

# Vietnam: New legislative efforts to strengthen enforcement mechanisms

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Since the adoption of the Law on Intellectual Property in 2005, most experts have acknowledged that Vietnam's intellectual property regime generally complies with the requirement of TRIPS. However, enforcement mechanisms in the country have remained weak. In the last few months, Vietnam has issued new legislation which is expected to improve the country's intellectual property law enforcement regime. These new regulations are summarised below.

## I. New criminal penalty guidelines

On February 29, 2008, Inter-Ministerial Circular No. 01/TANDTC-VKSNDTC-BCA-BTP was jointly issued by the Supreme People's Court, Supreme People's Procuracy, Ministry of Public Security and Ministry of Justice ("Circular No. 01"). Circular No. 01 provides detailed guidelines for handling criminal intellectual property cases.

Circular No. 01 defines thresholds for determining whether infringements are considered "serious", "very serious" or "especially serious" under the relevant Criminal Code provisions on intellectual property crimes. Vietnam reportedly plans to revise the relevant articles of the Criminal Code to more clearly provide for the imposition of criminal penalties in intellectual property cases. Accordingly, some authorities have stated that Circular No. 01 is a temporary regulation that has been put in place until the Criminal Code can be amended.

The thresholds for determining criminal culpability are clearly stated in Circular No. 01. For example, under Circular No. 01, for copyright infringement, if there are sufficient other elements to constitute a crime, any one of the following levels of infringement is considered to have caused "especially serious consequences", and may also result in imprisonment for the infringer of six months to three years:

- a. Having a commercial scale and objective, and having received profits of VND100,000,000 (approx. US\$6,060) or higher;
- b. Causing material damage to the holder of the copyrights or related rights of VND450,000,000 (approx. US\$27,270) or higher (including damage caused by infringement of copyrights or related rights and damage that the holder of the copyrights or related rights incurs as expenses for the rectification of the consequences caused by the infringing action);
- c. Infringing goods having a value of VND500,000,000 (approx. US\$30,300) or more.

Circular No. 01 also sets forth thresholds for infringements of industrial property, with relatively similar values of infringing goods and profits used to determine the thresholds.

## II. Increased administrative penalties

On April 2, 2008, the Standing Committee of the National Assembly adopted the Ordinance Amending and Supplementing a Number of Articles of the Ordinance on Administrative Penalties (the "Amended Administrative Penalties Ordinance"). Under the Amended Administrative Penalties Ordinance, the maximum administrative fine for infringing intellectual property rights was raised from VND200 million (approx. US\$12,100) up to VND500 million (approx. US\$30,300). The new penalties will enter into effect on August 1, 2008, and it is expected that the new penalties will provide a greater deterrent effect than the former penalties, which were too low.

## III. New border enforcement regulations

On March 31, 2008, the Director General of the General Department of Customs ("GDC") issued Decision No. 916/QĐ-TCHQ Promulgating the Regulations on the Receipt of Requests to Monitor Exported and Imported Goods in Respect to Intellectual Property (the "Customs Monitoring Regulations"). The Customs Monitoring Regulations provide forms and instructions for rights holders to request customs authorities to monitor imported and exported goods for intellectual property infringements, including copyright, trademark and patent infringement.

Requests for customs monitoring may be submitted to the GDC for cases related to the jurisdiction of two or more provincial or municipal level Customs Bureaus. Provincial and municipal level Customs Departments may receive Requests for local customs monitoring within their jurisdiction.

Two types of requests can be filed under the Customs Monitoring Regulations, including:

1. Requests for general monitoring of goods for violations of the rights holders intellectual property rights (valid for one-year, and renewable); and
2. Requests to cease customs clearance procedures for specific shipments.

Requests for general monitoring will be handled within 30 days of receipt by customs authorities, and requests for the cessation of customs clearance procedures for specific

shipments will be handled by customs authorities within 24 working hours from receipt.

#### IV. Guidelines on civil cases regarding IP infringement

On April 3, 2008, Inter-Ministerial Circular No. 02/2008/TTLT-TANDTC-VKSNDTO-BVHTT&DL-BKH&CN-BTP Providing Guidelines on a Number of Articles of the Law in the Resolution of Disputes on Intellectual Property in the People's Court was jointly issued by the Supreme People's Court, Supreme People's Procuracy, Ministry of Culture, Sports & Tourism, Ministry of Science & Technology and Ministry of Justice ("Circular No. 02"). Circular No. 02 provides detailed guidelines regarding procedures and evidence for judges to observe in handling civil cases related to intellectual property disputes. Circular No. 02 also contains provisions regarding the application of various relevant Vietnamese laws. For example, if an issue is not provided for under the Law on Intellectual Property, then the Civil Code shall apply. Additionally, Circular No. 02 contains provisions on how to reconcile conflicting provisions between Vietnamese law and international or bilateral treaties (such as the United States - Vietnam Bilateral Trade Agreement, which contains many provisions on intellectual property rights protection).

In regard to well-known trademarks, Section III.2.1 of Circular No. 02 affirms the right of holders of well-known trademarks to sue for infringement in Vietnam, in cases in which their trademark is not registered in Vietnam. Detailed provisions on damages calculation and injunctions are also set forth under Circular No. 02, and are discussed further below.

##### A. Damages

Aggrieved rights holders may obtain relief in the form of compensation for:

1. Spiritual (i.e. reputational) damages;
2. Property losses;
3. Reduced income and profits;
4. Losses for business opportunities; and
5. Reasonable expenses to prevent or rectify damage.

Additionally, aggrieved rights holders can also recover reasonable attorney's fees.

##### B. Injunctive relief

Under Circular No. 02, a rights holder may request the application of emergency measures (such as seizure of evidence, freezing of bank accounts, etc.) upon the filing of a civil lawsuit or after filing a civil lawsuit. When filed together with a civil lawsuit, the complaint must contain all information required for a civil suit under Article 164 of the Civil Procedure Code.

Emergency measures may be requested in the following cases:

1. There is a danger that irreparable damage may occur to the rights holder; or
2. Infringing goods or evidence may be dispersed or destroyed.

##### C. Inter-agency co-operation

Circular No. 02 contains a number of provisions that allow the court to co-operate with other agencies in resolving intellectual property cases, including, most notably:

1. The court may see the opinion of outside agencies on issues which require specialisation in intellectual property. Specifically, the court is empowered to seek opinions from the following agencies:
  - Copyright Office of Vietnam;
  - National Office of Intellectual Property;
  - Local Departments of Culture and Information;
  - Local Departments of Science and Technology; and
  - Vietnam Internet Centre.
2. If the court deems that a case may constitute a criminal act, the court shall transfer the relevant files to the People's Procuracy to determine whether to handle the case criminally.

#### V. Conclusion

The foregoing legislative developments should help strengthen the enforcement regime in Vietnam. However, the authorities should consider a number of additional steps, including:

1. Introducing a specialised Intellectual Property Court, so that resources can be focused on building up a strong team of expert and experienced judges;
2. Implement an expedient and efficient system of seeking search orders and criminal warrants, which is necessary to stop and handle intellectual property crimes before evidence can be destroyed;
3. Adopt measures to impose ISP liability to combat online piracy; and
4. Impose secondary liability in respect of those who knowingly rent space to businesses dealing in counterfeit products.

Most importantly, authorities need to impose, in actual practice, the stiffer administrative penalties and the criminal penalties provided for under the new legislation mentioned above, so that the enforcement regime truly deters infringement.

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