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## New Act Regarding the Cross-retaliation on Intellectual Property Rights. Brazilian Government Holds Public Consultation to Determine the List of IP Rights to Suffer Retaliation.

On March 15<sup>th</sup>, 2010, the Brazilian Chamber of Foreign Trade (CAMEX) published Resolution 16, of March 12<sup>th</sup>, 2010 (Res. 16) (full free translation at the end of this Newsletter), opening public consultation proceedings to determine the concrete measures for retaliating the USA on Intellectual Property Rights (IP Rights). This retaliation was authorized by the WTO's Dispute Settlement Body on the recent dispute regarding subsidies on upland cotton (WT/DS 267). Counted from the publication, interested parties have a 20-day term to present written submissions.

This new act follows Provisional Measure No. 482 (PM 482/2010), which was enacted on February 10<sup>th</sup>, 2010 and provided general measures of retaliation against IP Rights under the WTO Dispute Settlement Understanding (please refer to our [Newsletter #183](#)).

Res. 16 has broadly specified the fields of activity that could be affected by the counter-measures, expressly mentioning (i) medicines for human and veterinary use; (ii) chemical and biotechnological products and processes for agriculture; (iii) plant varieties; (iv) musical, audio-visual and literary works; and (v) computer software. The Resolution also mentions measures generically applicable against the owners of patent rights, trademarks and copyright.

Seeking to implement the provisions of PM 482/2010, Res. 16 suggests a range of actions to be taken by the Government against IP Rights, as shown in the following list:

- **Subtraction of the term of protection of IP Rights for determined period of time.** Applicable against (a) patents covering medicines for human and veterinary use, as well as chemical and biotechnological products and processes for agriculture; (b) IP Rights over plant varieties; (c) copyright over the public performance/playing of musical works.
- **Royalty-free compulsory licensing of IP Rights.** Applicable against (a) patents covering medicines for human and veterinary use as well as chemical and biotechnological products and processes for

agriculture; (b) IP Rights over plant varieties; (c) copyright over literary works and over the communication to the public of audio-visual works.

- **Importation of products protected by patents without the consent of the patent holder.** Applicable against patents covering medicines for human and veterinary use, as well as chemical and biotechnological products and processes for agriculture. This could give rise to parallel importation of drugs as well as to the importation of generics.
- **Increase of official fees for acquiring and maintaining IP Rights.** Applicable to (a) fees charged by the Brazilian PTO regarding patents, trademarks, utility models, industrial design, software, geographical indications, integrated circuit topography, and licenses; (b) fees charged by the Plant Variety Protection Office; (c) fees charged by entities responsible for the registration of copyright.
- **Application of commercial rights over royalties.** Applicable against (a) patent owners; (b) trademark owners; and (c) owners of copyright, including over computer software.
- **Creation of the requirement of a registration for obtaining and maintaining copyright (author's economic rights).**

The interested parties have until April 5<sup>th</sup>, 2010 to submit briefs regarding the measures proposed by the Resolution. After that, CAMEX will publish the final list and designate the specific rights to be affected by the counter-measures.

Be it as it may, once CAMEX's final list is published and should any IP Rights be effectively affected, we shall be pleased to discuss with you the measures to take, including before Courts, in an attempt to maintain clients IP Rights in full force.

## RESOLUTION No. 16 OF 12 MARCH 2010

Free translation by Fernanda C. Paranhos of Momsen, Leonardos & Cia.

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THE PRESIDENT OF THE COUNCIL OF MINISTERS OF THE CHAMBER TRADE, in the exercise of his powers, in consultation with other States on the ground the arts. 2, I, § 1, I, "a", § 2, and 4, I, § 7 of Decree No. 4732 of 10 June 2003, and art. 9 of Order No. 482 of 10 February 2010,

### RESOLVES

Article 1 – To establish, under Order No. 482 of 10 February 2010, the process of public consultation on measures to suspend concessions or obligations of the Country relating to intellectual property rights and others of the United States of America, as a result of non-compliance with decisions and recommendations adopted by the Dispute Settlement Body of the World Trade Organization (WTO), in the context of litigation "United States - Subsidies for Cotton "(WT / DS 267).

Article 2 - The measures object of this consultation are additional to those provided for Resolution No. 15 of March 5, 2010.

Article 3 - The interested parties should manifest itself within twenty (20) days of publication of this Resolution, the terms set out in Annexes I to V.

Article 4 - This resolution enters into force on the date of its publication.

MIGUEL JORGE

### ANNEX I - PURPOSE OF THE PUBLIC CONSULTATION

1. In order to assist the adoption, individually or cumulatively, of any measures suspension of concessions or other obligations of the country on intellectual property rights and others (Annex III - "Draft Measures"), stakeholders, preferably through Associations or professional association, may, within 20 (twenty) days from the publication of this Resolution, to deliver its manifestations through the completion of the

Roadmap for Declarations (Annex V - "Roadmap for Declarations). Measures will focus on certain intellectual property rights, and on the remuneration that is payable in relation to that, and seek to reach applicants, holders or licensees of intellectual property rights that are natural persons nationals of the United States of America or domiciliary, or legal entities domiciled or established in that country.

2. The route, printed, should be directed to the Executive Secretary of the Board of Trade through the General Protocol of the Ministry of Development, Industry and Trade, located in the Esplanada dos Ministerios, Bloco "J", Ground Floor, CEP 70.053-900, Brasilia -- DF, and electronically by e-mail: [contenciosoalgodao@mdic.gov.br](mailto:contenciosoalgodao@mdic.gov.br).

Demonstrations directed exclusively by electronic means will be discarded, since the original form is required, that must be signed.

3. For purposes of standardization, the file names of electronic events should observe the following pattern: name "measure", the symbol "\_", their number in accordance with Annex III (with two digits), the symbol "\_", the letter "F" or "C", indicating whether the event is for or against the symbol "\_" and the name of the protester or its abbreviation (example: [Medida\\_03\\_F\\_AssociaçãoXYZ.doc](#)).

4. The manifestations of the parties concerned should strictly observe the format specified in the Roadmap. It will only be accepted route Expression in WORD format (. Doc). Documents in any other format will be discarded.

5. Each completed roadmap should be restricted to a single measure.

6. The content of this Resolution and its Annexes, including the model Road Map Demonstration must be completed, will be available at the web <http://www.mdic.gov.br>.

## ANNEX II - PRELIMINARY REPORT

1. Proceeding dispute settlement processed within the Organization World Trade Organization (WTO), the Panel and the Appellate Body considered certain measures North American inconsistent with Articles 3.1 (a), 3.2, 6.3 (c) and 5 (c) of the Agreement on Subsidies and Countervailing Measures Countervailing WTO (ASMC), and Articles 10.1 and 8 of the Agreement on Agriculture of the WTO. In March 21, 2005, the Appellate Body Dispute Settlement adopted the report of the Appellate Body (WT/DS267/AB/R) and panel report (WT/DS267/R and WT/DS267/R/Corr.1), as amended the report of the Appellate Body. The recommendations and rulings of the Dispute Settlement Body Disputes resulting from this procedure included recommendations for the United States of America (USA): remove the adverse effects of certain subsidies or withdraw the subsidies within six months from the adoption of the reports, make their measures consistent with the Agreement on Agriculture and withdraw the prohibited subsidies without delay.

2. The procedure for dispute settlement was carried out under the protection of Understanding On Rules and Procedures Governing the Settlement Solutions WTO ("Understanding"), Annex 2 of the WTO Agreement, as provided in the Annex to the Final Act of the Uruguay Round Multilateral Trade Negotiations of the General Agreement on Tariffs and Trade - GATT, adopted by Legislative Decree No. 30 of 15 December 1994 and promulgated by Decree No. 1355 of 30 December 1994.

3. The deadlines for compliance with the recommendations of the Dispute Settlement expired on July 1 and September 21, 2005. On July 4 and October 6, 2005, Brazil requested authorization of the Dispute Resolution to adopt countermeasures pursuant to Articles 4.10 and 7.9 of the ASCM and Article 22.2 of Understanding (WT/DS267/21 and WT/DS267/26).

4. On July 14 and October 17, 2005, the U.S. objected to the requests Brazilian (WT/DS267/23 and WT/DS267/27) and the matter was referred to arbitration under Article 22.6 of the Understanding and Articles 4.11 and

7.10 of ASMC. On August 18 and December 7, 2005, arbitration proceedings were suspended (WT/DS267/25 and WT/DS267/29).

5. On 18 August 2006, Brazil requested the establishment of a Panel Implementation under Article 21.5 of the Understanding. On December 18, 2007, the report Implementation Panel was circulated to WTO Members (WT/DS267/RW). The Panel Implementation found that the U.S. has not complied with the recommendations of the Dispute Settlement Body and continued to act in a manner inconsistent with Articles 3.1 (a), 3.2, 6.3 (c) and 5 (c) of the ASCM, and Articles 10.1 and 8 of the Agreement on Agriculture of the WTO. The report of the Appellate Appeal, circulated on 2 June 2008, confirmed the findings of the Panel Implementation (WT/DS267/ABR). On June 20, 2008, the WTO Dispute Settlement adopted the report of Appellate Body report and Panel of Implementation, as modified by the report of Appellate Body.

6. On 25 August 2008, Brazil requested the resumption of arbitration proceedings (WT/DS267/38 and WT/DS267/39). On August 31, 2009, the Arbitrator issued its decisions (WT/DS267/ARB/1 and WT/DS267/ARB/2) on the counter to which Brazil is entitled.

7. Under those decisions, Brazil was authorized by the Dispute Settlement Body WTO on 19 November 2009 to adopt countermeasures not only in the area of goods, but also in services and intellectual property.

8. On February 11, 2010, was issued Order No. 482, February 10 2010, which "provides for measures to suspend concessions or other obligations of the country on property rights and other rights in cases of breach of obligations of the Establishing the World Trade Organization - WTO. On February 12, 2010, was published rectification of the signatures of Order No. 482, 2010.

9. Because of this statutory authorization for the adoption of measures for suspension of concessions or other obligations of the country on intellectual property rights and others, Brazilian government selected in accordance with Order No. 482, 2010, a set of possible additional measures to those incidents in the area of goods.

ANNEX III - DRAFT MEASURES

Number	Measure
01	Abrogation, for a fixed period, of protection of patent rights on products or processes relating to drugs including veterinary drugs.
02	Abrogation, for a fixed period, of protection of patent rights on products or processes relating to chemicals agriculture.
03	Abrogation, for a fixed period of protection of patent rights on products or processes relating agricultural biotechnology.
04	Abrogation, for a fixed period of protection of rights on plant variety protection.
05	Abrogation, for a fixed period of protection of rights copyright and related modalities of public performance of music.
06	Licensing of patents on products or processes relating to pharmaceutical products, including medicines for veterinary purposes, without authorization of the owner and without remuneration.
07	Licensing of patents on products or processes relating to agricultural chemicals, without authorization of the owner and without remuneration.
08	Licensing of patents on products or biotechnology processes in the agricultural field, without authorization of the holder and without remuneration.
09	Licensing of copyright and related rights, without authorization of the holder and without remuneration.
10	Licensing of copyright and related rights for the exercise of communication to the public of audiovisual works without the authorization of holder and without remuneration.
11	Suspension of the exclusive right to prevent the import and the domestic market of medicines, including products which incorporate patent rights, even if the imported goods were not placed in the external market directly the holder of intellectual property rights

	or with his consent.
12	Suspension of the exclusive right to prevent the import and commercialization in the domestic market of agricultural chemicals that incorporate patent rights, even if the imported goods have not been placed on the external market directly by the intellectual property right owner or with his consent.
13	Suspension of the exclusive right to prevent the import and commercialization in the domestic market of biotech products in the agricultural field incorporating patent rights, even if the imported product was not placed in the external market directly by the holder of intellectual property rights or with his consent.
14	Increase or imposition of additional amounts due to the Brazilian Patent and Trademark Office - BPTO for recording industrial property rights, including obtaining and maintenance.
15	Increase or imposition of additional amounts due on the National Plant Variety Protection - SNPC for effecting records of intellectual property rights, including obtaining and maintenance.
16	Increase or imposition of additional amounts due on the bureau of copyright and related to enforcement of such records.
17	Imposition of commercial retaliation measures on the royalties related to patent rights
18	Imposition of commercial retaliation measures on royalties related to trademark rights.
19	Imposition of commercial retaliation measures on royalties related to copyright and related rights, except those relating to the protection of software
20	Imposition of commercial retaliation measures on royalties related to copyright and related rights including software protection.
21	Creation of mandatory registration for obtaining and maintaining economic rights of copyright and related rights.

1. For Measures 01, 02, 03, 04 and 05, the abrogation of the period of protection may occur in any period of protection and will be in force for a specific period of time. Abrogation of this term under Order No. 482, 2010, no matter the restoration of the subtracted term, even though right subject to the granting of rights or act registral made effective after the termination or the extension of protection.

2. With regard to measures 06, 07, 08, 09 and 10, unlike the usual mechanisms of compulsory licensing, the licensing of rights without authorization of the owner, does not remunerate for the applicant, owner or licensee of rights.

3. In the case of measures 11, 12 and 13, there will be no way to pay for the applicant, owner or licensee of the patent rights. Moreover, there is no requirement that the imported goods placed on the external market directly by the owner of the patent or with his consent.

4. Measures 14, 15 and 16 enable the amounts charged for the realization of records of industrial property rights, in the case of the PTO, the rights to new varieties, in the case of the SNPC, and copyright, in the case of their registries, are increased, or that appropriate additional amounts to the achievement of different activities on those records.

5. Measures 17, 18, 19 and 20 refer to the imposition of commercial on the remuneration to which she is entitled to the holder of intellectual property rights relating to patents, trademarks, copyright and related rights, including those relating to computer programs.

6. The effectiveness of these measures will take place through the application of percentage compensation, for a specified period, in compliance with the resolution of the Council of Ministers to establish the CAMEX measure, and will be due on the date of payment, shipment or credit to the owner of the intellectual property, as provided for in art. 7 of Order No. 482, 2010.

7. Measure 21 is the possibility of the registration requirements for obtaining and maintenance of property rights of copyright and related to them. In the specific case, as other segments of the property on which the record is concessive of law, it is the obligatory

registration for obtaining and maintaining property rights of copyright and they are related.

8. Under Order No. 482 of 2010, restored in the WTO, at any time, concessions or other obligations suspended Brazilian will not matter restoration rights that have been affected by this action or prejudice the legitimate interests third parties under contracts or uses authorized by the Executive during implementation of measures adopted.

9. The measures may be adopted will have a specified period, to be established in resolutions of the Council of Ministers of the CAMEX establish, subject to the provisions of Article 10 of the Order No. 482, 2010.

#### ANNEX IV – RATIONALE

1. The application of countermeasures under the dispute "United States - Subsidies for Cotton (DS267)" in the areas of intellectual property and services was authorized on November 19, 2009 by Settlement Body of WTO Dispute. The authorization was made in accordance with the decisions awards, 31 August 2009, contained in documents the WT/DS267/ARB/1 and WT/DS267/ARB/2 WTO. These decisions, in turn, were founded on the analysis of the circumstances of the case under Article 22.3 of the Understanding on Rules and Procedures Governing the Settlement of Disputes WTO, which allows, under certain conditions, the suspension of concessions or obligations in various sectors that object of controversy ("goods" in this case).

2. The authorization granted to Brazil to apply countermeasures also in the areas of services and intellectual property is recognition that, in this case, it would "Feasible" or "effective" to take countermeasures only in the area of goods, and that "the circumstances are gonna sufficiently serious" to justify resources to measures in other areas, in accordance with Article 22.3 of that understanding.

3. The Understanding on Rules and Procedures Governing the Settlement of Disputes WTO, mentioned above, in Appendix II of the Final Act of the Uruguay Round of Negotiations Multilateral Trade General Agreement on

Tariffs and Trade - GATT 1994, approved by Legislative Decree No. 30 of 15 December 1994 and promulgated by Decree No. 1355 of 30 December 1994.

4. Internally, the Provisional Measure 482 of 10 February 2010, the discipline purposes of suspension of concessions or other obligations of the country on the rights of intellectual property and other, in cases of breach of multilateral obligations for Member of World Trade Organization - WTO, when the Federative Republic of Brazil has been authorized by the Dispute Settlement WTO to suspend the application for that State of concessions or other obligations under the WTO Agreements.

5. Annex III of this draft resolution contains measures that could be taken by the Brazilian government, in isolation or cumulatively, and that focus on certain rights intellectual property, as well as on the remuneration that is payable, and seek to reach applicants holders or licensees of intellectual property rights that are natural persons nationals of United States of America or domiciliary, or legal persons domiciled or establishment in that country. The measures listed in Annex III should be based on the Provisional Measure No. 482, 2010, in particular the sections II, III, IV, V, VII and VII of Article 6.