October 2020

Newsletter No. 5

Swiss IP News

We provide you with updates on new decisions, the relevant legislative process and other trends in the fields of intellectual property and unfair competition law from a Swiss perspective.

walderwyss attorneys at law

Swiss Federal Supreme Court: Waving Goodbye to Waivers

By Markus Frick
Dr. iur., LL.M., Attorney at Law
Partner
Telephone +41 58 658 56 27
markus.frick@walderwyss.com

and Manuel Bigler
MLaw, Attorney at Law
Telephone +41 58 658 56 88
manuel.bigler@walderwyss.com

In a recent decision, the Swiss Federal Supreme Court clarified that a partial waiver of a patent in suit after formal closure of the file to react to the judge-rapporteur's expert opinion must be disregarded in pending proceedings. The decision is highly relevant not only in patent law, but in Swiss civil procedure law in general.

Background

The decision revolves around a patent dispute concerning hybrid sockets for artificial hip joints. The claimant sued the defendant before the Swiss Federal Patent Court on the ground that the defendant's product infringed its patent.

In its rejoinder, i.e. its second written brief, the defendant alleged *inter alia* that one of the patent claims asserted was invalid because its subject-matter had, in the application phase, been unduly extended beyond the content of the application as filed, namely by adding an "at least" to the respective claim. In his (non-binding) expert opinion, the judge-rapporteur too expressed concerns that the respective claim might be invalid for undue extension of the subject-matter. After receipt of the expert opinion, the claimant partially waived the patent in suit at the Swiss Federal Institute for Intellectual Property (IPI) in an attempt to overcome the judge-rapporteur's findings by deleting the "at least" from the respective claim. The claimant submitted the partial waiver to the Swiss Federal Patent Court. A dispute arose as to whether or not this was admissible.

Under Swiss civil procedure law, new facts and new evidence (*nova*) may be presented without restrictions until formal closure of the file. If the court orders a second exchange of written briefs, the file is generally closed after the parties have submitted their second written briefs. After formal closure of the file, *nova* are only admitted if they either come into existence only after formal closure of the file (*proper nova*) or if they existed before but could not be expected to be submitted despite reasonable diligence (*improper nova*). In either case, in order to be considered, the *nova* need to be submitted without delay.

In the case at hand, as is customary at the Swiss Federal Patent Court, a second exchange of written briefs had taken place and the judge-rapporteur then issued his expert opinion. The claimant partially waived the patent in suit only after the expert opinion. Thus, the file was already formally closed at the time of the partial waiver.

The Swiss Federal Patent Court had to decide whether or not the partial waiver was still to be admitted in the proceedings as a *novum*. The claimant argued that the partial waiver was a *proper novum* that had been timely submitted in the proceedings. By contrast, the defendant argued that a new fact created by the claimant itself qualified as an *improper novum*. The claimant could have been expected to partially waive the patent earlier, namely after the defendant had alleged the undue extension of the subject-matter in its rejoinder. According to the defendant, the *improper novum* was therefore inadmissible.

Decision

The Swiss Federal Patent Court followed the claimant's argument. In a controversial decision, its first with a dissenting opinion, the Swiss Federal Patent Court

considered the partial waiver to be a *proper novum* that had been timely introduced into the proceedings. On the merits, it partially upheld the claim, granting *inter alia* injunctive relief and ordering the defendant to render account of profits (FPC O2016_012 of 28 October 2019).

On appeal, the Swiss Federal Supreme Court disagreed with the Swiss Federal Patent Court. According to the Swiss Federal Supreme Court, *nova* that are created by a party and whose creation depend on the will of that party (so-called *potestative nova*) are to be treated as *improper nova.* To be admissible, it is thus required that, despite reasonable diligence, such *nova* could not have been submitted earlier (FSC 4A_583/2019 of 19 August 2020).

In the case at hand, the undue extension of subject-matter had first been alleged by the defendant in its rejoinder. The partial waiver, however, was filed only after the judge-rapporteur had concurred with the defendant in his expert opinion. The Swiss Federal Supreme Court held that the partial waiver was thus, in part at least, caused by the defendant's allegations in its rejoinder. Accordingly, the partial waiver should, with reasonable diligence, have been filed with the IPI in reaction to the rejoinder. Reacting only after the judge-rapporteur's expert opinion was too late on the part of the claimant. The claimant could thus not rely on the partial waiver in the proceedings.

For the decision on the merits, this meant that it could only be based on the patent in its earlier form, i.e. before the partial waiver. However, the effects of a partial waiver take place *ex tunc*, i.e. from the outset. Accordingly, the patent as modified is deemed to have existed since the grant of the patent, while the patent in its previous form is deemed not to have existed at all. Thus, the patent in its previous form, on which the decision on the merits would have to be based, no longer exists.

According to the Swiss Federal Supreme Court, the claimant does not have any legitimate interests in having something assessed which no longer exists. Whether a claimant still has a legitimate interest is to be examined *ex officio*, meaning that in the case at hand the partial waiver had nevertheless to be considered when examining the claimant's interests in the matter. The decision by the Swiss Federal Patent Court was thus annulled and the claim written off as having become devoid of purpose. The claimant has the option of refiling its action with the Swiss Federal Patent Court based on the partially waived patent.

Comment

The judge-rapporteur's expert opinion, although not binding, generally has a strong bearing on the Swiss Federal Patent Court's decision on the merits. Before limiting a patent, a patent owner thus has a strong interest in knowing the judge-rapporteur's view on the validity of the patent in suit. However, after the judge-rapporteur issues the expert opinion, the parties can in principle no longer file new requests how to limit the patent in the pending proceedings. According to the Swiss Federal Supreme Court's decision, it is generally not possible for the patent owner to partially waive the patent in suit with the Swiss IPI and to then validly introduce such waiver as a *novum* into the pending proceedings, either. The Swiss Federal Supreme Court's decision is not only of interest to patent law practitioners, but to litigators in other fields as well. The Swiss Federal Supreme Court's ruling on the handling of *potestative nova*, i.e. *nova* created by one party at that party's will, will generally apply under Swiss civil procedure law.