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Prior User Rights (Q 228)

REPORT OF SWISS GROUP*

Questions

I. Analysis of current law and case law

1. Is there a provision in your national patent law that makes an exception to the exclusive right of a patent holder for parties who have used the invention before the filing/priority date of the patent ("prior user rights")?

Yes, Article 35, Paragraphs 1 and 2 of the Swiss Patent Act (Art. 35 (1) and (2) Patent Act) read:

[1] A patent may not be invoked against any person who, prior to the filing or priority date of the patent application, was commercially using the invention in good faith in Switzerland or had made special preparations for that purpose.
[2] Any such person under paragraph 1 may use the invention for the purposes of their trade or business; this right may be transferred or bequeathed only together with the trade or business.
(English is not an official language of the Swiss Confederation. This translation is provided for information purposes only and has no legal force)

According to Art. 35 a third party intending to claim a prior user right must have commercially used the invention in good faith in Switzerland or must have made special preparations in good faith for future use.

Furthermore Art. 48 stipulates that a patent may not be invoked against any person who during specific periods has commercially used an invention in good faith in Switzerland or who has made special preparations for that purpose. The special periods are a) between the last day of the time limit for payment of a renewal fee and the day on which a request for further processing or a re-establishment of rights was filed or b) between the last day of the priority period and the day on which the application is filed.

2. How frequently are prior user rights used in your country? Is there empirical data on how often prior user rights are asserted as a defense in negotiations or court proceedings?

Based on the low number of published court decisions with regard to prior user rights in Switzerland, said rights appear to be used seldom. The Swiss National Group is not aware of empirical data.

3. To what degree must someone claiming a prior user right have developed the embodiment which is asserted as having been used prior to the filing/priority date of the patent? Is it sufficient to have conceived of the embodiment, or must it have been reduced to practice or commercialized?

According to Art. 35 (1) Patent Act a prior commercial use or special preparations in view of a future use prior to the filing or the priority date is precondition for establishing a prior user right. The conception of the embodiment is not sufficient. One should have had sufficient detailed knowledge about the invention to be able to carry it out. Furthermore concrete preparation should have been made to implement the invention.

The Federal Supreme Court mentioned in its decision BGE 86 II 406 E.c that it is not enough to have a plan or technical drawing to have a prior user right established.

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4. Does it make a difference in your country if

– the prior use occurred before the priority date; or

– it occurred after the priority date, but before the filing date?

Yes, according to Art. 35 (1) Patent Act a prior user right can only occur if the use took place prior to the earlier of the filing or the priority date. No prior user right can occur for activities in the priority interval (W. STIEGER, in: C. Bertschinger/P. Münch/T. Geiser, Schweizerisches und Europäisches Patentrecht, Basel 2002, 12.242).

5. Is there a territorial limitation with regard to the scope of prior user rights in your country? In other words, if a party has used the patented invention before the filing/priority date in a foreign country, can it then claim a prior user right in your country?

Art. 35(1) Patent Act territorially limits the effect of the prior user right to activities in Switzerland or the Principality of Liechtenstein. The prior use in a foreign country does not establish a prior user right.

6. Is there a provision that excludes prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor?

No, the Swiss Patent Law does not know such a particular provision. But see further explanation under 7.

7. Is it necessary that the prior user has acted in good faith to be granted a prior user right?

Yes, the requirement of good faith according to Art. 35(1) Patent Act applies. According to Art. 3(1) Civil Code good faith is defined as follows:

[1] Where the law makes a legal effect conditional on the good faith of a person, there shall be a presumption of good faith.

Under the presumption of good faith the prior user could also claim a prior user right if the invention has been obtained from a third party. The third party can even be the inventor.

However, good faith cannot be relied upon when the prior user was aware of the invention of the potential applicant or could have assumed that the inventor intended to file a patent. (see P. HEINRICH, PatG/EPÜ, Bern 2010, 35, 11; STIEGER, 12.244 to 12.247). Also, in case a prior user became aware of the invention unlawfully it may not be possible to show good faith.

8. Is there a material limitation with regard to prior user rights in your country? More specifically, if someone has used an embodiment of a patented invention before the filing/priority date of the patent, can he then claim a prior user right to anything covered by the patent? In particular, is the owner of a prior user right entitled to alter/change the embodiment of the patented invention used before the filing/priority date of the patent to other embodiments that would also fall within the patent's scope of protection or is he strictly limited to the concrete use enacted or prepared before the patent's application or priority date? In the event that changes/alterations are permitted by your national law, to what degree?

Yes, the prior user right is limited to the scope of the prior use taking place before the filing or priority date of the invention. The prior use cannot be extended to the whole coverage of the patent (see HEINRICH, 35, 17, or STIEGER, 12.253). However, both authors are of the opinion that further developments which are obvious from the viewpoint of the subject of the prior use should also be covered by the prior user right. Nevertheless there is no case law concerning this question.

9. Does a prior user right in your country require the continued use (or the necessary preparations of the use) of the invention claimed by the patent at the moment in which the objection of the prior user right is asserted or is it sufficient if the invention claimed by the patent has been used before the priority/filing date of the patent but has been abandoned at a later stage?

According to STIEGER, 12.240 the prior use has to take place in a continuous manner and has to be ongoing at the filing or priority date of the invention. A stop or indefinite interruption of the prior use prior to the filing or priority date of the invention cannot establish a prior user right. However, a tempo-

rary interruption is regarded as harmless also the preparation for a continuous use is regarded as sufficient to establish a prior user right.

10. Is a prior user right transferable and/or licensable in your country? If yes, under what circumstances?

According to Art. 35(2) Patent Act the prior user right is only transferable together with the related trade or business.

A prior user right is as a matter of principle not licensable (STIEGER, 12.263).

11. Does your national law provide any exceptions or special provisions with regard to a prior user right owned by a company within a corporate group? In particular, can a prior user right be transferred or licensed to another group company?

There are no such provisions in the Swiss law.

12. Are there any exceptions for any specific fields of technology or types of entity with regard to prior user rights in your country?

No.

13. The Groups are invited to explain any further requirements placed on prior user rights by their national law.

Art. 35(2) Patent Act provides a legal basis to limit the use of the prior user right to the trade or business of the person having a prior user right.

II. Policy considerations and proposals for improvements to your current system

14. Should a prior user right exist in any legal system? If yes, what is the main legal justification for a prior user right?

Yes, it is the opinion of the Swiss Group that in any legal system a prior user right should exist. The person acting in good faith should be protected against later filed patents (legal security for third parties, see Pt.7).

15. What is the perceived value of prior user rights in your country?

The significance of prior user rights in Switzerland is essential for legal security reasons.

16. Are there certain aspects that should be altered or changed with regard to the existing implementation of the prior user right in your country? In particular, are there certain measures or ways that could lead to an improvement and/or strengthening of your current system?

No.

III. Proposals for harmonization

Groups are invited to put forward proposals for the adoption of harmonized rules in relation to prior user rights. More specifically, the Groups are invited to answer the following questions:

17. Is harmonization of "prior user rights" desirable?

Yes!

18. What should be the standard definition of "use" in relation to prior user rights? Must the use be commercial?

Prior use must be commercial or preparations in terms of future use must have been made to produce on a commercial scale.

19. What should be the definition of "date" (or "critical date") for prior user rights? (i.e. when must the invention have been used to establish a prior user right?)

The earlier of priority date or filing date shall be considered as relevant date to determine a prior user right. The Swiss Group is of the opinion that this date respects both the interest of the third parties and the applicant for a patent.

Other relevant dates such as the beginning of a grace period for example shall not be taken into account. The Swiss Group is of the opinion that earlier dates than the priority date or the filing date influence the interests of a prior user in an unfair manner.

20. Should a prior user right persist in the event that the use and/or preparation for use of the invention has already been abandoned at the time of the patent application/priority date or should the prior user right lapse upon the termination of the use and/or preparation of use?

No.

21. What should be the territorial scope of a prior user right? In particular, if a party has used the patented invention before the decisive date in a foreign country, should it then be entitled to claim a prior user right?

No, it should be limited to the country where the prior use actually takes place.

22. Should there be a provision that excludes prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor? If yes, should it be necessary that the prior user has acted in good faith to be granted a prior user right?

See Pt. 7.; good faith is considered as key criteria by the Swiss Group.

23. Should there be material limitation with regard to prior use rights? In particular, if someone has used an embodiment of a patented invention before the filing/priority date of the patent, should he then be entitled to claim a prior user right to anything covered by the patent?

No, a prior user right should be limited to the scope of the prior use including obvious further developments. A prior user right shall not be a license with regard to the technical teaching of the patent. See Pt. 8.

24. Should a prior user right be transferable and/or licensable?

No, in principle a prior user right shall remain an asset of the person that has established such a right. However, transfer with the business should be allowed.

25. Should there be any exceptions for any specific fields of technology or types of entity with regard to prior user rights?

No!

26. The Groups are also invited to present all other suggestions which may appear in the context of the possible international harmonization of "prior user rights".

The Swiss Group has no further suggestions.

Summary

The Swiss patent law stipulates with article 35 a right of shared use based on a prior use. A patent cannot be held against someone who already commercially used the invention in good faith in Switzerland or has taken special arrangements to do so prior to the filing or priority date.

The Swiss group is of the opinion that the provided solution in the Swiss patent law is balanced with respect to the interests of the patent holder and the prior use of a third party. On the one hand, the legal certainty is granted to the third party with respect to a later filed patent. On the other hand the patent holder is not restricted in his right, as if a full license on the patent would be granted to the third

party. In particular, the right of continued use is restricted to the actual prior use of the invention and does not comprise the whole subject matter of the patent.

Further concessions to the patent holder, which would restrict the rights of the good faith third party, according to the opinion of the Swiss group, are therefore not opportune. The Swiss group is also of the opinion that the right of continued use shall exclusively be directed towards the technical teaching created by the third party.

Zusammenfassung

Das Schweizer Patentgesetz kennt mit Artikel 35 ein Mitbenützungsrecht aufgrund einer Vorbenutzung. Ein Patent kann demjenigen nicht entgegengehalten werden, der bereits vor dem Anmelde- oder Prioritätsdatum die Erfindung im guten Glauben im Inland gewerbsmässig genutzt hat oder besondere Anstalten dazu getroffen hat.

Die Schweizer Gruppe ist der Meinung, dass die im Schweizer Patentgesetz vorgesehene Lösung bezüglich der Interessen des Patentinhabers und des vorbenützenden Dritten ausgewogen ist. Einerseits wird dem Dritten bezüglich eines später eingereichten Patents Rechtssicherheit gewährt. Andererseits wird der Patentinhaber nicht in seinem Recht dahingehend beschränkt, dass dem Dritten eine vollumfängliche Lizenz am Patent gewährt werden würde. Insbesondere ist das Weiterbenutzungsrecht auf die tatsächlich vorbenützte Erfindung beschränkt und umfasst nicht den gesamten Gegenstand des Patentes.

Weitergehende Zugeständnisse an den Patentinhaber, welche die Rechte des gutgläubigen Dritten beschränken würden, sind daher nach Ansicht der Schweizer Gruppe nicht opportun. Auch ist die Schweizer Gruppe der Meinung, dass sich das Weiterbenutzungsrecht ausschliesslich auf die vom Dritten geschaffene technische Lehre richten soll.

Résumé

La loi fédérale sur les brevets d'invention stipule avec article 35 le droit d'une utilisation conjointe dérivée d'un usage antérieur. Un brevet ne peut être opposé à celui qui, de bonne foi, avant la date du dépôt de la demande de brevet ou celle de la priorité, utilisait l'invention professionnellement en Suisse ou y avait fait à cette fin des préparatifs spéciaux.

Le groupe suisse est d'avis que la solution prévue dans la loi fédérale sur les brevets d'invention est équilibrée en ce qui concerne les intérêts du titulaire du brevet et les intérêts d'un tiers commettant une utilisation conjointe. D'un côté la sécurité juridique est accordée au tiers par rapport à un brevet déposé plus tard. De l'autre côté le titulaire du brevet n'est pas restreint dans son droit, comme si une licence complète sur le brevet était accordée au tiers. En particulier, le droit de l'utilisation continue est limité à l'utilisation antérieure effective de l'invention et ne comprend pas l'objet entier du brevet.

D'autres concessions au titulaire du brevet, qui restreindraient les droits du tiers de bonne foi, selon l'opinion du groupe suisse, ne sont donc pas opportunes. Le groupe suisse est aussi de l'opinion que le droit d'utilisation continue doit être orienté exclusivement vers l'enseignement technique créé par le tiers.