

DANIEL

**SPECIAL
ANNUAL
REPORT**

Market and Business
Overview



THE BPTO: A POSITIVE TRANSFORMATION?

When meeting international colleagues at conferences and IP events, the conversation often centered around the Brazilian Patent and Trademark Office's (BPTO) well documented problems with delay and backlog of applications. In patents, for example, it was quite difficult to explain to people outside Brazil why the average time between filing and grant was about 10 years.

However, in recent times the discourse has become more positive. So, what has got everyone talking so positively about recent developments in the BPTO? Is the BPTO on course to align itself with leading international offices and become a modern 21st century institution?

Brazilian Government Initiatives

Over the last years, the Brazilian government began to focus its attention on creating a culture of innovation, and growth of Intellectual Property and technology in the country.

This led to many new Initiatives across all powers of government aiming to make the country more modern and competitive, e.g. ratifying important international treaties, defining new national strategies, regulations and legislation, public consultation processes, and changes to the courts and law enforcement areas. In short, Brazil is adapting and creating laws that deal with topics such as: data protection; the fight against cyber crimes and the issues of the use of intellectual property on the internet.

The government initiatives also include the new Intellectual Property National Strategy program (“Estratégia Nacional de Propriedade Intelectual -ENPI”), with the objective of creating a balanced and effective National IP system, in order to promote creativity, investments in innovation and access to knowledge in Brazil.

BPTO Initiatives

Following the above trend, and in spite of the ongoing pandemic, the BPTO has been taking significant steps to modernize and align itself with leading international IP institutions. In 2018, the institution started reporting a significant increase in productivity, and a not insignificant fall in the backlog of patents, trademarks and industrial designs.

Even with the ongoing pandemic, some of the BPTO’s new initiatives are already showing very strong results. Examples of these include development and implementation of the Madrid Protocol, new steps regarding the creation of the Manual of Geographical indications, open consultation for updating examination guidelines for inventions implemented by a computer program, the granting of patent examination priority to startups, and the recent launch of the “PI Vitrine”, a publication by the agency for announcements of industrial property assets for sale.

However, one initiative deserves specific mention. In late 2019, the BPTO officially introduced its plan to solve Brazil’s patent backlog problem, aiming to reduce the backlog by at least 80% over a period of 2 years. For this ambitious plan to work the BPTO produced groundbreaking rules to implement a preliminary standardized office action program, and to speed up the analysis of 160,000 unexamined applications filed before December 31, 2016. The BPTO estimated that after these 2 years, the institution will be able to examine new patent applications in only 24 months.

The plan against patent backlog is now showing extremely promising results. According to a publication released on October 20, 64,900 applications were dealt with, 22,400 of which were decided and 42,500 were definitively filed. The result is even more impressive taking into account the disruptions caused by the pandemic and the consequent suspensions of procedural deadlines between March and May 2020. It is clear that these strong results can be connected to the quick adoption of home office facilities for institution’s patent examiners, whose average productivity has been reported as being approximately 45% above target.

Is the BPTO on course to align itself as a modern 21st century institution?

One thing is clear – recent news about the BPTO coming out of Brazil has gone from cautious optimism to genuine excitement. It is even more impressive to consider that the successful initiatives mentioned above were continued in combination with the institution's activities to help combat Covid-19, which include, in addition to the actions preventing the spread of the virus (staff working from home office and suspension of the deadlines), providing information on technologies related to diagnostics and treatment, as well as giving priority to patent applications in relevant technologies.

Finally, perhaps one of the strongest success indicators to date, is the unprecedented decision by the UK Government to invest around R\$20 million in the institution in order to improve the Brazilian patent system. The funds came from the Prosperity Fund – the British Government's cooperation fund financed by the Foreign and Commonwealth Office.

So, it seems that there is room for genuine optimism. While there is much work to be done, the BPTO now has a massive opportunity to align itself with other leading offices and indeed to become a modern 21st century institution, committed to progress, growth of Intellectual Property and Technology in Brazil.

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BPTO

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Daniel

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BRAZIL

COUNTRY PROFILE

GEOGRAPHIC LOCATION



FLAG



Overview

- World's 12th biggest economy;
- Biggest economy in Latin America;
- 5th largest country in the world.

General information

- Official language: Portuguese
- Population: 210 million (2019)
- Area: 8.51m sq km
- Currency: Real (BRL)

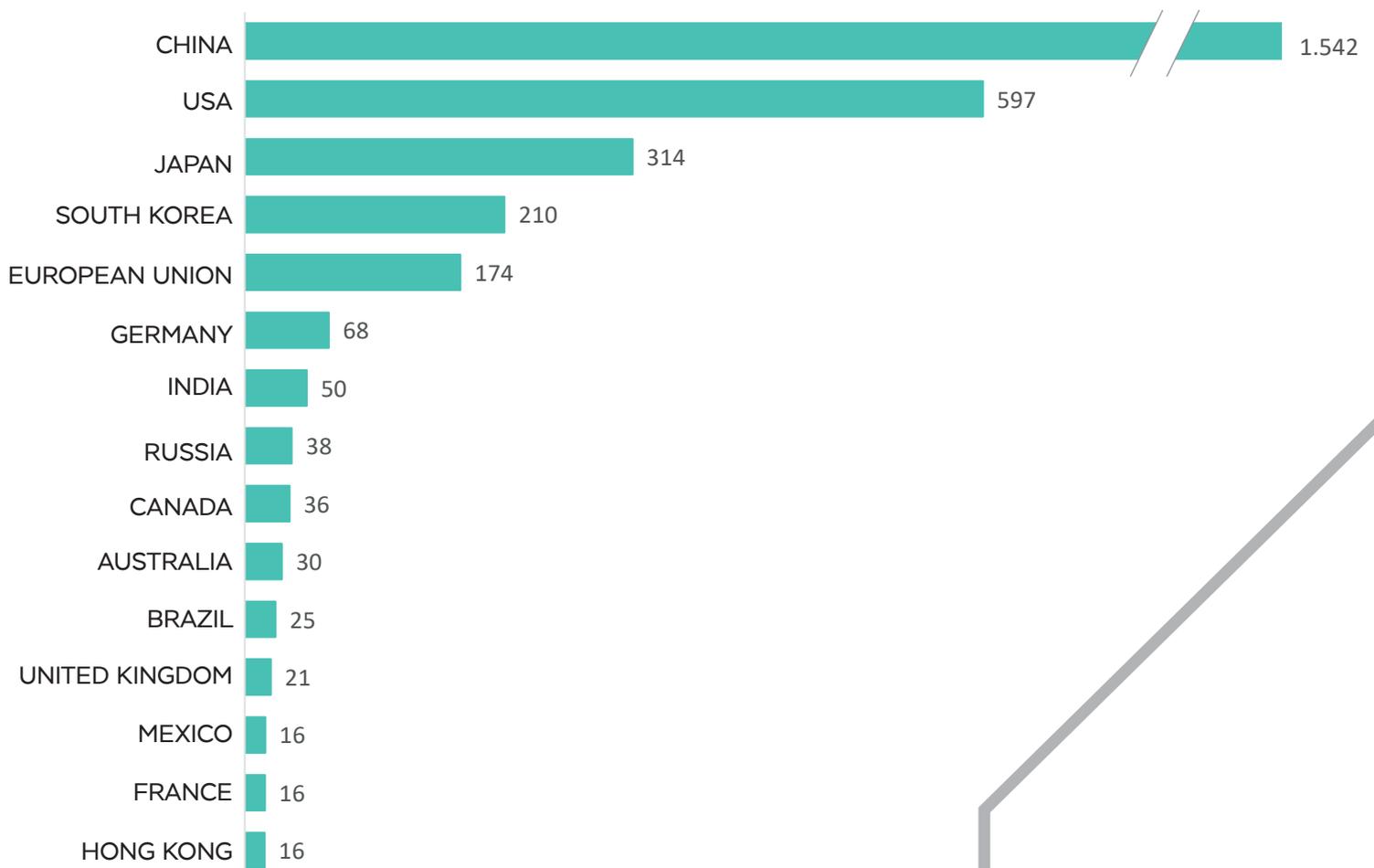


Brazil's relevancy in IP

- Brazil is among the most relevant countries in the world in terms of concerns Intellectual Property.
- It is the #1 market in Latin America for patent applications.
- In 2018, the Brazilian office was ranked within the top 11 global markets for patent filings.
- The BPTO received around 28 thousand patent filings in 2019.



Patent applications: Top 15 offices (2018; thousands)



Performance Analysis

2. BPTO Patents

PATENTS:

BEATING THE BACKLOG IN BRAZIL

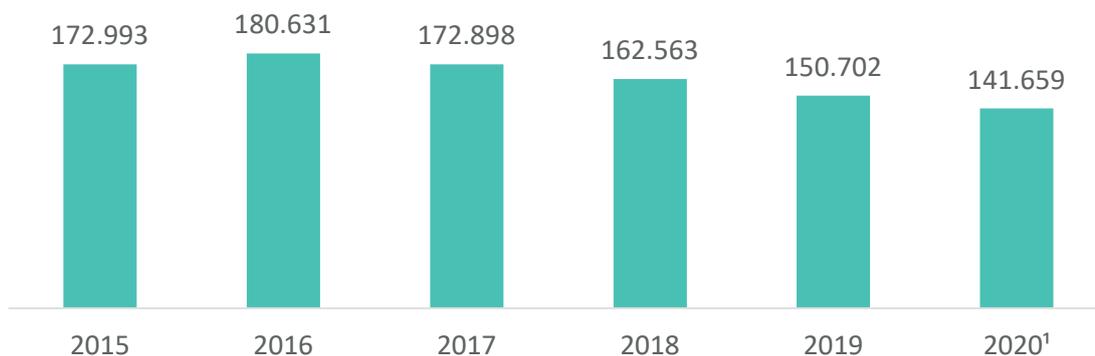


8.1 years was the average time to obtain patent protection in 2019.

Average time to obtain patent protection (order 9.1; in years)



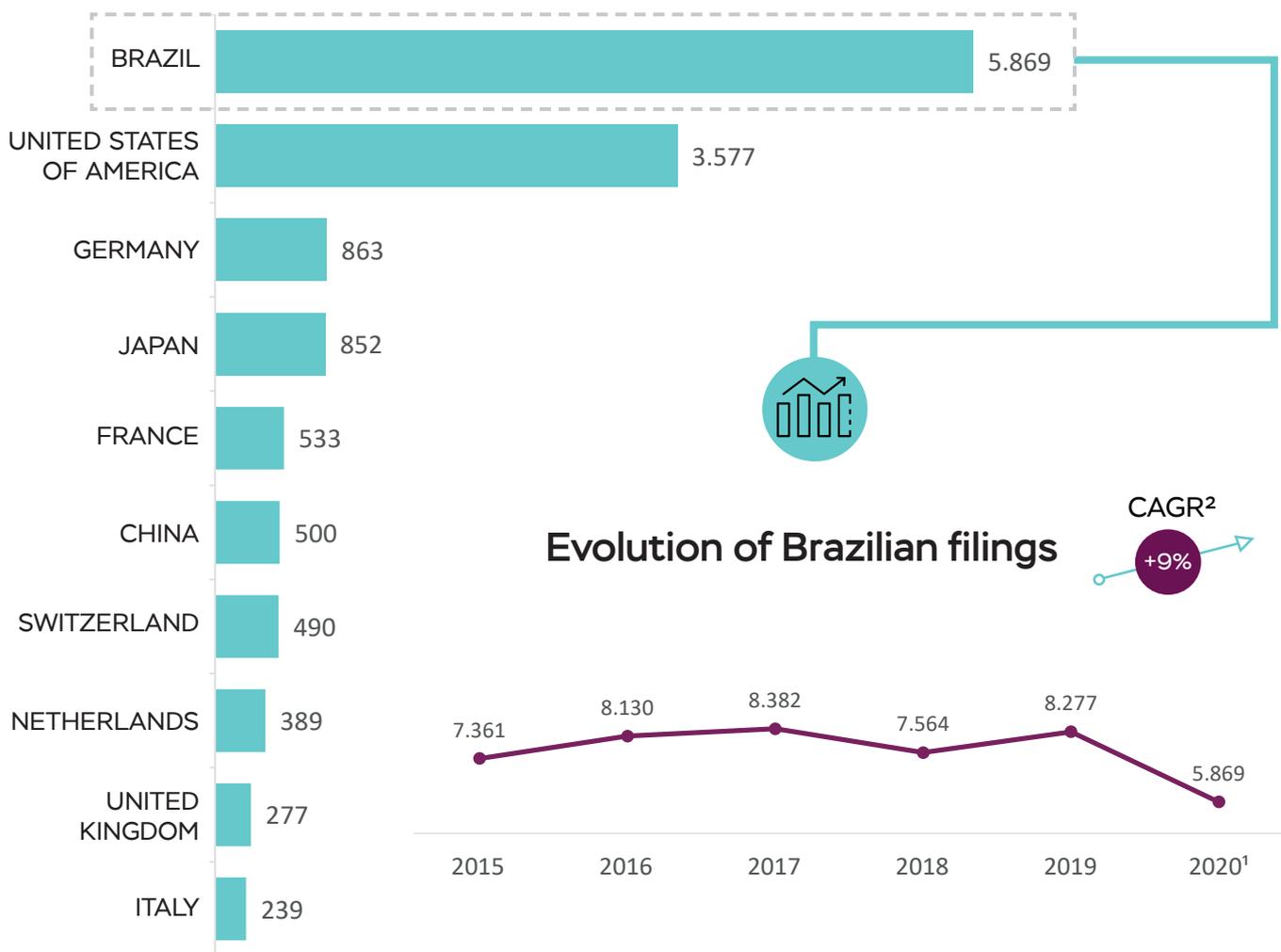
Backlog evolution (patent applications pending examination)



- Reducing the patent backlog is still a work in progress, so the BPTO created options to expedite examination.
- The BPTO announced in its half year results report that the decision time for patent applications has been reduced to 5.7 years.

BRAZILIAN PATENTS

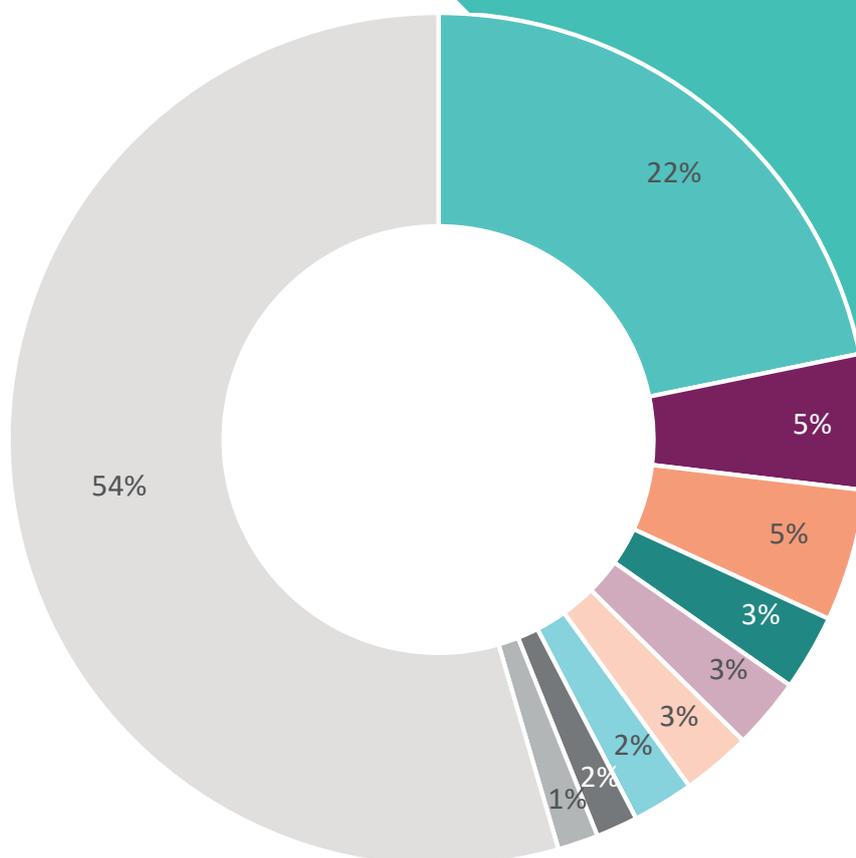
Patent applications in BPTO by country of origin (2020¹)



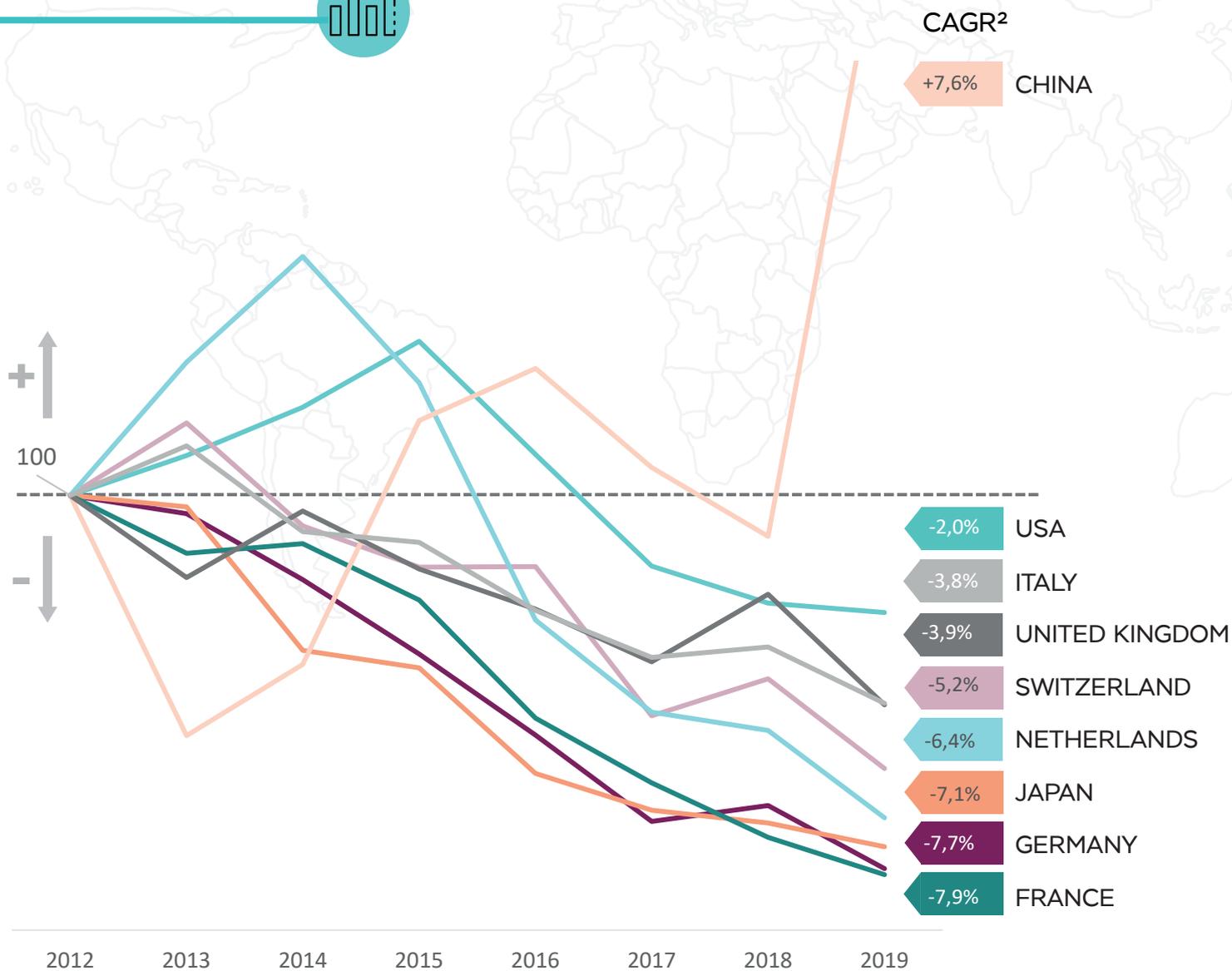
- Brazil is in first position for patent applications at the BPTO in 2020
- Between 2018 and 2019, the number of Brazilian patent applications at the BPTO grew by an average of 9%.

MAIN FOREIGN APPLICANTS IN BRAZIL

Foreign patent applications in BPTO by country of origin (2020¹)



Market trend



- Among the main international markets for patent filings, the US, German and Japanese markets stand out.
- Since 2012, China has been the country that has shown the greatest growth in terms of patent filings in Brazil (annual growth rate of 7.6%)

Performance Analysis

2. BPTO Trademarks

TRADEMARKS:

BEATING THE BACKLOG IN BRAZIL



0.7 years was the average time to obtain trademark registration in 2019.

Average time to obtain trademark registration by year of filing



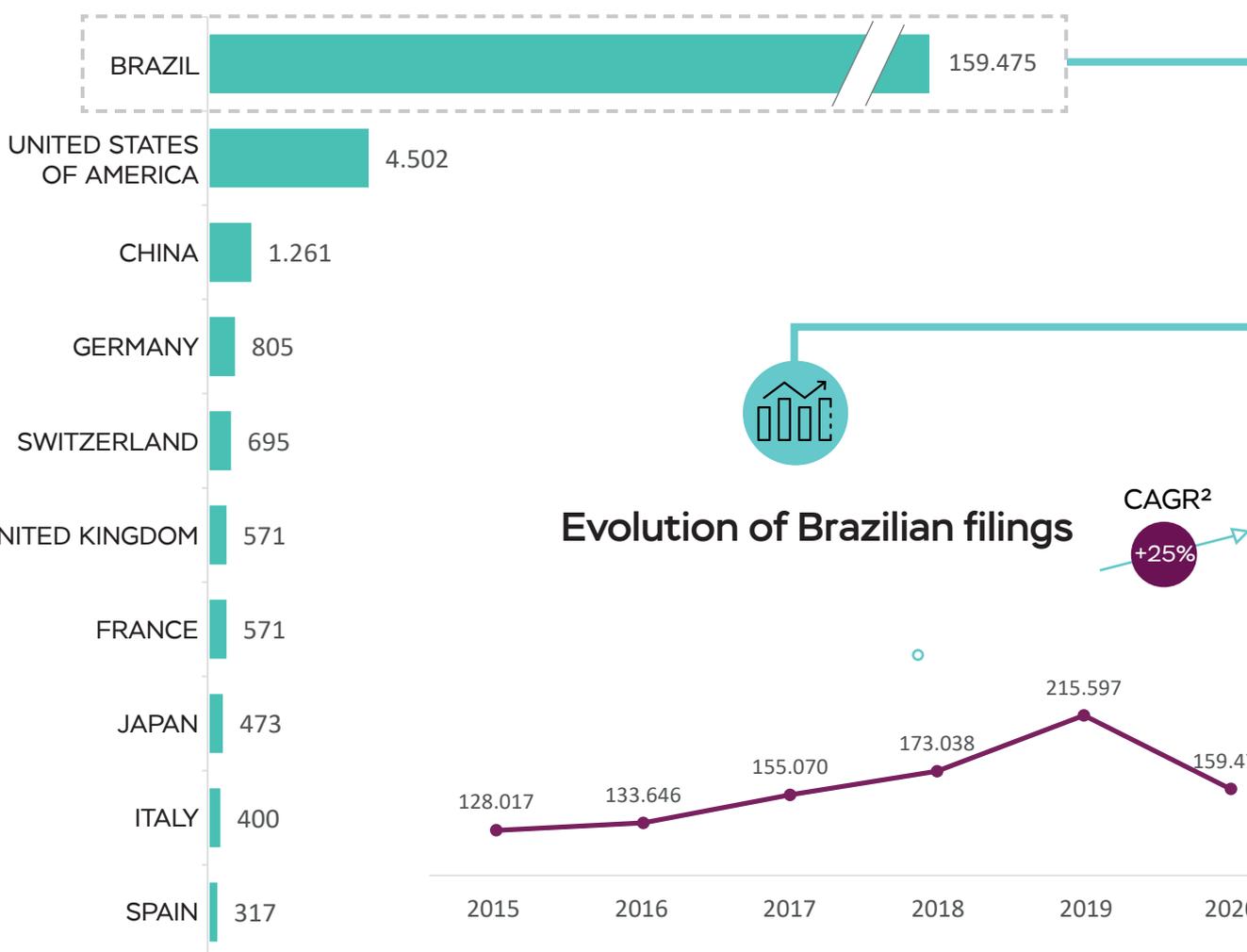
Backlog evolution (trademark applications pending examination)



- Reducing the trademark backlog is still a work in progress, so the BPTO created options to expedite examination.

BRAZILIAN TRADEMARKS

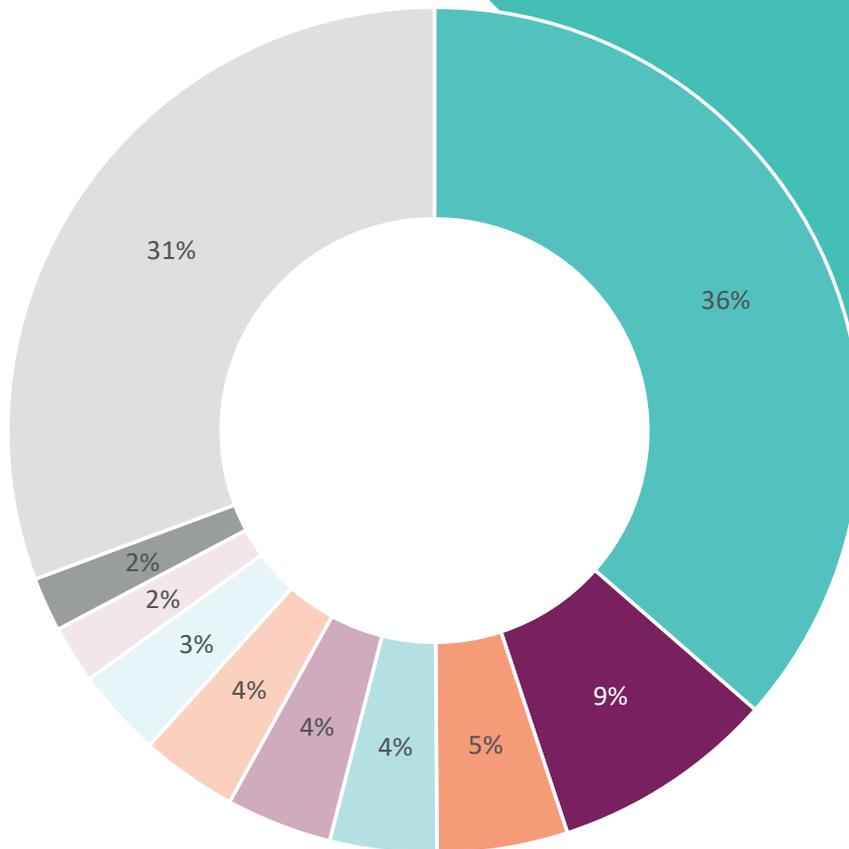
Trademark applications in BPTO by country of origin (2020¹)



- Brazil is in first position for trademark applications at the BPTO in 2020
- Between 2018 and 2019, the number of Brazilian trademark applications at the BPTO grew by an average of 25%.

MAIN FOREIGN APPLICANTS IN BRAZIL

Foreign trademark applications in BPTO by country of origin (2020¹)



USA

CHINA

SWITZERLAND

UK

GERMANY

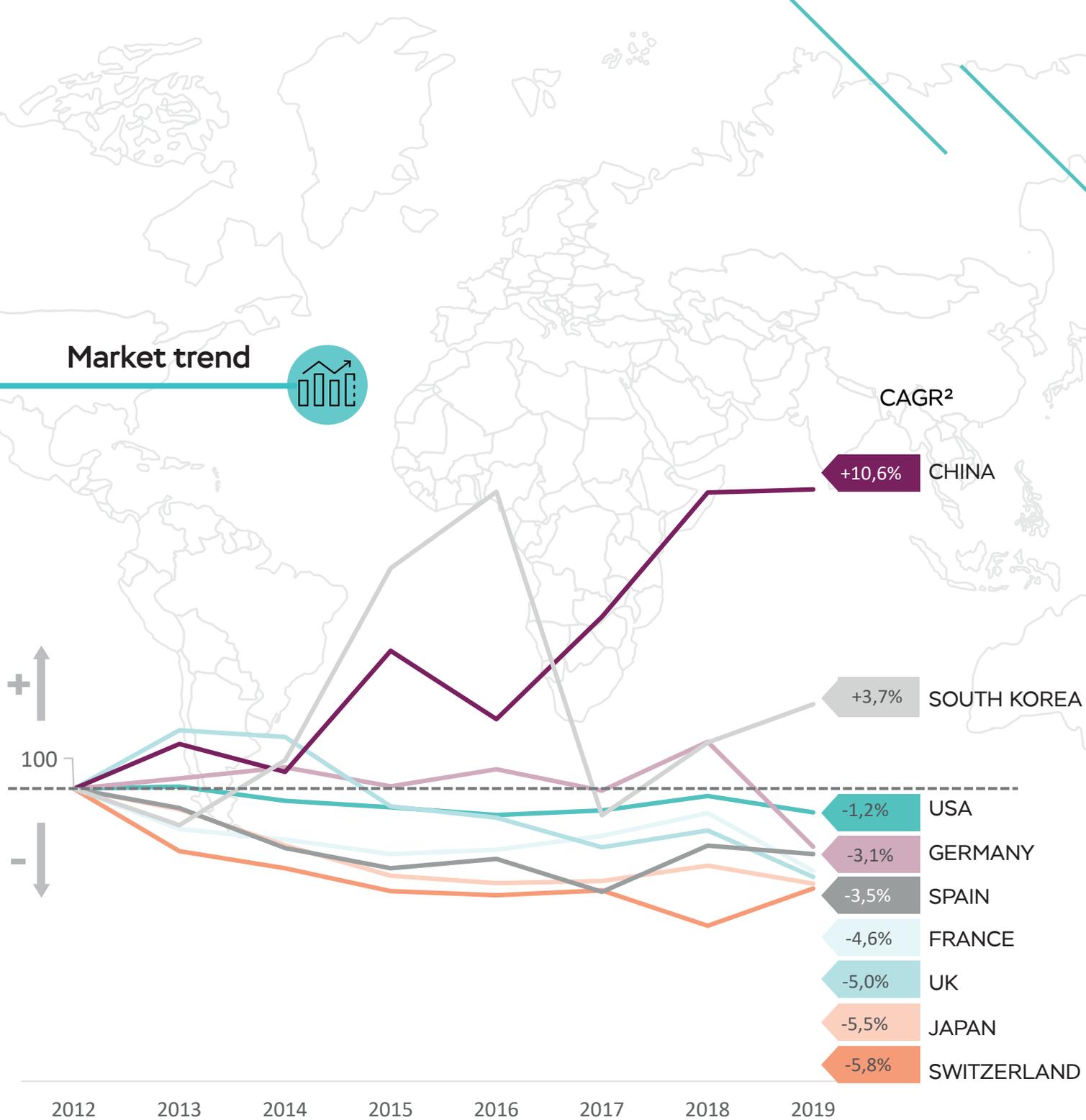
JAPAN

FRANCE

SOUTH KOREA

SPAIN

OTHERS



- Among the main international markets for trademark filings , the US, China, Switzerland and UK stand out.
- Since 2011, China has been the country that has shown the greatest growth in terms of trademark filings in Brazil (annual growth rate of 10.6%)

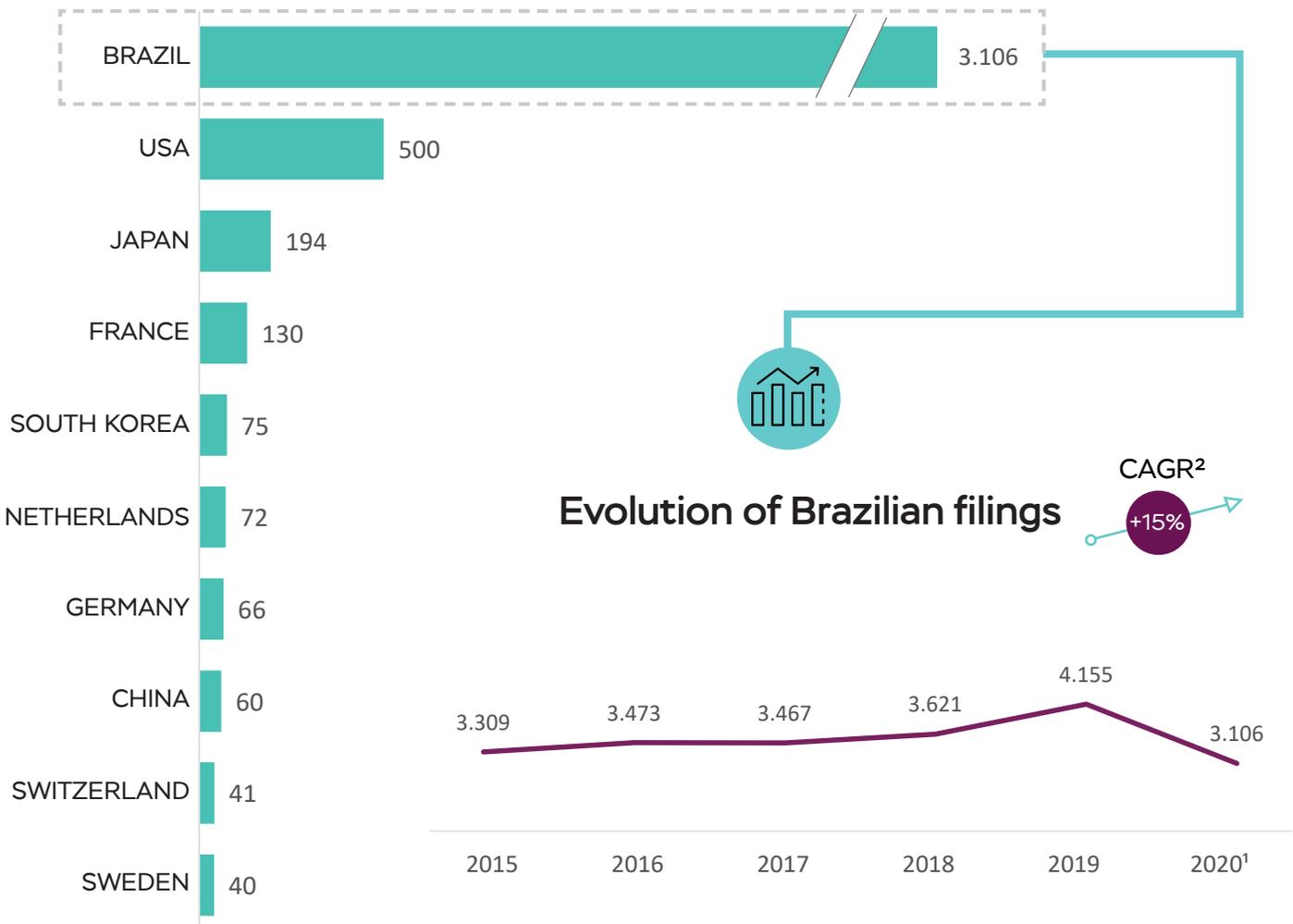
Performance Analysis

2. BPTO Industrial Design

BRAZILIAN

INDUSTRIAL DESIGN

Industrial design applications in BPTO by country of origin (2020¹)



- Brazil is in first position for industrial design applications at the BPTO in 2020
- Between 2018 and 2019, the number of Brazilian industrial design applications at the BPTO grew by an average of 15%.

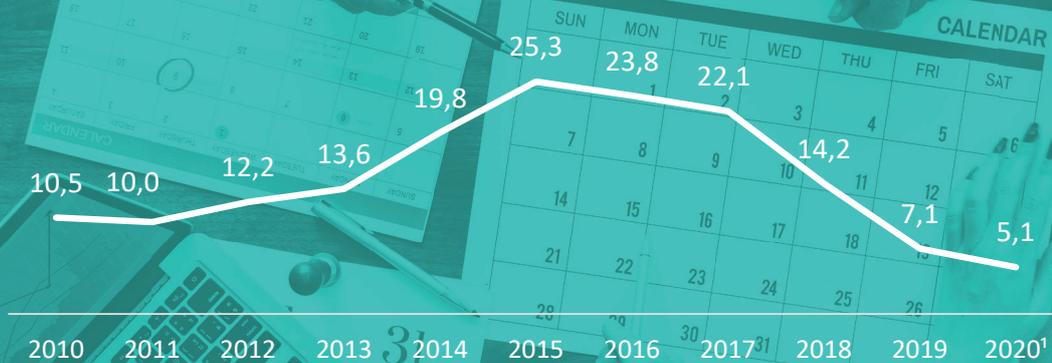
INDUSTRIAL DESIGN

BEATING THE BACKLOG IN BRAZIL

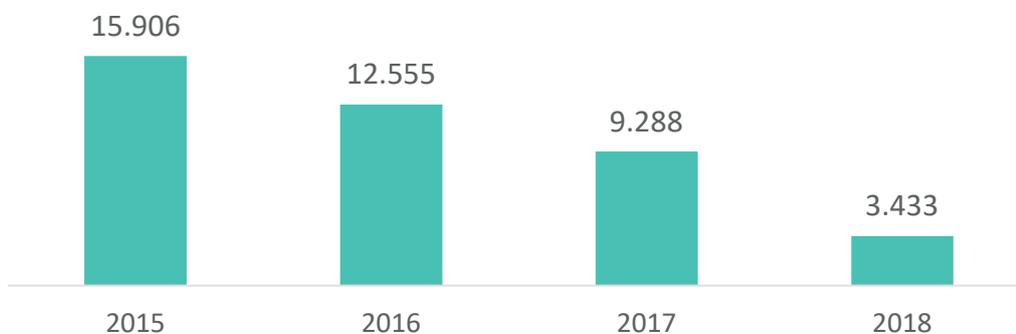


7.1 months is the average time to obtain registration in 2019.

Average time to obtain industrial design registration
(by BPTO decision year; in months)



Backlog evolution (design applications pending examination)



Performance Analysis

BPTO

2.

New resolutions and
public consultations

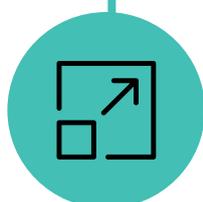
PATENTS:

NEW RESOLUTIONS AND PUBLIC CONSULTATIONS



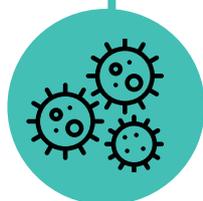
Public consultation addresses examination guidelines for inventions implemented by computer program

The new text reorganizes and simplifies guidelines contained in the version currently used by the BPTO, which is from 2016. Furthermore, it **mentions of new technologies, such as cloud computing or the internet of things**, but mainly to emphasize that they do not impact the analysis itself.



The Brazilian PTO unifies PPH rules and expands project to all technological fields

The change aims to **simplify the procedures**, both for the user and for the BPTO, and expand the potential of these agreements, which prioritize the processing of patents and **reduce the examination steps**, contributing to accelerate the process. On average, considering the patents analyzed via PPH in Brazil in 2019, the concession period is eight months, and sometimes as little as one month.



Patent applications related to COVID-19 are eligible for accelerated examination at the Brazilian PTO

Establishing **fast-track examination** for patent applications related to pharmaceutical products and processes, as well as equipment and/or materials for use in health for the diagnosis, prophylaxis and treatment of coronavirus. Besides the possibility of fast-tracking applications related to COVID-19, the Brazilian PTO offers different alternatives for **accelerating the processing of patent applications** in the health area.

TRADEMARKS:

NEW RESOLUTIONS AND PUBLIC CONSULTATIONS



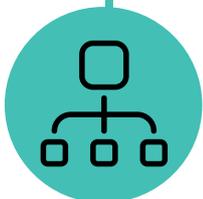
Madrid Protocol: How is the program faring in Brazil?

Brazil is one of the **newest members of the Madrid Protocol**. It has been part of the protocol since October 2 2019. An international system was long overdue and less than 10 months in it has received 5,500+ BR designations, covering 13,300+ classes. Accession was **strategic for Brazil's plans to foster international business**. However, first impressions indicate hurdles to be addressed by the Brazil Patent and Trademark Office (BPTO).



Co-ownership of trademarks was regulated by the BPTO and the divisional registrations will soon be authorised as well

With a view to adhering to the Madrid Protocol, Brazil needed to **seek tools for harmonizing trademark registration procedures** between national applications and designations received through the Madrid Protocol.



Brazil starts to adopt the trademark regime in a multiclass system

The adoption of the multiclass system **allows the specification of products and services related to more than one class** of the Nice International Classification in a single process.

3. Daniel

Our Mission

OUR MISSION

We have a **long-term mission** to continue our growth and relevance on the national and LATAM scene, applying the successful client-centric approach that has led us to achieve extraordinary results. We combine the **tradition** of a 60-year law firm that has helped shape Brazil's IP scenario, with an influential **culture of innovation and diversity** that ensures we have the best of the best in terms of professionals and technology.

We direct our resources to provide **legally-wise business solutions**, acting as strategic partners throughout our client's innovation process.

In terms of client relationships, our mission is to continue to build and foster **lasting relationships**, as we believe that this is an indispensable ingredient for our success as service providers.

We also aspire to remain connected with companies of high relevance and prominence in their sectors, because we believe that **our client's success reflects on our progress**.

What is Daniel's way of doing business?

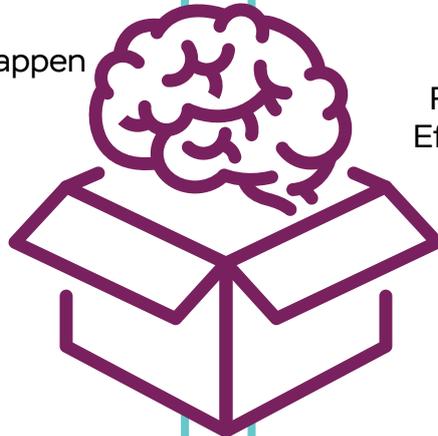
THINK DIFFERENT

Efficiency to make it happen
Anticipate needs
Value relationships

What emotion does Daniel arouse in its employees?

THINK NEW

Non-stop learning
Freedom to experiment
Effectiveness is an asset



How does Daniel relate to the society?

THINK BIG

Question the status quo
Innovation to protect
Knowledge network

What is Daniel's offer of relevance to our clients?

THINK TOGETHER

Strategic connections
Each case is the case
Experience, technology and sense of opportunity

3. Daniel

About us

ABOUT US

We believe **connections and partnerships** are key to the spread of ideas and good business practices. With this in mind, we joined Ethos institute, an organization whose mission is to mobilize, raise awareness and help companies to manage their businesses in a socially responsible manner, making them partners in building a fair and sustainable society.

We have the honor of our initiatives being recognized. We were one of the 52 companies awarded in the **EXAME Diversity Guide** of 2020 and winner of the **Chambers Diversity & Inclusion Award** for Latin America 2020 in the “Outstanding Firm for Diversity & Inclusion” category. We also won the Most Innovative Program for Employee Health and Welfare award in 2019, awarded by Chambers Diversity & Inclusion.

After years of hard work and determination, regarding our firm’s diversity and inclusion project – **Daniel Plural** program – we are proud to now be able to share our progress since we got started with the initiative. We invite you to download our recently launched e-book in the link below and to learn more about the path we are taking on Diversity and inclusion.



ABOUT US

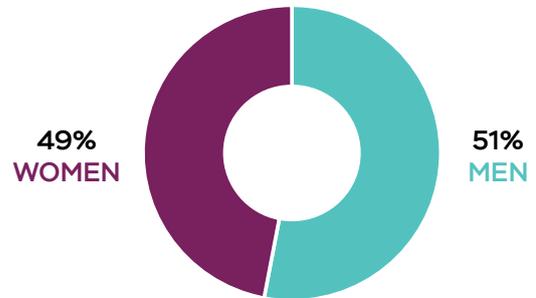
Our inclusion program was designed to **recruit and retain** the best candidates through the search for talented individuals with the **most varied** life experiences, worldviews and personal histories.

One of the objectives of our program is **to break educational barriers** that prevent countless candidates to reach our organization and achieve professional advancement.

We also understand the necessity to insert suppliers that represent diversity in our supply chain, and we are taking steps into this direction.

Our goal is not only to create a **mosaic of perspectives** for our office and our clients, but also to effectively make a **positive impact** that goes far beyond our organization.

LEADERSHIP POSITIONS



PARTNERS



We are recognized by the main national and international legal rankings.



“The team is helpful, responsive and well rounded, in addition to understanding well what clients want to achieve and providing good advice, letting clients know what are the best options going forward.”



“They are extremely efficient in their actions, as well as being assertive and confident about their opinions.”



Nominated as one of the best Brazilian Intellectual Property offices in all editions of the publication.



“Daniel has a strong presence in matters involving the fight against counterfeiting in the technology area.”



“The best and most informed adviser in the market. Committed and efficient, it provides excellent service.”



COMPETITIVE ADVANTAGES



PROCESS AUTOMATION

To drastically reduce the occurrence of errors and offer more competitive fees to our clients, Daniel Law automates many of its processes using its proprietary systems and software, developed especially to meet our clients' demands with the usual Daniel quality.



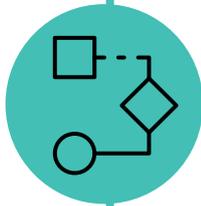
BUDGET PREDICTABILITY

We understand budgets have limitations and that clients need fee predictability, combined with the right amount of flexibility. Our goal is to ensure the client can effectively use its resources to achieve their legal objectives and results. Daniel Law can work with different consultancy fee structures for trademarks and patents, litigation, or other relevant services either with caps (annually established or on a "case by case" basis), previously agreed package of monthly hours (in which the hours not demanded in a given month are offset at the end of the semester), fixed fees or other forms of alternative fee arrangements. We can offer a fixed monthly charge for our fees, regardless of volume.



CLIENT PORTAL

Our client-centric and technology-based approach have led to the development of a client portal, which clients can use for an easy-24/7-access to their IP portfolio. The client portal is a mirror of our process management system and allows consultation on ongoing matters and existing IP databases. The portal can integrate with the client's portfolio management system after a brief assessment from our software team.



COMMITMENT TO CLIENT'S INTERNAL FLOWS AND PROCESSES

Daniel Law is fully prepared to adapt to client needs at all levels. We are committed to integrating ourselves into our clients' internal flows and processes to ensure the best client experience.



TRAINING AND IP WORKSHOPS

We are committed to spreading the concepts of intellectual property to all areas of our client's company through practical training and workshops, so the employees are aware and able to take care of the intangible assets of the company.



PORTFOLIO AUDIT

The portfolios transferred to our firm undergo a thorough audit with a view of identifying opportunities and risks. To this end, the audit involves not only checking the validity of properties but mainly the susceptible risks. We routinely identify excesses that generate unnecessary legal spending, which can ultimately drain essential investments from the client and indicate possibilities for exploiting them economically.



WIDE NETWORK OF IP PARTNERS IN THE MOST DIVERSE COUNTRIES IN THE WORLD

We have a range of multinational clients that concentrate on us the management of their intangible assets worldwide. We manage thousands of IP assets abroad and work as a regional solution in Latin America. We have enough scale to establish with our local partners our key performance indicators, based on service-level agreements and favorable fee conditions, to benefit our clients. We routinely carry out bids within our network to ensure we are always working under the most competitive fees, which, when scaled to several relevant countries in Latin America, bring our clients significant savings in legal spending.



CLIENT SATISFACTION DEPARTMENT (CSAT)

We care a lot about the experience that our clients have in our firm. From this concept, our CSAT department is 100% focused on providing the perfect experience for our clients throughout the service process.

The CSAT team has a systemic view of the client and its portfolio, in order to outline the best management and protection strategies for intangible assets, from the client's perspective and its specific demands.

In addition, CSAT monitors periodic indicators on the client's portfolio and receives dynamic and constant information from different areas of the office regarding risks and opportunities for their cases. Our objective is to be able to create transparent and lasting relationships with our clients, based on the idea that our success is the success of our clients.

OUR SERVICES

Daniel is a firm that respects your particular needs and provides **legally-wise business solutions**. Our diverse team of over 200 partners, attorneys, engineers, and other professionals is uniquely equipped with the legal and technical expertise, and **real-world business experience**, essential to develop and execute the customized strategies that meet the specific **IP needs** of our client's portfolio.

Beyond understanding the nuances of IP law, we understand the jurisdiction. Our in-depth and native knowledge of Brazil's complex legal environment enables Daniel to **anticipate our client's needs better**, understand the potential risks they face, and, ultimately, provide more successful management of their IP assets.

+60
Years

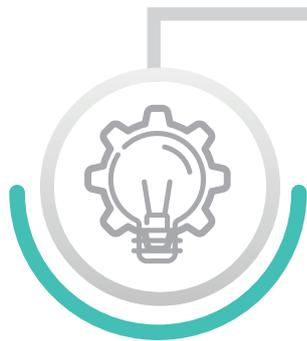
Of Continuous Growth and
Innovation



Strong Regional Network
of Affiliated Law Firms in
Latin America



Offices in Rio de Janeiro
and São Paulo



Patent Prosecution



Patent Litigation



Industrial Design



Trademark Litigation



Trademark Prosecution



Brand Protection & Anticounterfeiting



Licensing & Commercial Transactions



Technology, Privacy and Data Protection

OUR SERVICES

INNOVATION CONSULTING

We believe that the cycle of industrial innovation is not limited to filing patent applications or industrial design registrations

In addition to these activities, an adequate positioning towards the market, partners and competitors can help to enhance your inventive efforts, in addition to avoiding unfolding and non-strategic expenses

SEE HOW WE CAN HELP, AS AN INNOVATION CONSULTANT FOR YOUR COMPANY:

ANALYSIS OF FREEDOM TO OPERATE (FTO)

We identify possible technological barriers and the risks of launching new products



DESIGN AROUND

We help to contour competitor's patent protection scope

INFRINGEMENT ANALYSIS

We check if competitors' products infringe your patents and industrial design, and indicate the most appropriate measures to inhibit violations



ACCELERATION OF PATENT APPLICATIONS EXAMINATIONS

We identify possible ways to overcome the BPTO backlog, always based on the current legislation

MANAGEMENT OF INTANGIBLE ASSETS

We assist in the management of your patent and industrial design portfolio



COMPETITIVE INTELLIGENCE FOR NEW BUSINESS

We identify the main streams of technological development that can influence your new business

STRATEGIC CONSULTING

We develop, together with engineers and inventors, a favorable path for the protection of inventions



BUDGET CONTROL

We bring predictability to our client's innovative endeavors

TECHNICAL AND PHYSICAL RESOURCES

Daniel has offices in **São Paulo** and **Rio de Janeiro**, located in the most important business centers of both capitals. The units operate **fully integrated**, connected online, offering our clients a personalized service in any segment, with the most appropriate Intellectual Property solutions in each case. Our offices also have the **most modern physical structure** and equipment, which focuses on offering the best service level to our clients and workspace to our staff, enabling effective internal communication and productivity.

To support Daniel's entire operation worldwide **efficiently** and **safely**, we have the support of our extremely qualified IT team, responsible for the development of our systems and software for managing and monitoring our processes (DANSPI and PROTHEUS). We have also developed an entire digital infrastructure that allows us to be connected and working in a **100% secure platform**.

Regarding our technical capacity, we have a team of more than **200 multidisciplinary professionals**, highly qualified in all areas of Intellectual Property. We also have high-performance software that allows us to perform our services **quickly, efficiently, and objectively**.

LATAM HUB

On the one hand, **Latin America** is distinguished by its large consumer market and the diversity of its culture, attracting the attention of companies doing business in the most diverse market segments. On the other hand, managing IP portfolios in Latin America and the Caribbean can be **expensive** and **challenging**.

With Daniel Law, companies can seek the protection of their IP assets with a one-stop-shop offering a regional solution. From Brazil - the largest economy in the region - our firm can offer clients the valuable advantage of having a **single point of contact** with very **competitive prices**. Additionally, our unique way of working reduces the formality requirements and bureaucracy considerably for document execution.

The substantial technical experience and vast network of partnerships that Daniel Law has accumulated over decades have resulted in the office consolidating its position as one of the gateways to the continent for companies worldwide. As a result, Daniel Law has developed a hub that allows our clients to access Intellectual Property services in all of Latin America and the Caribbean using a **single expressway**.

Another benefit of managing your IP portfolio with one point of contact is better to control your business strategy for each product throughout the regions.

We also have SLAs in place with our network of partnerships requiring a prompt response and strict respect for our partner's deadlines, offering Intellectual Property services at the same level of **excellence** that your company needs all over the world.



DANIEL

www.daniel-ip.com