



# BRAZIL'S IP FRAMEWORK

In this special feature report, *Lawyer Monthly* explores the challenges and progress of the Brazilian IP landscape. Brazil is in the middle of its largest recession in decades, but benefits from a growing creative sector, or a 'creative economy'. As a primary pillar of such an economy, IP plays a big part in the growth of the nation. On this topic, Lawyer Monthly talks to Carlos Ernesto Borghi-Fernandes, the CEO of Patcorp, a company dedicated to addressing intellectual property management.

Carlos is an attorney working as a consultant in the intellectual property field in Brazil and abroad, with recognized background in skills and solutions for related subjects, specially litigations, mediation (he works as a mediator with the Center for the Solutions of Intellectual Property Disputes of the Brazilian Intellectual Property Association, ABPI), among others. Carlos graduated at the Pontifical University of Campinas, in the year 1985, with subsequent extension (MBA) courses, including a Master Course in Criminal Law involving unfaithful competition crimes, currently commemorating a 30 year anniversary in his career.

**Can you tell me a little about the changes made in the new Code of Civil Procedure which came into force recently?**

The new Code of Civil Procedure (Law 13,105/15), effective since March 18th 2016, in substitution to the previous regulations in force since 1973, meets the new social behaviours in existence nowadays by eliminating excessive formalities, the plurality of appeals (many times used only to cause delays), and especially the emphasis on the culture of action, which are intrinsic features of the previous regulations.

**Some say that these changes will affect issues such as the systematization of the process of mediation and arbitration – what are your opinions on this?**

Among the progresses which were introduced, we should highlight urgent protections, which will bring in impacts to industrial property issues, covering piracy, patent and trademark counterfeits, as well as the establishment of conciliation, mediation and arbitration procedures. Their systematization will now, in fact, have a key role to reduce the work in the Judicial Power, thus constituting important alternative routes for quick conflict resolution which had been claimed by the society for a long time. Judicial Power bottleneck – and the consequent inability to solve conflicts of interest – caused, in my opinion, by its reduced team of judges, has undoubtedly been a key factor for the creation of said alternative procedures added to that important institution.

**Would you like to comment on the current backlog of patents and the Brazilian Patent & Trademark Office's policies?**

Something that has really caught the

attention of patent application owners and/or applicants is the long time taken for BPTO to start substantive technical examinations, which have been taking up to ten years, or even more, to issue a first opinion on patentability. This is absurd, considering technological advancements. Also, another aspect which is strongly influenced by this unjustifiable delay is exactly the impossibility for the owner and/or applicant to fully enforce its effective right in Court cases involving the non-authorized used of those patents by third parties due to the lack of issuance of a Letter-Patent (the bill of property). Owners and/or applications can only take much longer (and costly) ways to eventually have their rights re-established. It is truly a shame that, after investing high amounts in R&D as well as in the establishment of its industrial property rights, the patent applicant – who should have the full right to receive a compensation for his/her efforts – is eventually forced to tolerate such abuses, due to such an unjustifiable bottleneck now faced by the Patent Office.

**What challenges will the changes raise and how will you navigate them?**

BPTO acknowledges the deficiencies in the institution and the requirement to face such backlog by contracting more examiners. That unsustainable situation does not allow BPTO to keep only making promises. More than actions, the federal government needs to give importance again to industrial property, also implementing administrative enhancements as established by the Industrial Property Law No. 9,279/96 (Art. 239), authorizing the Administration to assure financial and administrative autonomy for BPTO. Currently, BPTO concentrates its efforts to guarantee the continuity of its operations, counting on the support of various entities, such as ABPI (the Brazilian Intellectual Property Association), in a joint effort not only to solve this problem but also to give the institution its due value. As a practical measure, it has recently introduced projects aiming to make technical examinations become faster, such as: Green Patents; Health Products, PPH Patent Prosecution Highway (in cooperation with USPTO); and PME Patents (Patents for Small-Sized Corporations).

**How robust do you feel that the current Brazilian trademark system is?**

I particularly consider our system very mature; and also very reliable. There are some

amendments to laws which I believe still need to be performed in terms of widening the scope of protection of trademark signs. But, in general, the current Industrial Property Law seems to me to be in good agreement with the international law structure actually in force.

**Can you tell me a little about the BPTO's attempt to speed up the process of registration?**

The average time from the date of filing the application to its approval has been significantly reduced in the past few years. Currently, the linear course of a proceeding (with no oppositions/appeals) varies between 14 and 18 months. This situation may be even improved if BPTO really contracts new examiners, especially if it really intends to adopt the Madrid Protocol. I hear, somewhat fearful, voices claiming a record time for registration approval. We should take care for the quality of such decisions, as to avoid them to be later taken to discussions in Court.

**Would you like to see any further legislative changes in IP? If so, please explain.**

We should highlight that, last January, we also had another important advancement in laws as approved by the National Congress. This is Law 13,243/2016 (the Innovation Law), regulating incentives to scientific and technological development, by encouraging progresses in this field within industrial property. As for trademark legislation, more precisely aiming to reduce the current trademark backlog, I believe that, in opposition cases (which are now filed somewhat randomly, constituting huge obstructions to the registration granting proceedings), BPTO should follow the procedures of the former IHMI, now the European Union Office for Industrial Property, i. e. giving the losing opponent the burden of loss). Similarly, the trademark ownership system could establish

the protection to the so-called "invisible trademarks" (sounds, odors and flavors), since the 1988 Federal Constitution establishes (Art. 5, XXIX) that "all distinctive signs, considering social interest and the technical and scientific development of the country" are already covered, and thus should be regulated by ordinary law.

**Is there anything else you would like to add?**

The private appropriation of knowledge and the consequent protection granted to technological innovation (trademarks and patents) are a fruit of a capitalist system in perfect consonance with the regulations of the current Federal Constitution, embodied in the concepts of "economic freedom and social purpose." Therefore, these are not mere tools used by large corporations to defeat their competition or keep their economic power, as some people may think. They are the fair reward to those parties who devoted time and money to develop solutions, ultimately for social use. Thus, the development of science and technology will only be fully implemented by conjugating effective actions by the government, research institutes and universities. This is exactly what Brazil expects from law updates; and not only that. Despite its current political situation with serious consequences to the country's economy – but a merely temporary situation, in my opinion, as a fruit of momentary differences caused by a misleading government not exactly representing our country's DNA, essentially characterized by being expressed as a liberal economy – industrial property has received its value for a long time, being a part of the country's culture. This is the reason why, until four years ago, Brazil had conquered the sixth place in the ranking of the largest economies in the world, partly due to its growing intellectual property culture. **LM**



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