

## Software protection in Brazil and Mexico

### ✓ Background

GIS – Gestão Integrada de Seguros, is a Portugal-based SME with more than 30 years of experience in the development and commercialization of software products for the insurance market. GIS enjoys a well-established commercial and implementation network which extends to Spain, France, Poland and Portuguese-speaking African countries.

Attracted by Latin America as a key market for its software products and services, GIS decided to expand its business to Mexico and Brazil, by means of local partnership.

Supported by the in-house legal expert, the Portuguese SME applied for trademark protection in Brazil (trademark and IP protection strategies were EU based only) and started negotiations with potential local partners, but several problems arose, such as:

- Tricky local regulation
- IP Rights registration backlog
- High software importation taxes
- Very slow response time by the Brazilian IP Office
- The requirement from the Brazilian local partner to get access to the full source code instead of just getting access to the part of the code that requires adjustments for its implementation in the Brazilian market

The miscommunication and lack of follow-through by both parties led to the suspension of the negotiations by the Brazilian partner until the Trademark was granted.

### ⚙️ Actions taken

After two years of no significant developments, GIS tried to force the Latin American partner to come up with an agreement or a compensation. They contacted an IP expert to see what could be done and were informed that, in the absence of local software protection, MoU and NDA, they were unarmed.

So GIS gave up and withdrew the Trademark application filed before the Brazilian Patent and Trademark Office (INPI).

In the view of the Brazilian experience, the Portuguese company sought local professional support for Mexico from the beginning. After conducting a preliminary analysis, the IP specialist recommended to:

- Carry out a Due Diligence over potential partners to learn more about them.
- Sign Non-Disclosure Agreements (NDAs) and Memorandum of Understandings (MoUs) to secure negotiations.
- Concerning trademark registration, adapt the brand to the relevant markets, as it could be found descriptive and confusing (indeed, it was many times mistaken by a Geographical Information System) and, hence, rejected by the Mexican Industrial Property Office (IMPI).
- Register the Domain Name as soon as possible
- Apply for Trademark registration as soon as possible, after conducting a prior search
- Adopt Technological Protection Measures (TPMs) to protect the software (i.e. obfuscate, scramble, encrypt, or create interfaces to allow only reading from your data models and not allow writes)
- Register the software before a public notary, either in Mexico or Portugal (apostille needed)
- Register the software before the Mexican Software Office (INDAUTOR)

### 📊 Outcome

The Portuguese SME followed all the recommendations and changed the company name to B-U Solutions, which was successfully registered as a Trademark before IMPI within 6 months using the International Trademark registration system (Madrid System).

As a result, and after intense negotiations, the EU company reached a profitable agreement with a Mexican partner in less than a year. Moreover, the license agreement was drafted by an expert in the field and registered before IMPI.

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### Lessons learned

1. Intellectual Property Rights (IPR) are territorial, so think globally: take into account the local particularities and regulation of the countries of your interest when designing your market and IP protection strategies.
2. Only a few Latin American countries are members to the Madrid System (i.e. Mexico) and, hence, you must apply before each National Office, instead of benefiting from the international Trademark application mechanism.
3. Protect your IP by registering your IPR and using Non-Disclosure Agreements (NDAs) and Technological Protection Measures (TPM).
4. Information is crucial: explore the market thoroughly and make sure to protect yourself as soon as you can, preferably before showing off your product at fairs or events and starting negotiating.
5. Pay close attention to IP infringements and unwanted usages. Seek professional support from experts in the local market for regulatory issues, market conditions and business domain.
6. Be aware of trademark trolls. They monitor the companies that want to settle there and then make parallel requests of trademark and try to sell it or sue the legal owners for infringement. This can cause huge delays in the creation of the company and in the registration process of the trademark.
7. Although software is protected by copyright from the moment of creation and in all the countries member of the Berne Convention, you must register your software before the local competent authority. It will not only provide you with a presumption of authorship but it will also allow you to request preliminary injunctions in case of infringement. It must be, however, noted that contrary to Brazil, in Mexico, this presumption only refers to the date and author, not to the accuracy of the content of the software. That is why a public notary could be of help.