Suggestions for Fine-Tuning the Brazilian Patent-granting System

Study of the advantages brought by the Patent Prosecution Highway (PPH) for innovation in Brazil

Current as of February, 2017
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Otto Licks, Tatiana Machado and Roberto Rodrigues
INTRODUCTION

At a time when Brazil is dealing with political uncertainties and striving to surmount economic hurdles, there is widespread agreement that steps are required to boost economic growth. A major contribution may come from private foreign direct investment (FDI), with the newly-introduced Investment Partnership Program (IPP) showing the way. Equally important are foreign direct investments with no contractual interactions between the state and the private sector, dependent on a competitive context and technological innovation. Here, one of the most important ways of spurring economic growth is the effectiveness of the rules regulating intellectual property, especially the patents of invention system.

In order to lessen the negative impacts to foreign direct investments in Brazil, it is vital to upgrade the performance of the Brazilian Patents and Trademarks Office (National Industrial Property Institute – INPI/BRPTO) very quickly. Handling patents of invention, the BRPTO is a federal semi-autonomous government entity that was set up in 1970 by President Medici, with the core purpose of implementing Brazil’s industrial property laws and standards. The most important legislation in this field is: Decree #81,742 – Patent Cooperation Treaty (PCT) in 1978; Decree #1,263 – Paris Convention for the Protection of Industrial Property and Decree Nº 1,355 – Trade-Related Intellectual Property Rights (TRIPS) Agreement/World Trade Organization (WTO). Appointed by the Ministry for Development, Industry and Foreign Trade (MDIC), the President of this Office is appointed and removed freely by the President of Brazil. Since August 11, 2015, it has been headed by Professor Luiz Otavio Pimentel, who was nominated by then Minister Armando de Queiroz Monteiro Neto and appointed by former President Dilma Rousseff.

The main function performed by the BRPTO is awarding patents of invention and utility models, in addition to registering industrial drawings, brands and trademarks. While performing these functions, it has been criticized by users for excessively long delays in patent application examinations and the quality of its administrative decisions. It has in fact become commonplace for users to file suits with the Courts requesting reviews of decisions denying industrial property titles. The Federal Court of Appeals for the Second Circuit has in fact established two Panels specializing in industrial property, while the Federal District Court of Rio de Janeiro has four specialized courts, all required to handle the massive numbers of lawsuits filed against the BRPTO (267 during the past twelve months in Rio de Janeiro alone).

There are currently more than 10,000 lawsuits involving the BRPTO filed with the Brazilian Courts.

The BRPTO is also in charge of registering software, geographical indication, designs of integrated circuits and licensing contracts.

The difficulties encountered by the BRPTO in bringing patent application processing activities to completion is acknowledged as the main stumbling-block in Brazil’s intellectual property system. At the moment, the BRPTO takes an average of eleven years to decide on whether or not to grant a patent application.

It is well-known that the BRPTO has not been able to fulfill its institutional functions satisfactorily, harming users, undermining the interests of society and hampering the technical and economic development of Brazil. Three consequences of this poor performance by the BRPTO are: i) the number of applications on which the Office has not handed down decisions (backlog); ii) the length of time that the BRPTO takes to decide on any user applications (pendency); and iii) differences in the operating, management, administration and governance standards for its activities, compared to government entities performing similar activities in other countries, or even other public institutions in Brazil.

For comparative purposes, according to official data for 2014 and 2015, the European Patent Office (EPO) takes around three years to decide on a patent application, while the United States Patents and Trademarks Office (USPTO) takes two and a half years, the State Intellectual Property Office of the People’s Republic of China (SIPO) takes less than two years, with only a year and a half required by the Japan Patent Office (JPO) and the Korean Intellectual Property Office (KIPO).
COMPARISON – AVERAGE EXAMINATION TIME BY PATENT OFFICE

Graph 1
Productivity levels at the BRPTO are extremely low: each year, an examiner issues an average of 35 decisions on merit through technical examinations of patent examinations, which is less than three decisions a month. Consequently, in 2015 the BRPTO had a backlog of 211,478 patent applications awaiting final decisions on initial examinations, with its own estimate bringing this figure up to more than 300,000 applications in 2022 (see Graph 2 on page 6).

The problems caused by the BRPTO backlog have direct impacts on the Brazilian economy and the nation’s development. In the Global Innovation Index 2016 Report published recently by the World Intellectual Property Organization (WIPO) and others, Brazil ranks only 69th for innovation, behind Chile (44) Costa Rica (45), Mexico (61), Uruguay (62) and Colombia (63). The WIPO report stresses the strength of Brazil through the impact of scientific publications, as a positive aspect, but also highlights its weakness to construct a business-friendly context. The report concludes that the situation in Brazil could improve if cooperation agreements with other nations were drawn up in the innovation field.

Along the same lines, other publications – such as the Global Information Technology Report 2016 – also underscore Brazil’s poor performance in constructing an innovation-friendly environment, rating it 72nd in the general ranking and 124th for Innovation in Business Environment. Brazil’s lack of adequate and effective protection for industrial property rights is directly linked to this unfavorable context.

The BRPTO has been unable to play its institutional role in an efficient manner, respecting due legal process at the administrative level and ensuring a reasonable timeframe for the proceedings. Its activities are often questioned in terms of the various fundamental guarantees and rights established through Article 5 of its 1988 Constitution (CF/88), in addition to the principles ruling the Civil Service, set forth in Article 37 of the Constitution, establishing an Unconstitutional State of Affairs that adversely affects not only the direct users of the patents system, but Brazilian society as a whole.

Other Patent Offices in Latin America support their governments and private enterprise in the competition for foreign direct investments. For example, Chile, Colombia and Mexico have long implemented efficient ways of dealing with backlogs, pendencies and management problems. In September 2016, the new president of the Argentine Patent Office, Damaso Pardo (appointed in July 2016), went even further through Rule P-56/2016 that adopts a simple approach to encouraging the diversion to Argentina of high-value investments originally earmarked for Brazil. With no need for treaties or executive agreements, the Argentine Patent Office introduced a patent application examination system designed to ensure fast-tracked decisions for investors considering Argentina.

**THE BRAZILIAN PATENT SYSTEM – OVERVIEW**

In Brazil, protection for inventions, industrial creations, brands and trademarks, company names and other distinctive signs is assured as a fundamental right, through Item XXIX of Article 5 of its 1988 Constitution.

The process of awarding a patent of invention is regulated by the Brazilian Patent Statute (Patent Statute) – Law #9,279/96, as well as by international treaties included in the Brazilian Legal System. For example, the Patent Statute establishes that an invention will be patentable when compliant with the patentability requirements – novelty, inventive step and industrial application – as well as the formal requirements set forth in Articles 8 and 24 of the Patent Statute.

Once all the requirements have been confirmed, the BRPTO must grant the patent. The administrative act awarding a patent is binding, rather than discretionary, with no room for judgments of convenience and opportunity by the BRPTO. This is what is affirmed by the case law established by the Brazilian Courts:

“It must also be noted that, contrary to the statement presented by the BRPTO, the act of awarding a patent is not discretionary, with the Civil Service necessarily being bound to the criteria delineated in the law. Deploying control over the legality of administrative acts, the Judiciary is fully empowered to examine compliance with these criteria, with the assistance of qualified professionals, as occurs in these case records.”


“This is a matter of defining the duration of the statute of limitations for a lawsuit filed by a registrant wishing to discuss the duration of the validity established by the BRPTO. Initially, it must be stressed that this act of impugnment safeguards the juridical status of the administrative act (...). It is noted that this is a bound act, as all its elements are defined in the law.”

Consequently, the BRPTO is forbidden to use its institutional function – regulated by the Patent Statute and Law #5,648/70 that set up the BRPTO – to make discretionary choices and patent awards based on judgments of convenience and opportunity.

Sovereignty is held by the Brazilian State, which is a single indivisible unit. When the Brazilian State pursues a political option through the Legislative and Executive Branches (direct civil service) to promulgate laws and adhere to international treaties that ban discrimination in fields of technology and against foreign companies for patent award purposes, the BRPTO must ensure compliance with the law and exercise its institutional functions with impartiality, reality, disclosure and efficiency. This is why the BRPTO may not delay administrative proceedings awarding patents in specific fields of technology filed by foreign applicants.

Sovereignty is held by the Brazilian State, which is a single indivisible unit

PATENT APPLICATIONS FILED AT THE BRAZILIAN PATENT AND TRADEMARK OFFICE (BRPTO)

Although the BRPTO forecasts an increase in the number of patent applications filed during the next few years, the most probable scenario is that these figures will remain stable, based on data for the past five years (2011 – 2015). During this period, patent applications rose by a mere 3.6% a year, and even fell during 2014 and 2015.

The scenario shown in Graph 2 (see page 6) is lagging behind other countries. At the global level, patent applications filed rose 24% a year between 2011 and 2014 (2015 data is not yet available), while Brazil posted a modest growth of 4.08% in annual patent applications filed during this period, lower than the filings growth rate for even Latin America and the Caribbean at 6.47% as a whole.

These data reflect low interest levels in Brazil for the international community, resulting in a context that is consequently somewhat unfavorable for innovation and competitiveness.

Between 2011 and 2015, patent applications rose by only 3.6%, while the BRPTO backlog ballooned by 28.43%

These delays at the BRPTO are even more worrying, when compared with peer authorities in other countries. The European Patent Office (EPO) takes around three years to decide on a patent application, while the US Patents and Trademarks Office (USPTO) requires some two and a half years; in China, SIPO awards patents within less than two years on average, dropping to less than eighteen months for the Japanese (JPO) and South Korean (KIPO) authorities to complete the procedures for examining a patent application.²

Even patent offices from countries with development indexes closer to Brazil’s are more productive and in turn have a smaller backlog.

For example, the Indian Patent Office (IPO) is more efficient, although its situation is not that much better: more than 40,000 patent applications are filed each year, with final technical decisions handed down on around 14,000 applications a year. In 2015, the Indian Patent Office was staffed by 183 industrial design and patent examiners,³ indicating that the average annual productivity of each examiner is 76 examination decisions a year or six decisions a month – twice the average figures for Brazilian examiners. By the end of 2015, the backlog in India reached 246,495 patent applications.⁴ Although higher than the figures for Brazil, some 10,000 more patent applications are filed each year (42,763 compared to 33,043 in 2015) with fewer examiners (183 compared to 193 in 2015).
PATENT APPLICATIONS FILED AT THE BRPTO FROM 2000 TO 2016 AND THE BRPTO'S FORECAST OF PATENT APPLICATIONS UNTIL 2022
The Indian authorities are well aware that the efficiency of its IPO must be improved, taking steps designed to shorten paperwork processing times. One of these steps is the adoption of bilateral cooperation agreements with other patent offices such as the EPO and the JPO.

In turn, some 40,000 patent applications are filed on average each year with the Russian Federal Service for Intellectual Property (ROSPATENT), topping 45,000 in 2015, with more than 30,000 substantial decisions handed down each year either granting or refusing applications for patents of invention. There are no official data on the average processing times for patent applications in Russia, but since 2009, it has pursued a bilateral cooperation agreement program with twenty other patent offices.5

In Latin America, Colombia takes only 22 months to decide on a patent application,6 while Argentina should be even faster after the fast-track alterations introduced by Rule P-56/2016, on September 19, 2016.

Brazil’s 1988 Constitution offers assurance at the Judicial and Civil Service levels that the time required by these procedures will be reasonable (Article 5, Item LXXVIII). There is no legislation in Brazil that allows an average duration of eleven years for examining and administrative procedure. In addition to being out of step with the practice in other countries, the performance of the BRPTO also fails to keep pace with (and correspond to) an efficient Civil Service model whose implementation is underway in Brazil, compliant with the principle set forth in the Head Paragraph of Article 37 of this Constitution.
BRPTO’S BACKLOG

Backlog is the term used by patent system users and the BRPTO itself to designate the build-up of filed patent applications awaiting decisions on the initial examination.

As shown in graph 3 below, the backlog (red line) is created and constantly fuelled as the BRPTO works on less applications than the annual fillings (green and blue lines).

![Graph 3: Backlog, Patent Applications, Decisions](image)

In 2015, the backlog reached 211,478 applications, with the BRPTO predicting that the situation will worsen during the next few years, with the backlog rising by 46% between 2015 and 2022.

**The BRPTO forecasts that the situation will worsen during the next few years, with a 46% upsurge in the backlog between 2015 and 2022.**
PROGRESSION OF BRPTO'S PATENT BACKLOG

BRPTO's projection for the backlog
What is the explanation for this situation? As shown, fewer applications are filed with the BRPTO than the global average, and even the average figures for Latin America and the Caribbean. Nevertheless, its backlog is ballooning steadily at a frightening rate.

According to 2015 data, the Brazilian Patent Office employs 193 full-time examiners who produce an average of 35 decisions each year through technical examinations, equivalent to less than three decisions a month. This extremely low productivity level underscores the need for infrastructure reform, more examiners and the introduction of new procedures that may help the BRPTO become more productive. In light of this the BRPTO hired 70 examiners in June 2016, and another 30 were admitted in November 2016.

According to a report drawn up by Brazil’s National Confederation of Industries (CNI) that was published in 2014, the ratio between the total number of patent applications pending and the number of examiners reaches 960 in Brazil, compared to 77 in the USA and 186 in Japan.

However, these figures may not be used as an excuse for sluggish patent application processing by the BRPTO. After all, although the ratio between the number of pending applications and each examiner indicates that Brazil’s examiners are subject to heavier workloads, the situation is reversed when analyzing the ratio between the number of patent applications filed each year and the number of examiners. For example, while Brazil’s 193 examiners received 33,569 patent applications (see Graph 2 on page 6), the 1,713 examiners at the JPO received 342,796 new patent applications. Similarly, while the BRPTO received 149 new patent applications per examiner in 2012, the JPO received 200 new patent applications per examiner.

The new workloads flowing in each year for Brazilian patent examiners are far lighter than the workloads borne by their counterparts in Europe, North America and Japan. It is not correct to say that Brazilian examiners have heavier workloads. If the number of patent applications pending x examiner is higher in Brazil, the problem lies in the low productivity levels of the BRPTO examiners, which causes a snowball effect.

Another difficulty is related to analyzing BRPTO financial data: in 2014, it posted revenues from services of R$ 268,201,54.00, with a budget allocation in the Annual Budget Act of R$ 403,436,523.00 that year. It is worthwhile stressing that the budget allocation of the BRPTO rose by 22.5% between 2013 and 2014, although it did not increase the number of examiners on its staff or upgrade its services.

New workloads flowing in each year for Brazilian patent examiners are far lighter than those borne by their counterparts in Europe, North America and Japan. It is not correct to say that Brazilian examiners have heavier workloads. If the number of patent applications pending x examiner is higher in Brazil, the problem lies in the low productivity levels of the BRPTO examiners, which causes a snowball effect.

SUGGESTIONS FOR FINE-TUNING THE BRAZILIAN PATENT-GRANTING SYSTEM

Brazil is currently in an economic crunch, as foreign investments are plummeting, down from US$ 97 billion in 2014 to US$ 75 billion in 2015, and estimated at only US$ 60 billion in 2016. A return to economic growth across the board requires a domestic context that is favorable to foreign investments, with an important indicator of this situation being an efficient patents system that rewards and protects innovation.

The Brazilian government must seek ways of streamlining management of the public machine while avoiding an upsurge in outlays, ensuring better cost x benefit ratios. However, the need to rationalize spending means that stepping up federal investments in restructuring the BRPTO...
LIMITATIONS OF THE BRAZIL-USA PILOT PPH PROGRAM

Patent Applications accepted under this Program so far account for only 0.009% of the BRPTO Backlog

In November 2015, Brazil signed a Memorandum of Understanding (MOU) with the USA on the adoption of a pilot program implementing a shared priority filing examination agreement known as the Patent Prosecution Highway (PPH). This program was launched in January 2016 through Rule #154/2015. Although a significant step towards mitigating the effects of the backlog, the PPH adopted in Brazil was limited to the oil and gas sector, while also stipulating that the BRPTO will examine no more than 150 patent applications under this Rule, filed after January 1, 2013. These constraints curtail the scope of the PPH, while also undermining the feasibility of attaining its goals.

The purpose of the PPH is to fast-track patent application procedures, with fewer delays and more effective spending by Brazil’s patent office. The existence of trustworthy prior searches lessens the time required for technical examinations, thus boosting productivity, which has already been identified as one of the main problems faced by the BRPTO.

For the agreement with the USA, limiting the Brazilian PPH to only the oil and gas field of technology does not in fact benefit industry and the economy as a whole, and contributes little to upgrading the innovation context in Brazil, attracting investments. As shown in the following graph, the number of patent applications filed each year in the oil and gas field of technology in Brazil is only a small proportion of the total number of applications. Limiting the Brazilian PPH to only the oil and gas field of technology does not in fact benefit industry and the economy as a whole, and contributes little to upgrading the innovation context in Brazil, attracting investments.
ON AVERAGE, ONLY 3.52% OF APPLICATIONS FILED ARE ELIGIBLE FOR THE CURRENT PILOT PPH PROGRAM

Applications filed between 2001 and 2016

- Applications eligible for the PPH – Oil, Gas or Petrochemicals
- Applications not eligible for the PPH

Under Article 7 of Rule 158/2015 that established the PPH, only applications filed by 2013 are eligible.
Between 2013 and 2016, oil and gas sector applications accounted for an average 3.52% of the total number of applications filed each year. Furthermore, much of the BRPTO backlog consists of applications filed before 2013 (which is the cut-off date for the Brazil-USA pilot program), which has been lined up at the BRPTO for years, with no prospects of decision. These applications have certainly been examined and awarded in other countries. Consequently, it is not surprising that the number of patent applications eligible for the PPH under the criteria established by the BRPTO account for only 1.8% of the total PPH backlog. As though this figure were not sufficiently negligible, the BRPTO has managed to apply the program to mere 26 patent applications so far, equivalent to 0.009% of the total BRPTO backlog.

With a cut-off date of 2013 and limited to a single field of technology, the pilot PPH made little contribution to improving the BRPTO. Expanding its scope to encompass other field of technology and signing PPH agreements with other countries are crucial steps for pruning the BRPTO backlog and attracting investments in production to Brazil, on the technological cutting edge. The pilot program with the USA is unable to pursue this goal.
<table>
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<tr>
<th>Application #</th>
<th>Title</th>
<th>Registrant</th>
<th>Examination Result</th>
<th>Priority Filing #</th>
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<td>BR 10 2013 008358-5</td>
<td>Methods and apparatus for cementing wells</td>
<td>Key Energy Services, LLC. (US)</td>
<td>Pending</td>
<td>US 13/506,227</td>
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<td>BR 10 2016 007667-6</td>
<td>Hydroxyalkyl substituted succinimides and fuels containing them</td>
<td>Afton Chemical Corporation (US)</td>
<td>Patent Granted</td>
<td>US 14/855,631</td>
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<td>BR 11 2014 029190-0</td>
<td>Cutting elements for earth-boring tools, earth-boring tools including such cutting elements, and related methods</td>
<td>Baker Hughes Incorporated (US) , Element Six Limited (IE)</td>
<td>Patent Granted</td>
<td>US 13/477,905</td>
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<td>BR 10 2013 018178-1</td>
<td>Wave field separation by mixed domain inversion</td>
<td>PGS Geophysical AS (NO)</td>
<td>Pending</td>
<td>US 13/552,611</td>
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<td>BR 10 2013 019971-0</td>
<td>System and method of a reservoir monitoring system</td>
<td>PGS Geophysical AS (NO)</td>
<td>Pending</td>
<td>US 13/568,773</td>
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<td>BR 10 2016 000836-0</td>
<td>Fuel additives for treating internal deposits of fuel injectors</td>
<td>Afton Chemical Corporation (US)</td>
<td>Patent Granted</td>
<td>US 14/667,062</td>
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<td>BR 11 2015 001611-1</td>
<td>In-line mooring connector and tensioner and methodology for the implementation thereof on a subsea mooring line</td>
<td>Seahorse Equipment Corp (US)</td>
<td>Patent Granted</td>
<td>US 61/678,889,615/675,650</td>
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<td>BR 11 2015 005874-4</td>
<td>Gooseneck unit and method for connecting a riser string to an offshore drilling rig</td>
<td>National Oilwell Varco, L.P. (US)</td>
<td>Pending</td>
<td>US 61/704,179</td>
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<td>BR 11 2016 007692-3</td>
<td>Reactor bed component for securing rigid assemblies</td>
<td>ExxonMobil Chemical Patents, Inc (US)</td>
<td>Patent Granted</td>
<td>US 14/097,827</td>
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<td>Amide alcohol friction modifiers for lubricating oils</td>
<td>Afton Chemical Corporation (US)</td>
<td>Shelved</td>
<td>US 13/945,082</td>
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<td>BR 10 2013 032934-7</td>
<td>Lubricating oil comprising a base oil and an additive package</td>
<td>Afton Chemical Corporation (US)</td>
<td>Shelved</td>
<td>US 13/725,482</td>
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PATENT PROSECUTION HIGHWAY (PPH)

The PPH is a bilateral or multilateral technical agreement whose scope is to share information and search reports for prior filings among signatory countries. The intention is to avoid a patent office having to repeat exactly the same work that has been done previously by some other patent office. This means that a search report drawn up by the patent office and a signatory country may be used by the patent office of another signatory country, thus avoiding repeating search efforts and fast-tracking decisions on awarding patents of invention.

The PPH does not imply that national patent offices are bound in any way to the conclusions reached in the technical examinations undertaken by foreign patent offices. They are completely independent, for this purpose. Based on a prior filings search report and information shared by a foreign patent office, a local patent office may reach a different conclusion on the patentability of the invention and consequently whether or not to award the patent of invention.

Over the years, many countries have realized that patent application examination capacities are failing to keep pace with the upsurge in new filings. Not even infrastructure upgrades or hiring more examiners with sufficient expertise would be sufficient to avoid a general backlog and sluggish progress for patent applications. Today, the US Patents and Trademarks Office (USPTO) takes some three years to complete a patent application examination, which is rated as a considerable delay by industry in the USA.

Consequently, the USA and Japan set up a PPH pilot program in 2006, in order to avoid redundant searches for prior filings of applications filed in other countries, making good use of the examinations of these applications in an independent but harmonized manner.

Some ten years after the implementation of the first USA-Japan PPH, this system was expanded and adopted by several other countries. Today, there are 41 countries engaged in some type of PPH agreement.

As mentioned, in November 2015, Brazil announced the adoption – through a Memorandum of Understanding (MOU) – of a pilot PPH program which was launched in January 2016 through Rule #154/2015. Although this is a significant step towards mitigating the effects of the backlog, the PPH adopted in Brazil was limited to the oil and gas field of technology, while also stipulating that the BRPTO will examine no more than 150 patent applications under this Rule, with these constraints curtailing the scope of the PPH, while also undermining the feasibility of attaining its goals.

The purpose of the PPH is to fast-track patent application procedures, with fewer delays and more effective spending by patent offices. The existence of trustworthy prior searches lessens the time required for technical examinations, thus boosting productivity, which has already been identified as one of the main problems faced by the BRPTO.

For the agreement with the USA, limiting the Brazilian PPH to only the oil and gas field of technology does not in fact benefit industry and the economy as a whole, and does not contribute to upgrading the innovation context in Brazil and attracting foreign investments.

Thus, expanding the scope of the PPH to encompass other fields of technology, as well as
signing PPH agreements with other countries are crucial steps for pruning the BRPTO backlog and attracting investments in production to Brazil, on the technological cutting edge.

The PPH also has positive impacts for Brazilian inventors: lower patent processing costs ushered in by the PPH through cooperation results in financial savings for Brazilian applicants desiring to use the PPH in another country.\textsuperscript{18}

Through the PPH, as soon as a decision is handed down on an application in a signatory country, its registrant presents the search results in the other country, together with all the comments made by the foreign examiner during the technical examination of the application, thus streamlining the work of local examiners without adversely affecting their autonomy and curtailing their technical independence.

It is noted that the BRPTO has been trying for the past few years to introduce steps that would speed up the processing of patent applications in Brazil and lessen its backlog. This has been handled through specific Rules\textsuperscript{19} that allow fast-track examinations of: (i) pharmaceutical products, processes, equipment and materials related to public health (Rule PR #80/2013);\textsuperscript{20} (ii) technologies addressing the environment known as green patents (Rule #175/2016);\textsuperscript{21} (iii) patents filed by elderly applicants more than sixty years old or when the subject of the patent application is being reproduced by third parties without authorization (Rule #151/2015);\textsuperscript{22} (iv) patent applications filed initially with the BRPTO and then with other patent offices (Rule BRPTO PR #153/2015);\textsuperscript{23} (v) patent applications filed by micro-enterprises or small businesses (Rule BRPTO PR #160/2016).\textsuperscript{24}

Although these steps contributed to Brazil’s patent system to some extent, alone they are unable to solve the major problem of sluggish throughflows at the BRPTO, which is why the PPH seems to be the best option, due to its advantages and cost x benefit ratio.

**RULE P-56/2016 – ARGENTINA**

The PPH seems to be the ideal solution for two (or more) countries whose patent offices are already operating with reasonable efficiency and that can effectively engage in bilateral cooperation in order to shorten patent application processing times for both of them (pendency).

However, as the BRPTO does not generate information within a reasonable timeframe, when it completes a prior filings search for a patent application, other offices have completed their examinations of the merit of the corresponding application long before. This is why, in addition to considering further PPH agreements, the BRPTO must also urgently solve the problem of its massive backlog. To do so, the best approach for Brazil would be to promulgate a Rule or a Directive similar to Rule P-56/2016 that was recently adopted in Argentina.

In the past, the BRPTO issued a Directive that allowed applicants filing patent applications to present copies of corresponding patents awarded by other patent offices, for use as additional information for the examination in Brazil. This was Directive #152/99.

In Argentina, Rule P-56/2016 adopted an innovative approach that empowered the Argentine Patent Office to confirm that patentability requirements have been met and the prior filings search had been conducted when the priority invoked through the Argentine patent application had been granted in another country that conducted an examination of merit and required compliance with the same patentability requirements as those in place in Argentina.

This new Rule can help upgrade Argentina’s patent system effectively, without undermining its national sovereignty. This is deployed by the Legislative when a law is promulgated that lays down the requirements for awarding patents – a bound act undertaken by the Civil Service through ascertaining compliance with these requirements and leaving no room for a judgement of convenience and opportunity. Thus, respect for national sovereignty is present insofar as Rule P-56/2016 clearly states that foreign patents may be used for patent applications examinations in Argentina only after completing an examination of merit that ascertains the presence of the same patentability requirements as established in Argentine Law.

Furthermore, this Rule stipulates that the Argentine Patent Office may waive this practice with technical and legal grounds, or for reasons of national defense, domestic security, public health emergency or other reasons related to the public order.

Promulgating a Rule and/or a Directive that could compete with Argentina’s Rule P-56/2016 would be the solution for the BRPTO backlog problem. This would allow Brazilian examiners not only to benefit from prior filing searches conducted by other offices, but also the outcomes of examinations of merit, which may be reviewed and, when pertinent, adopted as grounds for granting or rejecting patent applications. This step would not curtail the
autonomy and independence of Brazilian examiners, but would rather endow them with a new tool that could revolutionize the efficiency of the BRPTO. For this purpose, it is relevant to note that Brazil is a signatory of the Trade-Related Intellectual Property Rights (TRIPS) Agreement (embedded in Brazil's juridical arrangements through Decree Nº 1,355/94) that standardized the patentability requirements adopted by its member countries. This means that Brazilian examiners inevitably check the same criteria as those analyzed by foreign examiners. In this context, there is no justification for claiming that the use of the findings of examinations of merit conducted by other patent offices with regulatory structures that are identical to that of Brazil, could harm national sovereignty in some way. This type of statement is not acceptable to all those who believe in the need for a modern and efficient BRPTO that can pave the way to a context of innovation and cutting-edge investments.

**CONCLUSION**

There is a worldwide trend towards seeking creative solutions that streamline government paperwork and cut through red tape. In this field, one of the most widely used options is international cooperation, as a way of joining efforts to lower costs and enhance efficiency throughout the Civil Service.

Brazil is following this path in several fields. For example, its Judiciary and the Federal Prosecutor’s Office make frequent use of international cooperation mechanisms that are also addressed in Brazilian Code of Civil Procedure (CPC), promulgated in 2015 through Law #13,105. These mechanisms address forms of cooperation with foreign jurisdictions that simplify juridical acts, provided that legal requirements are respected, extending well beyond merely ratifying decisions handed down by foreign courts.

It is in the best interests of all that Brazil’s Civil Service should strive to upgrade its performance, adopting international cooperation mechanisms that could improve the cost x benefit ratio of rendering public services.

Recently, the Brazilian Food & Drug Administration (ANVISA) signed a MoU with India's Central Drugs Standard Control Organization (CDSCO) for cooperation in product regulation. The agencies will share experiences, best practices and exchange information on regulatory.

Robust and effective protection for industrial property is vital for Brazil’s return to economic growth, developing into a modern nation that is seamlessly integrated into the global economy. In this context, the BRPTO becomes a patent office at the same level as those of the more developed countries, with efficient examinations and high-quality applications submitted for its consideration, regardless of sector-specific interests.

Today, the adoption of broad-ranging PPH agreements is imperative for handling this pendency, with no constraints and reaching out to the largest possible number of countries. This mechanism is being adopted by countless nations all over the world, with high success rates. Limiting the PPH to narrow fields of technology within specific timeframes will not meet the Brazilian interests, as its purpose will not be achieved.

In parallel, Brazil must urgently introduce a system that can compete with Argentina’s Rule P-56/2016, which will undoubtedly use the Mercosur Southern Cone Common Market structure to export high added-value products to Brazil, which could instead be travelling in the other direction.

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This document was drawn up in-house by the Licks Law Firm in Brazil. The opinions and ideas expressed herein are the responsibility of its authors, and do not necessarily reflect the opinions of our clients.
11. Data on patent applications filed during the first eight months of 2016 were disclosed by the BRPTO in its CNI/MEI Report dated September 30, 2016.
12. According to the definition on the BRPTO website: “The Patent Prosecution Highway (PPH) is a program through which an application whose claims in the same family have been granted by an Office of Earlier Examination (OEE) is eligible for fast-track examination by an Office of Later Examination (OLE) with a simple procedure, at the applicant’s request. Through exploiting all OEE search/examination-related information, the PPH supports applicants in their efforts to obtain more stable patent rights more efficiently in other countries. Moreover, this project strives to lighten the search/examination burden and enhance examination quality in major patent offices around the world.” Available at: http://www.inpi.gov.br/menu-servicos/patente/projeto-piloto-pph
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