

CIRCULAR LETTER – 10BR/2019

Re.: Important Regulatory Updates – Industrial Property

As a consequence of the entry into force, in Brazil today (October 2, 2019), of the “**MADRID PROTOCOL**”, important regulatory changes, added to the Industrial Property Law in force (LPI, Law 9,279/96) are being announced by the Brazilian Patent and Trademark Office (BPTO). Among the most relevant changes, we herein report you the following:

(Concerning BPTO)

- **BPTO RESOLUTION No. 244/2019 – on Trademark Registration and Application Division**

It is already possible for an applicant to require the division of a trademark registration/application in two cases: (a) when the examination is dismissed for one of the classes of the registration application (in a multiclass system); and (b) to transference of ownership of the registration/application. In the first case, the applicant may require BPTO to give continuity to the analysis of the registration application in the other classes, with the dismissal covering only one or part of the classes as claimed in a multiclass application. As a consequence, a new trademark registration application covering the classes for which a decision may be issued on the possibility of registration of the trademark at issue will be created. In the second case, i. e. the division for transference purposes, the legal requirements to register the transference as already established by LPI Article 135 should be fulfilled. And this is not all. The Resolution also allows ownership transference of a part of the products/services included in the specification of one single class of an application or registration. This will give cause to a new trademark registration or application. It is important to highlight that the transference should comprise identical, similar or related products or services, under penalty of cancellation or dead filing the original registration or application. Important: in division cases, the filing/priority dates of the original process will prevail, as well as its validity period in case of approved registrations; in other words, the division will not bring prejudice to the owner/applicant concerning his/her anteriority.

This resolution will only enter into force on March 9, 2020.

- **BPTO RESOLUTION No. 245/2019 – establishing the Trademark Co-Ownership System**

This regulation establishes the trademark co-ownership system, which has been introduced to allow the registration of more than one natural person or legal entity as the owner of a trademark registration. It does not cover collective trademarks, but, concerning certification trademarks, the co-ownership system will be allowed, provided that none of the applicants have any direct commercial and/or industrial interest in the product/service.

Another aspect originating from this regulation should be highlighted – the Union priority right will only be assured when the new registration application has the same set of owners/applicants of the original application, otherwise the presentation of an assignment document will be required concerning priority. In an eventual assignment of rights, it is established that the registration of the inclusion or exclusion of a co-owner will only occur against the presentation of the authorization by all co-owners/applicants, unless in case of judicial or arbitral decisions or distribution by a notarial deed. Additionally, concerning the trademark availability analysis by BPTO, a later proceeding may not be approved in case of an anteriority including the same owner(s), if there is no full identity between the sets of applicants/owners in the processes under analysis.

Resolution N^o 245 will enter into force on March 9, 2020.

- **BPTO RESOLUTION No. 247/2019 – on International Trademark Registrations under the Madrid Protocol**

This regulation provides for the treaty implementing the “Madrid System”, currently covering 121 (one hundred and twenty-one) countries, which are responsible for more than 80% of world trade (including e. g. the United States, European union, Canada and China), allowing that, with one single registration application – based on a national registration or application – a trademark protection may be required for as many jurisdictions as the owner may be interested in (only highlighting that the cost increases with the number of designated countries). It is also possible to require protection extension at a later date, i. e. to initially register the trademark in countries where the applicant is already present (or in those with priority interest) and require the registration in additional countries in the future, if and when business are geographically expanded.

The Madrid System is administered by WIPO – the Worldwide Intellectual Property Organization, a U. N. agency established in 1967, with headquarters in Geneva, which mission is to propel the development of an international Intellectual Property protection system which is balanced and effective, so to incentive innovation and creativity for the benefit of all people. In practice, the proceedings start with the registration application in the country of origin of the trademark owner. Based on that, and thus requiring protection for the same trademark and the same products and services, the owner is allowed to file an international registration application, indicating his/her countries of

interest. That application is filed in English or Spanish with BPTO, who is also the authorized organism to process and decide on trademark registration applications in Brazil (among other attributions). After checking the acceptance requirements, BPTO will certify the international application and forward it to WIPO, who, on the other hand, will inform the chosen/designated countries that a given Brazilian company/person is requiring for judicial protection for his/her trademark, to identify some specific products and/or services in those countries – the so-called certification.

After these proceedings, a new process stage starts which is the national/local proceeding, performed by each country individually, respecting the sovereignty/laws of each one of those places. In that case, there are no guarantees on the granting as being right and due. Anyway, by using the Madrid Protocol route, the user will be able to strictly require, at the same time and for various countries, his/her trademark registration with one single process, one single language and with a better forecast of the time for reply, with one single prolongation date – including for the subsequent designations when the addition of countries to the registration portfolio of that same trademark is required.

For better understanding:

In terms of approximate values to be paid with fees, not including attorney fees, naturally if the user decides to be represented by an agent/attorney, the scenery to be found will be basically as follows:

For one registration application – per class – with no complications – linear

- Requirement: the user should have: a base registration or registration application with BPTO

BPTO/BR: R\$ 406

WIPO: CHF: 653 – CHF 953 – (trademarks in color)

WIPO: CHF 100 – for each additional class

WIPO: CHF 100 – for each Member State designation

BPTO/BR: R\$ 745 – first ten-year fee and certificate issuance – per class

Important: Some countries require the presentation of statements. In the United States, the approval of a registration remains conditioned to the proof of use of the trademark by showing labels; packages and/or similar, otherwise the local official authority will not issue/grant the registration certificate. Furthermore, the product/service classification as adopted by the Protocol has been refused by local examiners, for being wide or generic, and this aspect should deserve special attention from the user at the time of specifying his/her products or services to be covered by the registration, so to avoid its non-approval. The Protocol also establishes the renewals of such registrations.

- **Occurrences:** In the international process, just like in local administrative proceedings, the following situations may occur: requirements/application refusal/and others – these cases will require the payment of fees and/or hiring local attorneys – especially in cases involving the presentation of replies to

oppositions, fulfillment of requirements or appeals, among others. **Timeline: 18 months for granting.**

We wish to make it clear that the **conventional route** – country by country – national filings – claiming or not Union priority **remains to be an available too for users**, especially for those not intending to start proceedings in many countries at the same time, but only in some countries.

Please be informed that we at PatCorp are fully able to perform all actions as established in the above mentioned resolutions.

- **BPTO RESOLUTION No. 248/2019 – establishing Trademark Registrations in Multiclass Systems:**

This resolution establishes the possibility of simultaneously requiring the registration of one trademark in multiple classes, i. e. in one single registration application. Therefore, the possibility of filing a trademark in the multiclass system consists in making it easier to file and follow up, by just presenting one single form/filing receipt. However, the analysis of the possibility of registration will be made separately for each class, including the first ten-year and certificate issuance fees, which will be collected separately. Concerning the merit decision of a trademark registration application, three different dispatches may be issued: (i) approval; (ii) non-approval; or (iii) partial approval, which will occur when a trademark is legally forbidden in part of the classes, or in case of an amendment de officio of the product or service specifications.

Even in case of dismissal of just one of the classes, the whole process will be dismissed. In this case, a requirement for the division of the registration application so to allow its analysis concerning the other classes should be necessary. The resolution also includes an important highlight for partial approval decisions for a registration application. In these cases, the payment of fees covering the granting in the approved classes will be made according to the regulations of LPI Art. 162, even in case of restriction or amendment de officio of product/service specifications, no matter if an appeal is outstanding, otherwise the application may be definitively refused. Concerning the non-approved classes, if they are approved after an appeal, the deadline for payment of the respective fees will start from the publication of the approval decision. If an appeal is filed against a partial approval, the registration will only be granted after the final decision and the receipt of the respective fees.

Finally, the new resolution changes previous BPTO resolutions – BPTO Resolutions No. 88 and 89.

This Resolution will also enter into force on May 9, 2020.

BRIEF COMMENTS – on the “Madrid Protocol”

We should highlight that the announced route does not seem, for us, to be designed to *exclusively* meet everyone (especially Brazilians), as propaganda implies. It tends to first fulfill the interests of large national/international companies/corporations, who already have a consolidated presence in the international/local market. Furthermore, said companies, especially foreign companies, which are always very cautious with the protection of their intangible IP assets, will hardly waive the maintenance of their important assets as safe – just for the Madrid Protocol route, and they will surely try to keep them nationally, with the conventional routes – despite being able to eventually use the “Protocol” route in parallel to protect their rights.

And this is not in vain. As BPTO Resolution No. **247/2019** proposes, the owner of an international registration should take care – during the five-year period “**after granting**” – with his/her base registration/application, since **if he/she suffers an eventual non-approval (by an administrative or judicial decision), all registrations made in the designated countries will be affected, i. e., they will be cancelled**, or, in the worst case, they may be the object of new national registrations, clearly as an option, but forcing him/her to perform new payments of handling/inscription fees, etc. – an aspect which will surely increase the costs of the Protocol option.

Furthermore, for native Brazilians whose mother tongue is Portuguese, the proceedings per se of an application by the protocol route will require: the knowledge of two different languages – English **and/or** Spanish, the minimum knowledge of search skills and their respective analysis; the knowledge of skills for the use of monitoring tools; at least a partial knowledge of the laws of the contracting/designated countries; the knowledge of classification and the dangers of making or presenting a wrong classification of their products/services – i. e. so to limit and/or extrapolate rights, highlighting that in some countries, e. g. the United States, the classification adopted by the Protocol is not *fully* accepted by local examiners. In summary, it does not seem to be fully correct to imagine that a trademark registration will eventually be made by means of a simple “click”.

Also, and as serious or worse than that, there is the fact the approval decisions for international users may be taken by deadline expiry, or, in other words, **if BPTO does not reply to an examination within a deadline of up to 18 months from its filing, the registration will be automatically be considered as valid in Brazil**. Considering that the approval violates third party’s rights, the only possible solution will be the judicial route for the resolution of such conflicts of interest. And the most curious – *and*



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also regrettable – is the fact that some law practitioners already bet on a substantial increase of lawsuits, i. e. judicial disputes tend to be a matter of time – which will unavoidably cause impacts on the “cost” issue – be it for third parties already using the trademarks (third parties in good faith, “*ex vi*”, LPI art. 129, first paragraph), be it for the owners of similar trademarks and/or the applicant of the registration application.

An important step forward – we must recognize – was the regulation of article 16 *caput* of BPTO Resolution No. 247, establishing the requirement for the owner of the international registration with domicile abroad to nominate a duly qualified attorney with domicile in the Country – whenever any act must be practiced with BPTO. However, those owners who have not practiced acts with BPTO during their proceedings, but have received a registration in Brazil – regretfully – will not be required to grant powers for representation in the case of lawsuits – **in our understanding, this omission is a clear violation to LPI Article 27, which requires foreign applicants to grant powers, as well as to nationals**, assuming unequal relationship and treatment. We understand the targets of lawsuits, not having local attorneys, should be summoned by “*rogatory letters*” which will cause tremendous loss to interested parties, and finally to the system itself. **The fulfillment of the rules of Section 217 of LPI would be required even to avoid foreign registrations from being cancelled as per the regulations of Section 142 of Law 9,279/96 – which is very strict.**

This distortion should be corrected, otherwise will be a violation of the constitutional principles in force – besides reinforcing the terrible culture already in the roots of our country that everything can be solved here – even if such “solution” is to ignore the law. A reflection is worthwhile – especially for a society who is already awakening, despite slowly, to end the culture of lawsuits as the means to solve its conflicts.

Best regards,

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