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Injunctions in cases of infringement of IPRs (Q 219)

Report of Swiss Group*

I. Analysis of current law and case law

Availability:

1. Are injunctions for infringement of an IPR available on a provisional/preliminary basis?

Yes.

2. Are injunctions for infringement of an IPR available on a permanent basis?

Yes.

Criteria:

3. If yes to question 1, what are the criteria for the grant of an injunction on a provisional/preliminary basis?

Before January 1, 2011, provisions dealing with preliminary measures could be found in the different Swiss IP statutes, some of which referred to provisions in the Swiss Civil Code concerning the protection of personality rights. Since January 1, 2011, the requirements for preliminary measures in general are set forth in Articles 261 ss. of the Swiss Code of Civil Procedure (CCP). These provisions replaced the respective parts in the different IP statutes.

According to Article 261 CCP, a Swiss court shall order the necessary preliminary measures if the petitioner provides *prima facie* evidence (i) for an ongoing or imminent violation of his rights and (ii) that the petitioner because of this violation is threatened by harm that is not easily reparable.

Article 262 CCP continues to hold that the preliminary measure may consist of every measure suitable for preventing the threatened harm. This provision mentions, *inter alia*, injunctions and orders to eliminate the unlawful situation.

These general provisions are amended by Article 266 CCP for preliminary measures against periodically appearing media. Preliminary measures may only be ordered against such media if the following three requirements are met: (i) the not easily reparable harm must be especially serious, (ii) it must be evident that there is no justification for the violation of rights, and (iii) the measure may not appear disproportionate ("balance of hardships").

In the Swiss literature, a frequently stated view is that the last-mentioned requirement, i.e. the requirement that the preliminary measure may not be disproportionate, is a fundamental requirement that applies to preliminary measures in general and not only to preliminary measures against media. However, it is also the prevailing view that courts should not consider the balance of hardships when deciding on whether or not to grant a preliminary measure but when deciding what measure and/or what scope of an injunction is appropriate. Further, it also seems to be the predominant view that the balance of hardships should not take into consideration public interests.

Finally, the CCP entitles the judge to order that a preliminary injunction only becomes enforceable if and when the plaintiff lodges a security the amount of which is to be set by the judge.

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4. If yes to question 2, what are the criteria for the grant of an injunction on a permanent basis?

The provisions regarding permanent injunctions have not been concentrated in the CCP. Rather, each IP statute continues to hold that the right holder may demand an injunction in case an infringement is imminent or ongoing. To date, Swiss courts have always granted permanent injunctions if the infringement of an IPR was established without requiring the fulfillment of any additional criteria.

5. If not addressed in answering questions 3 and 4, do the criteria for the grant of an injunction differ depending on whether the injunction sought is on a provisional/preliminary or permanent basis? If so, how?

An injunction on a permanent basis requires full proof and not only *prima facie* evidence for an infringement. On the other hand, a permanent injunction does not require that the infringement, was it to continue, would irreparably harm the IP owner. Also, Swiss courts to date have never made the grant of a permanent injunction dependent on whether such measure was proportionate.

6. Are the criteria for the grant of an injunction equally applicable to infringement of all IPRs?

Yes.

7. If no to 6, are there any specific criteria or considerations for the grant of an injunction for particular IPRs? If so, what criteria apply and to which IPRs?

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8. Are there any specific criteria or considerations for particular subject matter, for example, pharmaceutical patents? If so, what criteria or considerations apply to what subject matter?

No.

9. Are there any specific considerations relevant to particular IP holders, for example, NPEs? If so, what considerations are relevant and to what IPR holders?

a) All IPRs, preliminary injunctions: As explained above, irreparable harm is a requirement for a preliminary (not, however, for a permanent) injunction. Swiss courts usually accept irreparable harm if the IPR owner is likely to suffer a loss of sales because the difficulties of establishing such loss retroactively are notorious. An entity that does not exploit its IPR selling protected products does not suffer such loss and will find it much more difficult to obtain a preliminary injunction.

b) Trademarks: Swiss courts have denied a trademark its protection if the alleged infringer succeeded in proving that the trademark was filed without intent of use. Seeking trademark protection under such circumstances is considered an abuse of rights.

Discretion:

10. Is there any element of judicial discretion in relation to the grant of an injunction for infringement of IPRs? If so, how does the discretion apply?

a) Preliminary injunctions: The court has discretion (i) when assessing whether there is *prima facie* evidence of irreparable harm, (ii) with regard to what preliminary measure is appropriate (injunction or not, scope of an injunction, etc.), and (iii) when deciding whether or not to ask for a security and when setting the amount of a security.

b) Permanent injunctions: As mentioned under question 5, Swiss courts to date have always and automatically issued a permanent injunction if an infringement of an IPR was established in ordinary proceedings. Subject to the following, there is no room for judicial discretion under such an automatism:

- Historically, the protection of IPRs was often considered to be closely related to the protection of personality rights (see, for example, answer to question 3). In the latter field, there is no automatism in the sense that every violation of rights entails an injunction. Rather, Swiss courts, including the Federal Supreme Court, have always held that in case of a violation of personality rights an in-

junction must satisfy the requirement of proportionality. Accordingly, Swiss courts have denied permanent injunctive relief in cases in which a violation of personality rights was established where an injunction seemed disproportionate (e.g. BGE 135 III 145, "Rosmarie V.").

- In the field of copyright it is imaginable that for example a book contains one photograph for which the license of the respective author has not been obtained. Although to the knowledge of the Swiss group no judgment of the Swiss Federal Supreme Court has been rendered in such a case, it is discussed in the literature whether in such cases an injunction may cover the complete book or recording or whether the principle of proportionality requires a milder sanction, e.g. that the defendant be obliged to cover the non-licensed photograph (see, for example, J. DE WERRA, *La mise en œuvre judiciaire de la protection des droits de propriété intellectuelle: réflexions prospectives sur les conditions des actions défensives en interdiction et en cessation*, 10 ans sic!, 14 ff.).

11. Are there any circumstances in which a court must grant an injunction for infringement of an IPR? If so, in what circumstances?

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12. Are there any circumstances where infringement of an IPR is proved and no permanent injunction is available? If so, in what circumstances?

Swiss courts have denied permanent injunctions in cases where enforcing the IPR seemed abusive, e.g. (i) where a trademark was filed without intention to actually use it or (ii) where the plaintiff waited too long (typically at least 8 to 10 years) with enforcing the IPR after having learned of the alleged infringement ("*Verwirkung*", forfeiture).

Scope:

13. Is an injunction granted only against named parties to the infringement proceeding, or is an injunction available more broadly against potential infringers such as customers or manufacturers who are not parties to the proceeding?

Under Swiss law, injunctions may only be granted against parties to an infringement proceeding.

14. Is there a specific form of words used by your courts to describe the scope of the grant of an injunction? If so, what is the "formula"?

There is no such "formula" in Swiss practice.

15. Is the grant of an injunction referable to the item(s) alleged to infringe the relevant IPR, or may the grant of an injunction be broader in scope? If it may be broader, what is the permissible scope of the injunction?

The Swiss Federal Supreme Court has repeatedly held that an injunction must describe the prohibited activities so clearly and unambiguously that establishing whether the injunction has been violated requires only simple factual determinations (BGE 131 III 70; BGer 4C.138/2004). One reason for this strict standard is that the primary means for enforcing an injunction under Swiss law is the threat of criminal punishment. In criminal law, a fundamental principle is *nulla poena sine lege*. This principle requires that the addressee is clearly told what he must refrain from doing.

The requirement that the injunction must clearly describe what is prohibited does, however, not mean that the injunction must necessarily be limited to the infringement that has actually occurred. Rather, the Swiss Federal Supreme Court has acknowledged that an injunction may be worded in a broader, more general way if the plaintiff can show that there is a risk that the injunction will otherwise be circumvented (4A_106/2009; 4C.361/2005).

In case of patent infringements, simply repeating the infringed claims usually is insufficient because most claims contain features that are not self-explanatory and the meaning of which is disputed among the parties. Also, simply referring to the name under which the infringing product is marketed is considered insufficient in most instances because such names may be changed any time (an exception are pharmaceutical products because their name can only be changed with the permission of the competent regulatory authority; see Commercial Court of Zurich, sic! 2008, 642). Generally, it is ne-

cessary to describe the features of the enjoined product, process or service as such, if necessary with the help of pictures/photographs.

Judicial trends and practice:

16. Is there any discernible trend in your country as to the willingness or otherwise of courts to grant or refuse injunctions for particular IPRs or in relation to particular subject matter?

The Swiss group is not aware of any such trend.

17. What, if any, has been the impact of the “eBay v Merc-Exchange” decision or any tendency of the courts in your jurisdiction to treat final injunctions as discretionary? Please explain whether the “eBay v Merc-Exchange” decision has been relied on or cited by your courts, and in what circumstances. Alternatively, or in addition, has there been any legal commentary on any potential implications of the “eBay v Merc-Exchange” decision in your jurisdiction?

a) Courts: The Swiss group has performed a search in those decisions of Swiss courts that are accessible on the Internet but has not found a single decision that cites the US Supreme Court’s “eBay v Merc-Exchange” decision.

b) Literature: Three articles were published in Swiss legal journals that discuss “eBay v MercExchange” and its potential implications in light of various differences in the laws of the US and Switzerland (J. DE WERRA, La mise en œuvre judiciaire de la protection des droits de propriété intellectuelle: réflexions prospectives sur les conditions des actions défensives en interdiction et en cessation, Sondernummer 10 Jahre sic!, 5; A. HESS-BLUMER, Patent Trolls – eine Analyse nach Schweizer Recht, sic! 2009, 851 ff.; M. WALLLOT, Massnahmen gegen Patenttrolle: Zwangslizenzen, Rechtsmissbrauchsverbot oder doch Verhältnismässigkeitsprüfung?, sic! 2011, 157 ff.). The second author especially points out that the Swiss Patent Act contains a broad catalogue of compulsory licenses, including, among others, a compulsory license that is available if the patent owner does not commence practicing the invention within a certain grace period and a compulsory license that is available to the owner of a dependent patent. This catalogue of compulsory licenses reflects a political consensus and aligns and complies with international obligations of Switzerland, e.g. obligations deriving from the TRIPS agreement. Every exemption from a permanent injunction for other reasons would require a careful justification after a thorough analysis of whether, considering the catalogue of compulsory licenses available under the Swiss Patent Act and their statutory requirements, there is room for such an additional exemption.

II. Proposals for harmonization

Availability of provisional/preliminary injunctions:

18. Should there be a test or criteria for the grant of a provisional/preliminary injunction for the infringement of an IPR? If yes, what should that test or those criteria be?

The Swiss group is of the opinion that preliminary injunctions should be granted if the petitioner succeeds in providing *prima facie* evidence (i) for an ongoing or imminent violation of his IPRs and (ii) that the petitioner because of this violation is threatened by harm that is not easily reparable. The Swiss group further is of the opinion that the fact alone that the petitioner does not itself use the respective IPR should not render a preliminary injunction disproportionate.

19. If no, what principles should be considered in determining whether to grant a provisional/preliminary injunction?

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Availability of permanent injunctions:

20. Should there be a test for the grant of a permanent injunction for the infringement of an IPR? If yes, what should that test be?

The Swiss group is of the opinion that injunctive relief should be the primary remedy in case that an infringement of an IPR is established and that this remedy should be available to the owner of an IPR

without having the burden of proving any further requirements. Every exemption should be clearly defined, comply with Article 31 of the TRIPS agreement and require that the burden of proving the criteria for such exemption lie with the infringer.

21. If no, what principles should be considered in determining whether to grant a permanent injunction?

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Discretion:

22. In what circumstances, if any, should the grant of an injunction automatically follow a finding of infringement of an IPR?

This should be the standard in case of permanent injunctions.

23. In what circumstances, if any, should the grant of an injunction be denied notwithstanding a finding of infringement of an IPR?

The Swiss group is of the opinion that injunctive relief (and other remedies) should be denied if the plaintiff's request amounts to an abuse of rights. It may be such an abuse if the right holder, after having learned of the infringing use, waits for a long time before he brings a claim. In trademark law it might also be an abuse if the purpose of registering the trademark was not to use it but only to prevent others from using it. This is different, of course, in patent law. Not using a patent is never abusive because a patent is the reward for disclosing a new and inventive teaching. In patent law, the appropriate remedy if the patentee does not practice the invention is a compulsory license.

Differences between IPRs:

24. Should the above test/principles apply equally to all IPRs?

Yes.

25. If no, what should any differences be and why?

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Scope:

26. Should an injunction be granted only against named parties to infringement proceeding, or should an injunction be available more broadly against potential infringers such as customers or manufacturers who are not parties to the proceeding?

Injunctions should only be available against named parties to infringement proceedings. Third parties may have defenses not thought of and/or not considered. Their fate should not depend on the outcome of a litigation in which they were not involved.

27. What is the appropriate scope of an injunction prohibiting an infringer from committing further infringing acts? For example, should the injunction relate simply to the IP the subject of the allegation of infringement, or should the injunction be broader in scope? If broader, what is the permissible or desirable scope?

An injunction should not relate to the IP that is allegedly infringed, but to the allegedly infringing object. An injunction should cover that object and at least the most obvious circumventions. Also, courts should be obliged to assist the parties in finding a reasonable wording. As far as the Swiss group is aware, for example German courts are under such an obligation (§ 139 of the German Code of Civil Procedure).

Summary

Swiss law provides for injunctive relief both as preliminary and permanent measure. In order to obtain a preliminary injunction, the petitioner must provide prima facie evidence (i) for an ongoing or immi-

ment violation of his rights and (ii) that the petitioner because of this violation is threatened by harm that is not easily reparable. A permanent injunction is the standard remedy against an infringer in ordinary proceedings. In the past, Swiss courts have denied permanent injunctions only in cases where enforcing the IPR seemed abusive, namely where a trademark was filed without intention to actually use it and where the plaintiff waited too long (at least 8 to 10 years) with enforcing the IPR after having learned of the alleged infringement.

Under Swiss law, injunctions may only be granted against parties to an infringement proceeding. Also, the injunction must clearly and unambiguously describe what the addressee is no longer entitled to do, e.g. the machine the infringer is no longer entitled to produce and sell. However, the injunction does not necessarily need to be limited to the embodiment of an actual infringement but may be broader in scope and also cover potential circumventions.

These rules apply to all IPRs.

Zusammenfassung

Das Schweizer Recht kennt Verbote als Massnahmen des einstweiligen Rechtsschutzes sowie als Behelf im ordentlichen Verfahren. Ein vorsorgliches Verbot setzt voraus, dass der Gesuchsteller eine Verletzungsgefahr und das Drohen eines nicht leicht wieder gutzumachenden Nachteils glaubhaft macht. Im ordentlichen Verfahren ist ein Verbot der Standardbehelf. In der Vergangenheit haben Gerichte definitive Verbote nur dann nicht ausgesprochen, wenn die Durchsetzung des Immaterialgüterrechts rechtsmissbräuchlich erschien, namentlich wenn eine Marke ohne Benutzungsabsicht registriert worden war oder der Schutzrechtsinhaber nach Kenntnisnahme der Verletzung mit der Durchsetzung seiner Rechte zu lange (mindestens 8 bis 10 Jahre) zugewartet hatte.

Schweizer Recht können Verbote nur gegen Parteien ausgesprochen werden, die am Verletzungsprozess teilgenommen haben. Ein Verbot muss sodann auf ein genau umschriebenes Verhalten gerichtet sein, beispielsweise den Verletzungsgegenstand, den der Verletzer nicht mehr herstellen und verkaufen darf, genau umschreiben. Allerdings muss das Verbot nicht mit dem konkret erfolgten Verletzungsgegenstand identisch sein, sondern kann allgemeiner formuliert werden, wenn ansonsten die Gefahr der Umgehung besteht.

Die Vorschriften sind für alle Immaterialgüterrechte dieselben.

Résumé

La loi suisse prévoit des interdictions comme mesures provisionnelles ou ordinaires. Afin d'obtenir une interdiction comme mesure provisionnelle, le requérant doit prouver (i) qu'il est menacé d'une violation imminente et que (ii) cette atteinte risque de lui causer un préjudice difficilement réparable.

L'interdiction définitive est la mesure standard dans la procédure ordinaire. Dans le passé, les tribunaux suisses ont refusé des interdictions définitives seulement si l'imposition des droits de propriété intellectuelle semblait illicite, notamment si une marque avait été déposée sans l'intention de l'utiliser ou si le requérant avait attendu trop longtemps (au minimum entre 8 et 10 ans) après avoir eu connaissance de la violation avant de faire valoir ses droits de propriété intellectuelle.

Selon la loi suisse, une interdiction par le tribunal ne peut frapper que les parties à la procédure. L'interdiction est censée décrire précisément l'action que le violeur n'a plus le droit d'entreprendre, par exemple l'interdiction de produire ou vendre certains produits. Néanmoins, l'interdiction ne doit pas être limitée à la violation en question dans le cas d'espèce, mais peut être formulée de façon plus générale afin d'éviter que le violeur la contourne.

Ces normes s'appliquent à tous les droits de propriété intellectuelle.