

# IPR enforcement by Customs (Federal Revenue) in Brazil

September/2018

## Brief resume

- **B.A. in Economics;**
- **LL. B.;**
- **Specialized in Tax Law at FGV-Law;**
- **M.A. in Business Administration – strategic management and intellectual property rights – Aoyama Gakuin;**
- **Federal Revenue Auditor since 2006;**
- **Chief of regional enforcement (São Paulo) since 2011.**

# Mandate

**Federal Revenue**  
Federal Tax and Customs Administration

# Federal Constitution

Art. 144 ...

Federal Police

prevent e repress drug trafficking , and smuggling, without prejudice to ministry of finance or other ministry on its areas of attribution;

Art. 237. The inspection and control of international trade will be done by the Ministry of Finance.

# Brazil Customs

## Modern Customs Functions

### ECONOMIC REGULATION - COANA:

- ✓ Tariff protection
- ✓ Commercial Defense
- ✓ Defense of the competitive environment
- ✓ Tax and Customs Regimes
- ✓ Tax Collection

### SAFETY - COREP:

- ✓ Smuggling and contraband
- ✓ Piracy and Counterfeits
- ✓ Weapon and Drug Smuggling
- ✓ Money Laundering
- ✓ Terrorism

FACILITATION

SAFETY

### SOCIETY PROTECTION - COREP E COANA:

- ✓ Administrative Controls
- ✓ Public Health and Environment
- ✓ Historic, Artistic and Cultural Heritage
- ✓ Fauna and Flora
- ✓ Consumer Rights

### INTERNACIONAL RELATIONS - CORIN:

- ✓ Economic Integration
- ✓ Commercial Agreements
- ✓ Facilitation of Licit Trade
- ✓ Compliance



# Intellectual Property Rights

Various

**Trademark, Geographic Indication;**

**Patent, Utility Model, Design;**

**Copyright and Software;**

**Genetic varieties;**

**Unfair Competition.**

## Important to Customs

- **Trademark – Registered by Nice, valid for 10 years, renewable, point to the source of goods/services;**
- **Copyright – Does not require registration, involves a complexity of rights (reproduction, exhibition, sales, ...) ; and**
- **Unfair competition.**

## Parallel Imports – Ruling fluctuation

**Prevails:**

**“1. parallel imports without the consent of the right holder or his licensee are, as a general rule, forbidden *ex vi* art. 132, II, of law nº 9279/96.”**

**(High Court - STJ Resp Nº 1.200.677 - CE (2010/0123533-4), TERCEIRA TURMA, MINISTRO SIDNEI BENETI, julgamento em 18/12/2012, publicação DJe 12/03/2013).**



## At Federal Revenue

**Some articles of TRIPS were translated and inserted in customs ordinance**

**Subject is recognized as controversial in the internal manual.**

# Federal Revenue

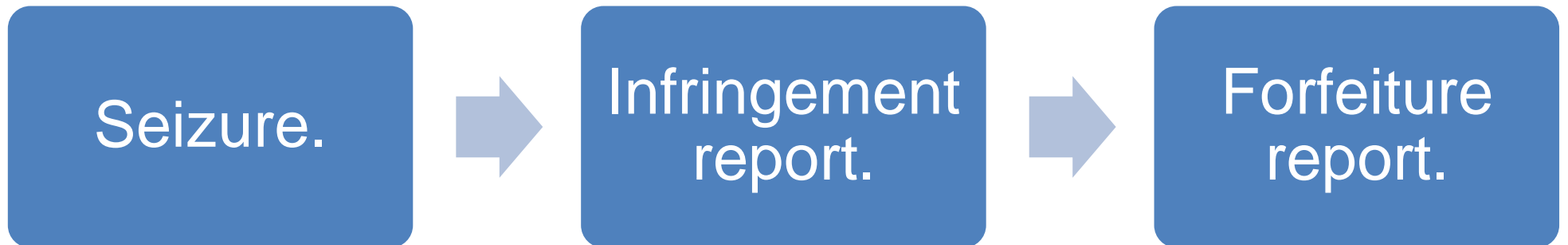
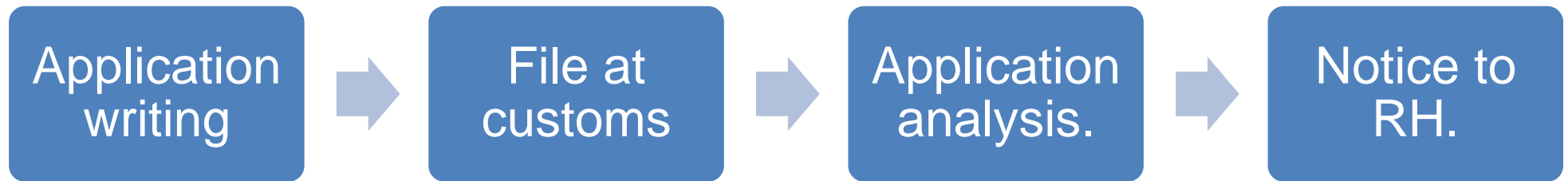
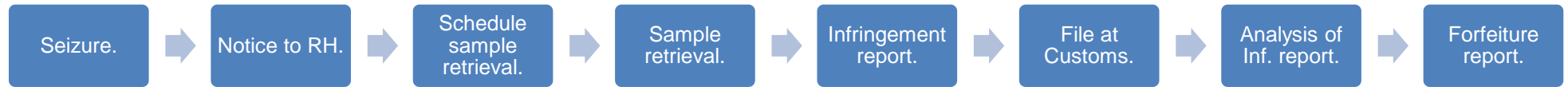
**Most of the controversy lies on art. 105 of DL 37/66:**

Art. 105 – Are subject to forfeiture:

VIII- foreign goods that present any essential characteristic falsified or altered, even if such does not influence its tax or foreign exchange treatment;

**One discusses the matter of the trademark being an essential characteristic.**

# Federal Revenue



**Administrative seizures based in IP/criminal Law (Law 9.729/96 or Penal Code) combined with prohibition to import forbidden goods (DL 1.455/76)**

**- Grounds completely diverse from TRIPS**

## Direp08 – São Paulo

**High court ruling – criminal case (STJ - AgRg no HC: 234143 AM 2012/0035286-2, Relator: Ministra REGINA HELENA COSTA, Data de Julgamento: 18/06/2014, T5 - QUINTA TURMA, Data de Publicação: DJe 01/07/2014)**

**“companies Lacoste, Diesel e Nike attested that goods are not original, therefore they are falsified goods.”**

**Defendant was convicted of smuggling contraband**

## Direp08 – São Paulo

**Even if forfeiture is sufficiently grounded on the lack of tax papers, we always seek the right holder to reinforce the forfeiture, so prosecution for forbidden goods, with heavier penalties, can be taken to court.**

## Central issues

**There is almost no controversy about the matter of such case.**

**A significant amount of auditors understand they don't have the powers to seize IPR infringing goods – procedural issue.**

## Central issues

**We understand that the role of the auditor (art. 9° e 29 do Decree 70.235/72) is to retrieve evidence (including reports from right holders) and, once it's in the file, decide within the scope of the administrative procedure, as the role of the authority responsible for the procedure. Everything subject to the revision by Federal Civil Court.**

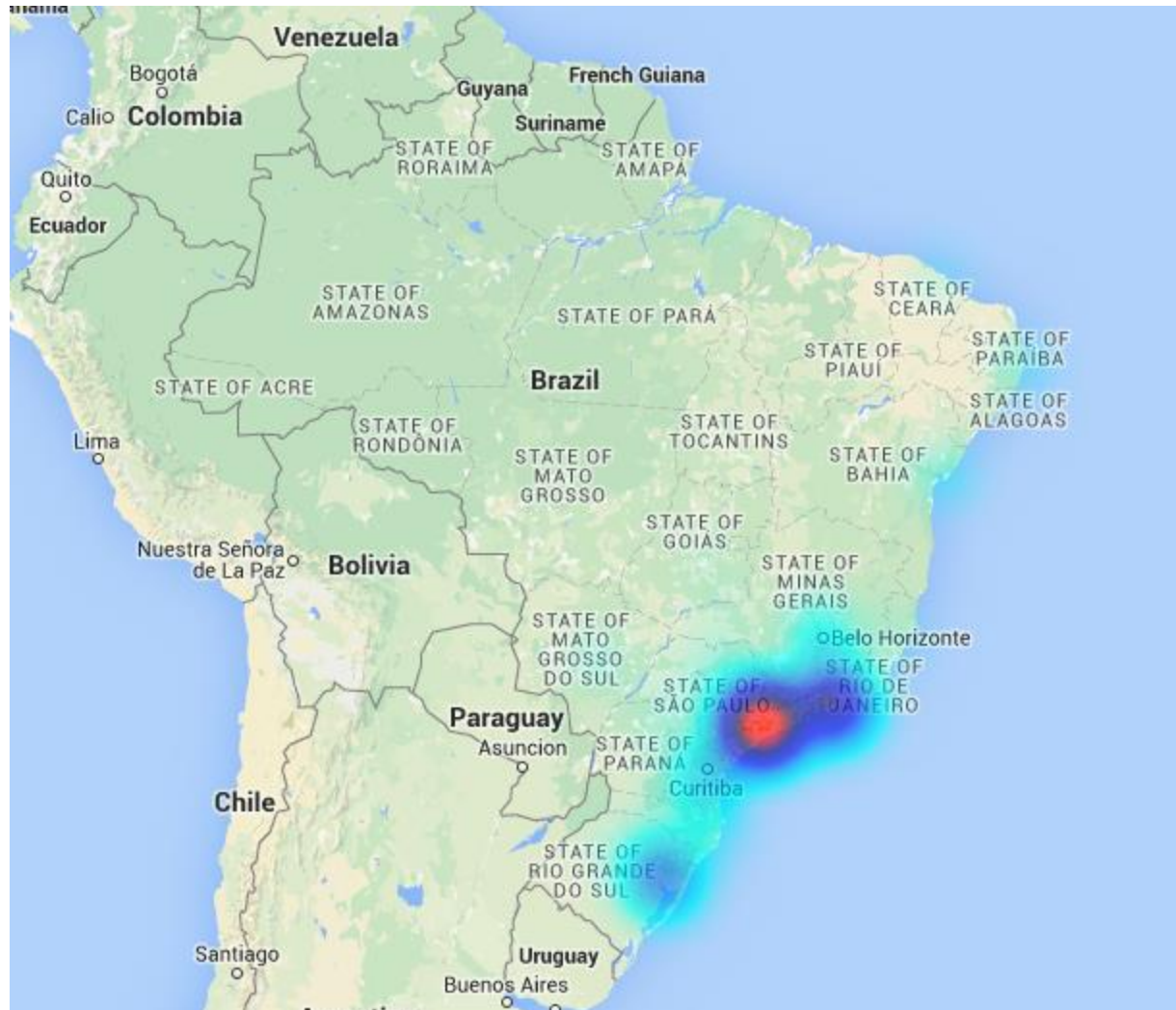
**Criminal or private civil procedure are independent and have their own proof rules.**



## Central issues

**A core difficulty of this model is the need for the right holder to go to the Customs unit to retrieve a sample and issue a report case by case.**

# Right Holders in Brasil



## Criminal examination

**At criminal procedure falsification is verified by a police specialist comparing a sample provided by the right holder with the seized goods**

**With all respect, given the diversity of models from a same brand and the speed they change, the nature of the exam, and even further with copyrighted goods, this procedure is generally inadequate to perform such exam.**

# Copyright

**It's important to that copyright infringement has a heavier weight as it's treated as a criminal unconditional criminal action. Trademark violation is only a private initiative action crime.**

## Domestic Assembly

**A issue that has been increasing is the domestic assembly of counterfeits. At Sao Paulo Enforcement we have not gone deep in such investigation, keeping to inspection of external characteristics of the goods such as writing of made in another country or foreign trademark.**

**To tackle systemically the problem it's necessary to find some other law enforcement to deal with the issue (Prosecutor/Civil Police) or bring such powers to Customs as currently it is not our mandate.**

# Cooperation

**Difficulties of an institution, legal or operational, public or private, on law enforcement are generally overcome when there is enough will and there is organization, planning and cooperation.**

**Actions by Sao Paulo enforcement are clear examples of such statement.**

## Cooperation

### **Resolução CJF 428/05**

**Art. 1º Os bens apreendidos deverão ser mantidos em local seguro, devidamente identificados com número do processo e nome das partes, bem como figurar em termo nos autos, com a anotação “bens apreendidos” na capa, observando-se ao seguinte: (...)**

**X – os objetos provenientes de contrabando ou descaminho, bem como os meios de transporte utilizados, deverão ser encaminhados ao Departamento da Receita Federal.**

## Cooperation

**There is lots of room for cooperation between Customs and right holders when it comes to IPR enforcement.**

**Information of right holders is vital and gives legal security for Customs actions.**

**Customs may remove great amounts of counterfeit goods and dismantle criminal organizations that explore counterfeit goods at minimal cost for right holders.**



## “Destination”

**A positive aspect of Customs in Brazil if compared to most countries is that Customs bears the costs of storage and destruction of seized goods, nevertheless, help from right holders on the destruction is very welcome.**

## Inland enforcement by Customs

**Other positive aspect is the mandate of Customs to enforce seizures inland.**

**There is a risk of such procedure being changed under a tax law revision since enforcement is based in the industrial product tax legislation - law 4.502/64.**

## internet

**We have already worked some cases on e-commerce. There are serious difficulties due to internet civil regulation (only court orders to break secrecy) and Customs does not have access directly to the judiciary. It's necessary to get prosecutors to take part on the case.**

**Protection of the online illicit trade is an increasing reality**

# Operational Aspects

**Strategy:** wholesale/retail, warehouse/transport, discrete action/ media, ...

**Intelligence:** probability of success, expected volume to be seized, safety of the premises, timing of the operation.

**Logistics:** starting hour, removal of the goods, transport, warehouse, ...

## Aspectos operacionais

**Articulation with partners: other enforcement agencies, right holders ...**

**Procedure: Approach (closure of establishment), identification of the volumes , the responsible for the goods, paperwork, evidence seizure, ...**

# THANKS

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Ministério da  
Fazenda



Receita Federal