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Interpretation of the Patents Act

The <u>transit</u> of patent-infringing goods can only be prohibited when the patent owner can also prohibit the import into the country of destination. Assistance measures regarding goods in <u>transit</u> can only be provided by customs when direct evidence is present concerning infringement of a patent in both Switzerland and in the country of destination.

With the revision of the Swiss Federal Act on Patents for Inventions (SR 232.14), legislators have extended assistance measures provided by customs for patent protected goods (Art. 86a ff. PatG). According to Art. 86b, the patent owner can request in writing that the Customs Administration refuse the entry into circulation of the goods if there is direct evidence of the imminent import, export, or transit of goods that infringe a patent that is valid in Switzerland. The inclusion of transiting into the actions of use reserved for the patent owner (Art. 8, para. 2 PatG), should, in view of the increasing international dimension of counterfeiting and piracy, prevent Switzerland from becoming a transit country for pirated goods (Dispatch on the amendment of the Patent Act and the federal decree on the approval of the Patent Law Treaty and the execution ordinance, BBI 2006 1 (118)).

The wording of Art. 86*b* PatG does not contain any restrictions to this right to request assistance, so that if it is considered in isolation, the impression could arise that the only prerequisite for intervention could be the evidence that indicates the infringement of a patent existing in Switzerland. Therefore, goods that do not infringe on a patent in the country of destination could also be suspended, either at the request of the rights owner or in accordance with Art. 86*a* PatG at customs' own initiative, while the goods are in transit through Switzerland. This interpretation, however, conflicts with Art. 8 para. 3 PatG, whereby the transit cannot be prohibited so long as the patent owner cannot prohibit the import into the country of destination i.e. a patent infringement must also exist in the country of destination. The dispatch provides the following justification:

If the exclusivity right of the patent owner was also extended in such an absolute way to include transiting, the effects of this overreaching legal power could not be accepted: in particular, patent protected medicines should be considered which are exported legally from the country of origin under a compulsory license based on the WTO Decision of 30 August 2003 (see numeral 1.3) and equally legally imported into the destination country; the transit of such medicines through Switzerland should not be banned because of a Swiss patent. Extending the exclusivity right to transit should also not make it possible to prevent the travel of goods between two countries in which the patent owner purposely waived patent protection, e.g., through a European patent. Therefore, the right to prohibit transit is restricted to the extent that the transiting cannot be forbidden while the patent owner also cannot prohibit the import into the country of destination Article 8 paragraph 3 E-PatG. This prevents the provision for combating piracy from being misused by prohibiting the legal travel of goods between third countries simply by transiting them through Switzerland.

Therefore, assistance measures provided by customs referred to in Art. 86a et seq. PatG and, in particular, the right to request assistance from Art. 86b PatG are to be read in conjunction with Art. 8 para. 3 PatG, so that direct evidence of an infringement of a patent valid in Switzerland must exist in addition to evidence of a patent infringement in the country of destination. When requesting assistance from the customs authorities in connection with suspicious goods in transit, the rights owner must therefore also prove this point otherwise the customs authorities are not obliged to get involved. Should the item of goods not be patented in the country of destination, then the rights owner of the Swiss patent cannot prevent its transit through Switzerland.