

The controversy regarding amendments to patent applications in Brazil

By Gabriel Leonardos

The rules on the filing of **amendments** to patent applications until a Patent Office completes the examination are clear throughout the world. However, in Brazil, since the enactment of the current Industrial Property Act (IPA - Law No. 9,279, of May 14, 1996) more than 20 years ago, the controversies have not yet been resolved. We will explain here what this discussion is about.

The questions concern the correct interpretation of Article 32 of the IPA, which sets out:

Article 32 – *In order better to clarify or define a patent application, the applicant may submit modifications up to the request for examination, provided that they be limited to the subject matter initially disclosed in the application.*

We shall analyse herein the two main interpretations of this provision. The first, more restrictive, sustains that any changes (amendments) can only be submitted up to the filing of the request for examination, and, moreover, provided that they are limited to the matter initially disclosed. Another interpretation is that amendments can be submitted even after the request for examination (inasmuch as there is no express statutory prohibition for this to be done), but in this case, provided that they are complying with office actions issued by the examiner, or, if they are submitted voluntarily, provided that they restrict the scope of protection originally claimed.

1 – Complaint to the PPO and subsequent Public Civil Action

The dispute began in December 2002 through a complaint made to the Federal Public Prosecution Office (PPO) by a group of employees of the Brazilian Patent and Trademark Office (BPTO) against attributing normative effects, by the President of the BPTO, to Opinion PROC/DICONS No. 07/2002. According to such document of 2002, Article 32 of the IPA would not preclude the incorporation of matter into the scope of the claims of a patent application **after** the request for the technical examination (Article 33), provided that it had already been disclosed in the originally filed application.

Having been questioned, the former Ministry for Development, Industry and Commerce (the body to which the BPTO is subordinated to) failed to consider the issue, except through the opinion drawn up by Federal Attorney Eleane Silva, in which she stated that the guidance adopted by the Government Agency was **against the law** and recommended to the PPO that the acts carried out based on Opinion No. 07/2002 be declared null based on the violation of the constitutional norms of distribution of competencies - since the BPTO would be adopting a *contra legem* interpretation.

The BPTO defended its action by alleging it favoured national inventors who, allegedly less technically skilful, would be more prone to making mistakes, which would be mitigated by submitting modification requests throughout the entire application process. Once the complaint was concluded, the PPO filed a Public Civil Action (PCA) on August 13, 2003, with a request for preliminary injunction to prevent the BPTO from applying the guidance contained in Opinion No. 07/2002 and, consequently, no longer accepting voluntary modifications to filed patent applications after the date of the request for examination, in accordance with its interpretation of Article 32 of the IPA.

The argument put forward by the PPO was based on the supposed provision of three limitations to voluntary modifications to patent applications by the legislator: **a)** one with respect to the purpose, since the applicant can only make modifications aiming to clarify or better define the original application; **b)** another with respect to the subject matter, since the modification cannot go beyond the original application; and **c)** the third of a temporal nature, since any modification may only be made until the request for examination of the patent application is submitted.

In addition, the PPO argued that the BPTO's understanding would violate the possibility of interested third parties to intervene in the procedure after possible modifications during the examination phase, which are not published by the BPTO, allegedly disregarding the principles of due process and publicity. For the PPO, such framework would be further aggravated by the application of the rules of civil liability for the undue exploitation of the subject matter of patents even before their granting, which, in their view, would mean allowing a third party to be held liable for infringement of an invention or utility model when unable to be aware of the amended application before it is granted.

With respect to the efficiency of the process, it argued that the understanding would lead to delays in the examination, since the applicant could choose not to fulfil the content of the technical opinion and file, throughout the process, various modifications that would have to be continuously assessed. Finally, it concludes that Article 70.7 of the TRIPS Agreement⁽¹⁾ does not constitute a legitimate basis to adopt the interpretation given to Article 32 of the IPA, since it is limited to the requirements established by it, endowed with an intertemporal nature.

It further stated that the protection afforded to the patent holder would be restricted to the limit of the claims made in the application, which would mean, in the PPO's understanding, that the matter contained in the original application and not claimed would already be in the public domain, which means that changing the position of an unclaimed matter to place them in the list of claims would imply an extension of the granted monopoly.

In its defense, the BPTO filed an answer in December 2003, alleging the legal impossibility of the request made by the PPO, since the imposition of an interpretation on a legal precept invades the jurisdiction assigned to the BPTO by Article 2 of Law No. 5,648/70 (the law that created the BPTO) - which is responsible for enforcing the rules that regulate industrial property - and violates the principle of autonomy of the constituted powers.

On the merits, the BPTO, comparing the current IPA with the former Industrial Property Code (Law No. 5,772/71 - IPC), argued that the revoked rule expressly prohibited modification of the specification, claims, drawings and summary of patent applications, which does not occur in the current Law, that did not even establish any penalty for a request formulated after the request for examination. Therefore, the imposition of an extremely restrictive interpretation would go against the principle of legality, according to which "*no one will be compelled to do or fail to do something other than by virtue of the law*" (Federal Constitution, Article 5, II). Therefore, the restriction imposed would violate the public interest upon preventing the social purpose of the rule, which seeks to foster technological development resulting from an efficient system of patent protection and not limits to ensuring the protection of inventions.

For the Government Agency, the restrictive reading of Article 32 of the IPA would invalidate the provisions of Articles 35 and 36, which introduce changes to the scope of the claims after the request for examination, going against what is stipulated in Article 220, which determines making use of the parties' acts. Moreover, the BPTO argued that in countries such as the United States, England and Germany, in addition to the European Patent Office, modification of the scope of the claims are allowed, provided that it does not introduce new

⁽¹⁾ Article 70(7) *In the case of intellectual property rights for which protection is conditional upon registration, applications for protection which are pending on the date of application of this Agreement for the Member in question shall be permitted to be amended to claim any enhanced protection provided under the provisions of this Agreement. Such amendments shall not include new matter.*

matter, even if it was only contained in the specification. That is, in accordance with the mentioned systems, all the material already disclosed in the application could be the subject of protection through modifications until the patent is granted.

In this vein, the BPTO clarified that the applied interpretation would seek greater procedural speed and transparency in the process of granting patents and that any changes possibly proposed by applicants and assessed by the BPTO would ensure the application of Article 220 of the IPA and procedural economy, which is not in harmony with the creation of bureaucratic obstacles that obstructs the guarantee of exclusivity.

Handing down a decision on November 23, 2004, Judge Flavia Heine Peixoto rejected the claims formulated by the PPO on the merits, considering inappropriate the merely literal and isolated interpretation of the provisions in Article 32 of the IPA. She stated that the systematic and teleological interpretation of the system is that which would most closely match the spirit of the IPA, which aims to protect and ensure industrial property rights for the inventor of a patent for an invention or utility model.

For the judge, the interpretation of the provisions given by the BPTO is perfectly reasonable, making it clear that the examiner is not obliged to accept the amendments proposed by the applicant - contrary to what happens with modifications proposed before the request for examination, which are automatically accepted -, but that the inventor must always be given the opportunity to reformulate the application to better suit the invention. She further held that the acceptance of voluntary amendments during the examination phase affords greater protection to the national inventor, who would be more susceptible to defects in the application due to lack of appropriate advice and due to pressure to ensure the earliest filing of the invention.

The decision also mentions that the possibility of making changes throughout the examination phase is supported by Articles 26, 34, 35 and 36 of the IPA, especially Article 220, which provides for making use of the parties' actions by the BPTO. For such reasons, she stressed that it does not seem reasonable to prevent changes - which could be required by the BPTO itself in a technical opinion - from being anticipated by the inventor, and the BPTO should accept them, provided they do not increase the application's scope of protection or present new matter, in order to make the procedure more efficient and not the other way around, as the PPO argued.

Moreover, the judge stated that the possibility of third parties submitting supporting information until the end of the examination of the application (in accordance with Article 31 of the IPA) implies equal recognition for the filing of modifications by the applicant until the same time limit. She also held that there was no violation of the principles of the adversary system and publicity, given the lack of "parties" in the procedure (that is, it is not an adversarial administrative process). Regarding the possibility of civil liability for exploitation of a protected invention between the application's publication date and the granting of the patent, the judge states that such a risk would persist even with a literal interpretation of Article 32, since the applicant still had 18 months after the application's publication to request its examination (Article 33), enabling changes that will not be published.

Dissatisfied, the PPO lodged an appeal in December 2004, repeating the arguments presented in its complaint, followed by the BPTO's counterarguments, which repeated the arguments that its interpretation applied to Article 32 was not unlawful.

Surprisingly, and in a position contrary to the arguments set out during the entire procedural instruction, the BPTO filed a petition in February 2007 stating that it had **changed its understanding** of what the correct interpretation of Article 32 of the IPA would be. the BPTO stated that Opinion No. 07/2002 no longer represented its understanding of the matter. Clarifying the change in its stance, the Government Agency stated that, after a broad and exhaustive study on the topic, it had concluded that there would be no room for a different interpretation of Article 32 other than that voluntary changes **would not be** allowed to patent applications **after** the request for examination. Thereupon, it reported in the case records that the opinion under discussion had been revoked, published in the BPTO's Electronic Journal (RPI) No. 1,866 of February 27, 2007.

In view of the new guidance adopted by the BPTO, in a meeting held on June 27, 2007, the PPO's appeal was granted, in a judgment reported by the invited Federal Judge Márcia Helena Nunes, to reverse the decision under appeal, entirely upholding the PPO's claims on the merits for the BPTO to refrain from admitting changes to patent applications after the request for examination, in the manner of Article 32 of the IPA. The decision became final and unappealable on March 7, 2008.

2 – Ten years later, the dispute continues with a request for enforcement of decision

After almost ten years, in October 2017, the PPO formulated a request for enforcement of decision against the BPTO, alleging that the BPTO Resolution No. 093 of June 10, 2013, which approved the Guidelines for the Examination of Patent Applications, allows changes to patent applications, even after the request for examination, provided that they aim to **reduce** the scope of protection initially claimed, which would constitute a violation of the final and unappealable decision on the merits, in accordance with item 1.2 of the mentioned Resolution:

Voluntary changes that seek to correct or reduce the scope of protection initially claimed are not subject to the time limit established in Article 32 of the IPA. Considering item II of MEMO/BPTO/DIRPA/No. 072/08 (April 25, 2008), the provisions also apply to changes in the content of the Schedule of Claims arising from the applicant's reply to technical examination opinions.

Having been notified, the BPTO submitted a technical statement produced by its Patent Division (DIRPA) in which it argues that, due to the modification in guidance contained in revoked Opinion PROC/DICONS No. 07/2002, various questions arose with respect to the procedure to be adopted in cases of voluntary requests to modify patent applications made after the request for examination. According to the BPTO, in light of these circumstances, official communications were issued to guide and harmonise the application of Article 32 of the IPA by the technical area of the Patent Directorate at the BPTO.

DIRPA then concluded that voluntary changes to applications were legal, provided that they were intended to **correct or reduce** the scope of protection initially claimed, in which case the time limit of Article 32 would not apply. DIRPA also made clear in its statement that in the examination acceleration projects instituted by the BPTO (PPH and Green Patents) the permission to voluntarily file new versions of the scope of the claims in order to restrict them and better suit them, made after the request for examination, allowed a swifter and improved assessment by the examiners of those applications, as shown by the results obtained from such programs.

Finally, DIRPA stated that such voluntary modifications, as permitted by Resolution No. 093/2013, are fundamental, essential and necessary for the directorate to be able to carry out satisfactorily, with legal certainty, quality and efficiency, the examination of patent applications filed, just as happens in other patent offices around the world. Such understanding is based on the fact that patent applications, when filed, do not lend themselves to measuring the actual impact and scope of that invention, since it is generally in the early stages of scientific and technological research, and it is the examiner's duty to ensure that the protection sought is within the legal limits established by the IPA, so that most of these applications would be rejected almost automatically if the limitation imposed by the PPO were applied.

Given the public interest surrounding the application of the time limit established by Article 32 and the BPTO's request the associations and entities which have an interest in the topic be sent official letters to be able to express an opinion on the enforcement of decision, the Pharmaceutical Industry Research Association - INTERFARMA, the Brazilian Intellectual Property Association - ABPI, the Brazilian Association of Intellectual Property Agents - ABAPI, the Brazilian Association of Fine Chemical Industries, Biotechnology and their Specialities - ABIFINA, the National Plant Protection Association - ANDEF and the company EMS S/A requested intervention as *amicus curiae*.

In summary, INTERFARMA alleged that there is no violation of *res judicata* in what the BPTO Resolution No. 093/2013 establishes, since its content sustained the inadmissibility of voluntary changes to **increase** the scope of the claims after the request for examination and discussed nothing about the possibility of such modifications to **reduce** the scope of the claims, bringing to the case records the opinions of the legal scholars Fredie Didier Jr. and Daniel Sarmiento (the latter, at the time, was the Federal Public Prosecutor who signed the original complaint in the PCA) who share this understanding.

Furthermore, it highlighted that the interpretation required by the PPO violates the constitutional principle of reasonable duration of proceedings, since it imposes the assessment by the BPTO of claims will not need to consider if the partial withdrawal of the patent application is allowed – a restriction on the scope of the claims - at any time, which is a violation of the private autonomy of private parties inasmuch as it limits the withdrawal of the protection of a waivable right (the right to a patent). Finally, it highlights that the restriction on

the scope of patent protection does not present any threat to the rights of interested third parties, which is why it seeks the rejection of the requests formulated by the PPO.

In a joint statement, ABPI and ABAPI assert that reducing the scope of protection sought by the applicant would expedite the examination and mitigate the effects of that invention on possible third-party activities. Upon bringing the historical evolution of Article 32 of the IPA, they conclude that the changes in the course of the legislative process reveal that the legislator's intention was to allow amendments to patent applications, limited to the matter initially disclosed, within the time limit of the mentioned article, not regulating changes intended after the request for examination. For this reason, Resolution No. 093/2013, which only allows restrictive changes to the scope of patent protection, does not violate *res judicata* regarding the determination that the BPTO refrains from admitting changes to patent applications outside the legal hypothesis of Article 32, since this does not concern modifications that restrict the claims, because in this case the applicant's act is equivalent to giving up more extensive protection in favour of the swiftness of the examination and third-party interests.

The Associations highlight that the possibility of changing the claims is a practice accepted by industrial property offices worldwide, with the aim of affording more suitable protection and greater clarity and accuracy in the definition of the matter to be protected. This guarantee is shown to be even more important since if an invention that is made public through a patent application is rejected, then a new application for the same invention will unfailingly be denied for lack of novelty. Therefore, prohibiting the opportunity to amend an application to correct any problems would be a disproportionate and unreasonable measure. Lastly, they point out that from the time the patent application is published the BPTO's case records are available on the internet to any interested party, which invalidates any allegation regarding violation of due legal process and publicity of administrative acts, waiting for the rejection of the request made by the PPO.

ABIFINA thereupon filed its statement as *amicus curiae*, arguing that there was violation of *res judicata* by BPTO upon accepting voluntary changes to the scope of the claims filed after the request for examination, even if only to restrict the scope of protection. It cited case law from the Federal Regional Courts of the 1st and 2nd Region that would have applied, from the decision in the PCA, the time limit of Article 32 and determined the illegality of voluntary changes to the scope of protection of the claims formulated after the request for examination. Furthermore, in allowing changes to reduce the scope of protection, the BPTO would have gone beyond its regulatory function by publishing a resolution against the law and in disagreement with the PCA *res judicata*.

Then, ANDEF filed a statement opposing the PPO's request, noting that the Distinguished Federal Regional Courts of the 2nd Region determined that BPTO would be prevented from accepting changes to patent applications outside the legal hypothesis, but not that it would be prevented from admitting any change and that, thus, the nullity of Resolution No. 93/2013 could not be subject to enforcement of decision by the PPO, but only by its own action. ANDEF reinforces this theory by arguing that the right to request voluntary changes during the examination of a patent application is indisputably presented in several articles of the IPA, highlighting the understanding of Professors Lauro Gama Júnior and Gustavo Binenbojm set out in the opinions that it presents with its statement.

Also, the Association submitted opinions from BPTO's former Patent Director Maria Margarida Mittelbach and Industrial Property Agent Ivan Bacellar Ahlert in which they state that the intention of Article 32 was never to restrict the filing of proposed amendments after the request for examination on the basis of that originally disclosed, with it being absolutely necessary for the applicant to have the freedom to change the claims during the examination phase in order to adjust the claims for the patent to be granted in accordance with the law. It concludes that the PPO's intention goes against the spirit of the IPA and that BPTO Resolution No. 93/2013 could not be considered invalid due to there being no conflict between it and the decision made by the Distinguished Federal Regional Courts of the 1st and 2nd Region.

The most recent statement was filed by EMS S/A, active in the national medicine market, interested in the lawsuit since it was the plaintiff in two annulment actions in which the cause of action was the violation of Article 32 of the IPA. It argues that the interpretation given to Article 32 of the IPA defers the substantive examination of patent applications, causing losses to manufacturers of low-cost medicines, as in their case.

3 – The dispute will not end soon

In conclusion, it should be borne in mind that the current dispute over Article 32 of the IPA involves a formal doubt that has not yet been settled. This is because the judge of the case must decide what is the exact extent of

the *res judicata* in the case. In other words, whether or not the decision handed down in the Public Civil Action actually prohibited any kind of amendment to the patent application after the request for examination is discussed.

By studying the Public Civil Action case records, we are of the opinion that the decisions handed down were laconic and give rise to several interpretations. In addition, the fact is that the BPTO, in 2002, had a much broader understanding of the possibility of amending patent applications, which led to the filing of the said Public Civil Action. In this regard, the current position enshrined in the guidelines for the examination of patent applications of 2013 was not exactly the subject of discussion in the mentioned lawsuit. Therefore, we hold that the judge should now reject the request formulated in the petition for enforcement of decision, inasmuch as the PPO is trying to extend the application of the previously handed down decision. This would be, furthermore, a way to avoid a decision on the merits of a topic that is still so controversial. If the merits of the PPO's case come to be decided, we do not hesitate in saying that the BPTO's stance should be adopted, since it combines, on the one hand, respect for the subjective right of patent holders, and, on the other, preservation of the public interest in mitigating the scope of patents that are granted in the end.

It should be added that the BPTO's opinion ends up weighing heavily in the decision-making process in this case, since it is the highest authority in determining the interpretation of industrial property rules within the Executive Branch. As seen above, the BPTO has been very firmly taking the stance that a too restrictive interpretation of Article 32, as defended by the PPO, is harmful to the patent system.

Indeed, in a systematic reading of the IPA, we believe that the possibility of the patent holder to be able to amend a pending patent application (as, moreover, happens in the rest of the world) is reasonable, especially if it is to restrict scope of the claims originally filed.

It is beneficial to all the Brazilian patent system to allow such possibility, with a view to enabling swifter examination of patent applications by the BPTO. By restricting the scope of the original application, the priority search to be carried out by the Government Agency is consequently more restricted, which obviously facilitates the examiner's work. And this argument cannot be underestimated, especially given the alarming numbers of patent applications waiting for examination to start, the so-called backlog. There are technological areas in which the BPTO takes, on average, 14 years to decide, in disregard of the principles of procedural speed and administrative efficiency!

Moreover, one cannot lose sight of the fact that the IPA, in various provisions, allows for substantial changes to a patent application after the request for examination in order to meet the examiner's office requirements. In this regard, Article 35 of the IPA expressly authorises the examiner to provide the opportunity for the holder (a) to adapt the application to the claimed nature (for example, to transform an application for a patent into a utility model); (b) to reformulate it; and (c) to divide it. Likewise, Article 220 also establishes that the BPTO should, whenever possible, make good use of all acts carried out by the parties.

Lastly, it should be emphasised that the argument that amendments to applications following the request for examination would not provide interested third parties with the exact extent of the claimed scope of protection is not sustained. This is because the patent application process is, as a rule, public, precisely to enable third parties to consult the progress of the application and, should they so wish, to submit supporting petitions for examination. Furthermore, what is discussed in the case records of this specific case is the issue of restricting a patent application. Therefore, third parties could not be surprised by the risk of infringement, since the patent application's content would necessarily be smaller than that originally published.

The PPO's understanding poses a serious risk to the patent system in Brazil, as it seeks to innovate in the country's industrial property rights, creating unfounded difficulties for the granting of patents. Measures that surprise holders are extremely harmful, since the country has much more to benefit from a system with clear rules that provide a safe environment for investments in innovation.

Should you wish any further information herein please do not hesitate to contact your regular spokesperson in our firm or write to mail@kasznarleonardos.com.