

Patents 2021

Contributing editor
Louis E Fogel and Shaun M Van Horn



Publisher

Tom Barnes

tom.barnes@lbresearch.com

Subscriptions

Claire Bagnall

claire.bagnall@lbresearch.com

Senior business development manager

Adam Sargent

adam.sargent@gettingthedealthrough.com

Published by

Law Business Research Ltd

Meridian House, 34-35 Farringdon Street

London, EC4A 4HL, UK

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First published 2004

Eighteenth edition

ISBN 978-1-83862-693-8

Printed and distributed by

Encompass Print Solutions

Tel: 0844 2480 112



Patents 2021

Contributing editors**Louis E Fogel and Shaun M Van Horn****Jenner & Block LLP**

Lexology Getting The Deal Through is delighted to publish the eighteenth edition of *Patents*, which is available in print and online at www.lexology.com/gtdt.

Lexology Getting The Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique Lexology Getting The Deal Through format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on Israel, Singapore, Turkey and the United Kingdom.

Lexology Getting The Deal Through titles are published annually in print. Please ensure you are referring to the latest edition or to the online version at www.lexology.com/gtdt.

Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Lexology Getting The Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editors, Louis E Fogel and Shaun M Van Horn of Jenner & Block LLP, for their continued assistance with this volume.



London

April 2021

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This article was first published in May 2021

For further information please contact editorial@gettingthedealthrough.com

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Brazil

Jiuliano Maurer and Philippe Bhering

Bhering Advogados

PATENT ENFORCEMENT PROCEEDINGS

Lawsuits and courts

1 | What legal or administrative proceedings are available for enforcing patent rights against an infringer? Are there specialised courts in which a patent infringement lawsuit can or must be brought?

The administrative proceedings before the Brazilian Patent and Trademark Office (BPTO) available for owners to enforce their patent rights in Brazil are prescribed in the Brazilian Industrial Property Law (BIPL), as follows:

- petition of subsidies, which may be filed by interested third parties with the objective of indicating to the examiner the reasons why a patent should not be granted; and
- administrative nullity proceedings, which can be started by any person with a legitimate interest within a period of six months of the granting of the patent, on the grounds that:
 - any of the legal requirements were not satisfied;
 - the specifications and claims did not comply with the provisions of articles 24 and 25 of the BIPL;
 - the object of the patent extends beyond the contents of the application filed originally; or
 - one or more of the essential formalities indispensable to grant were omitted during the processing thereof.

Administrative nullity proceedings are heard by the President of the BPTO, who has final jurisdiction to rule on the matter.

The BIPL also establishes, in articles 56 and 57, the possibility of filing judicial nullity proceedings at any time during the term of the patent, either by the BPTO ex officio or by any person who has a legitimate interest.

In addition, an infringement action may also be brought against the infringer of a patent. The BIPL provides that infringement of patent rights constitutes both a civil wrong (tort) and a crime. Hence the injured party is entitled to rely on both civil and criminal measures in order to enforce its rights.

As for civil proceedings, the injured party may file a lawsuit seeking the cessation of the infringing act, coupled with a claim for damages. The lawsuit may include an ex parte preliminary injunction request, with a view to immediate cessation of the harmful conduct until a decision on the merits is rendered. In order to obtain a preliminary injunction, the plaintiff must demonstrate a prima facie case that there is a likelihood of success on the merits of the case and that delay in granting the relief sought would be likely to give rise to harm that is irreparable or very difficult to redress.

The plaintiff may also seek the imposition of a daily penalty for failure to abide by the preliminary injunction. If the interim relief sought is granted, the defendant will be restrained from practising the infringing act pending a final and definitive ruling on the substantive lawsuit. In some circumstances, a court will only grant interim injunctive relief if

the petitioner posts a bond or a fiduciary guarantee to cover any losses incurred by the respondent.

A criminal action requires the filing of a criminal complaint. In terms of criminal proceedings, one very important provision is the possibility of filing a preliminary criminal search and seizure action, aimed at gathering evidence of acts of infringement and avoiding the destruction or hiding of evidence by the infringer. Pursuing a preliminary criminal search and seizure action is normally more straightforward than undergoing the more complicated civil proceeding of early production of evidence. Given that it is possible to rely both in civil and criminal proceedings on the evidence obtained under a search and seizure warrant, an application for preliminary criminal search and seizure is frequently a useful starting point for civil infringement proceedings as well as for criminal proceedings per se.

Finally, infringement actions must be filed before state courts, as the BPTO does not participate in such proceedings, whereas the nullity actions are heard by federal courts. This is because the BPTO is automatically a party to all nullity actions, and whenever a government agency is a party to a lawsuit, the action must be filed before federal courts. Nullity actions are usually filed in Rio de Janeiro, where the headquarters of the BPTO are located.

The entry level (first instance) of the Federal Court of Rio de Janeiro has four courts specialising in intellectual property. At the appeal level, the Regional Federal Court of the Second Region, which has jurisdiction over the states of Rio de Janeiro and Espirito Santo, has two specialist panels for intellectual property.

Trial format and timing

2 | What is the format of a patent infringement trial?

Infringement and nullity actions are heard by a single judge at first instance. The appellate courts (second instance) consist of panels of three judges.

Once the initial complaint is filed, the defendant is notified to present its response within 15 days. The plaintiff may respond to the defendant's answer within 10 days. There are usually two hearings at first instance: a conciliatory or preliminary hearing, at which the parties try to settle the case amicably; and an evidentiary hearing, at which the expert and the parties' technical assistants may be cross-examined as to their findings in the event of a dispute between them (the relevant questions having been filed and responded to in writing prior to the hearing – the scope of the cross-examination being issues that remain in dispute); depositions are taken from the parties and the witnesses listed are heard. It is important to note that this second hearing occurs only in cases where there is a need for evidence to be produced.

At the close of the hearing, the judge may immediately make a decision or may direct that the parties submit final briefs. In the latter case, the judge will make the final order once he or she has considered the final briefs.

It is possible to file an appeal against this order to the State Court of Appeal. The final order on appeal of the State Court of Appeal may be challenged, provided certain legal requirements are met, by a further appeal, known as a 'special' appeal, to the Superior Court of Justice, or an 'extraordinary' appeal to the Federal Supreme Court.

A final decision on infringement and nullity actions may take between one and two years at first instance. A final decision at second instance may take up to two years. These time frames will vary according to the complexity of the case, and the state and court in which the lawsuit is filed. Preliminary injunctions may be granted immediately, provided the legal requirements are met.

Proof requirements

3 | What are the burdens of proof for establishing infringement, invalidity and unenforceability of a patent?

To prove infringement, it is necessary for the plaintiff to make a direct comparison and demonstrate that the infringing product contains at least one of the independent patent claims and that it includes all the characteristics of said claim.

To prove nullity, it is necessary for the plaintiff to show that the patent does not satisfy at least one of the prerequisites for grant.

Concerning unenforceability, a patent is not enforceable against a supposed infringer when:

- the acts are performed privately and without commercial purpose, provided such acts did not result in prejudice to the economic interests of the patent owner;
- the acts are performed for experimental purposes, relating to studies or scientific or technological research;
- the products are related to the preparation of a medicine in individual cases by a qualified professional;
- the products are manufactured in accordance with a patent that has been placed on the internal market directly by the patent owner or with its consent;
- in the case of patents related to living matter, the living matter in question is used without economic purpose as the initial source of variation or propagation in order to obtain other products; and
- in the case of patents related to living matter, the product has been placed on the internal market by the patent owner or with its consent, provided the product is not used for commercial multiplication or propagation of the living matter.

A patent is also unenforceable when the supposed infringer, in good faith, had already made use of the object of the patent in Brazil prior to the filing date or the priority date of the patent application.

Standing to sue

4 | Who may sue for patent infringement? Under what conditions can an accused infringer bring a lawsuit to obtain a judicial ruling or declaration on the accusation?

A patent infringement action can be brought by the owner of the patent.

In a civil infringement action, the accused infringer, as defence, may assert facts that impede, modify or terminate the plaintiff's rights and, in addition, if the legal prerequisites are duly met, may file a counterclaim against the plaintiff.

In relation to criminal actions, an allegation of nullity of the patent registration on which the action is based may be relied upon as a defence by the accused infringer.

In addition, the accused infringer may sustain that its use of the invention or model of utility does not infringe the patent. In this sense, articles 43 and 45 of the BIPL provide exceptions to patent infringement, such as:

- private acts without commercial purpose that do not jeopardise the economic interests of the patent owner;
- acts of experimental purposes in connection with scientific and technological studies and researches;
- preparation of a medicine in accordance with a medical prescription for individual cases;
- a product manufactured in accordance with a process or product patent that has been introduced onto the domestic market directly by the patent holder or with its consent;
- non-economic use of the patented product as an initial source of variation or propagation to obtain other products, in the case of patents related to living material;
- production of data and results of tests with the purpose of obtaining authorisation for commercialisation of the patent product after the term of the patent expires; and
- use in good faith of the object of the patent prior to the priority or filing date of the patent application.

Inducement, and contributory and multiple party infringement

5 | To what extent can someone be liable for inducing or contributing to patent infringement? Can multiple parties be jointly liable for infringement if each practises only some of the elements of a patent claim, but together they practise all the elements?

According to the provisions of the BIPL, crimes against patents are determined to have been committed even when the violation does not affect all the claims of the patent or is restricted to the utilisation of means equivalent to the object of the patent.

In this sense, besides the manufacturing of a product or the using of a means or process that is the object of a patent without authorisation from the owner, it is also considered a crime against a patent in Brazil when anyone:

- exports, sells, displays or offers for sale, has in stock, conceals or receives, with a view to use for economic purposes, a product manufactured in violation of a patent, or obtained by a patented means or process;
- imports a product that is the object of a patent, or obtained by a means or process patented in Brazil, with a view to use for economic purposes, and that has not been placed on the foreign market directly by the patent owner or with its consent; or
- supplies a component of a patented product, or material or equipment to execute a patented process, provided that the final application of the component, material or equipment leads necessarily to the exploitation of the object of the patent.

Joinder of multiple defendants

6 | Can multiple parties be joined as defendants in the same lawsuit? If so, what are the requirements? Must all of the defendants be accused of infringing all of the same patents?

In accordance with the Brazilian Civil Procedure Code (CPC), multiple parties can be joined as defendants in the same infringement lawsuit when:

- they possess equal rights or obligations relating to the issue;
- the rights or the obligations derive from the same fact or legal ground, for example infringement of the same patent;
- the issue involving each defendant is connected by the object or the cause of action; and
- there are similar questions due to a common point of fact or law.

In addition, the CPC requires that multiple parties be joined as defendants in the same lawsuit when, by provision of law or by the nature of

the legal relationship, the judge has to decide the matter uniformly for all parties. In this hypothesis, the effectiveness of the decision depends on the summons of all joint parties in the lawsuit.

Infringement by foreign activities

7 | To what extent can activities that take place outside the jurisdiction support a charge of patent infringement?

The patent rights granted by the BPTO are valid within Brazilian territory. According to the BIPL, a patent confers on its owner the right to prevent a third party, without the owner's consent, from producing, using, offering for sale, selling or importing for these purposes a product that is the object of the patent or a process or a product directly obtained by a patented process. In order to support a charge of patent infringement, the production, use, offer for sale, sale or importation referred to must be within the Brazilian territory.

Infringement by equivalents

8 | To what extent can 'equivalents' of the claimed subject matter be shown to infringe?

In Brazil, infringement may occur in three different ways:

literal infringement – when any single claim of a patent reads on the item or process under review of any interested (third) party, such that the item or process has all of the elements listed in the claim. This type of infringement is established if any one of the claims reads on the infringing product. Even if the product or process incorporates additional elements that may be patentable, literal infringement may be alleged by the patentee. In order for a product or process to avoid infringement of a prior patent, the product or process under consideration must not have at least one element recited in each claim of the patent;

doctrine of equivalents infringement – this doctrine may be invoked by a patentee against the producer of a later device if the later device performs substantially the same function in substantially the same way, to obtain the same result. Further, although this doctrine extends the claims beyond their literal words, it does not prevent the manufacture, use, or sale by others of every device that is generally similar to the patented invention. Last, it is important to note that the concept of equivalence does not apply to a structure that is specifically excluded from the scope of the claims; or

contributory infringement – in order for a contributory infringement to be characterised, the following situation should occur:

- the means offered or provided by the infringer for contribution relate to a significant element of the protected object by intellectual property rights;
- said means has to be for an infringing use; and
- at the time of offering or providing, the suitability and intended use are known to the supplier or it is obvious under the circumstances.

Discovery of evidence

9 | What mechanisms are available for obtaining evidence from an opponent, from third parties or from outside the country for proving infringement, damages or invalidity?

The CPC states that the plaintiff may draw on all legal and morally legitimate means of proving the existence of the rights asserted. It makes specific reference to 'personal deposition' (the giving of oral evidence by the person or persons asserting the rights); the exhibition of documents or other material; witness testimony; expert evidence; and court inspections.

In addition, the CPC permits the court to direct early production of evidence. A party is therefore entitled, for example, to make an application for the production of expert evidence prior to the filing of the

substantive lawsuit (or, post-filing, at an early stage of the proceedings). The plaintiff must demonstrate solid reasons for the application, for example, that there are reasonable grounds for fearing that, in the absence of an order for early production, the evidence in question may be lost or destroyed.

However, discovery, in the form that exists in common law systems as a pretrial phase in a lawsuit, is not provided for in the Brazilian legal system.

Litigation timetable

10 | What is the typical timetable for a patent infringement lawsuit in the trial and appellate courts?

A final decision on infringement and nullity actions may take between one and two years at first instance.

A final decision on second instance may take up to two years. Appeals to the Superior Court of Justice or to the Federal Supreme Court are estimated to take between two and four years to be analysed and have decisions issued.

These time frames will vary according to the complexity of the case, and the state and court in which the lawsuit is filed. Preliminary injunctions may be granted immediately, provided the legal requirements are met.

Litigation costs

11 | What is the typical range of costs of a patent infringement lawsuit before trial, during trial and for an appeal? Are contingency fees permitted?

The cost range depends on the complexity of the case. In Brazil there are law firms that charge professional fees on an hourly basis and others that base their fees on the events that occur during the lawsuit (eg, filing the court action, obtaining a favourable injunction decision, appealing a decision). A success fee is also usually charged.

Court appeals

12 | What avenues of appeal are available following an adverse decision in a patent infringement lawsuit? Is new evidence allowed at the appellate stage?

The CPC sets out various avenues of appeal to which parties may resort.

There are both appeals on the merits (substantive issue) of a case and appeals on procedural grounds or relating to questions other than the substantive issue. The possible forms of appeal include motions based on conflicting case law, motions for clarification of the ruling and appeals based on internal court rules. The final decision of the first instance court, for example, may be challenged on appeal before the State Court of Appeal by means of an *apelação*. From the Appellate Court, a further appeal is possible on issues pertaining to federal law, to the Superior Court of Justice or, in the event of a constitutional issue arising, to the Federal Supreme Court.

The appeal courts consist of panels of three judges.

As for new evidence at the appellate stage, although the CPC, in article 434, indicates that the moment for a party to present evidence is at the first opportunity it has to communicate in the lawsuit, following the provisions of article 435, the production of documental evidence as to supervening facts is permitted at any time.

Competition considerations

13 | To what extent can enforcement of a patent expose the patent owner to liability for a competition violation, unfair competition, or a business-related tort?

The enforcement of patent rights exposes the owner to liability in the sense that, should the accused infringer not be considered guilty, it may allege that such action was an act of unfair competition by the patent holder as, in accordance with article 195 of the BIPL, a person is guilty of unfair competition when, among other situations, with the purpose of obtaining some advantage, she or he publishes, by any means, false statements to the detriment of a competitor, or provides or divulges false information about the competitor.

In addition, the BIPL prescribes, in article 209, for the aggrieved party the right to recover damages for losses caused by acts of unfair competition that prejudiced the aggrieved party's reputation or business, created confusion among commercial or industrial establishments or service providers, or among the products and services placed on the market.

Alternative dispute resolution

14 | To what extent are alternative dispute resolution techniques available to resolve patent disputes?

The BIPL does not have any provision related to alternative dispute resolution. Arbitration proceedings, which are governed by the Arbitration Law (Law No. 9,307, of 23 September 1996), are not commonly used in trademark and patent infringement cases, but the parties may agree to arbitration instead of resorting to the courts. Among the possible benefits of using arbitration are the comparative speed of proceedings and their confidentiality.

SCOPE AND OWNERSHIP OF PATENTS

Types of protectable inventions

15 | Can a patent be obtained to cover any type of invention, including software, business methods and medical procedures?

According to article 2 of the Brazilian Industrial Property Law (BIPL), the protection of rights relating to industrial property, taking into account the interests of society and the technological and economic development of the country, is effected by means of the grant of patents of invention (article 8 of the BIPL) and utility model patents (article 9 of the BIPL).

In article 10, the BIPL established that schemes, plans, principles or methods of a commercial, accounting, financial, educational, publishing, lottery or fiscal nature; computer programs per se; and operating or surgical techniques and therapeutic or diagnostic methods, for use on the human or animal body, are not considered to be inventions or utility models.

Patent ownership

16 | Who owns the patent on an invention made by a company employee, an independent contractor, multiple inventors or a joint venture? How is patent ownership officially recorded and transferred?

According to article 88 of the BIPL, an invention or utility model will belong exclusively to the employer when it results from work performed in Brazil in accordance with an employment contract, the object of which is research or the exercise of inventive activity or when the invention or model results from the nature of the services for which the employee was hired.

However, article 90 of the BIPL states that an invention or utility model developed by an employee will belong exclusively to the employee if it is unconnected to his or her employment contract and when it does not result from the use of resources, means, data, materials, installations or equipment of the employer.

An independent contractor may be deemed equivalent to an employer when it pays the developer (employee) to produce the invention. The employee will always need to be appointed as the inventor.

When there are multiple inventors, all of them must be appointed as inventors. Ownership of the invention will depend on the specific circumstances of the case. Article 6 of the BIPL states that the author of an invention or of a utility model is legally entitled to obtain a patent that guarantees him or her ownership, under the terms established by this law. Further, paragraph 3 of this article states that, when an invention or utility model is created jointly by two or more persons, the patent may be applied for by all or any one of them, by naming the others to guarantee their respective rights.

Regarding inventions resulting from a joint venture, ownership will depend on the specific terms set in the agreement. In the absence of ownership provisions, the invention will be jointly owned by the parties of the joint venture.

Finally, patent ownership is officially recorded at the time of a patent filing before the Brazilian Patent and Trademark Office. However, if ownership changes, it is possible to have the assignment recorded. A simple assignment document, signed by both parties, notarised and legalised, is necessary for this purpose.

DEFENCES

Patent invalidity

17 | How and on what grounds can the validity of a patent be challenged? Is there a special court or administrative tribunal in which to do this?

According to article 51 of the Brazilian Industrial Property Law (BIPL), an administrative nullity procedure may be filed before the Brazilian Patent and Trademark Office (BPTO) by third parties that have a legitimate interest within six months commencing with the date of grant of the patent.

Furthermore, according to article 50 of the BIPL, the nullity of a patent can be declared administratively when:

- any of the legal requisites for grant have not been met;
- the specification and the claims do not meet legal provisions;
- the subject of protection of the patent extends beyond the contents of the application as originally filed; or
- any of the essential formalities for grant were omitted during prosecution.

Last, according to article 56 of the BIPL, a nullity court action can be filed before the Brazilian Federal Court at any time during the term of a patent by the BPTO or by any legitimately interested party. The nullity of a patent may be argued, at any time, as matter for defence.

Nullity court actions are heard by federal courts. This is because the BPTO is automatically a party to all nullity actions, and whenever a government agency is a party to a lawsuit, the action must be filed before federal courts.

The entry level (first instance) of the Federal Court of Rio de Janeiro has four courts specialising in intellectual property. At the appeal level, the Regional Federal Court of the Second Region, with jurisdiction over the states of Rio de Janeiro and Espirito Santo, has two specialist panels for intellectual property.

Absolute novelty requirement

18 | Is there an 'absolute novelty' requirement for patentability, and if so, are there any exceptions?

In Brazil, there is an 'absolute novelty' requirement for patentability. According to article 11 of the BIPL, inventions and utility models are considered to be new when they do not form part of the existing state of the art. The state of the art comprises everything made accessible to the public before the date of filing of a patent application, by written or oral description, by use or any other means, in Brazil or abroad. Further, for the purpose of determining novelty, the whole contents of an application filed in Brazil, but not yet published, will be considered as state of the art as from the date of filing, or from the priority claimed, provided that it is published, even though subsequently.

However, there are exceptions to the 'absolute novelty' requirement for patentability. These exceptions are described in article 12 of the BIPL. The disclosure of an invention or utility model that occurs during the 12 months preceding the date of filing or priority of the patent application will not be considered as part of the state of the art, provided such disclosure is made:

- by the inventor;
- by the BPTO, by means of the official publication of a patent application filed without the consent of the inventor and based on information obtained from him or her or as a result of his or her acts; or
- by third parties, on the basis of information received directly or indirectly from the inventor or as the result of his or her acts.

Obviousness or inventiveness test

19 | What is the legal standard for determining whether a patent is 'obvious' or 'inventive' in view of the prior art?

Article 13 of the BIPL states that an invention shall be taken to involve inventive activity when, for a person skilled in the art, it does not derive in an evident or obvious manner from the state of the art. In order, therefore, to assess the existence of inventive activity it is necessary to establish whether a person skilled in the art, knowing the prior art citations taken into account for examination, would have been motivated to carry out the combination or modifications necessary to achieve the invention in question. Such an assessment is based only on documents published before the date of filing or priority of the application.

The BPTO essentially takes the view that there is an absence of inventiveness when, following examination of two combined documents on the related prior state of art, there is found to be no new technical effect achieved by the invention. The following are examples of factors that may indicate lack of inventiveness:

- the mere choice or change of materials whose properties are known;
- simple change of shape or proportion; and
- the mere juxtaposition of known means.

In Brazil, utility model patents are also subjected to substantive examination, and according to article 9 of the BIPL, an object of practical use, or part thereof, is patentable as a utility model, when it is capable of industrial application; presents a new shape or arrangement and involves an inventive act that results in a functional improvement in use or manufacture. Article 14 of the BIPL states that a utility model shall be taken to involve an inventive act when, for a person skilled in the art, it does not derive in a common or usual manner from the state of the art.

In practical terms, the new shape or arrangement should be the result of the inventive step that characterises an unusual difference between the object of the utility model and the prior art. Said difference should not be ordinary, usual, normal, or trivial to a person skilled in the art.

The assessment of the inventive step of a utility model patent is undertaken preferably using only one prior art document. In some situations where constructive details of the subject can be found in a complementary way in another prior art document, said other document can be used to disfigure the inventive step of the application in question, with the proviso that said document contemplates construction details of the subject under analysis.

Patent unenforceability

20 | Are there any grounds on which an otherwise valid patent can be deemed unenforceable owing to misconduct by the inventors or the patent owner, or for some other reason?

The BIPL provides, in articles 43 and 45, exceptions to patent infringement, such as:

- private acts without commercial purpose that do not jeopardise the economic interests of the patent holder;
- acts of experimental purposes in connection with scientific and technological studies and research;
- preparation of a medicine in accordance with a medical prescription for individual cases;
- a product manufactured in accordance with a process or product patent that has been introduced onto the domestic market directly by the patent holder or with his or her consent;
- non-economic use of the patented product as an initial source of variation or propagation to obtain other products, in the case of patents related to living material;
- production of data and results of tests with the purpose of obtaining authorisation for commercialisation of the patent product after the term of the patent expires; and
- use, in good faith, of the object of the patent prior to the priority or filing date of the patent application.

Prior user defence

21 | Is it a defence if an accused infringer has been privately using the accused method or device prior to the filing date or publication date of the patent? If so, does the defence cover all types of inventions? Is the defence limited to commercial uses?

The BIPL states in article 43 that the right to prevent third parties from manufacturing, using, offering for sale, selling or importing for such purposes a patented subject (product or process) without the consent of its proprietor does not apply to:

- acts practised by unauthorised third parties privately and without commercial ends;
- acts practised by unauthorised third parties for experimental purposes;
- the preparation of a medicine according to a medical prescription for individual cases;
- a product manufactured in accordance with a process or product patent that has been placed on the internal market directly by the patentee or with his consent;
- third parties who, in the case of patents related to living matter, use, without economic ends, the patented product as the initial source of variation or propagation for obtaining other products; and
- third parties who, in the case of patents related to living matter, use, place in circulation or commercialise a patented product that has been introduced lawfully onto the market by the patentee or his or her licensee, provided that the patented product is not used for commercial multiplication or propagation of the living matter in question.

The BIPL also determines in article 45 that any prior user, namely any person who in good faith, prior to the date of filing or of priority of a patent application, makes use of the patented subject in Brazil, will be guaranteed, without prejudice, the right to continue using in the same manner and subject to the same conditions.

REMEDIES

Monetary remedies for infringement

22 | What monetary remedies are available against a patent infringer? When do damages start to accrue? Do damage awards tend to be nominal, provide fair compensation or be punitive in nature? How are royalties calculated?

In Brazil, according to article 210 of the Brazilian Industrial Property Law (BIPL), damages are fixed on the basis of the criterion that is the most beneficial to the injured party, chosen from the following list:

- the benefit that the injured party would have obtained if the violation had not occurred;
- the benefit actually obtained by the perpetrator of the violation of the rights; or
- the remuneration that the perpetrator of the violation would have paid to the owner of the violated right throughout the granting of a licence that would have allowed him or her to lawfully exploit the property.

Damages accrue from the moment the unauthorised exploitation of the injured party's patent has started.

Injunctions against infringement

23 | To what extent is it possible to obtain a temporary injunction or a final injunction against future infringement? Is an injunction effective against the infringer's suppliers or customers?

The infringement lawsuit may include an ex parte preliminary injunction application with a view to immediate cessation of the harmful conduct until a decision on the merits is rendered. In order to obtain a preliminary injunction, the plaintiff must demonstrate a prima facie case, that is, that there is a likelihood of success on the merits of the case, and that delay in granting the relief sought would be likely to give rise to harm that is irreparable or very difficult to redress.

The plaintiff may also seek the imposition of a daily penalty for failure to abide by the preliminary injunction. If the interim relief sought is granted, the defendant will be restrained from practising the infringing act pending a final and definitive ruling on the substantive lawsuit. In some circumstances, a court will only grant interim injunctive relief if the petitioner posts a bond or a fiduciary guarantee to cover any losses incurred by the respondent.

According to Brazilian legislation, any decision issued in a lawsuit is only binding on the parties involved in the matter and is not effective against third parties.

Banning importation of infringing products

24 | To what extent is it possible to block the importation of infringing products into the country? Is there a specific tribunal or proceeding available to accomplish this?

The BIPL classifies as a crime against an invention or utility model patent the importation of a product that is the object of an invention or utility model patent, or obtained by a means or process patented in Brazil, with a view to use for economic purposes, and that has not been placed on the foreign market directly by the patent owner or with his or her consent.

Contrary to what occurs in respect to trademarks, however, there is no specific provision in Brazilian law allowing the Brazilian customs authorities to seize goods based on the violation of a patent.

There is no special tribunal to process the importation of infringing products in Brazil.

Attorneys' fees

25 | Under what conditions can a successful litigant recover costs and attorneys' fees?

A successful litigant can recover costs and attorneys' fees from the losing party when the judgment become final and binding, namely when it becomes *res judicata*.

Wilful infringement

26 | Are additional remedies available against a deliberate or wilful infringer? If so, what is the test or standard to determine whether the infringement is deliberate? Are opinions of counsel used as a defence to a charge of wilful infringement?

As a rule, there is no distinction in Brazil as to whether the infringement of a patent right was wilful. Hence no specific defences are open to wilful infringers.

Time limits for lawsuits

27 | What is the time limit for seeking a remedy for patent infringement?

According to article 225 of the BIPL, the limitation period for an action to remedy damage caused to an industrial property right, such as patent rights, is five years.

Patent marking

28 | Must a patent holder mark its patented products? If so, how must the marking be made? What are the consequences of failure to mark? What are the consequences of false patent marking?

No. A patent holder can choose whether to mark its patented products. There are no consequences for not marking the products. On the other hand, the product cannot be marked as patented while the patent application is still pending; in this case, the mark must be 'patent pending' or a similar expression. False patent marking is a crime in Brazil according to the BIPL.

LICENSING

Voluntary licensing

29 | Are there any restrictions on the contractual terms by which a patent owner may license a patent?

According to articles 61 to 63 of the Brazilian Industrial Property Law (BIPL), the patent holder or the applicant may enter into a patent licence agreement. Both granted patents and patent applications can be licensed in Brazil.

These licence agreement must be registered at the Brazilian Patent and Trademark Office (BPTO) in order to produce effects in relation to third parties.

Also of note is that the remittance of payments abroad will only be allowed after the licensed right has been granted by the BPTO.

Licences can be recorded at the BPTO for a fixed period of time and within a determined area, on a remunerated or free-of-charge basis.

Nevertheless, restrictions on payments resulting from an international licensing relationship may apply.

An example of this is the limitation on payments of fees between local subsidiaries and a foreign company with a majority stake. These limitations are based on the BPTO's interpretation of a complex tax legislation, mainly dating from the late 1950s.

Compulsory licences

30 | Are any mechanisms available to obtain a compulsory licence to a patent? How are the terms of such a licence determined?

Yes. Articles 68 to 71 of the BIPL present the mechanisms available to obtain a compulsory licence to a patent in Brazil. The potential grounds for a compulsory licence are as follows:

- abusive exercise of patent rights (article 68);
- abuse of economic power (article 68);
- non-utilisation of the subject matter or the patent in Brazil (article 68, section 1, I);
- commercial use that does not meet market needs (article 68, section 1, II);
- dependence of one patent on another (article 70); and
- public interest or national emergency (article 71).

The authorisation to obtain a compulsory licence must be based on the individual merits of the application. Such a licence may only be granted to a person or entity that has a legitimate interest and the technical and economic capacity to effectively use the object of the patent. Prior to such use, the proposed user must have made significant efforts to obtain authorisation from the holder of the right, on reasonable commercial terms and conditions, with such efforts proving fruitless within a reasonable period of time.

A compulsory licence will not be granted if the patent owner:

- justifies the non-use on legitimate grounds;
- proves that serious and effective preparations for use have been made; or
- justifies the failure to manufacture or to market on grounds of an obstacle of legal nature.

PATENT OFFICE PROCEEDINGS

Patenting timetable and costs

31 | How long does it typically take, and how much does it typically cost, to obtain a patent?

The Brazilian Patent and Trademark Office (BPTO) has a backlog of patent proceedings. At present, an application takes an average of eight-and-a-half years to be granted or denied. However, the BPTO is implementing several procedures to reduce the backlog and expedite the final decisions.

It is difficult to estimate the cost of obtaining a patent in Brazil, since there are many factors (eg, number of claims, eventual office actions and the annuity payments after granting).

Expedited patent prosecution

32 | Are there any procedures to expedite patent prosecution?

Currently, there are three different types of BPTO procedures to expedite patent prosecution.

Article 2 of Resolution 151/2015 provides:

Article 2: The expedited examination of the application may be requested:

- I by the applicant when:
 - (a) the applicant is over 60 years of age;
 - (b) when the object of the application is being reproduced by others without his consent;
 - (c) the granting of the patent is a condition for obtaining financial resources from official national credit institutions, as an economic subsidy, financing or partnership, or originating from investment funds, for the use of the respective product or process; or
 - (d) the applicant is a person with physical or mental disabilities or serious illness (according to article 69A of Brazilian Law 9,784).
- II by third parties, when they are being accused by the applicant of reproducing the object without the applicant's consent.
- III by third parties, patent applicants or patent owners who own the granted technology.

Patent Prosecution Highway (PPH)

On 19 November 2015, the BPTO signed a PPH pilot programme with the United States Patent and Trademark Office (USPTO) for examination of patent applications. The pilot programme ran for two years (from 11 January 2016 to 10 January 2018). After this first experience, the Brazilian PTO has signed PPH agreements with the European Patent Office, regarding chemistry and medical devices inventions; the China National Intellectual Property Administration (CNIPA), related to information technology, packaging, measuring and chemistry inventions; the Japanese Patent Office, exclusively for IT inventions; and South American countries, in a project named PROSUR, which includes Argentina, Chile, Colombia, Costa Rica, Ecuador, Paraguay, Peru and Uruguay.

Resolution 153/15

This resolution was signed on 28 December 2015 by the BPTO in order to introduce the Brazilian Patent Priority pilot programme, which prioritises the examination of patent applications originating in Brazil and subsequently filed abroad.

Patent application contents

33 | What must be disclosed or described about the invention in a patent application? Are there any particular guidelines that should be followed or pitfalls to avoid in deciding what to include in the application?

According to article 24 of the Brazilian Industrial Property Law (BIPL), the specification of the patent application must describe the subject matter clearly and sufficiently so as to enable a person skilled in the art to carry it out. The application must, when applicable, indicate the best mode of execution.

Furthermore, the guidelines (directives) issued by the BPTO on the examination of patents stipulate that the disclosure must clearly identify the novelty of the invention or utility model and highlight the achieved technical effect (patents of invention) or the achieved new shape or arrangement (utility models).

The description must contain the characteristics of the claims, namely it must sustain the set of claims completely and unequivocally.

Prior art disclosure obligations

34 | Must an inventor disclose prior art to the patent office examiner?

Normative Instruction No. 030/2013 establishes that the description of a patent application filed in Brazil must describe the prior art that could be considered relevant for the comprehension, search and examination of

said application, citing, whenever possible, the documents that contain such information highlighting the existing technical problems.

Exceptions to this regulation are:

- the absence of detectable prior art at the time of filing, which can be corrected by providing information at a further stage;
- the invention is a modification or improvement of a process or conventional device; and
- if there is absolutely no information available.

Pursuit of additional claims

35 | May a patent applicant file one or more later applications to pursue additional claims to an invention disclosed in its earlier filed application? If so, what are the applicable requirements or limitations?

The BIPL does not foresee the possibility of a later application to pursue additional claims to a previously filed invention. However, it is possible to file a certificate of addition to protect an improvement or development added to the subject matter of the patent of invention, even if lacking inventive activity, provided that it shares the same inventive concept. This certificate of addition is accessory to the patent and has the same expiry date. It accompanies the patent for all legal effects.

On the other hand, article 17 of the BIPL establishes that an application for a patent of invention or for a utility model originally filed in Brazil, without a priority claim and not yet published, will guarantee a right of priority to a later application in respect of the same subject matter filed in Brazil by the same applicant or by his or her successors, within the period of one year (known in Brazil as 'internal priority').

Even as a useful option to file a new application over an already filed application, this Brazilian internal priority will only be recognised for the subject matter that is disclosed in the earlier application and will not extend to any new matter that is introduced. The pending earlier application will be deemed definitively shelved and the patent application resulting from the division of an earlier application cannot serve as the basis for a priority claim.

Patent office appeals

36 | Is it possible to appeal an adverse decision by the patent office in a court of law?

Yes, in the event of a rejection decision being maintained at the administrative appeal stage of the BPTO, further action to contest the BPTO's opinion may be filed before a federal court.

Oppositions or protests to patents

37 | Does the patent office provide any mechanism for opposing the grant of a patent?

Yes, according to article 51 of the BIPL, an administrative nullity procedure may be commenced ex officio or by third parties having legitimate interest within six months, commencing with the grant of the patent.

Priority of invention

38 | Does the patent office provide any mechanism for resolving priority disputes between different applicants for the same invention? What factors determine who has priority?

Brazil follows the first-to-file principle. According to article 7 of the BIPL, if two or more authors have independently devised the same invention or utility model, the right to obtain a patent will be assured to whoever proves the earliest filing, independently of the dates of invention or creation. This article establishes that the withdrawal of an earlier filing without producing any effects will give priority to the first subsequent filing.

Modification and re-examination of patents

39 | Does the patent office provide procedures for modifying, re-examining or revoking a patent? May a court amend the patent claims during a lawsuit?

Article 46 of the BIPL rules that a patent is null when granted contrary to the provisions of the BIPL. According to article 49, in the event of the right to obtain a patent (article 6) not having been observed, the inventor may alternatively claim, in a court action, the adjudication of the patent.

The BIPL also makes provision for an administrative nullity procedure, which may be instituted ex officio or at the request of any person having a legitimate interest, within six months of the grant of the patent.

Another possibility given by the BIPL is to request the nullity of a patent by means of a nullity court action. It can be filed at any time during the term of a patent by the BPTO or by any legitimately interested party, and can be asserted, at any time, as matter for defence.

It is not possible to amend a claim once the patent has been granted but it is possible to revoke the patent entirely or remove one or more claims (in cases in which the legal requirements were not met by the entire patent or by specific claims) by means of an administrative nullity action (to be filed before the BPTO) or a nullity court action (to be filed before a federal court).

Patent duration

40 | How is the duration of patent protection determined?

According to article 40 of the BIPL, a patent of invention will have a term of 20 years and a utility model patent a term of 15 years, as from the filing date. However, also according to this article, there will be a minimum patent term of 10 years for patents of invention and seven years for utility model patents, counted from the date of grant, except when the BPTO is prevented from proceeding with the examination of the merits of the application owing to proven reasons of force majeure. In 2015, Brazil's Attorney General proposed a Direct Action of Unconstitutionality challenging the constitutionality of such minimum patent term and the case is about to be decided by the Brazilian Supreme Court.

UPDATE AND TRENDS

Key developments of the past year

41 | What are the most significant developing or emerging trends in the country's patent law?

In 2019, the Patent Department of the Brazilian Patent and Trademark Office (BPTO) initiated a Backlog Combat Plan aiming to reduce by 80 per cent, until 2021, the number of applications filed up to 31 December 2016, under examination and pending decision. In just over one year, the backlog was reduced by almost 50 per cent. At the beginning of the project, 149,921 applications were pending a decision, and on 1 December 2020, this number was reduced to 77,495.

In view of the success of the programme to reduce the backlog of patents and of phase I of the PPH programme, the Brazilian PTO decided to advance the date of initiation of phase II by one year and started it on 1 January 2021. Ordinance No. 404, of 21 December 2020, governs phase II of the PPH programme, which accepts applications from all technology fields. The main modifications brought in phase II in comparison to phase I are: (1) acceptance of the maximum of 600 applications per year (in phase I, the limit was 400 applications); (2) allowing 1 request per owner each week (in phase I, each owner was allowed to file one request per month); and (3) the decision of non-admission is unappealable (in phase I, it was possible to appeal in certain cases).

On 19 November 2020, the Brazilian National Health Surveillance Agency (ANVISA) published four manuals that bring the criteria of analysis to be followed by its specialists on the examination of patent applications for pharmaceutical products and processes, which are required to have prior consent from ANVISA to be granted, according to the rule prescribed in article 229-C, of the Brazilian Industrial Property Law (Law No. 9,279/96). These manuals are intended to guide the agency's professionals while examining patent applications covering pharmaceutical products and processes received from the BPTO, in addition to providing more transparency for applicants and their attorneys regarding the analysis process.

The BPTO has published, on 1 December 2020, the final version of its newest examination guidelines for biotechnology-related patent applications, after the public consultation carried out between February and April 2019, and the analysis of a specialist committee. The updated guidelines better define modifications related to the sufficiency of disclosure of biological sequence listings, such as the Markush formula of amino acid sequences, as well as the patentability requirements of degenerated nucleotide sequences, polyclonal antibodies, antibodies exposed to antigens, fully human monoclonal antibodies and antibodies fragments. The guidelines also elucidate the patentability of inventions related to human embryonic stem cells.

The BPTO published Ordinance No. 411 on 29 December 2020, which sets forth the new Guidelines for Examination of Patent Applications involving Computer Implemented Inventions. These Guidelines fully revoke previous Resolution No. 158, from 2016. The Guidelines have the purpose of updating the former Guidelines and to better define the scope of some terms such as 'algorithm', 'computer programs', 'set of instructions' and 'expression of a set of instructions'. The Decree also foresees the possibility of patenting inventions directed to methods performed in an environment of Internet of Things (IoT), as well as inventions related to artificial intelligence (AI), encompassing machine learning and deep learning tools for solving technical problems, provided that the requirements of the Brazilian Law and rules are met. The Ordinance clarifies patentability permissions and bars that may potentially affect computer-implemented inventions. Among the topics covered by the Ordinance, it should be highlighted the items from article 10, of the Brazilian Industrial Property Law, which defines the objects that shall not be regarded as inventions in Brazil. Accordingly, the topics discussed in the present Guidelines are the following: mathematical methods; commercial, accounting, financial, educational, advertising, raffling and inspection methods; computer programs per se; presentation of information; and surgical techniques and methods, as well as therapeutic or diagnostic methods, for application on the human or animal body. The Ordinance also brings some general remarks on how the title, specification, claims and abstract for this specific type of patent application are expected to be formulated.

Coronavirus

42 | **What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?**

On 7 April 2020, the Brazilian PTO published Ordinance No. 149/2020 aiming to expedite examination of patent applications with technologies related to the covid-19. The aforementioned Ordinance modifies the Brazilian PTO's Resolution No. 239/2019, which already provides fast-track examination for applications related to rare diseases, AIDS, cancer and others, and will be in force until 30 June 2021. Therefore, all applications that comply with the requirements established by Resolution

BHERING

ADVOGADOS

Jiuliano Maurer

jiuliano.maurer@bhering.adv.br

Philippe Bhering

philippe.bhering@bhering.adv.br

Avenida Rio Branco 103
11th and 12th Floors
20040-004 Rio de Janeiro
Brazil
Tel +55 21 2221 3757
Fax +55 21 2224 7169
www.bheringadvogados.com.br

No. 239/2019 and that are related to pharmaceutical products and processes and equipment and/or materials for use in the diagnosis, prophylaxis, as well as treatment of covid-19, are eligible to file the request for fast-track examination until 30 June 2021.

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