

# Vietnam: IP Developments

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## VIETNAM AMENDS ITS INTELLECTUAL PROPERTY LAW

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On June 19, 2009, the National Assembly of Vietnam passed an amendment of its Intellectual Property Law (the amended IP Law), which is expected to take effect on January 1, 2010. The current Intellectual Property Law was adopted in 2005 (the current IP Law) and entered into force on July 1, 2006. The drafting and promulgation of the current IP Law took place within a rather tight time frame in response to the need to bring Vietnam's IP regime into step with TRIPS requirements, as part of Vietnam's attempt to complete its negotiations to join the WTO in 2006. The adopted amendments are geared toward resolving the incompliance of several provisions of the current IP Law with TRIPS and Vietnam's other international commitments, while at the same time addressing certain inconsistencies in the current laws. Key amendments have been made in the areas of copyright, related rights, and IP enforcement.

### Term of Protection for Copyright

The amended IP Law solves the unequal treatment among Vietnamese citizens and citizens of the United States and other WTO members by increasing the term of protection to 75 years for cinematographic, theatrical, applied art, and anonymous works, as well as rights of performers, audio and video recording producers, and broadcasters. Under the current IP Law, this term is 50 years, while the U.S.-Vietnam Bilateral Trade Agreement calls for 75 years of protection for U.S. citizens under the law. This means that under the current law, U.S. citizens and citizens of members of the WTO enjoy 75 years of protection of their cinematographic, theatrical, applied art, and anonymous works, while this term for Vietnamese citizens is limited to 50 years. The recent increase in the average life expectancy among the

Vietnamese population has also been taken into consideration for this amendment. The extension of the term to 75 years—which was debated both before and during the IP Law amendment discussions at the National Assembly—will surely ease Vietnam's position in the current negotiations towards the ASEAN-E.U. Free Trade Agreement, as it proposes a 70-year term for protection.

### Administrative Fines

The amended IP Law also makes a long-awaited step forward in administrative monetary fines by removing the inconsistency between the current IP Law provision on monetary fines as an administrative remedy against IP infringement, and the relevant provisions of the law on administrative sanctions. The current IP Law provides that authorities can impose a monetary fine that must be at least equal to the value of the discovered infringing goods but not exceed five times that value. Meanwhile, the law on administrative sanctions provides that monetary fines shall not exceed VND 500 million (approximately USD 28,000). As the value of the discovered infringing goods in many cases exceeds this amount, this inconsistency has created significant difficulties for the application of this IP Law provision. In practice, the competent authorities have never imposed a fine exceeding VND 500 million in an IP administrative decision in order to avoid the fallout that could result from the noncompliance of such decision with the said provision of the law on administrative sanctions.

### Enforcement Provisions

The amended IP Law removes the "cease and desist" letter requirement prior to requesting an administrative action against IP infringement. Instead,

the amended law requires the existence of evidence of "deliberate" infringement. The current IP Law allows a raid to be conducted in an IP infringement case only when the infringer continues to commit the IP infringement despite the fact that a written notice has been served by the IP right holder prior to the request. This provision is not applied if the IP infringement has caused harm to consumers or the public, or if the infringing goods are pirated goods, trademark/geographical indication counterfeit goods, or packaging or labels of trademark/geographical indication counterfeit goods. This requirement was introduced by legislators in 2005 in a worthwhile attempt to limit the application of administrative actions to deliberate IP infringement acts only. In many cases, however, it has actually helped deliberate IP infringers to escape from being punished. For this reason, this requirement was widely criticized by IP owners and practitioners after the promulgation of the current IP Law. The removal of this requirement will surely be much welcomed. Yet, it remains unclear how the "deliberation" requirement will be treated in subordinate legislative documents, or if no such explanation is made, how this requirement will be interpreted by the enforcement authorities.

The amended law also removes the provision (included in the current law) allowing competent authorities to administratively sanction persons who direct others to commit IP infringement. The removal was proposed because the current provision violates one of the main principles of administrative

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sanctions, under which an administrative sanction is only allowed to be imposed on the person who personally commits a violation.

### IP Assessments

Interestingly, the amended law also touches on the IP assessments issue that has been debated for years. The current IP Law unintentionally narrows the scope of activities for which IP assessment can be of use, limiting it to settlement of IP infringement. The amended IP Law expands this scope by providing that competent authorities, IP holders, and relevant individuals or organizations are entitled to request that IP assessment competent persons give their opinion on a certain IP matter. The extension of the scope of IP assessment activities is expected to benefit individuals and organizations in making certain business

plans and/or decisions, such as exploration of a particular technology, applying for registration of a particular generic drug, plant protection product, etc.

### Examination Term

In addition to the key amendments discussed above, the amended law extends the statutory time to complete substantive examination of IP applications. According to this amendment, the statutory time for substantive examination of trademark, industrial design, and geographical indication applications has been extended from 6 months to 9 months, and for patents from 12 months up to 18 months. This amendment is geared toward relieving the backload of applications at the National Office of Intellectual Property due to the increase of IP applications since Vietnam's entry to the WTO and the shortage of patent

and trademark examiners. This extension is a compromise in the debate as to whether the extension should be introduced. Some argued against this amendment, while others recommended giving the government flexibility to adjust the time limits as appropriate at different points of time in the future. The vote was for codification of this time limit to avoid possible abuse of such provision.

With the amendment of the IP Law, Vietnam is taking another step forward in its integration into the global economy. This amendment demonstrates the country's determination to bring its IP regime into line with the international standards in this important field. ❖