

No doubt: Patents stimulate inventiveness and entrepreneurship

Brazil | January 27 2023

In honor of the memory of our dear partner, Magnus Aspeby, who left us on December 30 and will be always on our minds.

It was such a privilege to work with him. May his memory live on forever.

Where would the world be in technical development today without patents? Would we have sent a rocket to the moon and to Mars? Would the mobile had been invented? Probably not.

Taking my country Sweden as a specific example, would it be a developed industrialized country today without patents? What would SKF (the ball bearing manufacturer) be if they had not patented their first ball bearing? And AGA, if they had not patented the acetylene welding process? And Electrolux, if the refrigerator and the modernized domestic vacuum cleaner had not been patented? What about Ericsson, if Lars Magnus Ericsson had not patented his first telephone prototypes? And if Alfred Nobel had not patented dynamite; would there be a Nobel Prize at all today? I repeat: Probably not.

The list could be made much longer and the overall answer is: Sweden would NOT have reached its industrial heights without patents, because people would have copied those great inventions, without the costs of research and development; often in countries with cheaper labour, driving Swedish companies out of the market. For instance, once seen, the ball bearing of SKF is easy to copy.

A patent is a national (valid only in the country/countries where filed) right to forbid others to copy your invention. Thus, thanks to his patent, Mr. Alfred Nobel could forbid others to copy his dynamite. Or he sold licenses to others, allowing them to produce dynamite, paying him so-called royalties. Thanks to these patents, the mentioned Swedish and Danish companies grew without extensive copying during the validity terms of their patents, which today is 20 years from filing. After 20 years, anybody may copy the invention.

Well, if a country gives this exclusive right to the patentee, what does it get in return? It gets the disclosure of the invention! The applicant has to describe the invention sufficiently well so that any skilled reader will understand it and even reproduce it, for possible further developments, so that even more inventions are achieved. It is impossible to patent and at the same time keep secret!

So patents actually *restrict* competition. It is one of the very few ways to avoid free competition, but only for a certain time. On the other hand, technical development is so fast that most inventions grow out-of-date in less than 20 years.

You may ask yourself if examples of well-succeeded patents from Nordic countries are also applicable for a developing country like Brazil. I say definitely *yes*, because the protective effect of patents is desired to hinder competitors from copying also here and today. Either you market your patented (or patent pending) product yourself, or you license it to some other firm which then exploits it in, for instance, Brazil. Many Nordic companies have realized this and apply for many new patents here. The Brazilian Industrial Property Law came into force in 1996 and the respect for patents has increased since then.

The Brazilian patent office - INPI receives about 30 thousand patent applications per year, the vast majority from abroad. You may have heard that the backlog of unexamined applications in Brazil is huge, but thanks to an ambitious acceleration program, the Brazilian National Institute of Industrial Property has succeeded in diminishing the backlog quite considerably. Moreover, it is worthwhile to file a patent application, because also a pending application gives a preliminary protection and has a deterring effect on competitors.

Thus, also in Brazil the benefits of patents as “economic weapons” and as competition restrictors are true!

Eventually, you may have heard that patents are only for the big companies. That is not true! Paradoxically, you may say that it is even more for private inventors and for SMAs! The reason is that a well-drafted patent is the only protection an inventor or a small company has when they want to defend themselves against copies by the big players and/or if they want to approach a big company to produce and market their invention and receive royalties.

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