

BRAZIL PATENT UPDATES

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There is no doubt that an efficient patent system presupposes a reliable and reasonably fast technical examination, as established in article 62.2 of the TRIPS Agreement.

When it comes to Brazil, the huge backlog of patent applications pending examination creates a major obstacle in the technological and economic development of the country, one that must be overcome by the Brazilian Patent and Trademark Office (Brazilian PTO), respecting, however, the provisions of articles 3, 4 and 27 (ie, national treatment, most-favoured-nation treatment and patentable subject matter clauses) of the TRIPS Agreement. The priority examination procedures adopted by the Brazilian PTO ignore such provisions by establishing conditions that are favourable to particular countries, technological fields and applicants.

Currently, it takes over 10 years (from the filing of the application) for the examination to begin. In some fields of technology, such as chemicals, biotech and telecommunications, an applicant might have to wait more than this to have its patent application examined. This is obviously very discouraging for inventors and pioneering companies who have dedicated their time and effort in the search and development of their inventions, and who have sought patent protection under the Brazilian Industrial Property Law. In many cases, the technology for which protection has been sought is already obsolete by the time the patent is granted. This situation is obviously very unsatisfactory.

In recent meeting of the Committee of Leaders of Business Mobilisation for Innovation (MEI), promoted by the National Confederation of Industry (CNI), in São Paulo, Brazil's president Michel Temer recognised that "to innovate technologically is to develop the industry and the country" and that "some patents

take 10 years to be granted and, therefore, it is necessary to speed up such activity".

Actually, most of the patents of invention that are currently being granted by the Brazilian PTO had a prosecution duration of more than 10 years and fall under the provision of the sole paragraph of article 40 of the Brazilian Industrial Property Law.

This provision, originally meant to be an exception applied to applications subjected to excessive prosecution delays, guarantees to patents of invention a minimum term of 10 years counted from the date of grant.

While the patent application is pending, competitors do not know if they can exploit the object of the application without the risk of a lawsuit and possible condemnation in the future, if the respective patent is granted. This creates enormous legal uncertainty.

In an effort to reduce the backlog of patents, the Brazilian PTO has created new mechanisms to prioritise the examination of patent applications that fall within specific conditions, such as:

- the Brazilian PTO – United States Patent and Trademark Office (USPTO) Patent Prosecution Highway (PPH) Pilot Project, for patent applications containing claims directed to oil, gas and petrochemical inventions;
- the Brazilian PTO – Japan Patent Office (JPO) PPH Pilot Project, for patent applications containing claims directed to information technology inventions;
- the Green Patent Program, for patent applications relating to green technologies of specific categories, such as alternative energy, transportation, energy conservation, residue management or agriculture;
- the Brazilian Priority Pilot Project, for patent applications filed initially in Brazil and claimed as a priority of patent applications subsequently filed in other countries or international

organisations, or filed directly as a Patent Cooperation Treaty (PCT) application in Brazil; and

- the Micro or Small Entities Examination Prioritisation Pilot Project (MPE Patents Pilot Project), for patent applications whose applicants qualify as micro or small entities in Brazil.

BRAZILIAN PTO – USPTO PPH PILOT PROJECT

As set forth in Brazilian Resolution No. 154 of 21 December 2015, the Brazilian PTO–USPTO PPH Pilot Project should be effective for two years from 11 January 2016 or until 150 priority requests are filed. Until March 2017, according to the information available at the Brazilian PTO's database, 41 requests were filed, and, from the 26 requests considered eligible for the programme, 19 had an allowance decision issued in under eight months.

While the USPTO should accept applications containing claims of any class and relating to any technological field, patent applications requesting priority examination using the Brazilian PTO–USPTO PPH at the Brazilian PTO must (among other requirements) contain claims relating to oil, gas and/or petrochemical inventions and be classified in at least one specific symbol of the International Patent Classification (IPC), and must have been filed before the Brazilian PTO as of 1 January 2013. The Brazilian PTO, therefore, intends to limit participation solely to patent applications of a particular technological field and determined IPC symbols.

Furthermore, applications that are eligible for the Brazilian PTO–USPTO PPH Pilot Project are those belonging to the same patent family; that is, those having the same earliest application filed either in the US or in Brazil.

Applications filed before either the Brazilian PTO or the USPTO as a

PCT Receiving Office are also eligible for the PPH Pilot Project, providing that they meet the requirements set forth for participation. Other eligibility requirements are as follows:

- the Office of Earlier Examination (OEE) must have issued an allowance decision in a corresponding application;
- the claims submitted for examination under the PPH Pilot Project should correspond to the claims as allowed by the OEE;
- the Office of Later Examination (OLE) must have not initiated the substantive examination of the application;
- the OEE must be the Brazilian PTO or the USPTO; and
- for an application filed in the OLE to be considered for the PPH Pilot Project, it should have been substantively examined in the OEE, including considerations on novelty, inventive step/inventiveness and industrial applicability.

BRAZILIAN PTO – JPO PPH PILOT PROJECT

On 24 March 2017, the Brazilian PTO issued Resolution No. 184 instituting the Brazilian PTO-JPO PPH Shared Examination Pilot Project, aiming at enhancing the quality of the patent examination in both Offices. The Brazilian PTO-JPO PPH Pilot Project should be effective for two years from 1 April 2017 upon publication of Resolution No. 184 or until 200 requests are filed. Each applicant will be limited to a maximum of six requests for participation into the pilot project in each four-monthly cycle.

Patent of invention or utility model applications requesting priority examination using the Brazilian PTO-JPO PPH Pilot Project must encompass claims related to the Information Technology field and be classified in one specific symbol of the IPC (namely, electrical machinery, apparatus, energy; audio-visual technology; telecom; digital communication; basic communication processes; computer technology; semiconductors; IT methods for management, and so on).

Applications deemed eligible for the pilot project are those belonging to the same patent family – that is, those having the same earliest application filed either in Japan or in Brazil.

Applications filed before either the Brazilian PTO or the JPO as a PCT Receiving Office are also eligible to participate in the PPH Pilot Project, provided they meet the requirements set forth for participation. The other eligibility requirements mostly match those listed in the Brazilian PTO-USPTO PPH Pilot Project section of this article.

GREEN PATENT PROGRAMME

After four years as a pilot programme, due to the good results achieved, the Green Patent Programme became a permanent procedure at the Brazilian PTO, upon the publication of Resolution No. 175 on 6 December 2016.

According to the Brazilian PTO's analysis of the pilot programme period, of the 480 requests received, 325 were considered eligible, 112 applications were allowed and 115 were rejected, up to September 2016. The maximum time frame for decisions was about two years.

The Green Patent Programme establishes the priority examination of patent applications relating to green technologies of specific categories, such as alternative energy, transportation, energy conservation, residue management and agriculture.

Furthermore, the following requirements should be fulfilled:

- the application must have already been published (including the possibility of anticipated publication request);
- the technical examination must have already been requested but not yet initiated by the Brazilian PTO; and
- the patent application must contain a maximum of 15 claims with only three independent claims (if necessary, amendments may be submitted, providing that they meet the provisions of article 32 of the Brazilian Industrial Property Law related to the scope of voluntary amendments).

A major difference in relation to the pilot programme as initiated in 2012 is that there is no longer a limit to the number of requests accepted into the programme, nor a time limit for the participation in such a priority examination procedure.

BRAZILIAN PRIORITY PILOT PROJECT Brazilian Resolution No. 180 of 21

February 2017 established the second phase of the Brazilian Priority Pilot Project, which is limited to a maximum number of 120 requests (regardless of the acceptance thereof) and valid for one year from entry into force of the Resolution (ie, 1 March 2017).

Shortly after the initiation of the first phase of the project on 19 January 2016, it received 129 requests and was then terminated. From the 94 requests considered eligible to participate into the project, 22 had a decision (allowance or rejection) issued in under eight months.

The Brazilian Priority Pilot Project encompasses patent of invention or utility model applications filed initially in Brazil and claimed as a priority of patent applications subsequently filed in other countries or international organisations, or filed directly as a PCT application in Brazil (the Brazilian PTO being the PCT Receiving Office) with the Brazilian PTO acting as the International Search Authority or International Preliminary Examination Authority in the international phase.

Patent applications classified (main classification) in either of sections B (processing operations; transportation) or F (mechanical engineering, lighting, heating; weapons; explosives) of the IPC, considering all its lower hierarchical levels, are excluded from this pilot project.

Eligibility for this project is dependent on meeting the following requirements:

- the application must have already been published;
- the examination must have already been requested;
- the annuities must be in good order;
- the application should not be *sub judice*;
- no priority examination must have been granted before;
- at least one patent application from the same patent family, filed at another national PTO or international organisation, must have also been published; and
- indications regarding the non-compliance of rule or PCT article cited in International Preliminary Examination Reports elaborated by the Brazilian PTO must be fulfilled or additional examination and search reports must be submitted.

Furthermore, only one patent application of each applicant can participate in this pilot project in each monthly cycle.

One of the purposes of this project is to stimulate the entry of innovative Brazilian products into the global market.

MPE PATENTS PILOT PROJECT

Brazilian Resolution No. 181 of 21 February 2017 established the second phase of the MPE Patents Pilot Project. This Resolution, which entered into force on 1 March 2017, regulates the priority examination procedures of patent applications filed by applicants legally qualified as small or micro entities in Brazil. The MPE Patents Pilot Project should be valid for one year from 1 March 2017 or until the maximum number of 150 requests considered eligible for the Pilot Project is achieved.

During the first phase, from the 58 requests considered eligible to participate into the MPE patents pilot project, 29 had a decision (allowance or rejection) in under eight months.

Brazilian Resolution No. 181 establishes that if more than one company is an applicant, they must all be classified as micro or small entities, as defined in article 3 of the specific related law.

Eligibility for this project is dependent on meeting a set of requirements, which includes the following:

- the application must have already been published;
- the examination must have already been requested;
- the annuities must be in good order;
- the application should not be sub judice; and
- no priority examination must have been granted before.

Patent applications classified (main classification) in either of sections B (processing operations; transportation) or F (mechanical engineering, lighting,

heating; weapons; explosives) of the IPC, considering all its lower hierarchical levels, are excluded from this pilot project.

The main purpose of this project is to facilitate the entry of innovative products and services developed by micro or small entities into the Brazilian market.

In addition to the above measures, on 6 May 2016 the Brazilian PTO and PROSUR (a regional cooperation system on intellectual property) signed a memorandum of understanding establishing a PPH pilot project for patent applications of families originating in one of the PROSUR member countries (Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Suriname and Uruguay). However, this PPH pilot project is not yet in force, as the regulations required for its effective implementation have not been enacted.

The Brazilian PTO and the EPO have already signed a joint declaration for a PPH pilot project, whose implementation is expected in the second trimester.

The Brazilian PTO's efforts to reduce the backlog and provide a more efficient technical examination with the available resources are noticeable; however, significant changes in the overall prosecution time for patent applications have yet to be observed.

It is important to establish procedures for the priority examination of at least those patent applications subject to the provisions of the sole paragraph of article 40 of the Brazilian Industrial Property Law (this refers to applications pending for more than 10 years, the resulting patents of which will have a guaranteed extended validity term, of ten years from the grant), with no constraints as to, for example, the technological field to which their inventions relate.

In order to assist the Brazilian examiners and accelerate the technical examination, applicants or holders of patent applications meeting at least the

provisions of said article should, for instance, be able to submit to the Brazilian PTO a request for priority examination based on the decision of a corresponding patent application, as issued by any PPH participating office, provided that the correspondence between both set of claims is attested and the Brazilian patent rules are respected, being essential to establish a reasonable deadline for a final decision to be issued. Without establishing this reasonable deadline, the backlog problem could probably not be solved.

The principles of territoriality and independence of industrial property rights, and the Brazilian constitutional principles of efficiency and reasonable duration of administrative proceedings must all be harmonised and balanced.

In case of an excessive, unreasonable delay by the Brazilian PTO in examining a patent application, the Brazilian constitutional right to the reasonable duration of the proceedings is violated, giving grounds for a lawsuit to be filed. The Brazilian PTO may be ordered by the court to expedite examination and issue a final decision within a determined time frame.

If going to the courts becomes a common practice for obtaining a faster decision from the Brazilian PTO in patent applications that are pending for an excessively long time (which is a large number at present), probably a further backlog of court cases will be created.

Of course, all measures taken by the Brazilian PTO to reduce the backlog, such as the establishment of new priority examination hypothesis and procedures, are only palliative measures. It is essential to effectively deal with the backlog giving time constraint to the examiners receiving PPH cases of all nature and this still does not eliminate the urgent need to hire and train more patent examiners and to improve the Brazilian PTO's infrastructure.