

# Portugal

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Over the last few years, the Portuguese government has been deeply committed to transforming Portugal's economy into one based on vanguard technologies. According to the European Innovation Scoreboard, Portugal now ranks seventh among the economies that have progressed most in terms of innovation.<sup>1</sup> Consequently, much emphasis has been placed on the importance of intellectual property, and the country has seen an unprecedented number of public and privately funded initiatives promoting the benefits of intellectual property (IP) protection.

As a result of this greater awareness of intellectual property, the number of national patent applications has witnessed a slight increase,<sup>2</sup> as has the number of patent litigation cases. Nevertheless, the truth remains that Portugal continues to be one of the countries with the lowest number of patent applications in relation to gross domestic product, and it has fallen behind countries like Brazil and China. Likewise, patent litigation is somewhat rare in Portugal and very few cases reach the courts each year. The vast majority of patent-related disputes are resolved through extrajudicial agreements, leaving Portuguese lawyers, judges and legal scholars with very little in the way of case law.

This chapter will seek to provide an objective, realistic and comprehensive picture of patent litigation in Portugal today, with all its virtues and flaws. It should be noted that the information provided is presented in a very broad manner and conveys only the general rules and perspectives that are currently applicable in this country. Portuguese procedural law is complex and there are numerous exceptions to the general rules. Explaining all the intricacies of Portuguese procedural law clearly exceeds the scope of this chapter. Additionally, one must point out that legislative changes and reforms are extremely frequent in Portugal. It is therefore of the utmost importance to obtain a detailed and updated analysis of each case from a local law firm before deciding to move forward with patent litigation in Portugal.

## 1. Lawyers

It is obligatory to retain at least one lawyer for all patent litigation proceedings in civil or criminal judicial courts. Portugal is a small country operating under a single unified judicial system and therefore any lawyer can represent the client in any court

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<sup>1</sup> [www.proinno-europe.eu](http://www.proinno-europe.eu)

<sup>2</sup> In 2006, 88 European patent applications were filed by Portuguese applicants. This was the highest number ever and up from 50 in 2004 and 66 in 2005 (Source: *Jornal "Expresso"* February 16 2008).

of the country.<sup>3</sup> Following EU directives transposed into internal legislation (in particular Directive 98/5/EC), foreign lawyers may litigate in Portuguese courts when acting under guidance, and with the assistance, of a lawyer accredited by the Portuguese Bar Association or when they themselves have been accredited by that same association. Voluntary arbitration courts and other extrajudicial dispute resolution systems have more flexible rules and much will depend on the terms of the arbitration.

Given the technical nature of patents, which typically cause some unease among lawyers, it is usual to obtain the assistance of a technical expert for both the initial analysis and during trial. Portuguese procedural law specifically permits that a lawyer be assisted during the presentation and discussion of evidence by a technical expert. It is, however, necessary for the lawyer to give ten days' prior notice of who will be assisting him and what issues require technical explanation. The other party will also have a right to do so. The court may deny the appointment of technical experts if it feels that the matter at hand does not justify their participation.

As regards technical experts, it is worth pointing out that in Portugal there is a group of professionals who are recognised by the Portuguese Patent and Trademark Office (PTO) as representatives with an advanced degree of knowledge in IP-related issues. They are known as AOPIs or *Agentes Oficiais da Propriedade Industrial*, which directly translates as official industrial property agents. Whilst AOPIs are very knowledgeable on IP matters, they do not necessarily possess a technical or scientific background like European patent attorneys and are often not experts in a particular area of technology. For very detailed and complex technical matters in court it is therefore necessary to resort to university professors, experts with PhDs or other recognised technical experts in a certain field. Nevertheless, all other things being equal, it is probably wise to use the services of a lawyer who is also an AOPI, or someone with recognised experience in patent matters. Patent litigation teams in Portugal that actually defend a case in court rarely extend beyond one or two people, although in the back office there are often various other lawyers analysing and preparing the case.

## 2. Law

The Portuguese Republic is a founding contracting party to the 1883 Paris Convention and its revisions, and a member of the Patent Cooperation Treaty (PCT), the European Patent Convention (EPC), the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) and most other international agreements on patent-related matters.<sup>4</sup> It has further implemented EU directives into internal law and is an eager member of all patent discussion forums.

It is therefore no surprise that Portuguese substantive patent law is today closely harmonised with the EPC and, in relation to the more controversial aspects

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<sup>3</sup> Despite being a small country, Portugal has two sets of island archipelagos in the middle of the Atlantic (Madeira and Azores), which constitute two autonomous regions. Though a lawyer from the continent can technically represent the client in the courts of these islands, there will be additional costs in terms of travel expenses.

<sup>4</sup> Portugal is a signatory to the Patent Law Treaty (2000) but at the time of writing had not yet ratified it.

(patentability of software, business methods, biotech inventions), it follows the positions held by the European Patent Office (EPO). Those who wish to proceed with patent litigation in Portugal can expect to find essentially the same substantive rules as those found in other European jurisdictions and the EPC.<sup>5</sup> Given the limited domestic case law available on substantive patent law, it is customary to resort to EPO decisions and guidelines in the interpretation of concepts such as novelty, inventive step and on exceptions to patentability. Overall, too few cases have been taken to higher-instance courts to establish any sort of coherent jurisprudence in most patent matters. Issues such as whether the doctrine of equivalence is admissible or whether the literal test is preferred have not been adequately discussed in national courts, although there is case law<sup>6</sup> in Portugal that clearly leans towards the acceptance of equivalence.<sup>7</sup> One should bear in mind that even if more case law were available, Portugal does not follow the rule of precedence and every judge is free to decide as he sees fit, even if it goes against rulings of the Supreme Court.<sup>8</sup> This general lack of jurisprudence makes local lawyers rely heavily on domestic academic law expert opinions and examples from abroad on questions of law.

Domestic patent application procedural rules up to grant also follow the general outline of those established in the European Patent Convention in terms of timings and requirements. A search report is issued during the eighth month after filing, and the application is published during the eighteenth month from the filing date or the claimed priority date. One major difference in relation to the European Patent procedure is that the opposition period begins immediately after the publication at 18 months and not after an intention to grant. Opposition must be filed within two months of the application publication and the applicant then has a similar deadline in which to reply. Filing additional replies is possible under special circumstances and subject to the Portuguese PTO's approval. In Portugal, the PTO performs a substantive examination on patentability and the final decision to grant or refuse the application will be based on the conclusions of that examination and any other evidence and arguments presented during opposition. Even after the issuance of a final decision to grant, it is still possible to request its revision by a superior official within the PTO or appeal it in court.<sup>9</sup>

Another particularity of Portuguese substantive patent law worthy of note is that in order to establish a priority date in Portugal, it is not necessary to file a complete application with claims, description, drawings and abstract. The recently reformed 2003 Portuguese Industrial Property Code (PIPC) follows the approach of article 5, paragraph 1(iii) of the Patent Law Treaty (Geneva, 2000), which requires that only an

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5 It should be noted, however, that up to 1995 it was not possible to patent pharmaceutical or chemical products, as such. This has led to a great deal of patent litigation in recent years in the pharmaceutical area.

6 *Acórdão do Tribunal da Relação de Lisboa* (Lisbon Court of Appeals Decision) of May 24 1974 in *Boletim do Ministério da Justiça* no 238, p 277. See also *Acórdão do Tribunal da Relação de Lisboa* (Lisbon Court of Appeals Decision) of June 26 1974.

7 See Moreira, Pedro Alves – “The role of equivalents and prosecution history in defining the scope of patent protection” in AIPPI Yearbook (2004) – Report Q175, p 162.

8 The Portuguese Supreme Court of Justice can issue *Acordãos de Uniformização de Jurisprudência* (Jurisprudence Uniformity Decisions) which seek to influence lower courts, but they are not binding.

9 Articles 23 and 42 of the PIPC.

application form and a description of an invention need be filed in order for a priority date to be established.<sup>10</sup> The application must then, however, be completed within one year. As a result of a 1959 law, Portuguese applicants are obliged to file European and International (PCT) applications first in Portugal, thus permitting the Ministry of Defence the opportunity to select those inventions that are of interest to the national defence.

On average, a national patent application takes around two and a half to three and a half years to issue. When a European patent application has been requested for the same invention, it is customary for the Portuguese Patent Office to question the applicant as to whether it wishes to proceed with the Portuguese application or abandon it. Article 88 of the PIPC forbids the double protection of an invention as a national and European patent, and the former will lapse as soon as the latter is validated in Portugal. There is no question that the overwhelming majority of patents valid in Portugal are European patents. Portugal also accepts/grants petty patents (*modelos de utilidade*) for small improvements to the state of the art, but for which there is no major inventive step. These petty patents have a shorter maximum life span and a swifter application-to-grant procedure, but in all other matters are considered equivalent to normal patents.

### **3. The court system**

#### **3.1 Basic outline of the Portuguese court system**

Portugal has a relatively complex court system, which is divided into two separate and independent structures, namely the judicial courts and the administrative courts. Outside these two structures are other quasi-courts, the most important being the Constitutional Court that deals with constitutional matters. Portuguese administrative courts essentially follow the French model and deal above all with disputes arising out of the exercise of public power and prerogatives (*ius imperii*), such as taxation, building licences and public contracts. Judicial courts are the generalist courts that deal with most private law issues encompassing crime, employment, family and commercial disputes. Both the administrative and civil judicial courts are organised into a hierarchical three-tier pyramid structure, albeit the administrative structure has far fewer courts in the middle and lower tiers. In the judicial court structure, the bottom level is currently made up of 231 first-instance county courts, each of which is often divided into further generic or specialised sections and divisions.<sup>11</sup> Above these county courts there are five district courts<sup>12</sup> (second-instance or appeal courts) and at the pinnacle of this structure stands the Supreme Court of Justice. Other than in exceptional circumstances, all cases must be tried first in a lower or first-instance court before being heard in a higher-instance court.

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10 The recent reform of the 2003 PIPC has further implemented the concept of a provisional patent application along the lines of the US model.

11 Government plans are currently in motion to change the organisation of the Portuguese judicial court structure, and it is likely that the present situation will not be in place for much longer.

12 Technically, there are six district courts in Portugal: Lisbon, Porto, Coimbra, Évora, Guimarães and Faro. However, although foreseen in a 1999 legal diploma, this last court (Faro) has never been implemented and the Évora district court continues to have jurisdiction over the Algarve region.

### 3.2 Courts with jurisdiction over patent-related cases

Commercial courts were reinstated in Portugal in 1999 after an absence of more than seven decades. They are specialist judicial courts that handle a limited number of areas which the law has specifically assigned to them. One of those areas is industrial property rights (ie those foreseen in the PIPC, which does not include copyright).<sup>13</sup> The judges of these courts are experienced in the legal aspects of commercial and intellectual property law, but few (if any) have any sort of expert scientific or technological knowledge.<sup>14</sup> There are currently only two commercial courts in Portugal, one seated in Lisbon and the other in Vila Nova de Gaia, on the south bank of Porto. In accordance with Law Decree 186-A/99 of May 31 1999, both of these commercial courts have jurisdiction over the metropolitan areas around the two major Portuguese cities, where the majority of the country's population and companies are based.<sup>15</sup> However, should civil procedural rules determine that the relevant territorial area is not one of those covered by one of the two commercial courts, then typically it will be the local county court that has jurisdiction.<sup>16</sup> Although commercial court judges have a deep understanding of intellectual property, they suffer the disadvantage of being extremely overstretched and currently have large backlogs. Given this situation, there is some discussion today in Portugal about creating courts specifically for intellectual property rights by 2010.

The Lisbon Commercial Court (*Tribunal de Comércio de Lisboa*) is always competent to hear appeals against decisions taken by the Portuguese PTO.<sup>17</sup> Statistically, these appeals are nearly all related to the grant and refusal of national trademarks, and very few actually deal with patents.

Patent infringement is a crime in Portugal, but one that requires that the plaintiff file a formal complaint for the criminal proceedings to begin. If the Public Prosecutor decides to press criminal charges against the infringer, it is necessary to observe the criminal procedural rules in order to determine which court will have jurisdiction. The general rule regarding jurisdiction in criminal cases is that the court of the area where the crime took place will be competent to judge the case.

### 3.3 Extrajudicial dispute resolution system

Successive Portuguese governments have, in the last decade, introduced a plethora of extrajudicial dispute-resolution systems, such as voluntary<sup>18</sup> and obligatory

13 Article 89, para 1 line (f) of Law no 3/99 of January 13 states specifically that commercial courts will deal with all declaratory cases that directly involve industrial property rights in any form foreseen in the Industrial Property Code. Line (h) of the same article also establishes that the commercial courts will declare industrial property rights void or annulled, as foreseen in the aforementioned Code.

14 A patent case heard at a first-instance court will, as a general rule, be judged by a single judge. Higher-instance courts will be composed of at least three judges and in some cases more.

15 The Lisbon Commercial Court's jurisdiction covers the counties of Almada, Amadora, Barreiro, Cascais, Lisboa, Loures, Mafra, Moita, Montijo, Oeiras, Palmela, Seixal, Sesimbra, Setúbal, Sintra and Vila Franca de Xira; while the Vila Nova de Gaia Commercial Court covers Espinho, Gondomar, Maia, Matosinhos, Porto, Póvoa de Varzim, Valongo, Vila do Conde and Vila Nova de Gaia.

16 "The general rule is that the court with territorial competence is the Civil Court of the district where the defendant has its head office. However, if the defendant is a foreign company the action must be filed at the Civil Court where the plaintiff has its head office, and if both the plaintiff and the defendant are foreign the competent court is the Civil Court of Lisbon." CRUZ, Nuno – "The role and function of experts in patent disputes" in AIPPI Year Book (1998/111) Report Q136 p 156.

17 Articles 39 and 40 of the PIPC.

18 Currently regulated by Law no 31/86 of August 29 1986.

arbitration courts and magistrates' courts (*Julgados de Paz*).<sup>19</sup> The decisions issued from these arbitration courts are binding. However, one can still appeal to the judicial court system that runs parallel to it. Provided both parties show good faith and are willing to submit themselves to the authority of the arbitration, it is the ideal way to resolve disputes in a swifter and simpler manner. It is worth noting that the 2003 PIPC specifically introduced an ad-hoc arbitration system to deal with the resolution of disputes with the Portuguese PTO, but after five years it was evident that this had not been as successful as initially hoped.<sup>20</sup> There were particular difficulties, such as obtaining the acceptance of the other interested party in the decision (should there be one), and a written authorisation from the Minister of Economy binding the Portuguese PTO. These problems have recently been overcome with the 2008 reform of the PIPC and the creation in October 2008 of Portugal's first permanent voluntary industrial property arbitration centre and the commitment of the Portuguese PTO automatically to accept the rulings of this centre.

The PIPC section on patents has a curious exception to the general rules over jurisdiction in patent litigation cases. Article 59 paragraph 6 of the PIPC makes it obligatory for the parties to resort to arbitration in disputes in relation only to compensation for the contribution given towards the development of an invention. This is actually an area where there is a great deal of litigation in Portugal. Many novel products or methods are often developed by companies at the request of others without a formal contract specifying patent rights, or additional compensation should the product achieve major market success.

Arbitration is undoubtedly swifter than judicial court proceedings and the decisions are, from a legal perspective, just as reliable. On the downside, deliberate patent infringers will typically not consent to arbitration, since they know that the current delays in Portuguese courts will benefit them.

#### **4. Procedure and timescale of proceedings**

##### **4.1 When is it necessary to litigate in civil courts?**

Experience has shown that the overwhelming majority of patent infringement cases in Portugal result from a lack of knowledge of the existence of patent protection and the extent of rights granted. An initial warning letter is therefore highly recommended, given that it is often all that is necessary to obtain the infringer's compliance or obtain evidence that clearly indicates that there is no real infringement at all, thus avoiding lengthy and costly litigation. However, when planning to proceed with a warning letter it is always a good idea to obtain as much evidence as possible before contacting or alerting the infringer. Taking simple precautions such as having a public notary certify that on a certain date a website had certain content can sometimes make the difference between a future conviction or acquittal.

There are basically three main types of patent-related declaratory actions that can be filed with Portuguese civil courts, namely:

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<sup>19</sup> Regulated by Law 78/2001 of July 13 2001.  
<sup>20</sup> Articles 48 to 50 of the PIPC.

- appeal against Portuguese PTO decisions;
- revocation or annulment actions; and
- patent infringement cases in which the plaintiff requests that the court sentence the infringer to cease his infringing activities or abstain from infringing in the future and, when appropriate, pay a just indemnification.

It is also possible to obtain a declaration of non-infringement from a court of law, but the time taken to obtain such a decision almost always proves economically unviable for the interested party to proceed in that way. All these court actions essentially follow the same procedure and the outline below seeks to give a very broad insight into the stages of such proceedings. Again, it must be stressed that despite recent governmental attempts to simplify procedures, Portuguese civil procedural law continues to be highly complex, and it is important to obtain legal counsel with experience and knowledge in these matters.

## 4.2 Initiating proceedings

### (a) *Who can be a party to the proceedings?*

Formerly, in patent infringement litigation, it was considered that only the patent owner had legitimacy and interest in initiating proceedings and therefore it was essential to obtain the patent owner's intervention. Since April 2008, with the implementation of the Enforcement Directive in national law, it is now possible for licensees and other interested parties to initiate patent infringement proceedings. Revocation or annulment actions can be filed by any interested party and appeals against Portuguese PTO decisions can be filed by those involved in the administrative opposition proceedings, or by any other natural or corporate entity that proves it is directly affected by the PTO decision. As mentioned above, in the latter case, the Lisbon Commercial Court is the proper and competent venue to hear such cases. There has been some debate about whether the Portuguese PTO is or can be a party to these proceedings, but in any case it is always notified of the filing of the action and is obliged to contribute its opinion and forward the relevant file to the court.

### (b) *Deadlines for filing actions*

Infringement and revocation actions have no established deadlines, although it is an obvious precondition that the patent which is being defended or attacked is in force. Appeals (*recursos contenciosos*) against Portuguese PTO decisions must be filed within two months of the publication of the decision in the Portuguese *IP Bulletin* or of the issuance of the final decision by the PTO (should a review of the first decision have been requested).

### (c) *Initial claims and counterarguments*

Civil proceedings will open with the filing of a *petição inicial* (initial petition) or a *recurso contencioso* (appeal), which consists of a document in which the plaintiff will state his version of the facts, the legal rules that are considered applicable and the

claims upon which the court is asked to decide. As will be discussed below, all documented evidence should be presented at this stage. The defendant will then have 30 days as of the date in which he is notified to reply and can do so either by refuting the plaintiff's arguments or by presenting some exception as to why the case should not proceed. The plaintiff can only respond (*replicar*) at this stage if the defendant's defence is based on some exception. This should be done within 15 days of being notified of the reply. The defendant will have an additional opportunity to respond (*treplicar*) if there is a change in the claims made by the plaintiff or he invokes some exception in a crossed action that the defendant may have filed in the meantime. This initial stage of the proceedings is called *articulados* (group of articles), because the petitions filed by the parties must be structured into numbered articles. Once this phase is over, the case will be delivered to a judge so that he may begin to intervene in the proceedings.

#### 4.3 Summarisation and improvement

Once the *articulado* stage has finished and both parties have provided their written versions of the facts, the case is put before a judge whose first task will be to eliminate all issues that are irrelevant to the case. The judge will also resolve any procedural or jurisdictional questions that have been raised. There is no set time limit for the judge to issue his decision on these matters. However, after the summarisation and improvement of the case has ended, the judge will schedule a preliminary hearing within 30 days with the objective of reaching a mutual understanding and, if that is not possible, to decide on things such as the scope of the issues and the evidence that will be discussed in trial. The judge may choose to skip this preliminary hearing phase if he feels it is unnecessary. This stage of the proceedings ends with the issuance of an 'improvement decision' (*despacho saneador*).

#### 4.4 Evidence

The evidence presentation stage (*instrução*) formally begins in the middle of the proceedings, but in reality evidence is provided continuously from the beginning. One fundamental characteristic of Portuguese civil procedural law that must be kept in mind is that the facts presented by the plaintiff must be refuted by the defendant if they are untrue. Should these facts not be expressly or implicitly rejected by the defendant, there is a considerable risk that those facts will automatically be considered proven. There are a few important exceptions to this rule, such as those facts which the law requires be proven by documentary evidence. Nevertheless, the rule of thumb is that the defendant should always contest.

##### (a) *Documentary evidence*

As a basic overall rule, documentary evidence must be presented at the *articulado* stage of the proceedings.<sup>21</sup> Additional documentation can be presented until the end of the discussion of the facts during trial, but the party may be liable to pay a fine

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21 Documentary evidence is to be interpreted in the widest sense possible, given that it includes not only paper documents, but all other physical evidence such as photographs, recordings and objects.



unless it can prove that it was not possible to present the documents at the earlier stage. It is possible to obtain documents held by a third party, although it is necessary to provide convincing evidence or arguments that those documents exist. The recently implemented Enforcement Directive has now greatly reinforced the means by which patent holders can obtain documentary evidence from infringing parties. Should the document not be delivered, there are several means which a patent holder may adopt to force compliance. However, 'automatic disclosure', does not exist in Portugal. Each party is responsible for presenting the facts and documents that support their case.

Written expert opinions can be presented at any phase of the proceedings, except when they are clearly untimely.<sup>22</sup> In Portuguese patent litigation cases, *pareceres* (written opinions) from university professors or other experts on aspects regarding the state of the art, or the equivalence of technical features in two opposing apparatus or methods, are frequently presented. It must be stressed that Portuguese case law states that proof of ownership of a patent must be made by presenting the original letters patent document issued by the Portuguese Patent Office.<sup>23</sup> Relevant foreign documents should be translated into Portuguese and, if they are official documents, it is wise to have them legalised and authenticated by the competent consular bodies. Electronic documents with some sort of digital certification are considered equivalent to signed private documents.

**(b) Experts**

Expert opinions are also often required and crucial for the outcome of patent cases. However, they are not binding on the judges, and the court has total freedom to interpret and assess the expert findings as it sees fit. Experts are generally appointed by the court to provide technical assistance (eg patent examiners of the Portuguese PTO or engineers of official state laboratories), although the parties can have some input in suggesting and deciding who those experts will be.<sup>24</sup> The parties or the judge can request that a team of up to three experts be appointed. Normally, one is appointed by each party and a third by the court. When an expert opinion is requested by one of the parties, it is necessary to indicate precisely the scope of the matter which will be subject to expert analysis; otherwise the request will be dismissed. The judge can refuse to hear experts requested by the parties if he feels it is unnecessary, or he believes the request has been made merely to delay proceedings. The conclusions of the experts appointed by the court are written down in a report. The parties and the judge have an opportunity to object, or request that the expert report be perfected in some way. Cross-examination of experts is not foreseen in Portuguese civil procedural law, but a second expert opinion may be requested within ten days of being notified of the conclusions of the first opinion.

<sup>22</sup> Article 525 of the Portuguese Civil Procedural Code. As regards judicial proceedings at the appeal stage (at either the District Court or Supreme Court of Justice), article 706 para 2 states that these opinions must be filed by the time the case is put to the judge for the decision to be issued.

<sup>23</sup> *Acórdão do Tribunal da Relação do Porto*) Porto Second Instance Court Ruling no RP199011070123918 of November 7 1990.

<sup>24</sup> The parties can oppose the appointment of particular experts by the court if they can show that there will be some sort of bias or that the expert is ineptible.

(c) ***Witness evidence***

Witness evidence is relatively rare in patent litigation in Portugal, since most evidence can be presented through documents and typically through expert analysis, police reports and so on. The rules regarding witness evidence are generally the same as those in other countries although in civil actions there is a limit to the number of witnesses that can be presented and there are other situations where witness evidence can be denied. Cross-examination is possible, as is hearsay. According to the code of conduct rules of the Portuguese Bar Association, lawyers must not come into contact with witnesses before trial and coaching is prohibited. Witness evidence is more relevant in the relatively few cases where it is necessary to show lack of novelty (eg proving that a certain invention was on show at a certain trade fair), or in disputes over inventorship.

(d) ***Confessions and other forms of evidence***

In addition to those forms described above, other types of evidence are accepted in Portuguese civil courts. These include confessions, depositions, court inspections and legal presumptions which shift the onus of proof from one party to the other. The legal presumptions that are central to patent revocation and infringement actions are the presumption that a granted patent meets the patentability criteria and that novel products that result from patented processes are presumed to have been made by that process unless proved otherwise. It should also be noted that foreign court decisions on the same matter (precedence) are useful as an influence on the Portuguese court, but they carry no official value.

**4.5 Final hearing and court ruling**

It is during the final hearing that the evidence is discussed and both parties present their closing statements (either written or oral). The proceedings end with the issuance of the court's ruling. If the judgment is not given verbally by the judge at the end of the trial, it should be issued within 30 days but, as in other areas, this deadline must be interpreted as indicative and not binding on the judge. The judgment must be structured in a specific way and the grounds for the decision must be clearly disclosed, indicating what evidence was taken into consideration. The court ruling will also decide on court fees, namely which of the parties should bear them and if they are to be divided amongst the parties (ie what proportions will be borne by the each of the parties). The judgment will be recorded in the court's archives and may serve as the basis for an enforcement action, should the losing party not comply.

**4.6 Average length of proceedings**

It is no secret, domestically or abroad, that with just a few notable exceptions, Portuguese courts are slow in comparison to many other European counterparts. Although no official statistics have been presented on this matter, experts consider the average time for an intellectual property case to be resolved in a Portuguese judicial court to be around four to five years.<sup>25</sup> The Lisbon Commercial Court, which

hears the vast majority of patent and trademark-related cases, is overstretched and has a large backlog. The Portuguese state has been criticised several times by international watchdogs and the European Court on Human Rights regarding the delay in obtaining justice and, despite many reforms over the past few years (ie the emphasis placed on implementing paperless files and reducing red tape), the truth is that the effects are not yet visible to the average citizen.

## **5. Appeals**

Appealing first-instance court decisions is not an absolute right. Portuguese civil procedural law establishes a fairly wide range of restrictions regarding appeals, namely limiting this right to a 30-day deadline (as a general rule) and only for cases over a certain value, and in which there has been a substantial difference between that which was claimed and that which was awarded by the court. With only a few exceptions, appeals to the Portuguese Supreme Court of Justice are restricted to questions of law. It is possible to 'leapfrog' a second-instance court directly to the Supreme Court when a set of specific conditions are met and where that which is appealed is strictly a matter of law. The general rule is that appeals do not affect enforcement. However, one can request the suspension of enforcement when it is argued that enforcement will cause the losing party grave harm and some collateral is given until the decision of the appeal is known.

According to the Portuguese Civil Procedural Code, court actions that deal with intangible interests are considered to have a value that enables them to be appealed to the District or Second Instance Court. Since patents are intangible assets, an appeal to a Second Instance Court will always be possible and a further appeal to the Supreme Court of Justice is possible, should there be some matter of law that needs to be clarified.

## **6. Availability of interim relief (especially injunctions)**

### **6.1 Injunctions**

Injunctions (*providências cautelares*) and other interim relief measures are available in Portugal. However, until very recently (April 2008), these interim relief measures followed the normal non-specific procedural rules established under the Civil Procedure Code and the PIPC. As previously mentioned, the Portuguese Parliament recently passed legislation implementing EU Directive no 2004/48/CE of April 29 2004 on the enforcement of intellectual property rights, thus bringing about the third alteration of the PIPC since it was approved in 2003. As a result of the implementation of this Directive, Portuguese IP enforcement procedures have been substantially reinforced and harmonised with those of its European partners.

Following the basic principles of interim relief that are applied in other European jurisdictions, recourse to injunctions is accepted whenever it is shown that there is a likelihood of the existence of a right (*fumus boni juris*) and an imminent threat that cannot easily be remedied if there were a considerable delay in the adoption of measures to prevent the harm caused by the infringement (*periculum in mora*). Injunctions are accepted with a summarised account of the claims and available

proof, and can be filed before, or at any time during, the main proceedings. The injunction can be authorised by a judge without previously notifying or hearing the defendant when there are convincing arguments or proof that a failure to grant may lead to the destruction of vital evidence or unrepairable damages. If the injunction is filed before the main definitive action, it is necessary to file the main action within 30 days, otherwise the injunction will lapse. Portuguese procedural law does not contemplate the existence of 'permitted delay' and an interim injunction can be filed at any time, provided the above-mentioned conditions are met. Equally, there is no provision in the law for 'protective briefs', but for matters such as patent disputes it is normal for the court to call an *inter partes* hearing before any decision.

## 6.2 Seizure of assets

Another main type of interim relief foreseen in the PIPC and civil procedural law is the seizure of assets (known as an *arresto*). The purpose of the *arresto* is twofold:

- to provide some sort of guarantee<sup>26</sup> for the payment of damages should the final court ruling be in favour of the plaintiff; and
- to seize the infringing goods or instruments and machines that can only be used for producing the infringing products.

In general, the *arresto* is authorised without prior notice to the infringer, provided sufficient evidence is given of the infringement and of the existence of valid patent rights.

## 6.3 Seizure of evidence

Although linked to the section on evidence and not clearly identified as an interim relief measure, it is worth pointing out that the PIPC now specifically foresees the possibility of requesting urgent seizure of evidence. This can include a detailed description of the products made available at a certain location, or the collection of samples and physical evidence to present in court, later. Whenever appropriate, this procedure can also be used to seize the materials, instruments and documents used in the infringement of IP rights.

## 6.4 Border control measures

Portuguese customs police may, on their own initiative, seize or withhold all products that they believe infringe IP rights. The seizure may also be at the request of interested parties such as patent holders. In order for this procedure to be effective it is essential to provide the customs police with the necessary information<sup>27</sup> and, when notified of the seizure, file the necessary court proceedings within ten days.

Despite injunctions and asset seizures being considered urgent procedures which

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26 The assets seized for the purposes of providing a guarantee for eventual compensation can cover any moveable or immovable asset and include bank account deposits. To discover the assets owned by the infringer, it is necessary to obtain the relevant information from the registry offices. Judicial authorisation is normally necessary for the purposes of obtaining bank information.

27 The customs control procedure is regulated by Law Decree 360/2007 of November 2 2007. The information which must be delivered to the customs police includes special forms and certified copies proving ownership.

should be decreed within a short time limit, the fact is that these deadlines are not always respected by the courts, thus frequently leaving the plaintiff in a very frustrating position. If a party is certain that infringement is taking place and wishes to take immediate action, a criminal complaint is sometimes the fastest way to obtain results. To ensure maximum speed, the complaint should be made directly to the public prosecution representative of the local court.

## **7. Available remedies**

To date, when patent infringement has been proven to have existed in a court of law, obtaining a favourable judgment from the courts has been relatively straightforward. Under Portuguese civil procedural law, the court can only sentence the defendant to that which has been requested by the plaintiff. A judge can never sanction the losing party for something which has not been claimed, nor to higher financial compensation than that which the plaintiff has requested (although the judge can decide on a lesser amount and is often asked to decide based merely on reasons of equity).

Typical remedies consist of ordering the infringer to cease his infringing actions, an injunction prohibiting the defendant from infringing those patent rights in future, and also the delivery up and/or destruction of any infringing products or instruments. When it comes to financial remedies, experience has shown that Portuguese courts have been rather reluctant to order the defendant to pay damages, or in any case, monetary reparations tend to be symbolic.

The Portuguese Civil Code stipulates that indemnities are the means by which a party who has suffered damage is restored to the situation he would have been in had the illegal action never occurred. Financial remedies are calculated by taking into consideration direct economic losses, lost income and moral damages. Punitive or exemplary damages are not accepted in Portugal and therefore only that loss which can actually be proved to have been suffered or is considered to be lost revenue will be taken into consideration. This is the first problem for most patent infringement cases, given that plaintiffs have few (if any) viable ways of proving that the infringer's actions actually affected sales or were detrimental to the plaintiff's image. Not only is there difficulty in proving damages and lost profits but, more crucially, it is often impossible to show the causal link between the infringer's activities and the losses claimed. Most Portuguese judges have not made matters easier, as they often adopt a strict view in terms of proof and reasonable claims. It is also commonplace to find that the plaintiff does not have adequate records of his sales and profits, or even a clear idea of the economic impact of the infringement on his business, and this obviously makes it extremely difficult argue persuasively in court. In addition, Portuguese courts have a tendency to disregard claims for damages based on moral and image rights when it comes to patent infringement, making reparation particularly challenging.

However, all this is set to change. The new rules brought about by the Enforcement Directive, although still very fresh and untested, will assuredly cause a small revolution in terms of patent enforcement and compensation for infringement. Certainly one of the more important measures recently implemented

is the calculation of compensation based on the theoretical rate of 'reasonable royalties' should it be impossible to prove damages, as well as the inclusion of the costs of prosecuting the case. In one fell swoop, the Enforcement Directive has cured the main affliction of Portuguese patent litigation over recent decades, namely the lack of compensation when financial damages cannot be proved in a court of law.

Parallel to the civil remedies, criminal law makes patent infringement punishable by up to three years in prison, or a fine of 360 days.<sup>28</sup> The court will almost invariably apply a fine rather than a jail sentence for IP infringement. As a 'semi-public' crime, patent infringement is investigated and prosecuted by the state, through the *Ministerio Público* (public prosecution). It is necessary, however, for the plaintiff to file a formal complaint in order to initiate the proceedings. The complaint can be filed either with the police or the public prosecution representative of the nearest court. Portuguese criminal procedural law permits the plaintiff to request financial indemnification for the infringement of his rights in the same proceedings that will decide on the criminal charges. Should the plaintiff wish, it is possible to file a separate action in the civil courts that will run parallel to the criminal case.

## 8. Costs

As in most countries, patent litigation in Portugal is fairly expensive. Given that it is a small niche practice area in Portugal, relatively few lawyers and law firms can genuinely regard themselves as expert in IP law, and even fewer can truly claim to grasp patent-related issues. The cost of retaining a lawyer or litigation team specialising in patent law is consequently much higher than the going rate for a generic non-specialist lawyer. If one adds fees for technical expertise and takes into consideration the large number of hours necessary to analyse a patent case and defend it in court, it is easy to see why patent litigation tends to be more expensive than other types of litigation (eg employment issues). The cost of patent litigation in Portugal varies tremendously from case to case due to the complexity, time, size of the litigation team and so on. Consequently, it is not possible to indicate an average. Court fees for prosecuting a patent-related case will also fluctuate depending on the complexity of the proceedings and how they develop. Nevertheless, it is possible to state that litigating in Portugal is generally far less expensive than other countries such as the United States or the United Kingdom, where hourly rates tend to be far higher than those in Portugal.

As a general rule, the losing party pays the winner's court fees. In those cases where the declaratory action does not have a loser, it will be the person who benefited from the action that will bear the court costs. If there are various losing parties, costs will be divided among them. Traditionally, the losing party was also responsible for the payment of legal fees, but these were decided by the judge based on an official statutory scale rather than actual expenditure. The difficulty in determining the actual damages suffered meant that, in most cases, the plaintiff

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28 Each day for the purposes of fines can vary between €1 and €498.80 depending on the court's decision on factors such as the economic resources of the person or company convicted of the crime. The maximum fine applicable by the state is therefore €179,568. This does not include the amount due in damages, which is determined separately.

would request that the court decide compensation based on values of justice (so awards tended to be very small). When an attempt was made to include legal fees in the assessment of damages, courts in the past often considered that they did not fit the interpretation of indemnification. Recently introduced article 338 L of the PIPC now implicitly foresees the inclusion of legal fees in the compensation request, and in future it is expected that patent litigation in Portugal will be far more worthwhile (from a cost perspective). However, there continue to be some doubts as to whether recoverable legal costs will actually match expenditure, and it will only be possible to answer this question in years to come.

## **9. Hot topics**

It is an undeniable fact that Portugal has a very low level of patent litigation, particularly when compared with other larger European partners. Recently, there has been a surge in pharmaceutical patent litigation, but it has been directed mainly at the Portuguese authorities that grant market authorisations for generic drugs while patents are still valid (the Bolar exception).

The lack of case law in Portugal can be argued to be advantageous in most cases. The fact that there are no real established interpretations or tests applied by Portuguese judges, which admittedly leads to some uncertainty, also permits a great deal of leverage as to how one can argue the case and what foreign case law should be included as examples to follow. In other words, patent litigation in Portugal allows for a great degree of freedom in deciding what interpretations and decisions would best apply to a particular case.

The recent implementation of the Enforcement Directive and the 2008 reform of the PIPC has raised high hopes and expectations among IP experts in Portugal. For decades, companies and individuals had been somewhat reluctant to protect their IP rights in Portugal, because there was a feeling that it was not worth the trouble, given that enforcing those rights was often an unrewarding experience. With the new laws now in place and an extremely active enforcement police (ASAE), the tide is finally turning and the perception is that infringement will decline drastically. Lawyers have finally been given effective procedural measures which they can apply, placing Portugal on a par with the rest of its main European counterparts.

The Achilles heel continues to be the long delays in prosecuting cases in court. Successive Portuguese governments have attempted to tackle this problem, and the recent creation of a permanent voluntary IP arbitration court is a welcome move in that direction. In conclusion, patent litigation in Portugal today offers essentially the same rights, guarantees and procedures as those in countries that have a stronger patent litigating culture and experience. One needs just a little more patience in Portugal.