

New Industrial Property Code

The new **Industrial Property Code** (Decree-law no. 110/2018, of the 10th December, hereinafter referred to as **CPI**) came into force on 9th July, 2019. It is important to note that the changes concerning the protection of business information had already taken effect from the 1st January, 2019 and the changes to Law no. 62/2011, from the 12th December, had come into force on the 9th January, 2019.

The main goal of the new CPI concerns the need for transposition into national law of Directives (EU) 2015/2436 of the European Parliament and of the Council of 16th December, 2015 (approximate the laws of Member States relating to trade marks) and (EU) 2016/943 of the European Parliament and of the Council of 9th June 2016 (protection of undisclosed know-how and business information).

The legal changes target, mainly, four areas: (i) patents, (ii) business information, (iii) trademarks and logos and (iv) illegal acts.

(i) PATENTS

The new CPI reviews Law no. 62/2011 of 12th December (composition framework for claims arising from industrial property rights referring to reference and generic medicinal products), so as to remove the mandatory resort to arbitration. This way, within 30 days from the publication on INFARMED's website of all applications for authorisation or registration of introduction in the market of any generic medicinal products, those who want to allege their industrial property right, should do so before the Industrial Property Court or, in the event of agreement between the parties, before the institutional arbitration court or, additionally, submit a request for non-institutional dispute arbitration.

Still in this regard, the Law for the Internal Organisation of the Judicial System was changed, transferring the jurisdiction over the validity of registrations made in the context of Law no. 62/2013 of 26th August, from the Intellectual Property Court to INPI.

(ii) BUSINESS INFORMATION

The protection of business information is the main innovation of the new CPI. The need for the Portuguese lawmaker to regulate this issue had been long noted, given that the use of unfair competition concept had been insufficient.

The new CPI defines business information on the basis of three essential features of the information: being secret, having commercial value due to its secrecy and the fact that it was subject of reasonable measures in order to be maintained confidential.

This way, are now punishable with a fine of €5,000.00 to €100,000.00, in case of a legal person and of €1,000.00 to €30,000.00, in case of a natural person, those who, without consent of the owner of the business information:

- Obtain business information lawfully in the hands of its owner, resulting from unauthorised access or appropriation of any medium containing that information or through which it could be inferred;
- Obtain business information by conduct contrary to honest business practices;
- Use or disclose business information, having obtained the information illegally or in violation of a confidentiality agreement, any legal or contractual non-disclosure obligation or any duty to limit the use of that information.
- Obtain, make use or disclose business information knowing or with an obligation to know, in their specific circumstances, that the information was obtained directly or indirectly from another person using it or disclosing it illegally;
- Produce, offer to sell, market, import, export or store products, for those ends, knowing or with an obligation to know that business information has been used illegally.

The CPI also introduces in the judicial process several measures to protect business information, namely:

- The possibility of the party to request measures that safeguard the confidentiality of the information during the judicial process;
- The introduction of specific requirements for issuing injunctions in the matter;
- The possibility of the final decision being published in INPI's bulletin and in media outlets;
- The possibility of, in the final decision, apart from the compensation for losses and damages, additional accompanying sanctions and injunctions being applied.
- The maintenance of confidentiality and measures previously declared, beyond the conclusion of the process.

The limitation period for the exercising of right referring to the violation of business information is five years, from the moment in which the right can be exercised.

In order to benefit from the legal protections, it is important that the economic agents put measures in practice, within their internal organisation, such as identifying sensitive business information; date and classify documents; create security policies; provide training to employees and introduce confidentiality clauses in the context of employment links (both for on-boarding and leaving employees) and of third-party relations (Confidentiality Agreements).

(iii) TRADEMARKS AND LOGOS

In order to harmonize Portuguese legislation and the European Directive, these are the main changes to be aware of:

- Broadening of the reasons for denial of registration, through the addition of the expression “or other feature” to the precept that forbids the registering of signs based on the form imposed by the very nature of the products, which is necessary to the acquisition of a technical result or that confers a substantial value to the products;

- Broadening of the grounds for the denial of registration with the introduction of the prohibition of conflict with the designation of origin and geographical indications, simultaneously protecting these;
- Requirement of clear and precise identification of the necessary protection scope in the list of products/services;
- The graphic representation of the sign ceases to be essential and it becomes possible, under the Portuguese legal framework, to apply for the registration of non-traditional trademarks and logos such as those based on taste and smell as well as holograms;
- Possibility of halting the registration process for no longer than six months (to make way for negotiations between the parties, for example);
- Introduction of ‘third-party observers’, to be presented within two months of the publication, justified with absolute reasoning, recognising the possibility of other interested parties to participate in the process;
- The registration now prevails for 10 years from the date of the application and not from the registration itself;
- The assertion of lack of genuine use now arises in the context of a defense against potential complaints or trials at preliminary denials;
- There is now a registration concession fee;
- Upon request of the applicant or of the holder of the trademark registration, it is now possible to split an application in any given number of applications, all retaining the date of the initial application as well as, if applicable, its priority;
- Clarification of the framework for collective and certification trademarks and the possibility for either to belong to natural and legal persons;

The deadline for submitting actions for annulment before the Intellectual Property Court as well as for submitting them to INPI is now five years from the decision to concede the registration - precept that is applicable to all other intellectual property rights;

The new code also envisages, for the remaining rights, the implementation of an administrative procedure (before INPI) for the declaration of invalidity and annulment of the registration of distinctive signs and Designs and Models.

(iv) ILLEGAL ACTS

On this matter, the new CPI introduces a clearer order to the framework, with emphasis for the new illegal acts:

- The misdemeanour of violating trade secrets;
- The crime of putting counterfeit products on the market;
- The crime of violating name and brand rights;
- The crime of violating the exclusive logo (previously just a misdemeanour).

The new CPI also clarifies that, despite the fact that the criminal procedure depends on a complaint, the criminal police or entity who might have knowledge of facts which could substantiate a crime, has to inform the holder of the right to complain as well as the deadline to complain, within 10 days.

Another innovation of the CPI refers to the storage costs which now shall be considered as part of the costs of the process. Until now, and in an unusual way, these costs were charged to the holder of the violated right. With the new CPI, the responsibility for them is now attributed according to the Criminal Procedure Code (losing party).

PARES ADVOGADOS' IP Desk is available to clarify your doubts and advise you on the best ways to safeguard and protect your industrial property rights.

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