



The Key Changes Regarding Technology Transfer Agreements in Brazil

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On December 30, 2022, the Brazilian Patent and Trademark Office (“INPI”) published the minutes of the SEI INPI 0747049 meeting, which simplifies a series of points with legal aspects and technical understandings that deserve revision by the INPI for the improvement of services related to the recordal of technology transfer / licensing agreements in Brazil.

Among other important changes, two deserve to be highlighted as they reflect a change in the INPI's position on relevant issues and have long been discussed by interested parties.

The first important change relates to the INPI's understanding of non-patented technology (knowhow) licensing. There was a prior understanding that the know-how would always be definitively transferred to the Licensee without the possibility of returning it to the previous situation when the agreement terminates. As of the minutes of this meeting, the validity of know-how license agreements is now recognized, so the recordal of such types of agreements will now be accepted and recorded. Accordingly, with this change, INPI's practices are aligned with the best international practices, encouraging technological innovation exchange between foreign and domestic companies.

The change of understanding by the INPI was legally based on an opinion issued by the Federal Public Prosecutor's Office of the INPI, considering the license of non-patented technology as an atypical agreement accepted by article 425 of the Brazilian Civil Code, meeting the conditions and requirements set forth in article 104, also of the Brazilian Civil Code.

The second important change relates to the payment of royalties for pending trademark applications. There was a prior understanding by the INPI that trademark applications are a mere expectation of rights, and therefore, could not benefit from the payment of royalties by making unfeasible payments agreed between the contracting parties. Now, the Federal Public Prosecutor's Office of the INPI has changed its understanding, recognizing that trademark applications have a legal nature of eventual right, being able to integrate the assets of their owner, who is entitled to enter into regular license agreements with third parties with a provision for the payment of royalties.

For now, this conclusion is related to trademark applications only, but the INPI is already considering the possibility of extending this understanding to patents, industrial designs and other IP assets, when applicable.

In addition to these two main changes, the INPI also modified bureaucratic understandings regarding the formality of signatures and initials, as listed below:

1. Removal of mandatory notarization and apostille/legalization of foreign signatures and acceptance of digital file signatures without ICP-Brasil certificate, also eliminating the need for e-notarization and e-apostille;
2. Removal of mandatory initials on all pages;
3. Removal of the obligation to insert two witnesses when the agreement provides for a Brazilian city as the place of signature;

4. Removal of the need to present the bylaws, articles of association or articles of incorporation of the legal entity and last amendment to the consolidated corporate purpose and legal representation of the legal entity of the assignee, franchisee company or licensed, domiciled or resident in Brazil.

It is important to note that these modifications were based not only on the Brazilian Industrial Property Law (n° 9.279), but also on the Brazilian Civil Code (n° 10.406), Law of Economic Freedom (n° 13.874) and public policies to promote technological innovation in countries that are members of the Organization for Economic Cooperation and Development (OECD)

With these changes, the INPI seeks to reduce the demands and bureaucracy regarding the documentation presented by the parties for the recordal of technology / licensing agreements, based on the differences concerning agreement formats between signatories from different countries, bringing greater efficiency and speed to the acts practiced between the parties and that require the INPI's intervention.

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