

Newsletter No.

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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.



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Federal Patent Court: When the injunction is late to the party

In a recent decision, the Federal Patent Court addressed the issue of springboarding. Springboarding refers to a situation in which a party, by infringing a patent during the patent term, gains a commercial advantage that subsists after the patent expires.

Decision

In one of several disputes between the parties, the claimant brought a patent infringement action against the defendant before the Federal Patent Court (FPC) on 21 June 2019. The claimant's compound as such has been generic since 2004. However, the claimant argued that the defendant's product, which had been on the market since 2016, infringed one of the claimant's second medical use patents, which was due to expire on 8 January 2021.

In its decision of 22 December 2020 (O2019_006), the FPC found the asserted patent to be valid and infringed. The FPC therefore granted an injunction. However, since the patent expired on 8 January 2021 and the decision could only be dispatched to the parties after that date, this injunction was without any effect. Further, in view of the imminent patent expiration, the FPC dismissed the claims for recall and destruction of the infringing goods. Finally, the FPC ordered the defendant to provide information and render a proper account of the infringement. The claimant's financial claims will be decided in the second stage of the proceedings, once the defendant has provided the requested information and documents.

Springboarding

Interestingly, in view of the imminent expiration of the patent in suit, the FPC also discussed so-called springboard injunctions, although the claimant had not requested such an injunction. Generally, the exclusive right conferred by a patent ends when the patent expires. Nevertheless, some courts have in the past occasionally granted injunctions after patent expiration in cases where the enjoined party had infringed a patent while it was still in force. Such cases typically concern infringing preparatory acts such as importing goods, stockpiling of goods etc. in anticipation of market access after patent expiration, which provide the infringer with a springboard, or a head start, into the market. A springboard injunction is designed to deprive the enjoined party from such benefit gained by pre-expiry infringements. For a determined time period, the springboard injunction restrains post-expiry and otherwise lawful acts which would have infringed the patent when the patent was still in force. For example, a Swiss first instance court found in an unfair competition case that the defendant had gained an unjustified time advantage of two months by its unfair conduct and enjoined the defendant from selling certain goods for two months (sic! 1999, 174).

In the decision at hand, the FPC held that once the patent had lapsed, it was not possible to base claims for injunctive relief and remedy on the exclusive right conferred by the patent. Rather, if the infringing acts during the patent term continued to have an effect on the patent

owner after the expiration of the term, the patent owner was entitled to a damage claim.

The FPC further held that in the present case the defendant was able to build up a stock and establish distribution channels while the patent was still in force, thus gaining an advantage that would continue to have an effect even after expiration of the patent term. The claimant may claim its damages related thereto in the second stage of the proceedings concerning the claimant's financial claims. To do so, the claimant would have to show how much longer it would have taken the defendant to achieve the same sales volumes after patent expiration without the infringing acts.

Comment

In Switzerland, it is in practice difficult to obtain financial relief for the infringement of intellectual property rights. It is therefore often crucial to obtain injunctive relief as soon as possible to prevent further infringements.

The FPC's decision is interesting in that the dispute was not decided until the very end of the patent in suit's term. Although the proceedings only took about 18 months and the patent was ultimately found to be valid and infringed, the claimant was unable to obtain an injunction in time. Accordingly, the defendant will be able to continue to profit after the patent expiration from the advantages of its early access, although these advantages were obtained while the patent was still in force.

The FPC holds that such advantages may give rise to a damage claim. Yet, in view of the restrictive Swiss practice, it may be difficult for the claimant to obtain financial relief for such springboard profits.

It would have been interesting to hear the FPC's view on whether a springboard injunction could be based on a damage claim, with the claimant seeking, as a

form of the compensation of the damage, an injunction as restitution in kind rather than monetary compensation. However, the FPC did not address this issue and did not have to as no such claim was made.

The Walder Wyss Newsletter provides comments on new developments and significant issues of Swiss law. These comments are not intended to provide legal advice. Before taking action or relying on the comments and the information given, addressees of this Newsletter should seek specific advice on the matters which concern them.

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