

Intellectual Property Roadmap for Foreign Businesses in Brazil

12.12.2022 8 min read

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Many foreign companies, when planning expansion into other markets, neglect aspects that can significantly affect their business, including protection of intellectual property assets in view of local legislations. It is common that legal specificities of each territory on which protection is intended are not taken into account during the decision-making process, frustrating expectations of market positioning and return on investments made.

Thus, the role of specialized intellectual property legal assistance is extremely important, considering the valuation and protection of both the industrial aspects of the business, such as Trademarks, Patents and Industrial Designs, and immaterial values, such as the recognition and renown of the company in its niche of market. This is especially relevant in the Brazilian market, with several specific industrial property rules that, if not properly addressed, may jeopardize the chance of protection, in some cases even rendering it impracticable.

Companies that rely on Research and Development of new technologies such as biotechnology, pharmaceutical, automotive, telecommunications, among others, should be aware of the protection of their inventions in the country while taking due care not to infringe third parties IP rights.

In case of companies focused on the consumer goods industry, Trademarks are a critically important asset capable of adding value to the company and its products within the local market.

Based on these comments and considering the specificities that permeate intellectual property law in Brazil, we have prepared a series of questions and answers to help companies optimize their efforts to establish their business in Brazil using instruments such as Trademarks, Patents, Industrial Designs, among other forms of intellectual property protection.

What are the first steps for protection of Intellectual Property in Brazil?

the Brazilian Patent and Trademark Office (BPTO) is the federal agency responsible for analysing and deciding on applications for Trademark, Patent, Industrial Design, geographical indication, and registration of industrial property agreements, such as technology transfer and Patent and Trademark license agreements.

To protect Intellectual Property assets at the BPTO, interested foreign companies must have specialized and experienced legal counselling in this specific niche, so as to guarantee prosecution according to the examination

guidelines and requirements set by local legislation.

For the grant of a Patent for invention, the following requirements must be met: novelty, inventive step and industrial applicability, in addition to sufficiency of disclosure, support and clarity. Although these requirements are common to several countries, Brazil presents specific understandings depending on the technological field. For example, biotechnology-related inventions have specific examination guidelines. The same applies for chemical and computer-implemented inventions. Thus, assistance of a specialist in the technical field, with experience in BPTO's procedures, is extremely important.

Industrial Designs also have specific guidelines for assessing both the formalities of the application and considerations on their technical examination. It is important to emphasize that, in Brazil, Industrial Designs do not undergo merit examination before the respective registrations are granted. In any case, merit examination may be requested by the owner or by interested third parties.

Regarding Trademarks, Brazil adopts the "first-to-file" system, according to which, as a rule, the first to file a Trademark application at the BPTO will obtain the registration and, consequently, the right to the exclusive use of that Trademark to identify the products and/or services protected by the registration throughout the Brazilian territory. Thus, even before entering the Brazilian market, it is very important to verify, by a technical specialist, the appropriateness of the sign intended as a Trademark to the Industrial Property legislation. Before seeking protection of Trademarks, it is advisable to conduct searches for use and registration feasibility.

Can I benefit from international agreements signed by Brazil when protecting my IP assets in the country?

Brazil is a signatory part to the most important international Intellectual Property treaties, including the Paris Convention, TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights), PCT (Patent Cooperation Treaty), Madrid Protocol (international Trademark protection) and Nagoya Protocol (benefit sharing derived from biodiversity and associated traditional knowledge). Furthermore, the country is still in negotiation to join the Hague Protocol (international protection of Industrial Designs).

The Patent Cooperation Treaty (PCT) is a multilateral instrument, administered by the World Intellectual Property Organization (WIPO), which allows the application for Patent protection of an invention in several countries through a single filing called "International Patent Filing". Its main objective is to simplify and reduce cost on the protection of inventions in multiple territories. Additionally, through PCT, companies gain time to decide in which territories to file national phases of the international application, wherein Brazil follows the 30-month rule for the filing of a national phase, counted from the filing date of earliest priority claimed.

Regarding Trademark protection, since October 2019, Brazil has ratified its adherence to the Madrid Protocol, an international treaty that allows Trademark registration in up to 120 countries that represent 72% of the

world's population and 81% of global GDP. In the Madrid Protocol, the BPTO acts as both an Office of Origin and a Designated Office, the latter indicated for foreign companies that wish to designate Brazil as one of the countries of registration of their Trademarks.

Among the advantages of the centralized management of the process through the Madrid Protocol, we can mention (i) the use of a single language for the procedure, (ii) the predictability of the response time from the countries where protection is sought, since the Trademark application must be examined within 18 months, (iii) a single currency for payment of official fees, avoiding multiple conversion fees, and (iv) the non-obligation to hire an attorney/local representative in each country of interest. Thus, the user reduces both management and absolute costs.

It is important to emphasize that, despite the non-mandatory nature of designating a local attorney, some publications in the course of the Trademark registration process via Madrid Protocol only occur locally, which makes it important that the progress of the Trademark processes be accompanied by a specialized local attorney.

How long does the prosecution of applications (including Patents, Trademarks, and Industrial Designs) currently take at the BPTO?

The average time until a final decision for Patents in Brazil is currently 5 years counted from examination request. This has been considerably reduced due to BPTO's efforts in issuing preliminary examination opinions. For 2022, this time is expected to be reduced to less than 4 years, with an estimated 11% increase in the volume of new Patent filings.

Regarding Trademarks, the time to a final decision for unopposed applications is currently 9 months. For applications with opposition, the time is of 12 months. For 2022, there is a trend to maintain the examination time for unopposed applications and an increase to 18 months for opposed applications, considering a 14% increase in the number of new Trademark filings.

Regarding Industrial Designs, the time until a final decision is currently 4 months. For 2022, there is a trend toward maintenance of this time, with the BPTO estimating that a 10% increase in the volume of new Industrial Design filings will take place.

Are there measures that can be taken to accelerate prosecution to ensure effective protection of my IP asset?

The BPTO hosts a series of examination acceleration programs for Patent applications, jointly entitled Patent Prosecution Highway (PPH). Among the possibilities, one can mention acceleration based on favourable decisions from examination procedures abroad (based on cooperation agreements with offices such as the USPTO, EPO and JPO), so called green technologies, infringement of the subject matter of the Patent application by third parties, and others.

Regarding acceleration based on green technologies, the Green Patents Program hosted by the BPTO aims to contribute to the mitigation of climate change, accelerating examination of applications directed to environmentally-sound technologies, including transportation, alternative fuels, waste management and agriculture. The program was converted into a permanent program after a pilot test period started in 2012. The program is limited to a number of cases examined per year.

In any case, patent protection is retroactive to its filing date and, with a granted patent, its owner is entitled to seek compensation from third party infringement considering said date.

What is there to do when an application is pending at the BPTO or a Patent is in force in Brazil and a possible infringement is identified in the market?

When a potential infringement of a pending patent application is identified, its accelerated prosecution may be requested to the BPTO. Said mechanism may be particularly relevant considering the regular Patent prosecution time until a final decision is reached.

In this regard, the company must send a cease and desist letter to the potential infringing party and submit a copy of said document together with proof of the infringement to the BPTO. The time until a final decision for Patent applications under prioritary examination is currently at 9 months counted from the prioritization request.

Regarding infringement of valid Patents, Trademark or Industrial Design, sending a cease and desist letter of the potential infringing party is also recommended. If the extrajudicial notification is not sufficient to discontinue the infringement, it is possible to file an infringement lawsuit in view of the infringing party.

Is it necessary to record all technology and franchise contracts at the BPTO?

Registration of contracts involving Industrial Property at the BPTO has the important effect of legitimizing the remittance of foreign currency abroad in the form of payment for the negotiated technology, as well as allowing tax deductibility based on payment of royalties and technical assistance effected by the Brazilian company, whenever applicable, to the foreign company providing the technology.

Contracts involving licensing of Industrial Property rights (Trademarks, Patents, Industrial Designs and Integrated Circuit Topography), technology supply, technical assistance services and franchising are subject to recordal at the BPTO. The registration or recordal of such contracts in Brazil is very important to ensure legal safety thereof and validity in view of third parties.

Are there any formalities in the presentation of documents at the BPTO?

During the prosecution of Patent, Trademark and Industrial Design applications at the BPTO, certain documents must be presented, including powers of attorney, assignments of rights, incorporation or merger certificates, proof of name change, and others.

However, the formalities applicable to the presentation of documents vary based on the related purpose. Regarding the presentation of foreign documents, for example, there is less rigidity by the Trademarks and Industrial Designs department, wherein most of the documents in foreign language that may be required during prosecution can be presented with a simple translation into Portuguese, without notarization, legalization or apostille.

Regarding Patent applications, some stricter formal requirements apply, wherein, with exception of powers of attorney, which may be filed in simple form without notarization, legalization, or apostille, documents usually require certain formalities. In this regard, documents in foreign language require a sworn translation for filing at the BPTO. Also, official documents, including assignments of rights and proof of name change, must be notarized and apostilled according to the Hague Convention prior to submission to the BPTO. When the documents originate from a country that is not a signatory to the Convention, consular legalization is required.

Brazil hosts a series of bilateral agreements with selected countries to simplify documentation bureaucracy that can be applicable to documents submitted to the BPTO. This is the case, for example, of the Cooperation Agreement in Civil Matters between Brazil and France, according to which public documents issued in one of these territories are exempted from legalization/Apostille when presented in the respective other territory.

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