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Switzerland
IP litigation on the move: important developments in civil procedure and patent litigation

Introduction

Until the end of 2010 each of the 26 Swiss cantons had its own civil procedure code. However, on January 1 2011, Swiss civil procedural law reached a long-awaited milestone when the Federal Code of Civil Procedure came into force. With regard to civil proceedings in IP cases, for the first time the code will provide a unified procedure before the competent courts. As before, each canton must designate a first instance court for IP cases, which will be responsible for hearing cases relating to infringement, validity, ownership, transfers and licences. However, this cantonal competence will end shortly for patent cases, due to the establishment of a single Swiss patent court of first instance to hear all patent cases.

Currently, there are only 20 to 30 patent cases pending in Switzerland each year. Although there are 26 competent first instance courts, around 60% of all patent cases are concentrated in four commercial courts (Argovia, Bern, St Gaul and Zurich). Therefore, the remaining 22 courts deal with a negligible number of patent cases — often none for years or even decades. Thus, many of these courts have limited or even no experience in patent cases. In order to enhance this experience and to make Switzerland an attractive forum for patent cases that can compete with other forums, some years ago it was decided to concentrate patent cases in a single Federal Patent Court staffed with technical and juristic patent experts. Although this court was expected to start work on January 1 2011, alongside the coming into force of the new Federal Code of Civil Procedure, the filing of patent cases with the new Federal Patent Court will be delayed until January 1 2012. Nevertheless, part of the Patent Court Act has already come into force so that in 2010 the president of the new court, another judge holding full-time office and a broad panel of 36 part-time expert judges were elected, bringing patent law expertise and a broad technical expertise to the new court, as well as competence to hear cases in German, French, Italian and English. Moreover, the judges were able to start work on constituting the Federal Patent Court so that it will be in working order by January 2012. The second instance court in patent cases remains the Swiss Federal Court.

Key new provisions

Code of civil procedure

'Saisie helvétique'

The Code of Civil Procedure sets down unified general rules for provisional measures in IP cases and, in particular, a new means of securing evidence in patent cases, similar to the procedure known as '*saisie contrefaçon*' in France. The '*saisie helvétique*' is intended not to provide evidence, but rather to secure evidence in cases where *prima facie* evidence of an infringement exists. In such cases a member of the court, in some cases accompanied by an expert or person skilled in the relevant field, may visit the production facilities of an alleged possible infringer and make a detailed description of the method applied, the products made and the means of production. The claimant may be excluded from the *saisie* and receives no documents unless the opposing party had the possibility of filing comments. With the full entry into force of the Law on the Swiss Federal Patent Court in January 2012, the *saisie* provision will be amended. However, in both versions the provision will allow for a detailed description of patent infringing acts (*saisie descriptive*) and for the seizure of goods (*saisie réelle*). Once the Federal Patent Court is fully established, the amended provision will provide that the court can order a detailed description of:

- the allegedly unlawful use of methods;
- the allegedly unlawfully manufactured goods; and
- the auxiliary means for such manufacture.

In addition, the court will be able to order the seizure of such objects.

In both cases the party requesting a description must file *prima facie* evidence to the court that a claim to which it is entitled has been or is likely to be infringed.

The provision includes protection clauses for the party that is confronted with the *saisie* without prior warning. In particular, if the opposing party asserts that manufacturing or business secrets are involved, the court can order the steps necessary for their protection. In any case, the opposing party shall be given the opportunity to file a statement before the requesting party is informed of the result of the description.

It remains to be seen how the new Federal Patent Court will interpret this new article. If the court sets a high threshold to make infringement credible, the new provision will have little impact on patent litigation. If, on the other hand, the threshold is set low (which seems reasonable in view of the protection mechanism provided for the opposing party), the *saisie descriptive* may become a helpful tool for patentees and, in particular, for owners of method patents. With regard to the *saisie réelle*, it is assumed that such seizure covers the taking of a sample product from mass products; however, the extent to which the court will allow a seizure in other circumstances is still unclear and will certainly be tested in the near future.

Protective briefs

A party which believes that an opponent will file a request for an *ex parte* injunction and which wishes to explain to the judge that there are grounds against such an injunction, or at least grounds for an *inter parte* hearing before the court rules on an injunction, may file a protective brief. Such protective briefs are well known in patent cases but may also be useful in other fields of intellectual property (eg, design or trademark cases).

Previously, protective briefs were not the subject of any cantonal code of civil procedure. Due to the lack of regulation, each canton developed its own procedure. Some courts refused them; others accepted them, but informed the opposing party; and others accepted them and kept them secret. In some cases a fee had to be paid and the deposition time was limited.

The Federal Code of Civil Procedure has changed this situation. The code provides that protective briefs are accepted and sent to the opposing party only if it enters an action. However, the protection of a protective brief is limited. It is considered only within six months of its deposit (the papers and commentaries to the new code state that an extension may be possible, but this remains to be seen). The filing of a protective brief will be still necessary in each of the 26 cantons in order to be completely secure, but in patent cases this rather cumbersome procedure will end when the Federal Patent Court begins work. From then, a protective brief must be filed only with this court.

Federal Patent Court

Material competence

The Federal Patent Court will be exclusively responsible for suits involving material patent law, such as validity and infringement cases, including preliminary injunction cases, while it will share competence with the cantonal first instance courts for questions of, for example, ownership and licence agreements.

Languages

A key asset of the Federal Patent Court will be that as well as one of the official Swiss languages (ie, German, French and Italian), English may be designated the language of the proceedings. In the case of one of the official Swiss languages, it is for the court to decide on the language, but the language of the parties must be taken into consideration. For written and oral submissions, each party may use a language other than the language of the proceedings. In the case of English, whether as the language of the proceedings or the language of written or oral submissions, all parties and the court must agree on its use.

Composition

In main proceedings the court will usually consist of three members and in special cases five members. However, once it is established, initially the court plans to hear as many cases as possible with five judges in order to set down a uniform and coherent procedure and practice quickly. In order to ensure that the Federal Patent Court takes full advantage of the extensive experience of its members, it necessarily comprises one legally and one technically skilled member. In view of the different languages that can be used in the proceedings and the broad variety of technical fields to be covered, most of the judges are part-time and are appointed for specific cases according to their field of technical experience and their mother tongue.

Preliminary injunction proceedings may be decided by a single judge, provided that no technical experience is needed. Should technical knowledge be necessary (which can be assumed for many cases), the court will consist of three members for preliminary injunction proceedings. The single judge involved in preliminary injunction proceedings will also be responsible in the main proceedings.

Establishment and transitional provisions

The law is intended to come into force fully in January 2012 and the court is expected to be operational by then. All cases that are pending on January 1 2011 will be processed based on the respective cantonal code of civil

procedure; however, as soon as the law is fully in force, all cases in which the main hearing has not yet taken place will be transferred to the Federal Patent Court. Thus, for its first phase of operations, the Federal Patent Court will have to apply cantonal codes of civil procedure in parallel to the federal law of civil procedure.

Patent attorney law

The Law on Patent Attorneys will come into force during 2011. For the first time, the law will protect the title of 'patent attorney' in Switzerland and provide patent attorneys with similar status to that of attorneys at law. The law will allow patent attorneys to represent parties in nullity proceedings before the Federal Patent Court and to present technical matters in infringement and preliminary injunction proceedings. It will also give them the same status as attorneys at law with regard to the obligation of professional secrecy.

This enhanced competence will require an education beyond mere patent prosecution law as examined, for example, in the European qualifying examination. In particular, Swiss patent attorneys will be expected to gain a broad mastery of IP issues as the following issues, among others, will be examined:

- patent infringement doctrine;
- knowledge of the relevant provisions of the civil law and the Code of Civil Procedure; and
- knowledge of trademark matters, designs and copyright.

Parallel import of patent protected goods

In Summer 2009 the principle of regional exhaustion of goods circulated in the European Economic Area (EEA) was introduced into the Swiss Patent Act. Thus, a patent owner's exclusive right is deemed to be exhausted when patented products have been released onto the market by the owner or with its consent within the EEA or Switzerland. Accordingly, such products can be imported into and sold in Switzerland notwithstanding the Swiss patent covering these products. The same principle applies to devices used to execute a patented method. When such a device has been released onto the market within the EEA or Switzerland by the patent owner or with the owner's consent, the first and any subsequent owner of this device is entitled to use the patented method by using the device. Switzerland introduced this principle of regional exhaustion unilaterally and it has not signed a treaty establishing reciprocity with other countries or the European Union.

Exceptions to the rule of regional exhaustion apply on the one hand to patented goods for which the price is fixed by the state, either in Switzerland or abroad (and thus, in particular, for pharmaceuticals) – only national exhaustion applies to such goods, as was the case beforehand. On the other hand, international exhaustion applies to means of production and investment goods for the agricultural sector. This special provision was previously introduced as an exception to national exhaustion, which was the rule at that time. Another case of international exhaustion relates to goods for which the patented invention has only minor significance for the functionality of the goods. Such minor significance is presumed by the law unless the patent owner produces *prima facie* evidence to the contrary. It remains to be seen whether this exception will play a role in parallel import cases and how it will be interpreted by the courts.

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