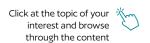


Intellectual Property

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This is an informative newsletter produced by the **Intellectual Property** practice of TozziniFreire Advogados.

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BRAZILIAN CONTEXT

2024 Statistical Yearbook on Industrial Property

The Brazilian Patent and Trademark Office (BPTO) released the **2024 Statistical Yearbook on Industrial Property** (see here), which consolidates the data for 2024 and presents analyses on the evolution of the IP system in Brazil, highlighting women's participation in research and innovation activities.

Brazil surpasses expectations in global innovation ranking

Brazil ranks 52nd in the global innovation ranking by the World Intellectual Property Organization (WIPO) (see here), and despite a slight decline compared to the previous year, the country continues to exceed expectations for its level of development, with advancements in education, and in research and development (R&D).

Plant Variety Protection I aw

The Agriculture Committee of the House of Representatives approved a bill updating **the Plant Variety Protection Law** (see here), extending the protection term to up to 25 years, establishing the payment of royalties to breeders for the use of saved seeds, and criminalizing seed piracy.



LEGAL DISPUTE

Compounding pharmacies are prohibited from using trademark "Pycnogenol" on their products

The 1st Business and Arbitration Conflicts Court of São Paulo granted an interlocutory relief in favor of the holder of trademark registration "Pycnogenol," ordering compounding pharmacies to immediately cease displaying, selling, or advertising products identified with the trademark without authorization.

The judge explained that using a trademark to designate a third-party product can mislead consumers, divert customers, and harm the reputation of the original product, **even when the trademark is related to a natural input or extract, as with Pycnogenol.** The product is an extract from French maritime pine bark and known for its antioxidant and anti-inflammatory properties. Interlocutory relief was therefore necessary to prevent irreparable damage and protect the trademark's distinctive function.

Relying on Law No. 9,279/96 (Brazilian IP Law), the decision noted the court's authority to grant injunctions to cease violations (article 209) and classified the conduct as a crime of unfair competition (article 195, IV). The injunction prohibits the use of trademark

"Pycnogenol" in any media or format and imposes a daily fine of BRL 1,000, capped at BRL 30,000, for noncompliance.

The decision strengthens trademark protection in the pharmaceutical ingredients and inputs segment, indicating that compounding pharmacies must avoid referencing third-party trademarks and instead use the generic or descriptive name of the input.

Please see the full decision here.



Brazilian court recognizes misuse of "Lamborghini" trademark and orders compensation to the family

São Paulo Court of Justice (TJ/SP) ordered the nephew of the founder of Italian car manufacturer Lamborghini to pay BRL 30,000 in non-pecuniary damages, recognizing unfair competition through the improper use of the trademark name and history in Brazil. The case involved the sale of beverages and wines that used symbols and references linked to luxury cars, such as the traditional bull and the surname "Lamborghini." The decision overturned the trial court's judgment, which had allowed the use of the family member's civil name in his business activities.

In deciding the appeal, the 1st Reserved Chamber of Business Law understood that kinship does not authorize benefiting from the trademark's reputation and prestige for commercial purposes, recognizing an attempt of improper association with the automaker's image. The panel also ordered the company to cease, within 15 days, any form of connecting its products with the Lamborghini trademark or family, under penalty of a daily fine of BRL 50,000 (capped at BRL 500,000), as well as the assessment of any pecuniary damages, pursuant to Article 210, I, of the Industrial Property Law.

Case No. <u>1153098-76.2023.8.26.0100</u>



IP ABROAD

Spotify tightens rules for Al-generated music

Spotify has recently announced that it is tightening up its rules regarding the inclusion of songs generated by artificial intelligence (AI) on the platform. Charlie Hellman, Spotify's Vice President, emphasized that the new policy aims to ensure that artists have control over the use of their works and that listeners are informed about what they are listening to.

The service will implement a system to label songs created by AI and will introduce a filter to identify and eliminate low-quality songs known as "spammy tracks," which are created to fraudulently generate royalties. Additionally, the platform will strengthen protections against the unauthorized use of artists' voices, seeking to prevent system tampering.

Changes include the disclosure of credits for songs that utilize AI, a new spam filter, and measures against the impersonation of artists. According to Sam Duboff, who is responsible for the regulatory policy, Spotify intends to support the creative use of AI in music, provided it is done in an authentic and transparent manner.

Spotify's initiative reflects a sector-wide concern about responsibly addressing the use of artificial intelligence in music. More than just a technical measure, adopting stricter rules demonstrates a commitment to protecting the rights of artists and performers, as well as the quality of the content offered to users in this evolving landscape.



Sora's new guidelines for AI video creation

OpenAI has announced relevant changes to the policy of Sora, its AI video generation tool, after criticism for the misuse of copyrighted characters. The company is migrating from the opt-out model, in which use was allowed unless opposed by the owner, to a format closer to opt-in, which requires express authorization for the use of licensed works or characters. However, the company recognizes that there will be "edge cases" in which inappropriate content could escape safeguards, requiring continued iterations and adjustments.

In parallel, OpenAI promises more "granular" controls over character generation, locking

mechanisms, and removal procedures upon request. The change also includes the intention to test revenue sharing models with owners who authorize the use of their characters, recognizing that the generation of videos has been more intense than expected and that monetization will be necessary.

This movement signals the emergence of new market models and license control in content creation platforms through Al. At the same time, it opens room for legal challenges related to copyright and new technologies, requiring normative and technical clarity to reduce legal uncertainties.





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