

VIETNAM



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IP enforcement roundup 2014

The year 2014 saw several groundbreaking cases in IP enforcement in Vietnam. As negotiations ramp up in talks for the EU-Vietnam FTA and TPP, Vietnam has sent several strong signals to investors that it is taking steps to ensure better protection of IP rights. Notable cases in the last year included:

- A clear-cut victory for a major European research-based pharmaceutical company in an administrative patent infringement action heard by the Ministry of Science and Technology (MOST) Inspectorate. In this case, the infringing pharmaceutical distributor was fined and also ordered to cease infringement of a patent for a cancer-fighting medicine. The precedent-setting aspect of this case was that the product was brought into Vietnam under a special import quota (SIQ), which allows pharmaceuticals that have not yet been granted a marketing authorisation to be imported under special conditions. Of note was the fact that the state-owned pharmaceutical entity that imported the product (a separate entity from the distributor) was issued a formal warning by the authorities. This is a significant victory given that the authorities often hesitate to take formal action versus state-owned companies. With this decision, the plaintiff may now file a civil suit and seek compensation with a very strong basis, or demand further settlement payment.
- The Vietnam Intellectual Property Research Institute (VIPRI), an expert IP assessment agency that is empowered to render non-binding opinions on infringement, issued several opinions affirming the patent rights of research-based pharmaceutical companies. These included a decision concluding infringement in regard to diabetes and cancer-fighting products. The remarkable aspect of one of these opinions was that VIPRI rendered the opinion based on the published ingredients of the product even though the infringing products had not yet physically entered the Vietnam market, but had registered

for a marketing authorisation. The VIPRI opinion could then be supplemented into customs recordal filings, to further affirm the authority of Customs to seize an infringing product that might arrive at the border.

- Pioneering civil patent litigation cases are now also being handled in the courts. In particular, major agro-science companies from Europe have filed civil cases to seek damages from local pesticide companies that have ignored valid patents in Vietnam. VIPRI has issued opinions in favour of the European companies.
- Foreign patent holders are now having to defend against invalidation actions filed by local Vietnamese companies that are being sued for patent infringement in the chemical sector. These invalidation actions have underscored the importance for foreign patent filers to place greater importance on patent translation accuracy.
- A major US pharmaceutical company successfully took action at the MOST Inspectorate against a local vitamin producer that was producing a similar product but had just changed one letter of the US company's trade mark. In an extremely quickly issued decision, the MOST Inspectorate ruled that the local company had clearly committed trade mark infringement and imposed a fine, and ordered a raid, which resulted in the destruction of the infringing products. Notably, the rights holder then successfully petitioned the Vietnamese drug authorities to cancel the marketing authorisation of the infringing product based on the decision of the MOST Inspectorate.
- A US-headquartered printer cartridge manufacturer filed an administrative action for trade mark infringement against a former local distributor in Ho Chi Minh City that had moved on to producing counterfeit products. The action resulted in a raid and seizure/destruction of the infringing goods, and a fine was imposed. The remarkable aspect of this case was that the rights holder then filed a civil action to seek damages in civil court. In addition to awarding damages, the court also granted the largest award of attorney's fees in the history of Vietnam.
- On behalf of a major French cement company whose domain name had been appropriated in Vietnam, the Danang People's Court heard a civil action to seek recovery of the domain name as the registration constituted

an IP infringement. After several attempts to summons the defendant, who had left Vietnam, the court opened an *ex parte* hearing, and awarded the disputed registration to the rightful owner from France.

- In an action related to a .vn domain name that included the name of a US consumer goods retailer, the MOST Inspectorate ruled that the unauthorised domain name registrant had committed an IP infringement. The MOST Inspectorate's decision was then enforced in a groundbreaking ruling by the Ministry of Information and Communications, who ordered the domain name registry VNNIC to enforce the decision, and cancel the infringing domain name. Previously, such decisions could not be enforced at the domain name registry.
- Major US-based franchises filed administrative actions with the MOST Inspectorate to successfully force terminated franchisees in the fitness and real estate sectors to discontinue the use of the protected trade marks and IP rights of the franchisor.

These developments are strong evidence that Vietnam's IPR enforcement system is becoming more and more effective. Further developments are expected next year with forthcoming rulings on patent and patent invalidation cases, as well as further changes to administrative enforcement that will be set forth in a new circular.

Tilleke & Gibbins acted for the rights holders in the cases mentioned above.