LEADERS LEAGUE

2022

The bridge between leading companies & advisors

BRAZIL'S BEST COUNSEL

TOP LEGAL & FINANCE COUNSEL
EXCLUSIVE INTERVIEWS
INSIGHTS & ANALYTICS

MAITE SCHNEIDER
CO-FOUNDER
TRANSEMPREGOS
P. 10

CLAUDIA WOODS
CEO
WEWORK LATIN AMERICA
P. 16

DJAMILA RIBEIRO
PHILOSOPHER &
BEST-SELLING AUTHOR
P. 08

SHIRLEY MESCHKE
DIRECTOR OF LEGAL AFFAIRS
PFIZER BRASIL
P. 18

IÊDA CAGNI
PRESIDENT OF THE
BOARD OF DIRECTORS
BANCO DO BRASIL
P. 20

PATENT LITIGATION

Montaury Pimenta Machado & Vieira de Mello
LAW FIRM • INTELLECTUAL PROPERTY

ABOUT THE AUTHOR

ANA PAULA AFFONSO BRITO

E-mail:
anapaula.brito@montaury.com.br

Phone:
+55 21 2524-0510

Ana Paula Affonso Brito is a trial lawyer who has been working with Intellectual Property litigation matters since 2001. She has extensive expertise in litigation before Brazilian Federal and State Courts, acting for both domestic and international clients. Ana Paula's diverse practice includes the evaluation of potential litigation risks, collaborating with corporate departments, developing mitigation solutions and litigation strategies, and handling and monitoring complex litigation matters. Ana Paula has litigated diverse cases involving patents in the pharmaceutical, mechanical and telecoms fields, trademarks, copyrights, domains, designs and unfair competition law. Ana Paula actively participates in several national and international IP associations and is the author of numerous articles in her area of expertise.

Patents in Brazil: has the minimum validity term become a "dead end"?

The year 2021 will go down in history. The second year of the pandemic caused by the COVID-19 virus also represented landmark developments with respect to global vaccinations and the pharmaceutical sector. For industrial property, the situation could not be more different, and a particular lawsuit questioning the constitutionality of the sole paragraph of article 40 of Brazilian Industrial Property Act (Act. 9,279/1996)[1] filed by the Federal Prosecutor's Office, voted on in the first half of 2021 by the Supreme Court, has been in the spotlight.

The sole paragraph of article 40 of the Brazilian Industrial Property Act, now abolished, had guaranteed a minimum 10-year term for patents of inventions and seven-year term for utility models from their concession. It had been introduced in the Brazilian system as a response to the traditional backlog of the Brazilian Patent and Trademark Office (BPTO) and was a "safety mechanism", created as a response to the BPTO's excessive delays in examining patent applications. Essentially, it was a form of compensation when compared to the general rule of the same article, which instead states that the term of a patent is counted from when it is filed.

As much as it was proven that the patents targeted by the decision had no application in the Covid-19 treatment, except for the drug remdesivir[2], the social appeal of the trial ended up prevailing, and in May 2021, by eight votes to two, the Federal Supreme Court decided to nullify the article in question.

However, the Supreme Court's decision has created uncertainties within the intellectual property community, particularly for inventors who are in the process of having their patent applications examined by the BPTO, without any predictable timeline as to when the examination period will end and if their patent will be granted.

> « Despite the BPTO addressing the current backlog by implementing plans to streamline the process, excessive delays for patent application still remain »

Additionally, as a result of the decision, the Supreme Federal Court retroactively reserved only areas related to health (pharmaceutical products, equipment for medical and hospital use and related areas), causing the expiration of several patents that would otherwise still be in force.

[1] The Supreme Court concluded in May of 2021 the judgment of ADI No. 5529 / DF, proposed by the Attorney General's Office, stating the unconstitutionality of the sole paragraph of Article 40 of the Industrial Property Act, prevailed at the judgment the vote of the minister-rapporteur Dias Toffoli, followed by eight other court's ministers.

[2] Brazilian Patent of Invention no. PI0910455-0

Even for other technological areas unaffected by retroactive effects, the abolition of the single paragraph brought many uncertainties and insecurities for the future[3]. This is due in part to lengthy delays in the patent application process, which results in patents being granted, only to find that due to such significant backlogs at the BPTO, the underlying technology of the patent applications has already become obsolete.

In spite of the BPTO's effort to address the current backlog by implementing plans to streamline the process, excessive delays for patent application still remain in Brazil. There are several obstacles that inventors can still face during the long administrative procedure of examination.

One such obstacle is patent terms being limited in duration due to administrative backlogs. If, for example, the BPTO takes eight years[4] on average for the examination of a patent application, or if an appeal against its rejection takes a significant time to be analyzed (between two or three years), even if it is to reform the decision to grant the patent, this time will be taken out of its validity term.

The question is: due to the end of the sole paragraph of article 40, is the inventor completely adrift, to "stand idly by" in front of the indefinite wait for the examination by the BPTO, which could take a decade or more?

The BPTO, like any other Brazilian public agency, is subject to the principle of the reasonable duration of the administrative procedure that is set forth in article 5, item LXXVIII of the Brazilian Federal Constitution and determines that all, in the judicial and administrative scope, are guaranteed a reasonable duration of the procedure and the means to ensure the speed of its processing, being its principle related to the principle of efficiency, also provided for in the Constitution.

Due to the unjustified administrative inertia, several lawsuits were already being filed, even under the sole paragraph of article 40. Since then, Brazilian case law has already been stepping in, considering that the BPTO's excessive work, or other priority tasks, cannot postpone indefinitely the solution of the administrative procedure.

Recently, a couple of lawsuits were filed against the BPTO after the decision by the Supreme Court, in which companies sought an adjustment in the term of validity of its patents reached by the unconstitutionality of the sole paragraph of Brazilian Industrial Property Act article 40

In one such lawsuit, a plaintiff alleged inertia and omission of the BPTO for more than six years, and that the "correction of the patents term" was foreseen by Minister Toffoli himself, when declaring the unconstitutionality of the sole paragraph of article 40, since he has pointed out the relevance of guaranteeing to the applicant harmed by the unjustified delay an efficient mechanism for adjusting the patent term.

Although the preliminary injunction claims were rejected, initially with the argument that they had the intention of surpassing the Supreme Court's ruling, lawsuits such as this will certainly have repercussions; the courts can expect similar lawsuits.

If there is a point of consensus between the defenders and opponents of the sole paragraph of Brazilian Industrial Property article 40, it is that the right to obtain a patent is a constitutional guarantee and pillar of our innovation system. Therefore, guaranteeing the inventors legal solutions to combat the delay of the analysis of their patent applications and the inefficiency of the BPTO means safeguarding the constitution and encouraging innovation.

One of the greatest inventors of all time reminds us, as the holder of 2,332 patents, that safeguarding a patent and its term means repaying the work, an essential condition for any definition of human life. Thomas Edison recalled: "I never did anything worth doing by accident; nor did any of my inventions come by accident; they came by work. The three great essentials for achieving anything worthwhile are, first, hard work; second, perseverance; third, common sense. There's nothing to replace hard work."

Thereupon, enabling the inventor to exit the "alley" in which he was trapped is more than a constitutional guarantee: it is a way to praise work, value individual and collective effort, and safeguard the patent system itself.force patent rights.

[3] For example, electronics and telecoms, which represent the most significant backlog of patent applications among all technical areas at the BPTO, threaten to compromise the efficiency of the entire system.

[4] According to the CNPI, the BPTO takes, on average, 10.8 years to examine a patent" – source https://www.portaldaindustria.com.br/cni/canais/agenda-poder-executivo/temas/detalhe/?id=3#:~:text=O%20INPI%20leva%2C%20em%20m%C3%A9dia,anos%20para%20examinar%20uma%20patente.

[5] Appeal/ Necessary Re-examination no. 2010.51.01.803242-7, Interlocutory Appeal 2010.51.01.808395-2, Brazilian Federal Court of 2nd Circuit

[6] Lawsuit no. 1054805-65.2021.4.01.3400 and lawsuit no. 1054432-34.2021.4.01.3400, both before Brasilia Federal Court

[7] https://en.wikipedia.org/wiki/Thomas_Edison - inventor of the phonograph and the incandescent lamp, cinematographer, telephone improver, among many other things