



Switzerland's new federal patent court system has been a long time coming. **Stefan Kohler** explains the pitfalls of the old system and the challenges facing the new one

REINVENTING THE SYSTEM

Switzerland is at the top of most charts measuring international competitiveness in innovation. The country issues more patents to protect intellectual property (IP) rights per capita than any other European country.

On the legal side, Switzerland has historically considered of paramount importance a judicial system that allows inventors to protect and exploit their innovations. Accordingly, Switzerland was among the first countries to support at an early stage an international harmonisation of patent law and to implement the steps necessary to making such a law reality.

Switzerland is a party to most important patent-related conventions, including the Paris Convention, the Convention Establishing the World Intellectual Property Organisation, the Patent Co-operation Treaty, and the World Trade Organisation agreement on Trade-Related Aspects of Intellectual Property Rights and the European Patent Convention.

On a national level, the substantive Swiss patent law is set forth in the Swiss Patent Act of 1954, which is amended from time to time. Based on a 1978 bilateral treaty, Switzerland and Liechtenstein are a combined territory for patent purposes. Since 1996, administrative IP matters, including the examination of Swiss national patent applications, the grant of Swiss patents and the administration thereof, rest with the Swiss Federal Institute of Intellectual Property, which has its headquarters in Berne. The Institute is an autonomous legal entity incorporated under public law that does not depend on the Swiss federal budget for financing

and is reputed to be a service-oriented and cost-efficient agency.

Not least because of the Institute's ability to anticipate changes and interact effectively with the legislature, the substantive patent law in Switzerland is consistently aligned with technological progress, existing international arrangements and commercial realities.

Thus, the Swiss Patent Act has recently been subject to significant changes including the adoption of the revised European Patent Convention, the clarification of the patentability of inventions in the biotechnology area and the unilateral implementation of the principle of regional exhaustion for patent protected products *vis-a-vis* the member states of the European Economic Area.

In contrast, however, the Swiss court system has remained unchanged over the years and consequently is increasingly perceived as failing to satisfactorily meet the challenges emerging from international patent-related disputes. To correct this situation, the Swiss legislator recently decided to create a new Federal Patent Court.

Current court system

Under the current federal court system, each of the 26 Swiss cantons has designated one court to act as a court of first instance for patent-related disputes. The appellate court for decisions rendered by these courts is the Swiss Federal Supreme Court.

Therefore a plaintiff has, in most patent litigation cases, a free choice to institute legal proceedings before one of these 26 courts. This considerable possibility for forum shopping

might initially appear favourable. However, most of the 26 cantonal courts have only limited experience in patent law, as the total number of patent litigation cases Swiss courts deal with in a year is only about 30.

Moreover, given the fact that most of the patent litigation cases in Switzerland are brought before the commercial courts of the cantons of Zurich, Aargau, St Gallen and Berne, there are some courts designated by the cantons as competent to deal with patent matters which have not, in fact,

The new Federal Patent Court will succeed only if the number of patent disputes dealt with in Switzerland (today approximately 30 cases a year) can be significantly increased

dealt with patent law for many years. The lack of opportunity to gain experience in patent law matters means that the courts have a hard time acquiring the technical and forensic expertise required to handle patent disputes in a professional manner.

As a consequence, the Swiss courts tend to delegate the often complex judicial issues raised in patent litigation cases to extrajudicial experts, which potentially conflicts with fundamental constitutional principles. Last but not least, the duration of the patent litigation proceedings is excessively long. This is particularly unacceptable in cases with preliminary measures.

New federal patent court of first instance

The shortcomings of the Swiss

court system have been discussed and criticised by Swiss patent lawyers and attorneys for years. Their postulation focused on the creation of a special court comprising both legally and technically-trained judges with sole competence for all patent disputes emerging in Switzerland.

The basic idea was not only to improve the legal system for local Swiss patent disputes, but also increase the competitiveness of the Swiss court system for international patent litigation, particularly in the context of the European Patent Convention.

Following long debate, the Swiss parliament passed the Patent Court Act in March 2009. This act forms the legal basis for the creation of a special national court with exclusive jurisdiction of first instance for disputes concerning (i) patent infringements, (ii) the validity/nullity of patents and (iii) the grant of patent licenses. Within this exclusive field, the Patent Court is also competent for preliminary injunctions and the enforcement of judgements.

Furthermore, the Patent Court has non-exclusive jurisdiction over civil actions associated with patents, such as contractual disputes concerning the ownership of patents or the performance of patent license agreements. Such cases, however, can still be submitted to the cantonal courts because the Patent Court's exclusivity includes only substantive patent law.

Where a preliminary question or objection in a dispute before a cantonal court relates to a judicial issue of substantive patent law, the cantonal court is required to suspend proceedings to allow parties to have the relevant issue

resolved by the Patent Court.

As a court of first instance, the Patent Court is a lower court of the Federal Supreme Court which, consequently, is the final appealing court for all decisions rendered by the Patent Court.

The Swiss Federal Council decided to put the institutional and organisational provisions for the new Patent Court Act into force on 1 March 2010. With this decision, the Federal Council gave the go-ahead for the selection of the Patent Court judges in 2010. The new Patent Court is expected to start its activities at the beginning of 2011.

Challenges facing the new patent court

The Federal Patent Court, as proposed, promises to deliver excellent conditions for patent litigation. There are some challenges, however, which need to be overcome in order to meet expectations.

Disputes in patent matters are often complex and place special demands on the court, not only because of the high degree of technical expertise required, but also because of the expertise in substantive and procedural patent law required. The quality of the Federal Patent Court will depend on whether judges with a solid legal and technical background can be appointed. To meet this need, the new Patent Court Act requires the court to appoint full-time judges supported by adjunct judges with in-depth technical expertise as required by the individual case.

Decisive to the reputation of the new Federal Patent Court will be its ability to reach judicial
Continued on page 26

VISCHER

Basel Zürich www.vischer.com

YOUR TEAM FOR SWISS LAW



Continued from page 25

decisions within a reasonable (preferably swift) time frame. Rapid technological progress and economic importance that is often attached to patent protection combine to make this vital. The appointment of judges and adjunct judges with relevant, in-depth legal and technical skills should make the often time-consuming involvement of extra-judicial experts redundant in many cases, ensuring an expeditious decision-making process.

Further, the new Federal Patent Court will succeed only if the number of patent disputes dealt with in Switzerland (today approximately 30 cases a year) can be significantly increased. To this end, the new Federal Patent

The new Patent Court is, in particular, expected to constitute a competitive alternative to the German courts that are specialised in patent disputes

Court must deliver high quality judgments to attract patent disputes that – given the possibility for international forum shopping in patent matters – are currently brought before foreign courts. In

this respect the new Patent Court is, in particular, expected to constitute a competitive alternative to the German courts that are specialised in patent disputes and currently handle about 1000 cases a year.

The Patent Court Act and the underlying procedural law should allow the Federal Patent Court to operate in a manner competitive with foreign court systems. However, a critical factor in determining whether the new Federal Patent Court will become highly-regarded within Europe is the relatively small size of the Swiss market. Given the fact that European patents are still dealt



with in legal disputes as parallel national rights rather than as European-wide rights, a plaintiff might choose the most important product market as its venue for patent litigation.

This fact places special demands on the new Federal Patent Court, given that it will produce decisions which will

attract the attention of the leading patent courts across Europe and serve as precedents. In this respect, the new Federal Patent Court will be particularly challenged where legal issues harmonised by the European Patent Convention are at stake.

Stefan Kohler is a partner at Vischer in Zurich.