BRAZIL PATENT PENDING vs. PATENTED: The importance of disclosing credible information to avoid civil and criminal liability

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Last month, news broke in the U.S. media that the U.S. Court of Appeals for the Federal Circuit admitted in the lawsuit of Crocs, Inc. and Effervescent, Inc. (Case No. 2022-2160) that the false stating that a product is patented can result in false advertising and unfair competition claims.

In Brazil, respecting the differences in common law provisions, the conclusion is practically the same: falsely advertising and marketing a product as patented is a crime of unfair competition and can also be characterized as false advertising.

In fact, the Brazilian Industrial Property Law (Law No. 9276/96) sets forth in its article 195, item XIII that it is a crime of unfair competition to sell, display or offer for sale a product claiming that it is the subject of a patent that has not been filed or granted, or of an industrial design that has not been registered. Penalties for this crime range from three months to one year of imprisonment or a fine, along with civil liability for moral and material damages arising from the false claim.

Additionally, article 37 of the Brazilian Consumer Protection Code prohibits all misleading advertising. Specifically, any false information or unclear communication that may mislead customers about the nature or any other characteristics of the product, is prohibited.

In a recent ruling the Brazilian Superior Court of Justice[1] upheld a decision by the São Paulo State Court that rejected a plea to dismiss a criminal lawsuit brought by a competitor against an individual who claimed to have developed the "*most powerful waterproofing product, an internationally patented formula and 100% mineral"*.

At the time, the Rapporteur Judge ruled that the criminal lawsuit should proceed, given that the defendant, despite holding a patent application, advertised his product as already patented.

The decision of the 11th Criminal Chamber of the São Paulo State Court[2], which preceded the appeal to the Superior Court of Justice, went further by stating that there is no permission in the Industrial Property Law or in any Brazilian case law allowing patent applicants to act in the market as though they hold granted patents.

In another case, focused on civil liability, the São Paulo State Court ordered the defendant to cease using the expression "patented" on the label of a product that was merely the subject of a pending patent application with the Brazilian Patent and Trademark Office (INPI)[3].

In such a decision, the Hon. Rapporteur Judge Enio Zuliani of the 4th Private Law Chamber confirmed that falsely claiming a product is patented constitutes a crime of unfair competition, since this attitude can mislead consumers and attract them in an inappropriate or abnormal manner.

Thus, it is a fact that advertising and marketing a product falsely indicated as patented can lead to negative impacts on the market and divert from what is expected of a fair competition, especially since the consumer public will be misled into believing the product is exclusive and innovative when it is not.

Therefore, in order to avoid civil and criminal liability for unfair competition and false advertising, companies and individuals need to be careful when using the term “patented” to promote their products in Brazil and need to be clear when advertising a product that is the subject of a patent application that has not yet been granted.

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