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## **Brazilian Patent Prosecution Highway with Japan: an important opportunity for Japanese Corporations in Brazil.**

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In the beginning of last April, after several months from the first agreement for cooperation on patent examination, the Brazilian Patent and Trademark Office (BPTO) entered into a Patent Prosecution Highway (PPH) pilot program with the Japan Patent Office (JPO).

### Background:

In the last ten years, Latin America has played an important role in the world economy as each year its economic growth has surpassed European rates. Currently, Brazil is the ninth largest economy in the world by gross domestic product. Besides the economic growth, political influence and participation of the region have increased in the globalized world. Also, the importance of Latin America in the global economy is further influenced by its vast wealth of highly demanded finite natural resources, such as metals and petroleum. Brazil is one of these Latin American countries considered as an emerging market, that has been attracting global attention for boasting the largest economic scale and population in South America. Over the last decade, Brazil has achieved dramatic economic development. Although the current situation is not so favorable from an economic standpoint, many Japanese corporations have already been developing business plans in the country.

In 2016, Japan was ranked as the third largest trading partner of Brazil in Asia and the seventh in the world. Japan has the sixth largest foreign direct investment stock in Brazil of US \$ 26.8 billion in 2014. The flow of Japanese investments to Brazil amounted to US \$ 3.7 billion in 2014 and, 2015, US \$ 2.8 billion<sup>1</sup>.

Along with this business expansion, over the last 17 years, the number of Brazilian patent applications filed by Japanese corporations has substantially increased from 713 new patent filings to 2702 in 2013 and has now achieved the rate of 1829 in 2016<sup>2</sup>.

Notwithstanding, the BPTO is facing a complicated issue with repeated delays in patent examination procedures. Currently, the BPTO is taking more than 12 years on average from receiving a patent application to publishing first examination results.

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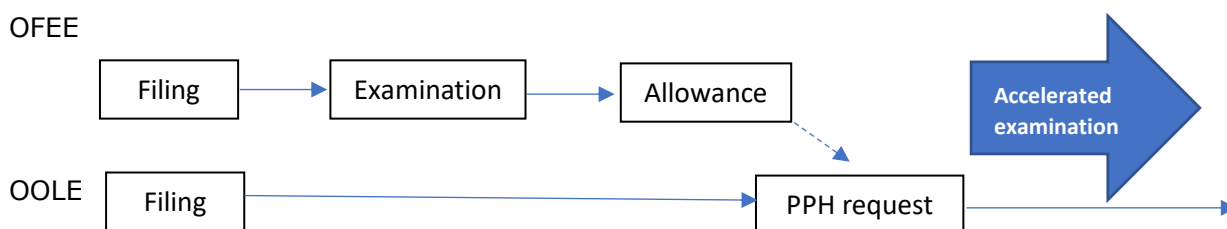
<sup>1</sup> <http://www.itamaraty.gov.br/pt-BR/ficha-pais/5284-japao>. Ministry of External Relations of Brazil. Retrieved on November 1, 2017.

<sup>2</sup> Statistic data available at [http://www.inpi.gov.br/sobre/estatisticas/arquivos/indicadores\\_pi/indicadores.zip](http://www.inpi.gov.br/sobre/estatisticas/arquivos/indicadores_pi/indicadores.zip). BPTO. Retrieved on November 1, 2017.

Several measures to remediate the backlog issue have been proposed, and establishing cooperation with other patent offices is a significant part of these proposals.

### **Summary of the JPO PPH pilot program with the BPO:**

Nowadays, PPH programs are an important tool for patent examination. Basically, it is a framework, in which an application determined to be patentable by a patent office of earlier examination (OFEE) is eligible for accelerated examination in the office of later examination (OOLE) with a simple procedure upon the applicant's request. Please find below a simple diagram on this program.



Also, the adoption of a PPH program, using all the search/examination-related information of the patent office of earlier examination (OFEE) supports applicants in their efforts to obtain their patent rights efficiently around the world, reduces the search/examination burden at the patent offices and improves the quality of the examination of the cooperating patent offices in the world<sup>3</sup>.

The terms of the current PPH pilot program were disclosed in a meeting organized by JETRO (Japan External Trade Organization) in São Paulo in March 2017. The JPO-BPTO PPH has been established under the following basis:

- a) Period of the pilot program:
  - a period of 2 years has passed from April 1, 2017, i.e., until April 1, 2019.
- b) Number of PPH applications that an applicant is able to file:
  - Both offices will accept 200 applications each.

It is also important to mention that the BPTO will limit the number of PPH requests made by the same applicant to 6 per each 4-month period. Considering the period limit of 2 years, in the last 4 months of the program (from December 2016 until March 2019) there will be no limit of PPH requirements per applicant. Meanwhile, the JPO will accept all allowed Brazilian applications.

- c) Further conditions and technical fields of applications eligible for the PPH program:

In order to be suitable for acceptance into this program, the following rules must be met by the patent applications:

<sup>3</sup> <http://www.jpo.go.jp/pph-portal/aboutpph.htm>. JPO. Retrieved on November 2, 2017.

- 1) the Brazilian patent application must have a Japanese priority application, it being then filed in Brazil through PCT or under Paris Union Convention;
- 2) Brazilian applications can be a utility model or an invention;
- 3) Patent applications with any filing date; and
- 4) Specific fee needed at the BPTO. No fee at the JPO.

5) At the BPTO, patent applications may be related to Machinery and electrical appliances, energy, Telecommunications, Audiovisual technology, Digital communication, Basic communication processes, Computer technology, Methods of information technology for management, Semiconductors, among others. The complete list of IPC classification under this PPH program is, as follows<sup>4</sup>:

	<b>Technical Field</b>	<b>IPC Codes</b>
<b>1</b>	Machinery and electrical appliances , energy	F21#, H01B, H01C, H01F, H01G, H01H, H01J, H01K, H01M, H01R, H01T, H02#, H05B, H05C, H05F, H99Z
<b>2</b>	Audiovisual technology	G09F, G09G, G11B, H04N-003, H04N-005, H04N-009, H04N-013, H04N-015, H04N-017, H04R, H04S, H05K
<b>3</b>	Telecommunications	G08C, H01P, H01Q, H04B, H04H, H04J, H04K, H04M, H04N-001, H04N-007, H04N-011, H04Q
<b>4</b>	Digital communication	H04L
<b>5</b>	Basic communication processes	H03#
<b>6</b>	Computer technology	(G06# not G06Q), G11C, G10L
<b>7</b>	Methods of information technology for management	G06Q
<b>8</b>	Semiconductors	H01L
<b>9</b>	Miscellaneous	B60K, B60L, B60W, B62D, B62J, F02D, G02B, G02F, G03G, G08G, H01S, H04N19, H04N21, H04W, H05H

As the main products imported by Brazil from Japan are automobiles, motorcycles and auto parts<sup>5</sup>, the BTPO and JPO chose those technology fields for the PPH pilot program with a view to stimulating business between the countries.

At the JPO, patent applications classified at all the technical fields are accepted.

**Preliminary results of the PPH program in Brazil (results updated on October 5, 2017<sup>6</sup>):**

The BPTO has published that only 43 were requested to be included in this PPH program. From this total of 43 requests, the BPTO has already analyzed 34 requests and granted the sped-up examination for 32 cases, leaving only 2 requests rejected by the BPTO due to some formal deficiency in the initial petition for participating in

<sup>4</sup> [http://www.jpo.go.jp/torikumi\\_e/t\\_torikumi\\_e/pdf/japan\\_brazil\\_highway\\_e/brazil\\_e.pdf](http://www.jpo.go.jp/torikumi_e/t_torikumi_e/pdf/japan_brazil_highway_e/brazil_e.pdf) JPO. Retrieved on November 2, 2017.

<sup>5</sup> <http://www.investexportbrasil.gov.br/o-comercio-brasil-japao-em-2015>. Brazilian Government. Retrieved on November 1, 2017.

<sup>6</sup> <http://www.inpi.gov.br/menu-servicos/patente/projeto-piloto-pph>. BPTO. Retrieved on November 1, 2017.

the PPH program. From these 32 applications to be examined, one case was allowed with no office actions and another 31 applications are waiting for examination, which is expected to be published soon.

#### Perspectives for Japanese Corporations enjoying the PPH program between the JPO and the BPTO:

Considering that the current backlog in Brazil is not an easy issue to be solved, Japanese companies with granted patent applications classified in the above groups can enjoy accelerated examination in Brazil. Accelerated examination programs in Brazil are being successful in their final decisions, as the BPTO is managing to publish a final decision on the application within 6-8 months from the request for accelerated examination. This means that despite the problems with delays in patent examination procedures in Brazil, Japanese companies using the PPH program will be able to acquire their patent rights in Brazil in an accelerated manner. This is an additional reason to encourage local investment for smoothly developing further business activities in the country.

#### JPO-PPH with South American countries:

The JPO has implemented PPH programs with 40 offices, including South American countries, as Argentina, Chile, Colombia and Peru. The reason those patent offices adopted the PPH pilot program is for giving support to their governments, as well as to incentivize their economies.

Colombia was the first country in the South America to launch a PPH pilot program with the JPO on September 2014 and it will be in force for a period of 5 years, renewable automatically for successive periods. The second country in South America was Argentina, which started the PPH pilot program on April 1, 2017. Chile was the fourth country and the PPH pilot program started on August 1, 2017. Peru was the last country in South America with which the JPO launched a PPH program and started on November 1, 2017.

The term of the PPH pilot program with Argentina, Chile and Peru will be for 3 years, after which each country will evaluate the results of the pilot program to determine whether and how the program should be fully implemented after the trial period.

#### Author Bios

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