

**Question Q228**

**National Group:** Brazil  
**Title:** Prior User Rights  
**Contributors:**  
**Date:** April 30, 2014

**Questions**

**I. Analysis of current law and case law**

Groups are invited to answer the following questions under their national laws:

1. Is there a provision in your national patent law that makes an exception to the exclusive right of a patent holder for parties who have used the invention before the filing/priority date of the patent (“prior user rights”)?

**Yes, it is clearly foreseen in Art. 45 of the Brazilian Industrial Property Law, quoted below for ready reference.**

***Article 45 - A person who in good faith, prior to the filing or priority date of a patent application, used to exploit the subject matter thereof within the Country, shall be entitled to continue such exploitation under the same form and conditions, without liability.***

***§ 1 - The right afforded by this Article may only be assigned together with the enterprise or part thereof that is directly related to the exploitation of the subject matter of the patent, by sale or lease.***

***§ 2 - The right afforded by this Article shall not be enjoyed by a person who obtained knowledge of the subject matter of the patent as a result of disclosure, in accordance with Article 12, provided that the application was filed within 1 (one) year of the disclosure.***

2. How frequently are prior user rights used in your country? Is there empirical data on how often prior user rights are asserted as a defense in negotiations or court proceedings?

**There are not many court decisions or negotiations regarding prior use rights in Brazil, but in general there is a common sense that prior use**

**rights should be respected if the user acted in good faith.**

3. To what degree must someone claiming a prior user right have developed the embodiment which is asserted as having been used prior to the filing/priority date of the patent? Is it sufficient to have conceived of the embodiment, or must it have been reduced to practice or commercialized?

**According to the text of the above mentioned Article 45, it seems that it would be necessary to have the embodiment reduced to practice or commercialized. Our conclusion derives from the fact that the legislator employed the term “*exploit*”. We quote the head of Article 45 below and the text regarding the answer to this question is duly highlighted:**

***Article 45 - A person who in good faith, prior to the filing or priority date of a patent application, used to exploit the subject matter thereof within the Country, shall be entitled to continue such exploitation under the same form and conditions, without liability.***

4. Does it make a difference in your country if
  - the prior use occurred before the priority date; or
  - it occurred after the priority date, but before the filing date?

**Article 45 of our Industrial Property Law clear states that it makes no difference if the prior use occurred prior to the filing date or the priority date. We quote the head of Article 45 below and the text regarding the answer to this question is duly highlighted:**

***Article 45 - A person who in good faith, prior to the filing or priority date of a patent application, used to exploit the subject matter thereof within the Country, shall be entitled to continue such exploitation under the same form and conditions, without liability.***

5. Is there a territorial limitation with regard to the scope of prior user rights in your country? In other words, if a party has used the patented invention before the filing/priority date in a foreign country, can it then claim a prior user right in your country?

**Article 45 of our Industrial Property Law clear establishes a territorial limitation to prior use rights. Specifically, it is not possible to claim a prior user right of a use that happened out of the Brazilian territory. We quote the head of Article 45 below and the text regarding the answer to this question is duly highlighted:**

***Article 45 - A person who in good faith, prior to the filing or priority date of a patent application, used to exploit the subject matter thereof within the Country, shall be entitled to continue such exploitation under the same form and conditions, without liability.***

6. Is there a provision that excludes prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor?

**Yes, firstly, the head of Article 45 mentions that the prior user must have acted in good faith. Additionally, the text of the second paragraph of Article 45, quoted below, also excludes prior user rights in case the user had contact with the object of the patent within the one year grace period prior to the filing date of the patent application:**

***§ 2 - The right afforded by this Article shall not be enjoyed by a person who obtained knowledge of the subject matter of the patent as a result of disclosure, in accordance with Article 12, provided that the application was filed within 1 (one) year of the disclosure.***

**In Brazil there is a grace period of 12 months for patents. Therefore, if a previous disclosure of the invention was made in accordance with the conditions listed in Article 12 of the Industrial Property law, quoted below, the novelty of the patent will not be destroyed. Therefore, if the prior user became aware of the creation during the grace period range, then prior user rights would not be acceptable.**

***Article 12 - The disclosure of an invention or utility model occurring during the 12 (twelve) months preceding the filing date, or priority date, of the application shall not be considered to be comprised in the state of the art if made:***

***I - by the inventor;***

***II - by the National Institute of Industrial Property (Instituto Nacional de Propriedade Industrial) INPI, through official publication of an application filed without the consent of the inventor, based on information obtained from the inventor or as a result of his acts; or***

***III - by third parties on the basis of information obtained directly or indirectly from the inventor or as a result of his acts.***

***Sole Paragraph - INPI may require from the inventor a statement relating to the disclosure, accompanied or not by evidence, under***

*the conditions established in the regulations.*

7. Is it necessary that the prior user has acted in good faith to be granted a prior user right?

**Yes, it is clearly stated in Article 45:**

***Article 45 - A person who in good faith, prior to the filing or priority date of a patent application, used to exploit the subject matter thereof within the Country, shall be entitled to continue such exploitation under the same form and conditions, without liability.***

8. Is there a material limitation with regard to prior user rights in your country? More specifically, if someone has used an embodiment of a patented invention before the filing/priority date of the patent, can he then claim a prior user right to anything covered by the patent? In particular, is the owner of a prior user right entitled to alter/change the embodiment of the patented invention used before the filing/priority date of the patent to other embodiments that would also fall within the patent's scope of protection or is he strictly limited to the concrete use enacted or prepared before the patent's application or priority date? In the event that changes/alterations are permitted by your national law, to what degree?

**Article 45 of the Industrial Property law states that the prior user rights are valid if the user exploits the subject matter under the same form and conditions. Therefore, the prior user may continue to exploit his creation but restricted to the initial conditions, that is, he cannot widen his initial use if such growth solely derives from the effort done by the patent holder.**

9. Does a prior user right in your country require the continued use (or the necessary preparations of the use) of the invention claimed by the patent at the moment in which the objection of the prior user right is asserted or is it sufficient if the invention claimed by the patent has been used before the priority/filing date of the patent but has been abandoned at a later stage?

**Article 45 simply states prior use. Therefore, it seems to be sufficient that subject matter has been used before the filing date or priority date, no matter if the user is continuing or not the use.**

10. Is a prior user right transferable and/or licensable in your country? If yes, under what circumstances?

**Yes. The first paragraph of Article 45 answers this question**

***§ 1 - The right afforded by this Article may only be assigned together with the enterprise or part thereof that is directly related to the exploitation of the subject matter of the patent, by sale or lease.***

11. Does your national law provide any exceptions or special provisions with regard to a prior user right owned by a company within a corporate group? In particular, can a prior user right be transferred or licensed to another group company?

**As mentioned in the previous question, it is possible to transfer or license the prior use right to another company.**

12. Are there any exceptions for any specific fields of technology or types of entity with regard to prior user rights in your country?

**There is no exception**

13. The Groups are invited to explain any further requirements placed on prior user rights by their national law.

**We believe that the above questions encompass the main aspects of prior user rights in Brazil**

## **II. Policy considerations and proposals for improvements to your current system**

14. Should a prior user right exist in any legal system? If yes, what is the main legal justification for a prior user right?

**Yes. In common circumstances the prior use of an invention by a third party would necessary lead to the lack of novelty of the patent, since according to our law everything made available to the public, by means of a written or oral description, by use, or in any other way, before the filing date of the patent application, in Brazil or abroad is capable of destroying the novelty of the patent.**

**However, in order to protect the prior user in case the prior use took place under a circumstance in which the novelty would not be destroyed, we believe that prior user right should continue to exist in our legal system.**

**Specifically, the main legal justification for a prior user right is that the inventors and applicants shall not be legally forced to file patent applications in order to protect their creations. It is necessary to assure that individuals or companies that are not keen to obtain exclusive patent**

**rights to continue the use of their creations in the previous conditions.**

15. What is the perceived value of prior user rights in your country?

**We believe that there is a consensus that prior user rights are important in our country.**

16. Are there certain aspects that should be altered or changed with regard to the existing implementation of the prior user right in your country? In particular, are there certain measures or ways that could lead to an improvement and/or strengthening of your current system?

**We believe that the text of Article 45, *exploit the subject matter thereof*, would lead to an interpretation that the prior use would only be applicable to a final product that is commercially explored. We believe that prior user rights should also encompass non commercial creations. In addition, we believe that prior user rights should date back to the preparatory acts that led to the final product or process.**

### **III. Proposals for harmonization**

Groups are invited to put forward proposals for the adoption of harmonized rules in relation to prior user rights. More specifically, the Groups are invited to answer the following questions:

17. Is harmonization of “prior user rights” desirable?

**We believe that harmonization is desirable.**

18. What should be the standard definition of “use” in relation to prior user rights? Must the use be commercial?

**Although the prior use according to our local law seems to have a commercial nuance, we believe that prior use should not be restricted thereto, so as to protect those who decide not to pursue exclusivity rights and that are not taking advantage from the actions taken by the patent holder.**

19. What should be the definition of “date” (or “critical date”) for prior user rights? (*i.e.* when must the invention have been used to establish a prior user right?)

**Any date before the priority or filing date.**

20. Should a prior user right persist in the event that the use and/or preparation for use of the invention has already been abandoned at the time of the patent application/priority date or should the prior user right lapse upon the termination of the use and/or preparation of use?

**We believe that prior use right will not lapse upon the termination of the use and/or preparation of use.**

21. What should be the territorial scope of a prior user right? In particular, if a party has used the patented invention before the decisive date in a foreign country, should it then be entitled to claim a prior user right?

**We have no conclusive opinion regarding territorial scope. Some members of our association believe that prior use scope should be local, especially because prior use is an exclusion of patent rights, and patent rights are limited to the territory of the patent.**

**On the contrary, some members believe that a prior use that occurred out of the limits of the territory should be considered in Brazil since the prior use should encompass not only the use *per se* but also the preparatory acts associated with such use. For instance, if the use of the final object occurred in Brazil after the filing date of the Brazilian patent application but the corresponding preparatory acts started abroad before the priority or the filing date of the patent application, then in this case the prior use should be assessed in a more comprehensive manner, and the territorial scope would not have an influence in this case.**

22. Should there be a provision that excludes prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor? If yes, should it be necessary that the prior user has acted in good faith to be granted a prior user right?

**Yes. It is essential that the prior user has acted in good faith.**

23. Should there be material limitation with regard to prior use rights? In particular, if someone has used an embodiment of a patented invention before the filing/priority date of the patent, should he then be entitled to claim a prior user right to anything covered by the patent?

**Yes, there should be a material limitation. The prior use rights should be interpreted in a restrictive manner, so as to protect the investment and effort made by the patent holder.**

24. Should a prior user right be transferable and/ or licensable?

**Yes**

25. Should there be any exceptions for any specific fields of technology or types of entity with regard to prior user rights?

**No**

26. The Groups are also invited to present all other suggestions which may appear in the context of the possible international harmonization of "prior user rights".

**No further suggestions**

## **SUMMARY**

Prior user rights are clearly foreseen in our IP law. However, the user must have acted in good faith, prior to the filing or priority date of a patent application, within our territory. In this case, the user will be entitled to continue such exploitation under the same preceding form and conditions. According to our local rules it is also possible to license or transfer such prior user rights. The prior user right will not be applicable if the user acquired information about the invention from the inventor within the novelty grace period. We believe that Prior user rights should continue to exist in our country and are peacefully accepted by the courts. Worldwide harmonization would be interesting.