
BUSINESS METHODS AND SOFTWARE PATENTS IN BRAZIL*

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The last decade witnessed a outburst of new and complex technologies bringing accelerated and challenging changes in intellectual property throughout the world. Biotech and Information Technology (IT) developments, in particular, have triggered a global demand for specialized patent practitioners even though the issues involved are still subjective and unpredictable. The technology revolution has set a hard pace, especially for developing countries which only recently have altered or are still altering their IP laws on account of TRIPs. This article discusses the present position of patent protection for business methods and software patents in Brazil and how these novel technologies can circumvent the “industrial applicability” requirement laid by the patent law.

COMPUTER PROGRAMS

Both the former (1971) and current (1997) Patent Laws do not protect inventions that fall within the so-called “mental” context. An invention that cannot ultimately be manufactured or produced is held to be unpatentable under Brazilian Law. Article 10 of the Patent Law does not consider as inventions or utility models:

- I) discoveries, scientific theories and mathematical methods;
- II) purely abstract concepts;
- III) schemes, plans, principles or methods for commerce, accounts, financing, education, advertising, lottery and control;
- IV) literary, architectural artistic and scientific works, or any, aesthetic creations;
- V) computer programs per se;
- VI) presentation of information;
- VII) rules of a game;

The current Brazilian Law requires: i) an invention to be novel, ii) to involve an inventive step and iii) capable of being manufactured in industry. The third requisite – industrial applicability in Brazil is met whenever an invention may be used or produced in any kind of manufacturing process. “Industry” is interpreted as being physical activity of a technical nature that is practical or constructive rather than artistic. Ideally then, an invention should be material and not abstract. When compared to Europe’s “technical character” and the United States’ “utility requirements”, Brazil’s industrial applicability requisite, by definition, is restrictive and leaves little room for protecting advanced technological concepts. Europe’s “technical character” often allows that if a technical effect is present, or a technical contribution is made, a computer program invention may be held patentable. The U.S. requirement that an invention have “useful, concrete and tangible results”, leaves a lot of room for patenting emerging sophisticated technologies.

In Brazil computer programs, per se, are protected under the new Software Law which is essentially TRIPs-compliant and is seen as an important step in streamlining IP protection software. The Copyright protection granted on computer programs by the law, however, is narrow and does not involve the same level of protection afforded by a patent. For instance, while patent rights would preclude an unauthorized person from reverse engineering a patented software, copyright protection would only protect the given configuration of the software.

SOFTWARE RELATED INVENTIONS

As in Europe, Brazil will afford protection to claims covering a computer when operated under a specific program and a process performed by such a programmed computer. Examples are when:

- i) an invention refers to a method or process of control implemented by a computer program, and the set of claims defines portions of the computer program and the method of control. In such a case the Brazilian Examiners, most likely, will issue technical requirements to delete the computer program parts from the claims and to define solely the novel steps of the method of control.
- ii) an invention refers to a method or process controlled and implemented by computer program together with the apparatus needed to carry out the process. The specification of the application describes the process and the apparatus, with the latter consisting of logical components that are not, in fact, part of the hardware but rather are a part of the program that executes the process and may include analytical, logical, comparative or mathematical functions.

In this example, the Brazilian PTO will probably issue the requirements to amend the method claims to refer to the novel and inventive steps instead of the computer program, and delete the apparatus claims, reasoning that the functions performed by the logical components are those of the software.

It can thus be seen that the Brazilian PTO's policy is that a computer program that controls the operation of a conventional computer, in a way that technically changes its operation, then the overall result of the combined program and computer can be a patentable invention in the form of method or device. Based on this criterion, the Brazilian PTO has been granting patents on inventions that encompass computer programs for performing technical processes or inventions that integrate hardware that carry out such processes. However, an important principle not to be overlooked is that the claimed method or process controlled by computer program must itself not be in a field exempted from patentability.

The Brazilian PTO's policies and decisions in this regard are no doubt influenced by EPO rulings on software inventions, under Article 52(2)(c) of the European Convention, which prohibits inventions on software, per se.

It is interesting to note, however, that the same Convention sets out the general principle that "a computer program product is not excluded from patentability if, when it is run on a computer, it produces a further technical effect which goes beyond the normal physical interactions between program (software) and computer (hardware)". It would appear, however, that the Brazilian PTO has not formed an opinion on the "further" technical effect achievement.

BUSINESS METHODS

As previously stated, under Article 10 of the patent law, there is an express patentability bar to methods of business management and trading. The recent boom of business method inventions in the United States, Canada and Japan, has provoked increasing demand for protection of e-commerce patents in major Latin America countries. Brazilian IP professionals are faced with the challenge of working with this new technology and finding solutions that will permit it to be duly protected. But even though there is wide recognition that e-commerce patents should be granted in Brazil, the industrial applicability requirement seems to prohibit their patentability.

Arguably, the existing bar addresses only traditional business methods because the current patent law, when still in the form of a bill in the early nineties, could not possibly, have foreseen the explosion in information technology. In fact, some Brazilian patent specialists contend that “business methods” patents do constitute statutory subject matter in spite of the patentability bar to business methods, be they traditional, internet based or associated with any other technology. They also claim that several patents for such technology have been granted by the Brazilian PTO. This assertion may be true since inventions stemming from micro-processor-based information sciences and related fields are usually so complex that they are frequently not challenged by Examiners. It could be that a number of recent inventions involving business methods interrelated with computer systems have been granted in Brazil. As in the case of software related inventions, patent specialists are quickly learning that internet business method patents should show in the claims some physical or hardware elements. By doing so the industrial applicability requisite may be satisfied and patent protection achieved.

WHAT CAN BE EXPECTED

The IT phenomena has brought new areas of specialization and Brazil, a developing economy, cannot ignore the important issues of business methods patents. Recently, the International Association for the Protection of Industrial Property (AIPPI) forwarded a Questionnaire entitled “Patentability of Business Methods” to several jurisdictions including Brazil. The objective was to determine the availability of protection for this technology. This evidences the growing concern to have business method inventions protected. In Brazil, the issue is very much alive. The PTO has recognized the commercial need to have business methods protected and a special Committee has been proposed with a remit to discuss protection for internet or technological business methods inventions. If patenting this technology involves difficulties and complexities in developed countries then one can very well imagine the obstacles that lie ahead for Brazil where the law seems more restrictive. There are, of course, worldwide arguments for and against the patenting of business methods, irrespective of the denial for patentability in the wording of the current patent law. Those who defend the granting of business methods patents contend that e-commerce patents cover a technology which is part of the present and future economy, reflecting an application of existing principles of patent law to new realities. They also argue that there is an urgent commercial need to protect business methods and/or systems because of the enormous volume of work generated by these activities and, finally, that business methods are patentable as inventions because they produce “useful, concrete and tangible results”.

Opposers to business patents argue that the activities are actually ideas and not inventions, and lack technical character. Most importantly they reckon that patents for certain methods of doing business are so broad and obvious that they would throw the market in disarray.

The true difficulties, however, lie within the patent process itself. The paucity of available and relevant literature has left Brazilian Examiners unable to determine whether technological inventions are novel and inventive. This lack of documented prior art could make for precipitate decisions in the granting of patents, and lead to administrative and judicial nullity proceedings.

Another difficulty is a lack of trained professionals. As retail, marketing, financial companies, banks and related service providers are rapidly becoming today's users of the patent system, an urgent need has arisen for knowledgeable and specialized personnel. Professionals with proper training and IP expertise in information sciences will become valuable assets in our business.

CONCLUSION

Every patent practitioner will remember the worldwide controversies raised in the past by the patenting of software and software related inventions. Today, many patent legislations permit the patenting of software related inventions and a majority of developed countries afford patent protection for computer programs. The European Patent Convention (EPC) also plans to remove the patentability exception to computer programs, so as to be consistent with the provisions of TRIPs. The prospects for making business methods patentable in Brazil appear to be good. TRIPs does not place a patentability bar to this field of invention and the Brazilian Government seems keen to discuss the possibility of granting patents for these activities. Moreover, patent harmonization is likely to play an important role in convincing countries to lift existing bars on software and business methods. When looking at the decisions to be taken, Brazilian authorities will have to recognize and accept the fact that because of emerging technologies, the concept of invention has drastically changed over the years and that it is sufficient for an invention to be "useful" to become patentable.