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INTELLECTUAL PROPERTY PROTECTION FOR ENTERPRISES

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Intellectual Property Protection For Enterprises

LEGAL FRAMEWORK

1

Local Laws

The Brazilian intellectual property law regime is divided into two subcategories:

Industrial Property
(i.e., laws applicable to patents, trademarks, industrial designs, etc.)

Copyrights and Neighboring Rights (incluindo legislação especial sobre software).

The primary laws regulating intellectual property in Brazil are the following:

Federal Constitution (1988)
Includes intellectual property as a fundamental right and sets out rules on the protection of industrial inventions, trademarks, and copyrights;

Industrial Property Law (Law No. 9279/1996)
Regulates the legal framework for trademarks, patents, utility models, industrial designs, geographical indications, technology transfer, actions against unfair competition, and enforcement against IP rights;

Franchise Law (Law No. 13,966/19)
Regulates corporate franchises, including trademark licensing;

Copyright Law (Law No. 9610/1998)
Regulates the legal framework for copyrights and neighboring rights;

Software Law (Law No. 9609/1998)
Regulates the legal framework for software protection.

The government entity in charge of industrial property registrations in Brazil is the National Institute of Industrial Property ("INPI" or Brazilian Patent and Trademark Office – BPTO). The INPI is responsible for receiving registration of patents, trademarks, software, industrial designs, geographical indications, topographies of integrated circuits, and the registration of technology transfer agreements (including trademark and patent licenses, technical services, know-how, and franchising).

Global – International Treaties and Conventions

Brazil is also a member of the main international treaties and agreements regarding intellectual property rights, including:

TRIPs (Agreement on Trade-Related Aspects of Intellectual Property Rights)
An international treaty entered into by members of the World Trade Organization (WTO) and incorporated into the Brazilian legal system by through Decree 1,355/94;

Paris Convention
Establishes a framework for industrial property protections;

Berne Convention
Which establishes copyright protection for literary and artistic works;

Rome Convention
Establishes protection to singers and other artists, producers of phonograms and broadcasting organizations;

Patent Cooperation Treaty (PCT)
Creates a unified procedure for filing patent applications to protect inventions in each of its contracting states;

Madrid Protocol
Establishes a cost-effective solution for registering and managing trademarks worldwide.

INTELLECTUAL PROPERTY ASSETS

2

Trademarks

Trademarks in Brazil are protected under the Industrial Property Law (Law No. 9,279/96 – "IP Law"), according to the terms of the TRIPs and the Paris Convention. Brazil also became a party to the Madrid Protocol in 2019.

A trademark is an expression or graphic sign identifying a product or service. Any distinctive visually perceivable sign that is not included in its list of trademark prohibitions is eligible for registration as a mark in Brazil. Thus, it is possible to protect words, designs, three-dimensional shapes (e.g., glass bottle of Coca-Cola) as trademarks, and, recently, positioning marks (one of the so-called "non-traditional marks" – e.g., the red sole in a Louboutin high-heel shoe). Protection for well-known trademarks is also available. Other non-conventional trademarks, such as sounds, smells, and special advertising expressions (slogans), are not subject to trademark protection in Brazil and cannot be registered with INPI.

Brazil adopts the first-to-file system. However, as an exception to the first-to-fil system, the IP Law protects any party that in good faith, on the date of priority or of the filing of the application, was using an identical or similar mark for at least six months in Brazil, granting this party a preferential right to registration. Rights to trademarks can only be acquired if INPI has issued a valid registration. During the registration process, the applicant requesting the trademark registration has a mere expectation of the right to use the trademark to identify its products or services. The owner of a trademark application or registration may license its use, assign its application or registration to a third party, and safeguard its material integrity or reputation. Notwithstanding the foregoing, no international royalty remittances are permitted for trademarks not yet granted by INPI.

The owner of valid trademark registration has the right to its exclusive use throughout Brazil for an initial term of 10 years, which may be renewable for additional 10-year terms.

The ownership of a trademark does not guarantee the protection of the related domain name or trade name in Brazil, which must be registered separately (laws protecting trade names in Brazil conflict with the Paris Convention, which does not require registration). In opposition to trademarks, which are registered with INPI and valid within Brazil, trade names must be registered with the Companies Registry of the state where the head office of the applicant is located, while ".br" domains must be registered with Registro.br. Brazilian courts decide disputes involving trademarks and trade names on a case-by-case basis.

Criminal remedies for trademark infringement can include imprisonment, monetary fines, seizure of infringing products, and destruction of products bearing the unauthorized use of the trademark. Civil remedies for trademark infringement can include an injunction to prevent a continued breach of and damage to trademark rights. Interested parties may also file a lawsuit requesting the cancellation of a trademark registration granted by INPI

Geographical Indication

A geographical indication (GI) is a sign used on products with a specific geographical origin and possess qualities or a reputation with a particular geographical origin and possess qualities or a reputation due to that origin. A sign must identify a product as originating in a given place to function as a GI. In addition, the qualities, characteristics, or reputation of the product should be essentially due to the location of origin. Since the qualities depend on the geographical place of production, there is a clear link between the product and its original place of production.

Geographical Indications can be defined as follow:

Indication of Provenance (IP):
Geographic name of a country, city, region, or location in a territory that has become known as a center of extraction, production, or manufacturing of a specific good, or provision of particular service (e.g., "Swiss made" for watches produced in Switzerland);

Denomination of Origin (DO)
DO is the geographic name of a country, city, region, or location in a territory that designates the good or service whose qualities or characteristics are an exclusive or essential result of the geographic environment, including natural and human factors (e.g., Champagne, Roquefort e Napa Valley).

Patents

Patent protection in Brazil is established by the IP Law, which abides by the TRIPs. Brazil is also a party to the Patent Cooperation Treaty (PCT).

A patent is a temporary title to an invention or utility model granted by the government to inventors or other individuals or entities holding rights over such invention, such as those involving new products, industrial processes, chemical products, and machines. The patent system is designed to encourage innovations that are unique and useful to society.

In Brazil, the INPI is responsible for granting patents or utility models, based on the following criteria:

Patent (Invention)
Patents involve all products or processes that meet the requirements of i**nventive step, novelty**, and **industrial application** (e.g., the electric iron and the telephone).

Utility Model:
A utility model is an object of **practical use**, or part thereof, which is susceptible to **industrial application** and presents a new form or arrangement involving an **inventive act** and resulting in functional improvement in its use or on its manufacturing (e.g., left-handed scissors or optical mouse). Processes may not be registered as utility models.

A patent of invention or utility model will be:

- Considered **new** if they are not in state of the art[1]:
- Endowed with **inventive step/act** provided that, to a technician versed on the subject, it is not derived in an evident or obvious way from state of the art, and:
- Considered susceptible of an industrial application when they can be used or produced in any industry.

According to IP Law, the following cannot be patentable:

- Anything contrary to morals, to standards of respectability, and public security order and health;
- Substances, materials, mixtures, elements, or products of any kind, as well as modifications of their physical-chemical properties and processes for obtainment or modification when resulting from the transformation of their atomic nucleus; and
- All or part of living beings, except transgenic microorganisms that satisfy the three requirements of patentability (i.e., novelty, inventive step, and industrial application).

Those applying for a patent registration are presumed to be its creator. Joint ownership of a patent is also recognized. Also, owners of the patents or patent applications may license their exploitation. Mandatory licenses may be granted to ensure free competition or prevent abuses of rights or economic power by the owner of the right patented if not exploited or if market needs are not met.

Patent registration is granted after the patentability examination, requested by the applicant or a third party. If granted, the standard term of patent protection is 20 years, and the protection for utility models is 15 years from the date of filing[2].

Remedies for infringement of patent rights can be of a criminal and civil nature. Criminal remedies include imprisonment, monetary fine, and seizure of infringing products. Civil remedies include an injunction to prevent the continuation of infringements and judicial claims for damage. Interested parties may also file a lawsuit requesting the cancellation of a patent registration granted by INPI.

[1] The "state of the art" consists of everything made available to the public before the filing date of the patent application, by written or oral description, by use of any other means, in Brazil or abroad.

[2] Note: The provision of the IP Law that stipulated that these terms should not be less than 10 years for a patent and 7 years for a utility model beginning on the date it was granted (unless INPI was prevented from examining the merits of the application by a proven pending judicial dispute, or by force majeure) due to Brazil's patent backlog was revoked in 2021, after being declared unconstitutional with no retroactive effects (ex nunc) during the Constitutional Challenge (ADI) #5529. This means that all patents granted with a 10-year term of protection from grant remained valid, with two exceptions, for which retroactive effects were applied (ex tunc): (i) patents with pending invalidity lawsuits grounded on the unconstitutionality of the Sole Paragraph of Article 40 of the IP Law and filed on or before April 7, 2021; and (ii) patents granted under the now unconstitutional Sole Paragraph covering pharmaceutical products and processes and equipment and materials "for use in healthcare".

Industrial Designs

The IP Law also establishes the protection of industrial designs. According to this law, an industrial design is an ornamental plastic form of an object or an ornamental arrangement of lines and colors that may be applied to a product providing a new and original visual result in its external configuration that may serve as a model for industrial manufacture (e.g., vehicles, shoes, perfume bottles).

Industrial designs are considered:

New

When not comprised in state of the art. State of the art consists of everything made available to the public before the application filing date of an application, in Brazil or abroad; and

Original

When the result is a distinctive visual configuration compared to prior objects. Purely artistic works are not considered industrial design.

Once an application for an industrial design is filed, INPI will conduct a formal examination. The application is automatically published and granted if the formal requirements are met, and the registration certificate is issued. INPI merely determines whether all required documentation has been provided and no material or technical analysis is conducted. The applicant may request a technical analysis.

Industrial designs are protected for — **10 years**

From the date the application is filed, and they may be renewed for three successive periods of — **5 years**

For a total period of — **25 years**

The owner of an industrial design may also seek protection through trademark registration and copyright simultaneously, provided that the design fulfills all the applicable requirements.

Remedies for infringement of patent rights can be of a criminal and civil nature. Criminal remedies include imprisonment, monetary fine, and seizure of infringing products. Civil remedies include injunctions to prevent the continuation of infringements and damages. Interested parties may file a court action requesting the cancelation of the industrial design registrations granted by INPI.

Technology Transfer

Technology transfer agreements include:

- License and assignment of trademarks, patents, and industrial designs;
- Acquisitions and transfers of non-patented technology;
- The rendering of specialized technical and scientific services; and
- Franchises.

Certain specialized technical services are exempted from INPI registration for not being characterized as technology transfer, including consulting, marketing services, software license, distribution, and maintenance.

As a rule, registration of technology transfer agreements with the INPI is necessary for:

- Remitting funds abroad as payment under the agreement;
- Tax deductions applicable to the Brazilian party, if any; and
- Produce effects before third parties.

The registration process for such agreements takes approximately thirty days if INPI does not publish any official actions. Any of the contracting parties may file the request.

Concerning the remittance of royalties abroad and tax deductions, Ministry of Finance Ordinance No. 436/1958 imposes a limitation on the remittance of royalties and tax deductibility from 1% to 5% of the net revenue of the Brazilian company, depending on the technology being transferred or licensed. If IP rights are licensed in intercompany arrangements, transfer pricing rules may also apply.

Also, for a company to remit foreign currency related to technology transfer agreements, it must register the contract with INPI and the Brazilian Central Bank.

Trade Secret

Trade secrets are not protected as property in Brazil. However, the IP Law characterizes as crimes of unfair competition certain conduct involving trade secrets' unauthorized use. As a result, there is legal protection against the violation of trade secrets.

Remedies available for infringement of trade secrets can include criminal remedies (i.e., imprisonment and a monetary fine) and civil remedies (i.e., injunction to prevent the continued breach and damages).

Copyrights

Copyright protection is provided by Law No. 9,610/98 ("Copyright Law"), which respects the provisions of the Berne Convention.

According to the Copyright Law, copyright works are considered any "creations of the spirit, expressed by any means or fixed on any support, tangible or intangible, now known or invented in the future", which include literary, artistic, and scientific works such as novels, newspapers, plays, films, musical compositions, paintings, drawings, photographs, architecture, advertisement, technical drawings, and software, among others.

The author of intellectual work has two primary rights over its work:

Patrimonial Rights:
The copyright owner has the exclusive right to use the work as they please and may assign ownership rights to individuals or corporate entities, in whole or in part, provided that the assignment is in writing. Use of the copyrighted work depends on the prior and express authorization of the author (e.g., for promotion, distribution, editing, etc.), except in some situations; and

Moral Rights:
Author moral rights are neither assignable nor subject to waiver. According to the Copyright Law, the author has, among other moral rights, the right to be recognized as the creator of the work in question, the right to prevent it from being used inadequately or partially used, and the right to prevent it from being modified.

As soon as a work is finished, the author has the exclusive right to use it. Generally, this right continues for the entire life of the author plus 70 years, counting from January 1st after the author’s death. Anyone who wants to use the work must have the author's authorization during this period. When this period is over, the intellectual property rights expire, and the work becomes available in the public domain. However, even after the author's death and the work's entry into public domain, some of the author's moral rights remain and are transferred to the author's successors.

Copyright protection does not require registration. However, it is advisable to have a document to prove its authorship (e.g., keep dated and printed articles, copies of texts, records of songs). Authors can also formally register their works at institutions such as the National Library Foundation or the National School of Fine Arts, depending on the type of work.

The Copyright Law also establishes that the Central Office for Collection and Distribution of Copyrights ("ECAD") is the body responsible for collecting copyrights in connection with public musical performances.

Criminal remedies for copyright infringement include imprisonment and a monetary fine. Civil remedies for copyright infringement include the seizure of infringing goods, suspension of their promotion and sale, daily penalties for continuing violations, destruction of infringing goods, and damages (including moral damages).

Software

In Brazil, software protection is regulated by Law No. 9,609/98 ("Software Law") and the Copyright Law, which provide for, among other issues:

- The protection of software as intellectual property;
- The software marketing rules and the creation of mechanisms to keep governmental control over such marketing activities, to protect software rights in Brazil; and
- The criminal penalties relating to to copyright infringement or the breach of specific software marketing rules.

Software authors are deemed to be the persons who developed the software (having the same rights as authors of literary works stipulated under the Copyright Law), while software owners are the partes who have ownership rights.

The protection provided by the Software Law is limited to the literal aspects of the work (e.g., the source or object code), and to technical, visual, while functional aspects of the software are not subject to legal protection. Other intellectual property rights may apply.

Unless otherwise agreed between the parties, the employer (or the party that contracted the software development services or the public body) will be the owner of rights to the software developed by the employee, government employee, or vendor during such contractual relationship or as a result of the nature of the services contracted. However, the employee, government employee, or vendor will be the owner of the rights to any software that may have been developed under no employment or service binding relationship and with no use of resources, techniques, materials, facilities, or equipment pertaining to the employer or principal.

In any case, the Software Law establishes that the owner must respect the moral rights granted to the software author. These rights are more limited than the rights outlined in the Copyright Law to authors of copyrighted work, but grant the software author the right to claim authorship of the software and to oppose any unauthorized changes that result in disfigurement, mutilation, or modification of the software, which damages the author's honor or reputation, at any time.

In Brazil, copyright registration (including registration of computer programs) is not mandatory. Nevertheless, registration with the INPI is advisable to create prima facie evidence of creation and ownership.

Software rights are protected for 50 years as of January 1st of the year following the date of the software publication or, if not published, its creation. As with copyrights, foreign-based owners of software are also entitled to protection in Brazil, provided that the country of origin of such owners offers reciprocal treatment to Brazilians and foreigners domiciled in Brazil.

Infringement of software copyrights is punishable by confinement from six months to two years or a fine. The offended party can file a civil lawsuit prohibiting the offender from using the software.

Integrated Circuit Topography

Protection of the intellectual property of integrated circuit topographies is established by Law 11,484/2007. Integrated circuit topography is a series of images positioned, built, or encoded in any means or ways that represent the three-dimensional configuration of the layers that comprise an integrated circuit and in which each image represents, in whole or in part, the geometric arrangement of the surface of the integrated circuit in any stage of its conception or manufacture.

The protection provided applies only to original topographies, in the sense that it results from the intellectual effort of its creator or creators and that is not common or ordinary for technicians, experts, or manufacturers of integrated circuits, at the time of creation. Topographies resulting from a combination of common elements and interconnections or that incorporate, with due authorization, third parties' protected topographies shall only be protected if the combination, considered as a whole, is original.

Plant Varieties

Plant varieties cannot be patented in Brazil according to the IP Law. However, they receive special protection, as provided by Law No. 9,456/97 ("Brazilian Plant Variety Act").

According to this law, a PVP ("Cultivar") is a variety of any plant genus or species that is easily distinguishable from others according to minimum characteristics described by denomination, homogeneity, its ability to remain stable in successive generations, and its ability to be used.

The PVP must be new, homogeneous, and stable to be eligible for protection under the Brazilian Plant Variety Act. These are the same standards set by the International Union for the Protection of New Varieties of Plants ("UPOV") to which Brazil is a member.

In Brazil, the Ministry of Agriculture is responsible for registering plant varieties. The term of protection is 15 years dating from the issuance of a "Provisional Protection Certificate" granted by the Ministry of Agriculture, except for vines, fruit trees, forest trees, and ornamental trees (protected for 18 years).

Domain Names

In Brazil, domain names are available on a "first-come, first-serve" basis, provided that the applicant complies with all terms and conditions of the registration regulation. Domain name registration and management of the Domain Name System ("DNS") for the ".br" domain is performed by Registro.br, a body of the Brazilian Internet Steering Committee ("CGI.br").

The rights granted by Registro.br regarding domain names may be lost upon expiration of the term, by lack of due and timely payments of official renewal fees, or through waiver by their holder. In addition, third parties may challenge domain name ownership either by judicial action or administrative dispute resolution procedure (SACI-Adm, inspired by the dispute resolution policy adopted by the Internet Corporation for Assigned Names and Numbers – "ICANN"). Domain name disputes usually involve violating intellectual property rights, such as trademarks, trade names, or naming rights.

INTELLECTUAL PROPERTY PROTECTION FOR ENTERPRISES

3

The ownership of intellectual property rights is of fundamental importance to companies, particularly those developing new software, products, or manufacturing processes. Thus, companies must ensure that they own any intellectual property rights arising from their employees' labor and commercial contracts when a third party is contracted to develop work protected by intellectual property.

That said, concerning ownership of intellectual property rights developed by employees, consultants, and service providers, as a general rule, intellectual property rights are not automatically vested or assigned to the company. Exceptions to this rule include software, patents, and industrial designs created by employees due to the employment contract with the purpose of research or development, or if it arises from the nature of the services for which the employee was hired. Furthermore, the concept of "work made for hire" is not recognized under Brazilian law.

In this regard, it is recommended to expressly assign all intellectual property rights developed by employees, consultants, and service providers to the company. This assignment may be formalized by executing an IP assignment agreement between the parties.

Finally, it is vital that companies also proceed with the registration of their intellectual property rights and consider the cases in which registration may be recommended, copyrights).

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Our recognitions

Análise Advocacia (2021)

Chambers & Partners Brazil (2021 & 2022)

Leaders League (2021 & 2022)

Transactional Track Record (2021 & 2022)

The Legal 500 (2022)

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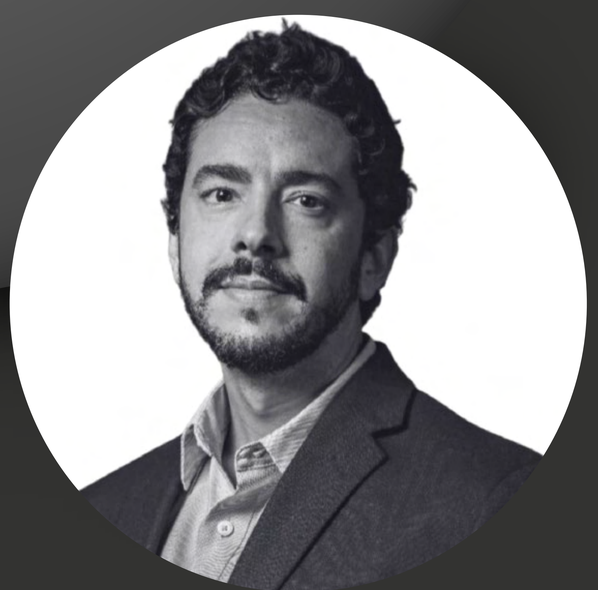

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