations will only enter into force in 2016 or later.

Unregistered signs and trade dresses are capable of protection under unfair competition law, while company names benefit from a specific protection regime. Domain name registrations do not entail legal exclusivity rights per se, but earlier trademarks or trade names may constitute a claim for having a corresponding domain name transferred.

3 Federal Supreme Court, 20 July 1998 – *Nintendo*, 124 III 321 et seq.

4 Federal Supreme Court, 23 October 1996 – *Chanel*, 122 III 469 et seq.

v Designs

A design is the visible form of a two-dimensional or three-dimensional object, which is eligible for protection if it is new and distinctive without offending public order, morality or the law. Protection may be obtained by way of national registration or designation via the Hague and Geneva Acts of the Hague Agreement. The thresholds for registration are deliberately kept low, which is why the constitutive requirements of novelty and distinctiveness are not examined *ex officio*. A downside resulting from these low thresholds is that any registered design remains heavily exposed to nullity defences by alleged infringers. The maximum term of protection is 25 years from the filing date. Since case law related to designs is scarce, the Federal Supreme Court has not yet been seized to opine on the geographic scope of exhaustion. Doctrine favours international exhaustion in analogy to the situation in copyright and trademark law.

vi Trade secrets and know-how

There is no exclusive right conferred on trade secrets and other valuable confidential business information as such. However, unauthorised disclosure or exploitation of corresponding information is sanctioned by virtue of unfair competition and criminal law. Trade secrets are widely perceived as a viable alternative to patent protection outside the pharmaceutical and chemical sector, given the potentially undetermined protection period, the avoidance of disclosure and the deterring costs of prosecuting and enforcing patents.

vii Data exclusivity

Holders of marketing authorisations for pharmaceutical products benefit from a 10-year data exclusivity period, during which no generic manufacturer may rely on the results of the pharmacological, toxicological and clinical tests of the authorised product without the originator's approval. For new indications, new modes of administration, new preparation forms or new dosages another data exclusivity period lasting between three and five years from the date of granting marketing authorisation is accorded. There is no regulatory market exclusivity for orphan drugs.

II RECENT DEVELOPMENTS

The most notable recent statutory change was the inauguration of the Federal Patent Court. The Court began its operations on 1 January 2012. It rules as court of first instance on civil-law disputes concerning patents with respect to disputes on patent validity as well as patent infringement. Previously, patent cases were dealt with by cantonal courts, which often lacked the necessary experience and know-how. Although the Federal Patent Court immediately assumed jurisdiction in all cases pending before the cantonal courts where the main hearing had not yet been held, the Court's workload in its first year of operation was lower than initially expected. However, in 2013, the number of cases lodged directly with the Court doubled, reaching 22 ordinary and 11 preliminary proceedings. In 16 out of 18 proceedings concluded in 2013 a settlement was attained, which results in a remarkable settlement ratio of 89 per cent. The Court

considers this as exceptional and has announced its intention of reaching a settlement ratio of 50 per cent in coming years.

Further, the Federal Patent Attorney Act entered into force on 1 July 2011. It significantly improved the standing of patent attorneys in Switzerland by means of regulating the use of the professional title and introducing a statutory attorney–client privilege.

The judgments handed down by the Federal Patent Court so far have not indicated any disruptive changes to previous case law. The majority of the decisions clarify procedural aspects. Particularly, the Patent Court endorsed the Federal Supreme Court's sometimes-criticised practice that an order to cease and desist a patent infringement is only admissible if it contains a description of the incriminated act in a level of detail that allows to determine an infringement solely on the basis of a purely factual examination. The wording of a patent claim is sufficiently specific only if such wording itself fulfils said requirements.[5] With respect to substantive law issues, the Federal Patent Court had the opportunity to adjust the criteria of equivalent infringement to prevailing European standards, thereby deviating from past practice, which undervalued the importance of the literal formulation of the patent claims (see Section IV.vi, *infra*).[6]

III OBTAINING PROTECTION

Domestic patent applications are to be filed with the Federal Institute of Intellectual Property (the Institute). The Institute is also the designated office for dealing with international applications claiming patent protection in Switzerland pursuant to the Patent Cooperation Treaty. Applicants domiciled in Switzerland may also file European patent applications with the Institute, with the exception of divisional applications.

Upon filing of a patent application, the Institute will first conduct a formal examination and then proceed to the validation of the technical elements of the invention upon receipt of the examination fee. The substantive validation focuses on the patentability of the invention, grounds for exclusion from patentability, sufficient disclosure of the invention, admissibility of modification of the technical documents, and the formulation of the patent claims. Unlike the European Patent Office, the Institute does not examine the criteria of novelty and inventive step *ex officio*. Consequently, the applicant is under no obligation to disclose prior art. The application is published at the latest 18 months following the application or the earlier, designated priority date.

For an invention to be patentable, it must be of a technical character, namely, it must entail a physical interaction with the environment. In this light, claims merely containing characteristics of computer software as such or of business methods transposed to a computer network are not capable of being patented. The invention must further be executable and reproducible in industrial application.

The following types of inventions are excluded from patentability:

5 Federal Patent Court, 30 January 2014, O2012_33, cons. 17 (on appeal).

6 Federal Patent Court, 21 March 2013, S2013_001, cons. 17.2.

a the human body as such, at all stages of its formation and development, including the embryo (an element of the human body is, however, patentable if it is produced by means of a technical process and a beneficial technical effect is indicated);

b naturally occurring gene sequences or partial sequences (however, technically produced derivatives of gene sequences may be patented if their industrial applicability is disclosed);

c unmodified human embryonic stem cells and stem cell lines;

d processes for cloning human beings or the creation of other organisms by using human genetic material;

e processes for modifying the germ line genetic identity of human beings;

f essentially biological processes for the production of plants or animals;

g harmful processes for modifying the genetic identity of animals without due justification;

h use of human embryos for non-medical purposes; and

i methods for surgical treatment or therapeutic and diagnostic methods practised on the human or animal body. However, substances and compositions solely intended for such medical use (first medical indication) or for use in the manufacture of a means to a medical end (a 'Swiss-type claim', also available for second and further medical indications) are patentable even if the underlying substances and composition form part of the prior art. The latter constitutes a notable discrepancy with the European procedure, where Swiss-type claims are no longer admissible.

In the event that biological material is directly obtained by a patented manufacturing process, the effects of the patent also extend to propagated material (vertical extension of protection) and to products in which the biological material is incorporated (horizontal extension of protection). These principles also apply to the Swiss part of European patents.

Once granted, the patent may be opposed by third parties within a time limit of nine months, but solely on the grounds of non-patentability essentially for reasons of public policy or morality. This procedure has never been availed of since its introduction in 2008, mainly because the vast majority of patent applications in the biotechnological field are filed with the European Patent Office. Hence, the requirements of novelty or non-obviousness can only be scrutinised by the Federal Patent Court in nullity proceedings or in infringement proceedings by virtue of a counterclaim or objection.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

Since 2012, the Federal Patent Court has had exclusive jurisdiction in the first instance over validity and infringement disputes, including the ordering of preliminary measures with respect thereto. The Federal Patent Court also has concurrent jurisdiction in other civil actions with a factual connection to patents. This is particularly interesting in disputes concerning patent licence agreements where the Federal Patent Court's technical expertise is sought by the claimant.

In addition to civil claims, border control measures and criminal proceedings may also be envisaged by the patentee. In case border control measures indicate an imminent patent infringement, the customs administration will withhold the goods for a maximum period of 10 working days (extendable to a maximum of 20 working days) to allow the applicant to institute proceedings for preliminary measures. Goods in transit can only be subject to seizure if there are indications of a patent infringement both in Switzerland and the country of destination.

Finally, arbitral decisions on patent infringement and validity are enforceable in Switzerland. The Institute will only act upon an arbitration ruling if a certificate of enforceability is produced. Such certificate will be issued by the High Court of the canton in which the arbitral tribunal is seated.

ii Requirements for jurisdiction and venue

The patentee is entitled to demand the cessation of or desistance from infringements if it is argued that infringing acts are imminent or have already occurred. In declaratory proceedings a qualified interest must be shown by the plaintiff. The declaration is supposed to eliminate an unclear and enduring legal situation that cannot be remedied by other means. Hence, if the plaintiff can bring an action for infringement, it is usually deprived of an interest to obtain a declaratory judgment.

Exclusive licensees may procure injunctions and claim damages independently and on their own right, unless excluded by the licence agreement. Non-exclusive licensees must procure title to sue from the patentee. However, licensees of any type may claim their own loss or damage by joining infringement proceedings instituted by the patentee.

Nullity actions may be brought by anyone demonstrating a legitimate interest in defeating the patent. The thresholds for showing such interest are rather low, an actual or potential competitive relation with the patentee on the Swiss market is deemed sufficient. Non-challenge clauses in licence agreements would prevent the licensee from revoking the patent according to a majority of the doctrine. However, such clauses have become rare given their contestability under European competition law.

iii Obtaining relevant evidence of infringement and discovery

As a matter of principle in Swiss civil procedure law, it is for the parties to the proceedings to produce the relevant evidence in support of their allegations. Fact-finding attempts comparable to pretrial discovery are stigmatised as fishing expeditions.[7] However, there are two procedural mechanisms to obtain an adversary's evidence even before commencement of a lawsuit on the merits.

First, article 77 of the Federal Patent Act provides that the Federal Patent Court may order a precise description of the allegedly unlawful products manufactured or processes used. The patentee must provide *prima facie* evidence that an existing claim has been infringed or an infringement is suspected to occur. The court will take the necessary measures to safeguard manufacturing or trade secrets, for instance by conducting the description *ex parte*. Such exclusion does not necessarily extend to the applicant's attorney

7 As expressly declared by the Federal Patent Court, 27 April 2012, S2012_006, cons. 8.

or patent attorney, who, however, may be subject to a confidentiality obligation with regard to their clients and ordered to hand in their notes to the court.[8]

Second, the Federal Code of Civil Procedure allows for a preliminary taking of evidence if it is made plausible that the evidence may disappear later or if another legitimate interest is established. An interest of evaluating the chances of success in a subsequent lawsuit may be regarded as sufficient, provided that there are circumstances indicating an infringement and that the evidence to be produced is potentially relevant for the verification of the suspected facts. The scope of the preliminary taking of evidence is confined to the establishment of facts alleged by the applicant and disputed by the opponent. For instance, a request to disclose the identity of an unspecified manufacturer of allegedly infringing products is not permissible.[9] Further, the alleged infringer cannot be compelled to release documentary evidence. The taking of evidence is therefore confined in practice to the seizure or visual inspection of infringing goods or methods, examination of witnesses, procurement of expert opinions or the release of documents in the hands of third parties.

As an alternative to preliminary measures pertaining to the taking of evidence, the plaintiff may also specify documentary evidence in the hands of the defendant to be released. If the defendant refutes such release, the court will consider such failure in the course of the appraisal of the evidence on file. Third parties on the other hand are obliged to comply with a court's order to release documentary evidence.

Last, the patentee is entitled to demand disclosure of information pertaining to the sources, quantities and recipients of infringing products.

iv Trial decision-maker

The Federal Patent Court is a specialised court constituted by two permanent judges and 36 non-permanent judges, of whom 25 are technical experts and 11 have a legal education. In regular proceedings, the panel is composed of three to seven judges and always includes at least one expert in the technical domain at issue. In proceedings regarding preliminary measures, the chairman usually rules as a single judge on procedural aspects and appoints a panel of three judges whenever deemed appropriate for legal or factual considerations.

v Structure of the trial

The Federal Patent Court has issued guidelines on the conduct of its proceedings, which are available in English.[10] Proceedings in patent disputes are initiated by submission of the plaintiff's written statement of claim outlining the relevant facts and offering the supporting evidence. Subsequently, the plaintiff is ordered to pay an advance on the court fees and the defendant is served simultaneously with the statement of claim for its

8 Federal Patent Court, 30 August 2013, S2013_008, cons. 7.

9 Federal Patent Court, 12 June 2012, S2012_006, cons. 7.

10 Guidelines on Proceedings before the Federal Patent Court, available at www.patentgericht.ch/assets/Dokumente/Richtlinien_zum_Verfahren_EN_gültig_ab_130101.pdf (last visited 9 April 2014).

attention. Only upon receipt of the court retainer fee will the adverse party be invited to submit its statement of defence within a time limit set by the Court.

Upon receiving the statement of defence, or, in the case of a counterclaim, upon receiving the reply and defence to counterclaim, a preparatory hearing generally takes place, in which the Chairman or the instructing judge and the designated technically trained judge participate. After a discussion with the parties on the matter at issue, the court delegation will proceed with a preliminary assessment of the matter off the record and attempts to bring about a settlement. If no settlement is achieved, the proceedings will usually continue with another exchange of briefs.

The plaintiff normally carries the burden of proof in infringement proceedings. However, the burden of proof is reversed if the invention concerns a process for the manufacture of a new product in the way that every product of the same composition shall be presumed to have been fabricated by the patented process. The same applies to a process for the manufacture of a known product if the patentee is capable of presenting *prima facie* evidence of an infringement of the process patent.

The defence of patent invalidity may be raised in the form of an objection, a counterclaim or a distinct revocation action. In all instances, the competence lies with the Federal Patent Court. In case the question of nullity or infringement of a patent is at stake before an ordinary civil law court on a preliminary question or defence basis, the seized court will stay the proceedings and allow the parties to file an independent revocation or infringement action before the Federal Patent Court. In case the defendant party files a counterclaim for revocation or infringement instead, the ordinary civil law court completely loses its competence and refers both actions to the Federal Patent Court.

As a general rule, the language of the statement of claim is selected as the language of the proceedings where it is one of Switzerland's official languages (i.e., German, French or Italian). The parties may also select English provided they have agreed to this in writing. Also, in this case the court rulings will be rendered in the official language established as the language of the proceeding.

The offered evidence is appraised at the discretion of the court. Given the technical expertise of the panel, the Federal Patent Court is reluctant to appoint additional experts. Opinions prepared by party-appointed experts are not accorded the quality of evidence, but are regarded as mere contentions of the parties. The same applies to expert opinions prepared for the purpose of parallel proceedings abroad, even if they are made up on the order of a court. They merely provide evidence that the relevant party's contentions on the conclusions of the foreign expert are indeed reflected in the opinion.[11]

vi Infringement

Pursuant to Article 66 of the Patent Act, use or imitation of a patented invention is deemed an infringement. Hence, the scope of protection encompasses both literal and equivalent infringement. The Federal Patent Court recently had the opportunity to adapt previous Swiss doctrine of equivalents to the prevailing standards in continental Europe. Hence, equivalent infringement takes place if the following three criteria are satisfied: (1)

11 Federal Patent Court, 3 May 2012, O2012_022, cons. 10.

a product or process substitutes certain functional characteristics of a patent claim, while (2) the substitutive characteristics must be evident to an expert in the art in view of the patented teaching and (3) are inspired by the patent claim as literally stated.[12] The third element emphasising the importance of the literal patent claim for the determination of the equivalence was absent in the past practice of the Swiss cantonal courts and the Federal Supreme Court.

vii Defences

Defences may be asserted in the framework of the infringement proceedings or by way of an independent action against the patentee (see Section IV.v, *supra*).

Apart from non-infringement, the most popular defence against an infringement action is patent invalidity, which may be asserted because of lack of novelty, lack of inventive step, non-patentability (see Section III, *supra*), or insufficient disclosure of the invention for it to be carried out by a person skilled in the art. Further, a patent can be revoked if the subject matter of the patent goes beyond the content of the initial patent application or if the patentee was not entitled to be granted the patent (e.g. because the invention was made by someone else).

As a less common defence, the alleged infringer may argue that the incriminated use is exempted from patent protection because of private use or other privileged purposes or because of exhaustion of rights (see Section I.i, *supra*). Further, a patent cannot be invoked if the alleged infringer was commercially using the invention in good faith in Switzerland or had made special preparations for that purpose prior to the filing or priority date of the patent application. Any such person may continue using the invention for the purposes of its trade or business. Further, a range of compulsory licenses may be asserted if the respective prerequisites are met. Compulsory licenses are available *inter alia* for facilitating the use of dependent inventions purporting a major technical advance, in the absence of sufficient exploitation of a patent in Switzerland, if public interest so demands, as a remedy for anticompetitive behaviour or for the export of pharmaceutical products to developing countries.

viii Time to first-level decision

The Federal Patent Court has announced its intention of pursuing expedited proceedings so as to be able to render a first-instance judgment within 12 months of the commencement of proceedings. Hence, the parties are confronted with relatively short time limits to submit their briefs, ranging between four and six weeks, and limited possibilities to request an extension of time limits.

ix Remedies

The main remedies available to the patentee are injunctions and compensatory claims. Further, surrender of documents and information disclosing the source, quantities and recipients of infringing products may be ordered.

12 Federal Patent Court, 21 March 2013, S2013001, cons. 17.2.

With respect to monetary claims for compensation of damages or disgorgement of unlawfully attained profits, the plaintiff may in a first step demand disclosure of evidence relevant for the quantification of the claimed amount, which will then be pursued in a second step. Four alternative calculation methods are recognised by the courts: actual loss of profits, licence analogy, disgorgement of profits, or unjust enrichment. There are no punitive damages in Switzerland.

Disgorgement of profits usually results in the highest amount of compensation, but comes with the impediment that bad faith must be shown on the part of the infringer. Under the concept of licence analogy, the damage actually suffered is substituted by a fictitious reasonable royalty that would be due if the adverse parties had entered into a licence agreement. However, according to the Federal Supreme Court, the plaintiff must establish a causal link between the hypothetical damage and the conduct of the infringer; in other words, evidence that a licence agreement could possibly have been concluded is required. This requirement defeats the concept of licence analogy in the majority of cases, but the plaintiff may demand the same by taking recourse to the concept of unjust enrichment in the amount of the infringer's savings commensurate to a fictitious reasonable royalty rate.

Monetary claims are time-barred one year after the plaintiff has become aware of the damage and the identity of the infringer, unless the infringement constitutes a criminal offence, which is subject to a longer statute of limitations. There is also an absolute limitation period of 10 years after the damage has occurred. Claims for injunctive relief are not time-barred in principle. However, the plaintiff may be considered to have acquiesced to the infringement if it was or should have been aware of it for several years without intervening.

Injunctions may also be obtained by way of preliminary measures, if – based on *prima facie* evidence – the patent is infringed or an infringement is imminent, the plaintiff is likely to suffer irreparable harm because of such infringement, and there is urgency. *Ex parte* injunctions are rarely granted and subject to a qualified requirement of urgency. With respect to *ex parte* injunctions based on domestic patents, it should be noted that the plaintiff must produce *prima facie* evidence on the validity of the patent, such as an official search report, because there is no *ex officio* examination of novelty as a prerequisite for patent grant.[13] If an infringer expects an attempt by the patentee to obtain an *ex parte* injunction, it may lodge a preventive protective writ with the Federal Patent Court outlining the defence against the anticipated allegations.

x Appellate review

Judgments rendered by the Federal Patent Court may be appealed to the Swiss Federal Supreme Court on points of law only. Patent cases are reviewed by the first civil senate of the Federal Supreme Court; there are no specific expert judges sitting on the bench.

Preliminary rulings are considered as intermediary orders and therefore solely appealable if they would be capable of causing irreparable legal prejudice to the appellant. Further, they are only scrutinised under the angle of violation of constitutional rights,

13 Federal Patent Court, 24 May 2013, S2013_005, cons. 3.

such as the right to a fair hearing. Legal errors are only remedied if the first instance court's preliminary order is manifestly arbitrary.

xi Alternatives to litigation

The conduct of proceedings implemented by the Federal Patent Court is inspired by the tradition of the four cantonal commercial courts to stimulate settlements at a relatively early stage of the proceedings. The main 'weapon' of the court in this regard is the assessment of the case by the court delegation during the preliminary hearing (see Section IV.v, *supra*). This opinion will hardly be reversed and forces the presumably defeating party to make concessions. It is impossible to recuse the judge responsible for the preliminary assessment if settlement talks have failed and proceedings are to be resumed.

Since the objections admissible in oppositions brought against domestic patents before the Institute are very limited (see Section III, *supra*), opposition is only a viable alternative to litigation if directed against a European application within nine months after grant of the right in the patent.

V TRENDS AND OUTLOOK

The last patent reform in Switzerland dates back to 2008 and focused on the protection of biotechnological inventions. Since then, the legislative front has been relatively calm. However, the pending revision of the Therapeutic Products Act may bring about a six-month SPC extension for paediatric pharmaceuticals in the near future. While market exclusivity for orphan drugs is unlikely to be introduced, it is planned that in case of their authorisation for paediatric use they will profit from a prolonged 12-year data exclusivity period.

Although Switzerland will not participate in the Unitary Patent and Unified Patent Court scheme that is about to emerge within the European Union, the corresponding developments will be closely observed and analysed.

On the litigious side, the Federal Patent Court will continue to increase its profile. After initial scepticism, its judgments are generally well received and its recognition is being enhanced further.

Appendix 1

ABOUT THE AUTHORS

MICHAEL ISLER

Wenger Plattner

Michael Isler is a senior associate with Wenger Plattner, practising in the firm's Zurich and Basle offices in the fields of intellectual property, ICT, unfair competition, and life sciences law. He was educated at the Universities of Zurich and Louvain and also holds a doctoral degree from the University of Lucerne. Prior to joining Wenger Plattner, Dr Isler worked as in-house counsel for a multinational technology group, where he acquired a great deal of his technical and regulatory expertise. While technology transfer remains one of Dr Isler's most-favoured practice areas, he frequently advises on intellectual property, ICT, outsourcing and advertising matters and is also recognised as a seasoned litigator in these domains.

WENGER PLATTNER

Seestrasse 39, Goldbach-Center
PO Box
8700 Küsnacht-Zürich
Switzerland
Tel: +41 43 222 38 00
Fax +41 43 222 38 01
michael.isler@wenger-plattner.ch
www.wenger-plattner.ch