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# Injunction and Damage in Brazilian Patent Infringement Cases

**Liliane Roriz and Otto Licks**

Partners at Licks Attorneys, Rio de Janeiro, Brazil.

## Abstract

Brazil has a civil law system and its legal framework is composed of several federal laws, which are all subject to the provisions of the Federal Constitution of 1988 (Constitution).

The protection and enforcement of patents in Brazil are governed by the Industrial Property Law (Law 9279/96) (IP Law). In Brazil, a patent holder can file a civil action for the cessation of patent infringement, as well as payment of an indemnification for damages caused by the infringement to the date.

## I. Injunction

In practice, there is a high possibility for the patent holder to obtain a preliminary injunction against an alleged infringer. This possibility is provided for by Sections 300 and 536 of the Brazilian Code of Civil Procedure, combined with Section 209, §1, of the Brazilian IPL, which establishes:

*“During the course of the action, in order to avoid irreparable damage or damage that is difficult to repair, the judge may determine, by means of an injunction, that the infringement or act that causes it shall cease, prior to the defendant being served with summons, and order the posting of a bond in cash or in securities, if he feels it is necessary”.*

Preliminary injunction is not an isolated measure in Brazil. The patentee must file a court action in order to be allowed to request a preliminary injunction. This means that if the patentee presents reasonable evidence of the infringement, and is able to demonstrate the urgency of a decision (i.e., the risk of an irreparable harm), the Judge may grant a preliminary injunction to prevent the alleged infringer from offering for sale and selling the product. It is also very common to establish daily fines if the Judge’s order is not complied with. Such a preliminary injunction may be granted at the beginning of the judicial lawsuit, even before the defendant presents his or her defense. The judge has discretion to require the posting of a bond or another fiduciary guarantee

as a condition for the injunction. In general, Courts often grant preliminary injunctions based on prima facie evidence acknowledging the importance of the injunctive relief as the primary remedy for the protection of IP rights.

Permanent injunctions are also available and are always granted whenever a judgment of infringement is made. At the end of the proceedings, if the judge considers that the evidence produced leads to the conclusion of patent infringement, she will grant a permanent injunction prohibiting the defendant from carrying out infringing acts as well as condemn him to pay an indemnification for past infringement.

As a matter of law, judges in Brazil are not allowed to substitute the permanent injunction for the assignment of damages for future infringement. Damages in Brazil are always a subsidiary means to protect a right. They only have place when the injunction is not applicable – for instance, since a judge would not be able to grant an injunction for past infringement, the adequate compensation for the injury would be damages.

The injunction must refer specifically to the acts of infringement, but can also affect suppliers and distributors of the infringing product.

## II. Multiple bases are available for calculating damages

The general rule of Brazilian civil and commercial law is that the indemnity should merely restore the victim to his or her status prior to the violation, thus providing fair compensation. The Brazilian civil and commercial law does not provide for punitive damages. The same logic applies to the patent system. The patent holder may seek compensation for the damages caused by the violation. According to Article 210 of the IPL, the damages (i.e., loss of profits) will be determined by the most favorable to the injured party of the following criteria: (1) the benefits that

would have been gained by the injured party (i.e., the patentee) if the violation had not occurred; (2) the benefits gained by the author of the violation of the rights (i.e., the infringer); or (3) the remuneration that the author of the violation (i.e., the infringer) would have paid to the proprietor of the violated rights (i.e., the patentee) for a granted license that would have legally permitted the author of the violation to exploit the subject of the rights (i.e., the patent).

The claimant can choose the most favorable method for calculating compensation. The “entire market value” standard is always available to the patentee even if only a component of the accused product infringes the patent. The claimant can request indemnification for damages suffered, which must be determined by the judge according to the extent of the damages and the economic capacity of both the defeated and winning party. In addition to losses and damages concerning infringement occurred after grant of the patent, the patentee is also entitled to compensation concerning the period of infringement between publication of the respective application and its grant. Nevertheless, if the infringer obtained knowledge of the contents of the application prior to its publication – e.g. by means of a warning letter – the period of undue exploitation, for the effect of compensation, will be counted from the date of commencement of the exploitation. It is also possible to obtain compensation for moral damages, if the patent infringement has damaged the injured party’s credibility. Finally, the patent owner may recover limited attorney fees and the official costs connected with the litigation. Attorney fees are of only 10% to 20% of the amount of damages recovered by the patent owner. In case there is an appeal filed against the trial court judgment, this amount can be raised up to 25%.

In short, patent owners in Brazil have several effective legal tools available to protect their patent rights, and the local courts are not reluctant to fiercely enforce the new IPL against patent infringers.