

Vietnam

Thomas J Treutler and Nguyen Thi Phi Nga
Tilleke & Gibbins - Vietnam

www.practicallaw.com/4-505-4123

OVERVIEW OF MAIN IPRS

1. Please give a brief overview of the main IPRs in your jurisdiction, including how they are protected (whether through registration or otherwise). Consider:

- Patents.
 - Trade marks.
 - Copyright.
 - Design rights.
 - Confidential information.
 - Any other main IPRs that apply in your jurisdiction.
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Industrial design rights

In Vietnam, patents, trade marks and design rights (known as industrial designs) must be registered with the National Office of Intellectual Property (NOIP) to be enforced.

It is advisable to register all valuable trade marks early, because Vietnam is a first-to-file country, and there is not much recourse if another company registers first for the mark (unless it is infringing a very well-known trade mark). There are some limited protections for unregistered well-known trade marks, but enforcement is time-consuming and difficult.

Vietnam is a member of the:

- Patent Cooperation Treaty (PCT) and patents can be registered through PCT channels.
- Madrid Agreement.
- Madrid Protocol in regard to trade marks.

Copyright

Copyrights are registered with the Copyright Office of Vietnam. Registration is not mandatory, as copyright is secured on fixation. Nevertheless, registration is recommended to accelerate enforcement.

Unregistered trade dress (for example the look of a product's packaging) can be protected as a commercial indication under the Law on Competition. In general, trade dress can be considered a commercial indication if it has become associated in the minds of consumers with the product or product manufacturer.

Confidential information

Confidential information can be protected in Vietnam, but is usually protected as a trade secret. Under Vietnamese law, information that is valuable to businesses and provides a commercial advantage can be considered a trade secret, provided that the owner has implemented measures to protect the information.

Such measures could include:

- Stamping the documents with "confidential".
- Requiring non-disclosure agreements to be signed by those who access the information.
- Generally limiting access to the information.

However, there has been no enforcement in Vietnam of such regulations, and, therefore, enforcement may be difficult. In particular, Vietnam has special regulations on the protection of data used in pharmaceutical product testing and clinical trials, as well as registration applications.

Other main IPRS

Vietnam grants protections for satellite signals under its Law on Intellectual Property and the Brussels Convention.

Importantly, Vietnam also protects circuit board layouts (Law on Intellectual Property and Brussels Convention).

Vietnam has a domain name registration system, and has regulations on domain name disputes. Nonetheless early registration of domain names is recommended, because Vietnam's domain name dispute resolution procedures so far have not been very effective.

For further information about the main IPRS, see *The Main IPRS: Vietnam*.

MAINTAINING IPRS

2. What facilities are available to conduct IP searches and obtain IP information on registered IP rights, for example to search:

- Before an application to register an IPR.
 - After registration to maintain IPRS and monitor possible infringement?
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Law firms can request trade mark, design and patent searches of the NOIP's official database. There is a public database, but it is

incomplete and not always available; therefore, searches of the public database may not be reliable.

Post-registration, searches for infringing marks can be undertaken by lawyers using the official NOIP database. Further, the *Official Industrial Property Gazette* of Vietnam, which is published monthly, can be searched manually to seek infringing applications or registrations.

3. What steps must a business take to maintain the registration and status of its main IPRs (for example, registration renewal, using an IPR in a certain time period, and avoiding misuse of the IPR)?

The steps a business must take to maintain the registration and status of its main IPRs include:

- A registered trade mark must be used within five years before the filing of a cancellation action to avoid potential cancellation based on non-use.
- Trade mark registrations must be renewed every ten years.
- Maintenance fees must be paid to maintain utility patents.

4. What steps can a business take to avoid committing an infringement of a main IPR and to monitor whether a competitor is infringing its IPRs?

A business should request its Vietnamese advisers to make the relevant searches. The most accurate searches are conducted using the NOIP's official databases, as the publicly available databases can be incomplete and out of date.

To detect infringements, companies should request their advisers to monitor the *Official Industrial Property Gazette*, to check whether any third parties are attempting to register confusingly similar trade marks. It is best to oppose such trade marks before registration, because it is time consuming, difficult and costly to cancel a registered trade mark in Vietnam.

Companies can also request their advisers to conduct periodic market checks to inspect the market for potential infringements.

EXPLOITING IPRS

5. What are the main steps in an IP audit in your jurisdiction to determine the content of an IP portfolio?

The main step in an IP audit in Vietnam to determine the content of an IP portfolio is to verify that the registrations are still valid through a search at the NOIP. Additionally, attention should be paid to determining whether all licence agreements and assignments have been properly recorded with the NOIP.

The business should request a search of all registrations or applications in the name of the target company or owner.

ASSIGNMENT

6. How can main IPRs be assigned (for example, in whole or part, with or without goodwill (in the case of trade marks), in relation to future rights, and with jurisdictional restrictions)?

In Vietnam, IPRs can only be assigned in whole and with goodwill. Territorial restrictions can be included in licence agreements. Trade mark assignments can be limited to the territory of Vietnam.

7. What formalities are required to assign each of the main IPRs (for example, in writing, signed by both parties and registration)?

Vietnam has formal requirements under the Law on Intellectual Property that apply to assignments of IPR. IPRs must be assigned via a written assignment that must be recorded with the NOIP. Both parties must sign the assignment, and an assignment price must be designated.

8. What main terms should be included in an assignment of IPRs?

There are a number of mandatory contractual terms for the assignment of an IPR including (*Article 140, the Law on Intellectual Property*):

- Price (consideration) which must be specifically indicated.
- The names and addresses of the parties.
- The rights and obligations of the respective parties.
- The registration number of the IPR must be clearly stated.

In addition, pending applications can also be assigned.

LICENSING

9. How can each of the main IPRs be licensed (for example, in whole or part, with or without goodwill (in the case of trade marks), and with jurisdictional restrictions)?

Licences must be made in whole with goodwill, and can be made with jurisdictional and territorial restrictions.

10. What are the formalities to license each of the main IPRs (for example, is registration required)?

There are a number of formal requirements for the licensing of IPRs, including (*Law on Intellectual Property*):

- Licence agreements in Vietnam must be in writing.

- A licence agreement should be registered with the NOIP to be enforceable against third parties.
- An unregistered licence agreement is only enforceable against the parties to the agreement. The registration is performed via an application to the NOIP, and usually takes about two to three months to complete.

Importantly, only trade marks registered in Vietnam can be licensed. If the trade marks are licensed to a regional master licensee before being sublicensed to a Vietnamese entity, then both the master and sub-licence must be registered with the NOIP.

If a licence agreement is not registered, the parties may face difficulties when attempting to transfer royalties abroad.

11. What main terms should be included in an IP licence?

In addition to stating the rights and obligations of the parties, the licence agreement must specify:

- The relevant territory, duration of licence, price and termination procedures.
- Whether it is exclusive or non-exclusive.

TAKING SECURITY

12. Is security commonly taken over IPRs? If yes, which types of IPRs are commonly secured? What problem areas commonly arise (for example, problems valuing the secured IPR assets, or when enforcing the security)?

Security taken over IPRs in Vietnam is rare, but not legally prohibited. The taking of security over copyrights and trade marks has taken place in the jurisdiction. Vietnam has no guidelines on valuing such assets, and authorities are often sceptical of valuations.

Recently, Decree 102 which was issued in late 2010 affirmed that IPRs are considered an asset and can be used to contribute capital to a company.

13. What are the main security interests taken over IPRs? How are they created (for example, in writing) and how are they perfected (that is, made enforceable against third parties, for example by registration)? Consider:

- Patents.
 - Trade marks.
 - Copyright.
 - Design rights.
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All security interests must be registered with the relevant Secured Transaction Centre, which serves as a recordal body.

M&A

14. What IP-related due diligence is commonly carried out in:

- A share sale?
 - An asset sale?
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The same type of due diligence is carried out regardless of whether there is a share sale or an asset sale.

In general, due diligence exercises include:

- A check of the validity of registrations of IP.
- Reviews to determine whether the products of the company tend to infringe third party IPRs.
- Licence agreements scrutinised to ensure that they have been properly registered.

It is advisable to examine whether a trade mark has been used in Vietnam, because it can be subject to a cancellation action for non-use if it is not used within five consecutive years prior to the date of a request for its cancellation based on non-use.

Additionally, product registrations with health authorities, such as cosmetics, food and pharmaceuticals, should be checked for validity.

15. What IP-related warranties and/or indemnities are commonly given by the seller to the buyer in:

- A share sale?
 - An asset sale?
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In general, a warranty of proper title is provided in both cases.

16. How are the main IPRs transferred in:

- A share sale?
 - An asset sale?
-

For a transfer of an IPR, an assignment document must be recorded with the NOIP if the owner of the IPR is changed. If there is no change in the name of the owner of the IPR, and there is only a change in the ultimate shareholder of the entity holding the IPR, it may not be necessary to register an assignment agreement with the NOIP.

Where a new entity will hold the IPR which is the case in asset sales and some share sales, an assignment document must be recorded with the NOIP. In general, it takes about two to three months for an assignment to be recorded with the NOIP.



JOINT VENTURES

17. Is it common for companies to set up joint ventures in your jurisdiction to develop projects that heavily involve IPRs? If yes, please briefly outline the main IP-related provisions that should be included in the joint venture agreement.

In general, it is not common for companies to set up joint ventures, unless they are operating in a field where the government requires a joint venture, such as telecommunications.

Most companies which are heavily involved with IPRs set up 100% foreign-owned companies. This serves not only to protect their IPRs, but more importantly to ensure complete control over the management of the company.

In cases in which a joint venture is made, there are often acknowledgements in the joint venture contract affirming that ownership in IPR is not transferred to the joint venture partner but remains under the sole ownership of the original owner, and no goodwill is accrued by the joint venture partner.

COMPETITION LAW

18. Please briefly outline the main provisions of your national competition law that can affect the exploitation of the main IPRs.

Vietnamese competition law is not yet well developed for IPRs. However, there are a few provisions related to IPRs, namely:

- Comparative advertising is not allowed (see *Question 21*).
- Misappropriation or imitation of a commercial indication of a competitor's product or services can be considered an act of unfair competition, and subject to an administrative fine or civil action. A commercial indication can include:
 - trade dress;
 - a trade mark;
 - other aspects of a product.
- Appropriation of a domain name can also be considered an act of unfair competition under Vietnamese law.

19. Please give brief practical examples of national competition law issues that can arise in the exploitation of the main IPRs (such as problematic licence terms) and briefly outline any possible solutions to manage them.

Vietnamese competition law is not well developed for IPRs (see *Question 18*). However, authorities often refuse to accept licence agreements for registration if there are terms and conditions that are considered unfair. Vietnamese authorities do not often accept to register licence agreements that contain a provision prohibiting the licensee from taking legal action against the licensor.

In addition, products produced under a licence must clearly indicate on their packaging that the product was produced under a licence agreement.

20. What exclusions or exemptions are available for national competition law issues involving the exploitation of the main IPRs (for example, are parallel exemptions available)?

As competition law is not well developed for IPR, not many exemptions are available (see *Question 18*). Under Vietnam's Law on Intellectual Property, parallel imports are allowed and are not considered illegal. Despite this, many rights holders can still find grounds to take action against parallel imports on non-IPR grounds, such as:

- Improper labelling.
- Failure to meet registered product quality or specifications.

ADVERTISING

21. Please briefly outline the extent to which advertising laws impact on the use of third party trade marks.

Comparative advertising is forbidden so the nominative use of others' trade marks (that is, the naming and identifying of a competitive trademark) is prohibited (*Law on Competition*).

Businesses that ignore this prohibition and advertise comparatively can be subject to a fine of VND25 million (as at 1 March 2011, US\$1 was about VND20,875). However, up to now, no penalties have yet been imposed in Vietnam for a violation.

EMPLOYEES AND CONSULTANTS

22. Who owns each of the main IPRs created by an employee in the course of his employment? Is compensation payable in relation to employee IPRs? What main steps can an employer take to ensure it owns each of the main IPRs (for example, by including an assignment of IPRs clause in the employment contract)?

The employer owns the IPR because it has invested in the costs of producing the IPR. However, the employee can retain moral rights, including the right of attribution and the right to have the integrity of the work protected. It is unclear whether moral rights can be waived, but it is prudent to ask the employee to sign a waiver of any moral rights.

It is also important for the owner of the IPR to clearly provide in an agreement with the employee (preferably signed at the beginning of the employment), that the employee does not own any IPR, and is not entitled to any statutory royalties (see *Question 23*).

23. Who owns each of the main IPRs created by an external consultant? What main steps can a business take to ensure it owns each of the main IPRs (for example, by negotiating an assignment of IPRs)?

Vietnamese law is not entirely clear on this issue. It is advisable to clearly set out the rights of the parties in an agreement.



An owner of an IPR must provide the creator of the IPR with (*Law on Intellectual Property*):

- 10% of the profits received from using an invention or industrial design.
- 15% of licensing royalties received from licensing the invention or industrial design.

In theory, the parties can agree to waive these statutory licensing rates, or can agree on different rate levels.

It is prudent to require an external consultant to sign a quit claim deed, and an agreement affirming that all IPR rights are automatically assigned to or vested in the business.

TAX

24. What are the main taxes payable by a licensor on the licensing of the main IPRs (for example, withholding tax on royalty payments)?

The main taxes payable by a licensor on the licensing of the main IPRs include:

- Royalty tax, which must be paid by a licensor on IPR that is licensed in Vietnam.
- Withholding tax, which is comprised of:
 - value added tax (VAT) (standard rate of 10%); and
 - corporate income tax (standard rate of 25%).

There is no cap on royalty rates in Vietnam at present.

25. What are the main taxes payable by a seller on the disposal of the main IPRs?

IPR sales will be subject to tax similar to other sales of assets in Vietnam (that is, VAT and corporate income tax at the standard rates) (*see Question 24*). Specifically, the sales will be subject to VAT (standard rate of 10%) and corporate income tax (standard rate of 25%).

CROSS-BORDER ISSUES

26. What international IP treaties is your jurisdiction party to?

Vietnam has entered into the following intellectual property treaties and conventions:

- WIPO Paris Convention for the Protection of Industrial Property (1883).
- WIPO Berne Convention for the Protection of Literary and Artistic Work (1971).
- WIPO Madrid Agreement Concerning the International Registration of Marks (1891).

- WIPO Protocol relating to the Madrid Agreement (1989).
- WIPO Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957).
- PCT.
- WIPO Agreement on Trade-Related Aspects of Intellectual Property Rights (1994).
- European Convention relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite.

Vietnam has also entered into:

- A bilateral trade agreement with the US containing many provisions on IP.
- An agreement on IPRs with the government of Switzerland.

Further, the US and Vietnam have also signed a bilateral agreement on copyright and related rights.

27. Are foreign IPRs recognised in your jurisdiction? Please briefly outline any relevant recognition or registration procedure for each of the main IPRs.

Unregistered well-known trade marks are protected to a certain extent under Vietnamese domestic law, as well as under international treaties that require the protection of well-known trade marks in Vietnam.

Specifically, trade marks that are similar to well-known ones cannot be registered. Products that bear trade marks that are similar to well-known trade marks are considered to be infringing. However, in practice, the provisions of the law are difficult to enforce.

If a foreign IPR has become well associated by Vietnamese consumers with an IPR owner or product, it is possible that the IPR may be considered to be a commercial indication under Vietnamese unfair competition law and regulations. Imitation or misappropriation of that commercial indication can be considered an act of unfair competition under Vietnamese law.

REFORM

28. Please briefly summarise any proposals for reform and state if they are likely to come into force and, if so, when.

In the future, Vietnam may adopt optical disk legislation, but the timing of this new legislation is unclear. Various collecting societies (a body created by private agreements between the copyright and related rights holders) are urging Vietnam to adopt such legislation to better regulate and control the manufacture of DVDs, VCDs and CDs in the country.

Foreign governments are also encouraging Vietnam to improve its domain name dispute resolution procedures. At present, arbitration is not mandatory, but must be agreed on by both disputants, and so far, no parties have agreed to go to arbitration. Therefore,

outside of negotiation, the only alternative is costly civil litigation, which could have unpredictable results due to the courts' lack of familiarity with domain name concepts.

At present, enforcement against infringements in the digital environment in Vietnam is very inefficient.

Finally, it is likely that pressure will be exerted on Vietnam to expand the definition of commercial scale in determining which infringements are eligible for criminal sanctions. The TRIPS

Agreement requires criminal liability for any infringement on a commercial scale. In some countries, this definition can be based on objective criteria, such as an amount of products sold, or based on the intentions of the infringer.

Currently, sales of pirated DVDs will escape criminal punishment in many cases, due to loopholes in the law that will result in many sales of such products to be deemed non-commercial in nature.

CONTRIBUTOR DETAILS



THOMAS J TREUTLER

Tilleke & Gibbins - Vietnam

T +84 4 3772 6688

F +84 4 3772 5568

E vietnam@tillekeandgibbins.com

W www.tillekeandgibbins.com



NGUYEN THI PHI NGA

Tilleke & Gibbins - Vietnam

T +84 4 3772 6688

F +84 4 3772 5568

E vietnam@tillekeandgibbins.com

W www.tillekeandgibbins.com

Qualified. US, California, 2001

Areas of practice. IP; technology; multimedia and communications.

Recent transactions

- Representing major broadcasting companies to combat theft of satellite signals in Vietnam.
- Representing rights owners in actions against counterfeit foodstuffs and luxury goods, as well as actions against software piracy.

Qualified. Vietnam, 2001

Areas of practice. IP; IP commercialisation; life sciences.

Recent transactions

- Advising on all IP and IP-related matters.
- Representing rights owners in prosecution, enforcement and commercialisation of IP rights in Vietnam.

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IP REGISTRATION AND PROSECUTION

Patents, Petty Patents, and Designs | Trademarks | Copyrights
Geographical Indications | Trade Secrets

IP COMMERCIALIZATION

IP Due Diligence | IP Licensing and Contracts | Pharmaceuticals and Life Sciences
Entertainment Law | Internet and Domain Name Disputes

IP LITIGATION/ENFORCEMENT

Investigations | Anticounterfeiting Campaigns | Customs Actions
Negotiation and Dispute Resolution | Civil and Criminal Litigation

OUR TEAM

THAILAND: Headed by Darani Vachanavuttivong, Co-Managing Partner of the firm and Managing Director of IP; Alan Adcock, Deputy Director of IP; Srila Thongklang, Partner and Chief IP Litigator; and Nandana Indananda, Of Counsel; the Intellectual Property Department in Bangkok consists of 48 lawyers (including 7 litigators), 12 patent agents (including 9 patent agents with backgrounds in chemistry, biology, computer science, food science, polymer, physics, or other fields), 10 trademark executives, 1 government/police liaison, 1 in-house investigator, and a support staff of more than 60 people. The technical expertise of 24 specialists in various scientific fields is also available to us when needed.

VIETNAM: Led by Thomas J. Treutler, Managing Director, a USPTO-qualified patent attorney with 13 years of experience in IP in Vietnam; and Nguyen Thi Phi Nga, Department Head, Intellectual Property; the Vietnam Intellectual Property practice group in Hanoi and Ho Chi Minh City consists of 8 attorneys with over 70 years of collective IP experience, 4 industrial property agents, 3 technical translation experts, 2 IP paralegals, and a support staff of 19 people.



Darani Vachanavuttivong



Alan Adcock



Srila Thongklang



Nandana Indananda



Thomas J. Treutler



Nguyen Thi Phi Nga

Bangkok | Phuket | Hanoi | Ho Chi Minh City

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