

Online brand protection: five tips to build effective strategies



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Intellectual Property, Brazil

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Introduction

Brazil is the largest economy in Latin America and a vital gateway for doing business in its neighbouring countries. In Brazil, as in the rest of the world, there has been an exponential increase in online sales and the number of companies of various types that invest in technology and e-commerce. However, there has also been a dramatic increase in online infringement of various types, especially through '.br' websites, apps, marketplaces and social media.

As one of the most challenging places to do business in the world, developing an effective online brand protection strategy in Brazil is not easy. Nevertheless, for companies that do take the leap, conquering and preserving a piece of this immense and tech-savvy consumer crowd can be a great investment.

Increase in online sales

In 2020 Brazilian e-commerce sales amounted to R126.3 billion (approximately \$22.9 billion), more than twice the amount recorded in 2018. According to the Mastercard SpendingPulse report (a retail sales indicator), Brazilian e-commerce grew by 75% in 2020 compared with the previous year. In view of these figures, major e-commerce players have been investing significantly in Brazil and even small- and medium-sized enterprises have been betting heavily on this trend. Consumer habits have changed and e-commerce will only continue to grow.

While these figures are largely positive, as digital channels gain importance, there has been a notable increase in IP infringements in the digital world.

Increase in online infringement

In 2020 there was a 250% increase in the amount of counterfeit and irregular products presented in the online market. Further, Brazilian e-commerce experienced 600,926 fraud attempts in the first quarter of 2021 alone, an increase of 83.7% compared with the same period in 2020.

Bad actors have become more sophisticated in their approaches and abuses have expanded to different platforms (eg, social media, apps, and online marketplaces). This type of infringement can potentially:

- divert businesses away from Brazil;
- undermine the integrity and reputation of brands;
- reduce customer satisfaction; and
- affect sales and profits.

In a worst-case scenario, depending on the sector affected, such infringement can cause serious damage to the health and safety of the population.

Therefore, creating an online brand protection strategy is critical to success and will have significant consequences on a brand's image and future.

Online brand protection strategy tips

In light of the above, the following are some practical tips on how to efficiently protect a brand from online infringement in Brazil.

Avoid legal liability under Brazilian law

First, it is important to keep in mind that each industry sector, as well as each country, has its own particularities and challenges. Thus, to create an effective strategy and avoid liabilities (eg, lawsuits for undue takedowns), parties must consider Brazilian rules and exceptions to IP rights. Choosing and working closely with specialised local counsel in Brazil can make the difference between a successful strategy that drives an organisation to good results and a poor strategy that wastes time, resources and effort.

Find the best tools

Another important step in implementing an effective strategy is to find the best enforcement tools. The right tool can not only help with monitoring and identifying potentially infringing goods, but also contribute to enforcement and takedowns. Again, parties should look for tools that have been tested in and adapted to Brazil.

Create bonds of trusts with local platforms

In Brazil, an important statute concerning online trademark infringement is the Civil Rights Framework for the Internet (Law 12,965/2014, known as the '*Marco Civil da Internet*' in Portuguese) ('Internet Law'). According to Section 19 of the Internet Law, an internet service provider may be held liable for damages arising from third-party content only if it fails to comply with a court order which demands the removal of content available at a specific URL. This means that internet service providers need not remove infringing content unless the trademark owner seeks and obtains a court order. Such a requirement is substantially different from the system adopted by other countries and can make the process significantly more expensive and time-consuming.

In light of this particularity, local practice shows that engaging with key platforms directly, being persistent and pushing back against initial rejections can sometimes be the best (and least expensive) ways to have links removed, especially in time-sensitive scenarios and situations connected with fraud.

The following are good ways to create bonds of trust:

- signing up for the platform's brand protection programme;
- communicating (in their own language, if possible) with the platform regarding collaboration to protect consumers; and
- engaging the platform at events and webinars.

Include a copyright infringement claim

There are three exceptions to the rule established in Section 19 of the Internet Law, one of which relates to copyrights. Thus, in light of the fact that infringers often use stolen logos, texts and photographs, filing a takedown request based on copyright infringement can significantly improve the effectiveness of a claim.

Explore available Brazilian legal paths

Bad actors can act in various ways online. To defend brands against these actors and build up a strong online brand protection strategy, parties must be aware of all of the resources and methods to navigate these challenges in Brazil.

Depending on the infringement, a simple platform-specific takedown request or cease-and-desist letter may not solve the problem. For example, in many infringements relating to domain names, a 'Saci-Adm' complaint (the administrative proceeding for resolving conflicts which involve '.br' domain names) is a powerful and less expensive tool to fight malicious online actors. Through a Saci-Adm complaint, infringing domain names may be transferred or cancelled by a panel within two to three months of the filing.

Another effective way to handle infringers is to file infringement lawsuits. In Brazil, trademark and copyright infringements can be pursued as a civil matter but can also be deemed a criminal matter in certain circumstances. Thus, filing court actions not only acts as a deterrent, but can also send a message to the broader community, thereby building a reputation as a diligent brand protector. In such cases, preliminary and permanent injunctions are available and can be useful, especially in cases relating to active fraudulent domain names that redirect consumers to active fake websites.

Comment

Considering the growing e-commerce landscape and the increase in online infringement in Brazil, it is important for businesses and companies to be vigilant and constantly develop new takedown techniques and strategies against bad actors. Parties must also be aware of the particularities of Brazilian legislation. Such awareness can be the key to not only taking care of a brand's reputation, but also preserving the kinds of sophisticated consumers that are emerging in the increasingly virtual world.

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