



The Legal 500 & The In-House Lawyer
Comparative Legal Guide
Switzerland: Patent Litigation

This country-specific Q&A provides an overview of the legal framework and key issues surrounding patent litigation law in Switzerland.

This Q&A is part of the global guide to Patent Litigation.

For a full list of jurisdictional Q&As visit <http://www.inhouselawyer.co.uk/index.php/practice-areas/patent-litigation/>

walderwyss

Country Author: Walder Wyss

The Legal 500



Markus Frick, Partner

markus.frick@walderwyss.com

The Legal 500



Manuel Bigler, Associate

manuel.bigler@walderwyss.com



Felix Tuchschnid, Trainee Lawyer

felix.tuchschnid@walderwyss.com

1. **What is the forum for the conduct of patent litigation?**

The Federal Patent Court ("FPC") is the one patent court of first instance for all of Switzerland. It has exclusive jurisdiction over disputes regarding validity and infringement of patents. For disputes that neither concern validity nor infringement, but still have a connection with patents, such as disputes arising out of patent license agreements or disputes relating to the title to patents or their assignment, there is a

concurrent jurisdiction of the FPC and the 26 higher cantonal courts.

The FPC was created to vest jurisdiction in the hands of a specialised court composed of judges with legal and technical backgrounds. It takes its decisions generally as a three-member panel, of whom at least one member has legal training and one member has technical training, typically in the relevant subject matter. Therefore, the parties may expect a high level of expertise.

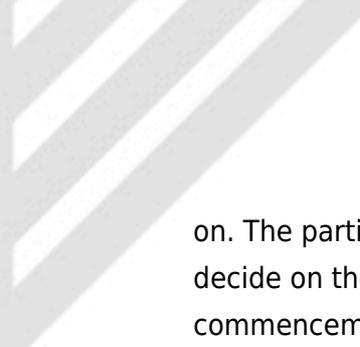
2. What is the typical timeline and form of first instance patent litigation proceedings?

The FPC examines all questions relevant in patent cases, including claims construction, infringement, validity and damages. These questions are dealt with in the same proceedings.

Infringement actions are typically brought in a so-called action by stages. In the first stage, the FPC will decide on validity (if contested), injunctive relief, remedy and the rendering of account of profits, while it will decide on monetary relief (including quantum) only in the second stage.

An infringement action is initiated by filing a written statement of claim. In the statement of defence, the defendant will usually assert that the patent in suit is invalid, either by way of a defence or by filing a counterclaim. The FPC then summons the parties to an instruction hearing, in which it provides a preliminary assessment of the dispute, which then serves as a basis for court-mediated settlement negotiations. Many patent disputes are settled at this stage. Before this hearing, the claimant could file a reply limited to the question of validity of the patent in suit. As the claimant usually does not address the validity of the patent in the statement of claim, this allows the FPC to hear both parties' view on validity before the instruction hearing. This practice has, however, recently been challenged by the Federal Supreme Court ("FSC").

If the case is not settled, a second exchange of written briefs takes place. Afterwards, the lead technical judge will issue an expert opinion, which the parties may comment



on. The parties are then summoned to the main hearing, following which the FPC will decide on the first stage of the infringement action, typically within 24 months of the commencement of the proceedings. If the FPC finds that there was an infringement and after the defendant provided the necessary information, the FPC will, after another exchange of written submissions, decide on monetary relief.

3. Can interim and final decisions in patent cases be appealed?

Interim and final decisions can be appealed to the FSC. Interim decisions may, however, only be appealed if they are capable to cause irreparable harm to the appellant.

The FSC's review is limited to questions of law, while it is generally bound to the facts established by the lower court. For interim decisions, the review of the FSC is further restricted.

In patent cases, the proceedings before the FSC usually take between six and nine months.

4. Which acts constitute direct patent infringement?

Assessing whether a patent is infringed essentially involves two steps: Construction of the patent claim and comparison of the construed claim with the allegedly infringing product. If this assessment finds that the product is infringing, any unauthorized commercial use thereof constitutes a direct infringement, including manufacturing, offering and placing on the market.

5. Do the concepts of indirect patent infringement or contributory infringement exist? If, so what are the elements of such forms of

infringement?

Any person, who abets, aids, facilitates or otherwise participates in patent infringement commits a contributory infringement. In general, contributory patent infringement requires that there was a direct infringement by a third party, a contributory action by the contributory infringer, a causal link between the contributory action and the direct infringement, and that the contributory infringement was unlawful.

6. How is the scope of protection of patent claims construed?

The scope of protection conferred by the patent is determined by the claims of the patent. The claims are construed as they would be understood by a person skilled in the art. The description and the drawings must be taken into account in claims construction.

Patent infringement covers both literal infringement as well as infringement by equivalent means. There is infringement by equivalent means if: (i) the substituted features objectively fulfil the same technical functions (same effect); (ii) the substituted features and their objectively identical function are obvious and implied to a person skilled in the art by the doctrine of the patent (accessibility); and (iii) on the basis of a patent claim, a person skilled in the art would consider the substituted features to be an equivalent solution (equal value). In principle, prosecution history is not relevant for claims construction.

7. What are the key defences to patent infringement?

The most relevant defence in infringement proceedings is invalidity of the patent in suit. Further defences may include exhaustion, a private use exemption, an experimental use exemption, a Bolar-type exemption and the prior user right.

8. **What are the key grounds of patent invalidity?**

A patent is invalid if its subject-matter is not patentable. Accordingly, a patent is invalid if what is claimed is not novel, is obvious with regard to the state of the art (i.e., lacks inventive step), lacks industrial applicability or relates to unpatentable subject-matter. Further, a patent is invalid if the invention is not described sufficiently clear and precise in the patent specification for it to be carried out by a person skilled in the art, if the subject-matter of the patent goes beyond the content of the application, or if the patentee is neither the inventor nor his successor in title.

9. **How is prior art considered in the context of an invalidity action?**

The state of the art comprises everything made available to the public by means of a written or oral description, by use, or in any other way prior to the filing or priority date. Prior art also includes so-called non-enabling disclosures. It is up to the parties to introduce prior art references in time.

Prior art references can be combined for the purposes of assessing novelty and obviousness. An explicit teaching or motivation to combine two or more prior art references is not required. A combination of prior art references is, however, only admissible if there have been suggestions or motivation to do so. The combination of prior art references may not lead to an artificial ex-post evaluation.

10. **Can a patentee seek to amend a patent that is in the midst of patent litigation?**

It is possible for a patent owner to amend the patent claims during patent litigation (either by request with the office or before the court). The claims may be amended by deleting claims altogether, by combining an independent claim with one or more dependent claims, or by limiting a claim in some other way. The restricted claims must relate to the same invention and define an embodiment that was included in the

specification of the published patent and the application.

11. Is some form of patent term extension available?

Swiss law provides for supplementary protection certificates (“SPCs”) for medicinal and plant protection products. An SPC’s maximum term is five years. Further, since 2019, paediatric extensions of SPC’s and paediatric SPCs can be obtained, which grant the benefit of an additional six months’ exclusivity.

SPCs may be challenged, for instance, on the grounds that the requirements for the grant were not met or that the base patent is invalid.

12. How are technical matters considered in patent litigation proceedings?

The panel of the FPC always includes at least one judge with technical training, in general, in the technical field in dispute. Therefore, the FPC has a high level of technical expertise.

The parties may submit private expert opinions in support of their allegations. However, the evidential value of such opinions is relatively low, as they are considered to be mere party allegations rather than proper evidence.

Court-appointed experts played an important role before the establishment of the FPC. Today, the FPC relies on its own expertise, even though it could still appoint external experts.

13. Is some form of discovery/disclosure and/or court-mandated

evidence seizure/protection (e.g. saisie-contrefaçon) available, either before the commencement of or during patent litigation proceedings?

The FPC can order preliminary measures to secure evidence. Further, not only to preserve but also to establish evidence, the FPC can order a precise description of allegedly infringing processes, products and means of production based on a *prima facie* showing of actual or imminent infringement (known as “saisie helvétique”). The court may also order the seizure of these objects.

Under the rules of civil procedure, courts must take evidence at any time before a case on the merits becomes pending, provided that the requesting party requesting has an interest worthy of protection, for instance to assess the chances of success in litigation.

During proceedings, the court can order a party to produce specific documents that are in its possession. In particular, the court can order a party to produce documents and information necessary to decide on the quantum of financial compensation for patent infringement. The court may also compel third parties to produce evidence.

14. Are there procedures available which would assist a patentee to determine infringement of a process patent?

If the patent owner can provide *prima facie* evidence of actual or imminent infringement, the court can order a precise description of the allegedly unlawful processes (see above).

Moreover, there is a reversal of the burden of proof for process patents: If the invention concerns a process for the manufacture of a new product, every product of the same composition is presumed to have been manufactured by the patented process. The same applies to processes for the manufacture of a known product upon a *prima facie* showing of patent infringement.

15. Are there established mechanisms to protect confidential information required to be disclosed/exchanged in the course of patent litigation (e.g. confidentiality clubs)?

The parties can request that their manufacturing and trade secrets be safeguarded. In particular, evidence which would disclose such secrets may be made available to the counterparty only to an extent compatible with safeguarding the secrets. For instance, it is possible that confidential information is only disclosed to the party representatives who, however, may not disclose such information to the parties.

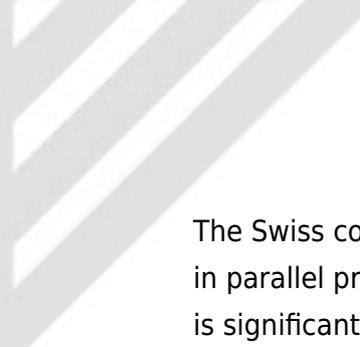
16. Is there a system of post-grant opposition proceedings? If so, how does this system interact with the patent litigation system?

In Switzerland, there is a system of post-grant opposition. The decision to uphold a patent in opposition proceedings is not binding on the FPC. Accordingly, the FPC may nonetheless declare such patent invalid.

Even if opposition proceedings are still possible or pending, a party may bring an action related to the respective patent (e.g., an infringement or an invalidity action). The FPC may, however, suspend the proceedings or defer judgment.

17. To what extent are decisions from other fora/jurisdictions relevant or influential, and if so, are there any particularly influential fora/jurisdictions?

Foreign decisions are particularly important if Swiss law provisions have been enacted in order to harmonize Swiss and EU legislation. By example, the Swiss SPC legislation closely follows the EU legislation. With respect to SPCs for combination products, the FSC recently abandoned the infringement test applied so far and will in the future apply the CJEU's disclosure test.



The Swiss courts are generally willing to consider the decisions of foreign courts issued in parallel proceedings, especially in proceedings involving European patents, as there is significant harmonisation. These foreign decisions are, however, not binding on the Swiss courts.

18. **How does a court determine whether it has jurisdiction to hear a patent action?**

The FPC has exclusive jurisdiction over disputes relating to the validity or registration of a Swiss patent or the Swiss part of a European patent. In infringement cases, the FPC has jurisdiction if the infringement occurs in Switzerland. If the defendant is domiciled in Switzerland, the FPC will also have jurisdiction for infringement elsewhere, i.e., also for infringements of foreign patents. However, if the validity of a foreign patent is at dispute, the courts of the respective country, and not the Swiss courts, will have jurisdiction.

19. **What are the options for alternative dispute resolution (ADR) in patent cases? Are they commonly used? Are there any mandatory ADR provisions in patent cases?**

20. **What are the key procedural steps that must be satisfied before a patent action can be commenced? Are there any limitation periods for commencing an action?**

An infringement action can be brought by the patent holder or an exclusive licensee, unless the license agreement specifically excludes this right. The exclusive licensee does not need to be registered to have standing. By contrast, non-exclusive licensees have no right to sue for patent infringement. However, they may join an action for damages in order to claim their own damages.

21. **Which parties have standing to bring a patent infringement action? Under which circumstances will a patent licensee have standing to bring an action?**

An infringement action can be brought by the patent holder or an exclusive licensee, unless the license agreement specifically excludes this right. The exclusive licensee does not need to be registered to have standing. By contrast, non-exclusive licensees have no right to sue for patent infringement. However, they may join an action for damages in order to claim their own damages.

22. **Who has standing to bring an invalidity action against a patent? Is any particular connection to the patentee or patent required?**

Any person with a proven legal interest may bring an invalidity action. The threshold for such legal interest is rather low. For instance, anyone who may be restricted in his economic activities by a patent has standing.

23. **Are interim injunctions available in patent litigation proceedings?**

Interim injunctions are available in civil proceedings. The applicant must provide *prima facie* evidence that: (i) there is an actual or imminent infringement (ii) this infringement threatens to cause irreparable harm; and (iii) the requested measure is proportional (controversial). Interim injunctions may be granted *ex parte* in cases of special urgency, notably if there is a risk that the interim injunction's enforcement will be frustrated if the opposing party is heard first.

According to case-law, a claim for interim injunctions is forfeited if the applicant, after having learned about the infringement, waits for more than 14 months to request interim injunctive relief. A claim for *ex parte* interim injunctions may already be forfeited if the applicant fails to file a request within one month.

Interim injunction proceedings may take up to 8-10 months. If the requirements for *ex parte* injunctive relief are met, the court will grant the injunction *ex parte* without delay.

24. **What final remedies, both monetary and non-monetary, are available for patent infringement? Of these, which are most commonly sought and which are typically ordered?**

Among the non-monetary remedies, a permanent injunction is the standard forward-looking remedy. Further, the claimant may demand that the unlawful situation be remedied, in particular by recalling and withdrawing infringing goods from the market as well as by seizure and destruction of infringing goods and means of production. Finally, the claimant may request that the judgment be published at the expense of the defendant.

The claimant may also ask for financial compensation for past infringement. He may claim damages (based on tort law), the infringer's profits (based on the law on the conducting of business without mandate) or a reasonable royalty payment (based on the law of unjust enrichment). The claimant is also entitled to request that the defendant renders account of profits and provides the information necessary to decide on the quantum of financial compensation.

The most commonly sought and typically ordered remedies are a permanent injunction, the rendering of account of profits and financial compensation.

25. **On what basis are damages for patent infringement calculated? Is it possible to obtain additional or exemplary damages?**

Under Swiss law, damages are defined as the involuntary decrease in net capital (reduction in assets, increase in liabilities or loss of profit), meaning the difference between the injured party's hypothetical economic position in the absence of the wrongful conduct and its actual position. The injured party is obliged to prove the

existence and the amount of the damage. If the exact amount of the damage cannot be quantified, the court may estimate it.

According to case law, it is also possible to calculate the damages based on a hypothetical license, however, only insofar as the patent owner is able to prove that, as a result of the infringement, he has in fact failed to award a license and thus to receive royalties. The infringer's profit may also serve as an indication of the amount of lost profit.

Additional, exemplary or punitive damages are not available.

26. **How readily are final injunctions granted in patent litigation proceedings?**

A permanent injunction is granted if the court finds that the defendant infringed the patent in suit and there is a risk that he will do so again (risk of repetition), or that an infringement by the defendant is imminent (risk of first infringement).

27. **Are there provisions for obtaining declaratory relief, and if so, what are the legal and procedural requirements for obtaining such relief?**

Swiss law allows for declaratory actions. An alleged infringer can bring an action for a negative declaratory judgment that a specific act does not, or that a proposed act would not, constitute an infringement of a given patent, provided that he has a legitimate interest in obtaining such judgment. In general, a declaratory action requires that the legal situation is uncertain, that the claimant cannot be expected to accept this uncertainty any longer, and that the uncertainty can be resolved by the declaratory remedy. Declaratory actions are only available as a subsidiary means if no other relief (e.g., an injunction) can be sought.

28. What are the costs typically incurred by each party to patent litigation proceedings at first instance? What are the typical costs of an appeal at each appellate level?

The costs incurred by the parties depend on the specifics of the case. On average, a party should expect to incur between CHF 75,000 and CHF 250,000 to take a case through to a first instance decision. Costs may be higher in complex cases.

In addition, the unsuccessful party will have to bear the court costs and to compensate the successful party for its party costs. These procedural costs depend, in particular, on the value in dispute as well as on the scale and the complexity of the case.

29. Can the successful party to a patent litigation action recover its costs?

The successful party can generally recover its party costs (including attorney's fees and fees for retaining a patent agent) from the other party. In general, the successful party will not be able to recover all of its costs. It may expect to recover about 30 % to 50 %, unless the value in dispute is very high.

Further, the claimant will have to pay a court bond.

30. What are the biggest patent litigation growth areas in your jurisdiction in terms of industry sector?

Pharmaceuticals will remain an important industry sector for patent litigation. Further, the changes recently introduced to the Patents Act in the course of the revision of the Therapeutic Products Act (paediatric SPCs) provide potential for litigation. Also, possible consequences of the new medical activity exemption on patents for a second medical indication may spur litigation.

31. What do you predict will be the most contentious patent litigation issues in your jurisdiction over the next twelve months?

The FSC is expected to issue a decision on the scope of protection granted by a SPC. Further, it will be interesting to see how the FPC structures infringement proceedings in the future, now that its established practice of a split reply before the instruction hearing was challenged by the FSC. Finally, until when patent claims can be amended in ongoing proceedings will be controversial.

32. Which aspects of patent litigation, either substantive or procedural, are most in need of reform in your jurisdiction?

Obtaining monetary relief has always been difficult under Swiss law. In particular, some courts have proven to be very strict when it comes to quantifying and substantiating damage claims.

33. What are the biggest challenges and opportunities confronting the international patent system?

The challenges ahead certainly include AI-generated inventions and the effects they will have on the patent system. Also, the effects of antitrust law on the patent system will pose further challenges. Finally, the patentability of plants will remain controversial.