

Kluwer Patent Blog

SEPs Injunctions with a Tropical Flavour: the Brazilian Scenario

Enrico Bonadio (City, University of London), Jorge Tinoco (University of São Paulo), and Daniel Leopoldino (Universidade Católica Portuguesa) · Tuesday, October 8th, 2024

Brazil is an increasingly relevant venue for litigation involving standard essential patents (SEPs). As a [top-5 market in the world for consumer electronics](#) and the [most performing economy in Latin America](#), Brazil is indeed an important country for players in tech. Think of X (formerly “Twitter”), which has recently been [banned](#) in Brazil for failing to comply with court orders. Whether warranted or not, the results of this measure are clear: the loss of [40 million monthly users](#) for the American platform.

Brazilian courts have in the past gained [international notoriety](#) as ‘plaintiff-friendly’ venues for SEPs dispute. Notable disputes are *Ericsson v TCT* (2012-2014) and *Vringo v ZTE* (2014), with courts granting patentees injunctive relief in preliminary proceedings. This trend has continued thereafter. In 2024, preliminary injunctions were issued and upheld in the appellate cases of *Nokia v. Amazon* (H.264/AVC standard), *Mitsubishi Electric v. SEMP TCL* (HEVC standard), and *NEC v. SEMP TCL* (HEVC standard). Final injunctions were also issued upon findings of infringement (e.g., see the 2023 ruling in *DivX v. Netflix*).

It is important to note that Brazilian courts have in the past followed two different approaches to issuing injunctions in patent cases. When dealing with preliminary injunctions, courts have tended to consider their impact on defendants’ businesses and the public interest (as mandated by [Article 300 \(3\) of the Civil Procedure Code](#)). Conversely, upon reaching an infringement finding, final injunctions have been granted almost automatically.

Further, when trying SEPs cases, Brazilian courts have often noted that there is no statutorily set differentiation between patents in general and SEP-encumbered patents. In other words, judges have tended to rule on SEPs cases just as they would in any other patent infringement dispute. For example, in *DivX v. Netflix* (focusing on the High Efficiency Video Coding standard), the defendant Netflix has raised FRAND issues both at the trial court and appellate stages. Specifically, Netflix has claimed that DivX’s conduct is predatory, as it is a non-practicing entity seeking injunctive relief to press defendants into reaching a licensing agreement on non-FRAND terms. Netflix thus maintains here that courts should not grant SEPs owners injunctions – neither preliminary nor final. The appeal is still pending, and not much weight has been given so far to Netflix’s FRAND concerns, as DivX won in the trial court and was awarded a final injunction at the end of the first instance proceedings.

Yet, in another recent (and still pending) case before the state court of Rio de Janeiro, i.e. *DivX v. Gorenje*, the court has appeared keener to assess implementers' interests when discussing preliminary injunctions. SEP owner DivX is here asserting one of their patents (covering video technology used in the HEVC standard) against Hisense Gorenje and their commercial partners in Brazil. A preliminary injunction was initially granted to DivX, but later the court lifted it and allowed the implementer to continue the alleged infringing activities by posting a court bond amounting to 10M Brazilian Real (US\$ 1,800,000). Similar decisions have been given in *DivX v. Amazon* (focusing again on the HEVC standard), where the Rio de Janeiro state court of appeals allowed the implementer to continue the allegedly infringing activities by posting a court bond amounting to (again) 10M Brazilian Real; and again in *Dolby v. TCL* (centred on the Advanced Audio Coding standard), where another panel of appellate judges from the same court allowed the defendant to continue selling smartphones using the AAC standard by posting a quarterly bond amounting to a percentage of the relevant sales.

Also, and more importantly, in May 2024 an interim order in *DivX v. Gorenje* has given some much-awaited guidelines regarding preliminary injunctions in Brazilian SEP cases. For example, the court interestingly noted that before obtaining such orders SEPs owners have the burden of demonstrating that they have offered a licence on FRAND terms. While no specific details were given to clarify what a FRAND licence looks like in those circumstances, the judge emphasized that the “non-discrimination” aspect is the most important criteria to assess FRAND compliance.

To date, this is the first decision of a Brazilian court highlighting that patentees should comply with FRAND obligations. It remains to be seen whether other courts will follow suit, also considering that Brazil is a civil law jurisdiction which is not based on a *stare decisis* approach. Yet, it cannot be ruled out that this might represent a turn in the national SEPs case law, which would place Brazil more in line with other jurisdictions such as the EU where FRAND commitments are taken seriously, especially in the recent European Commission [Proposal](#) for a SEPs Regulation. After all, as Brazil is becoming a centre for [international investment in the tech sector](#), future developments in national patent law will probably be influenced by international discussions on balanced FRAND licensing ecosystems.

To make sure you do not miss out on regular updates from the Kluwer Patent Blog, please [subscribe here](#).

Kluwer IP Law

The **2022 Future Ready Lawyer survey** showed that 79% of lawyers think that the importance of legal technology will increase for next year. With Kluwer IP Law you can navigate the increasingly global practice of IP law with specialized, local and cross-border information and tools from every preferred location. Are you, as an IP professional, ready for the future?

Learn how **Kluwer IP Law** can support you.

79% of the lawyers think that the importance of legal technology will increase for next year.

Drive change with Kluwer IP Law.

The master resource for Intellectual Property rights and registration.



2022 SURVEY REPORT
The Wolters Kluwer Future Ready Lawyer
Leading change

This entry was posted on Tuesday, October 8th, 2024 at 12:12 pm and is filed under [Brazil](#), [FRAND](#), [Patents](#), [SEP](#)

You can follow any responses to this entry through the [Comments \(RSS\)](#) feed. You can leave a response, or [trackback](#) from your own site.