

Kluwer Patent Blog

Brazil: leading case allows revival of a patent application

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The Brazilian Patent Statute (Federal Law #9,279/96) establishes that foreign applicants must appoint and maintain a representative in Brazil for each patent application filed with the Brazilian Patent and Trademark Office (BRPTO). Only through a patent agent—be it a person or a legal entity—can a foreign application file and prosecute an application.

In November 2020, the BRPTO rejected without further administrative appeal a patent application filed by Merck Sharp & Dohme (MSD) on January 8, 2009, after the applicant failed to respond to an office action and later to appeal the decision rejecting the application. MSD then filed a lawsuit against the BRPTO seeking a court order to restore the patent application, claiming the BRPTO had unduly changed the name of the representative of the patent application on its website, making the original representative believe they were no longer responsible for the case. Because of that error, MSD was never informed of the BRPTO's office action.

MSD further argued that the BRPTO failed to observe the formal requirements set forth in the Brazilian Industrial Property Statute (Federal Law #9,279/96), the Federal Administrative Procedure Act (Federal Law #9,784/99), and the Code of Civil Procedure (Federal Law #13,105/2015), when trying to summon MSD of the decision that rejected the patent application. In sum, although the Brazilian IP Statute establishes that administrative decisions require a notification by mail or unequivocal summons in the process (Article 226, item II), the BRPTO only published the decision of rejection in its Official Gazette.

On a similar case, the 2nd Federal Civil Court in the Federal District, as well as the Federal Court of Appeals for the 1st Circuit had already ruled that the Brazilian IP Statute clearly distinguishes the acts of publication and summons in regards the need for unequivocal notice of administrative decisions, and, thus, the mere publication of the decision on the Official Gazette cannot be considered a proper summons of the applicant.

On March 14, 2023, the 17th Federal Civil Court in the Federal District rendered a judgment granting MSD's request to restore its patent application, giving back the 90-day term to respond to the office action. The main ground cited by the trial judge was the BRPTO's massive backlog. In the wake of the Brazilian Supreme Court judgment declaring unconstitutional the statutory provision that awarded patent applications a minimum 10-year term of protection counted from grant, the local Judiciary is grappling with defining the way forward. It is generally agreed upon

among Brazilian judges and justices that the time taken by the BRPTO to examine patent applications is unacceptable. However, the consequences of this unlawful practice are still under dispute.

In the *MSD vs. BRPTO* case under examination, the 17th Federal Civil Court in the Federal District used the BRPTO's unreasonable delay as a mitigating factor of MSD's loss of the term to respond to the office action. As stated in the trial judgment, that delay "*surpasses any reasonable parameters for the duration of the administrative process and efficiency of the Public Administration*". It wouldn't have been reasonable, therefore, to impose on MSD, a foreign company, "*the burden of checking weekly publications issued by the [BRPTO] over more than 11 (eleven) years, as the only way to monitor the progress of its patent application*".

The court's willingness to balance the negative effect of the high pendency/backlog and the impact of a dismissal of a patent application is a positive development for patent owners in Brazil.

**The authors are representing MSD in the litigation reported in this article.*

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