

Brazil

Border Enforcement

According to Brazilian Industrial Property Law (Law No. 9.279/96) and also to Customs Regulation (Decree Law No. 6.759/2009), the customs authorities, ex officio or at the request of an interested party, may seize any product in violation of intellectual property rights.

Based on the provisions, the Intellectual Property owner may file a petition before COANA (Portuguese acronym for General Department of the Customs Administration), which should include a list of IP rights and a request to trigger the surveillance of illegal imports. Such requests can also be directed to major Brazilian ports and airports to overcome any lack of communication between COANA and the local customs authorities.

In addition to a written request, a meeting with the customs authorities is extremely advisable. This will allow the right holders to explain their concerns and to make the local authorities familiar with the property that is being infringed.

The above strategy together with a specific training program for the customs agents will generally give to the right holders a better chance of having illegal shipment automatically blocked at Brazilian ports and airports.

Ex-officio retentions conducted by Customs are grounded on article 198 of the Law 9279/96 - Industrial Property Law, as follows:

Article 198 - The customs authorities, ex officio or at the request of an interested party, may seize, at the time of checking, any products carrying falsified, altered or imitated marks or a false indication of source. (emphasis added)

It is important to stress that the exact terms of article 198 of the Law 9279/96 were reproduced on article 605 of the Decree no. 6759, from February 5, 2009 (Customs Regulation).

Parallel to that, copyright violations can be executed by Customs in accordance with the rules set forth on article 610 of the Decree no. 6759, from February 5, 2009, as follows:

Article 610. The same provisions of articles 606 and 608 are applied, as appropriate, to imports and exports of goods with evidence of copyright violation

Moreover, as supplementary rule, article 692 of the Decree no. 6759, from February 5, 2009, foresees the penalty of loss of those products (destruction) that are object of import not allowed in specific legislation (Law 9,279/96), as follows:

Article 692. The merchandises whose import is forbidden in the form of specific legislation will be apprehended, in limine, in the name and by order of the Finances Minister, for enforcing punishment of forfeiture. (emphasis added)

Additionally to the provisions set forth by the Customs Regulation and the Industrial Property Law, retentions also observe rules established on section 4, Article 51 of the TRIPS Agreement - Trade-Related Aspects of Intellectual Property Rights, approved by Legislative Decree nº 30/1994 and enacted by Decree nº 1,355/1994, which makes possible for the right holders to request the suspension of imports of merchandises that violate their intellectual property rights:

SECTION 4: SPECIAL REQUIREMENTS RELATED TO BORDER MEASURES

ARTICLE 51

Suspension of Release by Customs Authorities

Members shall, in conformity with the provisions set out below, adopt procedures to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods may take place, to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods. Members may enable such an application to be made in respect of goods which involve OTHER INFRINGEMENTS OF INTELLECTUAL PROPERTY RIGHTS, provided that the requirements of this Section are met. Members may also provide for corresponding procedures concerning the suspension by the customs authorities of the release of infringing goods destined for exportation from their territories. (emphasis added)

Finally, right holders can also make use the intelligence of Normative Instruction nº 1,169, form June 30, 2011, which establishes that suspicious merchandises shall be punished with forfeiture. The

articles transcribed below bear some of the procedures to be followed by Customs Authorities in cases of non-authorized import of products, as follows:

Article 1 The special procedure of customs control established in the present Normative Instruction is applied to every import or export operation of goods or merchandises about which there is suspicion of irregularity with the punishment of forfeiture, independent of the customs clearance having been initiated or that the same having been concluded.

Article 6 The Auditor-Fiscal of the Brazilian Federal Revenue Service responsible for the special procedure referred by this Normative Instruction can adopt the following measures, among other he considers indispensable, in the terms of the ruling legislation:

I – perform diligence or supervision in the establishment of the intervening party, or request its performance, in priority character, to the customs jurisdiction of secondary zone;

II – refer to the General Coordination of International Relations (Corin) request for information requisition to the customs administration of the country of the supplier or to the customs and fiscal attaché located therein;

III – request technical opinion to identify the merchandise, including its constitutive raw materials and obtain price quotations in the international market;

IV – initiate procedure to verify the veracity of the declaration and authenticity of the certificate of origin of the merchandises, including the notifying of the importer or exporter to present supporting documentation on the location, operational capacity and manufacturing procedure for the production of the imported goods;

V – request the financial transactions of the importer, exporter or other intervening party of the operation and, if necessary, issue the corresponding Request for Information on Financial Transactions (RMF); and

VI – notify the importer, exporter or other intervening party in the operation to present additional information and documents which prove necessary to the progress of the investigation, including that relative to other operations of foreign trade operations that have been conducted, observing what is stated in specific legislation and the expiring deadline.

Sole paragraph. When the authority in charge of dispatching the RMF does not coincide with the unity responsible for initiating the special procedure, the former must refer to the latter information obtained on financial transactions. (emphasis added)

As a matter of procedure, if the customs authorities identify a shipment of counterfeit products, the right holder is immediately notified to examine existing samples in order to verify their origin (if they are illegal or otherwise) and to present a formal statement confirming this fact. For this reason, it is important to determine who will be in charge to receive Customs notifications concerning possible illegal shipments, as far as this representative will be always the key-person to receive and send information to the Customs Authorities. This representative can be anyone appointed by the right holder.

Upon submission of the affidavit, the Customs Authorities send the right holders a formal notification with additional information regarding the retention (name of the importer, total number of goods seized etc). In the same notification, the Customs Authorities may ask the right holders to file a court action requesting the definitive seizure and destruction of the infringing goods.

Although the Brazilian Customs rules require a court action for definitive seizure and destruction of the products, the absence of a standard procedure by the different Brazilian ports and airports allow us to obtain (before certain ports and/ or airports) an earlier destruction of the goods without the need of filing the court action.

If, however, the Customs Authorities understand that the definitive seizure and destruction of the goods is indeed conditioned to a judicial order, there is no alternative other than filing a court action against the importer.

Criminal remedies available include injunctions or criminal complaints, through which the right holders can obtain the seizure of all counterfeit goods, the imprisonment of the people involved and destruction of the products.

In the civil sphere, the right holder can file injunction actions and indemnification actions to obtain search and seizure and restraining orders, recovery of damages, destruction of the products and reimbursement of court expenses.

In conclusion, Brazilian customs does not maintain a centralized Intellectual Property rights database allowing the right holders to record their intellectual property rights. In addition, there is no standard procedure throughout the country for the seizure of goods at the border.

However, even with these two fundamental shortcomings in the customs legislation, it is possible for the right holders to have a very effective border protection in Brazil.