

THE INTELLECTUAL
PROPERTY
REVIEW

EIGHTH EDITION

Editor
Dominick A Conde

THE LAWREVIEWS

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PROPERTY
REVIEW

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PREFACE

While there has been a push to provide uniform and harmonised intellectual property coverage worldwide, it seems at every turn there are events that pull that goal further away. Thus, there remain significant differences and gaps in intellectual property coverage globally. This is exacerbated by the increase in international trade where practitioners need to know the law in many individual countries, and they also need to understand the differences between those countries.

While jurisdictional differences can be anticipated and addressed, these differences are further magnified by the geopolitical turmoil that persists worldwide. As was the case the previous year, the United Kingdom's Brexit vote and potential departure from the European Union continue to leave a cloud over establishing a Unified Patent Court in Europe. That uncertainty continues in part because even as of 3 April 2019, there has been no Brexit deal and, adding to the uncertainty, Germany has not ratified the UPC. Whether the UPC will ever come to fruition is debatable. Another example is the trade 'wars' between the United States and China. One of the principal disputes is that the US has accused China of misusing US intellectual property rights and has implemented tariffs in an effort to convince China to stop those alleged misuses. While those negotiations are ongoing, the trade dispute has heightened tensions between the countries and lessened efforts at worldwide cooperation on intellectual property matters.

To aid practitioners who are navigating this ever changing landscape of global intellectual property, we now present the eighth edition of *The Intellectual Property Review*. In this edition, we present 24 chapters that provide an overview of the forms of intellectual property coverage available in each particular jurisdiction, along with an update of its most recent developments. Each chapter is written and assembled by leading practitioners in that jurisdiction. While all involved have striven to make this review both accurate and comprehensive, we must note that it is necessarily a summary and overview, and we strongly recommend that the reader seek the advice of experienced advisers for any specific intellectual property matter. Contact information for the authors of each chapter is provided at the end of this review.

Dominick A Conde

Venable LLP

New York

May 2019

BRAZIL

Philippe Bhering and Jiuliano Maurer¹

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

Intellectual property protection and enforcement in Brazil is highly influenced by international treaties and multilateral agreements, such as:

- a* the Berne Convention for the Protection of Literary and Artistic Works;
- b* the Paris Convention for the Protection of Industrial Property;
- c* the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS);
- d* the Patent Cooperation Treaty (PCT);
- e* the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations;
- f* the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks;
- g* the Strasbourg Agreement Concerning the International Patent Classification;
- h* the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks;
- i* the UPOV Convention; and
- j* the World Intellectual Property Organization (WIPO) Convention.

Brazil has structured a legal framework that provides for intellectual property protection in all its most relevant forms (i.e., copyright, trademarks, patents, industrial designs, trade secrets and software).

In Brazil, the provisions of trademark, patent, industrial design and unfair competition law are collectively set out in the Brazilian Industrial Property Law (BIPL). Of note regarding copyright and software law are the Brazilian Copyright Law (BCL) and the Brazilian Software Law (BSL), respectively.

i Copyright and neighbouring rights

Copyright and neighbouring rights are governed in Brazil by the BCL, which establishes that the intellectual works that are protected are creations of the mind, whatever their mode of expression or the medium in which they are fixed, tangible or intangible, known or susceptible to invention in the future. The BCL broadly defines literary, artistic and scientific works as being the subject matter of copyright.

¹ Philippe Bhering is a partner and Jiuliano Maurer is an associate at Bhering Advogados.

The BCL guarantees authors' 'moral' rights (e.g., the right to claim authorship of the work at any time, and to keep the work unpublished), as well as 'economic rights' (the right of economic exploitation of the work), which include exclusive rights to, among others, reproduce, distribute, adapt, perform and display the work.

The economic rights of the author are protected for 70 years from 1 January of the year following his or her death. The 'moral' rights involved are inalienable and irrevocable (i.e., they cannot be transferred, licensed or waived).

On the other hand, the Brazilian copyright system presents legal limitations of the author's exclusive rights. An example of such is the provision of Item VIII, Article 46 of the BCL, which states that it does not constitute violation of copyright to reproduce in any work short extracts from existing works, regardless of their nature, on condition that the reproduction is not in itself the main subject matter of the new work and does not jeopardise the normal use of the work reproduced or unjustifiably prejudice the author's legitimate interests.

Registration is optional for purposes of protection. Assuming that the work is original, it will be afforded copyright protection irrespective of registration.

Although not mandatory, copyright registration is still recommended as a way to evidence authorship, especially in light of the Brazilian government's choice to adopt a first-to-create system of copyright protection.

ii Trademarks

The BIPL establishes that any distinctive, visually perceptible sign may be registered as a trademark, provided it does not fall within the prohibitions set out in the law. The requirement of visual representation excludes from the scope of protection non-traditional trademarks such as olfactory, sound and gustatory marks. On the other hand, the protection of three-dimensional signs has been admitted in Brazil since the enactment of the current BIPL.

The BIPL sets out, in its Article 124, a list of examples of signs that are not registerable as trademarks. The list includes:

- a* signs of a generic, necessary, common, usual or merely descriptive character, when related to the product or service to be distinguished, or those commonly used to designate a characteristic of the product or service with respect to the nature, nationality, weight, value, quality and moment of production of a product or provision of a service, save when the sign is presented in a sufficiently distinctive manner;
- b* signs or expressions used only as a means of advertising;
- c* colours and their names, except when arranged or combined in an unusual and distinctive manner; and
- d* names, prizes or symbols of sporting, artistic, cultural, social, political, economic or technical official or officially recognised events, as well as imitations likely to cause confusion, save when authorised by the competent authority or entity promoting the event.

Trademark protection in Brazil is based on the first-to-file system. The BIPL states that the ownership of a mark is acquired by means of a validly granted registration, following which the title-holder has an established right to exclusive use of the trademark throughout the national territory.

Nevertheless, the BIPL also provides protection for the owners of trademarks not yet registered with the Brazilian Patent and Trademark Office (BPTO). One example of this protection is the right of prior use. This right applies to any person who, in good faith, at the date of priority or the filing date of the application, has been using an identical or similar mark for at least six months, in Brazil, to distinguish or certify a product or service that is identical, similar or akin. Such person has a preferential right to registration.

Another example is the protection afforded to trademarks that are well known in their field of activity, as per Article 6 bis (1) of the Paris Convention. Well-known trademarks are given special protection, independently of whether they have been previously filed or registered in Brazil. The BPTO has powers to reject *ex officio* a trademark application that wholly or partially reproduces or imitates a well-known trademark. On the other hand, in the event of the owner of a well-known trademark filing an opposition or an administrative nullity action based on its well-known trademark, it has a period of 60 days commencing with the filing of the opposition or administrative nullity action in which to file an application for the registration in Brazil of its well-known mark.

The BIPL also prescribes that signs that imitate or reproduce, wholly or in part, a third-party mark of which the applicant could not be unaware, owing to the commercial activity in which he or she engages, are not registerable as trademarks, if the sign is intended to distinguish a product or service that is identical, similar or akin to that covered by the existing mark and is likely to cause confusion or association with such third-party mark. As a consequence, the BIPL enables the owner of a trademark that has not yet been filed or registered in Brazil to challenge third parties who attempt to register similar or identical trademarks. Similarly to the situation mentioned in the above paragraph, the owner of the trademark has a 60-day term in which to file an application for registration of his or her mark in Brazil, with said period commencing upon the date he or she filed the opposition or administrative nullity action.

When applying for registration in Brazil there is no need to claim prior use or to submit proof of use of the trademark. Of note is that multi-class applications are not allowed in Brazil.

The trademark registration remains in effect for 10 years commencing with the date of its grant, and may be renewed for equal and successive periods.

iii Patents

The BIPL of 1996 establishes two types of patents: patents of invention and utility models.

Further to Article 8, an invention is eligible for patent protection if it satisfies the requirements of novelty, inventive step and industrial application.

An invention will meet the novelty requirement if it is not part of the state of the art. The state of the art consists of everything that became known or accessible to the public prior to the filing date of the patent application, by use or by any other means, in Brazil or abroad, with a few exceptions provided by the BIPL. In addition, an invention is endowed with inventive step if, for a person skilled in the art, the invention does not derive in an evident or obvious manner from the state of the art. Lastly, an invention is capable of industrial application if it can be used or produced in any kind of industry.

An object of practical use or any part thereof is patentable as a utility model, provided it is capable of industrial application, presents a new form or arrangement and involves an inventive act that results in functional improvement in its use or manufacture. The requirement of inventive step in utility models requires a lesser degree of inventiveness.

The term of protection of patents of invention is 20 years and of utility models 15 years, commencing with the filing date of the respective application before the BPTO. The law prescribes, however, that the term will not be less than 10 years for a patent of invention and seven years for a utility model, commencing with the date of granting, save where the BPTO is prevented from carrying out the substantive examination of the application owing to a duly evidenced judicial dispute or for reasons of force majeure.

Inventions that are contrary to morality, customs or public safety, policy and health are not patentable. Neither are the following:

- a* discoveries, scientific theories and mathematical methods;
- b* purely abstract concepts;
- c* commercial, accounting, financial, educational, advertising, raffling and inspection schemes, plans, principles or methods;
- d* literary, architectural, artistic and scientific works or aesthetic creations;
- e* computer programs *per se*;
- f* presentation of information;
- g* games rules;
- h* surgical techniques and methods, as well as therapeutic or diagnostic methods, for application to humans or animals;
- i* all or part of natural living beings or biological materials found in nature, even if isolated therefrom, including the genome or germoplasm of any natural living being, and the natural biological processes;
- j* substances, materials, mixtures, elements or products of any kind, as well as the modification of their physical-chemical properties and the respective processes for obtainment or modification, when resulting from the transformation of the atomic nucleus; and
- k* all or part of living beings, save for transgenic microorganisms that satisfy the three requirements of patentability and that are not mere discoveries.

According to the BIPL, a person who, in good faith, prior to the filing or priority date of an application, was using the object of the patent application, is allowed to continue the use, without onus, in the same manner and under the same conditions as before.

A patent confers on its title-holder the right to prevent third parties from, without his or her consent, producing, using, offering for sale, selling or importing a product that is the object of the patent, and a process or a product directly obtained by a patented process.

Finally, the BIPL authorises the patent applicant or title-holder to request a certificate of addition in order to protect an improvement or development introduced into the claimed invention that is the subject of a patent application or a granted patent, provided the same requirements for inventiveness are satisfied.

iv Industrial designs

An industrial design is an ornamental plastic form of an object or an ornamental arrangement of lines and colours, which may be applied to a product, providing a new and original visual result in its external configuration, and that may serve as a model for industrial manufacture.

The industrial design is considered new when it is not included in the state of the art. The state of the art consists of everything made available to the public prior to the filing date of the application, in Brazil or abroad, by use or by any other means, with a few exceptions provided by the BIPL.

The industrial design is considered to be original when it results in a distinctive visual configuration, in relation to other prior objects. The original visual result may be derived from the combination of known elements. An application for an industrial design registration must refer to a single object. Multiple designs, however, are admitted under the BIPL. An application may include a plurality of variations provided that they are destined for the same purpose and retain the same predominant distinctive characteristic.

Creations of purely artistic character are not considered industrial designs. Furthermore, the necessary common or ordinary shape of an object or shapes, essentially determined by technical or functional considerations, cannot be registered as industrial designs.

Similarly to patents of invention and utility models, prior rights to users in good faith are also granted in connection with industrial designs.

The term of registration of an industrial design is 10 years from the filing date of the application, extendable for three successive periods of five years each.

v Trade secrets

The nature of trade secret protection in Brazil differs from the protection of trademarks and patents. Whereas owners of trademarks or patents have a property right, the owner of a trade secret has a right against acts of unfair competition. Trade secrets include confidential information related to business or administrative strategies, data submitted as part of an application for approval for the sale of certain types of products, and industrial and technological information.

To prove violation of a trade secret it is necessary to assert that the alleged infringing conduct is exactly that described in the statute, particularly in the BIPL of 1996.

The Brazilian Criminal Code also provides penalties for undue disclosure of a trade secret, and Brazilian employment law entitles employers to dismiss employees for ‘just cause’ (i.e., without compensation) if said employees expose trade secrets. A trade secret remains enforceable for as long as the information remains secret.

vi Software

The BSL states that the protection system for software is the same as that granted to literary works by the copyright statute. Nonetheless, this provision does not preclude a computer program from patent or trade secret protection.

Software is protected for a term of 50 years as from 1 January of the year following its publication or creation. As with any copyright work, software rights arise from creation regardless of registration, although registration is advisable.

vii Other intellectual property statutes and regulations

The regimes described above are the foundation of Brazil’s intellectual property regime. Perceived gaps in the availability of protection for certain creations of the human endeavour have given rise to specific legislation. For instance, Brazil has enacted a law that provides for the protection of intellectual property of integrated circuits (Law No. 11.484/2007), and a Plant Variety Protection Law (Law No. 9.456/1997).

Trade dress can also be protected in Brazil under the unfair competition provisions of the BIPL.

In order to regulate the exclusivities related to intellectual property rights, the Brazilian government created certain administrative bodies. Of particular note related to the pharmaceuticals industry is the National Health Surveillance Agency (ANVISA), the

agency that regulates, controls, and inspects products and services that involve public health. ANVISA issues marketing authorisations for the sale of drugs in Brazil. Additionally, ANVISA is responsible for the examination of pharmaceutical patent applications, along with the BPTO, with regard to safeguarding human health.

II RECENT DEVELOPMENTS

i BPTO's measures addressing patent applications backlog

The BPTO published, on 30 October 2018, Resolution 227/2018, which establishes pre-examination requirements in an attempt to expedite the technical examination of pending patent applications and thus reduce the backlog. This resolution establishes analysis procedures for patent applications using the results of searches already carried out in other countries' patent offices.

A new set of claims according to the prior arts already found by other patent offices must be submitted, as well as arguments regarding the pertinence of the cited prior arts, in cases where there are objections to the requirements of patentability in view of those documents.

If a new set of claims is submitted, the applicant must pay attention to the provisions of Article 32 of the BIPL, which states that any amendments made regarding the original application are only allowed when they do not exceed the subject matter claimed at the time of the request for examination of the application.

In order to avoid further technical requirements, applicants should take into account the provisions of Normative Instructions 30/2013 and 31/2013, checking, for example, the correct interconnection of the claims, the presence of the expression 'characterised in that' and the presence of the reference signs to the drawings. Moreover, applicants must ensure that the subject matter does not contravene the provisions of Articles 10 and 18 of the BIPL; for instance, claiming in respect of subject matter in the categories of software, computer program or therapeutic method.

It is advisable to present, along with the new claim set, marked-up copies highlighting the amendments, as well as new copies of the specification, abstract and figures, correcting possible translation errors or typos. If the amended claim set exceeds the total number of claims submitted for examination, an extra official examination fee must be paid regarding every extra claim.

Resolution 227/18 applies to patent applications that have not yet been subjected to a first technical examination, have not requested any type of priority examination before the BPTO, have not been subjected to third-party observation or ANVISA's opinion, and have related prior art searches already been performed by other patent offices or correspondent organisations.

The assignee has a period of 60 days, counted from the publication of the pre-examination requirement in the form of an office action, to present a response and possible amendments to the application and corresponding argumentation. It is important to state that if the applicant does not file a reply to this office action, the application will be definitely shelved.

Once the requirement has been met, the examination procedure continues as usual.

ii PPH pilot programmes with UK, US and Japanese authorities

On 28 March 2018, Brazil and the United Kingdom signed a patent prosecution highway (PPH) pilot programme between the BPTO and the UK Intellectual Property Office

(UKIPO), which came into force in Brazil in the third quarter of 2018. The PPH is a project in which a patent application with claims that have been determined to be patentable in the office of first filing is eligible to go through a fast-track examination in the office of second filing with a simple procedure upon the applicant's request. Its purpose is to speed up the examination of pending patent applications in both countries. An expedited examination before the BPTO based on this PPH programme will be possible for UK patent cases that have received an intention to grant letter or a notification of grant letter issued by the UKIPO. Likewise, cases already granted by the BPTO may also enjoy an expedited examination before the UKIPO.

For the PPH pilot programme between the BPTO and the UKIPO, only 100 applications in Brazil will be accepted per year, and the eligible technical fields for this programme were defined in July 2018 as biotechnology, electrical machines, appliances and energy, audiovisual technology, telecoms, digital communication, basic communication processes, computer technology, information technology management methods and semiconductors.

On 8 May 2018, the BPTO published Resolution No. 218/18, establishing phase two of the PPH pilot project between the BPTO and the US Patent and Trademark Office (USPTO). The second phase extends from 10 May 2018 to 30 April 2020, or until 200 applications have been accepted under the PPH agreement between both PTOs, whichever occurs first. The project now includes the area of information technology, which was added to the already contemplated technologies, namely oil, gas and petrochemical inventions, provided that:

- a* the patent application has been published;
- b* the examination has been requested but not yet started;
- c* annuities are paid and current;
- d* a specific fee has been paid and a specific form filled in; and
- e* the application has not been the object of any litigation in Brazil.

The BPTO also announced, on 12 February 2019, through Resolution n° 235/19, the continuation of the PPH pilot programme with the Japanese Patent and Trademark Office (JPTO) in its phase two, which will run for 2 more years counted from 1 April 2019 until 31 March 2021. Phase two has added four new technical fields to those of phase one, including patent applications related to (1) macromolecular chemistry and polymers, (2) metallurgy and materials, (3) agrochemicals, and (4) microorganisms or enzymes. Applications related to the technical field of 'drugs', understood as those applications with main or secondary patent classification A61K, have been excluded. The BPTO will accept a total of 200 applications under this PPH. Furthermore, there will be a limitation of one patent application per applicant per month, except in the last month, with the condition that the total amount of applications has not yet been exceeded. These limitations, however, do not apply to the Japanese PTO processing of Brazilian applications.

iii Fast-track examination – patents related to Zika, Chikungunya and rare diseases

The BPTO also published, on 8 May 2018, Resolution 217/18, which amended Resolution 80 of 2013, establishing that patent applications involving pharmaceutical products and processes (as well as equipment and materials used in these areas) related to Zika and Chikungunya have also become part of the list of patents related to neglected diseases that benefit from fast-track examinations before the BPTO.

This new resolution also included applications for rare diseases, classified by the World Health Organization and by Brazilian guidelines for treatments under the National Healthcare System, as diseases that affect up to 65 people per 100,000 subjects or 1.3 people per 2,000 subjects.

It should be pointed out that this measure demonstrates the BPTO's alignment with the public healthcare policies of the Brazilian Ministry of Health and with the development of the industrial complex in the area of health.

iv Patent applications – genetic heritage and associated traditional knowledge

The BPTO published a statement that, as of 27 February 2018, a formal office action (code 6.6.1) will be automatically issued in all patent applications, requiring applicants to prove their registration and authorisation to access Brazilian genetic heritage and associated traditional knowledge.

A response will be required only in cases in which samples of Brazilian genetic heritage or associated traditional knowledge have been accessed. In those cases, the applicant will need to file a reply within 60 days from the publication of the formal office action.

If the applicant fails to comply with the formal office action, the BPTO will consider that the subject matter of the patent application has not been obtained as a result of access to samples of Brazilian genetic heritage or associated traditional knowledge and will proceed with the technical examination of the case.

III OBTAINING PROTECTION

The BIPL establishes two types of patents: patents of invention and utility models.

To be patentable, an invention must satisfy the following criteria: novelty, inventive step and capability for industrial application. An object of practical use or any part thereof is patentable as a utility model, provided it is capable of industrial application, presents a new form or arrangement, and involves an inventive act that results in functional improvement in its use or manufacture.

An invention will meet the novelty requirement if it is not part of the state of the art. The state of the art consists of everything that became known or accessible to the public prior to the filing date of the patent application, by use or by any other means, in Brazil or abroad, with a few exceptions provided by the BIPL.

An invention is considered obvious in view of prior art when it is considered that a person skilled in the art would naturally reach the solution proposed in the invention. The basic criteria involves identifying the nature of the problem for which a solution is sought, analysing the solution proposed by the invention in question and determining whether said solution is reached by way of a new or unexpected technical effect. Examples of aspects to be considered include the type of problems encountered in the art, the prior art solutions to these problems, the movement of persons skilled in the art in a different direction from that taken by the inventor, the new technical effect that can be achieved by the invention and commercial success.

The disclosure of an invention will not be considered to be state of the art if it occurred during the 12 months prior to the date of filing or of priority of the patent application, if made by the inventor; by the BPTO, by means of official publication of the patent application

filed without the consent of the inventor, based on information obtained from him or her or as a result of his or her actions; or by third parties, based on information obtained directly or indirectly from the inventor or as a result of his or her actions.

IV ENFORCEMENT OF RIGHTS

i Possible venues for enforcement

The BIPL provides that infringement of trademark, design, patent and geographical indication rights and acts of unfair competition constitute both a civil wrong (tort) and a crime. Hence, the injured party is entitled to rely on both civil and criminal measures in order to enforce its rights.

In addition, it is possible to file nullity actions against trademark, design or patent registrations or against administrative acts that annul trademark, design or patent registrations.

Border control mechanisms also feature as part of the Brazilian system of enforcement of IP rights. Federal Decree No. 6759 of 5 February 2009 includes authorisation for the customs authority to seize any products that it considers to bear altered or imitated marks. Furthermore, a trademark owner who has sufficient evidence of the planned import or export of counterfeit goods may request (setting out the facts or circumstances that give rise to suspicion) the seizure of such goods by the customs authority.

ii Requirements for jurisdiction and venue

Infringement actions must be filed before state courts, as the BPTO does not participate in such proceedings, whereas the nullity actions are heard by federal courts. This is because the BPTO is automatically a party to all nullity actions, and whenever a government agency is a party to a lawsuit, the action must be filed before federal courts.

The entry level (first instance) of the Federal Court of Rio de Janeiro has four courts specialising in intellectual property. At the appeal level, the Regional Federal Court of the Second Region, with jurisdiction over the states of Rio de Janeiro and Espirito Santo, has two specialist panels for intellectual property.

As for the civil proceedings, the injured party may file a lawsuit seeking the cessation of the infringing act, coupled with a claim for damages. The lawsuit may also include an *ex parte* preliminary injunction request, with a view to immediate cessation of the harmful conduct until a decision on the merits is rendered, subject to specific requirements of the Civil Procedure Code (CPC). In order to obtain a preliminary injunction, the plaintiff must demonstrate a *prima facie* good case (i.e., that there is a likelihood of success on the merits of the case, and that delay in granting the relief sought would be likely to give rise to harm that is irreparable or very difficult to redress).

The plaintiff may also seek the imposition of a daily penalty for failure to abide by the preliminary injunction. If the interim relief sought is granted, the defendant will be restrained from practising the infringing act pending a final and definitive ruling on the substantive lawsuit. In some circumstances, a court will only grant interim injunctive relief if the petitioner posts a bond or a fiduciary guarantee to cover any losses incurred by the respondent.

A criminal action requires the filing of a criminal complaint, save in the case of the crime against armorial bearings, crests or official public distinctions, be they national, foreign or international, in which case the criminal action will be public (i.e., commenced by the public prosecution service).

In terms of criminal proceedings, one very important provision is the possibility of filing a preliminary criminal search and seizure action, aimed at gathering evidence of acts of infringement and avoiding the destruction or hiding of evidence by the infringer. Pursuing a preliminary criminal search and seizure action is normally more straightforward than undergoing the more complicated civil proceeding of early production of evidence. Given that it is possible to rely both in civil and criminal proceedings on the evidence obtained under search and seizure warrant, an application for preliminary criminal search and seizure is frequently a useful starting point for civil infringement proceedings as well as for criminal proceedings *per se*.

iii Obtaining relevant evidence of infringement and discovery

The CPC states that the plaintiff may draw on all legal and morally legitimate means of proving the existence of the rights asserted. It makes specific reference to ‘personal deposition’ (the giving or oral evidence by the person or persons asserting the rights); the exhibition of documents or other material; witness testimony; expert evidence and court inspections.

In addition, the CPC permits the court to direct early production of evidence. A party is therefore entitled to make an application for the production of expert evidence prior to the filing of the substantive lawsuit (or, post-filing, at an early stage of the proceedings). The plaintiff must demonstrate solid reasons for the application, for example, that there are reasonable grounds for fearing that, in the absence of an order for early production, the evidence in question may be lost or destroyed.

Discovery, in the form that exists in common law systems as a pretrial phase in a lawsuit, is not provided for in the Brazilian legal system.

iv Trial decision-maker

Infringement and nullity actions are heard by a single judge in the first instance. The appeal courts (second instance) consist of panels of three judges.

Experts can be appointed by the judge to assist with any technical issues involved in the case.

v Structure of the trial

Once the initial complaint is filed, the defendant is notified to present his or her response within 15 days. The plaintiff may respond to the defendant’s answer within 10 days. There are usually two hearings at first instance: a conciliatory or preliminary hearing, in which the parties try to settle the case amicably; and an evidentiary hearing, in which the expert and the parties’ technical assistants may be cross-examined as to their findings, in the event of a dispute between them (the relevant questions having been filed and responded to in writing prior to the hearing – the scope of the cross-examination being issues that remain in dispute); depositions are taken from the parties and the witnesses listed are heard. It is important to note that this second hearing occurs only in cases where there is a need for evidence to be produced.

At the close of the hearing, the judge may immediately make a final order (final decision of the first instance) or may direct that the parties submit final briefs. In the latter case, the judge will make the final order following the submission of the briefs and its consideration.

It is possible to file an appeal against this order to a state court of appeal. The final order on appeal of the state court of appeal may be challenged, provided certain legal requirements are met, by a further appeal, known as a ‘special’ appeal, to the Superior Court of Justice, or an ‘extraordinary’ appeal to the Federal Supreme Court.

A final decision on infringement and nullity actions may take between one and two years at first instance. A final decision on second instance may take up to two years. These time frames will vary according to the complexity of the case, and the state and court in which the lawsuit is filed. Preliminary injunctions may be granted immediately, provided the legal requirements are met.

vi Infringement

Patent infringement can be literal or by equivalence.

According to Article 41 of the BIPL, the scope of the protection conferred by the patent shall be determined by the content of the claims, and interpreted on the basis of the specifications and drawings.

Article 42 of the BIPL states that a patent confers on its title-holder the right to prevent a third party from, without his or her consent, producing, using, offering for sale, selling or importing a product that is the object of the patent, and a process or a product directly obtained by a patented process.

The title-holder is further assured the right to prevent third parties from contributing to the perpetration by others of the acts described above.

vii Defences

In a civil infringement action, the defendant in its reply may assert facts that impede, modify or terminate the plaintiff's right. In addition to its reply, the defendant may also file a counterclaim against the plaintiff, if the legal prerequisites are duly met.

In relation to criminal actions, an allegation of nullity of the registration on which the action is based may be relied upon as a defence. Acquittal of the defendant, however, will not automatically lead to nullity of the registration, which can only be requested in an action before the competent courts.

The most common defences to patent infringement are patent invalidity (e.g., lack of novelty, or part of the state of art) and non-infringement.

With regard to non-infringement, Articles 43 and 45 of the BIPL provide exceptions to patent infringement, such as:

- a* private acts without commercial purpose, that do not jeopardise the economic interests of the patent holder;
- b* acts of experimental purposes in connection with scientific and technological studies and research;
- c* preparation of a medicine in accordance with a medical prescription for individual cases;
- d* a product manufactured in accordance with a process or product patent that has been introduced onto the domestic market directly by the patent holder or with his or her consent;
- e* non-economic use of the patented product as an initial source of variation or propagation to obtain other products, in the case of patents related to living material;
- f* production of data and results of tests with the purpose of obtaining the authorisation for commercialisation of the patent product after the term of the patent expires; and
- g* use, in good faith, of the object of the patent prior to the priority or filing date of the patent application.

viii Time to first-level decision

A final decision on infringement and nullity actions may take between one and two years at first instance. A final decision at second instance may take up to two years. These time frames will vary according to the complexity of the case, and the state and court in which the lawsuit is filed. Preliminary injunctions may be granted immediately, provided the legal requirements are met.

ix Remedies

Civil remedies include: an order for the immediate cessation of the infringing act and damages. The lawsuit may also include an *ex parte* preliminary injunction request, with a view to immediate cessation of the harmful conduct until a decision on the merits is rendered, subject to specific requirements of the CPC.

In order to obtain a preliminary injunction, the plaintiff must demonstrate a *prima facie* good case (i.e., that there is a likelihood of success on the merits of the case, and that delay in granting the relief sought would be likely to give rise to harm that is irreparable or very difficult to redress). The plaintiff may also seek the imposition of a daily penalty for failure to abide by the preliminary injunction.

If the interim relief sought is granted, the defendant will be restrained from practising the infringing act pending a final and definitive ruling on the substantive lawsuit. In some circumstances, a court will only grant interim injunctive relief if the petitioner posts a bond or a fiduciary guarantee to cover any losses incurred by the respondent.

In relation to the quantum of damages payable for infringement, the BIPL applies a triple criteria calculation, so that damages are fixed on the basis of the criterion that is the most beneficial to the injured party, chosen from the following list: the benefit that the injured party would have obtained if the violation had not occurred; the benefit actually obtained by the author of the violation of the rights; or the remuneration that the author of the violation would have paid to the proprietor for a licence for use of the protected rights.

Criminal remedies include: preliminary criminal search and seizure measures, imprisonment of the infringer and fines. The BIPL also establishes that anyone who manufactures a product that is the subject matter of a patent of invention or of a utility model patent without authorisation from the owner, or uses a means or process that is the subject matter of a patent of invention without authorisation from the owner, shall be subject to imprisonment for a period of three months to one year, or a fine.

Additionally, the BIPL establishes that anyone caught exporting, selling, displaying or offering for sale, keeping in stock, concealing or receiving to use for economic purposes a product that is manufactured infringing a patent of invention or an utility model patent, or that is obtained by a patented means or process; or caught importing a product that is the subject matter of a patent of invention or a utility model patent, or obtained by a means or process that is patented in Brazil, to use for an economic purpose, which has neither been placed on the foreign market directly nor with the consent of the patent owner, is subject to imprisonment for a period of one to three months, or a fine.

The same penalty applies to anyone caught supplying the component of a patented product or material or equipment with which to carry out a patented process, provided that the final application of the component, material or equipment of necessity leads to the use of the subject matter of the patent.

x Appellate review

The CPC sets out various avenues of appeal, to which parties may resort. There are both appeals on the merits (substantive issue) of a case and appeals on procedural grounds or relating to questions other than the substantive issue. The possible forms of appeal include motions based on conflicting case law, motions for clarification of the ruling and appeals based on internal court rules. The final decision of the first instance court, for example, may be challenged on appeal before the state court of appeal. From the appeal court, a further appeal is possible on issues pertaining to federal law, to the Superior Court of Justice or, in the event of a constitutional issue arising, to the Federal Supreme Court.

The appeal courts consist of panels of three judges. A final decision on second instance may take up to two years. This time frame will vary according to the complexity of the case, and to the court and panels handling the matter. Appeals to the Superior Court of Justice or to the Federal Supreme Court are estimated to take between two and four years to be analysed and have decisions issued.

xi Alternatives to litigation

The BIPL does not have any provision related to ADR. Arbitration proceedings are governed by the Arbitration Law. Although arbitration is not commonly used in trademark and patent infringement cases, the parties may agree to arbitration instead of resorting to the courts. Among the possible benefits of using arbitration are the comparative speed of proceedings and their confidentiality.

V TRENDS AND OUTLOOK

The Brazilian Congress has been discussing the possible accession of Brazil to the Madrid Protocol. In early August 2018, the House of Representatives held a public hearing about the subject in the presence of Luiz Otávio Pimentel, the Brazilian PTO's President at the time. According to him, the PTO has been working since 2017 to prepare its staff for the implementation of the Protocol. The proposal for Brazil's accession to the Madrid Protocol is being processed on an urgent basis, and, when the House of Representatives concludes its analysis, it will then be sent to the Senate for discussion.

Also, the PTO has been progressively reducing its backlog. With respect to trademarks, from January to April of 2018, the PTO issued 110,336 decisions, which is 88 per cent more than the number of decisions issued during the same period in the previous year. The PTO estimates that it takes approximately 12 months to analyse a trademark application without opposition and 13 months to analyse a trademark application with opposition.

On 8 February 2018, Decree No. 9,283 was published in the Official Gazette, which establishes measures to provide incentives for innovation and scientific research on the productive environment, and regulates the related Brazilian law, Law No. 10,973/2004. According to the Decree, the public administration will be able to provide incentives for the development of cooperative projects among companies, scientific, technological and innovation institutions, and non-profit private institutions to stimulate the creation of innovative products, processes and services, as well as the transfer and diffusion of technology. In these cases, the parties shall specify in the contract the owner of the IP rights over the creation, and also the percentage of participation in the results of the commercial exploitation of the creation that each party involved will possess. The same rules apply to contracts involving technologies made to order, which can also prescribe rules about the

assignment of IP rights over the creation, licensing and transfer of technology. Moreover, the scientific, technological and innovation institutions shall present an annual report to the Ministry of Science, Technology, Innovations and Communications about their IP policies, the creations developed, the protections required and offered, and the licensing or technology transfer contracts, among others. The President of the BPTO at the time stated that this Decree reinforces the Brazilian innovation system by determining the definition of IP rights in contracts related to partnerships for research and development, as well as to technologies made to order. According to a report issued by the BPTO in early 2018, the number of contracts registered with it decreased 19.1 per cent in 2017 when compared to the numbers of the same period in 2016. This is the third consecutive year in the reduction of requests for the registration of contracts, which is explained by the BPTO as owing to the waiver of the requirement to register contracts involving services of assembling, installing, maintaining and repairing of machines and equipment since 2015. From the 555 contracts registered with the BPTO in 2017, 85 per cent were importation contracts, for which registration is necessary for the remittance of payments abroad and for obtaining tax deductions.

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