



INNOVATION COUNCIL

Brazilian Patent Law Changes to Patent Term

Background

At least from the beginning of this millennium, the Brazilian Patent Office, officially known as the National Institute of Industrial Property (INPI) struggled with the timely examination of patent applications filed in their office. As a result, a substantial backlog of unexamined patent applications accrued over time. The delay in examining those patent applications and the granting of corresponding patents for them grew to more than 10 years for a large number of them. Since the prescribed term of a Brazilian patent is 20 years from the filing date of the patent (as is the case for all patents granted by signatories to the WTO TRIPS Agreement), the long delays in granting of patents effectively reduced the period of enforcement of the patent. For example, if it takes 10 years from the filing date of a patent application to grant the corresponding patent which has a term of 20 years from the filing date, the effective term of the patent is only 10 years (i.e. 20 years from filing date term minus the 10 year delay in grant). To address this, Article 40 of the Brazilian IP Law was designed to mitigate the effects of the long delays in granting patents, by giving a minimum term of enforcement of 10 years from the grant of a patent. This term was only for those patents that were granted more than 10 years after their respective filing dates.

Recent Brazilian Supreme Court Decision

On May 12, 2021, the Brazilian Supreme Court published its ruling that this sole paragraph of Article 40 is unconstitutional. The particulars of the ruling were that all patents granted after the date of the ruling would have a term of 20 years from the filing date of the patent. Those patents granted prior to the date of the ruling would still be entitled to the benefit of Article 40 by retaining a minimum term of enforcement of 10 years from grant. However, reportedly because of concerns about the impact of patents on public health interests such as the COVID response, those prior granted patents related to pharmaceutical products and processes, as well as equipment and processes related to healthcare were excepted from the continued benefit of Article 40. In other words, those patents excepted from the benefit of Article 40 will have a sole term of 20 years from the filing date.

Mitigating Delays

To help assess the impact of the Supreme Court decision, it is important to note that the average time to approve patents fell from 9.5 years on average in 2015 to 6.8 years in 2021. So, going forward, only those patents that are granted more than 10 years after their filing

date are in reality negatively impacted by losing the benefit of Article 40. However, the INPI has implemented some new procedures which, if used by the patent applicant, could significantly reduce delays in the grant of patents.

First, INPI initiated a preliminary office action process. This process relies on the use of the prior art (documents which are related to the patentability of the invention in the Brazilian patent application) discovered by a foreign patent office in the examination of a corresponding application. If the corresponding foreign patent application has been granted, the Brazilian patent applicant has the option to conform the claims of the Brazilian patent application to those of the granted foreign patent application, and INPI will grant the Brazilian patent on a fast-tracked basis. Under this system, it can be expected that most patents will be granted within 10 months.

Furthermore, INPI has entered into multiple Patent Prosecution Highway (PPH) agreements with counterpart authorities in many countries (though with quota restrictions for e.g., DK and EPO). The PPH process provides for cooperation with the foreign patent offices where counterpart applications have been filed in order to expedite the prosecution of the Brazilian patent application.

There are also other fast track options based on the subject matter of a patent application. For example, those which relate to green technology or to the treatment of HIV, cancer, and rare diseases may take advantage of some fast track options. Also, additional fast track options are available for patents relating to inventions which are produced, sold, imported to, or exported from Brazil.

For example, PPH requests enjoy an approval rate of 82 per cent and take around 305 days for prosecution, whereas patents for green technology have an approval rate of 60 per cent and a timeframe of 379 days for prosecution.

Pending Legislation

To further address the impact of delays in examination caused by INPI, a new bill to amend the Brazilian IP Law has been drafted. This bill proposes a new Article 40 to address the foregoing delays.

For “unreasonable delays” in examination, the term will be adjusted so that for each day of delay, it will be extended via an additional day added to the end of the original term. However, the maximum period of extension is five years. Also, delays caused by the patentee will be subtracted from the period of extension.

Summary

The recent Supreme Court ruling, published on May 12, 2021, finding that the sole paragraph of Article 40 of the Brazilian IP Law, which granted a minimum patent term of 10 years from grant, was unconstitutional, has significant implications for patents related to pharmaceutical products and processes, as well as equipment and processes related to healthcare that were granted prior to May 12, 2021. Unlike all other patents granted prior to May 12, 2021, those excepted patents lose the benefit of a minimum patent term of 10 years from grant, and they will expire 20 years from their filing dates. All patents granted after May 12, 2021, will expire 20 years after their filing dates. Delays in the examination of patent applications and the grant of patents after more than 10 years from the filing dates will result in lesser terms of enforcement from those that were entitled to a minimum term of 10 years from grant.

Although the average pendency of patent applications is being steadily reduced by INPI, Brazilian patent applicants should take advantage of procedures implemented by INPI to accelerate the grant of patents and to maximize the term of enforcement of the patent. From an innovator perspective, the Brazilian legislature would do well to accelerate passage of the pending bill, which provides for extension of the patent term in the case of unreasonable delays in examination by INPI.