



Concerns when licensing or litigating standard essential patents in Brazil considering wipo's 2024-2026 strategy

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WIPO continually strives to positively influence the global IP System while maintaining its neutrality across different jurisdictions worldwide. In April 2024, WIPO issued a new strategy for Standard Essential Patents (SEPs) for the 2024-2026 period, aiming to tackle the issue, promote global cooperation, offer guidance and resources, enhance dispute resolution mechanisms, boost patent quality, and track developments. In summary, the strategy is designed to foster a balanced and inclusive framework for SEP licensing that encourages innovation while ensuring fair access to technology.

WIPO's approach to fostering discussion around these issues and trying to create a neutral plan to help jurisdictions around the world is of great importance, mainly as it can help avoid abusive behaviors in negotiations.

Brief SEPs overview

In general, for patent holders which have been investing their: *(i)* resources; *(ii)* time; *(iii)* disclosures; and *(iv)* assets to contribute to the development of R&D (Research and Development) technologies in the world aiming to provide interconnection and achieve specifications/products – their patents (or patent pools) are comprised of Standard Essential Patents (SEPs).

Upon the process of attending meetings, conferences, engaging in email discussions in online databases (such as 3GPP/ETSI)[1] among key players in the global market and IP industry, standardization aims to ensure compatibility, interoperability, safety, and efficiency across processes, services, and products within industries. This fosters an environment where all parties can participate, with the protection of their contribution incorporated into standards by must-have patents, and third parties can stay tuned to the latest developments and license these patents on adequate terms.

With the premise that these patents are essential, SEP holders must adhere to the FRAND commitment to offer licenses and implementers must be willing to negotiate and comply with the agreed terms if they wish to incorporate the essential technology protected by the patent(s) in discussion.

Infringement lawsuits involving SEPs in Brazil

Over recent years, Brazil has seen an increase in patent litigation involving SEPs, where lawsuits are being filed by both patent holders, NPEs (non-practicing entities), and some other entities that both hold essential patents and implement them, mainly addressed to the Rio de Janeiro state courts.

When comparing the quality of decisions issued in the early SEP cases in Brazil with those rendered nowadays, it is unequivocal that Brazil is becoming more aware of the issues surrounding SEPs, particularly the need to observe FRAND offers/licenses, the question of self-declaration of a patent's essentiality to a standard, and other specificities.

Until very recently, specialized IP courts, with some exceptions, did not distinguish essential from non-essential patents, applying legal provisions that guarantee the possibility of granting ex parte injunctions based exclusively on unilateral reports attesting the essentiality of the patented technology and assessing the existence of infringement.

In recent months, though, some judges have taken steps such as considering adherence to FRAND terms (Fair, Reasonable, and Non-Discriminatory) during negotiations - meaning that whoever claims to hold an essential patent for such a standard must license to third parties under the referred terms; condition the issuance of a preliminary injunction to a concise, unbiased opinion presented by an independent court-appointed expert, in which said expert should also answer initially to some queries, even if a more comprehensive report is provided later.

Another relevant remark relates to the confidentiality of court files, which will be limited to information explicitly identified as confidential by the interested party. This measure aims to facilitate access to case law, as many SEP lawsuits are being processed under confidentiality seals, preventing public disclosure.

Such decisions provide a clearer scenario for a highly technical and complex discussion that is only now being matured by the Brazilian judiciary.

Challenges in this scenario acknowledged by WIPO

It is of utmost importance to mention that WIPO's Strategy document points out that:

- “(...) there is a **proliferation of high-stake lawsuits**. Courts in an increasing number of jurisdictions **are being tested by SEP cases** and, as deployment of technology becomes global, larger **markets with less experience of such disputes will be targeted by both licensing deals and court cases**” (emphasis added).

Therefore, WIPO has been monitoring and raising awareness for issues such as jurisdictions tested by SEP cases, with greater focus on less experienced markets (such as Brazil). Given this context, understanding in detail how these processes (licensing and infringement) work and preparing for them is vital for the entire Brazilian IP System, patentees, and implementers.

In addition, WIPO concludes the document stating that:

- “WIPO has a role to play at an international level in addressing the global issues surrounding SEPs and FRAND licensing. The worldwide distribution of products incorporating standardized ICT technology underlines the need for initiatives that go beyond national and regional borders. Without any intention to replace or correct market mechanisms or domestic policies, the International Bureau of WIPO is contemplating a series of activities that will foster dialogue, enhance transparency and assist parties to find amicable solutions in their SEP licensing negotiations. Serving as a global platform for discussions and a vital information hub, as well as offering complementary and voluntary solutions, WIPO is ideally placed to contribute to the international discourse on SEPs to the benefit of policymakers, judges and industry alike”

Final comments

In harmony with WIPO's recommendations that stress out that SEPs constitute an area that deserves special attention in terms of “balancing” licensing and enforcement, Brazilian courts are now striving to balance the rights of patent holders and implementers during the early stages of litigation, before extensive evidentiary proceedings take place.

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