

The ongoing mass extinction of patents in Brazil: the war against the restoration of patents with annuities in arrears

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As we informed in our Newsletter # 2, dated January 2014, in October 2013, the Brazilian Patent Office (“INPI”) enacted Resolution No. 113 to regulate the control of the payment of annuities by patent and patent application owners. Immediately, the Resolution triggered strong reactions from patentees and patent attorneys, in view of its item 13, which contradicts Sections 86 and 87 of the country's Industrial Property Act (Law No. 9,279/96). It is estimated that such contradiction may have jeopardized the rights of applicants and patentees over almost 10,000 issued patents and 2,300 patent applications.

According to the IP Act, failure to pay annuities shall lead to the shelving of the application or the extinction of the patent (article 86). However, Section 87 allows the restoration of the application or of the patent upon request of the corresponding owner within 3 (three) months from the moment the INPI publishes the notification of shelving or extinction.

The problem was created because, in the last decades, the INPI has only rarely published such notifications, in practice allowing some patentees and applicants to keep their rights for years, without paying the corresponding annual fees. This aggravated the backlog of examinations in Brazil and, in order to overcome such problem, the INPI decided to proceed with the definitive shelving and extinction of patents and applications with 2 (two) or more pending annuities, **without possibility of restoration**.

Considering that, even after months of negotiations with interested parties, the INPI did not review its position, the Brazilian Association of Intellectual Property Agents (ABAPI) filed on July 10, 2014, a class action requiring from the Federal Court of Rio de Janeiro the invalidation of article 13 of INPI's Resolution No. 113/2013, as well as the reversion of all the definitive shelving and extinction decisions taken on the basis of such provision. An injunction was requested in order to suspend the effects of the new provision, but such injunction has not been issued by the Judge, so far, as he did not see the need for an urgent decision in the matter.

INPI's public attorneys have already replied to the injunction request, confessing that during the past years the agency has not efficiently controlled the payment of annuities. They argue that, in spite of such lack of control, the INPI published constant general warnings on its Official Gazette in order to make users aware of the need to pay their annual fees, in order to avoid the shelving of their applications. The agency's defense also states that the undue maintenance of patent rights may damage society's interest. A full defense concerning the class action will be filed soon.

Our firm is closely monitoring such action and is prepared to analyze the situation of any client whose rights may have been affected. In fact, some of our clients are already taking preemptive measures before their applications and patents are shelved or extinct. Furthermore, while the class action is not decided there might be the need for clients to file individual law-suits as well. We remain at your service should you need any additional information or any specific legal advice on this matter. Please, reach out to your primary contact at our firm or simply write to us at our general e-mail address: mail@kasznarleonardos.com.