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IPR enforcement in Vietnam

Nguyen Thi Hong Anh, Partner and Head of IP&T Practice Group at Indochine Counsel, summarizes the treatment of IPR infringements under administrative, civil and criminal statutes.

Regulations on IPR enforcement in Vietnam include the Law on Intellectual Property (the "IP Law"), Civil Code and Civil Proceedings Code, Criminal Code and Criminal Proceedings Code, Customs Law, Law on Handling Administrative Violations, and regulations guiding the implementation of those Laws. Accordingly, IPR infringements can be handled under administrative, civil and criminal statutes. This article summarizes the procedures under all three.

Administrative procedure

Handling of IPR infringements under administrative procedures occurs upon a written request by the IPR holder, or at a decision of a competent authority upon their own detection of infringement. Any request for handling IPR infringements must be accompanied by evidences of the legitimate rights of the IPR holder, and for identifying the infringer and alleged infringement. In practice, such evidences can be evaluated by a licensed assessment organization of which the expert's opinion may be referred by the competent authority during their verification of the infringement in question.

In certain cases, the competent authority may, during their handling IPR infringements, apply interim injunctions in association with administrative measures such as temporary detention of suspected infringers, suspected goods and material

evidence; search of suspected infringers and premises where infringing goods or material evidence are concealed.

Administrative sanctions applied to an IPR infringer comprise main sanctions, additional sanctions and orders for applying measures remedying the consequences of infringement. Main sanctions include fines of a maximum of VND250 million (about US\$10,650) for individual infringers or VND500 million (about US\$21,600) for organizational infringers.

Authorities handling IPR infringements comprise Specialized Inspectorates, Market Surveillance Agencies, Customs Offices, Specialized Police Officers, and Provincial People's Committees. In practice, most IPR infringements are handled by the Market Surveillance Agencies and Specialized Inspectorates.

Civil procedure

IPR infringements under civil procedure are handled upon petitions to the jurisdictional court by IPR holders. Civil remedies include: order to terminate the infringement; order of public rectification and apology; order for performance of civil obligations; order of compensation for damages; and order on destruction, distribution or use for non-commercial purposes.

The principle of compensation for actual material damages and spiritual injury is applied in calculating damages. Compensation for actual material damage

may be determined on the following bases, and may include reasonable costs for legal services:

- (i) The total physical damage determined as the income including profits gained by the infringer as a result of infringement if reduced profits of the IPR holder have not yet been included;
- (ii) The value of the grant of license to use the trademark with the presumption that the infringer has been granted the license to use that trademark to the extent equivalent to the act of infringement;
- (iii) Where it is impossible to determine the compensation in accordance with items (i) or (ii), compensation shall be fixed by the court depending on the loss level but not exceeding VND500 million (about US\$21,600).

Compensation for spiritual injury ranges from VND5 million to VND50 million (about US\$216-2,160), depending on the seriousness of the spiritual injury.

At the request of the IPR holder, the court may apply prescribed injunctive relief including injunctions on seizure, attachment, sealing, prohibition from changing status or removal, and on prohibition from transferring ownership.

The IPR holder must deposit an amount equal to 20% of the value of the suspected infringing goods, if possible of evaluation, or at least VND20 million (about US\$850) as a guarantee for damages.

The Peoples' Court at the district level or, for cases relating to foreign elements, at the provincial level handles civil lawsuits for IPR infringement.

Criminal procedure

Both corporations and individuals may be subject to criminal liability if they commit one of the following acts without consent from the IPR holder on a commercial scale, earn prescribed illegal profits, cause loss at prescribed amounts or if the infringing goods are valued at more than VND100 million (about US\$4,300):



Under prevailing laws of Vietnam, border control measures of IP-related imports and exports can be applied in respect of copyrights and related rights, patent rights, design rights and trademark rights.



- (i) intentionally making copies of works, audio recordings, video recordings;
- (ii) intentionally making copies of publicly available works, audio recordings, video recordings;
- (iii) intentionally infringing protected trademark rights or geographical indication rights, of which the infringing goods are counterfeits. (These are only prosecuted at the request of the IPR owner as the victim of an IP criminal case.)

Penalties sentenced to individual offender range from a fine with the maximum level of VND1 billion (about US\$43,000) or three-years imprisonment with an additional fine of up to VND200 million (about US\$8,600) or prohibition from holding certain positions or doing certain

works for up to five years. Corporate violators may be fined at a maximum level of VND3 billion (about US\$129,000) or with suspension of associated business activities for two years and a fine up to VND300 million (about US\$12,900) in respect of acts listed in (i) and (ii) above, or up to VND500 million (about US\$21,500) for acts listed in (iii) above, or be banned from operating in certain sectors or raising capital for up to three years.

The Peoples' Court at the district level or, for cases relating to foreign elements or complex cases, at the provincial level handles criminal cases of IPR infringement.

Border Control Measures of IP-related imports and exports

Border control measures are performed at the IPR holder's request and for the purpose of detection and collection of evidence of infringement. Subject to the IPR holder's request, searching and monitoring may be applied for two years, extendable for a period of two years but not exceeding the valid duration of the IPRs.

Upon notification of the Customs Office, the IPR holder may submit a request for suspension of customs clearance procedures for suspected goods for the time period of 10 working days, extendable for a maximum of 10 working days, provided the IPR holder makes a guarantee, which may be a deposit equal to 20% of the value of the suspected goods, if capable of evaluation, or of at least VND20 million (about US\$850), or alternatively, to submit a deed of guarantee issued by a bank or other credit institution. Upon expiration of the time limit for suspension of customs clearance, if the applicant fails to initiate civil proceedings and no decision is made under administrative procedures by the relevant customs office, the suspected goods will be released and the IPR holder must compensate for damages caused to the owner of the suspected goods as well as pay related expenses such as fees for storage and preservation of goods.

Under prevailing laws of Vietnam, border control measures of IP-related imports and exports can be applied in respect of copyrights and related rights, patent rights, design rights and trademark rights. This scope of application is broader to requirements in TRIPS and the Progressive

Agreement for Trans-Pacific Partnership (the "CPTPP"), both of which Vietnam is a member. This is scheduled to be amended in a currently circulating draft law for further amendment and supplementation to the IP Law (the "Draft Law"). Under the Draft Law, border control measures would be limited to goods suspected of infringing the rights of trademarks, geographical indications and pirated copyrights and related rights. The Customs Office would have the right to suspend customs procedures for suspected counterfeit goods at their own discretion.

In general, although facing challenges, especially in the context of increased deployment of e-commerce, IPR enforcement in Vietnam has improved. And with the Government's stated intellectual property strategy through 2030, it is hopeful that IPR enforcement in Vietnam will further improve in access and effectiveness.

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- Availability searches and pre-filing advice
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- Procurement/supply agreements for IT & telecom products and services
- IT & telecom projects



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