Brazil: Local Company has Patent on iPhone Brand

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RIO DE JANEIRO (AP) — Brazil's patent authority has taken a bite out of Apple with an announcement Wednesday that the iPhone name in Brazil belongs to a local company called Gradiente SA, not to the global computer giant.

The official publication of the verdict doesn't forbid Apple from using the name in Brazil. It only makes it clear the rights belong to the Brazilian company, said Marcelo Chimento, spokesman with the national patent office.

Stopping misuse of the name is beyond the patent office's purview, and would have to be decided in court. Another option is for the two companies to reach an agreement, he said.

Apple's Brazil office said the company had no comment. Calls and emails to IGB Eletronica, Gradiente's parent company, were not immediately returned. The decision was issued on Ash Wednesday, which is observed as a holiday in Brazil.

Gradiente filed its request to use the iPhone brand in 2000, believing that "there would be a technological revolution in the world of cellphones, with the convergence of transmission and reception of voice and data via mobile Internet," it said in a press release.

The company was the first to make cellphones in Brazil, and launched the first national smartphone in 2004. Their request to use the iphone trademark was granted in 2008, and the company started making 'iphones' — with a lowercase 'p' — in December.

Their phones are entirely different from the Apple product. For starters, the

Gradiente phones run on the Android operating system, developed by Apple rival Google Inc. They also have lower screen resolution, weigh more than the Apple phone, and sell for a fraction of the price.

The issue in Brazil is reminiscent of one that arose in the United States in 2007. Cisco Systems had owned the iPhone trademark since 2000, and had been using it for a line of Internet-connected phones.

Once Apple announced its intention to use the brand name, Cisco sued it in San Francisco federal court. The two companies settled out of court six weeks later, without disclosing the terms.

Brazil will likely see a similar solution, with Apple probably choosing to pay the Brazilian company for the right to use the iPhone brand in Latin America's largest country, a telecommunications analyst told the Associated Press in December.

This seems the best option for Apple, because it "doesn't want to stop selling its product in Brazil," Eduardo Tude, president of Brazilian telecommunications consultancy Teleco.

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