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Copyrights and anti-counterfeiting measures in Brazil

Constanza Woltzenlogel, Luiz Leonardos & Advogados, explores the anti-counterfeiting measures undertaken in Brazil, specifically thinking about the Customs process and the seizure of suspected counterfeit products.

A common question of international clients refers to the procedure to be adopted whenever Brazilian Customs retain products for counterfeit or copyrights infringement suspicious, and the possible preventive measures to be adopted in Brazil as an attempt to hinder the entrance and the commercialization of imported Intellectual Property (IP) infringing products.

The present article (i) briefly revisits the Copyright protection and the anti-infringement Legal Provisions set forth in the Brazilian legislation and jurisprudence, (ii) provides general guidelines on the procedure involved from the moment a Notification is received informing that products were retained by the Brazilian Customs for suspicious of violating Intellectual Property Rights until their final destruction; (iii) brings some preventive measures that may be adopted by trademark and copyright owners as an attempt to prevent that imported IP infringing products reach consumers, and (iv) points out the difficulties often faced by both the public authorities and the trademark and Copyright owners' attorneys that work for a better and more efficient protection of their client's IP rights.

Copyrights and trademark protection in Brazil and anti-infringement legal provisions

The Federal Constitution of 1988, currently in force, not only guarantees protection for intellectual works, but has also raised copyrights to the level of essential rights (as per article 5, subsections XXVII, XXVIII and XXIX), being such protection regulated by the Brazilian Copyrights Law (BCL) nr. 9.610/1998 and the Brazilian Industrial Property Law (IPL) nr. 9.279/96.

According to the BCL, the enjoyment and the exercise of the copyrights are not subject to any formality. Thus, there is no need for the author to register his work in order to have it effectively protected in Brazil. In fact, both, the BCL in articles 18 and 19, and the Bern Convention (enacted through Decree nr. 75.699/75) in its article 5, items 1 and 2, show that the registration is a mere faculty.

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Résumé

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In addition, according to articles 22 and 30 of the BCL, it is the copyright owner who has the moral and the economic rights over his work, belonging also to the copyright owner the exclusive right to reproduce and commercialize his work (articles 28 and 29, I). The economic rights are protected in Brazil for a 70-year period as from the first of January of the year following the author's death (article 41 of the BCL), being posthumous works protected for the same period.

As to copyright infringement, the non-authorized use of a protected work constitutes violation of the owner's rights above indicated (punished in accordance with articles 184 to 186 of the Brazilian Criminal Code), thus justifying the seizure and the latter destruction of the illicit products. In addition, according to article 102 of the BCL, any owner of rights whose work is fraudulently reproduced, disclosed, or used in any other way, may be applicable for the seizure of the copies or originals made or the stoppage of the disclosure, without prejudice to whatever indemnification may be applicable.

In case imported goods are retained by the Brazilian Customs for trademarks and copyright infringement, it is possible to attempt destruction of these goods directly with Customs, without engaging into litigation. This procedure is based on articles 51, 52, 53, 55 and 58 of the TRIPS Agreement (enacted through Decree nr. 1.355 of 1994).

In this same sense, articles 605, 608, and 610 of the Brazilian Customs Regulation (Decree nr. 6.759/2009), and article 198 of the Brazilian Industrial Property Law (Law 9279/96) – complementing article 190 of this same Law - establish that, in case of demonstrated IP violating products the Customs authorities are allowed to seize, *ex officio*, products previously retained for suspicious of IP rights infringement. In fact, according to these articles, there is no provision stating that the penalty of loss of the retained goods shall be applied only “after judicial measures are taken”. On the contrary, the provisions are clear to admit the loss of the cargo *ex officio*, i.e.,

by the Customs authority itself, without the need of any judicial order.

This is also the understanding of the Brazilian Superior Court of Justice who, in a case of retention by Customs of imported IP infringing products, recognized on April 28, 2009, the possibility of an *ex officio* definitive seizure by Customs itself.¹

Nonetheless, even though some Customs do act *ex officio* without the need, for the interested party to engage into litigation some Customs insist in having the interested party filing a Court Action before the local State Court aiming at the definitive seizure and destruction of the goods.

How to proceed the moment a notification is received from Customs, informing that possible counterfeited products were retained?

In case of retention of possible counterfeited products, it is Customs' normal procedure to contact the representatives of the trademark/copyrights owner in Brazil by means of a Notification, and inform that products were retained for counterfeit suspicious. The interested party will then be able to obtain samples of the subject goods at the respective Port/Airport or Post Office where the products were retained.

From the collection of the samples, the interested party will have a 10-working day deadline (extendible for another 10-working day period) to submit to Customs an Affidavit attesting to the authenticity or not of the retained goods.

In case the Customs in charge of the retention in question does act *ex officio*, i.e., administratively, it will verify the non-authenticity affidavit and proceed with the definitive seizure and destruction of the infringing goods itself, informing the IP owner of the definitive destruction of the seized goods. In some Customs, it is also

¹ AgRg no Recurso Especial 725.531 – PR (2005/00233780, Reporter Hon. Judge Herman Benjamin, Second Chamber of the Superior Court of Justice, decision rendered on April 28, 2009.

allowed that the IP owner's attorney be present and follow up the accomplishment of the subject destruction.

As to the expenses involved in such an eventual *ex officio* procedure, these would be afforded by the Customs itself, including storage/warehouses.

On the other hand, however, in case the Customs does not act *ex officio*, the copyrights owner will have to prove that it has timely filed a court action before a State Court aiming at the definitive seizure and destruction of the goods. In this case, the products will be retained until a final decision is rendered by the Courts (i.e., until it turns into *res judicata*). If the court agrees that the imported goods were indeed counterfeited, it will order the definitive seizure and destruction of the infringing products, and all expenses (including those incurred with the Court Action and with the storage and destruction of the retained products) will be paid by the importer.

In case the Court understands that the retained goods do not violate the interested party's alleged IP rights, the latter will be then be responsible for all the expenses incurred.

Finally, if the interested party does not take the judicial measure requested, and in the event there is no fiscal/tax problem with the subject imported goods that would justify its definitive seizure by the Customs, these products will be then finally released.

Preventive measures that may be adopted by trademark and copyright owners as an attempt to prevent imported IP infringing products reaching consumers

Some measures may be adopted, aimed at helping the Customs officers to identify and retain imported goods with IP violations and avoid counterfeited products to finally reach consumers. Among these measures, we may indicate the following:

- i. Recordal at the National Directory: The National Directory to Combat Piracy is a project developed by both the Brazilian Patent and Trademark Office and the National Council to Combat Piracy, being an integral part of the III National Plan against Piracy (2013-2016). The Directory is an information database whose goal is to optimize fiscal and administrative procedures, being available to selected public agents for consulting in cases where there are traces of trademark piracy. This streamlines the communication between these public agents and the trademark owners or representatives, helping in obtaining evaluation of goods, samples, etc. Moreover, besides the information on the trademarks and their respective legal representatives, it is possible to input in the Directory information that the trademark owner finds to be strategic for illicit fighting in the field of trademarks. This additional information will be made available to the public agents for their consultation at the Directory, and is done through the sending of an ALERT, by means of sending a specific form duly filled in with the relevant information (ex., providing information on a shipping of counterfeits to Brazil) to a specific e-mail.
- ii. "Counterfeiting kits and manuals": It is important to show to Customs' authorities the distinction between genuine and the infringing goods. Inspectors shall be therefore supported with expert opinions, manuals comprising the owner's products and a "counterfeiting kit", consisted of photographs and sample of the counterfeited product and the original one. This will help

Customs agents in identifying counterfeits.

- iii. Collaboration with Customs officers: Taking into account that Brazil has a large territory, and as an attempt to block the entry of as much counterfeited products as possible, it is important to try to provide Customs Officers with all information available, such as the suspected points of entry (the port, airport or post office) the volume and the kind of counterfeited products that are expected to enter the country, the shipment and the country of origin. In addition, in some cases, the organization of seminars aiming at training the officers in identifying counterfeited products is also a good strategy.

Difficulties and recommendations brought by public authorities and IP owners' attorneys on border measures against counterfeiting in Brazil

A usual complaint of IP owner's attorneys refers to the difficulty in obtaining, directly with Customs, more details regarding the importer and the origin of the products retained for suspicion of IP rights infringement.

Another frequent concern is the fact that there is not an established procedure in regards of the definitive seizure and destruction of IP violating products. Some Brazilian Customs do act *ex-officio*, seizing and destroying demonstrated counterfeited products, while others, unfortunately, require a judicial order to proceed, as mentioned above. This fact retards and embarrasses a more efficient work from IP owners' attorneys in their client's rights defense.

On its turn, Customs agents and public authorities involved in the anti-piracy battle point out that many trademarks and copyrights owners decide not to take any action against the importer of violating products when the retained goods do not represent a significant amount, due to the costs involved with attorney's fees and other related expenses. This fact may not only dilute the mark/design protected by copyrights, but also contributes to stimulate the importation of infringing products in minor amounts, entering the Brazilian territory by its various different points (ports/airports/post offices). They also understand that the agreements many times signed between the IP owner and the importer, avoiding criminal judicial actions, damages the work conducted by the police and other public authorities; they believe that a criminal search and seizure is a very strong measure for ceasing the infringement and punishing the criminal practice, besides producing a psychological effect as an example for other counterfeiters.

Conclusion:

The Brazilian legal order counts with the necessary normative institutes to defend the moral and the property rights of trademark and copyright owners. The counterfeiting industry and the illicit trade causes great damages to trademark and copyright owners, discourages the production of intellectual property goods, undermines the regular economy and the local commerce and decreases tax collection.

The public authorities have the important mission to hinder irregular trade, but the success in the anti-piracy battle also depends on a joint action of Customs authorities, intellectual property owners and the Brazilian Courts, who has been granting moral damages for importation of counterfeited products even though these have not ever reached the market.

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