THE INTELLECTUAL PROPERTY REVIEW

EIGHTH EDITION

Editor
Dominick A Conde

THE LAWREVIEWS

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PREFACE

While there has been a push to provide uniform and harmonised intellectual property coverage worldwide, it seems at every turn there are events that pull that goal further away. Thus, there remain significant differences and gaps in intellectual property coverage globally. This is exacerbated by the increase in international trade where practitioners need to know the law in many individual countries, and they also need to understand the differences between those countries.

While jurisdictional differences can be anticipated and addressed, these differences are further magnified by the geopolitical turmoil that persists worldwide. As was the case the previous year, the United Kingdom's Brexit vote and potential departure from the European Union continue to leave a cloud over establishing a Unified Patent Court in Europe. That uncertainty continues in part because even as of 3 April 2019, there has been no Brexit deal and, adding to the uncertainty, Germany has not ratified the UPC. Whether the UPC will ever come to fruition is debatable. Another example is the trade 'wars' between the United States and China. One of the principal disputes is that the US has accused China of misusing US intellectual property rights and has implemented tariffs in an effort to convince China to stop those alleged misuses. While those negotiations are ongoing, the trade dispute has heightened tensions between the countries and lessened efforts at worldwide cooperation on intellectual property matters.

To aid practitioners who are navigating this ever changing landscape of global intellectual property, we now present the eighth edition of *The Intellectual Property Review*. In this edition, we present 24 chapters that provide an overview of the forms of intellectual property coverage available in each particular jurisdiction, along with an update of its most recent developments. Each chapter is written and assembled by leading practitioners in that jurisdiction. While all involved have striven to make this review both accurate and comprehensive, we must note that it is necessarily a summary and overview, and we strongly recommend that the reader seek the advice of experienced advisers for any specific intellectual property matter. Contact information for the authors of each chapter is provided at the end of this review.

Dominick A Conde
Venable LLP
New York
May 2019

Chapter 20

SWITZERLAND

Andrea Strahm, Martina Braun, Yannick Hostettler and Melanie Müller[1]

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Switzerland is a party to the majority of international treaties concerning protection of intellectual property rights, including the Paris Convention (industrial property), the Berne Convention (copyright), the Rome Convention (performances, phonograms and broadcasts), the World Intellectual Property Organization (WIPO) Copyright Treaty, the WIPO Performances and Phonograms Treaty, the WIPO Madrid Agreement concerning the International Registration of Marks and the Protocol relating to that Agreement, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and – with a particular focus on patents – the Patent Cooperation Treaty (PCT), the Patent Law Treaty, the European Patent Convention and the London Agreement. However, since Switzerland is neither a Member State of the European Union (EU) nor of the broader European Economic Area (EEA), it is not bound by harmonised EU regulations and directives. Hence, there are some notable differences from the acquis communautaire, particularly in the field of copyright. Nevertheless, the Swiss legislator frequently tends to unilaterally adopt European legislation in order to ensure regulatory compatibility to a certain degree.

The most important forms of intellectual property protection available in Switzerland are briefly described below.

i Patents

Despite the small domestic market, patents attract particular attention in Switzerland owing to the importance of the pharmaceutical industry and its upstream sectors. Patents may be obtained on the basis of national or – more commonly – European applications or via the designation of Switzerland (directly or through a European application) pursuant to the PCT. In order for a technical invention to be patentable, it must be new, non-obvious, capable of industrial application and sufficiently disclosed. It needs to be emphasised though that national applications are not examined with respect to novelty and inventiveness and are, therefore, granted on the basis of a mere examination of formal aspects. The term of protection is 20 years from the filing date.

The patent endows the proprietor with a right to enjoin others from commercial use of the invention, which encompasses, in particular, manufacturing, storage, offering, placing on

1 Andrea Strahm, Martina Braun, Yannick Hostettler and Melanie Müller are attorneys-at-law specialising in IP law at Wenger Plattner.

the market, importation, exportation, as well as possession for any of these purposes. Carrying in transit may also be prohibited, provided that the patentee could prohibit importation into the country of destination.

The effects of the patent do not, *inter alia*, extend to use within the private sphere for non-commercial purposes, research or experimental purposes, or for obtaining marketing authorisation for a medicinal product. Further, the Federal Patent Act stipulates EEA-wide (so-called regional) exhaustion, except if the patent protection is only of subordinate importance for the functional characteristics of the goods, in which case the patented goods first sold by or with the consent of the patentee anywhere in the world may be freely imported into Switzerland. On the other hand, the patentee's consent is always reserved if the goods are subject to price regulation in Switzerland or the country of origin. This carve-out of national exhaustion is mainly designed to prevent parallel imports of pharmaceutical products.

Utility patents for minor technical inventions do not exist in Switzerland. However, since the requirements of novelty and non-obviousness are not examined *ex officio* during the application process, domestic patents may serve as an instrument of protection that is relatively easy to obtain, but also easy to challenge.

ii Supplementary protection certificates

Supplementary protection certificates (SPCs) can be obtained for active ingredients of patented and authorised pharmaceutical products or pesticides. The certificate takes effect on expiry of the maximum term of the patent for a period equal to the period that elapses between the date of filing and the date of the first authorisation of the pharmaceutical product containing the product in Switzerland, minus five years. It is valid for no more than five years. The application for an SPC must be filed within six months of the date of marketing authorisation or patent grant, whichever occurs later. The SPC grants the same rights as a patent and is subject to the same restrictions. Within these limits, the scope of protection extends to any use of the product as a pharmaceutical (or pesticide, as the case may be).

Additionally, the revision of the Federal Therapeutics Act and the Federal Patent Act and Ordinances came into force on 1 January 2019. This revision brought a six-month SPC extension for paediatric pharmaceuticals (the 'paediatric extension'). The paediatric extensions are either possible by extending an already granted SPC by six months or through the new paediatric SPC, which is linked directly to the term of the patent and is also valid for six months.

iii Data exclusivity

Holders of marketing authorisations for pharmaceutical products benefit from a 10-year data exclusivity period, during which no generic manufacturer may rely on the results of the pharmacological, toxicological and clinical tests of the authorised product without the originator's approval.

Since the implementation of the revised Federal Therapeutics Act (see Section I.ii, above), authorisation holders benefit from a data exclusivity period of 10 years for pharmaceutical products of paediatric use and 15 years for important medicinal products for rare diseases.

iv Copyright

Copyright protection for literary, scientific or artistic works of individual nature, including computer programs, is available immediately upon the work's creation irrespective of the author's nationality or domicile and is not subject to any registration requirement. The term

of protection expires 70 years after the author's death. Neighbouring rights (rights of artistic performers, phonographic rights, rights of broadcasters) benefit from a term of 50 years from the year of presentation, publication or transmission respectively. There is no sui generis protection of database rights or photographs in Switzerland.

The copyright owner is entitled to determine if, when and how the work is being exploited. The owner's exclusive right is limited by the private use and other customary limitations, which are devised in a relatively broad manner and are partly subject to collective exploitation by authorised collecting societies. Federal Supreme Court decisions confirmed that the Swiss Copyright Act is technologically neutral.[2] Pursuant to long-established case law and subject to a few statutory exceptions, Switzerland has adopted the concept of international exhaustion of copyright, meaning that an example of a copyrighted work put into circulation with the author's consent anywhere in the world may be freely imported into Switzerland.[3]

v Trademarks

Trademark protection can be obtained through national registration or designation of Switzerland via the Madrid System (Agreement and Protocol). From the protection as a trademark the following are excluded (1) signs that belong to the public domain; (2) shapes that constitute the essence of the claimed goods and shapes of the claimed goods or their packaging that are technically necessary; (3) signs that are misleading; and (4) signs that are contrary to public policy, morality or the law. The Swiss Federal Institute of Intellectual Property (the Institute), following the case law of the Federal Supreme Court, tends to be strict with signs lacking of distinctiveness or showing deceptive contents or misleading indications of origin. Trademark protection is available not only for words and devices but also for sounds, holograms and three-dimensional objects.

A trademark is valid for a period of 10 years from the date of application and may be renewed indefinitely for subsequent periods of 10 years each. The trademark confers on the owner the exclusive right to prohibit others from commercially using an identical or confusingly similar sign for identical or similar goods and services. For trademarks, the international exhaustion applies once a branded product has been put into circulation for the first time.[4]

Since 1 January 2017, it is possible to file requests for the cancellation of a trademark in case of non-use with the Institute and not only by means of a civil action. According to Article 35a of the Federal Trademark Act, any person may file a request for cancellation of a trademark on the grounds of non-use after the expiry of a five-year grace period.

Indications of origin are protected by virtue of Articles 47 et seq. of the Federal Trademark Act. Hence, they are not subject to any registration requirements. On 1 January 2017, the new regulation on the use of 'Swiss' or similar signs, coat of arms or the Swiss cross, the Swissness Regulation, entered into force. The Swissness Regulation strengthens the position of any reference to 'Made in Switzerland'. It establishes precise rules concerning the conditions under which a product or service may be labelled as being Swiss. Under the provisions set out in the regulation, different product ranges such as watches or chocolate are subject to stricter

2 Federal Supreme Court, 30 July 2015, 4A_203/2015 = sic! 11/2015, 639 et seq.; Federal Supreme Court, 28 November 2014 – *Bibliothekslieferdienst*, 4A_295/2014 = sic! 3/2015, 155 et seq.

3 Federal Supreme Court, 20 July 1998 – *Nintendo*, 124 III 321 et seq.

4 Federal Supreme Court, 23 October 1996 – *Chanel*, 122 III 469 et seq.

requirements. If these rules are complied with, services and goods can be endorsed with the Swiss cross or any other reference to Switzerland. It is only the use of the Swiss coat of arms that remains forbidden.

In Switzerland there is no protection of signs not registered as trademarks. An exception is made for any use relevant under the Unfair Competition Act or if a sign is considered a 'notorious trademark'. 'Notorious trademarks' are registered abroad and known to the Swiss public for any reason whatsoever, for example, intensive promotion or celebrity association. Company names and names of individuals benefit from a specific protection regime, which is, however, not as broad as trademark protection. Domain name registrations do not entail legal exclusivity rights *per se*, but earlier trademarks may constitute a claim for having a corresponding domain name transferred. The '.swiss' internet domain is exclusively available to organisations that have a relationship with Switzerland.

vi Designs

A design is the visible form of a two-dimensional or three-dimensional object, which is eligible for protection if it is new and distinctive without offending public order, morality or the law. Protection may be obtained by way of national registration or designation via the Hague and Geneva Acts of the Hague Agreement. The thresholds for registration are deliberately kept low, which is why the constitutive requirements of novelty and distinctiveness are not examined *ex officio*. A downside resulting from these low thresholds is that any registered design remains heavily exposed to nullity defences by alleged infringers. The maximum term of protection is 25 years from the filing date. Since case law related to designs is scarce, the Federal Supreme Court has not yet been seized to opine on the geographic scope of exhaustion. Doctrine favours international exhaustion in analogy to the situation in copyright and trademark law.

vii Trade secrets and know-how

There is no exclusive right conferred on trade secrets and other valuable confidential business information as such. However, unauthorised disclosure or exploitation of corresponding information is sanctioned by virtue of unfair competition and criminal law. Trade secrets are widely perceived as a viable alternative to patent protection outside the pharmaceutical and chemical sector, given the potentially undetermined protection period, the avoidance of disclosure and the deterring costs of prosecuting and enforcing patents.

II RECENT DEVELOPMENTS

The recent revision of the Federal Therapeutics Act and the Federal Patent Act brought a six-month SPC extension for paediatric pharmaceuticals and a data exclusivity period of 10 years for products for paediatric use and of 15 years for important medicinal products for rare diseases. The revised Acts and Ordinances came into force on 1 January 2019 (see Section I. ii and I.iii).

The Federal Patent Court, which began operations on 1 January 2012, has continued to increase its profile. Meanwhile, its operations are well established and the court performs without issue. Its judgments are generally well received and in 2018 the Federal Patent Court further pursued its intention to offer expedited and cost-efficient proceedings. In previous years, the Federal Patent Court achieved a remarkable settlement ratio: for example, in 2015, a settlement was attained in 16 out of 19 ordinary proceedings. In the last two years, this rate showed a clear drop. For example, in 2018, 23 ordinary proceedings were concluded

by the Federal Patent Court, of which 11 were settled. Nevertheless, the Federal Patent Court's settlement ratio of the first seven years of activity is still at 70 per cent.[5] According to the Annual Report 2018 of the Federal Patent Court, this high settlement ratio is due to the Federal Patent Court's practice of holding a hearing at an early stage of the procedure, during which the parties are provided with a preliminary legal and technical assessment of the dispute, and the achievement of a settlement is attempted. As settlements generally help the parties to save time and money, the high settlement ratio is perceived as an advantage by the Federal Patent Court.[6]

As per 1 August 2018, the Federal Act on the Federal Patent Court was partly revised with respect to several organisational aspects. The revision aims to facilitate the work of the Federal Patent Court and to establish more efficient processes.

On 11 December 2015, the Federal Council submitted the draft amendment of the Copyright Act for consultation. On 22 November 2017, the Federal Council adopted the dispatch on the amendments to the Copyright Act, the approval of two agreements of the WIPO and their implementation (Beijing Treaty on Audio-visual Performances and Marrakesh Treaty to Facilitate Access to Published Works for Persons who are Blind, Visually Impaired or Otherwise Print Disabled). The dispatch and the legislative draft have now been submitted to the National Council and Council of States for parliamentary deliberation.[7] The proposals on the key issues[8] are as follows:

a improved anti-piracy measures: Swiss hosting providers that present a particular risk for or encourage copyright infringements will now have to ensure that the removed copyright-infringing content remains off their servers. Not included in the draft bill are blocking measures through access providers nor the sending of notifications for severe copyright infringements via peer-to-peer networks;

b individual rights: protection for photographs lacking individuality is guaranteed for 50 years; remuneration for authors and performers for video-on-demand uses through collective rights management organisations; improved protection for related rights from 50 to 70 years;

c restrictions: royalty-free use of copies for the purpose of scientific research and royalty free use of orphan works located in the collections of memory institutions; inventory index privilege for the benefit of users and consumers; and

d other key points: introduction of extended collective licensing; improvement of the process of tariff approval and electronic user notification to the collective rights management organisations.

5 Annual Report 2018 of the Federal Patent Court, available at: www.bundespatentgericht.ch (last visited 18 March 2019).

6 Annual Report 2018 of the Federal Patent Court, available at: www.bundespatentgericht.ch (last visited 18 March 2019).

7 https://www.ejpd.admin.ch/ejpd/en/home/aktuell/news/2017/2017-11-221.html (last visited 18 March 2019); https://www.ige.ch/de/recht-und-politik/immaterialgueterrecht-national/urheberrecht/revision-des-urheberrechts/parlamentarische-beratung.html (last visited 18 March 2019).

8 In particular, the following remarks are based on the Media Release from the Swiss Federal Institute of Intellectual Property, dated 2 March 2017.

III OBTAINING PROTECTION

Domestic patent applications are to be filed with the Institute, which is also the designated office for dealing with international applications claiming patent protection in Switzerland pursuant to the PCT. Applicants domiciled in Switzerland may also file European patent applications with the Institute, with the exception of divisional applications.

Upon filing of a patent application, the Institute will first conduct a formal examination and then proceed to the validation of the technical elements of the invention upon receipt of the examination fee. The substantive validation focuses on the patentability of the invention, grounds for exclusion from patentability, sufficient disclosure of the invention, admissibility of modification of the technical documents and the formulation of the patent claims. Unlike the European Patent Office, the Institute does not examine the criteria of novelty and inventive step *ex officio*. Consequently, the applicant is under no obligation to disclose prior art. The application is published at the latest 18 months following the application or the earlier designated priority date.

For an invention to be patentable, it must be of a technical character and entail a physical interaction with the environment. In accordance therewith, claims merely containing characteristics of computer software as such or of business methods transposed to a computer network are not capable of being patented. The invention must further be executable and reproducible in industrial application.

The following types of inventions are excluded from patentability:

a the human body as such, at all stages of its formation and development, including the embryo (an element of the human body is, however, patentable if it is produced by means of a technical process and a beneficial technical effect is indicated);

b naturally occurring gene sequences or partial sequences (however, technically produced derivatives of gene sequences may be patented if their function is specifically indicated);

c unmodified human embryonic stem cells and stem cell lines;

d processes for cloning human beings or the creation of other organisms by using human genetic material;

e processes for modifying the germ line genetic identity of human beings;

f essentially biological processes for the production of plants or animals;

g harmful processes for modifying the genetic identity of animals without due justification;

h use of human embryos for non-medical purposes; and

i methods for surgical treatment or therapeutic and diagnostic methods practiced on the human or animal body. However, substances and compositions solely intended for medical use (first medical indication) or for use in the manufacture of a means to a medical end (a 'Swiss-type claim', also available for second and further medical indications) are patentable even if the underlying substances and composition form part of the prior art. The latter constitutes a notable discrepancy with the European procedure, where Swiss-type claims are no longer admissible.

In the event that biological material is directly obtained by a patented manufacturing process, the effects of the patent also extend to propagated material (vertical extension of protection) and to products in which the biological material is incorporated (horizontal extension of protection). These principles also apply to the Swiss part of European patents.

Once granted, the patent may be opposed by third parties within a time limit of nine months, but solely on the grounds of non-patentability essentially for reasons of public policy

or morality. Hence, the requirements of novelty or non-obviousness can only be scrutinised by the Federal Patent Court in nullity or infringement proceedings by virtue of a counterclaim or objection.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

The Federal Patent Court has exclusive jurisdiction in the first instance over validity and infringement disputes and for suits aiming at the grant of licences related to patents, including the ordering of preliminary measures with respect thereto. Its competence also comprises the enforcement of decisions made under its exclusive jurisdiction. Further, the Federal Patent Court has concurrent jurisdiction in other civil actions with a factual connection to patents, such as the right to patents or the assignment of patents. This is particularly interesting in disputes where the Federal Patent Court's technical expertise is sought by the claimant.

In addition to civil claims, criminal proceedings and border control measures may be envisaged by the patentee. In case of a suspected imminent import, export or transit of goods that infringe a patent that is valid in Switzerland, the customs administration may withhold – either on its own initiative or on request of the patentee or the licensee of the patent – the concerned goods for a period of up to 10 working days (extendable to a maximum of 20 working days) to allow the applicant to institute proceedings for preliminary measures.

The Federal Patent Court is also competent with regard to the defence of patent invalidity, independent of whether such defence is raised in the form of an objection, a counterclaim or a distinct revocation action. Hence, if – on a preliminary question or defence basis – the question of the nullity or infringement of a patent is at stake before an ordinary civil law court, the latter stays the proceedings and sets a reasonable time limit to file an independent revocation or infringement action before the Federal Patent Court. If no such action is filed, the seized court will resume the proceedings and disregard the preliminary question or defence. In case the defendant party files a counterclaim for revocation or infringement before an ordinary civil law court, the latter completely loses its competence and refers both actions to the Federal Patent Court.

Finally, arbitral decisions on patent infringement and validity rendered by an arbitral tribunal having its seat in Switzerland are enforceable in Switzerland. The Institute will only act upon an arbitration ruling if a certificate of enforceability is produced. Such certificate will be issued by the High Court of the canton in which the arbitral tribunal is seated. Regarding the enforceability of foreign arbitral decisions the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention) is applicable.

ii Requirements for jurisdiction and venue

The patentee is entitled to demand the cessation of or desistance from infringements if infringing acts are imminent or have already occurred, and to claim damages in case such infringing acts have been performed voluntarily or through negligence. Further, an action for a declaratory judgment may be filed, provided that the plaintiff shows a qualified interest. Such interest is given, where an unclear and enduring legal situation that cannot be remedied by other means exists. Hence, if the plaintiff can bring an action for infringement, it is usually deprived of an interest to obtain a declaratory judgment.

Exclusive licensees may procure injunctions and claim damages independently and on their own right, unless excluded by the licence agreement. Non-exclusive licensees must

procure title to sue from the patentee. However, pursuant to Article 75 of the Federal Patent Act licensees of any type may join an action for damages instituted by the patentee in order to claim their own loss or damage.

Nullity actions may be brought by anyone demonstrating a legitimate interest in defeating the patent. The thresholds for showing such interest are rather low, an actual or potential competitive relation with the patentee is deemed sufficient. Non-challenge clauses in licence agreements should in principle prevent the licensee from having the patent revoked. However, such clauses are contested with regard to European competition law.

iii Obtaining relevant evidence of infringement and discovery

As a matter of principle in Swiss civil procedure law, the parties to the proceedings have to produce the relevant evidence in support of their allegations. Fact-finding attempts comparable to pretrial discovery are stigmatised as fishing expeditions.[9] However, there are two procedural mechanisms to obtain an adversary's evidence even before filing the lawsuit on the merits.

First, a patentee requesting preliminary measures may demand that the Federal Patent Court orders a precise description of the allegedly unlawful products manufactured or processes used. The applicant must provide *prima facie* evidence that an existing claim has been infringed or an infringement is suspected to occur. If the opposing party claims that a manufacturing or trade secret is involved, the Federal Patent Court will take the necessary measures to safeguard such secret; for instance, by conducting the procedure for establishing the description *ex parte*. Such exclusion, however, does not necessarily extend to the applicant's attorney or patent attorney, who may be bound to secrecy by the court with regard to his or her clients and ordered to hand in his or her notes to the court.[10]

Second, the Federal Code of Civil Procedure allows for a request to be made to the court to take preliminary evidence if the applicant makes it plausible that the evidence is at risk, in particular that it may disappear, or if another legitimate interest is established.

The scope of the taking of evidence is confined to the establishment of facts that are legally relevant and disputed by the parties. For instance, a request to disclose the identity of an unspecified manufacturer of allegedly infringing products is not permissible.[11] Further, the alleged infringer cannot be compelled to release documentary evidence. The taking of evidence is, therefore, confined in practice to the seizure or visual inspection of infringing goods or methods, examination of witnesses, procurement of expert opinions or the release of documents in the hands of third parties.

As an alternative to preliminary measures pertaining to the taking of evidence, the plaintiff may also specify documentary evidence in the hands of the defendant or third parties to be released. As said above, the defendant is not obliged to meet such a request. However, refusal of such release will be considered by the court in the course of the appraisal of the evidence on file. Third parties on the other hand are obliged to comply with a court's order to release documentary evidence.

Last, the patentee is entitled to demand disclosure of information pertaining to the sources, quantities and recipients of infringing products.

9 As expressly declared by the Federal Patent Court, 27 April 2012, S2012_006, cons. 7.

10 Federal Patent Court, 30 August 2013, S2013_008, cons. 7.

11 Federal Patent Court, 12 June 2012, S2012_006, cons. 7.

iv Trial decision-maker

The Federal Patent Court is a specialised court constituted by two permanent judges and 41 non-permanent judges, of whom 28 are technical experts and 13 have a legal education. All of them have proven knowledge of patent law. In regular proceedings, the panel is composed of three, five or seven judges and always includes jurists and technically trained specialists. In proceedings regarding preliminary measures, the chairman usually rules as a single judge on procedural aspects and appoints a panel of three judges whenever deemed appropriate for legal or factual considerations. Also, if the understanding of a technical issue is of particular significance, decisions regarding preliminary measures must be made in a panel of three.

v Structure of the trial

Proceedings before the Federal Patent Court are governed by the Federal Civil Procedure Code, unless otherwise provided in the Federal Patent Act or in the Federal Act on the Federal Patent Court. Further, the Federal Patent Court has issued guidelines on the conduct of its proceedings, which are also available in English.[12]

Proceedings in patent disputes are initiated by submission of the plaintiff's written statement of claim outlining the relevant facts and offering the supporting evidence. After receipt of the statement of claim, the Federal Patent Court designates one of the three official languages in Switzerland – being German, French and Italian – as the language of the proceedings. Generally, the language used in the statement of claim is chosen, provided that it is one of the official Swiss languages. Nevertheless, the parties are allowed to express themselves in motions and – subject to a three-week prior notice – in oral hearings in another of the official Swiss languages than the designated language of the proceedings. Further, English may be used subject to the consent of the Federal Patent Court and both parties. However, the judgment and procedural rulings will be drafted in one of the official languages in any event. For example, in 2018, in four out of 23 ordinary proceedings the parties mutually agreed to use English in submissions and hearings instead of one of the official languages of Switzerland.[13]

After submission of its statement of claim, the plaintiff is ordered to pay an advance on the court fees. Simultaneously, the defendant is served with the statement of claim for its attention. As the Federal Patent Court has changed its practice regarding the payment of the court retainer fee in ordinary proceedings, the plaintiff has to pay an advance on only half of the expected court costs for a decision. Upon receipt of the advance payment the court sets a time limit to the adverse party to submit its statement of defence.

Upon receiving the statement of defence, or, in the case of a counterclaim, upon receiving the reply and defence to counterclaim, an instruction hearing generally takes place, in which the chairman or the instructing judge and the designated technically trained judge participate. After a discussion with the parties on the matter in dispute, the court delegation will proceed with a preliminary assessment of the matter off the record and will attempt to bring about a settlement. If no settlement is achieved, the proceedings will usually continue with another exchange of briefs.

12 Guidelines on Proceedings before the Federal Patent Court (effective from 1 January 2016), available at: www.bundespatentgericht.ch (last visited 18 March 2019).

13 Annual Report 2018 of the Federal Patent Court, available at: www.bundespatentgericht.ch (last visited 18 March 2019).

At the end of the exchange of briefs, the main hearing takes place. If a judge's expert opinion is rendered, the parties are given the opportunity to submit their positions regarding the opinion. Thereafter, the procedure of taking evidence takes place. As stated in Section IV.iii, above, the object of the procedure is to establish the facts that are legally relevant and disputed by the parties. The plaintiff normally carries the burden of proof in infringement proceedings. However, regarding an invention concerning a process for the manufacture of a new product the burden of proof is reversed in the way that every product of the same composition shall be presumed to have been fabricated by the patented process until proof to the contrary has been provided. The same applies to a process for the manufacture of a known product if the patentee shows probable cause of a patent infringement.

vi Infringement

Pursuant to Article 66 of the Patent Act, use or imitation of a patented invention is deemed an infringement (i.e., literal and equivalent infringements are prohibited). The Federal Patent Court adapted the previous Swiss doctrine of equivalents to the prevailing standards in continental Europe. Hence, equivalent infringement takes place if the following three criteria are met: (1) a product or process substitutes certain functional characteristics of a patent claim (same effect), while (2) the substitutive characteristics must be evident to an expert in the art in view of the patented teaching (accessibility), and (3) are considered by such expert as a solution of equal value with respect to the patent claim as literally stated in light of the description (equal value).[14] The third element emphasising the importance of the literal patent claim for the determination of the equivalence was absent in the past practice of the Swiss cantonal courts and the Federal Supreme Court.

vii Defences

Defences may be asserted in the course of the infringement proceedings or by way of an independent action against the patentee (see Section IV.i, above). Apart from non-infringement, the most popular defence against an infringement action is patent invalidity, which may be asserted based on lack of novelty, lack of inventive step, non-patentability, or insufficient disclosure of the invention for it to be carried out by a person skilled in the art. Further, a patent can be revoked if the subject matter of the patent goes beyond the content of the initial patent application or if the patentee was not entitled to be granted the patent (e.g., because the invention was made by someone else).

As a less common defence, the alleged infringer may argue that the incriminated use is exempted from patent protection because of private use or other privileged purposes or because of exhaustion of rights (see Section I.i, above). Further, a compulsory licence may be claimed if the respective prerequisites are met. Compulsory licences are available *inter alia* for facilitating the use of dependent inventions purporting a major technical advance, in the absence of sufficient exploitation of a patent in Switzerland, if public interest so demands, as a remedy for anticompetitive behaviour in the field of diagnostics, or for the export of pharmaceutical products to developing countries.

14 Federal Patent Court, 21 March 2013, S2013_001, cons. 17.2, specified and confirmed by Federal Patent Court, 25 January 2016, O2014_002, cons. 6.5.2.2 and Federal Patent Court, 9 March 2017, O2015_004, cons. 4.5.2 and 4.6; see also Federal Supreme Court, 20 October 2017, 4A_208/2017, cons. 5; Federal Patent Court, 21 December 2017, O2017_019, cons. 3.2; Federal Patent Court, 6 December 2016, S2016_004, cons. 4.5.2 et seq.

viii Time to first-level decision

The Federal Patent Court aims to render a first instance judgment within 12 months of the commencement of proceedings. Hence, the parties are confronted with relatively short time limits to submit their briefs, ranging between four and six weeks, and limited possibilities to request an extension of time limits.

ix Remedies

The main remedies available to the patentee are injunctions and compensation of damages. Further, surrender of documents and information disclosing the source, quantities and recipients of infringing products can be ordered by the court.

With respect to monetary claims for compensation of damages or disgorgement of unlawfully attained profits, the plaintiff may in a first step demand disclosure of evidence relevant for the quantification of the claimed amount, which will then be pursued in a second step. Three alternative calculation methods are recognised by the courts: proof of the actual loss of profits, licence analogy and conclusion by analogy based on the profits of the infringer.[15] There are no punitive damages in Switzerland.[16]

Under the concept of licence analogy, the damage actually suffered is substituted by a fictitious reasonable royalty that would have been due if the adverse parties had entered into a licence agreement. However, according to the Federal Supreme Court, the plaintiff must establish a causal link between the hypothetical damage and the conduct of the infringer; in other words, evidence that a licence agreement could possibly have been concluded is required.[17] This requirement defeats the concept of licence analogy in the majority of cases, but the plaintiff may demand the same by taking recourse to the concept of unjust enrichment in the amount of the infringer's savings commensurate to a fictitious reasonable royalty rate.

Injunctions may also be obtained by way of preliminary measures, provided that the plaintiff shows credibly that the patent is infringed or an infringement is imminent, he or she is likely to suffer irreparable harm because of such infringement, and there is urgency. In case of particular urgency, preliminary measures may be ordered immediately and without hearing the opposing party. However, *ex parte* injunctions are rarely granted. With respect to *ex parte* injunctions based on domestic patents, it should be noted that the plaintiff must produce *prima facie* evidence on the validity of the patent, such as an official search report, because there is no *ex officio* examination of novelty as a prerequisite for patent grant.[18] If an infringer expects an attempt by the patentee to obtain an *ex parte* injunction, it may lodge a preventive protective writ with the Federal Patent Court outlining the defence against the anticipated allegations.

x Appellate review

Judgments rendered by the Federal Patent Court may be appealed to the Federal Supreme Court. In general, solely points of law may be invoked, the findings of facts can be challenged only in very limited circumstances.

15 Federal Supreme Court, 19 December 2005,132 III 379, cons. 3.2.

16 Federal Supreme Court, 10 October 1996, 122 III 463, cons. 5cc

17 Federal Supreme Court, 19 December 2005,132 III 379, cons. 3.3.

18 Federal Patent Court, 24 May 2013, S2013_005, cons. 3, confirmed by the Federal Patent Court, 9 February 2015, S2015_001, cons. 6.1.

Preliminary rulings are considered as intermediary orders and are, therefore, solely appealable if they are capable of causing irreparable legal prejudice to the appellant and in general only on the grounds of violations of constitutional rights.

xi Alternatives to litigation

Since the objections admissible in oppositions brought against domestic patents before the Institute are very limited (see Section III, above), opposition is only a viable alternative to litigation if directed against a European application within nine months of the grant of the right in the patent.

V TRENDS AND OUTLOOK

With regard to patent law, the latest reform focused, *inter alia*, on improving the conditions for biomedical research and industry as well as medical treatment of children and patients with rare diseases (see Section I.ii and I.iii).

Although Switzerland will not participate in the unitary patent and Unified Patent Court scheme of the European Union, this new patent system will also benefit patent applicants in Switzerland by enabling them to obtain patent protection with unitary and immediate effect in the respective EU Member States, through one application with the European Patent Office only.

According to the Annual Report 2018 of the European Patent Office (EPO), the number of patent applications filed from Switzerland reached a new record number last year. In 2018, Switzerland was the country with the most patent applications per inhabitant.[19] Hence, Switzerland remains one of the most innovative countries of the world.[20]

19 https://www.ige.ch/en/services/news/news-details/news/3425-epa-bericht-schweiz-hat-die-meisten-patentanmeldungen-pro-einwohner.html (last visited 18 March 2019).

20 NZZ, 12.3.2019, available under the following link: https://www.nzz.ch/wirtschaft/patentzahlen-ld.1466215 (last visited 18 March 2019).

Appendix 1

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Andrea Strahm is a partner in the intellectual property practice area. She advises both companies and private clients on how to protect, enforce and defend rights across the globe in relation to trademarks, copyright, domains and designs. She also has special expertise in competition matters, including unfair competition, and moral rights.

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