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Brazil – BRPTO violates due process and publishes rules impacting appeals and patent examination

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On December 12, 2023, the President of the BRPTO gave a normative and binding character to four Opinions of the Specialized Federal Attorney's Office, imposing restrictions on the actions available to applicants when appealing first instance decisions. Particularly, the Opinion limits the provisions of the Brazilian Patent Statute which guarantee the "full devolutive effect". Similarly to what was defined by the EPO Board of Appeals in T 473/91, T 830/03 and T 555/08 (https://www.epo.org/en/legal/case-law/2022/clr_v_a_1_4.html), under Brazilian law the devolutive effect refers to the ability to decide matters raised by the appellant during the appeal stage.

In sum, concerning patent applications, the new guidance mainly affects applicants in the following ways:

1. **Formal issues such as lack of power of attorney may no longer be corrected on appeal, that is, failing to file a power of attorney to perform a certain act may no longer be accepted by the appellate board.**
2. **Claim amendment (including limitative) may no longer be accepted in the appeal phase.**
3. **New data to support the claimed invention are no longer accepted during the appeal phase.**

The BRPTO is trying to reduce backlog but jeopardizing constitutional rights protecting patent applicants might not be the right answer. The new rules may affect around 7k ongoing and new appeals as of April 2, 2024, which was the deadline established by the BRPTO for the decision to come into force. Appeals already filed and not decided until then will undergo office actions to comply with the new regulations. The report below provides more details of the four Opinions and addresses the legal basis used by the prosecutor's office when answering each one of the questions submitted by the General Coordination.

On September 22, 2023, the Specialized Federal Attorney's Office received a request for legal consultation sent by the BRPTO's General Coordination of Appeals regarding the application and limits of the "**full devolutive effect**" (art. 212, § 1 of the IP Statute and art. 1.013, § 1º of the Code of Civil Procedure) to administrative appeals filed before the BRPTO.

The BRPTO submitted a few hypothetical questions requiring the Attorney's office to comment on the correct course of action from a legal standpoint in cases of possible limitations to the full devolutive effect arising from scenarios of administrative preclusion on applications for patents,

trademarks, and industrial designs.

On October 06, 2023, the Federal Attorney's Office submitted its first opinion piece on the questions raised by the BRPTO regarding general and formal aspects of the presentation of administrative appeals, and on November 7, 2023, the Office submitted its last opinion piece on the application and limits of the "*full devolutive effect"* specifically for patent prosecution, with a recommendation to turn all four opinions submitted into official guidelines.

On December 12, the president of the BRPTO surprised the IP community and gave binding effect to the conclusions of the opinions issued by the attorney's office. The lack of publicity and due process in some decisions by the BRPTO is not a new issue. However, it is surprisingly that this happens now since in the beginning of September the BRPTO published a call for comments (see more info here) trying to get closer to the community before making strong decisions.

It is important to highlight that, even though the decision of the president of the BRPTO gave a normative and binding character to the opinion of the specialized attorney, it is still an infralegal normative act (regulation).

The principle of **strict legality** implies that the law establishes objective limits for public entity's actions. Therefore, decisions made by administrative bodies that exceed the limits of this legal regulatory framework may characterize excess of power by the Public Administration.[1] The interpretation given by the BRPTO to the institute of administrative preclusion, which ends up restricting the applicant's right to appeal, goes beyond the limits of the law and can be interpreted as illegal. The Federal Constitution establishes that *"no one shall be obliged to do or **refrain from doing anything** except by virtue of the law*". This means that, where there is a law establishing a right (such as the right to appeal), no infra-legal regulation can restrict such right other than the law itself.

The application of "administrative preclusion" to arbitrarily restrict the applicant's right to appeal also results in violation of both the Federal Law on Administrative Procedure and the IP Statute. The Law on Administrative Procedure guarantees the plurality of instances for reviewing all administrative decisions, while the IP Statute allows the appellate board to perform a second examination on the merits of the patent application not limited by the matters raised in the decision rendered by the first instance.

More information about the reasons supporting the decision is below.

Formal issues raised during examination procedure

On the **formal issues**, the BRPTO`s General Coordination of Appeals asked for comments on three different scenarios: ***i)*** cases where the applicant files the wrong brief and fails to correct the mistake before a decision dismissing the application is rendered, whether the appellate board may act to determine the removal of the misfiled brief and grant the appeal, or whether the appellate board should refuse to hear such appeal; ***ii)*** cases where the applicant fails to submit a power of attorney and the following briefs are dismissed due to misrepresentation, whether the appellate board may accept the filing of the PoA or whether it should be institutionally determined that the power of attorney must be presented before the first instance; ***iii)***

Regarding the **first hypothetical scenario**, the prosecutor's office expressed its opinion using two main legal concepts: **administrative preclusion** and **limits for hearing an appeal**. The opinion

recognizes that patent law guarantees the applicant the opportunity to adapt formal gaps in the application at fixed time intervals (arts. 19 – 21, IP Statute). Thus, because of **administrative preclusion**, if a claim should have been presented in a certain procedural opportunity and it was not, such claim can no longer be presented. Additionally, the prosecutor's office also recognizes that administrative preclusion operates as a limit to the "full devolutive effect" and the **admissibility of an appeal**. That is, in the specific scenario, the applicant's mistake cannot be corrected on appeal, given that the preclusion of the matter prevents the appellate board from hearing the appeal.

Regarding the **second hypothetical scenario (filing of new POA)**, the second paragraph of article 216 of the IP Statute establishes that failure to present a power of attorney within the legal period of 60 days from the first act performed before the BRPTO implies the final dismissal of the application. The prosecutor's opinion was that there is also an **administrative preclusion** in this case, and an appeal could not be heard either, given the limiting action of the preclusive effect.

Regarding the **third hypothetical scenario,** the prosecutor's office reinforced the understanding that, if there is no administrative preclusion of the matter under appeal, the appeal must be heard and decided by the appellate board. However, in cases where the panel understands that a document filed by the appellant was not properly analyzed by the first instance, the board must determine the return of the case to the first instance. To this end, the prosecutor's office highlights two legal concepts: **the principle of plurality of instances**, which guarantees that all decisions are subject to review or modification by hierarchically superior administrative bodies, and the **greater specialty of first instance** in the matters claimed in the requests submitted to the BRPTO.

The only exception allowed by the prosecutor's office would be applying the **"theory of the mature cause".** This theory is based on local laws establishing that "*if the case could be subject to immediate judgment, the appellate court must immediately decide"*.

As much as the prosecutor's office supported the return of the case to the first instance as a rule, and the application of the theory of the mature cause as an exception, it did not offer guidelines to establish when the board of appeals should apply it.

Substantive issues on the prosecution of patent applications

The BRPTO`s General Coordination of Appeals asked for comments on two different scenarios: ***i)*** cases where filing new elements to ground the application is allowed, such as new data to support technical effects, modifications to the specification, modifications to the claim chart, always intended to better define the matter claimed, whether the appellate board may hear and eventually grant appeals that bring these new elements or whether such elements can only be presented in the appeal exactly as they were presented in the first instance; ***ii)*** cases where the applicant is unable to comply – totally or partially – with requirements made in the first instance, whether the appellate board may accept the fulfillment of said requirements during the appeal.

When answering both questions, the prosecutor raised two points of special relevance: the time limit for filing claim amendments under **article 32** of the IP statute and the effects of **administrative preclusion**.

Regarding article 32, the BRPTO has an understanding already established that the date on which the technical examination of the patent application is requested is the final time limit for the

applicant to voluntarily request changes to the set of claims, as long as the changes are intended to clarify or better define the scope of protection of the patent application. There is also a consolidated understanding that after the date of the request for examination, changes to the claims for reducing the scope of protection of the patent application are allowed, given that they *"serve the public interest, since the part removed from what was initially claimed becomes public domain"*.

When assessing the possibility of presenting changes to the claim set (or the patent application in general) at the appellate phase, the prosecutor raised once more the principle of **administrative preclusion.** The opinion clarified that the devolutive effect of the appeal simply transfers the review of the decision from a lower instance to a higher instance. And that the re-examination involves the assessment of the entire matter covered by the challenged decision, plus the statements of the appellant.

In this sense, the attorney's office understood that the applicant cannot introduce innovations on appeal, that is, it **cannot present new data or changes to the set of claims, even if they result in a limitation of the scope of protection of the patent application**, and it cannot comply with requirements when it failed to do so at the appropriate time-limit before the first instance.

This new understanding from the BRPTO would initially be in force as from February 10, 2024, and the applicants would have until such date to submit complementary briefs to adequate any pending appeal, under the penalty of not being heard. However, due to requests from the IP community, the BRPTO published, on December 26, 2023, a new deadline, namely: **April 02, 2024**. Moreover, according to this new publication, office actions shall be published by the BRPTO for appeals not in conformity with this new procedure, giving the applicants a deadline of sixty days to submit their considerations. Despite this new deadline, the IP community has already contacted the BRPTO and is still negotiating, for example, the admissibility of amendments to restrict the scope of protection during the appeal phase. We will keep you updated.

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[1] Special Appeal 1499898/RS, STJ, Second Panel, Rel. Minister Humberto Martins, j. 03/17/2015; Special Appeal 1120190/SC, STJ, Fifth Panel, Rel. Ministra Laurita Vaz, j. 17/04/2012

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