LAW No. 8,078, OF SEPTEMBER 11th, 1990

Makes provisions on consumer protection and other considerations.

THE PRESIDENT OF THE REPUBLIC, I hereby make it public that the National Congress decrees and I sanction the following Law:

TITLE I

Consumer Rights

CHAPTER I

General Provisions

Article 1. This Code hereby sets forth the standards for consumer protection and defense pertaining to public order and social interest, under the terms of Article 5, Subsection XXXII, and Article 170, Subsection V, of the Brazilian Federal Constitution, and Article 48 of the Temporary Provisions thereof.

Article 2. Consumer is any physical or legal person that acquires or uses a product or service as a final user.

Sole Paragraph. The collectivity of people, even if indeterminate, that has participated in consumer relations is hereby considered a consumer.

Article 3. A supplier is every physical or legal person, whether public or private, domestic or foreign, as well as entities without legal personality, that conducts activities of production, assembly, creation, construction, transformation, import, export, distribution or commercialization of products or services.

Paragraph 1. Product is any goods, whether movable assets or real estate, material or immaterial.

Paragraph 2. Service is any activity provided to the consumer market for which there is financial compensation, including those of banking, financial, credit and insurance nature, except those resulting from labor relations.

CHAPTER II

Brazilian National Policy of Consumer Relations

Article 4. The Brazilian National Policy of Consumer Relations hereby seeks to meet consumer needs, to respect their dignity, health and safety, to protect their economic interests, to improve their quality of life, and to ensure transparency and harmony in consumer relations, pursuant to the following principles: (Phrasing established by Law no. 9,008, of 03/21/1995)

- I acknowledgement of the consumer vulnerability in the market;
- II governmental actions for effective consumer protection:
- a) by direct initiatives;
- b) by encouraging the creation and development of representative associations;
- c) by the presence of the State in the market;

d) by ensuring products and services with adequate standards of quality, safety, durability, and performance.

III - alignment of the interests of parties in consumer relations and compatibility of consumer protection with technical and economic development needs in order to ensure the principles on which the economic order has been founded (Article 170, of the Brazilian Federal Constitution), always on the grounds of good faith and of the balance in relations between consumers and suppliers;

IV - education and information to suppliers and consumers pertaining to their rights and duties in view of improvements in the market;

V - encouragement to the creation of efficient quality and safety control of products and services by suppliers, as well as of alternative methods for solving consumer conflicts;

VI - efficient retention and repression of all abusive practices in the market, including dishonest competition and wrongful use of industrial encouragements and creations of different trademarks, commercial names and symbols, which may cause harm to consumers;

VII - rationalization and improvement of public services;

VIII - continuous study on consumer market changes.

Article 5. In order to implement the Brazilian National Policy of Consumer Relations, the Public Power shall conduct the following activities, among others:

I - maintenance of full and free legal assistance for low-income consumers;

II - institution of District Attorney's Offices for consumer protection within the Department of Public Prosecution;

III - creation of police stations specialized in receiving consumers that have been victims of consumer-related criminal offenses;

IV - creation of Small Claims Court and Specialized Courts for judging consumer lawsuits;

V - encouragement to the creation and development of Consumer Protection Associations.

Paragraph 1. (Vetoed).

Paragraph 2. (Vetoed).

CHAPTER III

Consumer Basic Rights

Article 6. The following are basic consumer rights:

I - protection of life, health and safety against risks posed by practices when supplying products and services considered hazardous or harmful;

II - education and communication of the adequate consumption of products and services, ensuring freedom of choice and equality in hiring practices;

III - adequate and clear information on different products and services, along with the correct specification of their quantity, characteristics, composition, quality, incurring taxes, prices, and the risks they pose; (Phrasings established by Law no. 12,741, 2012)

IV - protection against misleading and abusive advertising, coercive or dishonest commercial practices, and abusive practices and clauses when supplying products and services;

V - modification in contract clauses that establish disproportional installments or their review due to supervening facts that make such installments enormously expensive.

VI - effective prevention and compensation for pecuniary, moral, individual, collective, and diffuse damages;

VII - access to administrative and judicial entities seeking to prevent or provide compensation for pecuniary, moral, individual, collective or diffuse damages, ensuring legal, administrative and technical protection to low-income individuals;

VIII - easiness when defending their rights, including the shift of the burden of proof in their favor in civil actions, at the judge's discretion, when the accusation is probably true or when the consumer is insufficient, according to ordinary rules from similar cases;

IX - <u>(Vetoed);</u>

X - adequate and effective delivery of public services in general.

Article 7. The rights set forth herein shall not exclude others resulting from international treaties and conventions that Brazil has undersigned, from ordinary legislation and from regulations issued by competent administrative authorities, as well as rights that derive from general principles of Law, analogy, customs, and equity.

Sole Paragraph. Should there be more than one offender, all of them shall have joint responsibility for the repair of damages addressed in consumer standards.

CHAPTER IV

Quality of Products and Services, Prevention and Compensation for Damages

SECTION I

Protection of Health and Safety

Article 8. Products and services in the market shall not pose risks to consumers' health or safety, unless considered normal and predictable due to their nature and fruition, being suppliers hereby obliged to provide the adequate and required information on such risks at any time.

Sole Paragraph. In the case of industrial products, the manufacturer is hereby responsible for providing the information herein addressed through adequate printed materials that shall be enclosed to the product.

Article 9. Suppliers of products or services potentially harmful or hazardous to health or safety shall ostensibly and adequately inform consumers about such hazards and harms, notwithstanding the adoption of other applicable measures pursuant to each case.

Article 10. Suppliers may not make available to the market products or services that are known or should be known to have high level of harm or hazard to health or safety.

Paragraph 1. Suppliers of products and services that, after being available in the market, are known to be hazardous shall immediately communicate the fact to the competent authorities and to consumers through advertising.

Paragraph 2. The aforementioned advertisements shall be published in the press, radio and television at the expense of the product or service supplier.

Paragraph 3. Whenever products or services are known to be hazardous to consumers' health or safety, the Federal Government, States, Federal District or Municipalities shall inform consumers about such hazard.

Article 11. (Vetoed).

SECTION II

Liability for Facts related to Products and Services

Article 12. Manufacturers, producers, constructors, whether domestic or foreign, and importers are hereby liable, regardless of guilt, for the delivery of insufficient or inadequate information on the product use and risks and for the repair of the damages caused to consumers due to defects in the design, manufacture, construction, assembly, formulas, handling, presentation or packaging of their products.

Paragraph 1. The product is deemed defective when it does not provide the legitimately expected safety, taking into consideration relevant circumstances, such as the following:

- I product presentation;
- II its reasonably expected risks and use;
- III the date it was released.

Paragraph 2. The product is not deemed defective because another product with better quality is available in the market.

Paragraph 3. Manufacturers, constructors, producers or importers shall not be liable solely when the following is proven:

I - they have not made the product available to the market;

II - although they have made the product available to the market, the said defect does not exist;

III - it is the consumer's or third party's exclusive negligence.

Article 13. Sellers are hereby equally liable, under the terms of the previous Article, when:

I - the manufacturer, constructor, producer or importer cannot be identified;

II - the product is supplied without clear identification of its manufacturer, producer, constructor or importer;

III - they do not properly store perishable products.

Sole Paragraph. Whoever pays the damaged party is hereby entitled to compensatory damages against other liable parties according to their participation in the cause of the harmful event.

Article 14. Suppliers of services are hereby liable, regardless of guilt, for the repair of the damages caused to consumers due to defects in the service delivery and for the delivery of insufficient and inadequate information about the service fruition and risks.

Paragraph 1. The service is deemed defective when it does not provide the expected safety, taking into consideration relevant circumstances, such as the following:

- I the way the service is delivered;
- II its reasonably expected risks and result;
- III the date it was delivered.

Paragraph 2. The service is not deemed defective because of the adoption of new techniques.

Paragraph 3. Suppliers of services shall not be liable solely when the following is proven:

I - although they have delivered the service, the said defect does not exist;

II - it is the consumer's or third party's exclusive negligence.

Paragraph 4. The personal liability of autonomous professionals shall be investigated based on the verification of negligence.

Article 15. (Vetoed).

Article 16. (Vetoed).

Article 17. For the purposes of this Section, all victims of events shall be considered consumers.

SECTION III Liability for Defects in Products and Services

Article 18. Suppliers of durable or non-durable goods shall have joint liability for any quality or quantity defects that make such products improper or inadequate for their intended use or for defects that diminish their value, as well as for those defects the derive from differences in the indications in the packaging, labeling or advertisements, taking into account any variation resulting from the product nature, being consumers hereby entitled to the replacement of the defective parts.

Paragraph 1. Having the defect not been repaired within up to thirty days, consumers are hereby entitled to demand the following, alternately and at their own choice:

I - the replacement of the product for another with the same nature, in perfect use conditions;

II - immediate refund of the paid money, with monetary adjustments, notwithstanding eventual losses and damages;

III - waiver of the price.

Paragraph 2. The involved parties may agree to reduce or expand the aforementioned period of time, being hereby prohibited time frames inferior to seven days and superior to 180 days. In adhesion contracts, the clause pertaining to the aforementioned time frame shall be separately agreed with the consumer's written declaration.

Paragraph 3. Depending on the kind of defect, consumers are hereby entitled to immediately use any of the alternatives in Paragraph 1 hereof whenever the replacement of the defective parts may compromise the product quality or characteristics, diminish its value, or when the product is otherwise essential.

Paragraph 4. Having the consumer chosen the alternative stated in subsection I of Paragraph 1 hereof and not being possible to replace the product, the product may be replaced by another with different nature, brand or model by the completion or refund of the eventual price difference, notwithstanding the provisions of subsections II and III of Paragraph 1 hereof.

Paragraph 5. In the case that supplied products are *in natura*, their immediate supplier shall be liable to consumers, unless their producer is clearly identified.

Paragraph 6. The following products are improper for use and consumption:

I - expired products;

II - products that have been deteriorated, altered, adulterated, damaged, falsified, corrupted, defrauded, products that are harmful and hazardous to life or health, or that, otherwise, does not comply with the regulatory standards on product manufacture, distribution or presentation;

III - products that, for any reason, have been deemed inadequate for their intended use.

Article 19. Suppliers shall have joint liability for quantity defects whenever the liquid content be inferior to the indications on the product packaging, labeling, and advertisements - taking into account the variations resulting from the product nature -, being consumers hereby entitled to demand the following, alternately and at their own choice:

I - waiver of the price;

II - completion of weigh or measure;

III - replacement of the product for another with the same nature, brand or model and without the said defects;

IV - immediate refund of the paid money, with monetary adjustments, notwithstanding eventual losses and damages.

Paragraph 1. The provisions of Paragraph 4 of the previous Article are hereby applicable to this Article.

Paragraph 2. Immediate suppliers shall be liable if the used instrument for weighing or measuring products is not calibrated according to official patterns.

Article 20. Suppliers of services are hereby liable for any quality defects that make such services improper for consumption or that diminish their value and for those defects that arise from differences between what had been advertised and offered, being consumers hereby entitled to demand the following, alternately and at their own choice:

I - another service, without any additional and when applicable;

II - immediate refund of the paid money, with monetary adjustments, notwithstanding eventual losses and damages;

III - waiver of the price.

Paragraph 1. The delivery of another service may be trusted to duly trained third parties, at the supplier's expense and risk.

Paragraph 2. Services that are acknowledged to be inadequate for their reasonably expected intended use and that do not comply with the regulatory standard on service delivery shall be deemed improper.

Article 21. Upon the delivery of services that seek to repair any product, the supplier's obligation to use adequate and new original replacement components or components that maintain the manufacturer's technical specifications is hereby implicit, unless otherwise unauthorized by the consumer with regard to the latter.

Article 22. Public service bodies, by themselves or their partners, service providers, or any other form of enterprise, are hereby obliged to provide adequate, efficient, safe services, as well as continuous, in the case of essential services.

Sole Paragraph. In the case of failure to fully or partially comply with the obligations addressed in this Article, legal entities shall be obliged to comply with them and to compensate consumers for damages in the manner set forth in this Code.

Article 23. Lack of knowledge on the part of suppliers about quality defects related to inadequate products or services shall not preclude liability.

Article 24. The legal warranty of product or service adequacy shall not depend on any explicit statement, being suppliers hereby prohibited to be exempt from their contractual obligations.

Article 25. Any clause that precludes, hinders, or lightens the aforementioned obligation to indemnify consumers is hereby prohibited.

Paragraph 1. Should there be more than one party responsible for causing the damage, all parties shall have joint liability for the aforementioned indemnity.

Paragraph 2. Should the damage have been caused by a component or part incorporated to the product or service, their manufacturer, constructor or importer, as well as the party that has introduced such component or part, shall have joint liability.

SECTION IV

Lapse of Procedural Rights

Article 26. The right to complain about apparent or easily identifiable defects hereby lapses within the following time periods:

- I thirty days, if non-durable products or services;
- II ninety days, if durable products or services.

Paragraph 1. The lapse time period begins to be counted from the effective product delivery or from the conclusion of service delivery.

Paragraph 2. The lapse time period is hereby impeded for the following:

I - complaint satisfactorily formulated by the consumer to the product or service supplier until its respective negative reply, which shall be given in an unmistakable manner;

II - <u>(Vetoed)</u>.

III - initiation of civil proceedings, until its conclusion.

Paragraph 3. Should there be a hidden defect, the lapse time period begins to be counted from the moment such defect is evidenced.

Article 27. The right to claim for the repair of the damages caused by products or services and mentioned in Section II of this Chapter shall lapse in five years, being hereby counted from the moment the damage and the liable party are acknowledged.

Sole Paragraph. (Vetoed).

SECTION V

Disregard of Legal Personality

Article 28. The judge may disregard the legal personality of a corporation in the case of abuse of right, excess of power, law violation, unlawful fact or act, or violation of statutes or memorandum of association in detriment of consumers. The disregard hereof shall also apply in the case of bankruptcy, insolvency, termination or inactivity of legal entity caused by bad management.

Paragraph 1. (Vetoed).

Paragraph 2. Parties part of corporate groups and controlled corporations shall have secondary liability for the obligations herein established.

Paragraph 3. Consortium partnerships shall have joint liability for the obligations herein established.

Paragraph 4. Affiliated corporations shall be liable solely for negligence.

Paragraph 5. The legal personality of entities may also be disregarded whenever such personality hinders, in any way, the compensation for damages caused to consumers.

CHAPTER V

Commercial Practices

SECTION I

General Provisions

Article 29. All persons, whether determinate or not, exposed to the practices addressed in this Chapter and in the following, shall be considered consumers for the purpose of this and next Chapter.

SECTION II Offer

Article 30. Every sufficiently precise information or advertisement pertaining to products or services broadcast by the use of any communication media hereby makes suppliers liable for them and binds the contract to be signed.

Article 31. The delivery and presentation of products or services shall ensure correct, clear, precise and ostensible information in Portuguese about their characteristics, quality, quantity, composition, price, warranty, expiration dates, and origin, among other data, as well as the risks they pose to consumers' health and safety.

Sole Paragraph. The information addressed in this Article shall be affixed in an indelible manner to refrigerated products provided to consumers. (Included by Law no. 11,989, 2009)

Article 32. Manufacturers and importers shall ensure the provision of replacement components and pieces for as long as the product is manufactured or imported.

Sole Paragraph. Having the production or import been ceased, the aforementioned provision shall be maintained for a reasonable period of time, according to the law.

Article 33. In the case of offer or sales through the use of phones or postal reimbursements, the manufacturer's name and address shall be displayed in the packaging, advertisements and in all printed materials used in commercial transactions.

Sole Paragraph. Any publicity of products and services over telephones is hereby prohibited if there is a cost to consumers for the call. (Included by Law no. 11,800, 2008).

Article 34. Product and service suppliers shall have joint liability for the acts of their autonomous representatives.

Article 35. Should product or service suppliers refuse to comply with the offer, product presentation or advertisements, consumers are hereby entitled to the following, alternately and at their own choice:

I - to demand forced compliance with the obligation, under the terms of the offer, product presentation or advertisements;

II - to accept another product or equivalent service;

III - to terminate the contract, being entitled to be reimbursed for eventually anticipated money, with monetary adjustments, or to be compensated for losses and damages.

SECTION III Advertising

Article 36. Advertising materials shall be published in a way that consumers may easily and immediately identify them as such.

Sole Paragraph. When advertising products and services, suppliers shall maintain all factual, technical and scientific data that support the message in order to inform the legitimate interested parties.

Article 37. Any misleading or abusive advertising is hereby prohibited.

Paragraph 1. Any information or communication with advertising purposes that is entirely or partially false or otherwise able to mislead consumers, even by omission, about the nature, characteristics, quality, quantity, properties, origin, price and any other data related to the product or service is hereby misleading.

Paragraph 2. Advertisements of any discriminatory nature that incite violence, explore fear or superstition, take advantages of children's lack of judgment skills or experience, disregards environmental values, or are able to induce consumers to behave in a harmful and hazardous manner to their health and safety, among others, are hereby abusive.

Paragraph 3. For the purposes of this Code, advertisements are considered misleading by omission when they fail to provide information on essential data of the product or service.

Paragraph 4. (Vetoed).

Article 38. The burden of proof of truthfulness and correction of advertising information and communication are hereby responsibility of their sponsor.

SECTION IV Abusive Practices

Article 39. The following abusive practices are hereby prohibited to product or service suppliers, among others: (Phrasing established by Law no. 8,884, of 06/11/1994)

I - to condition the product or service supply to the supply of another product or service and to quantitative limits without just cause;

II - to refuse to meet the demand of consumers at the exact measure of the warehouse availability and in compliance with the uses and customs;

III - to deliver to consumers any product or service without any previous request;

IV - to take advantage of the weakness and lack of knowledge of consumers in order to impose them products or services, due to their age, health, knowledge or social status;

V - to require clearly excessive advantage from consumers;

VI - to deliver services without previous budget proposals or clear authorization of consumers, except those that derive from previous practices between the parties;

VII - to deliver pejorative information pertaining to acts practiced by consumers when exercising their rights;

VIII - to make available to the market any product or service that does not comply with the standards established by the competent official bodies or, should there be no specific standard, with those established by the Brazilian Association of Technical Standards or any other entity accredited by the Brazilian National Council of Metrology, Standardization and Industrial Quality (Conmetro).

IX - to refuse to sell products or to provide services directly to parties willing to acquire them by immediate payment, except in intermediation cases regulated by special laws; (Phrasing established by Law no. 8,884, of 06/11/1994)

X - to increase the prices of products or services without just cause; (Included by Law no. 8,884, of 06/11/1994)

XI - Provision included by <u>Provisional Measure no. 1,890-67, of 10/22/1999</u>, turned into subsection XIII when converted into <u>Law no. 9,870, of 11/23/1999</u>

XII - to fail to establish a deadline for compliance with obligations or to establish the initial term at their very own discretion. (Included by Law no. 9,008, of 03/21/1995)

XIII - to apply formulas or adjustment rates that differ from those legally established or those in the contract. (Included by Law no. 9,870, of 11/23/1999)

Sole Paragraph. Services or products delivered to consumers in the manner addressed in subsection III hereof shall be deemed as free samples, not existing any payment obligation.

Article 40. Service suppliers are hereby obliged to provide consumers with previous budget proposals discriminating the cost of manpower, materials and equipment to be used, payment conditions, and dates to begin and end the service.

Paragraph 1. Unless established to the contrary, the proposed budget shall be valid for ten days, counted from the date it is received by the consumer.

Paragraph 2. After approved by the consumer, the budget shall bind all involved parties and may only be changed through free negotiation between such parties.

Paragraph 3. Consumers shall not be liable for any encumbrances or additions derived from hiring third-party services that have not been predicted in the previous budget.

Article 41. In the case of products or services subject to fixed prices or control policies, suppliers shall respect the established official limits, under the penalty of having to reimburse consumers for the excess amount received, with monetary adjustments, being consumers hereby entitled to terminate the contract, at their own discretion, notwithstanding other applicable sanctions.

SECTION V

Debt Collection

Article 42. When collecting debts, defaulting consumers shall not be exposed to ridicule, neither shall be subject to any kind of embarrassment or threat.

Sole Paragraph. The consumer who is charged a wrongful amount is hereby entitled to the recovery of undue payments, equal or twice the amount overpaid, with monetary adjustments and legal interests, except in the case of justifiable mistake.

Article 42-A. All documents collecting debts from consumers shall contain the name, address, and the Brazilian Taxpayer Registry (CPF) or the Brazilian Registry of Legal Entities (CNPJ) of the corresponding product or service supplier. (Included by Law no. 12,039, 2009)

SECTION VI Consumer Registers and Databases

Article 43. Notwithstanding the provisions of Article 86, consumers shall have access to the information in registries, records, and files on their personal and consumption data, as well as to their respective sources.

Paragraph 1. Consumer registers and data shall be objective, clear, truthful, and in an easily comprehensible language, being hereby prohibited to contain negative information referring to a date prior to five years before.

Paragraph 2. The opening of registries, records, files, personal and consumption data shall be communicated in writing by consumers when requested by another party.

Paragraph 3. Whenever their data and registers are not correct, consumers are entitled to demand their immediate correction, being the archivist hereby obliged to communicate such alteration to eventual addressees of the incorrect information within up to five business days.

Paragraph 4. Consumer registers and databases, credit protection services, and others similar are hereby considered public entities.

Paragraph 5. Should debt collection of consumers have lapsed, no information that may hinder or prevent consumers to have new credit access at suppliers shall be disclosed by the respective Credit Protection Systems.

Article 44. Public consumer protection bodies shall maintain updated records of complaints made against product or service suppliers, being hereby obliged to disclose them publicly and annually. The disclosure hereof shall indicate whether the complaint has been considered or not by the supplier.

Paragraph 1. Access to the information thereof is hereby optional for orientation and consultation of any interested party.

Paragraph 2. The same rules set forth in the previous Article and in the Sole Paragraph of Article 22 hereof are hereby applicable to this Article, as appropriate.

Article 45. (Vetoed).

CHAPTER VI Contractual Protection

SECTION I

General Provisions

Article 46. Contracts that regulate consumer relations shall not bind consumers if the opportunity to previously acknowledge their content had not been given and if the respective instruments thereof had been written in order to hinder comprehension of their meanings and scope.

Article 47. Contractual clauses shall be interpreted in the most favorable manner for the consumer.

Article 48. Written clauses of intent, receipts, and pre-contracts in private documents related to consumer relations hereby bind suppliers, resulting in the specific consequences established in Article 84 hereof.

Article 49. Consumers are entitled to terminate the contract within up to seven days after signing it or after product or service delivery whenever the product or service supply occurs outside the commercial establishment, especially if over the phone or delivery.

Sole Paragraph. If consumers exercise their right of regret herein addressed, the eventual amount of money paid during the period of thinking shall be immediately reimbursed with monetary adjustments.

Article 50. Contractual warranties are hereby complementary to those legal and shall be made available through written terms.

Sole Paragraph. The terms of warranty or equivalent document shall be standardized and adequately specify such warranty, the procedure, deadlines and the place it may be claimed, as well as any fees the consumer shall pay, being the supplier hereby obliged to provide the warranty to consumers, properly completed, upon product or service delivery, along with an easily understandable manual of instructions, installation and product use with illustrations.

SECTION II

Abusive Clauses

Article 51. Any contract clauses related to the supply of products or services that cause any of the following, among others, shall be void by the operation of law:

I - preclude, exonerate, or lighten the supplier's liability for defects of any nature on the product or service or that waive any right. In consumer relations between a supplier and a consumer that is a legal entity, indemnity may be limited in justifiable situations;

II - prevent consumers to opt for the reimbursement of the amount already paid, in the cases addressed in this Code;

III - transfer liabilities to third parties;

IV - establish obligations deemed wrongful and abusive, leave consumers excessively in disadvantage, or are incomparable with the principles of good faith or equity;

V - <u>(Vetoed);</u>

VI - establish the shift of the burden of proof causing harm to consumers;

VII - determine compulsory use of arbitration;

VIII - impose a representative to conclude or conduct another legal business on behalf of the consumer;

IX - allow the supplier to execute or not the contract, while still binding the consumer to contract obligations;

X - allow the supplier, directly or indirectly, to make unilateral price changes;

XI - authorize the supplier to unilaterally terminate the contract, without conferring the same right to the consumer;

XII - oblige the consumer to repay any costs derived from requiring obligation fulfillment, without conferring the same imposition to the supplier;

XIII - authorize the supplier to unilaterally modify contract content and quality after it has been signed;

XIV - violate or enable the violation of environmental standards;

XV - do not comply with the consumer protection system;

XVI - enable waive of the right to reimbursement for necessary beneficial actions.

Paragraph 1. Advantages that cause the following, among others, shall be deemed excessive:

I - offend the fundamental principles of the legal system to which it is subject;

II - restrict fundamental rights and obligations inherent to the contract nature in a way that it threatens the contract's object and balance between parties;

III - are highly expensive for the consumer, considering contract's nature and content, interest of parties and other circumstances pertinent to the case.

Paragraph 2. The nullification of an abusive contract clause shall not invalidate the entire contract, unless such nullification results in excessive costs to any party, despite any efforts.

Paragraph 3. (Vetoed).

Paragraph 4. Any consumer or entity that represents the consumer may require to the Department of Public Prosecution to judge the pertinent proceedings to nullify the contract clause that contradicts the provisions hereof or that does not assure, in any way, the fair balance between rights and obligations of contract parties.

Article 52. When supplying products or services that involve the granting of credits or financing to consumers, suppliers shall previously and adequately inform consumers about the following, among other requirements:

I - product or service price in the current national currency;

II - interests on arrears and the yearly effective interest rate;

- III legally foreseen additional costs;
- IV number and periodicity of installments;
- V total amount to be paid, with or without financing.

Paragraph 1. Fines on arrears resulting from failure to comply with contract obligations shall not be higher than two percent of the installment value. (Phrasing established by Law no. 9,298, of 08/01/1996)

Paragraph 2. Previous debt liquidations, whether total or partial, are hereby ensured to consumers with proportional reduction of interests and other additional costs.

Paragraph 3. (Vetoed).

Article 53. In purchase and sale contracts of movable assets or real estate that involve payment of installments, as well as in chattel mortgages, clauses that establish the total loss of paid installments in benefit of the creditor who, due to breach of contract, claims termination of contract and return of product are hereby void by the operation of law.

Paragraph 1. (Vetoed).

Paragraph 2. In contracts of consortium systems that involve durable products, compensation or refund of paid installments shall have discounted the damages that the defaulting consumer causes to the group, in addition to the economic advantage derived from fruition, pursuant to this Article.

Paragraph 3. The contracts addressed in the caput of this Article shall be expressed in the current national currency.

SECTION III

Adhesion Contracts

Article 54. An adhesion contract is a contract whose clauses have been approved by the competent authority or have been unilaterally established by the product or service supplier, being the consumer unable to substantially modify or discuss the content thereof.

Paragraph 1. The addition of a clause to the contract shall not change its nature as adhesion contract.

Paragraph 2. Termination clauses are hereby permissible in adhesion contracts, if alternative and at the consumer's discretion, being the case of Paragraph 2 of the previous Article hereby precluded.

Paragraph 3. Adhesion contracts shall be clearly written and with legible and ostensible characters, whose font size shall not be lower than 12 in order to facilitate consumers' comprehension. (Phrasing established by Law no. 11,785, 2008)

Paragraph 4. Clauses that limit consumer rights shall be highlighted, enabling their immediate and easy comprehension.

Paragraph 5. (Vetoed)

CHAPTER VII Administrative Sanctions (Refer to Law no. 8,656, 1993) Article 55. The Federal Government, States and the Federal District shall issue standards related to the production, industrialization, distribution, and consumption of products and services in a concurrent manner and within their respective administrative jurisdiction.

Paragraph 1. The Federal Government, States, the Federal District and Municipalities shall inspect and control the production, industrialization, distribution, advertising, and market of products and services by issuing standards that may come to be required, seeking to preserve life, health, safety, information, and welfare of consumers.

Paragraph 2. (Vetoed).

Paragraph 3. Federal, state, Federal District and municipal bodies in charge of inspecting and controlling the market shall have permanent committees to elaborate, review and update the standards addressed in Paragraph 1, being the participation of consumers and suppliers hereby mandatory.

Paragraph 4. Official bodies may issue notifications to suppliers as penalty of non-compliance so that they shall provide information on matters of consumers' interest, being their industrial secret hereby assured.

Article 56. Violations to consumer protection norms are hereby subject to the following administrative sanctions, pursuant to each case, notwithstanding civil and criminal penalties and those established in specific statutes:

- I fine;
- II product arrest;
- III product destruction;
- IV cancellation of the product registration at the competent body;
- V prohibition of product manufacture;
- VI suspension of product or service supply;
- VII temporary suspension of activities;
- VIII revocation of public service concession or permission;
- IX cancellation of business license or operating permit;
- X total or partial interdiction of establishment, construction, or activity;
- XI administrative intervention;
- XII imposition of counteradvertising.

Sole Paragraph. The sanctions herein addressed shall be imposed by the administrative authority, within their scope, being hereby allowed to be simultaneously imposed, including for the purpose of provisional remedy, whether provisional injunction or injunctive relief of administrative proceedings.

Article 57. Penalties of fines - valued pursuant to the offense severity, to the obtained advantage, and to the supplier's economic situation - shall be imposed by administrative proceedings, reverting the values applicable to the Federal Government to the Fund created by

Law no. 7,347, of July 24th, 1985, or, in other cases, to State and Municipal Funds for consumer protection. (Phrasing established by Law no. 8,656, of 05/21/1993)

Sole Paragraph. Fines shall not be lower than two hundred times or higher than three million times the value of the Brazilian tax correction factor (Ufir) or any other equivalent index that may come to replace it. (Included by Law no. 8,703, of 09/06/1993)

Article 58. The penalties of product arrest, product destruction, prohibition of product manufacture, suspension of product or service supply, cancellation of product registration and revocation of concession or permission shall be imposed after an administrative proceedings when quality or quantity defects have been observed due to product or service inadequacy or lack of safety, being hereby assured the full right to defense.

Article 59. The penalties of interdiction of establishment, administrative intervention, cancellation of business license, and temporary suspension of activities shall be imposed after administrative proceedings when the supplier recidivates the violations of high severity addressed in this Code and in the consumer legislation.

Paragraph 1. The penalty of cancellation of public service concession shall be imposed to concessionaires when legal and contract obligations have not been fulfilled.

Paragraph 2. The penalty of administrative intervention shall be imposed whenever the circumstances of the fact advise against the interdiction of the establishment, cancellation of business license, and suspension of activities.

Paragraph 3. Should there still be pending lawsuits in which the imposition of administrative sanctions is under discussion, there shall not be recidivism until an unappealable verdict has been pronounced.

Article 60. Counteradvertising shall be imposed when the supplier has displayed abusive or misleading advertisement, under the terms of Article 36, always at the expense of the offender.

Paragraph 1. Counter-advertisements shall be displayed in the same manner, frequency, dimension, and preferably by the same vehicle, in the same place, and at the same time as their corresponding misleading or abusive advertisements, so as to undo their malignant effects.

Paragraph 2. (Vetoed).

Paragraph 3. (Vetoed).

TITLE II Criminal Violations

Article 61. The acts described in the following Articles shall constitute crimes against the consumer relations herein addressed, notwithstanding the provisions of the Brazilian Criminal Code and special laws.

Article 62. (Vetoed).

Article 63. To omit phrasings or ostensible signs about the harms and hazards of products in packaging, labeling, containers or advertising materials:

Sentence - six months to two years of imprisonment and fine.

Paragraph 1. Whoever fails to warn consumers about the hazards of the service to be provided by using written ostensible recommendations shall incur to the same sentences.

Paragraph 2. Should the crime have been committed with no intent:

Sentence - one to six months of imprisonment or fine.

Article 64. To fail to communicate to the competent authority and to consumers the harms and hazards of products that have been acknowledged after available in the market:

Sentence - six months to two years of imprisonment and fine.

Sole Paragraph. Whoever fails to withdraw harmful and hazardous products from the market immediately when determined by the competent authority shall incur to the same sentences pursuant to this Article.

Article 65. To operate highly hazardous services against the determination of the competent authority:

Sentence - six months to two years of imprisonment and fine.

Sole Paragraph. The sentences herein addressed in this Article shall be imposed notwithstanding those corresponding to bodily injury and death.

Article 66. To make false or misleading statements or to omit relevant information pertaining to the nature, characteristics, quality, quantity, safety, performance, durability, price or warranty of products or services:

Sentence - three months to one year of imprisonment and fine.

Paragraph 1. Whoever sponsors the product or service delivery shall also incur to the same sentences.

Paragraph 2. Should the crime have been committed with no intent:

Sentence - one to six months of imprisonment or fine.

Article 67. To show advertising that is known or should be known to be misleading or abusive:

Sentence - three months to one year of imprisonment and fine.

Sole Paragraph. (Vetoed).

Article 68. To show adverting that is known or should be known to be able to induce consumers to behave in a harmful and hazardous manner to their health or safety:

Sentence - six months to two years of imprisonment and fine.

Sole Paragraph. (Vetoed).

Article 69. To failure to organize factual, technical and scientific data that provide grounds for advertising:

Sentence - one to six months of imprisonment or fine.

Article 70. To use used replacement components or pieces in product repairs without consumer's authorization:

Sentence - three months to one year of imprisonment and fine.

Article 71. To use threats, coercion, physical or moral constraint, false, incorrect or misleading statements, or any other procedure that exposes consumers to ridicule for no reason or that interferes in their work, rest or leisure when collecting debts:

Sentence - three months to one year of imprisonment and fine.

Article 72. To prevent or hinder consumers to access information on themselves contained in registries, records, databases, and files:

Sentence - six months to one year of imprisonment or fine.

Article 73. To failure to immediately correct information on consumers contained in registries, records, databases or files that is known or should be known to be incorrect:

Sentence - one to six months of imprisonment or fine.

Article 74. To failure to provide consumers with the terms of warranty, properly completed and with clear specification of the contents thereof:

Sentence - one to six months of imprisonment or fine.

Article 75. Whoever, in any way, commits more than one crime addressed in this Code, the sentences pertaining to such violations shall be imposed pursuant to their culpability, including the director and manager of the legal entity that allows or, by any manner, approves supply and delivery of products or services, exhibition to sale or storage of products under the conditions herein prohibited.

Article 76. The following are aggravating circumstances of the crimes herein addressed:

I - the crime is committed during severe economic crisis or state of disaster;

II - the crime causes serious individual or collective damage;

III - the crime disguises its unlawful nature;

IV - when the crime is committed:

a) by public civil servant or by any person whose socioeconomic status is clearly higher than that of the victim;

b) in detriment of rural or blue-collar workers, people under 18 years of age or over 60 years of age, or mentally handicapped, whether interdicted or not;

V - the crime involves food, medications, or any other essential product or service.

Article 77. The pecuniary penalty addressed in this Section shall be established in days-fine corresponding to the minimal and maximal amount of days of imprisonment imposed to the respective crime. The judge shall observe the provisions of Article 60, Paragraph 1, of the Criminal Code, for the individualization of penalties.

Article 78. In addition to imprisonment and fine, the following sentences may be imposed cumulatively or alternately, in compliance with the provisions of Articles 44 to 47 of the Criminal Code:

I - temporary deprivation of rights;

II - publication in mass communication media of news about the facts and the conviction at the expense of the convict;

III - community service.

Article 79. The value of bail in the offenses herein addressed shall be established by the judge or by the authority conducting the investigation at the order of 100 to 200,000 times the value of the Brazilian Federal Treasury Bonds (BTN), or any other equivalent index that may come to replace it.

Sole Paragraph. Pursuant to the accused party's or defendant's economic status, bail may be:

- a) decreased up to half of its minimal value;
- b) increased by the judge up to 20 times.

Article 80. In criminal proceedings pertaining to the crimes herein addressed, as well as to other crimes and offenses that involve consumer relations, the litigants indicated in Article 82 hereof, Subsections III and IV, may assist the Department of Public Prosecution and may file subsidiary criminal actions if indictment has not been submitted within legal deadline.

TITLE III Defense of Consumers in Court

CHAPTER I

General Provisions

Article 81. The defense of consumer rights and interests, as well as those of victims, may be individually or collectively exercised in court.

Sole Paragraph. Collective defenses shall be exercised when the following are involved:

I - diffuse rights and interests, herein understood, for the effects of this Code, as transindividual rights, those of indivisible nature, entitled by undetermined people and related to factual circumstances;

II - collective rights and interests, herein understood as transindividual rights, those of indivisible nature, entitled by a group, category, or class of people related to one another or to the opposing party by basic legal relations;

III - homogeneous individual rights and interests, herein understood as those deriving from a common origin.

Article 82. For the purposes of Article 81, Sole Paragraph, the following are considered concurrent litigants: (Phrasing established by Law no. 9,008, of 03/21/1995)

I - Department of Public Prosecution;

II - the Federal Government, States, Municipalities, and the Federal District;

III - entities and bodies of the direct or indirect Public Administration, even if with no legal personality, specifically intended for the defense of the rights and interests herein protected in this Code;

IV - associations legally constituted for at least one year that include, among their institutional purposes, the defense of the rights and interests herein protected in this Code, being the authorization of the assembly hereby dismissed.

Paragraph 1. The pre-constitutional requirement may be waived by the judge in the actions addressed in Articles 91 and following if clear social interest is evidenced by the dimension or characteristic of the damage or by the relevance of the legal interest to be protected.

Paragraph 2. (Vetoed).

Paragraph 3. (Vetoed).

Article 83. For the defense of the rights and interests herein protected in this Code, all types of actions able to provide adequate and effective enforcement are hereby permissible.

Sole Paragraph. (Vetoed).

Article 84. In legal actions whose object is the compliance with obligations of doing or not doing, the judge shall enforce the specific obligation or shall determine measures that ensure a practical result equivalent to compliance thereof.

Paragraph 1. The conversion of the obligation into damages and losses shall solely be permissible if chosen by the plaintiff or if enforcement of the specific obligation or obtention of a corresponding practical result is deemed impossible.

Paragraph 2. Damages and losses shall be compensated notwithstanding the corresponding fine (Article 287, of the Brazilian Civil Procedural Code).

Paragraph 3. Should the grounds of the legal action be relevant and should there be suspicion of the ineffectiveness of the sentence, it is hereby lawful for the judge to provide a preliminary injunction or another previously justified decision, cited the defendant.

Paragraph 4. The judge may impose daily fine to the defendant in the case of Paragraph 3 hereof or as a final decision, establishing a reasonable deadline for compliance if such fine is deemed sufficient and compatible with the obligation, regardless of the plaintiff's request.

Paragraph 5. The judge may determine the necessary measures for enforcement of obligation or obtention of equivalent practical result, such as search and seizure, removal of objects and persons, cancellation of services, restraint of harmful activities, and request for police intervention.

Article 85. (Vetoed).

Article 86. (Vetoed).

Article 87. In the collective legal actions herein addressed, there shall be no advance of costs, charges, legal fees or any other expenses, nor conviction of plaintiffs, unless if proven bad faith, in attorney's fees, costs and procedural expenses.

Sole Paragraph. In the case of vexatious litigation, the plaintiffs and the directors responsible for filing the legal action shall be jointly convicted in attorney's fees and to ten times the costs, notwithstanding their liability for damages and losses.

Article 88. In the case of Article 13 hereof and its sole paragraph, lawsuits for compensatory damages may be filed as independent legal actions, being hereby optional the possibility to proceed with the same judicial records and prohibited to implead third parties.

Article 89. (Vetoed).

Article 90. The norms of the Civil Procedural Code and of Law no. 7,347, of July 24th, 1985, are hereby applicable to the actions addressed in this Title, including those pertaining to civil actions and that do not contradict the provisions hereof.

CHAPTER II

Collective Actions for the Defense of Homogeneous Individual Interests

Article 91. The litigants addressed in Article 82 hereof may also file collective civil actions on behalf of themselves or of victims and their successors, charging liability for the individually suffered damages pursuant to the following Articles. (Phrasing established by Law no. 9,008, of 03/21/1995).

Article 92. Should the Department of Public Prosecution not file the action, they shall always act as the inspector of the law.

Sole Paragraph. (Vetoed).

Article 93. Being the competence of Federal Courts precluded, the following are hereby competent for the cases of local courts:

I - courts of the location the damage has occurred or may occur, when under local jurisdiction;

II - courts of the state capital or of the Federal District for damages under federal or regional jurisdiction, being the norms of the Civil Procedural Code hereby applied in the cases of concurrent competence.

Article 94. Having the civil action been filed, a public notice shall be published in the official body so that interested parties may become co-plaintiffs, notwithstanding its communication through social mass media by consumer protection bodies.

Article 95. Should the claim be legitimate, the conviction shall be generic, holding the defendant liable for the caused damages.

Article 96. (Vetoed).

Article 97. Sentences may be liquidated and executed by victims and their successors, as well as by the litigants addressed in Article 82 hereof.

Sole Paragraph. (Vetoed).

Article 98. Sentence execution may be collective, being promoted by the litigants addressed in Article 82 hereof, enclosing victims whose indemnity have already been established during sentence liquidation, notwithstanding the petition of other executions. (Phrasing established by Law no. 9,008, 03/21/1995)

Paragraph 1. Collective sentence executions shall be carried out on the grounds of the certification of sentence liquidations, which shall indicate whether the case is entitled to appeal or not.

Paragraph 2. The judgment of the following is considered for sentence executions:

I - liquidation of the sentence or of the condemnatory decision, in the case of an individual execution;

II - condemnatory decision, in the case of a collective sentence execution.

Article 99. In the case of insolvency derived from the conviction addressed in Law no. 7,347, of July 24th, 1985, and from indemnities for individual damages that resulted from the same harmful event, the latter shall have preference for payment.

Sole Paragraph. For the purpose of this Article, the transfer of the amounts collected to the fund created by Law no. 7,347, of July 24th, 1985, shall be suspended if the second instance decision pertaining to indemnity actions for individual damages is still pending, unless the property and assets of the debtor are clearly sufficient to clear all debts.

Article 100. Should one year have passed without interested parties having been proven in number compatible with the severity of the damage, the litigants listed in Article 82 may liquidate and execute the lawful indemnity.

Sole Paragraph. The indemnity hereof shall be reverted to the fund created by Law no. 7,347, of July 24th, 1985.

CHAPTER III Liability Actions of Product or Service Suppliers

Article 101. The following norms shall be observed in civil liability actions of product or service suppliers, notwithstanding the provisions of Chapters I and II of this Title:

I - the action may be brought at the plaintiff's residence.

II - the defendant that has hired a liability insurance is hereby entitled to call the insurer to court, being the Reinsurance Institute of Brazil hereby forbidden to integrate adversary proceedings. In this case, the verdict in favor of the claim shall condemn the defendant according to Article 80 of the Brazilian Civil Procedural Code. Should the defendant have been considered insolvent, the trustee shall be summoned to provide information on the existence of a liability insurance; if there is indeed an insurance, it is hereby optional to file an indemnity action directly against the insurer, being hereby prohibited to implead third parties to the Reinsurance Institute of Brazil and dismissed the compulsory joinder with them.

Article 102. Plaintiffs acting according to this Code are hereby entitled to bring actions that seek to compel the competent Public Power to prohibit product production, advertising, distribution and sales in the entire national territory, as well as to determine the alteration in the composition, structure, formula or packaging of the product whose regular use or consumption may have become harmful or hazardous to public health and personal welfare.

Paragraph 1. (Vetoed).

Paragraph 2. (Vetoed).

CHAPTER IV

Res Judicata

Article 103. In the collective actions herein addressed, *res judicata* shall be applied in the following situations:

I - *erga omnes*, unless the claim has been rejected for insufficient evidence, in which case the plaintiff is entitled to bring another action with identical grounds if new evidence has been obtained and in the situation of Subsection I of the Sole Paragraph of Article 81 hereof;

II - *ultra partes*, but limited to the group, category or class, unless the claim has been rejected for insufficient evidence under the terms of the previous Subsection, in the situation addressed in Subsection II of the Sole Paragraph of Article 81 hereof;

III - *erga omnes*, solely in the case the claim has been accepted, in order to benefit all victims and successors, if it is the situation of Subsection III of the Sole Paragraph of Article 81 hereof.

Paragraph 1. The *res judicata* effects addressed in Subsections I and II hereof shall not infringe individual rights and interests of participants of a collectivity, group, category or class.

Paragraph 2. Should the claim have been rejected in the case addressed in Subsection III hereof, interested parties that had not acted as co-plaintiffs are hereby entitled to file an indemnity action alone.

Paragraph 3. The *res judicata* effects addressed in Article 16, combined with Article 13 of Law no. 7,347, of July 24th, 1985, shall not influence indemnity actions for personal damages that have been individually filed or filed according to this Code; however, should the claim have been accepted, such effects shall benefit the victims and their successors, who may proceed with sentence liquidation and execution under the terms of Articles 96 to 99.

Paragraph 4. The provisions of the previous Paragraph are hereby applicable to condemnatory decisions in criminal actions.

Article 104. The collective actions addressed in Subsections I and II and in the Sole Paragraph of Article 81 hereof shall not imply collateral estoppels for individual actions, but the *erga omnes* or *ultra partes res judicata* effects referred to in Subsections II and III of the previous Article shall not benefit the plaintiffs of such individual actions if their suspension has not been requested within 30 days, counted from the acknowledgement of the records of the filing of the collective action.

TITLE IV

Brazilian Federal Consumer Protection System

Article 105. Federal, state, Federal District and municipal bodies, as well as private consumer protection entities, hereby integrate the Brazilian Federal Consumer Protection System (SNDC).

Article 106. The Brazilian Federal Consumer Protection Department, part of the Federal Secretariat of Economic Law (Ministry of Justice), or any other body that may come to replace it, is hereby a coordinating body of the policy of the Brazilian Federal Consumer Protection System, being responsible for the following:

I - planning, elaborating, proposing, coordinating, and adopting the Brazilian national consumer protection policy;

II - receiving, analyzing, assessing, and forwarding consultations, complaints and suggestions submitted by representative entities or by public or private legal entities;

III - providing consumers with permanent orientation on their rights and remedies;

IV - informing, encouraging, and making consumers aware through the use of different communication media;

V - requesting a police investigation of offenses committed against consumers, under the terms of the legislation in force;

VI - impleading offenders in the competent Department of Public Prosecution for the adoption of procedural measures within their scope;

VII - making competent bodies aware of administrative violations of diffuse, collective or individual consumer interests;

VIII - requesting the concurrence of federal, state, Federal District and municipal bodies and entities, as well as assisting in the inspection of prices, supply, quantity, and safety of products and services;

IX - encouraging, including with financial resources and other special programs, the creation of consumer protection entities by the population and by state and municipal public bodies;

X - <u>(Vetoed)</u>.

XI - (Vetoed).

XII - <u>(Vetoed)</u>

XIII - developing other activities compatible with their purposes.

Sole Paragraph. In order to achieve its objectives, the Brazilian Federal Consumer Protection Department is hereby entitled to request the concurrence of bodies and entities of notorious technical and scientific specialization.

TITLE V

Collective Convention on Consumption

Article 107. Civil consumer entities and associations of suppliers or unions of economic categories are hereby entitled to regulate, through written conventions, consumer relations that seek to establish conditions pertaining to price, quality, quantity, warranty and characteristics of products and services, as well as to complaints and composition of consumer conflicts.

Paragraph 1. Conventions shall become mandatory as of the moment the instrument is registered in a notary office.

Paragraph 2. Conventions shall only oblige parties affiliate to the undersigned entities.

Paragraph 3. Suppliers that disaffiliate from the entity after instrument registration shall still be bound to the convention.

Article 108. (Vetoed).

TITLE VI

Final Provisions

Article 109. (Vetoed).

Article 110. The following phrasing is hereby added as Subsection IV to Article 1 of Law no. 7,347, of July 24th, 1985:

"IV - to any other diffuse or collective interest".

Article 111. Subsection II of Article 5 of Law no. 7,347, of July 24th, 1985, shall have henceforth the following phrasing:

"<u>II</u> - includes, among other institutional purposes, the protection of the environment, of consumers, and of artistic, aesthetic, historical, touristic, and landscaping heritage, or of any other diffuse or collective interest".

Article 112. Paragraph 3 of Article 5 of Law no. 7,347, of July 24th, 1985, shall have henceforth the following phrasing:

<u>"Paragraph 3.</u> In the case of unjustified withdrawal or abandon of the legal action due to legitimate association, the Department of Public Prosecution or any other litigant shall take over as the accusing party".

Article 113. The following Paragraphs 4, 5 and 6 are hereby added to Article 5 of Law no. 7,347, of July 24th, 1985:

<u>"Paragraph 4.</u> The pre-constitutional requirement may be waived by the judge if clear social interest is evidenced by the dimension or characteristic of the damage, or by the relevance of the legal interest to be protected.

<u>Paragraph 5.</u> The optional joinder between the Federal, State and Federal District Departments of Public Prosecution is hereby permissible for the defense of the interests and rights herein enforced. (Refer to veto message)(Refer to REsp 222582 /MG - STJ)

<u>Paragraph 6.</u> Legitimate public bodies may require interested parties to adjust their conduct to legal requirements through agreements and settlements, which shall have efficacy as an enforceable extrajudicial decision". (refer to veto message) (Refer to REsp 222582 /MG - STJ)

Article 114. Article 15 of Law no. 7,347, of July 24th, 1985, shall have henceforth the following phrasing:

<u>"Article 15.</u> Should 60 days have passed since the unappealable condemnatory decision and the plaintiffs have not executed the sentence, the Department of Public Prosecution shall execute the sentence thereof, being such initiative hereby optional to the other litigants".

Article 115. <u>The caput of Article 17 of Law no. 7,347, of July 24th, 1985</u>, is hereby revoked, being the Sole Paragraph thereof considered henceforth the caput of the Article, with the following phrasing:

<u>"Article</u> 17. In the case of vexatious litigation, the plaintiffs and the directors responsible for filing the legal action shall be jointly convicted in attorney's fees and to ten times the costs, notwithstanding their liability for damages and losses."

Article 116. Article 18 of Law no. 7,347, of July 24th, 1985, shall have henceforth the following phrasing:

<u>"Article 18.</u> In the legal actions herein addressed, there shall be no advance of costs, charges, legal fees or any other expenses, nor conviction of plaintiffs, unless if proven bad faith, in attorney's fees, costs and procedural expenses".

Article 117. The following provision is hereby added to Law no. 7,347, of July 24th, 1985, having henceforth the following indicated number:

"<u>Article 21.</u> The provisions of Title III of the law that set forth the Consumer Protection Code are hereby applicable to the defense of diffuse, collective, and individual rights and interests, as appropriate".

Article 118. This Code shall come into force 180 days after its publication.

Article 119. All provisions to the contrary are hereby revoked.

Brasília, September 11th, 1990; 169th year since Independence and 102nd year since Republic.

FERNANDO COLLOR Bernardo Cabral Zélia M. Cardoso de Mello Ozires Silva