Class Actions and Group Litigation in Switzerland

Samuel P. Baumgartner, University of Akron

Available at: https://works.bepress.com/samuel_baumgartner/4/
Class Actions and Group Litigation in Switzerland

SAMUEL P. BAUMGARTNER *

I. Introduction

Class actions have gone global. Once limited to the United States in terms of both scholarly interest and practical effects, class action litigation has captured the attention of foreign academics and law reformers.  

Indeed, some foreign jurisdictions have already adopted representative litigation devices inspired by Federal Rule of Civil Procedure 23. Conversely, Americans have begun to take an interest in the group litigation landscape abroad, including the reasons why some countries reject American-style class actions outright. Foreign parties are no longer a rarity in U.S. class litigation. In addition to being named as defendants, foreigners increasingly form a significant part of the group of absent class members. Moreover, the emergence of the human rights class action has led to the large-scale involvement of foreigners in public law litigation. U.S. courts have thus begun to consider some novel issues, including whether due process requires foreigners to be treated as an

* Associate Professor, University of Akron School of Law. I would like to thank Steve Burbank, Kevin Clermont, Sarah Cravens and Fridolin Walther for helpful comments. All translations are my own.


2 See infra text accompanying notes 35-40.


opt-in rather than an opt-out class;\(^6\) whether a judgment or settlement in the suit is capable of being enforced or recognized as res judicata abroad and thus whether class certification is justified in the first place;\(^7\) and whether a foreign forum grants comparable access to justice in the form of group litigation and thus represents an adequate alternative forum for purposes of a forum non conveniens defense.\(^8\)

In short, litigants and courts have recognized that global class actions may present distinct issues and require approaches different from purely domestic cases. As I have argued elsewhere, decisions on this score require great care because

\[\text{[t]he law applicable to transnational litigation affects the behavior of transnational actors, that is, groups and individuals who are both subject to the laws of more than one sovereign and have access to more than one sovereign to have their interests counted, and who in turn may affect the international as well as domestic law of transnational litigation both abroad and at home in the future. If those in charge of making and applying the law of transnational litigation want to be in control of their efforts, they need to be aware of this interplay between lawmaking and transnational actors and of how particular procedural choices may influence it in the long run.}\(^9\)


\(^7\) See, e.g., In re Daimler-Chrysler AG Securities Litigation, 216 F.R.D. 291, 300-01 (D. Del. 2003) (refusing to include foreigners in the certified class); Ansari v. New York University, 179 F.R.D. 112, 116-17 (S.D.N.Y. 1998) (holding that, together with lack of proof to meet numerosity requirement, foreigners in the plaintiff class and attendant possibility of lack of recognition of judgment render certification impermissible). But see In re Lloyd’s American Trust Fund Litigation, 1998 WL 50211 at *15 (S.D.N.Y.) (surmising that given the res’ situs in New York, a foreign court would still use the Southern District’s judgment as “guidance,” thus rendering certification possible); In re U.S. Financial Securities Litigation, 69 F.R.D. 24, 48-54 (S.D. Cal. 1975) (rejecting defendant’s argument that certification should be impermissible due to the large number of foreign plaintiffs in the proposed class against whom a U.S. judgment would have no res judicata effect in their respective home countries). See also Currie v. McDonalds Restaurants of Canada, Ltd., 2005 CarswellOnt 554 (Ont. Ct. App. 2005) (holding that settlement of Illinois class action does not have res judicata effects in Ontario and thus does not prevent class members from bringing a new class action in Ontario).

\(^8\) See, e.g., Aguinda v. Texaco, 142 F.Supp.2d 534 (2d Cir. 2001) (holding that absence of class action device does not ordinarily render a foreign forum inadequate for forum non conveniens purposes).

Knowledge about the relevant foreign procedure, institutions, and jurisprudential values thus becomes crucial for decision-making in this area. Only with that information will courts and lawmakers in the United States be able to get a sense of what possible reactions a particular approach or decision is likely to cause abroad and thus whether that approach is likely to further the chosen process values in the United States in the long run. Moreover, such information may benefit those who engage in the rare but growing American sport of gaining comparative perspective in procedural law-making.

In what follows, I hope to contribute to that information with a look at group litigation devices in Switzerland. To begin with, Switzerland is one of the many countries that do not currently have an American-style class action. Suggestions to examine the possibility of introducing such a procedural vehicle have met with considerable opposition. Some of the reasons for that opposition are grounded in reactions to litigation in the United States. More broadly, however, there seems to be a general unease with civil litigation involving more than the traditional plaintiff and defendant and an occasional individual joined out of an urgent need, such as to extend res judicata effect to a co-heir or business partner. Below, I intend to explore the most important reasons for that reluctance. I will do so first by analyzing the proposals to introduce an American-style class action and their rejection. I will then take a closer look at the group litigation devices that already exist in Swiss procedure. They include devices to let similarly situated individuals sue together (joinder of parties), to have an organization sue for its members with similar rights (Verbandsklage and Verbandsbeschwerde), and to allow a court to consolidate claims.

---

10 See id. at 1385-90.
12 See, e.g., Gerhard Walter, Mass Tort Litigation in Germany and Switzerland, 11 DUKE J. COMP. & INT’L L. 369, 369 (2001). Technically, this changed in 2004 with the introduction of a class-action-like device with a very limited area of application. See infra text accompanying notes 241-243.
13 See infra text accompanying notes 42-53.
14 See infra text accompanying notes 80-97.
arising out of the same controversy. Moreover, there is certain shareholder litigation that results in judgments that are binding on all or an extended group of shareholders. As my analysis below demonstrates, however, even these devices have been interpreted narrowly by the courts and used with little aggressiveness by litigants.

At the same time however, these existing devices do not seem to satisfy all of the litigants’ needs in practice. In several cases, litigants have begun to use test cases. Other plaintiffs have simply created ad-hoc associations for the purpose of gaining leverage in pursuing their claims in shareholder litigation. Moreover, in partial response to these practical needs, there has been a proliferation of statutes introducing or extending circumscribed group action rights in specific subject areas during the last decade. At the same time, political opposition has arisen against group action rights in administrative proceedings involving environmental protection claims.

The result is a patchwork of interlocking state and federal law that is complicated by the traditional civil law separation between civil and administrative tribunals and the respective procedural rules of those tribunals. However, few in Switzerland have undertaken the task of examining in depth whether this patchwork of group litigation devices suffices to meet the procedural values underlying the current system or, indeed, what exactly those values are and whether they are adequate for 21st century Swiss society. This is unfortunate since Switzerland is currently in the process of drafting the first federal civil procedure code in its history, a unique opportunity, it would seem, to reexamine the premises of the existing procedural system.

Despite prominent attempts to relegate “adjective law” to the status of a “handmaid of justice,” students of procedure have long since realized, and empirical studies have confirmed, that no matter what its features, procedural law affects the rights and the behavior of groups and individuals – including those involved in the administration of justice. It is therefore important that those in charge of applying and devising procedural rules continuously reflect upon the values that those rules serve or ought to serve. Equally important, procedural lawmakers must regularly assess the effectiveness of our approaches to civil litigation in furthering the chosen process values. Baumgartner, supra note 9, at 1298-1300 (footnotes omitted).
I will first sketch the respective lawmaking powers of the federal and state governments in Part II. In Part III, I will then explicate the various group litigation devices available and explore the reasons for the reluctance to expand on those devices in the current effort to draft a federal code of civil procedure, including by introducing an American-style class action. Moreover, due to the absence of empirical data on the use of existing group litigation devices in Switzerland today, I have undertaken to get at least a preliminary sense of the usage rates and the kinds of cases involved in such litigation by sifting through the published decisions of the Swiss Supreme Court. The results of that research are included in Part III.

II. The Setting

Switzerland is a parliamentary democracy with a federal form of government. Governmental power is shared by the federal government and the 26 cantons (or states). Private law has been a matter of federal legislative power at least since a constitutional amendment extended that power to all areas of private law in 1898. Civil procedure and the organization of the courts, however, remained the province of state law. Only in 2000, with the adoption of a new federal constitution and its immediate amendment, did the federal government receive the power to legislate in the area of civil procedure as well as in private law. Since that change, the Swiss

---

16 One could quibble with this characterization to the extent that the executive, the Federal Council, does not entirely serve at the pleasure of the legislature. Although elected by the legislature, “[t]he members of the council are elected individually for a fixed term of four years, and according to the Constitution, the legislature cannot stage a vote of no confidence during that period.” JÜRG STEINER, AMICABLE AGREEMENT VERSUS MAJORITY RULE: CONFLICT RESOLUTION IN SWITZERLAND 43 (1974).
17 Constitution of the Swiss Confederation of May 29, 1874, art. 64(II) (as amended on Nov. 13, 1898). I say “at least” because subsection (I) of that Article already provided for federal power in various areas of private law, including the law of obligations and intellectual property. However, the Constitution of 1848, on which the 1874 Constitution is based, left all legislation in private law to the states.
18 Id. at subsection (III) (as amended on Nov. 13, 1898). There is one important exception: The procedure for enforcing money judgments and uncontested monetary claims, including bankruptcy law, is a matter of federal law. Id. at subsection (I).
19 Constitution of the Swiss Confederation of April 18, 1999, art. 122 (as amended on March 12, 2000). In an unusual arrangement, the amendment is not to enter into force until so decided by the federal legislature. This is planned to happen together with the entering into force of the new civil procedure code. See Bundesbeschluss über die Justizreform of Oct. 8, 1999, ch. III; Fridolin M.R. Walther, Die Schweiz und das europäische Zivilprozessrecht – quo vadis?, 124 ZEITSCHRIFT FÜR SCHWEIZERISCHES RECHT [hereinafter ZSR], II, 301, 307, n.31 (2005).
government has been working on a new federal code of civil procedure that is intended to displace the existing cantonal codes.\textsuperscript{20} As one would expect, the effort has required a significant amount of labor. Moreover, the first draft of the Committee of Experts appointed by the executive has resulted in the criticism of numerous proposed provisions.\textsuperscript{21} And although the official proposal of the Federal Council to Parliament has just been released,\textsuperscript{22} the project is likely to take a few more years of legislative debate, followed by a brief grace period, during which the Cantons can adapt their laws.\textsuperscript{23} It is therefore likely that the promulgation of this new federal code will continue to proceed at all deliberate speed.

In the meantime, any analysis of Swiss procedural law must take into account the current system of 26 different state procedural codes, each with its own interpretations by the relevant state courts. Fortunately for the analyzing scholar – and to the frustration of some cantons – federal lawmakers have increasingly included procedural provisions in substantive statutes.\textsuperscript{24} The Federal Supreme Court, the only federal court in the country,\textsuperscript{25} has followed suit by displacing state procedural law

\textsuperscript{20} In fact, then-Minister of Justice Koller impaneled the Committee of Experts that produced the first draft in 2003 on April 26, 1999, almost a full year before the new federal power over civil procedure was approved by popular referendum. See Schweizerische Zivilprozessordnung, Bericht zum Vorentwurf der Expertenkommission 6 (2003), available at http://www.bj.admin.ch/etc/medialib/data/staat_buerger/gesetzgebung/zivilprozess.Par.0006.File.tmp/vn-ber-d.pdf [hereinafter: Begleitbericht].

\textsuperscript{21} The reactions to the project that were directed to the Justice Department are collected in a 956-page Document called Zusammenstellung der Vernehmlassungen, Vorentwurf für ein Bundesgesetz über die Schweizerische Zivilprozessordnung (ZPO) (2004), available at http://www.bj.admin.ch/etc/medialib/data/staat_buerger/gesetzgebung/zivilprozess.Par.0004.File.tmp/v e-ber.pdf [hereinafter Vernehmlassungsbericht].


\textsuperscript{23} See Bundesgesetz über die Bereinigung und Aktualisierung der Totalrevision der Bundesrechtspflege of June 23, 2006, BBl 2006, 5799 (subject to possible popular referendum, see infra note 63); Walther, supra note 19, at 311.

\textsuperscript{24} See, e.g., OSCAR VOGEL & KARL SPÜHLER, GRUNDRISS DES ZIVILPROZESSRECHTS UND DES INTERNATIONALEN ZIVILPROZESSRECHTS IN DER SCHWEIZ 20-24 (8th ed. 2006); Hans Peter Walter, Bundesprivatrecht und kantonales Zivilprozessrecht, Tendenzen der Rechtsprechung, 1995 BASLER JURISTISCHE MITTEILUNGEN 281 (1995).

\textsuperscript{25} Since the creation of a lower federal criminal court in Bellinzona by federal legislation in 2002 and that court’s beginning of operations in April of 2004, this is technically no longer true in the area of criminal law. See Bundesgesetz über das Bundesstrafgericht of Oct. 4, 2002, SR 173.71. Similarly, the federal legislature created a new lower federal administrative court, which has yet to begin work, in 2005. See Bundesgesetz über das Bundesverwaltungsgericht of June 17, 2005, AS 2005, 4093.
step by step with federal common law in areas as important as personal jurisdiction and res judicata, so as to assure the enforcement of substantive federal law. Group actions represent one area in which both federal statutes and federal common law have proliferated. The drawback of this situation is that it is not always entirely clear how far federal law reaches and thus precisely which rules of state law it displaces.

A somewhat different distribution of power between the federal and state governments exists in the area of administrative procedure. As in other civil law countries, there is a sharp separation in Switzerland between private and public law and, more importantly, between judges adjudicating, and scholars studying, civil litigation on the one hand and administrative cases on the other. Yet, any consideration of group actions, in which plaintiffs tend to represent a stronger public interest than in individual civil claims, should involve discussion of administrative procedure as well as civil litigation. This is particularly true since entire classes of claims that proceed in civil court in the United States, where there are no specialized administrative courts in the civilian sense, would be considered public-law cases and thus be litigated in administrative courts in Switzerland and other civil law

26 See, e.g., Vogel, supra note 24, at 22; Stephen Berti, Zum Einfluss ungeschriebenen Bundesrechts auf den kantonalen Zivilprozess im Lichte der Rechtsprechung des Schweizerischen Bundesgerichts (1989).
27 See, e.g., Rudolf B. Schlesinger et al., Comparative Law 300-01 (5th ed. 1988). To clarify to U.S. readers: administrative litigation in Switzerland almost exclusively involves cases in which a public agency applies law and/or administrative rules to an individual situation. As part of that litigation, the plaintiff can argue that an administrative rule violates constitutional or statutory law (or federal law in a state administrative case). Administrative rulemaking itself, however, is not generally subject to judicial review. Cf. Susan Rose-Ackerman, American Administrative Law Under Siege: Is Germany a Model?, 107 Harv. L. Rev. 1279, 1289-96 (1994), much of whose description of German administrative procedure is fairly accurate for that of Switzerland as well. See, e.g., Fritz Gygi, Bundesverwaltungsrechtspflege 227-28 (2nd ed. 1983). However, administrative rules themselves may be the subject of a constitutional appeal to the Federal Supreme Court to the extent they directly impact individuals and if those individuals may not be reasonably expected to wait for an appealable decision applying the regulation by the agency in question. See, e.g., Walter Kälin, Das Verfahren der staatsrechtlichen Beschwerde 142-44 (2d ed. 1994).
29 See, e.g., id. at 412.
30 Cf. John H. Langbein, The German Advantage in Civil Procedure, 52 U. Chi. L. Rev. 823, 852 (1985) (noting that in Germany, administrative law courts as well as other specialized courts “siphon off business that Americans would expect to see in the ordinary courts”).
countries. Much of the U.S. civil rights litigation, for example, would fall into this category. For these reasons, it is important to point out that the federal government has had the power to regulate administrative procedure and the organization of the administrative judiciary to adjudicate cases involving federal administrative law for quite some time. Naturally, as far as state administrative law is concerned, state procedural law prevails. Thus, in Switzerland, the separation between public and private law is not only important for purposes of identifying the competent court (civil or administrative), it also determines the extent of federal power vis-à-vis the states.

III. Existing Group Action Devices and Planned Reforms

1. Class Actions

For decades, class action litigation was exclusively a phenomenon of the United States. Although there have increasingly been suggestions to introduce class actions – at least in limited circumstances – in many other countries, few of those countries have (yet) acted on them. Among those that have, most are squarely in the common law tradition (Australia, England, and several Canadian provinces other than

31 See, e.g., Samuel P. Baumgartner, Class Actions in der Schweiz?, in AUF DEM WEG ZU EINEM EINHEITLICHEN VERFAHREN 111, 119-20 (Benjamin Schindler & Regula Schlauri eds., 2001). In the United States, the term „public law litigation“ is well known at least since the late Professor Chayes drew attention to it in 1976. See Abram Chayes, The Role of the Judge in Public Law Litigation, 89 Harv. L. Rev. 1281, 1312 (1976). The difference to Switzerland is that such litigation for the most part is not conducted in distinct public law courts in the United States. Moreover, at least Professor Chayes cast his net wider by including in his definition of public law litigation suits brought by private individuals against other private groups and individuals. See id. at 1284.

32 See Constitution of the Swiss Confederation of May 29, 1874, arts. 103 (as amended on Oct. 25, 1914) & 114bis (as amended on Feb. 20, 1938).

33 To complicate matters, the implementation of a considerable number of substantive federal administrative statutes have been delegated to the cantons. In such instances, adjudication has long been by cantonal authorities and administrative courts, but usually with an opportunity for judicial review by a federal administrative tribunal. See, e.g., GYGI, supra note 27, at 25-27. The planned reorganization of the federal judiciary is unlikely to change this general approach. For details see, for example, Christoph Auer, Auswirkungen der Reorganisation der Bundesrechtspflege auf die Kantone, 107 SCHWEIZERISCHES ZENTRALBLATT FÜR STAATS- UND VERWALTUNGSRECHT [hereinafter ZBl.] 121 (2006).

34 See, e.g., Rowe, supra note 3, at 158-59.


Quebec), and a few (Quebec, Sweden) have a close connection to common law procedure, Brazil being the big exception. Among the remaining countries, some have seen class action proposals move to a rather advanced stage in the legislative process, while in others, such proposals have never quite taken off. Switzerland belongs to the latter category. A number of Swiss academics has argued that the country could learn from U.S. class action practice to adopt more adequate procedural rules for mass tort cases. Moreover, 30 Members of Parliament requested in 1998 that the Federal Council, the Swiss executive, consider the adoption of class actions for labor, landlord-tenant, and consumer law disputes. Neither of these proposals went very far, however.

In 1988, in the wake of the Schweizerhalle accident, in which a large volume of water contaminated with agricultural chemicals was washed from a Sandoz plant in Schweizerhalle by Basel into the Rhine River, severely contaminating the river water downstream, the Justice Department appointed a group of experts to study a possible

37 British Columbia Class Proceedings Act, S.B.C. ch. 21 (1995); Ontario Class Proceedings Act, S.O., ch. 6 (1992); Saskatchewan Class Proceedings Act, S.S. ch. C-12-01 (2002). For commentary, see, for example, M. Eizenga et al., Class Actions Law and Practice (1999); Ward K. Branch, Class Actions in Canada (1996).
40 See, e.g., Gidi, supra note 1, at 312-13.
41 See, e.g., Rapport sur l’action de groupe of December 16, 2005 (France) (on file with author); Le projet de loi “class action” est presque prêt, Le Monde, July 8, 2006.
43 Motion 98.3401, Jutzet Erwin, Einführung der Sammelklage im Arbeits-, Miet- und Konsumentenrecht; Baumgartner, supra note 31, at 112. Unlike in the United States, most bills in Switzerland – as in many other civil law countries – are drafted by the executive. While legislators have few staffers, if any, available to them, the executive, in particular the Justice Department, employs a significant number of capable lawyers, many of them with academic ambitions or already in academia, whose main job is legislative drafting. For larger projects, putting together the first draft is usually a task assigned to an ad-hoc committee of experts, composed of leading academics and practicing lawyers in the area of concern. See Bundesgesetz über die Bundesversammlung of December 13, 2002, art. 141; Regierungs- und Verwaltungsorganisationsgesetz of March 21, 1997, art. 7; Walter Buser, Das Vorverfahren der Gesetzgebung, 85 ZBl. 145 (1984). For a brief description in English of the legislative process in Switzerland see How Is a New Law Enacted?, at http://www.admin.ch/ch/e/gg/index.html.
reform of federal tort law.\textsuperscript{44} The group was given the specific task, among others, to evaluate the necessity of distinct procedural rules for mass tort cases.\textsuperscript{45} In its final report, the group suggested the introduction of various possible forms of group litigation in mass tort cases and recommended drafting a separate law on catastrophe litigation, such as Schweizerhalle, which it distinguished from mass torts.\textsuperscript{46} The first tort reform draft of 1999, however, failed to follow up on any of these proposals, and, as part of rather severe budgetary measures, the Federal Council decided in 2003 to drop the entire tort reform project from its legislative agenda.\textsuperscript{47}

The proposal to consider the introduction of class actions for labor, landlord-tenant, and consumer disputes\textsuperscript{48} was passed on to the committee of experts drafting the new federal code of civil procedure.\textsuperscript{49} Without much research, however, the committee decided to refrain from introducing a U.S.-style class action into its draft code, noting that such a device is foreign to Swiss traditions.\textsuperscript{50} This decision has largely been greeted with satisfaction by lawyers, academics, and political groups.\textsuperscript{51} The subsequent draft submitted by the executive to parliament thus remains firmly opposed to the introduction of a class action device.\textsuperscript{52} Hence, it is unlikely that the American-style class action will make an appearance in Swiss law, including in the new federal code of civil procedure, any time soon.\textsuperscript{53}

\textsuperscript{44} See Pierre Widmer & Pierre Wesner, Revision und Vereinheitlichung des Haftpflichtrechts, Erläuternder Bericht 15-17 (1999), available at http://www.bj.admin.ch/etc/medialib/data/wirtschaft/gesetzgebung/haftpflich.Par.0002.File.tmp/vn-ber-d.pdf. The water was used to fight a fire that had broken out after an explosion at the plant. That explosion brought back memories of the deadly explosion of a chemical plant in Bhopal, India, in 1984 and made many Swiss fear that in a future accident of this kind, the effect might be much worse.

\textsuperscript{45} See id. at 17.

\textsuperscript{46} Bericht der Studienkommission für die Gesamtrevision des Haftpflichtrechts 190-95 (1991) (copy on file with author).


\textsuperscript{48} See supra text accompanying note 43.

\textsuperscript{49} Motion 98.3401, Jutzet Erwin, Antwort des Bundesrates (on file with author).

\textsuperscript{50} See Begleitbericht, supra note 20, at 15, 45-46.

\textsuperscript{51} See Vernehmlassungsbericht, supra note 21, at 96-98. The only critical voice directed against that decision came from the University of Geneva. See id.

\textsuperscript{52} Botschaft, supra note 22, at 4.

\textsuperscript{53} But see infra text accompanying notes 241-243.
Why this reluctance? As in many other jurisdictions that have contemplated the adoption of a class action device, proponents of such a device in Switzerland face considerable doctrinal, jurisprudential, cultural, and economic objections. Among them are a traditional focus on the individual nature of a claim; limitation of judicial power vis-à-vis the legislature, thus disallowing the large-scale judicial discretion necessary to manage complex litigation; strong emphasis on the litigants’ right to be heard, which would need to be slighted in complex cases; different respective roles of judges and attorneys; lack of American-style fee structures and entrepreneurial lawyering; and the many practical changes that would be necessary to introduce a class action device. Moreover, there is a clear preference for legislation rather than litigation to deal with new social problems, including mass torts. This preference is perhaps more realistic in a country in which legislators still spend most of their time legislating (rather than running for re-election) and are not usually afraid of taking a clearly defined position on the issues of the day. Moreover, the legislative process is

54 See, e.g., Rowe, supra note 3, at 159-60.
55 Cappalli & Consolo, supra note 1, at 269-70; Greger, supra note 28, at 399 and infra text accompanying notes 129-140. While civil procedure is conceptually limited to individual claims, enforcing the public interest is primarily considered a matter of the criminal process, see, e.g. Cappalli & Consolo, id., so much so that the victims of alleged criminal behavior, as private attorneys general, are allowed in several Swiss cantons, as well as in some other civil law jurisdictions, to force a criminal prosecution where the public prosecutor fails to bring one and to appeal an acquittal, among other things. See, e.g., Felix Bommer, Warum sollen sich Verletzte am Strafverfahren beteiligen dürfen?, 121 SCHWEIZERISCHE ZEITSCHRIFT FÜR STRAFRECHT 172 (2003); Beth van Schaack, In Defense of Civil Redress: The Domestic Enforcement of Human Rights Norms in the Context of the Proposed Hague Judgments Convention, 42 HARV. INT’L L.J. 141, 145-46 (2001).
56 The main concern is to cabin judicial power in countries in which the judiciary has historically been part of governmental repression rather than representing a bulwark against it. See, e.g., SAMUEL P. BAUMGARTNER, THE PROPOSED HAGUE CONVENTION ON JURISDICTION AND FOREIGN JUDGMENTS: TRANSNATIONAL LAWSMAKING FOR TRANSNATIONAL LITIGATION 85-86 (2003) and infra text accompanying notes 129-140.
58 See, e.g., Cappalli & Consolo, supra note 1, at 219.
61 See, e.g., Burkhard Heß, Entschädigung für NS-Zwangsarbeit vor US-amerikanischen und deutschen Zivilgerichten, 44 DIE AKTIENGESELLSCHAFT 145, 152 (1999); Walter, supra note 1, at 376.
62 The federal legislation attempting to tackle new social problems is considerable. Its proliferation is particularly notable in the area of consumer protection. To take one example, frequent reports of travel arrangements turning sour without the customers of the organizers receiving adequate compensation from either the organizer or their travel agency led the Swiss Parliament to adopt the Federal Act on
considered to derive particular legitimacy from the presence of direct-democratic mechanisms such as the referendum and the initiative. Finally, given these and other differences, the question of how much of a need there really is for class actions cannot easily be answered in the same fashion as in the United States.

The report of the committee of experts mentions some of these issues. It points out that, in the Swiss procedural tradition, the right to conduct a proceeding is closely connected to one’s claimed substantive right. And the committee displays considerable unease with the prospect of judicial supervision of the litigants’ attorneys. The report also alludes to the problem that class litigation may result in a level of complexity that is difficult, if at all possible, to manage. What is missing in the report, however, is any serious analysis of these issues. Instead, the committee

---

Organized Travel, Bundesgesetz über die Pauschalreisen, of June 18, 1993, SR 944.3. Among many other provisions, the Act contains stiff liability provisions. See id., Arts. 14-16. Further, travel organizers and travel agents must keep a guaranty fund large enough to guarantee the payment of any damages to any and all customers. See id. at Art. 18. However, such provisions are not fool proof as the recent bankruptcy of a Zurich area travel organizer showed: The organizer had bilked the guaranty fund in order to stay afloat. The ombudsman of the travel industry then got the insured’s travel insurance to offer customers of the bankrupt a 27% cash payment plus 13% in travel coupons of prepaid travel money in exchange for an undertaking not to sue. See, e.g., beobachter.ch, Jann Konkurs: Das ASTAG Angebot gilt bis 31. 8. 05, at http://www.beobachter.ch/artikelfree.asp?Session=BFF1C49B-700A-473F-8323-44EF0111E515&AssetID=8829.

Every piece of federal legislation is subject to a popular referendum when requested by a certain number (currently roughly one percent) of the voting-age population or by the governments of eight cantons within three months of passage by the legislature. If enough such signatures are gathered, the legislation is adopted when a simple majority of those voting approve. Constitution of the Swiss Confederation of April 18, 1999, Arts. 141(1) & 142(2).

The constitutional vehicle of the initiative permits a certain number of voters, currently roughly two percent of the voting-age population, to propose a constitutional amendment, which must be put to a popular vote. The amendment is adopted when a simple majority of those voting plus a simple majority of those voting in the majority of cantons approve. Id. at Arts. 138, 139 & 142(2). The Swiss people thus have the opportunity both to vote down legislation passed by their parliament and to take action when their parliament has failed to do so. Obviously, gathering the relevant number of signatures among voters, particularly within the three-month window set for the referendum, is not easy. This is where trade associations, NGOs, and small political parties can exercise some leverage.


See Begleitbericht, supra note 20, at 15.

Id. at 46.

Id.

A critical question for research is whether [the potential of the judicial system] is or can be exploited to produce a party structure that is adequately representative in light of the consequences of public law litigation without introducing so much complexity that the procedure falls of its own weight.

simply concludes that the traditional procedural vehicles, including suits by associations, “are by far sufficient.” This is unfortunate. Not only are there good arguments to meet most of these concerns. There is also the powerful argument that, as we have moved from an individualistic to an industrial society, civil procedure needs to provide class proceedings as well as individual litigation for the effective and efficient enforcement of laws and individual rights. To be sure, there are good arguments against the introduction of a class action device in Switzerland or at least for its limitation to certain issue areas. But given the importance of the (new) Swiss procedural code for the enforcement of substantive law and individual rights, access to justice, efficiency, equality, and fairness – the process values usually stated at the beginning of civil procedure textbooks in Switzerland – one would have expected more careful analysis.

Apparently, there are other reasons for such cavalier treatment. First, as the report of the committee mentions, its members wanted to avoid, as much as possible, importing any new procedural devices from abroad. In the committee’s view, merging 26 different state procedural codes into one consistent federal code was difficult enough. Given that some have fought for this new federal code for decades, however, one would have expected a more visionary approach, including some in-

69 Id. at 45-46.
71 See, e.g., Cappalli & Consolo, supra note 1, at 219-21; Rowe, supra note 3, at 157-58.
73 See, e.g., Walther J. Habscheid, Schweizerisches Zivilprozess- und Gerichtsorganisationsrecht 1-3 (2nd ed. 1990); Max Kummer, Grundriss des Zivilprozessrechts 3-7, 13-14 (4th ed. 1984); Vogel, supra note 24, at 5-8. For a valuable collection of readings on process values in the United States see, for example, Robert Cover & Owen Fiss, The Structure of Procedure (1979). Oddly, the commentary accompanying the latest proposal of the new federal code discusses the tension among these process values without taking a position on how best to resolve them. Instead it simply concludes with the catchy slogan: The new Code of Civil Procedure: Familiar, Innovative, and Ready for the Future (vertraut, innovativ und zukunftsgerichtet). Botschaft, supra note 22, at 13.
74 See Begleitbericht, supra note 20, at 15.
75 Id.
76 See generally Thomas Sutter-Somm, Auf dem Weg zur Rechtseinheit im Schweizerischen Zivilprozessrecht (1998) (expounding efforts to unify civil procedure in Switzerland since 1872).
depth (international) comparative analysis.\textsuperscript{77} This is particularly true because the European Community, whose member states surround Switzerland, has been on a course of harmonizing various aspects of procedure, including to some extent in the area of group litigation.\textsuperscript{78} In the committee’s defense, one does need to point out that avoiding anything controversial is a tried-and-true approach within the Swiss political system of consensus democracy.\textsuperscript{79}

Second, the committee report mentions the perceived danger that “baseless claims would be filed for the sole reason of forcing the defendant into a settlement.”\textsuperscript{80} In Switzerland and elsewhere in Europe, this is an often-heard complaint about U.S. class action proceedings, indeed about U.S. litigation in general.\textsuperscript{81} It reveals a deeper reason for opposing the adoption of class actions in Switzerland and elsewhere: outright rejection of U.S.-style litigation.\textsuperscript{82} At the heart of this rejection, as the committee’s concern about strike suits shows, is a deep unease with the way in which the jury trial,\textsuperscript{83} a procedure steeped in equity,\textsuperscript{84} anti-formalism,\textsuperscript{85} entrepreneurial

\textsuperscript{77} Apparently the Swiss Executive recognized this and has abandoned this rhetoric. Now the draft claims to be at the cutting edge of international developments by introducing enforceable notary documents from the Romanist and Latin countries and by putting a stronger emphasis on mediation. Botschaft, \textit{supra} note 22, at 3-4. That change in rhetoric has not, however, been accompanied by better comparative analysis with regard to group and class action litigation. The “comparative” analysis in the latest draft is even shorter and relies primarily on an article in the Financial Times, describing the perceived pathologies of American class action litigation, to prove the lack of need for the device.


\textsuperscript{79} See, e.g., AREND LIJPHART, PATTERNS OF DEMOCRACY: GOVERNMENT FORMS AND PERFORMANCE IN THIRTY-SIX COUNTRIES 31-41 (1999); STEINER, \textit{supra} note 16. Lijphart uses ten elements to distinguish a consensus democracy from a majoritarian democracy: executive power-sharing in broad coalition cabinets; executive-legislative balance of power; multiparty system; proportional representation; interest group corporatism; federal and decentralized government; strong bicameralism; constitutional rigidity; judicial review; and central bank independence. Switzerland meets all of these except the requirement of judicial review: The Supreme Court may not review the constitutionality of federal legislation. \textit{Id}.

\textsuperscript{80} Bericht, \textit{supra} note 20, at 46.


\textsuperscript{82} See, e.g., Rowe, \textit{supra} note 3, at 159 (noting that the “perceived extremes to which Americans have taken things … can turn off those in whose traditions such practices are anathema”).

lawyering, the prospect of punitive damages, and the tendency toward the lawsuit as a business deal that these features support result in a litigation system in the United States in which power (including judicial power), money (who has it and who does not), and tactics seem to be more important in the outcome of litigation than a finding of who is right and who is wrong. This unease was underscored in the 1980s and early 1990s when what the Germans call the "judicial conflict" with the United States resulted in extensive depictions in German law journals of the U.S. litigation system as arbitrary and unfair – interestingly, unfair primarily to defendants, but that should not be surprising given the reports’ provenance in the U.S. tort reform movement. This German scholarship seems to have influenced the thinking of Swiss scholars, especially in German-speaking Switzerland. The perception that U.S. courts were exercising their country’s hegemonic power in dealing with foreign parties and foreign sovereignty concerns further supported the unease.

In the late 1990s, objection to U.S.-style class actions was further intensified in Switzerland by the Holocaust Assets Litigation, in which several classes of Holocaust survivors sued the major Swiss banks for conversion of their families’ bank accounts during and after World War II and for other misdeeds. Although the cases presented a number of difficult legal and factual questions, from the procedural (personal

---


86 See, e.g., Cappalli & Conolo, supra note 1, at 220; Heβ, supra note 61, at 145.

87 See, e.g., Honsell, supra note 81, 45-48.


89 See, e.g., Baumgartner, supra note 84, at 843-46; Heβ, supra note 61, at 145, 149-50.

90 See Baumgartner, supra note 9, at 1340-41.

91 See, e.g., Honsell, supra note 81, 45-52 (presenting a very one-sided narrative of U.S. tort law and procedure).

92 See, e.g., Baumgartner, supra note 90, at 1352-53.

93 For an account of that litigation by one of its protagonists see Burt Neuborne, Preliminary Reflections on Aspects of Holocaust-Era Litigation in American Courts, 80 WASH. U. L.Q. 795 (2002).
jurisdiction, forum non conveniens, proof of title) to the substantive (applicable law, statute of limitations, preemption by treaty), they were settled, after 18 months, for $1.25 billion without a single legal ruling by the trial judge. This seemed to confirm that power is more important than the merits in resolving class actions in the United States. For the Swiss public and those involved in procedural reform, it did not matter that the most important power play in that dispute took place outside of the courtroom by various U.S. government officials, the chairman of the Senate Banking Committee, and the legislatures of New York and California. Together with the unease about the U.S. litigation system described above, this power play reinforced the impression “that what matters for the outcome is not the rule of law, but the relative power of the litigants and of the governments that they are able to mobilize.” The resulting suspicion of American procedure and American law seems to suffice for most Swiss reformers today to dismiss the viability of the class action out of hand when they could take the device and its application in the United States as the basis for a deeper reflection on process values in Switzerland and how well those values are served by the existing system.

2. Association Suits (Verbandsklagen)

a) General Requirements and Standing to Sue

94 See, e.g., Neuborne, supra note 93, at 805-12 (describing filing, settlement negotiations, and settlement in that litigation).
95 See, e.g., Baumgartner, supra note 84, at 847 (noting that “when the $1.25 billion settlement became public, a great number of editorialists, members of Parliament, and other protagonists of public opinion berated the Swiss banks for selling out to the “blackmail” from overseas”). That the defendants did not even raise some of these issues, from what I understand partly to avoid extensive discovery and the testing of the trial judge’s patience, only supported this perception.
96 See, e.g., STUART EIZENSTAT, IMPERFECT JUSTICE, LOOTED ASSETS, SLAVE LABOR AND THE UNFINISHED BUSINESS OF WORLD WAR II (2003) (providing account of government and other negotiations by probably the most important protagonists of the U.S. government in this saga); Neuborne, supra note 93, at 797 (describing diplomacy as the second leg of the litigation).
98 See, e.g., David Cay Johnston, New York Officials to Impose Sanctions on Swiss Banks Sept. 1, N.Y. TIMES, July 3, 1998, at A3; David Cay Johnston, Two States Outline Sanctions on Swiss Banks in Holocaust Case, N.Y. TIMES, July 2, 1998, at A5. On the importance of all these levels of government involvement for the outcome of the Holocaust litigation see EIZENSTAT, supra note 96, at 339-56.
99 Baumgartner, supra note 84, at 845.
Just because there is no class action device does not mean, however, that there is no procedural vehicle to allow for group litigation in Switzerland. As in the United States, there are less far-reaching devices already in existence. Probably the best known such device is the association suit (Verbandsklage in German). As in Germany,\textsuperscript{100} the Swiss legislature first introduced the Verbandsklage in the area of unfair competition, granting associations that are authorized by its bylaws to pursue the economic interests of its members to bring claims of violations of the Unfair Competition Act on behalf of those members.\textsuperscript{101} However, associations are limited to claim declaratory relief and injunctions to stop the alleged violations.\textsuperscript{102}

While the Unfair Competition Act was being drafted, the Federal Supreme Court recognized a similar right of trade associations to seek a judgment declaring a registered patent invalid if that is in the economic interest of the association’s members.\textsuperscript{103} A few years later, in a 1947 case, the Court extended the area of application of that decision as a matter of federal common law. In that case, the Court allowed the Swiss Association of Barbershop Employees to challenge a provision in the bylaws of the Basel Association of Barber Masters to refrain for six months from hiring a barber who had worked with an Association member within 500 meters of the new employment site.\textsuperscript{104} Although every barber in the city of Basel was potentially affected and thus had standing to sue, the Court reasoned, few would do so as long as they stayed with the same employer.\textsuperscript{105} That was so, the Court said, because of the financial risk of litigation and because of the danger for the claimant to be singled out and never to be hired by a Basel barber again.\textsuperscript{106} It thus held that an association can bring suit on behalf of its members if:

\textsuperscript{100} See Gesetz zur Bekämpfung des unlauteren Wettbewerbs of May 27, 1896, § 1.
\textsuperscript{102} Id.
\textsuperscript{103} Decision of Feb. 27, 1940, 66 II 62.
\textsuperscript{104} Federal Supreme Court, decision of May 20, 1947, 73 II 65.
\textsuperscript{105} Id. at 72.
\textsuperscript{106} Id.
• the association’s claim pursues an interest of all those among whose numbers the association recruits its members;
• the association is authorized, by its bylaws, to pursue the economic interests of its members; and
• all of the association’s members would themselves have standing to sue (i.e. they are the holders of the claimed right).\textsuperscript{107}

The Court held this right of the association to sue to arise out of Article 28 of the Swiss Civil Code, which allows everyone “whose person is being harmed unlawfully” to sue “anyone who participates in the harmful act.”\textsuperscript{108} As a result, the common law Verbandsklage is limited to claims of harm to one’s person. At first, it looked like there was a further limitation to the area of labor law since the Court based its decision in doctrinal terms on the strong representative role that substantive federal labor law had assigned to labor associations (both unions and trade associations) in disposing over its members’ personal rights.\textsuperscript{109} But later decisions made clear that such is not the case.\textsuperscript{110}

The limitation of the association suit to claims of harm to one’s person is not as narrow an area of application as it may at first seem. Article 28 protects from any unlawful\textsuperscript{111} interference with the integrity of one’s personhood, from physical and psychological harm to one’s body to limitations on one’s freedom to do what one wants – including the freedom to exploit one’s abilities economically – to interference with one’s privacy\textsuperscript{112} to defamatory statements and other slights of one’s honor.\textsuperscript{113}

\begin{footnotesize}
\textsuperscript{107} Id. at 69-72.
\textsuperscript{108} Zivilgesetzbuch, SR 210 [hereinafter Civil Code], art. 28(1).
\textsuperscript{109} 73 II at 70.
\textsuperscript{110} Federal Supreme Court, decision of Sept. 27, 1977, 103 II 294, 302 (“That these decisions concerned labor matters does not change their fundamental importance”).
\textsuperscript{111} “The infringement is unlawful if it is not justified by the consent of the harmed, by a prevailing public or private interest, or by statute.” Civil Code, art. 28(2).
\textsuperscript{112} On the very different views on, and legal protections of, privacy in Europe and the United States, respectively, see, for example James Q. Whitman, The Two Western Cultures of Privacy: Dignity Versus Liberty, 113 YALE L.J. 1151 (2004).
\textsuperscript{113} See, e.g., HEINZ HAUSHEER & REGINA AEBI-MÜLLER, DAS PERSONENRECHT DES SCHWEIZERISCHEN ZIVILGESETZBUCHES [127-34] (2005). On the historical and philosophical development of the law of
\end{footnotesize}
Nevertheless, it is a limitation that is significant, excluding association suits in both contract cases and the majority of negligent tort actions, namely those in which the alleged negligent act was not per se unlawful.\textsuperscript{114}

Thirteen years later, the Court had an opportunity to revisit the association suit in another labor dispute.\textsuperscript{115} This time a Geneva trade association had entered into a labor contract with a national trade union on the conditions of employment of electricians.\textsuperscript{116} Among the contract’s provisions was a requirement that the fund of the Geneva trade association pay employed electricians 100 percent of their salary during national holidays, when the electrical shops would be closed.\textsuperscript{117} A local Geneva trade union approached the Geneva trade association with a request for a contract with the same conditions.\textsuperscript{118} The trade association refused, having been told by the national trade union that it would otherwise withdraw from its contract. In the meantime, the local trade union paid its members the holiday salary that they were not receiving due to the strong-arming of the national union.\textsuperscript{119} The local union then sued both the national union and the Geneva trade association, seeking a repayment of the holiday salaries.\textsuperscript{120} The plaintiff’s primary argument was that it was suing in the name of its members, whose holiday pay it had merely advanced. The Supreme Court, however, held that the plaintiff did not have standing. While the three requirements set up by the Court in its 1947 decision were met, associations were limited to claiming declaratory relief and an order to seize violating the defendants’ protecting the person in the German Civil Code (BGB), much of which influenced art. 28 of the Swiss Civil Code, see, for example, Whitman, \textit{supra} note 112, at 1180-88.

\textsuperscript{114} See, e.g., THOMAS RÖTHLISBERGER, ZIVILRECHTLICHE PRODUKTBEOBACHTUNGS-, WARN- UND RÜCKRUPPFICHTEN DER HERSTELLER 187 (2003) (noting that association suits will hardly ever be permissible in product liability cases for lack of violation of the personal rights of all members of an association).

\textsuperscript{115} Federal Supreme Court, decision of January 19, 1960, 86 II 18.

\textsuperscript{116} In Switzerland, as in many other continental European countries, labor contracts are negotiated and entered into between unions and trade associations, the latter negotiating in the name of all member employers, rather than between unions and individual companies as is usually the case in the United States.

\textsuperscript{117} 86 II at 19-20.

\textsuperscript{118} \textit{Id}. at 20.

\textsuperscript{119} \textit{Id}.

\textsuperscript{120} \textit{Id}.
Article 28 rights, the Court held. Claims for damages, however, would have to be brought by the individual members of the association.\textsuperscript{121}

This is so, the Court reasoned, because the right to bring a claim for damages is a personal right of the creditor, which only he can assert in court.\textsuperscript{122} Allowing an association to claim that right in court, possibly against the creditor’s will, would violate his right to dispose of his personal claims.\textsuperscript{123} That, the Court opined, would amount to a transfer of the creditor’s right against his will.\textsuperscript{124} Moreover, the Court continued, the association in a \textit{Verbandsklage} always pursues a right that is distinct from the rights of its individual members, one that is grounded in the common interest of the members and others equally situated.\textsuperscript{125} Thus, to the extent that the association pursues such a common interest, such as the interest of all Geneva electricians to have both the labor and management defendant stop interfering with their right to contract, it can do so without interfering with the individual rights of its members.\textsuperscript{126} But to the extent it intends to advance the rights of individual electricians to receive damages, it is precluded from doing so.\textsuperscript{127} Moreover, the Court said, not all of the Geneva electricians had such a claim to begin with, since some of them were represented by the national trade union and thus already were parties to the contract that gives them holiday compensation.\textsuperscript{128}

To understand the Court’s reasoning, it is important to remember the strong foundation of 19\textsuperscript{th} century German Pandectism,\textsuperscript{129} which to some extent has

\begin{flushleft}

\textsuperscript{122} \textit{Id.}

\textsuperscript{123} \textit{Id.}

\textsuperscript{124} \textit{Id.}

\textsuperscript{125} \textit{Id.}

\textsuperscript{126} \textit{Id.}

\textsuperscript{127} \textit{Id.}

\textsuperscript{128} \textit{Id.}

\textsuperscript{129} Pandectism was the jurisprudential school that, beginning in the 1840s, continued Friedrich Carl von Savigny’s work of painstakingly organizing Roman law, mainly Justinian’s Digest, scientifically penetrating it so as to achieve a highly formalist hierarchical system, within which every legal concept
\end{flushleft}
influenced the Swiss civil law, as well as Kantian concepts of free will as well as Pandectism’s concern with cabining judicial power. In this view, legal rights allow each individual to exercise his free will and thus “fully to realize his potential as an individual: to give full expression to his peculiar capacities and powers.” The exercise of those legal rights must be in the control of the individual and can be limited only by the legislature. Conversely, no individual can be forced to exercise his rights or to exercise them at a particular time. The procedural equivalent to this concept is what in German is called Dispositionsmaxime (roughly “principle of free disposition”). Every individual claiming a particular right must have full control of

has a clearly defined meaning. The effort was carried by a variety of underlying purposes, among them a positivist-inspired endeavor to prove law a science independent of the other social sciences and an attempt to constrain judges in applying the law by a conceptual edifice that would impose one correct interpretation of the law to be deduced by knowledge of the precise meaning of the concepts used by the legislature. See, e.g., FRANZ WIEACKER, PRIVATRECHTSGESCHICHTE DER NEUZEIT 430-68 (2d ed. 1967); Gerhard Dilcher, Der rechtswissenschaftliche Positivismus, 61 ARCHIV FÜR RECHTS- UND SOZIALPHILOSOPHIE 497 (1975). While Pandectism’s strict formalism was unable to survive later criticism, it has nonetheless left a lasting mark on the method of making and applying law in Germany and in other civil law countries. It has had a particularly strong influence on the law of procedure in the German-speaking countries of continental Europe. See, e.g., FRIDOLIN M.R. WALTHER, DIE AUSLEGUNG DES SCHWEIZERISCHEN ZIVILPROZESSRECHTS, INSBESONDERE DES BUNDESGESETZES ÜBER DEN GERICHTSSTAND IN ZIVILSACHEN (GERICHTSSTANDSGESETZ) 79 (2002); Peter Gottwald, Argumentation im Zivilprozeßrecht, 93 ZZP 1, 4-8 (1980).

I say “to some extent” because most cantons and localities in Switzerland resisted German-style full reception of Roman law. See, e.g., EUGEN HUBER, SYSTEM UND GESCHICHTE DES SCHWEIZERISCHEN PRIVATRECHTS, IV, 114-21 (1893). Similarly, the drafters of the cantonal civil codes and, later, of the Swiss Civil Code, attempted to stay clear of some of Pandectism’s conceptualist language in favor of a style that was easier for the then-numerous lay judges to understand. Yet, the German Historical School and Pandectism clearly influenced the drafters of the Civil Code and Code of Obligations as well as later scholarly and judicial interpretations of those codes. See, e.g., WIEACKER, supra note 129, at 443; Ingebrect Schwenzer, Rezeption deutschen Rechtsdenkens im schweizerischen Obligationenrecht, in SCHULDRECHT, RECHTSVERGLEICHUNG UND RECHTSVEREINHEITLICHUNG AN DER SCHWHELLE ZUM 21. JAHHRUNDERT 80 (Ingebrect Schwenzer ed., 1999).


Whitman, supra note 112, at 1181. The Pandectists thus defined a right as Willensherrschaft, see, e.g., ANDREAS VON TUHR, DER ALLGEMEINE TEIL DES DEUTSCHEN BÜRGERLICHEN RECHTS I, 56-58 (1910), thus assigning „the individual will an area in which it can control independently of any other will.” FRIEDRICH CARL VON SAVIGNY, SYSTEM DES HEUTIGEN RÖMISCHEN RECHTS I, 333 (1840). On the philosophical history of this concept of right and the formal equality it was to serve in a hitherto aristocratic German society see, for example, Ewald, supra note 131, at 2065-74.

On the significance of the French Revolution’s postulates on this concern about limiting the power of judges in German-speaking Europe see, for example, WIEACKER, supra note 129, at 465.

In fact, as von Tuhr points out, assigning individuals the right to exercise their will means giving them the power to exercise or not to exercise that will any time they wish. See VON TUHR, supra note 133, at 57.

See, e.g., KUMMER, supra note 73, at 80-81.
the decision whether, when, and to what extent to claim that right in court and if so, whether to prosecute the claim all the way to trial, agree to a settlement, or abandon prosecution altogether. This principle fits nicely with the classical liberal concepts underlying the procedural codes of German-speaking Europe: The judge should exercise his power – state power – only to the extent that the parties so request. All this should be easy to understand, although it may be difficult to believe for those who have been subjected to careless talk about the “inquisitorial” nature of civil litigation in civil law countries and the resulting assumption of an all-powerful judge.

Of course, Pandectist concepts were not the only ones to influence the Swiss Civil Code and its interpretation. Germanic communitarian institutions and ideas also found their way into the Code, as did a somewhat more relaxed attitude toward judicial law-making. In particular, Article 1(2) of the Code provides that if the Code provides no rule for a particular question of law, “the judge shall … decide according to the parties’ request.”

Thus, ne eat iudex ultra petita partium (the judge may not award more or something different than asked for by the parties). Id. at 81.

Id.

See, e.g., Carl Baudenbacher, Der Zivilprozeß als Mittel der Wirtschafts- und Sozialpolitik, 102 ZSR 161, 162-66 (1983); Gerber, supra note 59, at 769. Cf. ADOLF WACH, VORTRÄGE ÜBER DIE REICHS-CIVILPROCESSORDNUNG 2 (1896) (referring to the “lack of interest of the state and its organ, the judge, in the litigation”). This includes imposing the limitation that only evidence that is likely to be of probative value may be gathered so as to protect individuals, including the parties, from unnecessary intrusion into their constitutionally protected privacy by the state (via the judge). See, e.g., BAUMGARTNER, supra note 56, at 84-85; Gerber, supra note 59, at 763 (noting that “[m]ere speculation of a party that a witness may say something relevant to the litigation process is not enough to trigger the use of state power”).

“Whoever first characterized the continental European system as ‘inquisitorial’ did a profound disservice to constructive legal thought.” Hearings Before the Commission on Revision of the Federal Court Appellate System, second phase, vol. I, at 205 (1974) (statement of Judge Friendly). A logical corollary to the Dispositionsmaxime flowing from this ideational background is the Verhandlungmaxime, which holds that the development of the facts is the responsibility of the parties. Accordingly, only facts alleged by the parties may be made the basis of the court’s judgment; only facts actually in dispute may become the subject of evidence-gathering; and only evidence proffered by the parties may be gathered by the court, while proffered evidence must be so gathered unless the judge considers the proffering party’s allegation proven. See, e.g., KUMMER, supra note 73, at 76-77; Gerber, supra note 59, at 754. That, together with the limitations of judicial power discussed above, leaves little of the inquisitorial procedure with which German and other jurisdictions had experimented in the 18th and earlier centuries. Cf. Gerber, supra note 59, at 768 (arguing that “[t]he German system is also based on the adversarial principle”).

On the influence of Germanic institutions in Germany and Switzerland see, for example, WIEACKER, supra note 129, at 403-16.
to the rule that he would promulgate were he a legislator.” Moreover, Rudolph von Jhering’s ideas about law as legal protection of social interests (and later about law as a means to achieve social ends) have influenced the Code’s interpretation to some extent, although they have not nearly had the impact that the Legal Realists, who borrowed some of Jhering’s ideas, had in the United States. Finally, the classical liberal concept of civil procedure was challenged in the late 19th century by the Austrian proceduralist Franz Klein, who argued in favor of a more “social” procedure, and proved influential in early 20th century changes to procedural codes in Switzerland and Germany as well as Austria. Chief among those changes in Switzerland is the federal requirement of judicial supervision of settlements in specific cases of public interest, mainly those involving the interest of the child and of the weaker spouse in divorce proceedings, and a judicial duty to probe whether the parties really intend what they declared in their answer and complaint.

On this basis, then, it is understandable that the Swiss Supreme Court had no problem utilizing its judicial power pursuant to Article 1(2) of the Civil Code to extend the Verbandsklage to claims of violations of Article 28 of the Code, finding that Article 28 provided no clear answer as to who should have the right to sue; using policy arguments to back up its decision; and recognizing an interest of the group as

142 Article 1 of the Civil Code provides in full:
(1) The Gesetz (legislated law) applies to all questions of law on which it contains a provision according to its plain language or by interpretation.
(2) If no provision can be gleaned from the Gesetz, the judge shall decide according to customary law and, where there is no customary law, according to the rule that he would promulgate were he a legislator.
(3) In doing so, he shall follow well-tried (bewährte) scholarship and practice.

143 On Jhering and his development from a Pandectist to a rebel against Pandectism in the mid- to late 19th century see, for example, WIEACKER, supra note 129, at 450-53. As Wieacker points out, Jhering first saw a right as the power of the will (Willensmacht), as the Pandectists (see supra note 133), but a power bestowed to achieve protected social interests and later in life went further to see law simply as a means of exercising power and satisfying interests. Id. at 451.

144 See, e.g., Ewald, supra note 131, at 2083.

145 See, e.g., Brian Leiter, American Legal Realism, in THE BLACKWELL GUIDE TO PHILOSOPHY OF LAW AND LEGAL THEORY 50 (W. Edmundson & M. Golding eds., 2005).

146 See, e.g., Baudenbacher, supra note 139, at 167-72; Satter, Das Werk Franz Klein’s und sein Einfluss auf die neueren Prozessgesetze, 60 ZPP 272 (1937).

147 See, e.g., KUMMER, supra note 73, at 81; Gerber, supra note 59, at 754-55.

148 See supra notes 105-106 and accompanying text.
distinct from the interest of individual members of the association to have the group’s rights enforced by the association. Thirteen years later, however, the Court retreated to the Pandectist concept of personal rights to limit the available relief.

There is, of course, a difference in these conceptual terms between an association’s claim for declaratory relief and its claim for damages: A declaratory judgment in favor or against the association would have conceptually affected the rights of the individual barber employees no less or no more than a declaration in favor of one of them alone would have affected the rights of the others. A judgment for damages on behalf of all members, however, would have adjudicated the individual members’ alleged right to damages once and for all. Yet, it seems odd that the Supreme Court retreated from its relatively bold use of Article 1(2) and from its policy argument that association members would not have the means or the economic power to sue individually, an argument that would support an association suit for damages as well. Moreover, the slight weakening of the *Dispositionsmaxime* in more recent procedural reforms makes one wonder how conceptually unthinkable it really is to transfer the rights of individual members to sue to an association (or a class representative for that matter). Apparently the extension of group rights had gone far enough as a matter of policy, including the Kantian-liberal ideals underlying Swiss civil law and procedure. Perhaps, the Court was simply trying to align the outcome with the declared policy of the legislature in the Unfair Competition Act. Moreover, there are other reasons against allowing the association to claim damages on behalf of its members, such as the fact that each member’s claim for damages may be different and a fear of over-deterrence. Accordingly, the Court’s limitation of association suits to declaratory relief and orders to stop violating the defendants’ Article 28 rights has been well

---

150 See 73 II at 71.
151 See supra notes 122-124 and accompanying text.
152 See supra text accompanying notes 146-147.
153 Cf. 86 II at 23 (referring approvingly to Article 2(3) of the Unfair Competition Act and its limits on available relief in association suits as well as to policy arguments made in the legislative process in support of those limits).
received and was quickly adopted by the federal legislature when extending the *Verbandsklage* to other substantive areas.\(^{154}\)

With this limitation on available remedies, the *Verbandsklage* has itself been fairly well received by the federal legislature. As a result, the *Verbandsklage* is available today in a number of substantive areas in addition to violations of Article 28 of the Civil Code and unfair competition as discussed above. In the areas of trademark and unfair competition law, consumer organizations “of national or regional importance” are given the right to sue to enforce the relevant statutes to the extent they affect consumer interests in addition to allowing associations to sue in favor of the economic interests of their members;\(^{155}\) the Federal Act on the Equal Treatment of Men and Women allows organizations that have as their declared aim the achievement of gender equality or the representation of employee interests to bring claims alleging gender discrimination;\(^{156}\) and the Federal Act on the Codetermination Rights of Employees gives trade associations and unions the right to enforce the Act’s obligations on behalf of individual companies and employees in court.\(^{157}\) In all these instances, as discussed above, the *Verbandsklage* is limited to declaratory relief and orders to stop unlawful behavior, however. Damages and other injunctive relief can be pursued only by individuals, possibly with the practical advantage\(^ {158}\) of a finding of unlawfulness in a preceding association suit.\(^ {159}\)

\(^{154}\) *See, e.g.*, FRANK/STRÄULI/MESSMER, *KOMMENTAR ZUR ZÜRCHERISCHEN ZPO* 150-51 (3d ed. 1997); VOGEL, *supra* note 24, at paras. 92a-92b.

\(^{155}\) Bundesgesetz über den Schutz von Marken und Herkunftsangaben of Aug. 28, 1992, SR 232.11, art. 56; Bundesgesetz gegen den unlauteren Wettbewerb of Dec. 19, 1986, SR 241, art. 10(2)(b). To the extent that these statutes enable consumer organizations to sue, they do so without requiring their members to have standing individually, indeed without requiring some injury in fact, as modern American standing doctrine does. *Cf.* Lujan v. Defenders of Wildlife, 504 U.S. 555 (1992) (holding that environmental organization lacked standing to file a suit challenging a federal regulation interpreting the Endangered Species Act’s interagency consultation requirement because the organization was asserting “only a generally available grievance about government”).

\(^{156}\) Bundesgesetz über die Gleichstellung von Frau und Mann of Mar. 24, 1995, SR 151.1, art. 7 [hereinafter Gleichstellungsgesetz]. Pursuant to this statute, the association can sue in its own name, but is required to cooperate closely with the employees involved in the alleged discrimination. *Id.*


\(^{158}\) As I note below, the judgment in the association suit does not have res judicata effect between the defendant and the individual members of the association. *See infra* text accompanying notes 160-166.

\(^{159}\) *See, e.g.*, FRANK/STRÄULI/MESSMER, *supra* note 154, at 151.
b) Res Judicata Effect

Despite being part of federal civil procedure for some 60 years, the *Verbandsklage* has largely been neglected by Swiss proceduralists. In books and courses on civil procedure, the subject is usually treated as a brief add-on to discussions on standing and the ability to sue.\(^{160}\) Similarly, all of the published court decisions deal with the question of whether the requirements have been met to proceed with a *Verbandsklage* in the first place. As a result, the precise res judicata effects of a judgment in an association suit are somewhat unclear.

In the decision in which it extended the device to the law of personality in 1947,\(^ {161}\) the Supreme Court briefly addressed the defendant’s argument that letting the association of barber employees proceed with a *Verbandsklage* would disadvantage it because a judgment in the defendant’s favor would not bar members of the plaintiff association to bring individual lawsuits on the same claim later.\(^ {162}\) The Court did not indicate disagreement with the argument’s assumption that a judgment in an association suit, whether in favor of the plaintiff or the defendant, would have no binding effect between the defendant and individual members of the association. Instead it reasoned that a judgment in favor of the plaintiff, declaring the Basel barber’s by-law provision against hiring employees from colleagues within 500 meters illegal, would result in the ineffectiveness of that provision and thus make it unnecessary for other barber employees to sue individually.\(^ {163}\) Conversely, the Court reasoned, in case of a judgment in favor of the defendant, individual barber employees would hardly want to take the risk of trying alone what their association was unsuccessful with as a group.\(^ {164}\)

---

\(^{160}\) See, e.g., FRANK/STRÄULI/MESSMER, *supra* note 154, at 150-51; VOGEL, *supra* note 24, at paras. 92a-92b.

\(^{161}\) See *supra* text accompanying notes 104-109.

\(^{162}\) 73 II at 72-73.

\(^{163}\) *Id.* at 73

\(^{164}\) *Id.*
The assumption, then, is that the judgment in a Verbandsklage has res judicata effect between the suing association and the defendant, but not between the defendant and individual members of the association. This seems to be supported by the Supreme Court’s insistence that the association is pursuing a public interest distinct from the individual interests of its members. However, it could be viewed as conceptually inconsistent with the notion of a few authors that the association acts in behalf of its members. But since neither those authors, nor the courts, as far as I know, have addressed the issue of res judicata head on, the assumption underlying the Supreme Court’s 1947 case is probably the rule in Switzerland. As the Court also points out in that decision, however, the judgment in a Verbandsklage is likely to have binding effects between defendant and individual members (and between defendant and other associations) as a practical matter because neither may want to risk new litigation on the same claim, most likely with the same outcome.

c) Practical Importance

If the res judicata effects of the Verbandsklage remain somewhat unclear, assessing the device’s practical importance comes close to a guessing game. Not only has the Verbandsklage remained under-researched. Statistical data on its use are largely unavailable. Since the judicial statistics of the cantons do not distinguish group claims from other litigation, one interested in learning more about the practical relevance of the device would have to engage in costly empirical research in 26 cantons. Short of that, I will rely here on published opinions, largely those of the Federal Supreme Court. This is rather risky business, not least because some Cantons hardly publish any of their judicial opinions at all. But at least review by the Supreme Court is of

165 See supra text accompanying note 125.
166 See, e.g., KUMMER, supra note 73, at 67.
168 Cf. Stephen B. Burbank, Vanishing Trials and Summary Judgment in Federal Civil Cases: Drifting Toward Bethlehem or Gomorrah?, 1 J. EMP. LEG. STUD. 591, 604 (2004) (“Both my own empirical work and that of many others have long ago persuaded me that the picture of a legal landscape that emerges from published opinions, at whatever court level, is very probably distorted. … The distortion is likely to be particularly serious when published appellate decisions are used as a basis for inference about experience at first instance, and when, therefore an appeal bias is added to the publication bias”);
right rather than by certiorari, and the Court claims to publish all decisions of substantial importance, both of which should impose some discipline on the opinions published by it.

In the Supreme Court, I have found nine opinions involving association suits between 1947 and 2006 (including the two discussed above), four of them handed down between 1995 and 2000 and none, not even downloadable unpublished opinions, since. In all of these cases, the standing of the association to sue was at issue, which the Supreme Court, with the exception of the damages claim discussed above, decided in favor of the plaintiff association. In addition to the two cases discussed above, there were four more, for a total of six, in the area of labor law, three of them handed down between 1995 and 1999. In one of these cases, the association sued for the removal by the defendant corporation of surveillance cameras installed to supervise its employees. The other three involved attacks on labor contracts and the right of employees to be consulted before a mass-layoff. Of the remaining three


There are a number of requirements for a case to be appealable to the Supreme Court. Simplifying just a little bit, any case with a value in controversy of sFr. 8,000.- or more ($ 6,400) can be appealed, although there are cases where there is no minimum value in controversy. For the most part, however, the Court can only – but fully – review the application of federal law by the cantonal courts, which includes, as one may remember, substantive private law as well as constitutional law. See supra text accompanying note 17; Bundesgesetz über die Organisation der Bundesrechtspflege of Dec. 16, 1943, SR 173.110, Arts. 43-67. As of January 1, 2007, the requisite value in controversy will rise to sFr. 15,000 ($12,000) in labor matters and sFr. 30,000 ($24,000) in all other cases. Below that value, a case may newly be appealed to the Supreme Court in cases involving an important question of federal law, among other exceptions. See Bundesgesetz über das Bundesgericht of June 17, 2005, AS 2005, 4045, art. 74.

Moreover, the Court has made roughly three quarters of its unpublished opinions available on the Internet since 2000, allowing for somewhat of a check on what the Court “publishes” and what it does not.

See supra text accompanying notes 104-154.

See supra note 170.

See supra text accompanying notes 115-128. As noted in note 121, however, the plaintiff association still won that case because the Supreme Court decided it represented its own claim based on negotiorum gestio.

See supra text accompanying notes 104-154.

Decision of Nov. 8, 1988, 114 II 345.

Decision of Jan. 11, 1999, 125 III 82; decision of April 21, 1997, 123 III 176; and decision of April 27, 1995, 121 III 168.
cases, two involved the Unfair Competition Act, and one antitrust law, in which area the Verbandsklage was subsequently confirmed, then abolished, by the federal legislature.

No matter what one’s preferred procedural values, it is difficult to assess whether these numbers show that the system works as it should without further empirical studies. The relative spike in labor-related association suits between 1995 and 1999 may have originated in one of the most severe downturns of the post-World War II economy in Switzerland. Going out on a limb a bit more, one may further speculate from the relatively small number of association suits and from the fact that all of them have been decided in favor of the plaintiff associations since 1960 that associations and their lawyers have not exactly attempted to utilize the Verbandsklage aggressively. Along the same lines, advocates of gender equality have complained that the Verbandsklage has yet to be used to enforce federal comparable-worth legislation passed in 1995, despite survey data showing large swaths of income inequality in private industry and government jobs alike. Some have speculated

---

177 Decision of May 2, 2000, 126 III 239 (adjudicating a suit by a trade association to protect an internet domain name); decision of June 13, 1967, 93 II 135 (involving a claim that professional titles used by certain architects and engineers amounted to unfair competition).
178 Decision of Sept. 27, 1977, 103 II 294 (involving a claim of illegal vertical restraints in the market of distributing motion pictures).
179 FRANK/STRÄULI/MESSMER, supra note 154, at 151.
180 Cf. supra note 156 and accompanying text.
181 See, e.g., Florence Aubry Girardin, Égalité salariale et décisions judiciaires: questions pratiques de point de vue de la justice, 14 AKTUELLE JURISTISCHE PRAXIS [hereinafter AJP] 1062, 1062 (2005); Margrith Bigler-Eggenberger, Art. 4 Abs. 2/8 Abs. 3 BV – Eine Erfolgsgeschichte?, 106 ZBL 57, 76 (2005); Sabine Steiger-Sackmann, 5 Jahre Glechstellungsgesetz – 5 Jahre Lohngleichheit?, 10 AJP 1263, 1267 (2001). Whether the absence of association suits means that women have been deprived of a procedure to enforce their federal right to salaries of comparable worth is, however, a different question. A Web Site of women’s organizations compiling all lawsuits by women under the new federal legislation in German-speaking Switzerland lists 157 comparative-worth cases filed since 1995 as of July 31, 2006. This includes a number of association suits in administrative court. See infra text accompanying notes 187-192. 36 of these cases resulted in a judgment for plaintiff and 31 in a judgment for defendant; 55 cases were settled either during formal court proceedings or, more frequently, during the free consultation hearings before the consultation agencies that may informally hear the case prior to a formal court filing according to the 1995 legislation; nine cases remain to be decided, and in 26 the outcome is unknown. In the latter category, the case descriptions occasionally indicate that the plaintiff decided not to pursue her claim beyond the consultation stage. Yet, for most of these cases there is no such indication. Thus, I decided to code them separately rather than as cases won by defendants. Finally, 65 of the cases listed involved private suits and 92 administrative or public law proceedings. The Web Site is available at http://www.gleichstellungsgesetz.ch/. At the very least, this demonstrates that quite a few women have been able and willing to pursue their rights in court –
that this may be due to the relatively limited financial power of gender-equality
NGOs compared to the unions and trade associations that have successfully brought
association suits in the labor and unfair competition areas.\textsuperscript{182} It is indeed true that the
plaintiff association risks footing the bill of a lost case in a country in which the loser
must pay the winner’s attorney’s fees and in which contingent fees are unethical.\textsuperscript{183}
Given that the Swiss litigation systems are relatively lean and based more on law than
on equity,\textsuperscript{184} this is not as daunting a proposition as it would be in the United
States.\textsuperscript{185} Yet, the potential costs are still considerable. This is particularly
problematic in comparable-worth cases, where the outcome is highly fact-dependent
and where opinions vary greatly as to what amounts to discrimination.\textsuperscript{186}

It is also interesting that while there have been no association suits against private
companies asserting violation of the comparable-worth principle,\textsuperscript{187} there has been
some group litigation initiated by associations against state and city governments in

\textsuperscript{182}See, e.g., Steiger-Sackmann, \textit{supra} note 181, at 1267.
\textsuperscript{183}At least, federal legislation mandates that no court costs may be assessed in such cases.
\textit{Gleichstellungsgesetz, supra} note 156, art. 12(2).
\textsuperscript{184}See \textit{supra} note 84 and accompanying text; Samuel P. Baumgartner, \textit{Related Actions}, 3 \textit{ZEITSCHRIFT
FÜR ZIVILPROZESS INTERNATIONAL} 203, 210 (pointing to an underlying “procedural philosophy that
views a civil proceeding more as an efficient adjudication of the plaintiff’s claim than as an equitable
resolution of a dispute” as a result of which there is a “more limited party and claims structure” in
Switzerland and other civil law countries than there is in the United States). One may add the more
limited nature of evidence-gathering as another reason for lower litigation costs. \textit{See supra} notes 139
and 140 and \textit{infra} text accompanying notes 263-265.
\textsuperscript{185}Cf. Baumgartner, \textit{supra} note 65, at 256 (“[T]o what extent would class actions level the playing
field in countries in which comparatively low costs of litigation, fee shifting, and legal aid operate to
make the system available to enforce relatively low monetary claims and in which the quality of the
attorney is not as important to guide the client through a process based on law as it is in one steeped in
equity?”).
\textsuperscript{186}See, e.g., Federal Supreme Court, decision of Oct. 5, 1999, 125 II 530 (discussing at great length the
factors relevant to the decision whether a 25% salary differential between kindergarten teachers,
almost exclusively female in Switzerland, and grade school teachers, among whom men are better
represented, is justified); Bigler-Eggenberger, \textit{supra} note 181, at 78-79.
\textsuperscript{187}There have, however, been individual suits by women against private employers, three of which
made it to the Supreme Court. \textit{See} decision of Dec. 22, 2003, 130 III 145 (upholding sFr. 200,000
(roughly $165,000) judgment for back pay); decision of Jan. 19, 2001, 127 III 207 (remanding for
further evidentiary hearings); decision of Sept. 14, 1999, 125 III 368 (denying relief).
the administrative courts. Is this because the state for institutional reasons is expected to be less likely to retaliate against litigating employees than a private firm? Is it because the basic hiring criteria and salary information for comparable government jobs are publicly available, thus compensating for the lack of American-style discovery? Does it have to do with the fact that cases against the government are litigated in administrative court, where the procedure is somewhat more “inquisitorial” and the government is subject to charges that cannot be leveled against a private employer, such as that its actions are not covered by legislation? Or are judges and attorneys in administrative litigation, where more complex party structures have always been a feature, simply more comfortable with multiparty litigation than are judges and attorneys in civil litigation? My own tabulation of mostly individual comparable-worth suits filed in the last ten years indicates that the latter hypothesis has less explanatory power than those previously mentioned, for the same picture emerges in individual litigation: Among 157 such cases filed in German speaking Switzerland, 92 (including a few association suits) were filed in the administrative courts, while 65 (none of them association suits) were filed in the civil courts. Thus, despite the fact that roughly 90 percent of the Swiss population works for private employers, the cases filed against federal and state governments outnumbered the private cases by 1.5:1. Without larger empirical studies, however, it is impossible to do more than speculate on why that is so and thus on the effectiveness of the Verbandsklage in this and other areas.

---

188 See, e.g., Decision of Oct. 5, 1999, 125 II 530 (association suit by kindergarten teachers in Zurich); decision of Dec. 18, 1998, 125 I 71 (same by nurses at state hospitals in Bern).
189 But see 127 III at 210-11 (indicating that plaintiff was able to have the (private) corporate defendant compelled to divulge its confidential salary policy, among other pertinent evidence, in cantonal proceedings).
190 In particular, the court may order the release of evidence not proffered by the parties. See, e.g., GYGI, supra note 27, at 208-10. Cf. supra note 140. At least in theory, however, the latter is true in private labor litigation as well. See Code of Obligations, art. 343(4); Gleichstellungsgesetz, supra note 156, art. 12(2).
191 See, e.g., decision of Sept. 29, 1995, 121 I 230 (holding that legislation in the Canton of Zug requiring doctors at state hospitals to turn in a part of their profits gained from private practice at the hospital to the state was sufficient for the relevant state agency to charge such doctors 35% of such profits because the legislation itself set a numerical limit of 40%).
192 See supra note 181.
d) Law Reform Proposals

Despite this lack of empirical information, the law reformers appear to know precisely what is needed in the proposed Federal Code of Civil Procedure. They are confident that there currently is no need for a class action device in Switzerland. At the same time, they originally proposed to extend the *Verbandsklage* to all substantive areas, thus abolishing the limitation to Article 28 of the Civil Code and to substance-specific federal statutes. This decision was heavily criticized, primarily by conservatives and business interests. The latest draft thus returns to a stated attempt to codify the federal common law developed by the Swiss Supreme Court as described above. However, the draft lists the requirements for the standing of the association somewhat more leniently thus:

- The association must have national or regional importance and
- it must, by its bylaws, be authorized to represent the interests of certain groups of people.

Distinct provisions in substance-specific federal statutes would remain controlling, however. In defense of the drafters, I need to point out that empirical research has not thus far played much of a role in procedural law reform in Switzerland. While this helps explain the lack of concern for such research in the current reform, however, it does not make the quality of law reform decisions based on anecdotal evidence any better.

2. Association Suits in Administrative Procedure (Verbandsbeschwerde)

---

194 See supra note 69 and accompanying text.
196 See supra text accompanying notes 108-113, 155-159.
197 See Vernehmlassungsbericht, supra note 21, at 7 & 230-37.
198 See Botschaft, supra note 22, at 212.
199 Id.
200 Id.
The *Verbandsbeschwerde* is the counterpart to the *Verbandsklage* in Swiss administrative procedure. It allows an association to challenge a decision in which an administrative agency applies law to a specific case, first within the agency, then before an administrative tribunal, including the Federal Supreme Court. The requirements are the same as for the *Verbandsklage*, although the prerequisites for association suits involving state administrative law before state administrative tribunals follow state rules that may vary slightly. However, one significant difference between civil and administrative procedure affecting the admissibility of the *Verbandsbeschwerde* relates to standing. In civil proceedings, only the person who claims to be the owner of the allegedly infringed right has standing to sue. In administrative procedure, however, courts and statutes have followed Jhering’s views of law as the protection of legitimate interests. Thus, on the federal level, anybody with a legitimate interest can challenge a governmental decision first in intergovernmental proceedings and then in administrative court. The interest is legitimate if the plaintiff has a personal interest in the decision that is stronger than that of most anybody else. In deciding whether a particular interest is legitimate, the courts have taken a pragmatic approach. Thus, home owners are routinely allowed to challenge construction permits granted to neighbors on the grounds that they violate zoning laws or environmental statutes. Equally, competitors are considered to have standing to challenge the decision to license new entrants. On the other hand, those who live too far away to be suffering any direct negative effects of a planned project are not considered to have standing to challenge a building permit.

---

201 Current procedural statutes distinguish between an administrative appeal and a constitutional appeal to the Federal Supreme Court, depending on whether the appellant claims a violation of federal (statutory) administrative law or federal constitutional law. The *Verbandsbeschwerde* has been available in both. See, e.g., decision of Feb. 11, 1972, 98 Ib 63; decision of February 3, 1967, 93 I 125.

202 See, e.g., 93 I at 128.

203 See, e.g., KUMMER, *supra* note 73, at 66.

204 See *supra* text accompanying notes 143-145.

205 Bundesgesetz über das Verwaltungsverfahren of Dec. 20, 1968, SR 172.021, art. 48(a); Bundesgesetz über die Organisation der Bundesrechtspflege of Dec. 16, 1943, SR 173.110, art. 103(a).

206 See, e.g., GYGI, *supra* note 27, at 158.


208 See, e.g., Federal Supreme Court, decision of May 2, 1975, 101 Ib 87.

209 See, e.g., Federal Supreme Court, decision of Apr. 30, 1985, 111 Ib 290 (plaintiff living one kilometer away from planned interstate highway has no standing to challenge the decision to build it);
By virtue of this more open-ended standing requirement in administrative procedure, the requirement that the individual members of the association have standing to sue may be easier to meet for the Verbandsbeschwerde than it is for the Verbandsklage. 210

It is perhaps partly for this reason that the Verbandsbeschwerde, as opposed to the Verbandsklage, has been used extensively in practice. In the last fifteen years alone, the Federal Supreme Court has published over 50 decisions involving administrative association suits. In terms of substance, they run the gamut from trade and consumer organizations challenging the decision of the federal Food and Drug administration to allow Monsanto to sell food ingredients made from genetically modified soybeans 211 to local unions and trade associations complaining about a decision of the Transportation Department to allow retailers in Swiss train stations to remain open irrespective of cantonal closing-time regulations 212 to attacks by environmental groups against construction permits allowing the building of roads, stadiums, military training facilities, and other large projects. 213 Indeed, the latter have been frequent enough to allow the Zurich Liberal Democrats to collect a sufficient number of signatures to force a popular vote on their constitutional proposal to limit association suits by environmental organizations. 214 As indicated above, Verbandsbeschwerden also include appeals by gender equality organizations of salary decisions of state and city governments 215 and many others. 216

decision of Dec. 19, 1978, 104 Ib 381 (individuals who do not live near a farmhouse planned to be demolished may not sue with a claim that the demolition violates federal legislation protecting historical buildings).

210 But see supra note 155.

211 See decision of Sept. 10, 1997, 123 II 376.


213 See, e.g., decision of Dec. 3, 2004, 131 II 81 (soccer stadium); decision of April 8, 2003, 129 II 331 (local airport); decision of Dec. 28, 1998, 125 II 50 (military training facility); decision of Aug. 19, 1998, 124 II 460 (interstate highway); decision of April 21, 1997, 123 II 337 (commercial building complex); decision of June 21, 1995, 121 II 224 (commercial building complex).

214 See, e.g., AP/Baz, Initiative gegen das Verbandsbeschwerderecht gultig, Basler Zeitung online (visited June 2, 2006). On the ability to force such a popular vote see supra note 64.

215 See supra text accompanying notes 187-188.

216 See, e.g., decision of April 20, 2005, 131 I 291 (suit by association of home owners against state property tax increase); decision of March 9, 2005, 131 I 198 (appeal by local association of pharmacists of decision of state of Solothurn to allow general practitioners to dispense pharmaceuticals in less restricted fashion than pharmacists); decision of Oct. 25, 2004, 130 II 514 (suit by association of
Why this extensive use of the *Verbandsbeschwerde* as opposed to the *Verbandsklage*? Part of the explanation may lie in the more lenient standing requirements in administrative procedure. Moreover, governmental decisions have a tendency to affect more individuals than decisions of private persons. And such decisions must be made in the public interest. Thus, the difference may have to do with the fact that an entire host of constitutional provisions (such as the equal treatment clause) and administrative statutes (such as environmental legislation) are primarily or exclusively directed at governmental agencies making decisions on whether to grant a particular permit. Short of those possible explanations, it would help to have some empirical information on whether there are procedural reasons why the association suit is utilized frequently in administrative and constitutional courts, but not in the civil courts. If so, it would further help to have empirical knowledge on whether there is a need to adapt civil procedure accordingly or whether the administrative courts take care of most of the need for group litigation in Swiss society. For that purpose, it is not helpful that civil procedure and administrative procedure are applied by different judges and researched by different scholars. Yet, it is research that needs to be done if one wants to understand whether the current approaches to group litigation in Switzerland are adequate.

3. Shareholder Litigation

A discussion of group litigation in Switzerland would be incomplete without a look at a small but important group of actions whose res judicata effects extend beyond the parties. This sort of action (*Gestaltungsklagen*) has been significant primarily in status matters, where a decree on a person’s status, such as marital status or paternity, television viewers against state-run television station for giving masked opponents of World Economic Forum in Davos airtime without questioning their views or backgrounds); decision of July 28, 2004, 130 I 290 (suit by various associations claiming illegal interference by the Zurich government with a popular referendum on the adoption of changes to the Zurich Code of Criminal Procedure by sending voters a one-sided description of what is at stake).

217 *Cf. supra* text accompanying note 191.

218 *See supra* text accompanying notes 187-191.

219 *See, e.g.*, Baumgartner, *supra* note 31, at 126-27.

220 *See supra* text accompanying note 27.
must be effective in relation to everyone else.\textsuperscript{221} However, the same principle has long been applied to suits by individual shareholders of a corporation against decisions at the corporation’s shareholder meetings.\textsuperscript{222} Thus, a decree voiding a decision by the shareholders as illegal will nullify that decision not only with regard to the plaintiff but in relation to all remaining shareholders as well.\textsuperscript{223} In this sense, the suing shareholder acts as the representative of the others, although rarely in the interest of all of them. Similarly, although not a \textit{Gestaltungsklage}, a derivative suit, in which a shareholder sues the officers or the members of the board for violating their fiduciary duties, has the effect of a damages judgment that is to be paid to the corporation and thus indirectly favors all shareholders.\textsuperscript{224}

It is said, however, that this type of shareholder litigation has been too risky to initiate because the Swiss Supreme Court held early on that the amount in controversy is to be determined by the value of the litigation to the corporation rather than on the basis of the value of the shares of stock owned by the plaintiff.\textsuperscript{225} This raises the threshold considerably in a legal system in which court costs and attorneys fees in litigated cases are determined largely on the basis of the value in controversy.\textsuperscript{226} In order to lower the risk for potential plaintiffs, the federal legislature thus tempered the loser-pays rule as part of the corporate law reform of 1992. Since then, the trial court has had to distribute attorney’s fees discretionally between plaintiff and defendant if the plaintiff loses the case.\textsuperscript{227}

\begin{itemize}
  \item\textsuperscript{221} \textit{See, e.g.}, KUMMER, \textit{supra} note 73, at 103-04.
  \item\textsuperscript{222} \textit{Id.} at 104.
  \item\textsuperscript{223} \textit{See Code of Obligations}, art. 706(5) ("The judgment voiding a decision of the shareholder meeting has effect for and against all shareholders"). According to subsection 1 of Article 706, the judge is to void such a decision if it violates the law (in practice, primarily provisions protecting certain shareholders) or the corporation’s bylaws.
  \item\textsuperscript{224} \textit{See Code of Obligations}, arts. 754-60.
  \item\textsuperscript{225} \textit{See, e.g.}, Andreas Casutt, \textit{Rechtliche Aspekte der Verteilung der Prozesskosten im Anfechtungs- und Verantwortlichkeitsprozess}, in \textit{Festschrift für Peter Forstmoser} 79 (1993). Again, it would be helpful to know whom precisely this does in fact disadvantage in practice. As far as number of lawsuits, I have been able to find 38 published Article-706 cases by the Supreme Court alone for the period from 1954-2006, most of them involving suits by minority shareholders. 33 of these decisions were decided before the big reform of corporate law of 1992, which was meant to render such suits less financially risky to file. \textit{See infra} text accompanying note 227.
  \item\textsuperscript{226} \textit{See, e.g.}, Verordnung über die Anwaltsgebühren of June 10, 1987, ON 215.3, § 2 (Canton of Zurich); Dekret über die Anwaltsgebühren of Nov. 6, 1973, BSG 168.81, art. 10 (Canton of Bern).
  \item\textsuperscript{227} \textit{See Code of Obligations}, art. 706a(3) (as amended Oct. 4, 1991).
\end{itemize}
Some have argued that this change insufficiently tempers the risks for potential plaintiffs since the fees to be paid can still be significant\(^{228}\) and, more importantly, since the plaintiff has no idea what the court’s discretion will bring at the time of judgment.\(^{229}\) Again, some empirical insight would be helpful here for purposes of law reform.\(^{230}\) Apparently, however, there seems to be enough of a problem here that some plaintiff groups have taken action. In 1989, for example, an association of Nestlé shareholders, the purpose of which had been the monitoring of the company’s economic and social ethics, changed its bylaws to include as its objective the pursuit of the economic interests of its members.\(^{231}\) This allowed the association to bring a suit against Nestlé, challenging the corporation’s shareholder decision to issue 175,000 new shares without allowing existing shareholders the right to preferential purchase of those shares,\(^{232}\) while distributing the costs of the litigation equally among the association’s members.\(^{233}\) The association itself owned one share of Nestlé stock.\(^{234}\) As a result, the association formally represented its own interests as a shareholder rather than those of its members, thus avoiding the problem that neither Swiss law nor the law of the Canton of Vaud provides for association suits in this area.\(^{235}\) This is a smart way for a group of like-minded shareholders to share the risks and costs of this kind of litigation; I have been told that the strategy has been used since. It is one way to get around the lack of a true group-litigation device in this area, for which there is obviously a need.

\(^{228}\) See, e.g., Federal Supreme Court, decision of Oct. 12, 2004, 4P.208/2003 (upholding decision in which the trial court estimated the value in controversy at sFr. 10-20 million ($8-16 million) and determined plaintiff’s share of defendant’s attorney’s fees to be sFr. 160,000 ($128,000)).

\(^{229}\) See, e.g., Casutt, supra note 225.

\(^{230}\) See supra text accompanying notes 217-220.


\(^{232}\) Id.

\(^{233}\) Among these costs was an order by the district judge of Vevey requiring the plaintiff to post a sFr. 500,000 ($400,000) bond. See Federal Supreme Court, decision of Feb. 22, 1990, 116 II 94, 95.

\(^{234}\) See 117 II at 291.

\(^{235}\) See supra text accompanying notes 108-113, 155-159.
The federal legislature has apparently recognized the problem. In the new Act on Mergers and Acquisitions of 2003, it introduced an additional remedy for aggrieved shareholders in merger and acquisition cases. Rather than bring an action to declare the shareholder decision sanctioning the merger or acquisition void—which the courts have been extremely reluctant to grant—minority shareholders can sue for damages for any losses incurred by disadvantageous treatment arising from the transaction. In this litigation, the court costs and the attorney’s fees of the plaintiff in case of a loss must be borne by the acquiring corporation, thus removing the plaintiff’s risk of having to pay for the defendant’s attorney’s fees.

More interestingly, the judgment for damages in such a case is valid in favor of all shareholders equally situated, whether or not they participated in the litigation. Thus, the suing plaintiff truly acts as a representative of the others. In this sense, this limited action in the area of mergers and acquisitions is in fact a class action.

4. Joinder of Parties and Consolidation by the Court

---

237 Fusionsgesetz, supra note 236, art. 105.
238 See, e.g., Peter Böckli, Schweizer Aktienrecht 354 (3d ed., 2004).
239 Fusionsgesetz, supra note 236, art. 105(1).
240 Id., art. 105(3). But see id., second sentence: “In special circumstances, the court may charge the costs of the proceedings against the plaintiffs.” According to the explanatory report, this provision is primarily intended to target frivolous lawsuits. See Botschaft zum Bundesesetz über Fusion, Spaltung, Umwandlung und Vermögensübertragung, BBl 2000, 4337, 4488.
241 Fusionsgesetz, supra note 236, art. 105(2). Whether a judgment in favor of the defendant has res judicata effect against all other shareholders equally situated is not clear to me given the language of the provision (“The judgment has effect for all shareholders…” Does this mean only for all shareholders, not against them?) and the lack of any legislative history on this point. However, this question may have little practical relevance. The action must be brought within two months of the publication of the merger decision. See Fusiongesetz, supra note 236, art. 105(1). By the time a judgment is entered, that deadline will long have passed for another claimant to bring suit on the basis of the same merger decision.
242 See Böckli, supra note 238, at 355.
243 See supra text accompanying note 69.
While the Verbandsklage, the Verbandsbeschwerde in federal court, and the shareholder suits discussed above are primarily or exclusively controlled by federal law, joinder, intervention, and consolidation devices have largely remained a matter of state law. To my knowledge, all state procedural codes provide for the joinder of parties. Usually, they require that the joined parties claim, or are defendants with regard to, the same or similar set of facts or legal rights. The most important distinction the codes make here is between mandatory and voluntary joinder. Joinder is mandatory where, as a matter of substantive law, a group of individuals holds a right or owes a duty jointly so that only the group can validly dispose of the right or fulfill the duty. This concept has its roots in both Roman and Germanic law and includes claims by and against the community of heirs regarding the rights on the inheritance that is formed as a matter of law among all heirs of the deceased, the owners of community property, and claims by a simple association. The procedural effect of this indivisible property is that these groups must sue or be sued together. The claim by or against them is then effectively treated as a single lawsuit resulting in one uniform judgment or settlement for or against all.

244 I say “largely” because recent federal legislation on personal jurisdiction provides for jurisdiction in cases of joinder of defendants wherever the court has jurisdiction over one of the defendants. See Bundesgesetz über den Gerichtsstand in Zivilsachen of March 24, 2000, SR 272, art. 7(1). Naturally, the provision requires a federal interpretation of what is required for a joinder to lead to the application of Article 7(1). See, e.g., Franz Kellerhals & Andreas Güngerich, Art. 7, in KOMMENTAR ZUM BUNDESGESETZ ÜBER DEN GERICHTSSTAND IN ZIVILSACHEN 47, 53-54 (Franz Kellerhals et al. eds., 2d ed. 2005).
245 See, e.g., VOGEL, supra note 24, at ch.5
246 See, e.g., HABSCHEID, supra note 73, at 151.
247 Id. at 153.
248 On the influence of Germanic law on the Swiss Civil Codes see supra note 141 and accompanying text. In Pandectist thought, this limited number of group rights was not considered an exception to the individualistic nature of rights. The group was simply conceived of as the individual holding the group right. See, e.g., VON TUHR, supra note 133, at 78-80.
249 See Civil Code, art. 602.
250 See id., art. 215
251 See Code of Obligations, art. 544. The “simple association” is an unincorporated association of individuals pursuing a common purpose. Code of Obligations, art. 530(1).
252 See, e.g., VOGEL, supra note 24, at ch.5
253 See, e.g., KUMMER, supra note 73, at 158. This is the result of viewing the group as an individual holder of a single right. See supra note 248.
In practice, this appears to be quite an important kind of joinder in Switzerland.\textsuperscript{254} However, all procedural codes also allow for voluntary joinder based on the same (or, in some cantons, a related)\textsuperscript{255} factual claim or right.\textsuperscript{256} Thus, it is possible for a plaintiff to sue all those she considers to be jointly and severally liable, for all holders of the same insurance policy to challenge a specific interpretation of a provision in that policy, or for all those harmed by the same alleged tort to sue the defendant together.\textsuperscript{257}

While this may seem like group litigation, however, it is so only to a limited extent. First, it is not representative litigation because only those who sue or are sued actually participate in it. Second, as a result of the individualist precepts underlying the state procedural codes,\textsuperscript{258} each party is treated individually, thus conducting her own lawsuit. Hence, the judgment may differ as to each individual party; each party may decide to settle or to abandon the suit without prejudice to the others; and each party may decide whether or not to appeal, again without prejudice to the right to appeal of the others.\textsuperscript{259} In some cantons, it is further the practice of the courts to keep separate dossiers for every single party.\textsuperscript{260} Moreover, voluntary joinder is usually limited to cases within the same subject-matter jurisdiction.\textsuperscript{261} At the same time, however, allegations and suggestions of a line of evidence-gathering of one litigant may benefit the others in some jurisdictions.\textsuperscript{262}

In sum, voluntary joinder may result in some efficiency by having the same court decide similar claims and by consolidating the taking of evidence – which, as one

\textsuperscript{254} See infra text accompanying notes 272-274.
\textsuperscript{255} See, e.g., Zivilprozessordnung für den Kanton Bern of July 7, 1918, BSG 271.1 [hereinafer BEZPO], art. 37; KUMMER, supra note 73, at 156.
\textsuperscript{256} See, e.g., VOGEL, supra note 24, at ch.5.
\textsuperscript{257} See, e.g., KUMMER, supra note 73, at 156. The latter two examples may go too far in those cantons that limit voluntary joinder to cases in which the plaintiffs’ claim must arise out of the same rather than merely related facts and legal rights. See, e.g., HABSCHEID, supra note 73, at 152.
\textsuperscript{258} See supra text accompanying notes 129-140.
\textsuperscript{259} See, e.g., KUMMER, supra note 73, at 157.
\textsuperscript{260} See, e.g., ROMY, supra note 42, at 242; JEAN-MARC SCHALLER, FINANZ-ANALYSTEN-RECHT 180 (2004).
\textsuperscript{261} See, e.g., VOGEL, supra note 24, at ch.5.
\textsuperscript{262} See, e.g., KUMMER, supra note 73, at 158. But see HABSCHEID, supra note 73, at 152 (arguing that allegations and proffers by one party do not affect the others in Zurich).
may remember, is much less extensive in a system in which the gathering of evidence is controlled by the judge who is also the finder of fact and where lines of inquiry must meet a high standard of materiality. It may also be beneficial for claimants to pursue their cases together for a number of practical reasons, including an attempt to avoid inconsistent judgments regarding the same set of operative facts. However, given that voluntary joinder results in many essentially independent lawsuits, the efficiency gains are limited. So are other potential benefits and drawbacks of representative litigation, so often discussed today.

While there is agreement among the state procedural codes on the basics of joinder, the same is not true with regard to the consolidation of related proceedings by the

263 See, e.g., Gerber, supra note 59, at 753-54. But see supra notes 139-140 and accompanying text.
264 Thus, the American trial judge must be more generous in determining the relevancy of proffered evidence than his German [and Swiss] colleague, who does not need to account for the fact that the attorneys need to persuade a lay jury rather than the judge himself. Furthermore, the separation of what in Germany [and Switzerland] is the process of taking evidence before the court into a phase of gathering the facts (discovery) and into one of presenting it to the jury at trial, a separation that is due to the need for a continuous jury trial, the attorneys must be allowed to discover evidence for an entire case before trial. Thus, issues of relevancy for purposes of discovery on the one hand and for purposes of admissibility at trial on the other do not converge as they do in Germany [and Switzerland].
265 See supra note 139 & 264; Gerber, supra note 59, at 762-63.
266 See, e.g., Federal Supreme Court, decision of Dec. 31, 1998, 125 III 95, at 97. Thus, the plaintiff or plaintiffs can use voluntary joinder to avoid one of the drawbacks of the lean litigation package in Swiss procedure. See supra note 184 and accompanying text; Baumgartner, supra note 184, at 210 (noting that “as part of the same philosophy [of viewing a civil proceeding as an efficient adjudication of the plaintiff’s] claim rather than equitable resolution of a dispute, the] res judicata effects are more limited than in common law jurisdictions, particularly the United States”).
267 See, e.g., Romy, supra note 42, at 243. The current rules do not necessarily compel this result. For the United States, for example, Professor Burbank observes:

In the materials on party joinder and consolidation, students are repeatedly exposed to the substantive implications of joinder and led to consider the extent to which efficiency concerns cause courts to bend the requirements of procedural rules, to pursue dubious packaging strategies that are supposedly provisional but that in substantive terms may be irremediable, and, alternatively, to pursue dubious substantive strategies that enable packaging.

court. Some states do not provide for such consolidation at all.\textsuperscript{269} Others allow it in cases in which voluntary joinder would have been permissible.\textsuperscript{270} Even in those states, however, consolidation is limited to common hearings, including evidentiary hearings, and scheduling.\textsuperscript{271} As with voluntary joinder, the combined lawsuits remain independent with different outcomes possible.

Again, there is no available statistical evidence on the use of joinder and consolidation devices in Switzerland. Similarly, any empirical research on how well these devices work in practice and whether and to what extent they meet the needs of litigants and the judicial system is impossible to find. To get at least some sense of the practical significance of these devices, I again took a look at the published decisions of the Supreme Court in civil litigation during the last 50 years. This research turned up only one case in which a court had consolidated separately filed suits.\textsuperscript{272} There were, however, 49 joinder cases, 27 of which involved mandatory joinder. The remaining 22 cases with voluntary joinder, however, almost all hemmed to a very narrow pattern of group litigation, involving only a handful of litigants, usually two or three. Moreover, most of the parties were joined to avoid inconsistent judgments,\textsuperscript{273} which is partly a result of the relatively narrow bite of res judicata in Switzerland.\textsuperscript{274} And in a few instances, family members sued together in a case affecting them all.\textsuperscript{275} Only in three cases did a few unrelated individuals sue a

\textsuperscript{269} The Bernese Code of Civil Procedure, for example, did not contain such a provision until it was so amended in 1995. \textit{See} BZPO, supra note 255, art. 38(2) (as amended).

\textsuperscript{270} \textit{See}, e.g., HABSCHEID, supra note 73, at 152.

\textsuperscript{271} \textit{Id}.

\textsuperscript{272} Decision of Jan. 9, 1960, 86 II 59 (noting consolidation in lower court of three independently filed suits by tenants against the same landlord).

\textsuperscript{273} \textit{See}, e.g., decision of Nov. 13, 2000, 127 I 92 (suit by individual and his partly-owned corporation against bank and trustee for misappropriation of co-owned funds); decision of Dec. 1, 1998, 125 III 95 (complaint by Lego and its Swiss distributor against an alleged patent infringer); decision of Apr. 2, 1991, 117 II 204 (suit claiming unfair competition against parent and subsidiary); decision of June 19, 1981, 107 III 91 (suit by creditors in bankruptcy against alleged debtor); decision of July 10, 1979, 105 Ia 193 (bankruptcy trustee suing four members of the board and auditor of failed company for violation of fiduciary duty); decision of Dec. 21, 1961, 87 II 355 (suit by heirs challenging bequest).

\textsuperscript{274} \textit{See supra} note 267.

\textsuperscript{275} \textit{See}, e.g., decision of Sept. 30, 2005, 131 III 667 (suit by surviving spouse and children of man killed in traffic accident with tramway against city of Geneva and city-owned tramway company); decision of Dec. 3, 1984, 110 II 505 (suit by 17-year old and thus minor skier harmed by ski accident, his father, and his health insurance company against operator of air-tram company); decision of Nov.
defendant without primary concern for inconsistent results,\textsuperscript{276} and in one of them, it appears that the three plaintiffs had chosen their attorney together.\textsuperscript{277}

Thus, it appears that voluntary joinder is used only for very narrow purposes and that consolidation is rare in civil litigation. Again, things look different in administrative cases. There, consolidation is more common, particularly in proceedings involving claims of neighbors and others challenging the same construction permit.\textsuperscript{278} Joinder of parties, including voluntary joinder, too, appears to be more prevalent in public law cases, yet only occasionally involving larger groups of litigants.\textsuperscript{279}

It would be interesting to know the reasons for the narrow use of voluntary joinder and for the virtual absence of consolidation in civil, but not administrative, cases. It may be that parties and judges feel that these devices introduce too much complexity, and thus too much cost,\textsuperscript{280} into the litigation to be worth the limited benefits. Perhaps lawyers and judges in civil cases are not sufficiently comfortable with a larger litigation package or at least it is far from their radar screen.\textsuperscript{281} Or it may be that Swiss legal education with its emphasis on teaching legal doctrine produces few lawyers that are intent on testing the rules for the benefit of their clients.\textsuperscript{282} And

\textsuperscript{276} Decision of April 23, 1996, 122 III 229 (three home owners suing Canton of Vaud for allegedly causing nearby river to overflow); decisions of May 21, 1974, 100 II 134 (heirs of recently deceased owner and two neighbors suing Canton of Obwalden for causing flooding and dirt avalanches onto their respective farmland); decision of January 23, 1962 (suit by union and various trade associations against low-price competitor alleging unfair competition).

\textsuperscript{277} See \textit{100 II} at 134.

\textsuperscript{278} See, \textit{e.g.}, decision of Aug. 13, 1973, 99 Ib 200 (aggregated suits of many individuals and an association against decision to build interstate highway).

\textsuperscript{279} See, \textit{e.g.}, decision of Aug. 14, 2002, 129 III 18 (suit by German and Swiss association of book sellers challenging decision of the federal competition commission finding illegal vertical restraint); decision of Nov. 9, 2001, 128 II 90 (suit by a few neighbors and neighboring township against rezoning decision to allow airport to build airport restaurant); decision of Nov. 27, 1974, 100 Ib 404 (suit by twelve land owners against state decision to expropriate a strip of their respective land for the building of a power line); decision of Dec. 19, 1968, 94 I 525 (suit by 47 citizens challenging as biased the question posed to voters in a referendum to change the state constitution).

\textsuperscript{280} \textit{Cf.} Burbank, \textit{supra} note 267, at 1466-87 (engaging costs of complex litigation).

\textsuperscript{281} \textit{See supra} text accompanying note 184.

\textsuperscript{282} \textit{Cf.} Baumgartner, \textit{supra} note 184, at 210 (“Most Swiss attorneys I have spoken to … have never thought of testing the domestic stay provision to its full extent simply to serve their client’s interest.”). On the emphasis in continental European law teaching – which, as one may remember, goes back some
again, lawyers and judges in administrative cases may just be more comfortable with multiparty litigation to begin with.\(^{283}\) It would be useful for the reformers engaged in fashioning a new federal Code of Civil Procedure to gain some empirical knowledge on this score.

5. Test Cases

One way in which litigants and courts in Switzerland have attempted to achieve efficiency gains and uniformity of result recently is through the use of test cases, also known as “pilot suits” or “model suits.” For that purpose, the defendant agrees with the claimants that a test case brought by one of the claimants will be binding between the defendant and all claimants.\(^{284}\) The first such case in the civil courts occurred in the late 1980s when a considerable number of Swiss vegetable farmers incurred great losses as a result of the nuclear explosion in Chernobyl, after which many Swiss consumers, in the wake of media reports of increased radioactive residue in vegetables, refused to buy leafy greens. The federal government, faced with a large number of claims by the affected farmers under the Nuclear Liability Act,\(^{285}\) entered into a test-case contract with the claimants with regard to the question of government liability.\(^{286}\) After the courts found the federal government to be liable, the latter negotiated settlements with all individual claimants for a total of sFr. 8.7 million ($6.96 million).\(^{287}\)

---

\(^{283}\) See supra text accompanying notes 217-220.


\(^{285}\) Kernenergiehaftpflichtgesetz of March 18, 1983, SR 732.44. Article 16(1)(d) of that Act provided at the time that the federal government would pay, up to a certain limit, damages for harm occurring in Switzerland as a result of a nuclear accident abroad. The provision has since been amended to require that damages be unobtainable from the foreign operator of the nuclear facility.

\(^{286}\) See Federal Supreme Court, decision of June 21, 1990, 116 II 480, 482-83.

The judgment in the test case does not have res judicata effect for or against those claimants not formally parties to the litigation.\textsuperscript{288} Moreover, some have raised the question whether the contractual obligation to accept the judgment as binding is judicially enforceable.\textsuperscript{289} This may explain why the use of this device has thus far mostly been limited to a few cases against the federal government.\textsuperscript{290} Apparently the federal government is sufficiently likely to abide by the agreement in case of a judgment against it for the claimants to accept the risk of trying\textsuperscript{291} (and sufficiently unconcerned about the ability of the other claimants to succeed in the face of an unfavorable judgment). It may also be that the same factors that favor the use of other group litigation devices in the administrative courts are at play here.\textsuperscript{292}

A look at the case law of the Supreme Court shows that there have only been five published decisions involving test cases since 1990, three of which concerned a single case.\textsuperscript{293} A further decision involved a somewhat related vehicle: the ability of an administrative agency in a case with more than 20 plaintiffs “with the same interest” to order plaintiffs to name a representative pursuant to Article 11a of the federal

\textsuperscript{288}See, e.g., Spitz, supra note 284, at 125. In order to avoid the running of the statute of limitations, all claimants may file suit individually, immediately requesting a stay, pending resolution of the pilot litigation. \textit{Id.}

\textsuperscript{289}See, e.g., SCHALLER, supra note 260, at 183.

\textsuperscript{290}But see Federal Supreme Court, decision of March 19, 1993, 119 Ib 46 (mentioning suit by employees challenging decision of Zurich pension fund in early 1980s).

\textsuperscript{291}See, e.g., Walter, supra note 12, at 374.

\textsuperscript{292}See supra text accompanying notes 211-218. Technically, the Chernobyl case was litigated in the civil courts as a result of statutory provisions based on an outdated theory that conceived of monetary claims against the government as civil in nature. See, e.g., FRITZ GYGI, VERWALTUNGSRECHT 36-37 (1986). However, it involved an area of law that is today considered a matter of public law and has thus usually been handled by public law experts. \textit{Id.} Accordingly, federal law now provides that damages claims against the federal government must be brought in administrative proceedings. See Bundesgesetz über die Verantwortlichkeit des Bundes sowie seiner Behördenmitglieder und Beamten of March 14, 1958, SR 170.32, art. 10 (as amended on Oct. 4, 1991).

\textsuperscript{293}See decision of Nov. 22, 2005, 132 II 47 (suit by private telecommunications company challenging the federal Telecommunications Agency’s decision to limit the provision of certain telecommunications services, including last-mile access, to recently half-privatized government telecommunications company); decision of Nov. 30, 2004, 131 II 13 (same); decision of March 13, 2001, 127 II 132 (same); decision of June 28, 1999, 125 II 385 (suit challenging salary classification of physical therapists, 75\% of whom are women, by Canton of Solothurn as violating federal requirement of comparable worth); decision of June 21, 1990, 116 II 480, 482-83 (Chernobyl, see supra note 286 and accompanying text).
Administrative Procedure Act, in which case there is true representative litigation with the ensuing judgment binding on all parties. The decision involved another instance of a mass claim for damages against the federal government, in this instance by cattle farmers alleging the government had failed to take the necessary measures to prevent the spread of Bovine Spongiform Encephalopathy (mad cow disease) in Switzerland and thus caused the precipitous drop of beef prices suffered by the plaintiffs.

In sum, test cases are relatively new and experience with them is limited. So is the discussion of difficult questions about the effects this approach has on the right of individual claimants to pursue their own litigation strategies, on the taking of evidence for the entire class, and on settlement, among many other effects of representative litigation that concern Swiss proceduralists in the class action context.

6. Jurisdiction in Mass-Tort Litigation

As a remnant of earlier proposals to provide for some sort of class or group litigation in mass tort cases, the Swiss legislature provided for an exclusive basis of personal jurisdiction for all claims arising out of the same mass tort when federalizing the law of jurisdiction in 2001. Article 27 of the Federal Act on Personal Jurisdiction requires that all claims in such cases be brought at the place where the alleged tort was committed or, if that place is unknown, at the domicile of the defendant.

---

295 Decision of Jan. 18, 2000, 126 II 63. The decision refers to an unpublished 1992 decision in which the Court dealt with a similar mass claim of cheese makers to fail to take the necessary measures to prevent a listeria outbreak in Vacherin Mont d’Or cheese. See id. at 69.
296 See, e.g., Steiger-Sackmann, supra note 181, at 1267.
297 See, e.g., Spitz, supra note 284, at 125.
299 See, e.g., FLORIAN JACOBY, DER MUSTERPROZESSVERTRAG (2000).
300 See supra text accompanying notes 54-68.
301 See supra text accompanying notes 44-46.
This provision thus attempts to identify a single court with personal jurisdiction, while leaving the remaining questions on how to proceed with mass tort claims for the states. As we now know, the states do not have a class action device, nor would an association suit be available in most mass tort cases. Moreover, few cantons allow for the aggregation of individual, but related lawsuits by the court, and those that do may nevertheless require the court to keep individual dossiers. Furthermore, it is questionable whether mass tort plaintiffs would ever meet the written or unwritten joinder requirements of most state codes. What is left, then, is the judicial economy gained by having the same court adjudicate individually all lawsuits arising out of the same set of operational facts. But not even that is guaranteed, since the statute does not order the states to have the same judges sit on those cases.

The provision does, however, create considerable uncertainty both by using the new term “mass tort” without defining it and by relying on the place where the tort was committed, which may be notoriously difficult to determine. In short, the provision may create more harm than good. Not surprisingly, the proposed federal Code of Civil Procedure intends to abolish it. To my knowledge, the provision has not yet been applied in practice.

IV. Conclusion

Switzerland is currently in the process of drafting its first federal code of civil procedure, an enterprise similar in importance to the promulgation of the Federal Rules of Civil Procedure in the United States in 1938. This is a great opportunity to

303 See supra text accompanying notes 18-35.
304 See supra text accompanying notes 108-113.
305 See supra text accompanying notes 268-271; SCHALLER, supra note 260, at 180.
306 See supra notes 255-257 and accompanying text.
307 See supra text accompanying notes 272-277.
309 Botschaft, supra note 22, at 49-50.
reflect on the usefulness of existing state procedure codes, indeed to engage the premises underlying those codes and their effectiveness in practice. Reconsideration of existing procedural devices and process values is particularly important in the area of group litigation. For it is in this area that there has always been some tension between existing devices and the individualist concepts underlying the codes.\footnote{See supra text accompanying notes 129-154.} Moreover, reforms have occurred interstitially and limited to certain subject-matter areas, largely through federal legislation and federal common law.\footnote{See supra text accompanying notes 155-159.} This has resulted in a patchwork of federal and state rules and principles, the effectiveness of which has never been carefully assessed.\footnote{See, e.g., supra text accompanying notes 160-165.} Indeed, most group litigation devices have remained relatively marginal in both civil procedure courses and procedural scholarship in Switzerland,\footnote{See supra text accompanying notes 160 & 167-170.} although not necessarily in practice.\footnote{See supra Parts II.2.c and II.3.} Unfortunately, it is in the area of group litigation that the reformers have decided to forego introspection, opting instead to write the current patchwork of federal and state statutory and common law into the code so as to promote easy adoption in a country controlled by consensus politics.\footnote{See supra text accompanying notes 48-97 & 194-198.} The work of various scholars in specific areas of substantive law suggests that this may be bad policy.\footnote{See, e.g., BRIGITTE KURZEN, E-HEALTH UND DATENSCHUTZ 217 (2004) (arguing that representative litigation such as class actions and test cases could improve number of suits to enforce legislation protecting personal information from illegal dissemination); DIETER ZOBL & STEFAN KRAMER, SCHWEIZERISCHES KAPITALMARKTRECHT 435 (2004) (noting that because financial harm to individual investors is often low and individual proof of causation potentially costly, securities fraud cases are likely to remain rare in Switzerland); Spitz, supra note 284, at 125 (proposing legislative integration of test case litigation in antitrust matters so as to improve clarity on issues of evidence-gathering, costs, and enforcement); Steiger-Sackmann, supra note 181, at 1267 (arguing that the availability of test cases and Verbandsklage are insufficient to guarantee women access to court so as to effectively enforce their rights under comparable-worth legislation).} The same goes for litigants in practice, who search for avenues to improve access to justice, efficiency, and consistency of result either within existing procedural devices, or by creating new ones, such as association suits in shareholder litigation or test cases.\footnote{See supra text accompanying notes 231-235 & 284-292.}
What is interesting from a comparative perspective, however, is that the reluctance of
the Swiss law reformers to expand upon existing group litigation, let alone to
introduce an American-style class action, is based on more than consensus politics. At
the ideational level, Kantian liberal-individualist precepts have led to a strong
emphasis of the procedural ideal of enforcing individual substantive rights with
dispatch. The resulting litigation package in the Swiss procedure codes is
comparatively slim. Group litigation inevitably introduces complexity and cost and
thus is in tension with this ideal. Representative litigation is even more so because
it allows some individuals to enforce other people’s rights, whether or not they
agree. This is further in tension with the classical liberal ideal of limiting
governmental intervention because it leads to enforcement action by the government
(through litigation) against private individuals where there may not have been any
before. Moreover, due to its complexity, representative litigation may require a
stronger judicial role than traditional liberal ideals allow.

But things are more complex. Old German communitarian ideals have also influenced
substantive Swiss law, and notions of “social civil procedure” have led to a few
changes in the procedural codes that give the judge some powers to support the
weaker party in litigation. The question is whether this admittedly limited
alternative influence has been strong enough to support an expansion of group
litigation in the future. More importantly, the same German communal ideals have
led to the notion of the social state, which has had a strong influence on public law in
Switzerland as well as in Germany. As a result, the public interest is no longer
enforced in criminal proceedings alone, but (in the form of social, economic, and

318 See supra text accompanying notes 129-140.
319 See supra text accompanying notes 184 & 274.
320 See supra text accompanying notes 66-68.
321 See supra text accompanying notes 134-138.
322 See supra text accompanying note 139.
323 See supra text accompanying notes 67 & 129-140.
324 See supra text accompanying notes 141-147; note 190.
325 See supra text accompanying note 145.
326 On the development of German medieval communal ideals into the notion of the social state
(Sozialstaat) by Otto von Gierke and other Germanist scholars influenced by Johann Gottfried
Herder’s ideas of national identity in the 19th Century see, for example, Ewald, supra note 131, at
2055-61.
environmental legislation) in administrative tribunals as well. Hence, the traditional liberal separation between civil procedure as the place where individual rights are enforced and public law procedure where public interests are enforced has remained strongly influential. But the public law side of the equation has expanded drastically from the protection of private property and public health to the promotion of social and environmental causes and market regulation. Moreover, administrative procedure with its more lenient standing requirements has allowed a larger group of potential claimants to sue and thus enforce this newly conceived public interest. The question is whether public law litigation in the administrative courts is sufficient to enforce this public interest.

On an institutional level, a rule-based legal education and the traditional expectations of judges as efficient adjudicators and of attorneys as professionals and officers of the court may make both uncomfortable with complex litigation and efforts to engage in social engineering in the civil process and thus explain the relatively limited use of existing group and joinder devices in practice. Legislators, on the other hand, still take their business seriously, although some would certainly argue that the emergence of American-style public relations have made serious inroads on the quality of the legislative discourse. In addition, due to the presence of direct democratic institutions, the legislative process is considered to have particular legitimacy to deal with complex social issues. Conversely, Swiss culture has not yet come “to regard litigation as a fact, however unpleasant, of everyday life.”

327 See supra text accompanying notes 27-33, 187-191 & 201-220.
328 I intentionally list market regulation separately because the Swiss model of a social market economy, written into the federal constitution in 1947 (see Constitution of the Swiss Confederation of May 29, 1874, arts. 31-31(3) (as amended July 6, 1947)), has resulted in considerably more economic regulation than the American model of a free market economy. The ordo-liberal concepts developed by the Freiburg School in Germany, on which this model is based, has been ably presented by Professor Gerber. See David J. Gerber, Constitutionalizing the Economy: German Neo-Liberalism, Competition Law and the “New” Europe, 42 AM. J. COMP. L. 25 (1994).
330 See supra text accompanying notes 278-283.
331 See supra text accompanying notes 61-62.
332 See supra text accompanying notes 63-64.
result, the notion of effecting social change through the civil litigation system has remained foreign to many in Switzerland.\textsuperscript{334} There is also the question of how much of a social need there is for group litigation, especially class action litigation, in a country in which shared values outside of the law guide the behavior of individuals and corporations alike.\textsuperscript{335} Similarly, a denser level of social and environmental regulation than in the United States and the ability of individuals to challenge or enforce that regulation in administrative court, including through association suits, may reduce the need for enhanced group litigation devices in Swiss civil procedure.\textsuperscript{336} At the same time, however, globalization and the opening of national markets have put pressure on the short-term bottom line of Swiss businesses and, in turn, on the federal legislature to become more business friendly.\textsuperscript{337} As a result, there may be more of a need for group litigation to enforce the public interest in the future.

Finally, the rejection of a class action device is partly the result of reactions to litigation practice in the United States and the perceived pathologies thereof. To some extent, this is due to true concern with differences observed in American law and practice, including concern with a litigation system steeped in equity and its recent

\textsuperscript{334} See supra text accompanying notes 61-65 & 281-283.

\textsuperscript{335} See, e.g., Marco Verweij, \textit{Why Is the River Rhine Cleaner than the Great Lakes (Despite Looser Regulation)\textquoteright}, 34 LAW & SOC. REV. 1007 (2000).


\textsuperscript{337} See, e.g., Baumgartner, supra note 31, at 123.
tendency to result in dispute resolution *simpliciter*.* 338 Partly, however, it is the result of the influence of the U.S. tort reform movement during a time when German businesses attempted to receive help from their government against lawsuits pending in the United States, a time during which U.S. courts fashioned an approach to transnational litigation that paid little attention to legitimate foreign sovereignty concerns, thus evoking protective reflexes in Germany and Switzerland.* 339

To someone studying the interplay among transnational actors and domestic procedural lawmaking,* 340 this is interesting stuff; some of the damage may be irremediable. One would hope, however, that the Swiss law reformers can overcome their anti-American instincts in this area sufficiently to engage in informed procedural comparison. In doing so, it should be obvious that a procedural system based on the ideal of enforcing individual rights is unlikely to produce the same complexity, cost, and potential for negotiations outside the shadow of the law* 341 as one steeped in equity when group litigation devices are expanded.* 342 At the same time, the Swiss reformers need to consider carefully whether their liberal, rights-based procedure along with fee shifting and the lack of contingent fees has something to do with the limited use of existing group litigation devices in civil practice versus their rather extensive use in administrative tribunals and, if so, whether that is desirable.* 343 In short, there is plenty of work ahead for the Swiss reformers in the area of group litigation. I hope they will perform their task well.

---

338 See supra text accompanying notes 83-89. “[T]he alternatives in current fashion represent a logical terminus in the progression from law in the sense that Justice Harlan described it, through equity, to dispute resolution *simpliciter.*” Burbank, supra note 267, at 1486.

339 See supra text accompanying notes 91-99; Baumgartner, supra note 9, at 1317-38.

340 See supra text accompanying notes 9-10.

341 See, e.g., Subrin, supra note 84, at 989 (noting that when civil procedure insufficiently “confine[s] and focus[es] the law so that one may predict results,” bargaining “is in the shadow of a shadow”).

342 It is not correct, however, to say that, in the context of a civil law system, class action proceedings are necessarily expensive and burdensome for the defendant, or that they permit high recoveries and large legal fee awards. These effects are the result of the background American legal system as applied to class action procedure.

Gidi, supra note 1, at 321.

343 See supra text accompanying notes 187-191 & 201-220.