

CHAPTER 2 INTELLECTUAL PROPERTY RIGHTS

OVERVIEW

Intellectual Property Rights Sector Committee under EuroCham (IPRSC) was established in 2012 to provide a platform for our members to exchange information, voice their concerns and make recommendations for a stronger enforcement of intellectual property (IP) rights in Vietnam. By doing so, we hope to help to bringing the IP legal system closer to the common global standards, producing a healthier and more competitive business climate, and so helping to enhance Vietnam's position as a safe haven of foreign investment. Especially at a time when Vietnam is actively engaged in the global integration process, including the ratification of the European Union-Vietnam Free Trade Agreement (EVFTA).

Chapter 12 of the EVFTA contains provisions on intellectual property, including promises on standards of protection, enforcement, and international cooperation on intellectual property, which explicitly define the extent and principles of preserving property rights. Inventions, industrial designs, trademarks, geographical indications, private information, plant varieties, and copyright are all examples of intellectual property for distinct IP objects. These promises represent both an opportunity for Vietnam to increase the efficacy of intellectual property rights enforcement and a demand for Vietnamese companies to properly understand and have the best preparatory plans in place in order to fully benefit from these commitments, take advantage of the implications that these regulations bring.

We applaud the Vietnamese Government's recognition of the significance of IP rights protection in general, and IP rights enforcements in particular, by issuing guidelines and policies to increase protection and enforcement. However, despite the Government's attempts to defend IP rights, there are still challenges in enforcement that generate significant difficulties for makers of EU IP-protected items.

As a result, we believe that the suggestions below will help to improve the efficiency of IP rights establishment while also actively contribute to the preservation and enforcement of IP rights to guarantee a fair and time-saving handling process for IP disputes in Vietnam.

I. INTELLECTUAL PROPERTY RIGHTS ENFORCEMENT

Relevant authorities: Ministry of Culture, Sports and Tourism (MOCST), Ministry of Information and Communications (MIC), Ministry of Science and Technology (MOST), Ministry of Industry and Trade (MOIT), Vietnam Directorate of Market Surveillance (VDMS), Supreme People's Court (SPC)

1. Criminal prosecutions of IP infringement

Although the Criminal Code has been in force since 1 January 2018,¹ enforcement agencies such as the Economic Police, the People's Procuracy, and the Court have yet to receive any official guidance regarding criminal prosecution for IP infringement. In the meantime, the infringement's sophistication and complexity, as well as a number of practical issues, continue to present obstacles for both IP owners and agencies during the infringement management process. Some typical examples include the lack of a precise definition of "commercial scale", inconsistencies in determining "illegal profits" for the purpose of determining criminal liability, the dearth of explicit directives regarding evaluation methods and criteria, which impede the establishment of "criminal intent" according to the provisions of the Criminal Code.² Indeed, the number of criminal cases prosecuted each year is still relatively low. In Vietnam, IP proprietors commonly depend on administrative remedies to resolve cases of IP infringement cases. However, it has been observed that the sanctions imposed on successful administrative remedies are comparatively lax and fail to effectively deter subsequent infringements.

An area of progress in Vietnam's endeavour to refine and augment its IP legal framework is the establishment

1 Criminal Code 100/2015/QH13 issued on 27 November 2015 by the National Assembly (Criminal Code)

2 Trademark infringement under Article 226 of Criminal Code.

of specialized IP courts. In particular, as stipulated in Article 61 of the Draft Revised Law on Organization of the People's Courts of 2014 (Draft), the Intellectual Property Court of First Instance, the Administrative Court of First Instance, and the Bankruptcy Court of First Instance shall comprise the specialized the People's Court of First Instance.³ Currently, the Supreme People's Court (SPC) is soliciting public comments on this Draft.

Furthermore, in order to enhance the efficacy of law enforcement agencies in their efforts to address infringements, it is critical to underscore once more the significance of the SPC issuing authoritative guidance on criminal prosecution of IP infringements in order to furnish all enforcement agencies with timely direction. Furthermore, it is imperative that enforcement agencies engage in consistent dialogue and collaboration with pertinent organisations and individuals, such as members of IPRSC, in order to address the obstacles and develop suitable resolutions that effectively address the ever-evolving and complex nature of IP infringements in Vietnam.

2. Mandatory expert opinion from Vietnamese IP organisations

Issue description

Although there is no legal obligation to seek opinions for enforcement actions and proceedings, IP enforcement and proceeding agencies have traditionally requested formal or professional opinions from IP organisations such as the Vietnam Intellectual Property Research Institute (VIPRI), the Intellectual Property Office of Vietnam (IP Vietnam), and the Expertise Center for Copyright and Related Rights (ECCR).

Potential gains/concerns for Vietnam

The necessity of an expert opinion substantially hampers the effectiveness of enforcement and adjudication processes as a result of the rapidity and unpredictability associated with opinion rendering. There are instances in which VIPRI and IP Vietnam hold divergent viewpoints regarding the same subject requiring evaluation and inspection. The discrepancy arises from whether the evaluation procedure considers the object's overall aspect. This creates challenges for both adjudication and enforcement agencies as they are unwilling to consider the alternative solutions or make independent decisions within the scope of their functions and authority.

While the internal discrepancies between VIPRI and IP Vietnam pose challenges to adjudication and enforcement processes, they also have broader implications for the determination of IP infringement. This leads to concerns related to consumer confusion, as the current evaluation procedures does not take into account consumers' evaluations.

Recommendations

- Advocate for IPR enforcement agencies to carry out enforcement and adjudication activities in accordance with their jurisdiction and functions, with professional opinions serving as a point of reference only; rights holders are not obligated to provide additional professional opinions in situations where an infringement is overtly apparent or where analogous cases have occurred in the past.
- In addition to technical considerations, adjudication and the management of infringements should take into account the malicious intentions of infringers who intentionally create counterfeit products that are not entirely identical to the original products on the market with the intention of deceiving consumers or capitalizing on the reputation and popularity of the original products to promote similar products (free riding technique).
- Strengthen propaganda and training to enhance the capacity and knowledge of adjudicating and enforcement agencies regarding intellectual property in order to facilitate the exercise of their authorities and the performance of their duties.
- Accelerate the establishment of specialized IP courts.
- Recognize and incorporate consumer perspectives into the adjudication and enforcement processes, considering the potential impact of infringement on consumer welfare and addressing instances where

³ Full text of Draft 2 and Statement of Draft 2 of the Supreme People's Court on the revised Law on Organization of People's Courts of 2014

consumer confusion may arise. This could involve engaging consumers in the evaluating process or conducting surveys to better understand the public perception of IP-related issues

3. Complexity of copyright registration procedure for enforcement

Issue description

Vietnam, a signatory of the Berne Convention, adheres to the principle that copyright protection is automatically secured without the necessity for registration or any formal procedures. However, it is common practice in most countries to have a system of voluntary registration of works. While the Vietnamese Intellectual Property Law⁴ does not require the registration of copyrights and related rights for protection, it appears that obtaining a registration certificate is essential for authors to enforce their rights in the event of a dispute.

Potential gains/concerns for Vietnam

Currently, the process of registering copyrights with the Copyright Office of Vietnam (COV) presents several challenges for intellectual property owners. These challenges include the requirement to submit sensitive documents such as the passport or national ID card of the author/creator and employment contracts, which may contain personal, private information, as well as trade secrets and confidential business information. Additionally, authors or creators are required to sign a declaration, a task that can be problematic if they are no longer employed by the company or, in some cases, if they are deceased. As it stands, only certificates of copyright registration are accepted as valid proof of copyright ownership, and no alternative forms of documentation are considered.

Recommendations

- › Encourage flexibility to consider alternative proof of copyright ownership instead of the copyright registration certificate.

II. INTELLECTUAL PROPERTY RIGHTS PROSECUTION

Relevant authorities: Ministry of Science and Technology (MOST), Ministry of Culture, Sports and Tourism (MOCST), Ministry of Information and Communications (MIC)

1. Copyright issues

Issue description

The requirement in Circular 08⁵ to “summarize the main content of the work” should align more closely with the essence of copyright protection. Additionally, guidance is needed for the “commitment to the creation of the work” section, particularly in instances where the author is deceased.

Potential gains/concerns for Vietnam

Copyright laws do not secure the substance of a work; rather they safeguard its expression. A synopsis of the content-related aspects of a script, including dialogue/quotes, characters, or context, does not determine whether a registered work is protected. We have concerns regarding the potential prolongation and the complexity of the copyright registration procedure due to the requirement for modifying the copyright registration declaration in relation to this summary.

As it is not possible for a deceased author to complete the “commitment to the creation of the work” section, guidance should be provided as to whether this section can be left vacant in lieu of the author’s signature, so as

4 Law 50/2005/QH11 promulgated on 29 November 2005 of the National Assembly on Intellectual property, as amended by Law 07/2022/QH15 promulgated on 16 June 2022 of the National Assembly amending and supplementing a number of articles of the Intellectual Property Law (Intellectual Property Law)

5 Circular 08/2023/TT-BVHTTDL dated 2 June 2023 of the Ministry of Culture, Sports and Tourism regulating forms for registration of copyright and related rights (Circular 08)

to prevent the necessity of revising the copyright registration declaration.

Recommendations

We recommend amending and supplementing the provisions of Circular 08 on copyright registration declarations as follows:

- Remove the requirement for content-related summaries in works.
- Clarify that the commitment section need not to be completed if the author is deceased.

2. Patent issues

Issue description

Security control protocols for inventions

Article 14 of Decree 65⁶, which was issued on 23 August 2023, and is in effect at that time, provides guidance on Article 89.a regarding situations in which security control procedures are required for inventions. This decree details a number of articles of the Intellectual Property Law.

Nonetheless, certain regulations remain ambiguous. For instance:

- What is the definition of a Vietnamese invention? Can a partially Vietnamese invention be deemed as having been invented in Vietnam?
- In the event that both a foreign entity and a Vietnamese entity hold the registration right to an invention, are the initial filing requirements mandatory to adhere to once all security control conditions have been fulfilled?
- Which technical domains are deemed to have a significant influence on the national security and defense of Vietnam? In Appendix VII of Decree 65, for instance, item 4: “Devices and technology used for intelligence, counterintelligence, and criminal investigation” is included in the list of technical disciplines that affect national security and defense. Certain devices, including radars, cameras, phones, image processing processors, and general wireless communication equipment, can be utilized for intelligence, counterintelligence, and criminal investigation in addition to civil intentions. Do inventions of these devices need to comply with security control regulations? (whether security control requirements apply automatically to inventions related to these devices, or only when the inventions’ descriptions explicitly specify that the devices are utilized for intelligence, counterintelligence, and criminal investigation purposes).

Besides, according to Decree 65, whenever inventions are subject to security control requirements, the initial step is to submit patent applications in Vietnam or PCT applications⁷ of Vietnamese origin. Numerous applicants, in fact, have no interest in the Vietnamese market because they exclusively export and trade their products abroad; therefore, they have no reason to submit a patent application in Vietnam. Furthermore, it is not uncommon for applicants to abstain from submitting a PCT application due to their preference for filing patent applications exclusively in one or a limited number of countries, rather than submitting a PCT application for a Vietnamese origin. Nevertheless, in order to fulfill the security control prerequisite, the applicants are still obligated to submit their initial patent application in Vietnam or a PCT application of Vietnamese origin. Therefore, IP proprietors are wasting their time, resources, and money on this mandatory procedure.

Potential gains/concerns for Vietnam

IP owners may find it challenging to ascertain their responsibilities with regard to the security control of their inventions when regulations are ambiguous.

Should an IP owner not have an interest in safeguarding their invention in Vietnam, the obligatory prerequisite of initially filing a patent application in Vietnam or a PCT application of Vietnamese origin serves only as a

⁶ Decree 65/2023/ND-CP dated 23 August 2023 of the Government detailing a number of articles and measures to implement the Intellectual Property Law on industrial property, protection of industrial property rights, rights to plant varieties, and state management of intellectual property (Decree 65)

⁷ A PCT application is a patent application filed under the PCT. The PCT is the 1970 Patent Cooperation Treaty as amended in 1984 and 2001.

security control regulation. This process imposes a burden on both IP Vietnam and IP owners due to its rigidity and inflexibility. IP owners may request withdrawal or abandonment of a patent application after it has been filed. Indeed, numerous nations, including the United States, France, China, and India, afford IP proprietors the opportunity to select the security control method for patent applications.

Recommendations

- In accordance with Vietnam’s responses at multiple conferences, a partially Vietnamese invention is still required to file an initial application. As a result, we suggest that this response be formally incorporated into Circular Decree 65.
- According to IP Vietnam’s responses at multiple conferences, it is imperative that both domestic and foreign entities comply with the initial filing requirements when submitting an application for a utility solution patent or a patent. As a result, we suggest that this response be formally incorporated into Circular Decree 65.
- The Circular that provides guidance for Decree 65 should specify which technical domains are deemed to have an influence on defense and national security. For instance, is a security control requirement applicable to an invention pertaining to a device that serves multiple functions, including intelligence, counterintelligence, criminal investigation, and civil purposes (e.g., smartphones, cameras, image processing chips, general wireless communication equipment, and radars)?
- Further regulations should be imposed to allow intellectual property proprietors to select between the two procedures outlined below:
 1. File a patent application in Vietnam or a PCT application of Vietnamese origin (as currently stipulated in Decree 65).
 2. Submit a first filing request for a patent application: In this instance, a concise description (i.e., no more than one to two pages) is sufficient to demonstrate the invention’s nature and initiate the first filing procedure (Decree 65 does not specify this circumstance; therefore, it is suggested that this be included in the Circular guiding Decree 65).

3. Trademark issues

Recognition of well-known trademarks

Issue description

The Amended Intellectual Property Law (Amended IP Law) has revised the concept of a “well-known trademark” in Article 4.20. Under the new definition, a well-known trademark is recognized as a mark that is widely known by the relevant section of the public within Vietnam, as opposed to being known by the general consumer base across all fields, as was stipulated in previous regulations. This amendment aligns with the assessment criteria for well-known trademarks detailed in Article 75.1, focusing on “consumers concerned who have come to know the trademark.” This change is expected to streamline the process for recognizing well-known trademarks in the future. Additionally, the Amended IP Law aims to alleviate the burden of proof for IP owners in establishing a trademark’s well-known status. While the criteria in Article 75 for evaluating well-known trademarks remain unchanged from previous regulations, trademark owners now need to satisfy only “a few specific criteria” from Article 75, rather than all. The Amended IP Law further introduces a time reference for establishing the well-known status of a trademark.

Decree 65 explicitly states that the criteria set forth in Article 75 of the Amended IP Law serve as the foundation for establishing rights to a well-known trademark (Article 10.2), determining protected subjects (Article 73.5), identifying infringement of rights related to a well-known trademark (Articles 77.2 and 77.4), and proving the right holder of a well-known trademark (Article 91.5).

As per the current regulations, well-known trademarks are acknowledged based on decisions by IP Vietnam or through civil proceedings in court. Nevertheless, existing legal documents lack specific guidelines regarding the scope of authority, responsibilities, and powers of competent agencies in the review and recognition of well-known trademarks. These documents also fall short in detailing the procedures for the evaluation and recognition

of well-known trademarks.

Potential gains/concerns for Vietnam

The absence of detailed regulations for competent authorities to recognize well-known trademarks and the procedures for such recognition can result in numerous conflicts during the implementation of the law. Specifically, owners of well-known trademarks are currently unable to fully exercise their legitimate rights as prescribed by law. This is due to their inability to establish and enforce their rights in the face of infringements and unfair competition. In practice, the delay or failure of IP Vietnam to address cases involving opposition and invalidation of protection certificates based on well-known trademarks hinders the exercise of trademark rights by third parties. To mitigate the subjectivity of IP Vietnam and other relevant authorities in recognizing the protection of well-known trademarks, it is imperative to introduce public regulations that provide detailed guidance on the criteria for determining famous trademarks.

Recommendations

Issue comprehensive guidelines regarding the capabilities of agencies tasked with identifying and certifying well-known trademarks, as well as the processes involved in this regard. Specifically:

- Prescribe detailed regulations regarding the scope of authority, tasks, and powers of competent agencies responsible for reviewing and recognizing well-known trademarks.
- Provide detailed instructions concerning testing regulations and specific criteria for the recognition of well-known trademarks in scenarios related to the establishment and enforcement of rights.
- Offer guidance on the procedures for coordination and consultation among relevant competent agencies in the process of considering and recognizing well-known trademarks.

4. Delay in the establishment of IP rights

Issue description

Pursuant to the Intellectual Property Law and its associated guiding Circulars, the period for substantive examination of a trademark registration application is stipulated not to exceed nine months from the date of its publication. If the application requires re-examination, or if the applicant modifies the application or submits additional remarks in response to notifications from IP Vietnam, the total duration for such re-examination or processing of amendment requests generally should not surpass the initial examination timeframe.⁸ Nevertheless, the actual practice shows that substantive examination of trademark applications often experiences delays, typically extending to about two years from the date of publication. Furthermore, if the applicant provides feedback on the results of the substantive examination, it usually requires an additional twelve months or more for IP Vietnam to review the feedback and reach a final decision on the trademark registration, depending on the complexity of the case.

Regarding international registrations designating Vietnam, if part or all of the goods or services fail to meet the protection criteria or exhibit deficiencies, IP Vietnam will issue a provisional refusal notice. This allows the applicant to rectify these deficiencies or contest IP Vietnam's preliminary refusal. The procedure for correcting deficiencies or challenging the provisional refusal aligns with that for national trademark applications, including adherence to application regulations.⁹ Recently, there is a considerable backlog at IP Vietnam in addressing responses to notices of provisional refusal concerning Vietnamese designations of international trademark registrations. Some cases, submitted over three to four years ago, remain unresolved.

⁸ Article 119 of the Amended IP Law.

⁹ Article 41.6 Circular 01/2007/TT-BKHCHN dated 14 February 2007 by the Ministry of Science and Technology guiding the implementation of the Government's Decree 03/2006/ND-CP dated 22 September 2007 specifying details and guiding the implementation of a number of articles of the Intellectual Property Law on industrial property (Circular 01), as amended by Circular 16/2016/TT-BKHCHN issued on 30 June 2016 of the Ministry of Science and Technology amending and supplementing a number of articles of Circular 01/2007/TT-BKHCHN dated 14 February 2007 guiding the implementation of the Government's Decree 103/2006/ND-CP dated 22 September 2007 detailing and guiding the implementation of a number of articles of the Intellectual Property Law on industrial property, as amended and supplemented according to Circular 13/2010/TT-BKHCHN dated 30 July 2010, Circular 18/2011/TT-BKHCHN dated 22 July 2011 and Circular 05/2013/TT-BKHCHN dated 20 February 2013 (Circular 16).

In line with the provisions of the IP Law and the Law on Complaints¹⁰, the timeframe for addressing an initial complaint at IP Vietnam should not exceed thirty days from the acceptance date. In complex scenarios, this period may extend but should not surpass forty-five days.¹¹ However, it is observed that numerous complaint cases related to trademark registration applications have been pending at IP Vietnam for over a decade without resolution.

Potential gains/concerns for Vietnam

We recognize the challenges faced by IP Vietnam due to the escalating volume of applications and the concurrent scarcity of human resources, which have contributed to the delays in processing. Nevertheless, the increasing delays in the adjudication of numerous trademark registration applications are a matter of considerable concern and warrant earnest attention from IP Vietnam. Such protracted delays are causing significant difficulties and disruptions to the business operations of trademark applicants in Vietnam and are adversely impacting consumer interests. Specifically in Vietnam, without an official certificate of registration, it becomes challenging or nearly impossible for trademark owners to take measures to safeguard their interests related to their brand or reputation. When the rights of legitimate trademark owners are not upheld, consumers are at risk of encountering counterfeit, substandard, or fraudulent products. Additionally, for trademark owners, the uncertainty regarding the protection status of their trademarks can significantly influence their business decisions and strategies, including marketing, promotion, negotiations, partnerships, mergers, and acquisitions.

Recommendations

- Implement requisite actions to expedite all phases of the trademark registration application process. This encompasses the submission of applications, evaluation of content, and addressing inquiries such as trademark renewals, responses to notices of refusal, particularly those concerning international trademark registrations designating Vietnam, and handling various types of complaints.

5. Guidance from IP Vietnam on the Letter of Consent

Issue description

The Letter of Consent (LOC) is currently not explicitly regulated, acknowledged, or rejected within the IP Law and its accompanying guiding documents. In its trademark evaluation practices, IP Vietnam, through Notice 15168¹² has provided interim guidance on issues relating to the LOC, which are detailed as follows:

In each specific case, the LOC issued by the owner of a referenced trademark may serve as evidence to counteract a notice of refusal for trademark protection, provided that certain principles and conditions are adhered to:

- The trademark under application must not be identical to or significantly different from the referenced trademark;
- The LOC must include mandatory elements as specified by relevant regulations; and
- In instances where a third-party application is filed for a trademark similar to a previously protected trademark based on an LOC, the new applicant must furnish the LOC from each owner of the referenced protected trademarks.

Potential gains/concerns for Vietnam

The lack of a definitive legal framework for recognizing a LOC, coupled with the provision permitting the approval of an LOC to address specific grounds for the refusal of trademark protection on an individual basis, renders the trademark application process both challenging and uncertain, with outcomes that are often vague and unpredictable. Frequently, even when the submitted LOC adheres to the guidelines and criteria set forth by IP Vietnam, trademarks are still denied protection. The reasons for such refusals are not clearly articulated, leading to confusion among applicants. This uncertainty, inconsistency, and lack of clarity in IP Vietnam's guidance and

¹⁰ Law on Complaints 02/2011/QH14 dated 11 November 2011 by the National Assembly (Law on Complaints).

¹¹ Article 22.6 Circular 01 as amended by Circular 16 and Article 28 of the Law on Complaints.

¹² Notice 15168/TB-SHTT issued on 29 December 2020 by the National Office of Intellectual Property on resolving a number of issues in the examination of trademark applications (Notice 15168).

practice concerning trademark evaluation significantly hampers applicants in formulating strategies for trademark protection and devising business plans. The situation not only results in wasted time, effort, and financial resources for the applicants and the reference trademark owners who issue the LOCs, but also for all parties engaged in negotiating the LOCs, particularly when such documents are not accepted by IP Vietnam as evidence to counter a notice of refusal for trademark protection.

Moreover, although the stipulation requiring new applicants to submit an LOC from each owner of previously protected reference trademarks for similar third-party trademark applications is logical, it imposes challenges on applicants. In practice, it is often not feasible for applicants to ascertain beforehand whether a reference trademark is subject to another LOC issued by a different reference trademark owner.

Recommendations

- It is essential to explicitly define the conditions for accepting the LOC within the Intellectual Property Law and relevant decrees and circulars. This approach aligns with international norms, mirroring trademark evaluation and protection methods used globally. Moreover, it does not contradict the fundamental tenets of civil rights determination under Vietnamese law.
- Alongside stipulating the principles and criteria for LOC acceptance, it is necessary to incorporate provisions addressing scenarios where the LOC is not acceptable. In trademark evaluation practice, any LOC that satisfies the established acceptance criteria and does not encounter regulatory objections should be endorsed. This measure is vital to eliminate ambiguity, inconsistency, and challenges faced by applicants and stakeholders, including the unnecessary expenditure of time, effort, and resources.
- The development and maintenance of a comprehensive, up-to-date database that is readily and freely accessible to the public is crucial. This database should provide detailed information regarding trademarks protected based on a LOC, including the issuer of the LOC and the specific trademarks involved. Such a resource will empower applicants to make informed decisions and apply for LOCs from all proprietors of previously protected reference trademarks, in accordance with the relevant principles and conditions stipulated in current regulations.

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