

The Trademark

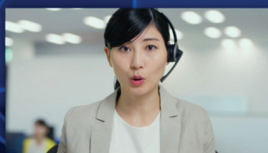
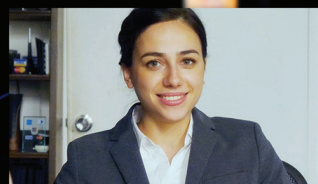
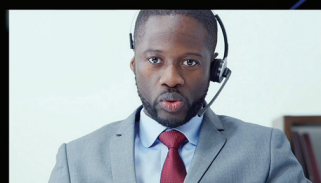
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Madrid Protocol in Brazil: what has happened in the last two years?

Eduardo Machado and Stephany Araujo, Montaury Pimenta, Machado & Viera de Mello's experts, review the past two years since the implementation of the Madrid Protocol in Brazil.

It has been two years since Brazil joined the Madrid Protocol and now, we deem possible to make more grounded comments on the developments and consequences of the implementation of the Madrid System.

Firstly, however, it is important to recapitulate some of the main points and concerns mentioned in the past to support the advantages (or disadvantages) of the adhesion, such as the existence of inequality of treatment between Brazilians and foreigners, according to which foreign trademark applications made through the Madrid System would have greater advantages over the national ones.

It was also mentioned that international applications from the Madrid Protocol would flood the examination proceedings at the Brazilian Patent and Trademark Office (BPTO), which would further hamper the workflow of the examiners.

Last but not least, it was mentioned that there would be a drastic reduction in the demand of services to Brazilian IP firms, given the facility that the Madrid Protocol would provide to the trademark owners.

Nonetheless, despite the hovering concerns, the Legislative Decree n. 10.033 formalizing Brazil's adhesion to the Madrid Protocol, was issued in October 2019.

Starting with the less controversial point, there has been, so far, no substantial increase in trademark applications coming from abroad.

It is estimated that, through the Madrid Protocol, there were around 1,999 thousand international applications designating Brazil in 2019, and 9,600 thousand in 2020, according to information from the World Intellectual Property Organization (WIPO) database.

Conversely, what happened was an increase in the number of applications filed directly at



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the BPTO, which rose from approximately 241.711 thousand in 2019 to 268.958 thousand in 2020, the first year of the coronavirus pandemic.

These numbers, in addition to confirming that there was not the expected flood of new international applications coming via the Madrid Protocol, also indicate that the Brazilian IP lawyers and agents are not lacking in work and demand, since, in general, the BPTO had an increase of 17,38% in the total of applications.

Also in this regard, it is important to note that only in the first half of 2021 - therefore, already in the second year of the coronavirus pandemic - the total number of applications filed at the BPTO rose again and this time 59,20% in the same period.

With that, it was confirmed that after Brazil joined the Madrid Protocol, there was, indeed, an increase in the numbers of new applications at the BPTO. However, unlike what was argued before the accession, they were not necessarily international applications filed via Madrid Protocol, but a general increase, mainly applications made through the national route.

Certainly, we cannot completely ignore the reality of the coronavirus pandemic, which surely influenced, in a certain way, the numbers of trademark applications designating Brazil, and it is possible that we may feel and increase on such numbers in the coming future.

However, within the scenario experienced so far, it is now time to verify whether the adhesion brought, to the BPTO, some kind of improvement or advances in the administrative proceedings related to the examination and grant of trademark applications.

Well, by randomly choosing three applications filed at the BPTO, in 2017¹ - so, before the legislative decree that acceded to the Madrid Protocol -

¹ Reg. n. 912274212,
Reg. n. 912577495,
Reg.n. 912322217

² Reg.n. 919114415,
Reg.n. 919656382,
Reg. n. 918990874

there was an average of 24 months (two years) to complete the trademark registration cycle, from the filing until the issuance of the certificates.

Using the same criteria, but selecting now three applications filed in 2020², it is possible to note a considerable decrease in the timeframe of analysis, about nine months to fully examine a trademark application.

Needless to say, that the reduction on such term brought positive consequences for the three parties involved in the process of registration of a trademark, namely: the applicant, who receives its registration certificate earlier; the BPTO, which collects all official fees more quickly; and IP lawyers and agents who also accelerate cash flow by issuing their professional invoices quickly.

Therefore, considering the implementation of new processes and procedures derived from the activities that the BPTO assumed with the adherence to the Madrid Protocol, it appears that there was a gain in efficiency at the Agency, which, in order to be able to examine and grant a registration within the period stipulated in the system, ended up managing to considerably shorten the cycle, which today revolves around nine months.



Last but not least, it was mentioned that there would be a drastic reduction in the demand of services to Brazilian IP firms, given the facility that the Madrid Protocol would provide to the trademark owners.



Résumés

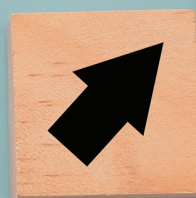
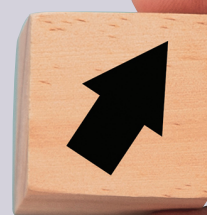
Eduardo Machado

Eduardo Machado is a senior partner at Montauray Pimenta, Machado & Vieira de Mello and leads the trademarks team. His practice focuses on strategic advice regarding the development, maintenance and enforcement of trademark portfolios for a wide range of clients. He actively participates in a wide number of IP associations, such as the International Trademark Association, MARQUES, and the German Association for the Protection of Intellectual Property, promoting the exchange of experience and improving the capacity to understand the dynamics of the global business environment.

Eduardo is also an arbiter at the domain name dispute resolution centers of both WIPO and NAF and has been responsible for several important decisions involving cross border IP disputes.

Stephany Araújo

Stephany Nicole Santos Araújo is an IP lawyer, working in the area of trademarks since 2016. She is a partner at Montauray Pimenta, Machado & Vieira de Mello and part of the trademarks team. Stephany assists national and international clients with legal consultancy and analysis and deals with administrative procedures before the Brazilian Trademark Office.



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Other advances were verified in administrative procedures aimed at simplifying the registration process in Brazil, such as, for example, the possibility of co-ownership of applications and trademark registrations, which measure was implemented exactly one year ago.

We also saw that the issue relating to the legitimacy of the foreign applicant was resolved through the inclusion of a footnote in the Madrid Protocol forms (MM2, MM4 and MM5) with the same wording contained in the national trademark application form, informing that it is necessary for the applicant to carry out activities compatible with the products and services claimed in the trademark application, granting equal treatment to foreign and national applicants.

Regarding the change of ownership, the Madrid Protocol provides for the possibility of a Contracting Party to declare that a given change will not take effect in its territory if there is a legal impediment. Thus, the examination of assignments involving international applications will follow the same procedure as the national ones, with the analysis of the requirements of art. 134 and application of art. 135 of the Brazilian IP Law, according to which similar marks that were not assigned the new owner should be cancelled.

So, in the three examples mentioned above (co-ownership, legitimacy and change of ownership), there was the introduction of new procedures that facilitated the administrative allowance for such improvements without being necessary

any structural change in the Brazilian law.

It should be noted, however, that adjustments still need to be implemented, such as the introduction of the multi-class system for national applicants and the division system of trademark applications and registrations, for which there is still no forecast to start, mainly in view of the pandemic scenario and the IT technical obstacles that need to be resolved by the BPTO.

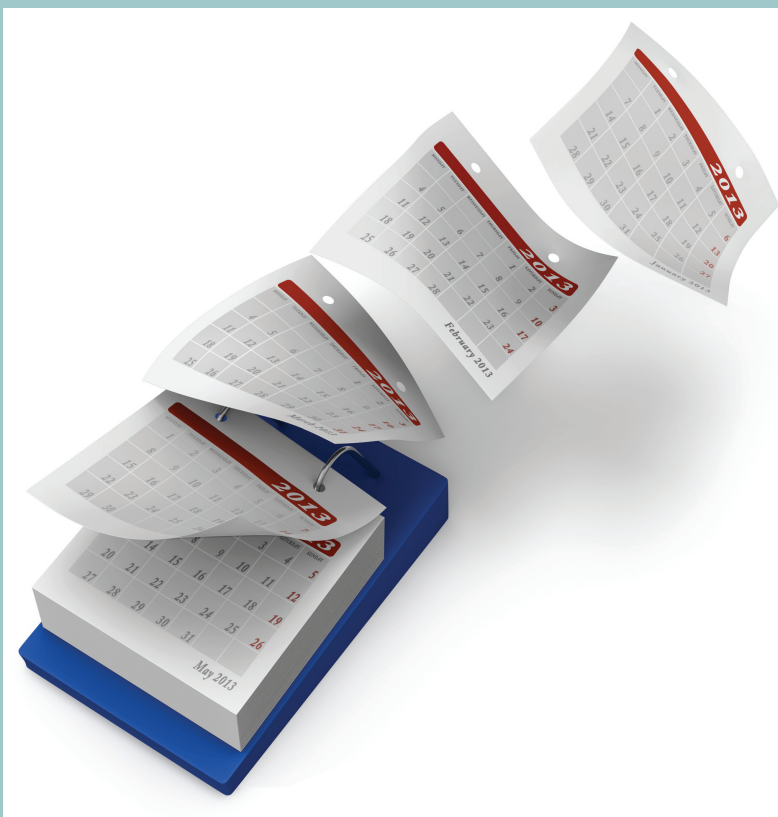
Another relevant point to note is that with the adhesion to the Madrid Protocol, it was expected that Brazilian trademark owners and entrepreneurs would be encouraged to take their trademarks and businesses abroad, given the facilities provided by the Madrid system.

However, in the last two years, this reality is still to be materialized, once according to the WIPO database, 217 international applications were filed by Brazilian applicants via the Madrid Protocol. It is estimated that there were 26 applications in 2019, 103 in 2020 and, so far, 74 in 2021.

Once again, we must consider the extraordinary pandemic scenario in which we are living, that has notably affected Brazilian businesses. And aside from that, it worth mentions that according to WIPO's data base, these numbers are within those expected to a country that has recently adhered and, as such, still needs to further develop the use of this tool.

Nevertheless, as the world is getting back into place and recovering from this complicated reality, there is a fair expectation that Brazilian applicants will get on board with the Madrid Protocol and expand their business abroad.

And also, a great desire for the Madrid Protocol to be fully implemented by our BPTO.



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