Jurisdiction in Contract Matters in Brazil

I am grateful to Henry Saint Dahl, the President of the Inter-American Bar Foundation, for contributing this report.

São Paulo Civil Appellate Court, Seventh Chamber (Appeal N0. 312.848-4/4-00): *Editoriale Johnson SPA et al.; v. Renaço Comércio e Importação e Indústria Ltda et al.*, judgment rendered on December 17, 2008

The parties, an Italian publishing house and a Brazilian distributor, entered into a contract for commercial representation in Brazil. The contract was signed in Italy. Alleging contractual breach plaintiff, the Italian publisher, filed a lawsuit in Brazil, against the Brazilian distributor, claiming rescission plus damages.

The Brazilian District Court dismissed the case for lack of Brazilian jurisdiction, based on the fact that the contract was entered in Italy, which made Italian law applicable to solve the two issues raised: rescission and damages.

The Appellate Court held in its majority decision that although the contract was signed in Italy, performance took place in Brazil where defendant distributed plaintiff's products. It is certain then that although the deal was made in Italy, it was meant to produce effects in Brazil. The case is then controlled by Article 88, paragraph II of the Code of Civil Procedure, as well as Article 12 of the Introductory Act to the Civil Code, both of which grant jurisdiction to the Brazilian court when "the obligation must be performed in Brazil."

The Appellate Court further considered that sending the plaintiff to an Italian court would also impose a heavy burden on the Brazilian defendants and even preventing them access to justice and an ample opportunity to defend themselves.

The district-court judgment was annulled and the file was returned to said court with instructions to conform to the appellate decision.

Brazilian attorney André de Almeida provided the text of this decision.