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## Patents in Brazil

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# PATENTS IN BRAZIL

Donald G. Daus\*

Brazil issues more patents to foreigners than any other South American country, and more patents to foreigners than to Brazilians. In 1981, Brazil granted 2408 patents to United States residents, while granting only 844 patents to Brazilians.<sup>1</sup> Brazil is the only country in the Third World which has remained in the Paris Convention for the Protection of Industrial Property (Paris Union) since its inception,<sup>2</sup> and is the first and

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<sup>1</sup> WORLD INTELLECTUAL PROPERTY ORGANIZATION, *Industrial Property Statistics* 1981, November 1982 INDUS. PROP. Publication A.

<sup>2</sup> Brazil applies the 1925 Hague text of the Paris Convention, by Decree No. 19056 of December 21, 1929, since only the administrative clauses of the Stockholm text have been ratified. The members of the Paris Convention are:

<u>Members</u>	<u>From</u>
*Algeria	March 1, 1966
*Argentina (1)	February 10, 1967
*Australia	August 5, 1907
Norfolk	July 29, 1936
°Nauru	July 29, 1936
*Austria	January 1, 1909
*Bahamas (1)	October 20, 1967
*Belgium	July 7, 1884
*Benin	January 10, 1967
*Brazil (1)	July 7, 1884
*Bulgaria	June 13, 1921
*Burundi	September 3, 1977
*Cameroun	May 10, 1964
*Canada (1)	September 1, 1923
*Central African Republic	November 19, 1963
*Chad	November 19, 1963
*Congo	September 2, 1963
*Cuba	November 17, 1904
†Cyprus	January 17, 1966
*Czechoslovakia	October 5, 1919
*Denmark and Faroe Islands	October 1, 1894
°Dominican Republic	July 11, 1890
*Egypt	July 1, 1951
*Finland	September 20, 1921
*France, including Overseas Depts. and Territories	July 7, 1884

only South American country to adhere to the International Patent Co-

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*Gabon	February 29, 1964
*German Fed. Rep.	May 1, 1903
*German Dem. Rep.	May 1, 1903
*Ghana	September 28, 1976
*Greece	October 2, 1924
*Guinea	February 5, 1982
†Haiti	July 1, 1958
*Holy See	September 29, 1960
*Hungary	January 1, 1909
Iceland	May 5, 1962
*Indonesia (1)	October 1, 1888
†Iran	December 16, 1959
*Iraq	January 24, 1976
*Ireland	December 4, 1925
*Israel	September 12, 1933
*Italy	July 7, 1884
*Ivory Coast	October 23, 1963
*Japan	July 15, 1899
*Jordan	July 17, 1972
*Kenya	June 14, 1965
*Korea (North)	June 10, 1980
*Korea (South)	May 4, 1980
Lebanon	September 1, 1924
*Libya	September 28, 1976
*Liechtenstein	July 14, 1933
*Luxembourg	June 30, 1922
*Madagascar	December 21, 1963
*Malawi	July 6, 1964
*Malta (1)	October 20, 1967
*Mauritania	April 11, 1965
*Mauritius	September 24, 1976
*Mexico	September 7, 1903
*Monaco	April 29, 1956
*Morocco	July 30, 1917
*Netherlands	July 7, 1884
* Netherlands Antilles	July 1, 1890
New Zealand	September 7, 1891
*Niger	July 5, 1964
†Nigeria	September 2, 1963
*Norway	July 1, 1885
*Philippines (1)	September 27, 1965
*Poland	November 10, 1919
*Portugal with Azores and Madeira	July 7, 1884
*Rumania	October 6, 1920
San Marino	March 4, 1960
*Senegal	December 21, 1963
*South Africa	December 1, 1947
*Spain	July 7, 1884
*Sri Lanka (1)	December 29, 1952
*Surinam	July 1, 1890
*Sweden	July 1, 1885
*Switzerland	July 7, 1884
Syria	September 1, 1924
†Tanzania (Tanganyika only)	January 1, 1938
*Togo	September 10, 1967
†Trinidad and Tobago	May 14, 1908
*Tunisia	July 7, 1884
*Turkey (1)	October 10, 1925

operation Union (PCT Union).<sup>3</sup> In its procedures for patent examination and in its substantive patent law, Brazil is one of the most progressive nations on its continent.

## I. Instituto Nacional da Propriedade Industrial

The Instituto Nacional de Propriedade Industrial (INPI) is a part of the Ministry of Industry and Commerce (MIC). INPI houses the Secre-

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*Uganda	June 14, 1965
*Union of Soviet Socialist Republics (Russia)	July 1, 1965
*United Kingdom	July 7, 1884
* Hong Kong	November 16, 1977
United States of America, including Guam, Puerto Rico,	
* American Samoa, Virgin Islands	May 30, 1887
*Upper Volta	November 19, 1963
*Uruguay	March 18, 1967
*Vietnam	March 8, 1949
*Yugoslavia	February 26, 1921
*Zaire	January 31, 1975
*Zambia (1)	April 6, 1965
*Zimbabwe	April 18, 1980

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<sup>o</sup>Countries bound by The Hague Amendment.

<sup>†</sup>Countries bound by the Lisbon Text.

\*Countries bound by the Act of Stockholm.

Countries without a symbol bound by the Acts of London.

(1)Acceptance of the Stockholm Act excluding Articles 1 to 12.

W. WHITE & B. RAVENSCROFT, PATENTS THROUGHOUT THE WORLD 571 (1982).

<sup>3</sup> Patent Cooperation Treaty, June 19, 1970, 28 U.S.T. 7645, T.I.A.S. No. 8733, U.N. No. 18336. The member nations are:

Australia	Liechtenstein <sup>1</sup>
Austria	Luxembourg <sup>1</sup>
Belgium	Madagascar <sup>5</sup>
Brazil	Malawi
Cameroon	Monaco
Central African Rep.	Netherlands <sup>5 6</sup>
Chad	Norway <sup>1</sup>
Congo	Romania <sup>2 5</sup>
Denmark <sup>1</sup>	Senegal
Finland <sup>2</sup>	Sri Lanka
France <sup>1 3</sup>	Sweden <sup>5</sup>
Gabon	Switzerland <sup>1</sup>
Germany, Fed. Rep. <sup>4</sup>	Togo
Hungary	Union of Soviet Socialist Reps. <sup>2 5</sup>
Japan <sup>2 5</sup>	United Kingdom <sup>7</sup>
Korea, Dem. People's Rep.	United States <sup>1 5 8</sup>

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<sup>1</sup>Not bound by provisions of Chapter II.

<sup>2</sup>With reservation.

<sup>3</sup>Extended to the territory of the French Republic, including the overseas departments and territories.

<sup>4</sup>Applicable to Berlin (West).

<sup>5</sup>With statement.

<sup>6</sup>Applicable to Netherlands Antilles.

<sup>7</sup>Extended to Hong Kong.

<sup>8</sup>Extended to all areas for which the United States has international responsibility.

tariat (Directorate) of Patents. INPI's "Patent Bank" has over 1,600,000 technical documents, including over 230,000 Brazilian patents. An important function of INPI is making the technology in the Patent Bank available to the Brazilian public.

Although there are 8,000 to 9,000 patent applications filed each year, only seventy percent of these include requests for patent examination.<sup>4</sup> Over forty percent of the applications are for mechanical inventions,<sup>5</sup> with the remainder roughly split between chemical and electrical inventions. Most patent applications—seventy-four percent of the total in 1981<sup>6</sup>—are from outside Brazil, filed under the Paris Convention.

### A. *The Examination Procedure*

When an application is deposited in the INPI it must pass a clerical inspection under Article 16 of the Industrial Property Code (IPC).<sup>7</sup> If complete, the application is considered "filed." Information as to title, type of application (invention, utility model, and so on), Brazilian serial number, depositor (inventor or assignee) and national origin (or if Brazilian, the city of origin) is provided in a notice. This notice is published in the "Revista da Propriedade Industrial" (RPI). Publication of the title at this stage may appear inconsistent with Article 18, which provides for pre-publication secrecy.<sup>8</sup> However, the first listing of applications does not make the contents available.

About seventy-five percent of the patent applications are made under the Paris Convention,<sup>9</sup> and these are ready for "publication" at eighteen months. They are listed in the RPI, repeating the prior information and adding the inventor's name if necessary. Patent Cooperation Treaty (PCT) applications are also ready for publication at eighteen months. Copies of published specifications of both Paris Convention and PCT applications are obtainable from INPI. Any person may request examination within twenty-four months of publication.<sup>10</sup> Notice of this request is also published.

Rarely is there any direct correspondence or communication between applicants or counsel and the public. Listing the application in the RPI is legal notice to the public to inspect the pertinent portion of

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<sup>4</sup> The author derived these figures by counting applications in the REVISTA DA PROPRIEDADE INDUSTRIAL [RPI] where notice of applications for patents is published.

<sup>5</sup> *Id.*

<sup>6</sup> See *supra* note 1.

<sup>7</sup> Law No. 5772 of December 21, 1971 [hereinafter cited as IPC]. Translations of the IPC appear in 70 PAT. AND TRADEMARK REV. 151 (1972) and in 11 INDUS. PROP. 175 (1972).

<sup>8</sup> Article 18 states that "the patent application shall be kept secret until its publication, which shall take place after 18 months following the date of the earliest priority." IPC, *supra* note 7, at Art. 18.

<sup>9</sup> See *supra* note 1.

<sup>10</sup> Under Article 18(1) "[t]he applicant or any interested person may request an examination of the application within 24 months from the date of the publication." IPC, *supra* note 7, at Art. 18(1).

the file, but even the applicant cannot see all portions of the official record. Communication by public lists is required by Article 104,<sup>11</sup> and publication of the notice starts the response period. Typical RPI notices are set forth in the table below:

<u>Act</u>	<u>Entry in RPI</u>	<u>Maximum Time for Response</u>
Filing	Pedidos Depositados	
Publication	Pedidos Publicados	24 months
Accelerated Publication	Publicações Antecipadas	24 months
Request for Examination	Pedidos de Exame	90 days (to oppose)
Opposition	Oposições	
Rejection Application	Pedidos em Exigência	60/90 days
Denied Application (Art. 9)	Pedidos Indeferidos	60 days
Shelved Applications	Pedidos Arquivados	60 days
Unshelved Applications	Pedidos Desarquivados	
Allowed Applications	Pedidos Deferidos	60 days (opponent appeal)
Notice to Pay Issue Fee	Expedição de Patentes	60 days
Granted Patents	Entrega de Patentes	
Appeals	Recursos	

Once the request for examination is published, Article 19 provides ninety days for filing any opposition.<sup>12</sup> Notice of opposition is published and the opponent is identified. The applicant may file a response, and the examiner then considers both arguments.

Article 19(1) expresses three conditions for patentability: well-defined subject matter, novelty of invention, and industrial applicability.<sup>13</sup> These conditions approximate the conditions for patentability set forth in the United States Code.<sup>14</sup> The examination considers whether inventive activity is present, which is also provided for in the United States Code.<sup>15</sup>

Article 19(2) mandates denial of the patent application if its subject

<sup>11</sup> *Id.* at Art. 104.

<sup>12</sup> *Id.* at Art. 19.

<sup>13</sup> *Id.* at Art. 19(1).

<sup>14</sup> See 35 U.S.C. §§ 112, 102, 101 (1976).

<sup>15</sup> 35 U.S.C. § 103 states:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the difference between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

35 U.S.C. § 103 (1976).

matter is not patentable under Articles 9 and 13.<sup>16</sup> Article 9 lists prohibited subjects, from pharmaceuticals to immoral devices to computer programs.<sup>17</sup> If the subject matter falls within the prohibitions of Article 9, a final INPI decision is made without hearing the applicant's arguments, and perhaps without a search or examination on the merits as well. Denial of the application, however, may be appealed to the president of INPI.<sup>18</sup> Article 9 problems are aggravated because the prohibitions were expanded from the 1967<sup>19</sup> and 1969<sup>20</sup> Codes. Some cases filed under the

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<sup>16</sup> IPC, *supra* note 7, at Art. 19(2). Under Article 13 the following are not patentable: (a) anything that is not patentable as an invention under Article 9; (b) works of sculpture, architecture, painting, engraving, enameling, embroidery, and photography and any other industrial design of a purely artistic nature; (c) anything that forms the subject of a patent for an invention, or of a registration under Article 2(b). *Id.* at Art. 13.

<sup>17</sup> The following are not patentable under Article 9:

- (a) inventions whose purposes are contrary to law, morals, health, public safety, religious worship and all sentiments deserving respect and veneration;
- (b) substances, materials or products obtained by chemical processes or means—however, processes for obtaining or transforming such substances, materials or products shall be patentable;
- (c) medicaments and nutritive or chemico-pharmaceutical substances, materials, mixtures or products, of any kind, including processes for obtaining or modifying them;
- (d) mixtures of metals, and alloys in general, with the exception, however, of those which do not fall within (c) above and which have specific intrinsic qualities especially characterized by their qualitative composition defined by reference to quantities or to any special treatment which they have undergone;
- (e) Combinations of known processes, means or elements, mere changes in form, proportions, dimensions or materials, unless the overall result produces a new or different technical effect not covered by the prohibitions in this section;
- (f) the uses or application of discoveries, including varieties or species of micro-organisms, for specific purposes;
- (g) operating or surgical or therapeutic techniques, not including devices, apparatus or machines;
- (h) systems and programs, plans or schemes for commercial bookkeeping, calculation, financing, credit, selection of lottery winners, speculation or advertising;
- (i) purely theoretic concepts;
- (j) substances, materials, mixtures, components or products of any kind, as well as the modification of their physical and chemical properties and the processes for obtaining or modifying them, which result from a transformation of the atomic nucleus.

*Id.* at Art. 9.

<sup>18</sup> See *id.* at Art. 108.

<sup>19</sup> See Industrial Property Code, Decree-Law No. 254 of Feb. 28, 1967 at Art. 7. An English translation appears in 7 INDUS. PROP. 333, 333-41 and 356-69. (1968). The following were not patentable under the 1967 version of Article 7:

- (a) inventions contrary to law, morality, and public health and safety;
- (b) inventions relating to food or medicinal substances or products of any kind;
- (c) inventions relating to food or medicinal materials, substances or products of any kind;
- (d) purely theoretical concepts;
- (e) simple juxtapositions of known elements, components or parts, or simple changes of shape, proportion, dimension or materials;
- (f) bookkeeping and calculation systems, and plans or schemes for finance, credit, lottery, speculation or publicity.

<sup>20</sup> See Industrial Property Code, Decree-Law No. 1005 of Oct. 21, 1969 at Art. 8. An

1967, 1969, and 1945<sup>21</sup> Codes are still under prosecution, and are drawn to subject matter made nonpatentable after filing by Article 117.<sup>22</sup>

Along with an Article 9 holding, or otherwise before examination, a request under Article 20 is often made. This requires, in Convention cases, that the objections, the documents relating to the search for prior art, and the results of examinations connected with the granting of corresponding applications in other countries be submitted on request.<sup>23</sup> This request is listed and must be answered in ninety days.<sup>24</sup> Article 19(5) provides for shelving the application for failure to comply with, or object to, any requirement within ninety days, thus terminating the proceed-

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English translation appears in 9 INDUS. PROP. 221 (1970). The following were not patentable under the 1969 version of Article 8:

- (a) inventions contrary to law, morality, public health and safety, religious worship or sentiments deserving of respect and veneration;
- (b) substances, materials or products obtained by chemical means or processes, subject, however, to the patentability of the processes by which the said substances, materials or products are obtained or modified, as the case may be;
- (c) nutritive, chemico-pharmaceutical or medicinal substances, materials, mixtures or products of any kind, and the processes by which they are modified, as the case may be;
- (d) mixtures of metals and alloys in general, with the exception of those which, not covered by the preceding subparagraph, possess specific intrinsic properties characterized by a quantitative definition of their qualitative composition or by a special process which they have undergone;
- (e) combinations of known processes, methods or elements by a mere change of form, proportions, dimensions or materials, except where the overall result is a novel or different technical effect which is not included among the prohibitions of the preceding sub-paragraphs, or where the inventions constitute objects lending themselves to practical work or use and serve better the purpose for which they are intended;
- (f) uses or application connected with discoveries, including discoveries of varieties or species of microorganisms, for a specific purpose;
- (g) operative, surgical or therapeutic techniques, not including devices, appliances or machines;
- (h) systems, plans or schemes of commercial accounting, costing financing, credit, balloting, speculation or publicity;
- (i) purely theoretical concepts.

<sup>21</sup> See Industrial Property Code, Decree-Law No. 7903 of Aug. 27, 1945 at Art. 7. An English digest by P. Daniel appears in 44 PAT. & TRADEMARK REV. 55, 55-62, 87-94 and 125-33 (1945-46). The 1945 version of Article 7 stated:

[A] patent will not be granted . . . if the subject-matter of the invention is: (a) contrary to the law or to the public security, prejudicial to the health or immoral; (b) a food substance or product or a medicine of any kind; (c) a material or substance which is obtained by chemical means or processes; (d) a purely theoretical conception; (e) the juxtaposition of known organs, the mere change of form, proportions, dimensions or materials, unless the change produces an unforeseen technical effect; (f) a system of commercial bookkeeping, of calculation or of financial combinations or credit, or for lottery, speculation or propaganda purposes. But an invention shall be patentable if its subject-matter is: (I) a new process for manufacturing the substances, products or materials referred to in (b) and (c); (II) a new product which, as a result of its intrinsic properties, analysis or other adequate technical examination, reveals the process by which it is made; (III) alloys and mixtures with specific intrinsic qualities which are characterized by their composition.

<sup>22</sup> Article 117 states that this Code shall apply to all pending applications, including applications for extension or renewal and appeals. IPC, *supra* note 7, at Art. 117.

<sup>23</sup> *Id.* at Art. 20.

<sup>24</sup> If no time limit is set for complying with a requirement, it is 60 days. *Id.* at Art. 106.



ing.<sup>25</sup> Sometimes, as the result of a petition, termination is reconsidered. Except for administrative requirements (*e.g.* a new abstract) which have ninety days for appeal, Article 19(7) provides that decisions granting, rejecting, denying or shelving an application may be appealed within sixty days.<sup>26</sup> This appeal is to the president of INPI.<sup>27</sup>

Assuming there is no Article 9 problem, when a timely complete response is put in the file, the technical substantive examination commences on the merits. The INPI examiner must make known to the applicant all requirements considered "essential" at this time, including abstracts.<sup>28</sup> When the requirements are being complied with, all changes made must be consistent with the original scope of the application.<sup>29</sup> Generally, all responses and other papers filed must be accompanied by official receipts for payment of fees. INPI strictly enforces the required formalities. If a claim is rejected, the examiner underlines the parts of the claims that relate to the references or objections. An Article 20 "request" may be included at this stage.<sup>30</sup> If the decision is favorable and there are no outstanding requirements, the application is listed as allowed. Opponents, even if not a party to the opposition, may appeal. If no one appeals, the INPI posts a notice for payment of issue fees.<sup>31</sup> This notice carries the warning that nonpayment will result in the subject matter of the application becoming part of the public domain.<sup>32</sup> Receipts for issue fees must be submitted within 60 days.<sup>33</sup>

Once a patent is granted, the INPI lists it along with its terms. A patent runs fifteen years from the filing date unless it is for a utility model or an industrial design, in which case it runs ten years from the filing date.<sup>34</sup> Once an application is filed, however, the INPI normally takes seven or eight years to examine it. Thus, only seven or eight years

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<sup>25</sup> *Id.* at Art. 19(5).

<sup>26</sup> *Id.* at Art. 19(7).

<sup>27</sup> *Id.* at Art. 108.

<sup>28</sup> Article 19(3) states: "At the time of examination, all requirements considered essential shall be made known to the applicant, including requirements for the filing of a new description, new claims, new drawings or a new abstract, provided that the original scope of the application is not increased thereby." *Id.* at Art. 19(3).

<sup>29</sup> *Id.* at Art. 19(4).

<sup>30</sup> See text accompanying notes 23-25 *supra*.

<sup>31</sup> The procedure for payment of the fee is determined by INPI. IPC, *supra* note 7, at Art. 112.

<sup>32</sup> The material relating to all applications which have been shelved or rejected, all expired patents, all patents granted abroad and not applied for in Brazil, and all technology not protected by a patent and forming part of the prior art, belongs to the public domain. The president of INPI, in the exercise of his functions and in consideration of the provisions of the IPC, issued an order stating that all technology considered to be in the public domain may be exploited by any interested person, without any authorization or remuneration. Order No. 391 of Oct. 1, 1973, at Art. 12 and 12.1. An English translation appears in 13 INDUS. PROP. 473 (1974).

<sup>33</sup> Issue of the patent means the notification whereby the applicant is invited to produce to INPI proof of payment of the corresponding fee within 60 days. *Id.* at Art. 7.

<sup>34</sup> *Id.* at Art. 24.

remain for patent protection.<sup>35</sup>

Amendments to patent applications are made by submitting replacement pages. Amendments to clarify errors can only be made prior to the request for examination,<sup>36</sup> or in response to examiner requests.<sup>37</sup> The applicant may argue in response to a rejection, but to avoid having the application shelved, he must also amend his claims (if required) and comply with all other requirements.<sup>38</sup> If the examiner is unconvinced, an unfavorable decision is made which is appealable. Most appeal decisions are signed by the president of INPI, who has no set time limit within which he must respond.

### *B. Regulations and Laws*

While there are no formal rules of practice, regulations have been promulgated as "Normative Acts" (N.A.s).<sup>39</sup> N.A. 17 interprets the IPC with respect to patent law generally.<sup>40</sup> N.A. 18 contains formal requirements for documents to be submitted to INPI.<sup>41</sup> N.A. 19 lists requirements authorized by Article 14(1), which provides authority to the president of INPI to issue regulations concerning claims, specifications, drawings, abstracts and titles.<sup>42</sup> N.A.s 20 and 21 pertain to utility models,<sup>43</sup> and N.A. 36 provides procedures for PCT applications.<sup>44</sup>

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<sup>35</sup> The short period of validity of patents granted in Brazil is a problem.

In the case of an invention patent for which the validity period is fifteen years from the date on which the application was filed, the average delay adds up to about seven years. This means that the actual period of validity is reduced to seven or eight years since the patent holder will certainly not make any major investment in connection with the patent before being absolutely sure that the patent will be granted.

The current patent law does provide procedures by which the problem of delay in obtaining a Brazilian patent can be diminished. Article 18 of the current patent law has created an "anticipation of publication" in which the patent applicant pays a special fee to reduce the delay of the procedure. This anticipation applies to the eighteen-month period in which the patent is maintained confidential after having been filed in Brazil. If the applicant is a foreign patent holder, he may take a series of other precautions in order to reduce the problem of the delay in obtaining a Brazilian patent. When applying for a patent in his country, the applicant should immediately consider applying for the same patent in Brazil. If deciding to apply, the applicant should file the Brazilian application right after the original application. The Brazilian application would thus be filed without the usual wait for the end of the one year period as provided for in the Paris Convention. The filing is then followed by a request for "anticipation of publication" and a later request for technical examination as soon as the patent is published. Such procedures will substantially reduce a foreign patent holder's delay in having a similar patent granted in Brazil.

Arruda, *Legal Memorandum - Patents in Brazil*, 9 LAW AMERICAS 728, 730-31 (1977). See also Pinheiro, *Patents in Brazil - Rapid Processing*, 7 LAW AMERICAS 62 (1975).

<sup>36</sup> IPC, *supra*, note 7, at Art. 18(3).

<sup>37</sup> *Id.* at Art. 19(3).

<sup>38</sup> *Id.* at Art. 19(5).

<sup>39</sup> See N.A. Nos. 17-21 and 36.

<sup>40</sup> For an English translation and commentary of N.A. 17, see Daniel, *Patent Application in Brazil*, 75 PAT. & TRADEMARK REV. 243, 243-51, 287-96 (1977).

<sup>41</sup> N.A.s 17-21 appear in the May 25, 1976 RPI.

<sup>42</sup> RPI, May 25, 1976.

<sup>43</sup> *Id.*

<sup>44</sup> For an English translation of N.A. 36, see J. SINNOT, *WORLD PATENT LAW & PRACTICE* 2C, Brazil 72 (1981).

Certain provisions of the 1945 and 1967 Codes *may* remain in force<sup>45</sup> if not inconsistent with subsequent law, and if not in the expressly repealed 1969 Code. For example, Article 128 indicates that the criminal enforcement provisions of the 1945 Code remain in force much of the time. All of these codes include trademark provisions in addition to patent provisions.<sup>46</sup>

The right to obtain a patent is guaranteed in Article 153 of the Brazilian Constitution of 1967 as amended in 1969.<sup>47</sup> Since Brazil is a civil law country, however, prior judicial decisions are not necessarily *stare decisis*. Statutes can be judicially considered, within constitutional limits. Administrative regulations, where consistent with statute and custom, are also considered. In interpreting a statute (but not in making "new" law), the judge may look to its predecessors or to statutes directed to different problems.

## II. Substantive Law of Patentability

Almost all issues of patentability that appear in applications for patents in the United States appear in applications for patents in Brazil. These include usefulness, prohibited subject matter, prior art, inventive activity and, less often, double patenting. Utility models are discussed only as a possible means of overcoming rejections for lack of inventive activity.<sup>48</sup> When the current Code was enacted, applications under the three earlier codes were pending. Article 117 expressly requires that these pending applications to be considered under the current Code.<sup>49</sup> The earlier codes are, therefore, pertinent primarily in interpreting the present IPC.

### A. *Who May Apply for the Patent?*

Article 5 provides that the "author" of an invention, utility model, or design may apply for a patent.<sup>50</sup> The word "author" is from the Con-

<sup>45</sup> Some provisions of prior codes survived the 1945 Code. An English digest by P. Daniel appears in 44 PAT. & TRADEMARK REV. 55, 55-62 and 125-33 (1945-46).

<sup>46</sup> Trademark laws are beyond the scope of this article. For a summary of trademark laws see Leonardos, *The Industrial Property Laws of Brazil and Recent Developments in Their Interpretation*, 16 INDUS. PROP. 212 (1977).

<sup>47</sup> Article 153(24) states "The law shall guarantee to the authors of industrial inventions temporary privilege for their utilization and shall assure ownership of industrial and commercial trademarks, as well as the exclusive use of a trade name." CONSTITUIÇÃO DA REPÚBLICA FEDERATIVA DO BRASIL Art. 153(24).

<sup>48</sup> Article 10 defines a utility model as "any new arrangement or form obtained from known objects or embodied therein, provided that it is capable of practical use or work. (1) The word 'object' covers implements, working tools or utensils. (2) Protection shall be granted only to a new form or arrangement that contributes to a better application of the function for which the object or machine part is intended." IPC, *supra* note 7, at Art. 10.

<sup>49</sup> *Id.* at Art. 117.

<sup>50</sup> *Id.* at Art. 5.

stitution, and means originator or first inventor. Article 5(1) recites a rebuttable presumption that the applicant is the author.<sup>51</sup> Article 5(2) permits filing by legal successors, heirs or assigns in the author's name.<sup>52</sup> Article 5(3) is new, and permits one joint inventor to file if he names the others.<sup>53</sup> There is no provision for a communicatee from abroad to file as inventor.

Articles 40 through 43 contain provisions for ownership of inventions by employees or contractors in the absence of other agreements.<sup>54</sup>

<sup>51</sup> "For the purpose of the patent grant, the applicant for the patent shall be presumed to be the author." *Id.* at Art. 5(1).

<sup>52</sup> "Patents may be applied for by the author, his heirs and successors, legal entities having the necessary authorization, or any assignees of the rights, on presentation of the appropriate documents. Consular certification of the documents in the country of origin shall not be necessary, without prejudice however to the authentication, or production of the original, that may be required in the case of a photocopy." *Id.* at Art. 5(2).

<sup>53</sup> "In the case of a joint invention of two or more persons, the patent may be applied for by all or any of them, their respective rights being protected by the recital of the names and other particulars of all of them." *Id.* at Art. 5(3).

<sup>54</sup> Article 40: Inventions, and any improvements, made during the validity of a contract whose expressed object is research in Brazil and in which the inventive activity of the employee or person commissioned has been foreseen, or is implied by the very nature of the functions performed under the contract, shall belong solely to the employer.

(1) In the absence of an express term to the contrary, the compensation for the work or service performed shall be limited to the salary or remuneration agreed.

(2) Unless otherwise agreed, inventions and improvements for which patent rights are sought by the employee or person commissioned within one year following termination of the contract shall be deemed to have been made during the validity of the contract.

(3) Any invention or improvement resulting from a contract under this Section shall be patented, and have its priority, in Brazil.

(4) Both the fact that the invention or improvement resulted from the contract and the inventor's name shall appear in the application and the patent.

Article 41: Inventions or improvements made without any relation to an employment or service contract and without the use of the employer's resources, data, means, materials, installations or equipment shall belong solely to the employee or person commissioned.

Article 42: In the absence of an express term to the contrary, inventions or improvements made by the employee or person commissioned which do not come within the provisions of Section 40 and which result from both the personal contribution of the author and the resources, data, means, materials, installations or equipment of the employer shall be owned jointly in equal shares: the employer shall have an exclusive right to a license of exploitation and the employee or person commissioned shall have a right to a fixed remuneration.

(1) The exploitation of the subject of the patent shall be started by the employer within a year from the date of the patent grant, failing which the invention or improvement shall become the exclusive property of the employee or person commissioned.

(2) The employer may also apply for a patent abroad provided the fixed remuneration is guaranteed to the employee or person commissioned.

(3) In the absence of an agreement to start the exploitation of the patent or during such exploitations, either of the joint owners - on an equal footing - may exercise his right of preference within the period provided under the general law.

Article 43: This Chapter shall apply, where pertinent, to the direct or indirect federal, state, or municipal agencies of public administration.

*Id.* at Arts. 40-43.

Results in these cases are generally consistent with United States case law,<sup>55</sup> except that "shop rights" are replaced by a defeasible joint ownership.<sup>56</sup> An employer may lose these joint ownership rights by inaction.<sup>57</sup>

### *B. Industrial Applicability (Usefulness)*

Article 6 requires that a patentable invention must be capable of industrial utilization.<sup>58</sup> Applicability is interpreted as replicability, hence the test is suitability for manufacture on a significant scale.<sup>59</sup> Except for applications for perpetual motion devices, few patent applications have problems under Article 6.

### *C. Nonstatutory Subject Matter*

A detailed analysis of Article 9, which contains the statutory prohibitions for inventions that are not patentable, is beyond the scope of this article. The categories listed in the table below, however, provide a brief summary. The year refers to the post-1945 Code in which the present provision first appeared.

<u>Category Prohibited</u>	<u>Paragraph, Article 9</u>	<u>Year Added</u>	<u>Remarks</u>
1. Purpose: Contrary to Law, moral or public health	(a)	1967	1945 "exclusively"
2. Purpose: Harm religious worship	(a)	1969	Primarily designs
Purpose: Harm "Venerable sentiments"	(a)	1969	Primarily designs

<sup>55</sup> See, e.g., *United States v. Dubilier Condenser Corp.*, 289 U.S. 178 (1933); *Standard Parts Co. v. Peck*, 264 U.S. 52 (1924); *Gill v. United States*, 160 U.S. 426 (1895).

<sup>56</sup> "'Shop right' is where a servant [employee], during his hours of employment, working with his master's [employer's] materials and appliances, conceives and perfects an invention for which he obtains a patent, he must accord his master a non-exclusive right to practice the invention." *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 188 (1933). IPC, *supra* note 7, at Art. 42 differs from the "shop right" by stating that in the same situation the patent shall be owned jointly by employee and employer in equal shares.

<sup>57</sup> Article 42(1) of the IPC allows the employer one year from the date of the grant of the patent to begin the exploitation of the subject of the patent. See *supra* note 54 for the full text of Art. 42(1).

<sup>58</sup> Article 6 provides that,

any invention, utility model or industrial design which is new and capable of industrial application shall be patentable.

(1) An invention shall be new if it does not form part of the prior art.

(2) Subject to Sections 7 and 17, for the purposes of this Code, prior art means anything made available to the public, through oral or written disclosure or through use or in any other way - including the contents of patents in Brazil and abroad - before the filing of the patent application.

(3) An invention shall be capable of industrial application whenever it can be manufactured or used on an industrial scale.

*Id.* at Art. 6.

<sup>59</sup> *Id.* at Art. 6(3). See *supra* note 58 for the full text of Article 6(3).

3. Substances obtained by chemical processes except processes for non-pharmaceuticals	(b)		
4. Food Products and processes	(c)		
5. Medicaments	(c)		
6. Chemico-pharmaceuticals	(c)	1969	term interpreted very broadly
7. Alloys	(d)		
8. Mixtures, except special treatment or character	(d)	1969	
9. Mixtures, except quantitative limits with intrinsic qualities	(d)	1969	
10. Combinations of known elements	(c)		exception for new technical "efeito" (effect)
11. Use or application of discovery, including microorganisms	(f)	1969	
12. Operating, surgical or therapeutic techniques	(g)	1969	
13. Systems for commercial book-keeping, calculating, credit, financing, lottery, winner selections, speculation and advertising	(h)		
14. Plans or schemes for (13)	(h)	1967	
15. Programs	(h)	1971	
16. Purely theoretic concepts	(i)		
17. Products of or modified by "transformation of the atomic nucleus"	(j)	1971	

As the table illustrates, chemical substances or chemico-pharmaceuticals have been prohibited since 1969. There were at that time a number of applications pending, and one challenge to the constitutional basis for retroactive applicability of Article 117<sup>60</sup> has reached the appellate level. The decision is summarized in the "Judicial Diary" of October 21, 1975.<sup>61</sup> Contemporary newspaper accounts recite that the appellant was INPI and the appellee was Hoffman-LaRoche. La Roche had prevailed in District Court but lost in a decision by the São Paulo Federal Appeal Tribunal. The change was held to be constitutional

<sup>60</sup> Article 117 provides that "this Code shall apply to all pending applications, including applications for extension or renewal and appeals." *Id.* at Art. 117.

<sup>61</sup> October 21, 1975 D. Just. No. 76460. This decision, concerning the rejection of old applications permitted under previous legislation but prohibited by the new IPC, is in conflict with other court decisions. The October 21, 1975 decision was by the Federal Court of Appeals, Second Chamber. The First Chamber has ruled that the law of *filing* governs patentability. For a discussion of the conflict concerning Article 117, see Leonardos, *The Industrial Property Laws of Brazil and Recent Developments in Their Interpretation*, 16 INDUS. PROP. 212, 219 (1977).

based on overriding public policy as determined by the Congress.<sup>62</sup>

Article 9(a) prohibits patents for invention contrary to law or "morality."<sup>63</sup> An incidental illegal possible use or nonhealthful side effect of an invention can give rise to paragraph 9(a) problems. Similarly, a process that produces a compound with a minor pharmaceutical use, even as an excipient, may run into paragraph 9(b) and (c) problems. Thus, if the chemical has only a minor, previously unknown medical or food use, and a major nonpharmaceutical use, a specification seeking claims to preparative processes should avoid mentioning the minor medical or food use. Compositions of the type "compound X and an inert carrier" may have severe paragraph 9(d) problems, absent specific percentage ranges and evidence of synergistic effects.<sup>64</sup>

Paragraph 9(e) provides for the patentability of combinations of previously known elements if there is a new or different technical effect or purpose.<sup>65</sup> Under paragraph 9(f), the discovery of new physical properties of previously existing structures (*e.g.* a newly discovered mineral) would not be patentable. Discovery in this sense is the opposite of creation of a new structure; both may be "invention" but the former is not patentable. Paragraph 9(e) may bar all use claims except for newly created structures, but paragraph 9(g) bars use claims for pharmaceuticals.<sup>66</sup>

Because there is a belief that applications properly precluded under Article 9 do not need any further examination, the temptation to reduce the INPI backlog by the extension of Article 9 interpretation may become irresistible. In the 1969 Code, there was a provision for administrative appeal to the Minister of Industry and Commerce from an adverse Article 9 decision by the president of INPI.<sup>67</sup> The deletion of this provision removed a safeguard to the possible overextension of Article 9. These cases may reach the courts sooner than those involving completely examined applications.

#### *D. Prior Art*

Article 6(1) states that an invention shall be considered new if it is not comprehended by the state of the art.<sup>68</sup> Article 6(2) defines "state of the art" as anything made available to the public by written or oral disclosure, by use or by any other means, including the contents of Brazilian

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<sup>62</sup> October 21, 1975 D. Just. No. 76460.

<sup>63</sup> See *supra* note 17 for the full text of Article 9.

<sup>64</sup> *Id.*

<sup>65</sup> *Id.*

<sup>66</sup> *Id.*

<sup>67</sup> The provision in the 1969 Code authorized appeal to the Minister of Industry and Commerce within sixty days of a denial of a request for reconsideration by the Director-General [President] of INPI. See IPC, Decree-Law No. 1005 of Oct. 21, 1969, *supra* note 20, at Art. 19 (4). The 1971 Code provisions of Articles 9 and 13 were contained in Articles 8 and 12 of the 1969 Code.

<sup>68</sup> IPC, *supra* note 7, at Art. 6(1).

or foreign patents prior to the filing (or Convention or Exposition priority) date.<sup>69</sup> Such a broad, virtually universal definition of prior art, makes complete searches difficult. Knowledge or use abroad can be applied only if opponents provide evidence after informing the examiner.

Article 6(1) is a significant change from prior codes which included as art previously deposited Brazilian applications. Prior codes also provided that abandoned applications were no longer secret.<sup>70</sup> Article 18 provides that all applications are secret until published.<sup>71</sup> Accordingly, nonpublished applications that were pending at the entry into force of the IPC are no longer references (unless in the group then published by INPI).

Under the IPC the "public domain," encompasses that which the public can practice freely. The IPC specifically provides that the subject matter becomes a part of the public domain in Article 8, when an application is not timely filed;<sup>72</sup> in Article 24, when the patent expires;<sup>73</sup> and in Article 54, upon forfeiture of the patent.<sup>74</sup> Some problems may arise because N.A. 17 also includes in the "public domain" abandoned and rejected applications.<sup>75</sup> This provision is apparently based on prior codes.<sup>76</sup>

A patent application is sometimes rejected for lack of novelty even though there are differences from the state of the art. Some examiners are reluctant to reject for lack of inventive activity, however, because the legal basis for doing so is not clearly expressed in the IPC, but is inferred from the Article 2 requirement for "invention,"<sup>77</sup> and Article 9(e).<sup>78</sup> N.A. 17 defines "novelty" as, "that which is not comprised within the state of the art."<sup>79</sup> Unlike the United States Code, the IPC does not

<sup>69</sup> *Id.* at Art. 6(2).

<sup>70</sup> The 1967 and 1969 Codes provided that deposited applications were prior art. *See* Industrial Property Code of Feb. 28, 1967, *supra* note 19, at Art. 5(1); Industrial Property Code of Oct. 21, 1969, *supra* note 20, at Art. 5. Article 18 of the 1969 Code provided for secrecy of applications only until abandonment. *Id.* at Art. 18.

<sup>71</sup> IPC, *supra* note 7, at Art. 18.

<sup>72</sup> Under Article 8 "where the patent is not applied for within the periods specified in [Article] 7(1), the priority right shall automatically lapse and the invention, utility model or industrial design shall fall into the public domain." *Id.* at Art. 8. Article 8 is in accord with Article 11 of the International Convention for the Protection of Industrial Property, 21 U.S.T. 1583, T.I.A.S. No. 6923.

<sup>73</sup> Upon the expiration of a patent (15 years for patents for inventions and 10 years for patents for utility models and industrial designs) its subject shall fall into the public domain. IPC, *supra* note 7, at Art. 24.

<sup>74</sup> *Id.* at Art. 54.

<sup>75</sup> N.A. 17, *supra* note 40, at §15.5.

<sup>76</sup> *See supra* note 70 and accompanying text.

<sup>77</sup> "Invention" is one of the industrial property rights protected by the grant of patents. IPC, *supra* note 7, at Art. 2.

<sup>78</sup> Under Article 9(e), nonpatentable inventions include "combinations of known processes, means or elements, mere changes in form, proportions, dimensions or materials, unless the overall result produces a new or different technical effect not covered by the prohibitions in this [Article]." *Id.* at Art. 9(e).

<sup>79</sup> N.A. 17, *supra* note 40, at § 1.1.2.



expressly require a "description" to defeat novelty.<sup>80</sup> The logic appears to be that that which is "within the *skill* of the art" is "within the state of the art."<sup>81</sup> "Inherency" rejections are also made under Article 6.<sup>82</sup> Consequently, reference sometimes is made to "anticipating" what other examining offices might consider "obvious" or "lacking inventive activity." This tendency is pronounced in "selection inventions," *e.g.*, picking a single chemical species out of a genus comprising hundreds or millions of compounds.

A lack of novelty rejection may include a lack of inventive activity charge. The applicant should, therefore, consider responding to a rejection for lack of novelty by demonstrating any new or different technical effect the patent introduces.

Article 55(c) is another potential bar to a patent.<sup>83</sup> If a patent issues defining the applicant's invention broadly, the possibility exists that a later issuing patent may be nullified or judicially cancelled. Accordingly, claims of Brazilian patent references have much more significance than elsewhere. Vigilance is mandatory concerning claims in applications published as allowable during pendency.

### *E. Inventive Activity*

While the requirement for "inventive activity" is not expressed in the IPC, the INPI regularly rejects patents for lack of inventive activity. N.A. 17 defines "invention" as the result of inventive activity which contains new subject matter which is other than obvious, and which is capable of industrial utilization, and more than purely theoretical.<sup>84</sup> If there is no "inventive activity," there is no "invention" and a patent is not granted. Until 1952 the United States also lacked statutory provisions for rejection on obviousness.<sup>85</sup>

Article 9(e) provides that certain changes, *i.e.*, "combination of known processes, means or elements, mere changes in form, proportion, or materials,"<sup>86</sup> are prohibited subject matter "unless the overall result produces a new or different *efeito* not covered by the prohibitions."<sup>87</sup> "*Efeito*" is critical. Besides meaning "effect," it also means "efficacy" or "purpose" or "application." Thus, a more economical use or a different

<sup>80</sup> Compare 35 U.S.C. § 102 (1976) with N.A. 17, *supra* note 40, at § 1.1.2.

<sup>81</sup> N.A. 17 § 1.13 defines "state of the art" as "everything which, in any field of activity, has been placed within the reach of the public, in any part of the world, by any means of communication and/or by use, before the date of filing of the application . . . ." N.A. 17, *supra* note 40.

<sup>82</sup> IPC, *supra* note 7, at Art. 6.

<sup>83</sup> Under Article 55(c), "a patent shall be null . . . where the grant infringed the rights of third parties." *Id.* at Art. 55(c).

<sup>84</sup> N.A. 17, *supra* note 40, at § 1.1.

<sup>85</sup> See 35 U.S.C. § 103 (1976), *supra* note 15.

<sup>86</sup> IPC, *supra* note 7, at Art. 9(e).

<sup>87</sup> *Id.*

application of the same effect may overcome a rejection for lack of inventive activity in a combination invention.

In the mechanical arts, some examiners require as part of the response, conversion of the application from a patent of invention to a utility model. The IPC neither sanctions nor prohibits this. Article 32 of the 1945 Code, which is still in force, authorizes a shift from invention to utility model, but requires a new application.<sup>88</sup> N.A. 17, on the other hand, sanctions this requirement for "alteration of category" without a new application.<sup>89</sup>

Article 10 contains a definition of "utility model" as "any new arrangement or form obtained from known objects or embodied therein, provided that it is capable of practical use or work."<sup>90</sup> Because utility models are not patents of invention, no "inventive activity" is necessary. Article 10(2) provides for patentability only if the form is new, and "contributes to a better application of the function for which the object or machine part is intended."<sup>91</sup> Because the utility model term is ten years from filing instead of fifteen years, however, conversion may not be an attractive alternative.<sup>92</sup> Brazil is unusual among developing countries in providing utility model protection.

A 1980 World Intellectual Property Organization (WIPO) study<sup>93</sup> contains some interesting statistics. While the number of patent and utility model applications continues to total approximately 10,000 per year,<sup>94</sup> the proportion of regular patent applications from Brazilian residents has increased from eleven percent in 1976 to twenty-five percent in 1980.<sup>95</sup> Increased participation by Brazilian residents is a positive indication of support for their patent system. Residents continue to file the great majority of the applications for utility models.<sup>96</sup> The 1981 statistics are similar.<sup>97</sup> Brazilians are almost as likely to file applications for utility

<sup>88</sup> Industrial Property Code of Aug. 27, 1945, *supra* note 21, at Art. 32.

<sup>89</sup> N.A. 17, *supra* note 40, at § 7.4.3.

<sup>90</sup> IPC, *supra* note 7, at Art 10.

<sup>91</sup> *Id.* at Art. 10(2).

<sup>92</sup> See Daniel, *Patent Applications in Brazil*, 75 PAT. & TRADEMARK REV. 243, 244 (1977) where Daniel expresses concern for the lack of statutory basis for the conversion of applications from that of a regular patent application into a utility model application.

<sup>93</sup> Situacion de la Propriedade Industrial En los Paises de America Latina, WIPO (OMPI) Publication 873(5), ISBN 92-805-0064-3 at 110-11. This publication contains the most coherent and up-to-date summary of Latin American patent law and patent office organization known to this author.

<sup>94</sup> In 1980 the number of patent applications was 8377 while the number of utility model applications was 1746. *Id.*

<sup>95</sup> In 1976 Brazilian residents applied for 180 regular patents while nonresidents applied for 1454 regular patents. In 1980 Brazilian residents applied for 2149 regular patents while nonresidents applied for 6228 regular patents. *Id.*

<sup>96</sup> The peak of 96% was actually achieved in 1977, declining in 1979 and 1980 to 95.5% and 94.9% respectively. *Id.*

<sup>97</sup> The 1981 statistics show that the total number of patent and utility model applications totalled 10,141. The number of regular patent applications from Brazilian residents was about 26% of the total (2171/8284). The number of utility model applications from Brazilian residents was about 96% of the total (1772/1857). WIPO, *supra* note 1.

models as for regular patents, suggesting that their inventive activity is principally in the mechanical arts.

### *F. Double Patenting*

Occasionally, the INPI rejects applicants for "double patenting," *i.e.* claiming the same invention in two or more commonly owned applications which overlap. In this situation the inventors may be identical or they may not be. Where the inventors are the same, Article 5 provides that the "author," in the singular, has the right to "patent."<sup>98</sup> If the two cases originate within a year of each other, they should be combined before filing in Brazil. If they are more than a year apart, Convention priority may be denied for the later patent, and foreign patents corresponding to the earlier application may be applied as references to the later application.<sup>99</sup> At present there are no statutory provisions for patents of addition.

Where the inventors are not identical, the prior application, when issued, is not a reference, since the 1971 Code deleted prior "deposit" from the definition of prior art.<sup>100</sup> If in fact the claimed inventions are the same, and the first is patented, there may be a rejection on the theory that the later applicant is not the "author" (first inventor) and has no right to a patent. In Article 5(l) applicants are presumed to be authors,<sup>101</sup> but the grant of a patent to a co-worker can destroy this presumption. This issue arises most commonly in the case of "selection inventions," where broad claims were patented first.

If both patents are obtained, and the claims crossread, it is necessary to license or assign them together, because Article 55(c) provides for nullification of a later granted patent "where the grant infringed the rights of third parties."<sup>102</sup>

### *G. Title and Claim Language*

Since all other formal matters were delegated to administrative regulation under Article 14(1),<sup>103</sup> emphasis must be placed on Article 14(2) which requires that "[t]he claims, which shall always be based on the

<sup>98</sup> Article 5 uses the "author" in the singular in all subsections except 5(3) which deals with the case of a joint invention of two or more persons. *See supra* notes 50-53 for the full text of Article 5, which is similar in this regard to 35 U.S.C. § 101, which states that "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore . . . ." 35 U.S.C. § 101 (1976).

<sup>99</sup> *See* International Convention for the Protection of Industrial Property, *supra* note 72, at Art. 4(H).

<sup>100</sup> *See* Industrial Property Code of Feb. 28, 1967, *supra* note 19, at Art. 5(1); Industrial Property Code of Oct. 21, 1969, *supra* note 20, at Art. 5.

<sup>101</sup> IPC, *supra* note 7, at Art. 5(1).

<sup>102</sup> *Id.* at Art. 55(c).

<sup>103</sup> Under Article 14(1), "[t]he request, description, claims, drawings and abstract shall comply with the conditions laid down by the National Institute of Industrial Property." *Id.* at Art. 14(1).

description, shall specify the characteristics of the invention, fixing and delimiting the inventor's rights."<sup>104</sup> Article 19(1) also emphasizes the relative importance of claim drafting by noting that examination "shall ascertain . . . whether its subject matter is technically well defined."<sup>105</sup>

An inventor has limited opportunity to amend an application. Article 18(3) provides that "the description, the claims, the drawing and the abstract may not be amended except in the following cases: for the correction of printing or typing errors; where indispensable for explaining, clarifying or restricting the application, and only up to the date of the request for examination; and as provided for in [Article] 19(3)."<sup>106</sup> Original claims can be amended after the examination request only if the examiner so requires, and they cannot be expanded.<sup>107</sup> In addition, the date of examination request is not totally under the applicant's control, since Article 18(1) provides that "any interested party" may make this request.<sup>108</sup>

In view of the limit on amendments, the claims presented when the request for examination is made should be in the form that the applicant would like for appeal or for grant. If an amendment is refused, the applicant can petition for review to the president of INPI. This petition, under N.A. 18, should provide compelling reasons.<sup>109</sup>

While rejections based on breadth are uncommon, Article 55(c) provides significant reasons for the applicant to be concerned with the language of the claim. This Article is the basis for judicial nullification if the application becomes a patent "where the grant infringed the rights of third parties,"<sup>110</sup> *i.e.*, claims of previously granted patents, regardless of whether the patent was based on an earlier or later filed application. The Article also provides that nullity of the patent "need not relate to all the claims."<sup>111</sup> Unlike the United States, where all claims must be invalid to invalidate a patent,<sup>112</sup> in Brazil all claims must be free of Article 55 problems to avoid risk of nullification. Accordingly, the risk in presenting and obtaining speculatively broad claims in Brazil is far greater than that in the United States. There are, moreover, no provisions for disclaimer of a claim or for re-issue. Because a patentee is stuck with his claims, they must be carefully drafted so that the "working" which Brazil

<sup>104</sup> *Id.* at Art. 14(2).

<sup>105</sup> *Id.* at Art. 19(1).

<sup>106</sup> *Id.* at Art. 18(3). Under Article 19(3), "[a]t the time of examination, all requirements considered essential shall be made known to the applicant, including requirements for the filing of a new description, new claims, new drawings or a new abstract, provided that the original scope of the application is not increased thereby." *Id.* at Art. 19(3).

<sup>107</sup> *Id.* at Art. 19(3).

<sup>108</sup> *Id.* at Art. 18(1).

<sup>109</sup> N.A. 18 appears in the May 25, 1976 RPI.

<sup>110</sup> IPC, *supra* note 7, at Art. 55(c).

<sup>111</sup> *Id.* at Art. 55.

<sup>112</sup> *See* 35 U.S.C. § 288 (1976).

requires is clearly within their scope. Patents have been forfeited because the patentee's interpretation was not that of INPI.

It is emphasized that although Article 14 does not require a title,<sup>113</sup> every patent *must* have a title that corresponds to the claimed subject, or it may be nullified under Article 55(d).<sup>114</sup> Thus, the title has the legal aspects of a claim and should be carefully drafted.

### III. Opposition and Appeal of Allowance

The patent grant in Brazil is the right of exclusive ownership and use,<sup>115</sup> and not the right to exclude others. Accordingly, no two patents can overlap. The later one (in grant date) is subject to judicial nullification under Article 55(c).<sup>116</sup>

If the prior allowable patent application may be infringed by a claim of a client's pending or contemplated application, a strong economic reason then exists for *effective* opposition. A lucid explanation, with pertinent sections highlighted, is recommended. An inflexible policy of frivolously opposing applications in a given area may result in losing credibility.

Opposition on breadth alone is uncommon, but should be considered more often to avoid cross-reading of allowed claims on the client's more specific applications. Providing demonstrative evidence of the inoperability of a competitor's dominant broad claim may permit a client's claim to issue first. If the examiner is not persuaded of the impropriety of a broad claim, appeal is worth considering.<sup>117</sup> Even if the opposition is not persuasive on the merits, the client's claims may then issue first.

One limitation on the use of opposition, besides direct cost, is the fact that it is now often necessary to inspect cases published for opposition to determine their claim language. Since opposition can be made ninety days after published notice of request for examination,<sup>118</sup> (and this may be up to two years from publication of the application) applicants will probably be aware of potentially conflicting broad claims from activities in other patent offices.

### IV. The Term of the Granted Patent

Article 117 applies the 1971 Code to all applications that were pending when the Code was enacted.<sup>119</sup> Article 24 provides for a fifteen-year term running from the *filing* date; a major change<sup>120</sup> from previous codes

<sup>113</sup> IPC, *supra* note 7, at Art. 14.

<sup>114</sup> Under Article 55(d), "a patent shall be null where the title does not correspond to its real subject matter." *Id.* at Art. 55(d).

<sup>115</sup> *Id.* at Art. 5.

<sup>116</sup> See *supra* note 110 and accompanying text.

<sup>117</sup> IPC, *supra* note 7, at Art. 19(7).

<sup>118</sup> *Id.* at Art. 19.

<sup>119</sup> *Id.* at Art. 117.

<sup>120</sup> Article 24 provides for a 15-year term in the case of patents for inventions and 10 years

which had provided that the term ran from the *grant* date.<sup>121</sup> The fifteen-year term, "provided legal requirements are observed,"<sup>122</sup> may be very short for some of the backlog applications of the early 1960's, absent legislative relief, but the IPC ameliorated the effect of the shortened term by providing a right to damages.<sup>123</sup> Notice of the term remaining is published with the grant. It should be noted that the fifteen-year term for exclusive ownership commences on the date the application is filed in Brazil, not on the priority date, as provided by the International Convention for the Protection of Industrial Property.<sup>124</sup>

Several decisions have been reported<sup>125</sup> in which Brazilian courts have held that the fifteen-year patent term for applications pending prior to the 1971 Code commenced from the effective date of that Code. These interpretations avoided injustice to owners of applications that were prosecuted under the earlier codes. One decision reported was from the Federal Appeal Court in Brasilia.<sup>126</sup> Appeals to other circuit courts from similar district court decisions are said to be pending, suggesting that INPI may not be convinced. Recently, however, one commentator stated that INPI is now granting patents with fifteen-year terms running from December 31, 1971.<sup>127</sup>

## V. Rights and Liabilities of a Patentee

Among the legal requirements to keep a patent in force is the payment of annual fees, payable from the third year after filing.<sup>128</sup> Fees are also paid to keep applications pending. Once the patent is in force, damages and criminal sanctions may attach for "crimes against the patent."<sup>129</sup> These sanctions range from a fine to imprisonment for six

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in the case of patents for utility models and industrial designs, counted from the *filing* date. *Id.* at Art. 24.

<sup>121</sup> See Industrial Property Code of Aug. 27, 1945, *supra* note 21, at Art. 9; Industrial Property Code of Feb. 28, 1967, *supra* note 19, at Art. 25; Industrial Property Code of Oct. 21, 1969, *supra* note 20, at Art. 29.

<sup>122</sup> The quoted language is from Article 24. IPC, *supra* note 7, at Art. 24.

<sup>123</sup> For a discussion on litigation, see Daniel, *Remedies for Patent Infringement, Suits to Annul Patents and Damages Resulting from Patent Infringement in Brazil*, 76 PAT. AND TRADEMARK REV. 99 (1978). No preliminary injunctions are available.

<sup>124</sup> International Convention for the Protection of Industrial Property, *supra* note 74, at Art. 4 bis (5).

<sup>125</sup> See Daniel, *Recent Developments in Patents and Trademarks in Brazil*, 8 PAT. L. REV. 133 (1976).

<sup>126</sup> *Id.*

<sup>127</sup> See Lynfield, *Foreign Practice Notes*, 1980 AM. PAT. L.A. BULL. 869. Appeals are before the Brazilian Supreme Court.

<sup>128</sup> Article 25 of the IPC requires that "the annual patent fees must be paid from the beginning of the third year counted from the filing date." IPC, *supra* note 7, at Art. 25.

<sup>129</sup> For a discussion of crimes against the patent, see H. DURHAM, *WORLD PATENT LITIGATION* (1967). Article 128 of the IPC states, "sections 169 to 189 of Decree-Law 7903 of August 27, 1945, shall remain in force until the entry into force of the Criminal Code (Decree-Law No. 1004 of Oct. 21, 1969)." IPC, *supra* note 7, at Art. 128. As late as 1977 the 1969 Criminal Code (Decree-Law No. 1004 of Oct. 21, 1969) had not entered into force. See Leonardos, *supra* note 47, at 217.

months to one year.<sup>130</sup> The patent grant will not affect third party rights (*e.g.* already existing patent claims), nor entail government liability with respect to novelty and utility.<sup>131</sup>

Brazil requires working the patent in the country. This working must be within three years, with no discontinuance for more than one year. Failure to comply can result in a compulsory "license" to a third party.<sup>132</sup> The "licensee" must, in turn, work within a year, absent *force majeure*.<sup>133</sup> The licensee has the power to protect the patent by administrative or judicial process.<sup>134</sup> In fact, he has more rights than an ordinary American licensee.<sup>135</sup>

Article 49 provides for forfeiture by "any interested party" who petitions INPI, if working has not started in four years (five years where licensed), or has been discontinued for more than two consecutive years.<sup>136</sup> *Force majeure* is a defense, but the patentee has the burden of proof.<sup>137</sup> The patentee must be notified sixty days before a decision ordering forfeiture,<sup>138</sup> and he has sixty days to appeal to the president of INPI.<sup>139</sup> Whether working has begun or not, however, the patent may be expropriated as authorized by Article 39, where national security or national interests demand the patent's public availability.<sup>140</sup>

Article 55 provides for a patent's judicial nullification if, (1) its subject matter does not satisfy the requirements of Articles 6, 10, 11 and

<sup>130</sup> Sanctions for violating patents, utility models and designs are found in the 1945 Code. See Industrial Property Code of Aug. 27, 1945, *supra* note 21, at Arts. 169-72. The 1945 Code provides for 6 months imprisonment for these violations.

<sup>131</sup> *Id.* at Art. 21(2).

<sup>132</sup> Article 33 of the IPC requires, "except where force majeure is proved, a patentee who has not actually begun to work the patent in the country within three years of its issue, or who has discontinued the working for more than one year, shall be compelled to grant a license of exploitation to a third party applying for one, in accordance with the terms and conditions provided for in this Code." IPC, *supra* note 7, at Art. 33.

<sup>133</sup> Article 35 states, "except where force majeure is proved, the owner of a compulsory license shall begin the actual working of its subject within twelve months of the date of its grant and shall not discontinue such working for more than one year." *Id.* at Art. 35.

<sup>134</sup> *Id.* at Art. 38.

<sup>135</sup> See, *e.g.*, Overman Cushion Tire Co. v. Goodyear Tire & Rubber, 59 F.2d 998 (2d Cir. 1932); Life Time Door Inc. v. Walled Lake Door Co., 505 F.2d 1165 (6th Cir. 1974).

<sup>136</sup> IPC, *supra* note 7, at Art. 49.

<sup>137</sup> The term "except where force majeure is proved" is found in Articles 33, 35 and 49. The burden thus seems to be on the patentee to prove force majeure. *Id.* at Arts. 33, 35 and 49.

<sup>138</sup> Under Article 53, "[t]he decision as to forfeiture for lack of actual working shall be rendered after 60 days following the date of notification to the patentee." *Id.* at Art. 53.

<sup>139</sup> Under Article 54, "[t]he decision declaring or refusing to declare forfeiture for lack of actual working may be appealed within 60 days." *Id.* at Art. 54.

<sup>140</sup> *Id.* at Art. 39.

12;<sup>141</sup> (2) the grant was contrary to Articles 9 and 13;<sup>142</sup> (3) the grant

<sup>141</sup> Under Article 6:

Any invention, utility model or industrial design which is new and capable of industrial application shall be patentable.

- (1) An invention shall be new if it does not form part of the prior art.
- (2) Subject to Sections 7 and 17, for the purposes of this Code, prior art means anything made available to the public, through oral or written disclosure or through use or in any other way—including the contents of patents in Brazil and abroad—before the filing of the patent application.
- (3) An invention shall be capable of industrial application whenever it can be manufactured or used on an industrial scale.

*Id.* at Art. 6.

Article 10 provides that:

For the purposes of this Code, a utility model means any new arrangement or form obtained from known objects or embodied therein, provided that it is capable of practical use or work.

- (1) The word "object" covers implements, working tools or utensils.
- (2) Protection shall be granted only to a new form or arrangement that contributes to a better application of the function for which the object or machine part is intended.

*Id.* at Art. 10.

Article 11 provides that

For purposes of this Code:

- (i) industrial model means any three-dimensional shape which is capable of use as a pattern for manufacturing an industrial product and which is also characterized by a new ornamental configuration;
- (ii) industrial design means any new arrangement or assembly of lines or colors which may be applied, for an industrial or commercial purpose, to the ornamentation of a product, by any manual, mechanical or chemical means, either single or combined.

*Id.* at Art. 11.

Article 12 provides that "[f]or purposes of this Code, an industrial design shall also mean one which, even though its components are already known, achieves a new combination giving the article to which it is applied a general appearance having its own special characteristics."

*Id.* at Art. 12.

<sup>142</sup> Article 9 provides that

The following shall not be patentable:

- (a) inventions whose purposes are contrary to law, morals, health, public safety, religious worship and all sentiments deserving respect and veneration;
- (b) substances, materials or products obtained by chemical processes or means — however, processes for obtaining or transforming such substances, materials or products shall be patentable;
- (c) Medicaments and nutritive or chemico-pharmaceutical substances, materials, mixtures, or products, of any kind, including processes for obtaining or modifying them;
- (d) mixtures of metals, and alloys in general, with the exception however of those which do not fall within (c) above and which have specific intrinsic qualities especially characterized by their qualitative composition defined by reference to quantities or to any special treatment which they have undergone;
- (e) combinations of known processes, means or elements, mere changes in form, proportions, dimension or materials, unless the overall result produces a new or different technical effect not covered by the prohibitions in this Section;
- (f) the uses or application of discoveries, including varieties or species of micro-organisms, for specific purposes;
- (g) operating or surgical or therapeutic techniques, not including devices, apparatus or machines;
- (h) systems and programs, plans or schemes for commercial bookkeeping, calculation, financing, credit, selection of lottery winners, speculation or advertising;
- (i) purely theoretic concepts;
- (j) substances, materials, mixtures, components or products of any kind, as well



infringed rights of third parties;<sup>143</sup> and (4) the title of the invention does not correspond to its real subject matter.<sup>144</sup>

In Brazil, nullity need not relate to *all* the claims,<sup>145</sup> as it must in the United States.<sup>146</sup> Article 55(c) provides an incentive to oppose potential dominating claims, and applicants have the burden of watching for conflicts. Unfortunately, however, the invalidity of third party rights (not necessarily of a prior inventor) is not available as a defense. Article 55(e) authorizes nullification of a patent "where any measure whatever considered by this Code as essential to the evaluation of the invention and issue of the patent was omitted at the processing stage."<sup>147</sup> Thus, any essential statutory requirement overlooked or waived by the examiner could be troublesome.

Courts will determine nullity under Article 56,<sup>148</sup> unless revocation proceedings are under way before INPI.<sup>149</sup> INPI or any person with a "legitimate" interest may institute proceedings on the ground of nullity in Federal District Court.<sup>150</sup>

Article 58 provides narrower grounds for administrative cancellation (revocation) by INPI<sup>151</sup> which correspond to similar provisions in Article 55,<sup>152</sup> and which can be commenced only within one year from

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as the modification of their physical and chemical properties and the processes for obtaining or modifying them, which result from a transformation of the atomic nucleus.

*Id.* at Art. 9.

Article 13 provides that the following shall not be patentable:

- (a) anything that is not patentable as an invention, under Section 9;
- (b) works of sculpture, architecture, painting, engraving, enameling, embroidery and photography and any other industrial design of a purely artistic nature;
- (c) anything that forms the subject of a patent for invention or of a registration under Section 2(b).

*Id.* at Art. 13.

<sup>143</sup> See *supra* note 110 and accompanying text.

<sup>144</sup> See *supra* note 114 and accompanying text.

<sup>145</sup> See *supra* note 111 and accompanying text.

<sup>146</sup> See *supra* note 112 and accompanying text.

<sup>147</sup> IPC, *supra* note 7, at Art. 55(e).

<sup>148</sup> "Subject to Article 58, the question of nullity shall be for the courts to determine. The appropriate legal action may be brought at any time during the validity of the patent." *Id.* at Art. 56.

<sup>149</sup> Revocation proceedings before INPI rather than before the courts is authorized in Article 58. See *infra* note 151 and accompanying text.

<sup>150</sup> IPC, *supra* note 7, at Art. 57.

<sup>151</sup> Article 58 states that "[a] patent may be revoked by the Administration where it has been granted contrary to [Article] 6, 9 or 13, where [Article] 40(3) has not been complied with, or where any measure considered by this Code as essential to the evaluation of the invention and issue of the patent was omitted at the processing stage." *Id.* at Art. 58.

<sup>152</sup> Article 55 provides that a patent shall be null

- (a) where its subject did not fulfill the conditions of [Articles] 6, 10, 11, 12;
- (b) Where the grant was contrary to [Articles] 9 and 13;
- (c) . . . .
- (e) where any measure whatever considered by this Code as essential to the evaluation of the invention and issue of the patent was omitted at the processing stage;
- (f) where [Article] 40(3) has not been complied with.

the grant.<sup>153</sup> The ultimate administrative decision is by the Minister of Industry and Commerce.

## VI. Alienation of Patent Rights, Transfer and Licensing

Transfer, "inter vivos," testate or intestate, is provided for in Article 26.<sup>154</sup> In order to bind third parties, however, INPI requires recording.<sup>155</sup> Licenses may be granted,<sup>156</sup> but the terms of the exploitation and remuneration must be provided to INPI.<sup>157</sup> A license may not impose any restriction on the marketing or export of the product covered by it, or on the importing of articles or the necessary materials.<sup>158</sup> Grantback licenses are prohibited.<sup>159</sup>

Both transfers and licenses are subject to recording at INPI<sup>160</sup> which charges a fee of one-half of one percent of the contractual remuneration for recording.<sup>161</sup> Standards for recording are published in N.A. 15,<sup>162</sup> and a decision refusing recordation may be appealed within sixty days.<sup>163</sup> Tax and exchange control incentives also mandate recording licenses of foreign patentees.

INPI is quite concerned about the effects of licensing contracts on Brazil's balance of payments, and its authority to examine the merits of technology transfer agreements has recently been upheld.<sup>164</sup> Remittance for technology transfer by local enterprises to foreign suppliers represents a significant percentage of the total cost of the country's exchange expenditures,<sup>165</sup> and the current situation regarding licensing has been characterized as "rigid."<sup>166</sup>

Daniel warns of the danger of nonrecording: the risk of the patent's being forfeited for nonworking. A Dutch company's patent was forfeited, although its Brazilian subsidiary exploited the patent. Since no license agreement was recorded with INPI, evidence of the subsidiary's

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*Id.* at Art. 55.

<sup>153</sup> Under Article 58(1) the revocation procedure must be initiated within one year following the patent grant. *Id.* at Art. 58(1).

<sup>154</sup> *Id.* at Art. 26.

<sup>155</sup> "Transfers shall be binding on third parties only after the acceptance of the recordal concerned has been duly published." *Id.* at Art. 27(l).

<sup>156</sup> Article 28 gives the owner of the application or the patent the power to grant licenses for its exploitation. *Id.* at Art. 28.

<sup>157</sup> *Id.* at Art. 29.

<sup>158</sup> *Id.* at Art. 29(2).

<sup>159</sup> *Id.* at Art. 29(3).

<sup>160</sup> IPC, *supra* note 7, at Art. 30.

<sup>161</sup> 9 INT'L REV. INDUS. PROP. AND COPYRIGHT L. 611 (1978).

<sup>162</sup> For a translation and detailed discussion of Normative Act No. 15 of Sept. 11, 1975, see Daniel, *Licensing in Brazil*, 74 PAT. AND TRADEMARK REV. 147-58, 187-204, 284-96, 326-33 (1976) and Daniel, *Licensing in Brazil*, 7 PAT. L. REV. 173 (1975).

<sup>163</sup> *Id.* at Art. 31.

<sup>164</sup> See Daniel, *Technical Transfer and Patent License Litigation with INPI in Brazil*, 78 PAT. AND TRADEMARK REV. 503 (1980).

<sup>165</sup> *Id.*

<sup>166</sup> See Baechtold, *Licensing-Brazil: A Developing Nation's Approach to Combined Technology Transfer Agreements*, 1980 AM. PAT. L.A. BULL. 809, 810.

use could not be sufficient to prevent the patent's loss.<sup>167</sup>

## VII. Conclusion

In summary, Article 9<sup>168</sup> and, to a much lesser extent, Article 6,<sup>169</sup> are the major barriers to obtaining a patent. Any patent obtained is subject to forfeiture for nonworking, administrative cancellation, or judicial nullification on grounds where rejection may not have been made. Because of the working requirements and the protection given to the rights of third parties, much care is needed in the drafting of claims. Similarly, vigilance concerning the claims in successful applications of competitors is crucial. Great care in drafting an adequate title is also necessary since a misleading title is grounds for cancellation.

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<sup>167</sup> Daniel, 80 PAT. AND TRADEMARK REV. 575, 577-9 (1982). The risk applies to trademarks as well.

<sup>168</sup> Article 9 lists what is not patentable. *See supra* note 17.

<sup>169</sup> Article 6 states, in general terms, what is patentable. *See supra* note 141.