



IP Newsletter Switzerland

Pre-trial "Discovery" in Swiss Patent Litigation

On the 1st of January 2012, the new Swiss Federal Patent Court has taken up its work and Switzerland has entered a new era of patent litigation. Although there will be a certain caseload backlog at the beginning due to the fact that pending patent cases had to be transferred from the cantonal courts to the new Patent Court, it is expected that the quality and efficiency of patent litigation in Switzerland will significantly increase.

Along with the creation of the Federal Patent Court, two new methods of pre-trial "discovery" were introduced to the Swiss patent litigation system. These new instruments enable a future claimant to gather evidence and to assess the chances of success before commencing costly litigation on the merits. For litigators from common law countries this may sound like yesterday's news, but in Switzerland the pre-trial gathering of evidence used to be possible only in cases in which the requesting party could demonstrate on a *prima facie* basis that there was imminent and actual danger that the evidence might be destroyed or disappear unless secured by the court. This has changed with the introduction of new patent and procedural law provisions.

The first instrument for pre-trial discovery is tailored to the needs of patent owners. Article 77 of the Swiss Patent Act (in force since 1st January 2012) entitles a patent owner to request from the Patent Court as a preliminary measure a precise description of the processes, products and/or means of production of a third party provided the patent owner can show, on a mere *prima facie* basis, an actual or imminent patent infringement by such third party. The patent owner requesting the description can show such probability of infringement by submitting documents to the Patent Court. Due to the summary nature of the proceedings, the patent owner, as a rule, is however prevented from relying on witness statements.

If the patent owner is successful in establishing on a *prima facie* basis that there is an actual or imminent infringement, a member of the Patent Court carries

out the order for description, if necessary with the assistance of a court-appointed expert and/or local authorities (e.g., the police).

Because there is an inherent danger that the right to request a description of products, processes or means of production may be abused to explore the competitors' proprietary processes and/or products, the alleged infringer can invoke the confidentiality of the information that must be disclosed and request special measures for the protection of trade secrets and confidential information. If the alleged infringer shows credibly that confidential information or trade secrets are in danger of being exposed, the Patent Court may exclude the patent owner requesting description from taking part in the taking of evidence and redact the description before handing it over to the requesting party.

It remains to be seen how the Patent Court will balance the parties' conflicting interests in full disclosure on the one hand, and in full preservation of confidentiality on the other hand, and what safeguards the Patent Court will apply to prevent the instrument of precise description from being misused for 'fishing expeditions'. Some practitioners advocate the "outside counsel only" approach which seems to be successfully practiced in other jurisdictions like Germany, the UK and the U.S. According to this approach, only the patent owner's outside counsel are allowed to take part in the site visits and inspections, and only they are provided with an unredacted copy of the precise description, together with the direction by the court to not pass on the information to their client.

The second instrument for pre-trial discovery of evidence is based on the Federal Code of Civil Procedure (CCP) which governs all civil proceedings conducted before Swiss courts, including the Patent Court. This instrument is not only available to future litigants in patent cases, but it is a helpful tool to all parties seeking to explore the evidentiary basis of their claims and to assess the chances of success



before starting litigation. Thinking in terms of patent litigation, the instrument available under article 158 CCP is not limited to the description of processes, products and/or means of production. If the requirements of article 158 CCP are fulfilled, the patent owner (or any other future litigant) may request the production of specific documents (e.g., plans, drawings, correspondence) or even the taking of witness statements and/or the provision of expert reports.

According to article 158 CCP a party may request the court at any time (i.e., even before initiating a lawsuit) to take evidence, if it shows on a *prima facie* basis that there is a legitimate interest in the taking of such evidence. In the legislator's opinion, the legitimate interest may lie in the need to properly assess the merits of a potential lawsuit before lodging the claim. This helps to prevent the filing of lawsuits that have no chance of success because there is no evidence to sufficiently establish the facts of the case.

In order not to undermine the goal of this provision, namely to provide future litigants with the opportunity to assess the merits of their case, the courts will have to apply it quite broadly and to permit the preliminary taking of evidence if the evidence requested is not obviously irrelevant to the case and/or immaterial to its outcome. However, unlike the broad scope of pre-trial discovery in U.S. litigation, the evidence discoverable under article 158 CCP will be limited in scope to narrow and specifically defined categories of documents, and/or to the interrogation of witnesses or experts on the basis of sufficiently detailed questions on specific subjects (no "fishing expeditions").

As to the *prima facie* showing of a legitimate interest, the requesting party is confined to establish such legitimate interest based on documentary evidence only. Again, as with the request for precise description, the requesting party, as a rule, is prevented from relying on witness statements for that purpose.

The defendant of course can assert confidentiality of the information and invoke protection of his business secrets. If the defendant shows credibly that there is a danger that confidential information and/or business secrets are being disclosed, the court must take appropriate measures to ensure that the taking of

evidence does not infringe upon the defendant's legitimate confidentiality interests.

The success of these new procedural tools for pre-trial discovery depends on how the Patent Court - and with regard to article 158 CCP also the other civil courts - will balance the parties' conflicting interests in full disclosure on the one hand, and in the preservation of confidentiality as well as prevention of fishing expeditions on the other hand. For the time being it seems that no decisions have been rendered on the application of these new instruments for pre-trial discovery and their application by the courts is therefore hard to predict. Yet, it must be assumed that these two instruments are to become a strong weapon in the hand of the patent owners (or other future litigants) against opponents who are located and/or have evidence located in Switzerland.

8 February 2012

For further information please contact:
Patrick Rohn (p.rohn@thouvenin.com)

This Newsletter is not intended to provide legal advice. Before taking action or relying on the information given, addressees of this Newsletter should seek specific advice.