
THE INTELLECTUAL PROPERTY REVIEW

THIRD EDITION

EDITOR
ROBERT L BAECHTOLD

LAW BUSINESS RESEARCH

THE INTELLECTUAL PROPERTY REVIEW

The Intellectual Property Review

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THE
INTELLECTUAL
PROPERTY
REVIEW

Third Edition

Editor
ROBERT L BAECHTOLD

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CONTENTS

Editor's Prefacevii
	<i>Robert L Baechtold</i>
Chapter 1	BRAZIL.....1
	<i>Gabriel Di Blasi and Paulo Parente Marques Mendes</i>
Chapter 2	BULGARIA.....16
	<i>Kostadin Manev and Alexandra Semerdjieva</i>
Chapter 3	CANADA.....27
	<i>Jason Markwell and Adam Haller</i>
Chapter 4	CHINA.....40
	<i>Jay Sha</i>
Chapter 5	CYPRUS.....53
	<i>Ourania Vronidou</i>
Chapter 6	DENMARK.....61
	<i>Sture Rygaard, Michael Hopp and Mikkel Vittrup</i>
Chapter 7	FINLAND.....69
	<i>Inari Kinnunen, Gabrielle Hjelt and Henrik af Ursin</i>
Chapter 8	FRANCE.....81
	<i>Stanislas Roux-Vaillard</i>
Chapter 9	GERMANY.....95
	<i>Felix T Rödiger</i>
Chapter 10	INDIA.....106
	<i>Pravin Anand and T Saukshmya</i>

Chapter 11	ITALY.....	127
	<i>Tommaso Faelli and Francesco Banterle</i>	
Chapter 12	JAPAN.....	140
	<i>Yasufumi Shiroyama</i>	
Chapter 13	KOREA.....	151
	<i>Jung-Ae Suh and Cy Kim</i>	
Chapter 14	LUXEMBOURG	162
	<i>Claire Léonelli</i>	
Chapter 15	MALAYSIA	176
	<i>Lee Tatt Boon and Joshua Teoh Beni Chris</i>	
Chapter 16	NETHERLANDS.....	189
	<i>Michiel Rijdsdijk and Marlies Wiegerinck</i>	
Chapter 17	NIGERIA.....	202
	<i>Ladi Taiwo and Bunmi Binitie</i>	
Chapter 18	NORWAY	210
	<i>Are Stenvik</i>	
Chapter 19	PHILIPPINES.....	221
	<i>Editha R Hechanova</i>	
Chapter 20	POLAND.....	241
	<i>Michał Siciarek and Jakub Mrozowski</i>	
Chapter 21	PORTUGAL.....	255
	<i>António Andrade</i>	
Chapter 22	PUERTO RICO.....	264
	<i>Eugenio J Torres-Oyola, Maristella Collazo-Soto and Rafael Rodríguez-Muriel</i>	

Chapter 23	ROMANIA	277
	<i>Paul George Buta</i>	
Chapter 24	RUSSIA.....	290
	<i>Valentina Orlova and Yuri Yakhin</i>	
Chapter 25	SINGAPORE.....	303
	<i>Farah Namazie and Glendoris R Ocampo</i>	
Chapter 26	SPAIN	319
	<i>Montserrat López-Bellosta</i>	
Chapter 27	SWITZERLAND.....	337
	<i>Michael Isler</i>	
Chapter 28	TAIWAN.....	349
	<i>Tony Tung-Yang Chang</i>	
Chapter 29	THAILAND	362
	<i>Chavalit Uttasart</i>	
Chapter 30	UNITED KINGDOM	373
	<i>Penny Gilbert, Alex May and Alexandra West</i>	
Chapter 31	UNITED STATES.....	389
	<i>Robert L Baechtold, Brian V Slater and Jason A Leonard</i>	
Chapter 32	VIETNAM.....	402
	<i>Thang Duc Nguyen, Loc Xuan Le and Linh Duy Mai</i>	
Appendix 1	ABOUT THE AUTHORS	415
Appendix 2	CONTRIBUTING LAW FIRMS' CONTACT DETAILS.....	435

EDITOR'S PREFACE

It is not an overstatement to say that essentially all business is global, and the protection of intellectual property is the lifeblood of all business. The scope and implementation of that protection, however, varies from country to country.

It would be ideal if there were one universal set of laws, rules and procedures. But, while the efforts of many dedicated individuals have accomplished much in harmonising intellectual property protection, we remain defined as much by our differences as by what we have in common. It therefore is incumbent on all of us, as advisers to our clients, to be conversant with the individual practices in each of the economically significant countries.

The goal of this review is to provide that guidance. We have assembled a body of leading practitioners to explain the opportunities for intellectual property protection in their respective jurisdictions, together with the most significant recent developments and any aspects that are unique to their country. While we have striven to make the book both accurate and comprehensive, we must note that it is necessarily a summary and overview, and we strongly recommend that the reader seek the advice of experienced advisers for application of the principles contained in this review to any specific matter.

Reflecting on the past two editions of this review, we have seen the radical reshaping of US patent law under the America Invents Act, steady progress towards harmonisation of patent rights in Europe with a Unified Patent Court, and continued development and enforcement of patent rights in China. The authors of each chapter will highlight these and other notable developments in their respective countries. This third edition demonstrates the need for annual reviews of intellectual property on a global scale to remain current for our clients.

It is our hope that the reader will find this a useful compilation and often-consulted guide.

Robert L Baechtold
Fitzpatrick, Cella, Harper & Scinto
New York
May 2014

Chapter 1

BRAZIL

Gabriel Di Blasi and Paulo Parente Marques Mendes¹

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Since the Brazilian government's last round of economic reforms, there has been a tremendous increase of foreign investment in Brazil, promoting a boom in the local market. To protect the intellectual property rights arising from this investment, Brazil has created a legal framework enacting several pieces of legislation, including the Industrial Property Law (IPL), the Copyright Law (the Copyright Law), legislation covering plant breeders' rights, biosafety and regulatory issues and a decree related to the TRIPS Agreement, among others.

The most important types of intellectual property protection available in Brazil are trademarks, patents, industrial designs, geographical indications, plant breeders' rights, trade secrets, copyrights and regulatory exclusivities (e.g., pharmaceuticals and agrochemical products) as discussed below.

i Trademarks

Trademark protection in Brazil is based on the attributive system (first-to-file), in which a distinctive sign certifies or distinguishes industrial products, commercial goods and professional services from those that are produced or performed by a third party. The protection of trademarks will be guaranteed once the requirements are fulfilled and the registration is granted by the National Institute of Industrial Property, also known as the Brazilian Patent and Trademark Office (BPTO).

The essential requirements for grant of a trademark in Brazil are: relative novelty, visual requirement, capability of distinctiveness and originality of the sign. Trademarks can be in the form of a word, a design or a composite and they may be three-dimensional.

¹ Gabriel Di Blasi and Paulo Parente Marques Mendes are managing partners at Di Blasi, Parente & Associados.

For registration purposes, the trademark must be related to the industrial, commercial or professional activity in which the applicant is effectively and lawfully engaged in Brazil or in a foreign country belonging to the Paris Convention, and its use needs to be promoted for five years following grant of registration. Any visual, distinctive sign, as well as three-dimensional marks may also be registered. However, sound marks, fragrance marks (scent marks), taste marks and tactile marks cannot be registered.

Article 123 of the IPL provides definitions of the following kinds of registrable marks: product or service marks, certification marks and collective marks.

In addition, Brazil adopts the international classification of goods and services established in the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks. A product or service mark registration is valid for 10 years from the date of grant and can be renewed for equal and successive periods, at the convenience of the title holder, as long as the trademark remains in use, otherwise its forfeiture may be requested by any third party under the terms of Article 143 of the IPL. If the request for renewal has not been made by the end of the protection period, the holder, on payment of an additional fee, may still request renewal within the following six months, according to Article 5 *bis* of the Paris Convention.

ii Patents

The essential requirements for grant of a patent of invention in Brazil are absolute novelty, inventive step and industrial applicability, as well as sufficient description of the invention. An invention is novel if it is not encompassed by the state of the art. According to Article 11 of the IPL, the state of the art consists of everything that has become accessible to the public prior to the filing date of the patent application, by means of a written or an oral description, by use or by any other means, in Brazil or abroad, except as provided in Articles 12, 16 and 17 regarding respectively the grace period, claim priority and internal priority. An invention involves an inventive step if, considering the prior art, it is not obvious or evident to a person skilled in the art. An invention will be considered capable of industrial application if it can be made or used in any kind of industry.

An object of practical use or any part thereof is patentable as a utility model, provided that it is capable of industrial use, presents a new shape or layout and involves an inventive act that results in functional improvement in terms of use or manufacture thereof.

Also, the certificate of addition protects an improvement introduced into the object of the invention. It may be devoid of inventive step, provided that the subject matter is included in the same inventive concept. The certificate of addition is an accessory of the patent, bears the final date of the term thereof and accompanies it for all legal effects.

Annual fees regarding the patent applications and granted patents or certificates of addition are due at the beginning of the third year as of the date of filing.

According to Articles 10 and 18 of the IPL, the following are not deemed inventions and therefore cannot be patented:

- a* discoveries, scientific theories and mathematical methods;
- b* purely abstract concepts;

- c* schemes, plans, principles or methods of a commercial, accounting, financial, educational, publishing, lottery or fiscal nature;
- d* literary, architectural, artistic and scientific works and aesthetic creations;
- e* computer programs per se;
- f* the presentation of information;
- g* rules for games;
- h* methods of surgical, therapeutic or diagnostic treatment applicable to the human body or to animals (although, in principle, this exclusion does not extend to non-therapeutic or non-diagnostic processes);
- i* natural living beings, in whole or in part, and biological material, including the genome or germ plasma of any natural living being, when found in nature or isolated therefrom, and natural biological processes;
- j* anything being contrary to morality, good customs or public safety, policy and health;
- k* substances, materials, compounds, elements or products of any kind, including the modifications of their physical and chemical properties and the respective processes of obtaining or modifying them, when they result from the transformation of the atomic nucleus; and
- l* living beings, in whole or in part, except transgenic microorganisms that meet the general requirements of novelty, inventive step and applicability in industry, and that are not mere discoveries.

The protection afforded by patent of invention is valid for 20 years and 15 years for utility models from the date of filing of the respective application with the BPTO. According to the IPL, the validity of the patent cannot be less than 10 years for a patent of invention and seven years for a utility model, counting from the date of grant, except where there are legal disputes or force majeure not caused by the BPTO.

iii Industrial designs

An industrial design is any ornamental plastic form of an object or any ornamental arrangement of lines and colours that may be applied to a product. The object must provide a new and original visual effect, which results in external configuration. Ultimately, industrial applicability is required.

According to Articles 95 and 98 of the IPL the following creations are not registrable:

- a* designs not complying with the definition of an industrial design;
- b* designs lacking the required novelty or originality;
- c* designs being contrary to morality and accepted custom or which offend the honour or image of persons, or which are offensive to conscience, belief, religious groups or ideas and feelings worthy of respect and veneration;
- d* the necessary common or ordinary shape of an object and shapes being determined essentially by technical or functional considerations; and
- e* works of purely artistic character.

An application for an industrial design registration must refer to a single object. A plurality of variations is allowed insofar as they are destined for the same purpose and maintain between them the same relevant distinctive characteristics, with each application limited to a maximum of 20 variations.

A 180-day grace period preceding the filing or priority date may be applied if the design is disclosed prior to the filing or priority date by the creator or by third parties or by the BPTO, without the consent of the creator but based on information obtained directly or indirectly from, or as a consequence of actions taken by, the creator.

The term of the registration of an industrial design is 10 years from the filing date of the application. The term of renewal allowed according to the IPL is three successive periods of five years each. An application of renewal must be made during the last year of the term of the registration and has to be accompanied by proof of payment of the relevant fee.

iv Trade secrets

Trade secrets are considered confidential information related to business or administrative strategies (e.g., sales and distribution systems, and customer databases). Also, trade secrets are related to industrial and technological information such as chemical and food formulations, and drawings.

Since a trade secret is the result of intellectual effort in support of the development of an enterprise, it can also be protected by other IP rights such as patents, industrial designs and trademarks.

The information protected as confidential information is exclusive to its holder or a restricted group and third parties are not supposed to know about its content, except those who develop on their own and in good faith similar know-how.

The term of protection of a trade secret is related to the time that the information remains secret. The Brazilian Criminal Code provides penalties for undue disclosure of trade secrets and Brazilian employment law includes disclosure of trade secrets by an employee among those acts entailing dismissal for just cause.

v Copyright

Copyright is the property right regarding the protection of intellectual works derived from creations of the human mind and expressed by any means or material objects. The Brazilian government has adopted a 'first-to-create' system of copyright protection.

The intellectual works protected by the Copyright Law are classified broadly as literary works, artistic works and scientific works. The Copyright Law guarantees the owner the right to use, enjoy and dispose of the intellectual works protected by copyrights, as well as to recover loss and damages from third parties that unlawfully exploit them.

Examples of copyrights are musical scores and lyrics, maps, national symbols, text or books, aesthetic works, films, computer programs per se, phonographic and architectural works. Guidelines are not protected by the Copyright Law.

Article 41 of the Copyright Law provides an additional period of protection of 70 years from 1 January of the year following the death of the author.

However, the term of protection of economic rights in cinematographic and phonographic works and works of applied art is 70 years from 1 January of the year following the disclosure of the work. In accordance with Article 96 of the Copyright Law, the term of protection of neighbouring rights, including the rights of the producers of sound recordings and performers is 70 years from 1 January of the year following fixation, transmission of the sound recording or public performance.

For computer programs protected by the Brazilian Software Law under the general principles of copyright, the term of protection is 50 years from 1 January of the year following that of disclosure or, in its absence, creation. The rights granted under this law only apply to foreign owners domiciled abroad if equivalent rights in extension and duration are secured in the country of origin.

vi Regulatory exclusivities

To regulate the exclusivities related to intellectual property rights, the Brazilian government established the following bodies for the protection of both these rights and evidence of authorship:

- a* the BPTO regulates patents, industrial designs, semiconductors, trademarks, transfer of technology agreements, geographical indications and software;
- b* the National Plant Varieties Protection Service (SNPC) is a federal agency empowered to protect plant varieties;
- c* the Brazilian Ministry of Agriculture Livestock and Supply (MAPA) is the federal ministry empowered to regulate the agricultural sector, covering data protection for agrochemical and veterinary products, as well as the importation of genetically modified organisms and veterinary medicinal issues;
- d* the School of Music at the Federal University of Rio de Janeiro regulates the registration of musical score lyrics;
- e* the National Library of Brazil regulates the registration of literary works, lyrics, maps, national symbols, texts or books;
- f* the School of Fine Arts at the Federal University of Rio de Janeiro regulates the registration of aesthetic works;
- g* the National Film Agency regulates the registration of films;
- h* the Brazilian Federal Council of Engineering, Architecture and Agronomics regulates the registration of architectural works;
- i* the National Health Surveillance Agency (ANVISA) regulates, controls and inspects products and services that involve public health, as well as being responsible for the examination of pharmaceutical patent applications with regard to safeguarding human health; and
- j* the Administrative Council for Economic Defence (CADE), which has powers to inspect, regulate and control, works to ensure free competition in the market.

II RECENT DEVELOPMENTS

- i* **BPTO facilitates the request for the recognition of highly reputed mark status**
Resolution No. 107/2013 was published on 20 August 2013 and entered into force on 10 March 2014. The Resolution facilitates the process for obtaining recognition of the

high reputation of a trademark, it is possible to independently file a request for the high reputation of a trademark and it will no longer be necessary to request the status via an opposition or an administrative nullity procedure.

Moreover, if the request for recognition of highly reputed status is granted by the BPTO, the status will be applicable for 10 years, as opposed to the previous five-year limit.

Trademark owners that have already filed requests for the recognition of highly reputed status, prior to the enforcement of the new Resolution, that are still waiting for the PTO analysis, will be required to file a petition confirming their interest in the referred status. Such owners will have 90 days from the date of entry into force of the new Resolution in which to file their petition, ensuring that their request will be examined by the BPTO.

If the mentioned petition is not presented in due time, an office action will be issued requiring compliance with the new resolution, in order for the examination procedure to continue.

ii Resolution RDC 21/2013

On 15 April 2013, ANVISA issued Resolution RDC No. 21, in compliance with Article 229-C of the IPL, and partially revoking Resolution RDC 45/08, stating the terms of its 'prior consent', required for patent applications related to pharmaceutical products and processes that carry molecules analogous to products banned in the country or molecules that may be considered to have implications for public health.

In summary, RDC No. 21/2013 states that for pharmaceutical patent applications related to products and processes, the BPTO must forward the relevant records to ANVISA to verify whether said patent applications present a danger to public health, or may be considered to have implications for public health, through decisions based on technical opinions issued by the qualified division of that agency, as well as to analyse whether it fulfils the patentable requirements.

After a final decision is issued by ANVISA, the application records shall be returned to the BPTO for the conclusion of the administrative procedure. In the event of approval, the BPTO will continue the patent examination. In the event of refusal by ANVISA, the BPTO will shelve the patent application.

Further, Resolution RDC 21/2013 states the following conditions under which pharmaceutical products and processes are considered to present a danger to public health:

- a* when products and processes present a health risk (i.e., in cases where the subject matter of the patent application consists of, or results in, substances the use of which has been forbidden in Brazil); and
- b* when the patent application regarding pharmaceutical products and processes consists of, or results in, substances of interest with regard to the policies regarding medicines or pharmaceutical care within the scope of Brazil's Unified Health System (SUS), as set forth in ordinances of the Ministry of Health establishing lists of strategic products for SUS, and does not meet the patentability requirements and other criteria of Law No. 9279/96.

Patent applications for pharmaceutical products and processes considered to present a danger to public health under the above conditions by ANVISA will not be examined by BPTO. Resolution RDC 21/2013 lists the pharmaceutical products and processes considered to be of interest with regard to the policies of the Ministry of Health.²

Although Resolution RDC 21/2013 is already in force and Resolution RDC 45/2008 (which provided that ANVISA should also verify compliance with patentability requirements under the IPL) is now revoked, Legal Opinion No. 210/PGF/AE/2009 of 16 October 2009, issued by the Office of the Attorney General (AGU), is still valid. Accordingly, public civil action No. 46656-49.2011.4.01.3400 filed by the Federal District Attorney claiming the nullity of Legal Opinion No. 210 was dismissed. A final decision may be rendered soon.

In this Legal Opinion, concerning the conflict of powers between ANVISA and the BPTO on the examination of pharmaceutical patent applications under Resolution RDC 45/08, the AGU stated that ANVISA is only competent for the assessment of the potential dangers to human health from the products and processes of the patent applications. Despite this, RDC 21/2013 also provides that ANVISA shall analyse patentability requirements when the patent application consists of, or results in, substances of interest with regard to the policies of the Ministry of Health. Therefore, the matter at issue in the Legal Opinion still stands.

iii Green patents

On 17 April 2012 the BPTO started a pilot project to expedite examination for the first 500 Brazilian patent applications that have submitted examination requests for patents related to alternative energy sources, transport, energy saving, residues management and agriculture. This pilot project was renewed on 17 April 2014, expiring on 16 April 2015 or when the cap of 500 applications is reached.

In order to take part in the pilot programme, the interested party must fulfill the following requirements: (1) the patent application must refer to an invention having up to 15 claims, of which up to three may be independent claims; (2) it must be a Brazilian application and may be filed on the basis of the Paris Convention, and, as of April 2014, may be filed through the PCT; (3) the technical examination of the application must not have been conducted by the BPTO; (4) its examination must not have been kept in abeyance for any reason; (5) it cannot be the object of a procedure to expedite; and (6) the payment of annuities must be in order.

At present, a patent application may take from eight to 10 years to be examined by the BPTO, jeopardising investment in research and development in Brazil. In February 2014, the 10th patent application submitted through Brazil's Green Patent Programme was granted only 20 months after its filing. The Green Patent Programme facilitates

2 No. 978/2008 http://bvsmms.saude.gov.br/bvs/saudelegis/gm/2008/prt0978_16_05_2008.html; No. 1284/2010 http://portal.saude.gov.br/portal/arquivos/pdf/portaria1284_070710.pdf; and No. 837/2012 http://bvsmms.saude.gov.br/bvs/saudelegis/gm/2012/prt0837_18_04_2012.html.

expedited analysis of patent applications related to green technologies, such as alternative energy sources, transport, energy saving, residue management and agriculture.

iv The 'Preliminary Opinion on Patentability' pilot scheme

BPTO Resolution No. 76/2013 initiated the pilot scheme 'Preliminary Opinion on Patentability'. This programme provides an optional initial procedure for applicants to determine the likelihood of the grant of a patent and, consequently, allow those electing to pursue the application to negotiate the process confidently. However, the preliminary assessment is not binding on the final decision on the patent.

The pilot scheme will be open to Brazilian and foreign applicants whose applications indicate the BPTO as their first office and have a Brazilian patent attorney duly appointed in Brazil. The patent applications must fulfil the following requirements:

- a* the preliminary opinion has to be requested by the applicant itself;
- b* the patent application shall have been published already, or been submitted for publication, in the *Industrial Property Journal* (RPI) according to Article 30 of the IPL;
- c* the patent application must be duly settled with the payment of the annual fee;
- d* the main technical examination of the said patent application cannot have been published in the RPI;
- e* the status of the patent application cannot be suspended by official actions raised by the BPTO; and
- f* the grant of priority examination cannot be published in the RPI.

v Examination groups

Patent applications will be sorted into examination groups determined by the BPTO to expedite the application process. The groups will be classified as follows: (1) utility model applications; (2) patent applications filed under the Paris Convention by Brazilian and foreign nationals; (3) patent applications filed under the Patent Cooperation Treaty (PCT) that designate Brazil as the international search and examination authority, in which case Chapter II of the PCT applies; (4) patent applications filed for collaborative examination in South America (e-PEC) and other countries; (5) patent applications filed under the PCT by Brazilian and foreign nationals; and (6) pharmaceutical products, processes, materials and devices related to public health (see Section II.i, *supra*).

vi e-Patents

In March 2013 the BPTO launched e-Patents Portal, the electronic system for filing patent applications through the internet and other online patent services.

Currently, only Brazilian BPTO users are able to file online patent applications using the e-Patents system.

III OBTAINING PROTECTION

According to the IPL, a patent can be obtained for the following:

- a* Chemical compositions.

- b* Diagnostic methods, methods of treatment and medical uses: products destined to put methods into practice; methods outside the body and non-therapeutic or non-diagnostic processes, such as those aimed at cosmetic treatment; and first and second medical uses allowed as Swiss-type claims.
- c* Biological materials: transgenic microorganisms, such as modified microorganisms and microorganism cells, except plant and animal cells that are not considered microorganisms and cannot be patented; processes modifying and producing microorganisms, plants and animals and their cells, except processes for human cells and embryos; recombinant DNA structures and vectors; and compositions comprising natural substances.
- d* Software-related inventions: inventions involving the use of computer programs may be patentable as a whole, provided that they have a new technical effect and overcome a problem of state of art. (Computer programs per se – the literal aspects of the program – cannot be patented, but they can be protected under Law No. 9,609 of 19 February 1998.)
- e* Business methods: although schemes, rules and methods for performing mental acts, playing games or doing business cannot be patented, an invention related to a business method that is not related to the features of rules (e.g., accounting and education) can be patented.
- f* Pharmaceutical products and processes.

Plant varieties cannot be patented. However, protection of new plant varieties may be obtained under Law No. 9,456 of 25 April 1997.

i Filing requirements

According to Article 19 of the IPL, the documentation for the patent application must include: a request, a specification or description, claims, drawings (if any), an abstract and proof of payment of the filing fee.

The description, claims, drawings (if any) and abstract must be filed in a form that permits reproduction. The description, claims and abstract may not contain any graphic representations. The description and abstract may contain tables; the claims may contain tables only where this is indispensable. Chemical formulas and mathematical equations and tables, when inserted in the text, must be identified.

ii Grace period

A grace period of 12 months preceding the filing or priority date may be applied, if the invention or utility model is disclosed by the inventor, or by a third party, without authorisation of the inventor, but on the basis of information obtained directly or indirectly from the inventor or obtained as a result of the inventor's acts. According to the current understanding of the BPTO, a patent publication made by a foreign patent office cannot be considered as meeting the requirements of the aforementioned provision.

In addition, the same provision applies in the event of the disclosure of the invention by an official publication of the BPTO without the consent of the inventor.

iii Opposition

There is no opposition term before granting the patent. However, after the publication of the patent application and up to the end of its examination, third parties may submit documents and data to assist said examination.

iv Appeal

An appeal may be lodged within 60 days of the publication date of a rejection, and should be addressed to the President of the BPTO, who shall render a decision thereon. No further appeal can be lodged against the final decision, which definitively rejects or grants the patent.

v Post-grant invalidity

The administrative nullity of a patent may be requested at the BPTO by any third party within six months from the date of grant. Also, the nullity proceedings may be started *ex officio* by the BPTO.

According to Articles 46 and 50 of the IPL, the following are grounds for the nullity:

- a* patents that are granted without meeting all legal and formal requirements;
- b* patents that are granted violating the exceptions of patentability listed in Articles 10 and 18 of the IPL;
- c* descriptive insufficiency of the invention in the patent specification;
- d* claims not supported by the description or that do not clearly and precisely define the subject matter for which protection was sought;
- e* the subject matter of the patent goes beyond the contents of the application that was filed originally; and
- f* any formalities essential for the grant not properly observed. If a patent has been granted to a person not entitled thereto, the entitled party may request the nullity, but may also claim ownership of the patent instead.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

Industrial Property rights in Brazil may be enforced before civil and criminal courts.

At the beginning of this decade 12 specialised courts of first instance of the state court of Rio de Janeiro were created to handle IP issues. In contrast, the State Court of São Paulo has only one specialised chamber of second instance dealing exclusively with IP matters. In other Brazilian states, court actions should be filed at the corporate courts or before ordinary civil courts.

ii Requirements for jurisdiction and venue

Pursuant to Article 70 of the Brazilian Code of Criminal Procedure, the plaintiff should submit the lawsuit in the relevant venue of the place in which the fact or act occurred.

A lawsuit may be brought by the holder filing a criminal complaint against the defendant. Industrial property crimes have a private nature, and the criminal action

is taken on the complaint of the aggrieved party. The criminal complaint may be preceded by a search and seizure action, which ultimately aims at collecting evidence of infringement. Penalties vary from three months to one year or a fine.

It is also possible to file a court action before the federal court if the case is related to a nullity procedure, as only the federal court can decide cases involving the BPTO. Further, according to Article 57 of the IPL and Article 100 of the Brazilian Code of Civil Procedure, the plaintiff should submit the lawsuit at the venue in which the BPTO is located. Although the main seat of the BPTO is located in Brasilia, the vast majority of lawsuits against that office are filed with the Federal Court of Rio de Janeiro, in view of its focus on intellectual property issues.

As a matter of strategy, titleholders bring IP cases in Rio de Janeiro, because there are specialised courts both at the State Court and at the Federal Court.

iii Obtaining relevant evidence of infringement and discovery

Brazil does not contemplate pretrial discovery.

Since all the evidence has been collected lawfully, even if not specified in the Brazilian Code of Civil Procedure, it will be considered valid to prove the truth of the facts on which the claim or the defence is based. Evidence includes personal deposition in court, confession, testimony of witnesses, exhibition of documents or objects that are in the possession of the adverse party or of a third party, as well as expert examination.

As a general rule, evidence shall be produced in the course of the legal proceeding on grounds of the principle *audi alteram partem* and of the rights of the defence.

However, the plaintiff may submit a writ of prevention of search and seizure before taking any criminal action.

The writ of prevention contains proof of ownership of the patent, demonstration of the reasons for which the holder believes a patent infringement has been occurring and a request for a judicial order for the search and seizure of the object relevant to the infringement. All objects will be seized only in cases where there is a threat to public health, otherwise the judge may determine the seizure of the samples.

These objects will be submitted to court investigation, so that the court expert can confirm whether the evidence is genuine. Only thereafter will the holder be able to submit the criminal prosecution.

iv Trial decision-maker

If the results of technical analysis are requested by one of the parties, the judge may appoint an expert to elaborate on a court expert report.

v Structure of the trial

Trials are based on the initial motions filed by the parties as the plaintiff's complaint, the defendant's answer, the plaintiff's reply, and those related to an expert's examination, the judge's questions regarding possible witnesses or the exhibition of evidence by the parties and the respective appeals, and request for clarification, among others. There are also hearings to seek settlement and to render interlocutory decisions.

vi Infringement

Article 42 of the IPL specifies acts that are considered patent infringements: manufacturing, using, offering for sale, selling or importing without the holder's authorisation a product that is the subject of a patent, or a method, or a product directly obtained through a patented process. In addition, the burden of proof is carried by the defendant regarding process patents.

Also, the owner of the patent is guaranteed the right to prevent third parties from contributing to the practice of such acts.

According to Articles 184–186 of the IPL, the following acts are also considered criminal offences:

- a* to manufacture a product that is the subject matter of a patent of invention or a utility model patent, without the patentee's authorisation;
- b* to use a process that is the subject matter of a patent of invention without the patentee's authorisation;
- c* to export, sell, exhibit or offer for sale, maintain in stock, hide or receive with a view to use for economic purposes a product manufactured in violation of a patent of invention or of a utility model patent, or that is obtained by a patented means or process; and
- d* to import a product that is the subject matter of a patent of invention or of a utility model patent, or a product that is obtained by a process patented in this country for the purposes mentioned in the previous item and that has not been placed on the external market directly by the patent owner or with his or her consent.

In addition, there is an indirect infringement when a component of a patented object is supplied by a third party, without authorisation of the titleholder, if the final application of the component necessarily leads to the exploitation of the object of the patent.

On this basis, there are two kinds of patent infringement:

- a* literal infringement, which occurs when the literal content defined in the independent claim or claims of the patented product or process is necessarily carried out by the accused object. This understanding is related to Article 41 of the IPL, namely, the infringement of the content of the claims interpreted in the light of the specification and drawings; and
- b* infringement by equivalence, described in Article 186 of the IPL, which occurs when an accused product or process uses means equivalent to those defined in the independent claim or claims of the patented product or process.

Nullity action

Throughout the life of the patent, nullity proceedings based on any of the aforementioned grounds may be requested at the federal court by any party with legitimate interest, or by the BPTO. If such proceedings are requested by a party other than the BPTO, the latter shall participate in the proceedings. The defendant will be given 60 days to respond. The court may suspend the effects of a patent as a provisional measure prior to the final decision. Partial nullity of the patent is possible. The nullity will work retroactively, (i.e.,

as of the filing date of the application – *ex tunc*). There are currently four specialised courts at the Federal Court of Rio de Janeiro that review BPTO decisions.

vii Defences

It is possible to claim the following defences:

Invalidity

In the event that the alleged product is covered by the patent and the product is part of prior art that would have been obvious, the nullity of the patent can be requested as a matter of defence in the course of an infringement action under Articles 56 and 205 of the IPL. This incidental nullity request will produce legal effects only between the parties.

On the other hand, a patent nullity action brought before the federal court will produce an *erga omnes* effect.

Non-infringement

Articles 43 and 45 of the IPL provide the exceptions to patent infringement, such as: acting privately and without commercial purpose; acting for experimental purposes in connection with scientific or technological studies; preparing a medicine in accordance with a medical prescription for individual cases; introducing into the domestic market directly by the patent holder or with the holder's consent, a manufactured product related to a process or product patent held by others; and producing data and results of tests with the purpose of obtaining the authorisation for commercialisation of the patent product after the term of the patent expires.

viii Time to first-level decision

Regarding the procedures stated in the Code of Civil Procedure, Brazilian trials related to industrial property subjects, especially patents, usually take from two to four years to be resolved.

At first instance, it might take from one to two years until the lower judge renders a decision. A preliminary injunction can be issued based on the filing of the plaintiff's motion and upon fulfilling *fumus boni iuris* and *periculum in mora*; the preliminary injunction can be requested at any time, even *ex parte*.

The procedures related to infringements listed in the criminal section of the IPL usually take about one year to be resolved.

As the criminal proceedings related to IP infringements are private, the lower judge usually takes from six to 10 months to render a final decision. On request, a search and seizure order can be issued immediately after the filing of the motion.

ix Remedies

Infringement actions must be brought before the competent court. According to Article 209, Section 1, of the IPL, as a preliminary injunction, the judge may grant an injunctive order to suspend the violation, which means the production and the sale of the products or even to determine the seizure of all related merchandise, products, objects, packages

and labels. The Code of Civil Procedure also guarantees injunctive relief to suspend the violation of the patent rights and prevent irreparable damage.

The aggrieved party is entitled to claim compensation of loss and damages caused by the infringement. According to Article 210 of the IPL, the amount of loss of profits will be determined pursuant to the following criteria, whichever is the most favourable to the aggrieved party:

- a* the benefits that would have been obtained by the aggrieved party if the infringement had not taken place;
- b* the profits obtained by the infringer; or
- c* the remuneration the infringer should have paid to the owner of the infringed rights for a licence to exploit the patented subject matter lawfully.

The court may order an injunction, to avoid irreparable damages or damages that will be difficult to recover, subject (where deemed necessary) to the furnishing of sufficient security. Infringement proceedings may also be started by means of a preliminary search and seizure measure.

According to Article 41 of the IPL, the right to obtain indemnification for improper exploitation – including that related to the period prior to the granting of the patent – is restricted only to the content of its object claimed in the patent application.

In the case of unauthorised exploitation of the patented invention in the period between publication of the application and grant of the patent, the infringer may be sued for damages after grant of the patent. Compensation of damages might even be claimed for unauthorised exploitation prior to publication, if it is proved that the infringer obtained knowledge of the contents of the patent application earlier. For this purpose, it is recommended to serve (before grant) upon the party who is exploiting the invention without authorisation, an official warning letter (cease-and-desist letter) with a copy of the entire application, as soon as the infringement is detected. In the case of an invention relating to deposited biological material, there is no right to compensation until the biological material has been made available to the public.

In addition, the indemnification includes attorneys' professional fees, which may vary from 10 per cent to 20 per cent of the ruled amount.

Action for compensation of damages becomes time-barred after five years.

x Appellate review

Any appealed decision rendered at first instance will be addressed to the local court of appeal, which may take two or three years to render a decision on the case.

The criminal appeal court usually takes from six months to one year to render a final decision.

In both cases, even after the ordinary appeal, it is still possible to file a motion to clarify any omission, obscurity or contradiction in the court's decision. Besides, whether or not these errors are resolved, in case of the existence of an infringement of a federal law, it is possible to file a special appeal to the Superior Court of Justice. On the other hand, if the decision infringes the Brazilian Constitution, it is possible to file an extraordinary appeal with the Supreme Federal Court. Both kinds of appeal will also have to fulfil special requirements to be accepted by the relevant courts.

xi Alternatives to litigation

In practice, cease-and-desist letters and out-of-court settlement are the principal alternatives to IP litigation.

V TRENDS AND OUTLOOK

Implementation of the e-Patents system now allows the status of submissions of patent applications and patents to be updated online. The hiring of new and better-qualified examiners and prosecutors, providing more consistent examinations and increasing productivity, will improve the Brazilian patent system.

The BPTO also expects to establish IP cooperation with other BRICS (Russia, India, China and South Africa) patent offices and become a central office for South America, which may be connected to other Latin American patent offices and to the Portuguese Patent and Trademark Office.

Another issue for Brazil is the adoption of the Patent Prosecution Highway, which, along with green patent applications, the 'Preliminary Opinion on Patentability' scheme and the introduction of examination groups (see Section II, *supra*), will expedite patent examinations.

Finally, given that the public civil action No. 46656-49.2011.4.01.3400 (see Section II.ii, *supra*) was already judged by the lower court when RDC 21/2013 was published, an appeal is expected, in which case a higher court will render a final decision on the matter. In addition, there is a possibility that the AGU may also issue an opinion on RDC 21/2013 in accordance with Legal Opinion No. 210/PGF/AE/2009.

Appendix 1

ABOUT THE AUTHORS

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Gabriel Di Blasi is an industrial engineer, an industrial property agent, a lawyer and a professor of postgraduate courses in intellectual property with emphasis on patent law at the Rio de Janeiro State University. He is the author of the book *Industrial Property: Systems of Trademarks, Patents, Industrial Design and Technology Transfer*.

His practice covers domestic and international intellectual property law, including patents, designs, trade secrets, life sciences, protection of plant varieties, technology licensing, trademarks, copyrights and policymaking. He is technical expert of judges of State and Federal Courts regarding the patent, design and trade secret issues. He is also a member of BioBrasil (Bio-industry Production Chain Committee) and COMBIO (Biotechnology Supply Chain Committee), both initiatives of the Federation of Industries of the State of São Paulo.

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Paulo Parente Marques Mendes is both an attorney-at-law and an industrial property agent. His experience encompasses a variety of national and international intellectual property cases involving trademarks, patents, designs and copyrights. He is involved in advising and assisting clients in issues primarily related to trademark rights, image rights, copyrights, sports rights, competition rights and consumer rights.

He is an active member of the Brazilian Bar Association (OAB/RJ), serving on its council since 2010. Mr Parente is also a member of the Committee of Copyright, Intangible Rights and Entertainment of OAB/RJ. He is an adviser to the Brazilian Association of Intellectual Property. He is a delegate of the National Group of the Inter-American Association of Intellectual Property and is currently an auditor of the Court Sports Volleyball Federation of Rio de Janeiro State. An accomplished author

and co-author of several books and articles about intellectual property, including the book *Industrial Property: Systems of Trademarks, Patents, Industrial Design and Technology Transfer*, Mr Parente is often a guest speaker at national and international congresses on the subject.

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