

07/15  
#7

Cláudio Roberto Barbosa |  
Eduardo Colonna Rosman |  
Elisabeth Kasznar Fekete |  
Fabiano de Bem da Rocha |  
Filipe Leonardos | Gabriel Leonardos |  
Gustavo Barbosa | João Luis Vianna |  
Liz Starling | Nancy Caigawa |  
Rafael Lacaz Amaral | Ricardo Boclin |  
Ronaldo Varella Gomes | Tatiana Silveira

## **Brazilian Patent Office is losing in its strategy to reduce the backlog by forbidding the Restoration of Patents with two or more annuities in arrears**

By Gabriel Leonardos | [gabriel.leonardos@kasznarleonardos.com](mailto:gabriel.leonardos@kasznarleonardos.com)

**A**s we informed in our previous newsletters # 2, of January, 2014, and # 6, of August, 2014, the Brazilian Patent Office (“INPI”) enacted Resolution No. 113 in October 2013 ordering that all patents with 2 (two) or more annuities in arrears should automatically be definitely shelved and extinct, without the possibility of restoration. Such resolution aimed primarily at reducing the backlog of pending patent applications and also served to the general goal of increasing the realm of the public domain in Brazil, but many understood that INPI’s resolution was in direct violation of Section 87 of Brazil’s Patent Act, according to which the shelving or extinction of a patent can only be decreed by INPI after the patentee has failed to apply for the restoration of the patent (paying the annuities in arrears with a penalty) within the deadline of 3 months after being summoned to do so through a publication in the Official Gazette.

INPI’s Resolution 113 had the potential to swiftly shelve or make extinct over 10,000 patent applications and issued patents, and on July 2014 the Brazilian Association of Patent & Trademark Agents (ABAPI) filed a class action against INPI seeking its revocation. On January, 2015 the 25th Federal Trial Court of Rio de Janeiro ruled in favor of ABAPI and ordered INPI to immediately halt the mass shelving or extinction of patents and to overturn all shelving and extinction decisions that by then had already been published by INPI.

Today (July 9, 2015), the 1st Chamber of the Federal Court of Appeals of Rio de Janeiro initiated the ruling on the appeal filed by INPI against the first instance decision: so far, the Court is deciding to uphold the appealed decision by two votes, in a chamber of three judges; the third judge is yet to cast his vote. This ruling, when finalized, might not yet be the final one, as the losing party may still file a Special Appeal to the Superior Court of Justice, with seat in Brasília, but it is without doubt that the position to be taken by the Federal Court of Appeals shall carry a great weight.

Today, after attorneys for INPI and ABAPI presented their oral arguments, the Judges that took part in the hearing rendered the following votes: the Reporting Judge, Hon. Paulo Espírito Santo, agreed that INPI’s Resolution went beyond its regulatory powers and only through a statute enacted by the Congress could the restoration rule be changed. Subsequently, Hon. Judge Ivan Athiê also agreed that only after an express call for restoration could a patent be shelved or extinct. Finally, Hon. Judge Abel Gomes asked the judgement to be suspended as he wanted to study further the matter: his vote shall be given in a future session of the 1st Chamber of the Federal Court of Appeals of Rio de Janeiro, yet to be scheduled, when, in theory, any of the two judges that have already voted against INPI may change his opinion, but this kind of “change of heart” only happens in extremely rare cases.

We are at your disposal for any assistance regarding this matter. Please write to your regular contact in our firm or to [mail@kasznarleonardos.com](mailto:mail@kasznarleonardos.com)