

IPR Enforcement Makes Strides in Vietnam

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Over the last 20 years, since the U.S. and Vietnam re-established diplomatic relations in 1994, IPR enforcement has made great strides. The improvements can be attributed to legislative reforms introduced when Vietnam joined the WTO in 2006, and increased efforts to enforce the laws on the books as the Vietnamese economy seeks to attract higher quality types of investment that depend on strong IPR protection. Vietnam is now in the midst of negotiations with the EC in regard to a potential FTA and with the United States in regard to TPP. Against this backdrop, 2014 saw Vietnamese enforcement agencies and courts issue several precedent-setting decisions with harsh sanctions imposed on infringers. These improvements have also led to increased awareness of IPR issues among local SMEs, who do not want to be seen as unsophisticated regarding IPR in the era of business globalization. Gone are the days where the cease and desist letter was promptly placed in the circular file; local business are more and more willing to respond to such letters, and to meet with the counsel of rightsholders to work out issues.

Pharma Patents Enforced: Of particular note, 2014 saw a great deal of action and significant victories for big pharma in protecting their valuable patents and trademarks in Vietnam. These cases included a clear-cut victory by global pharmaceutical innovator Bayer HealthCare, which took action against the Vietnamese distributor of an India-produced generic version of Bayer's cancer drug Nexavar® (sorafenib tosylate). In this case, the Ministry of Science and Technology (MOST) Inspectorate issued a decision declaring that the Indian-produced phar-

maceutical, which had been imported into Vietnam under a Special Import Quota (i.e., it had not been granted a marketing authorization by the Drug Administration of Vietnam (DAV)), indeed infringed upon Bayer HealthCare's patent rights relating to Nexavar®. MOST imposed a monetary fine on the infringing pharmaceutical distributor.

A further breakthrough in Vietnam this year was that the authorities started to take action versus state-owned enterprises that were involved, even tangentially, in infringement. In the past, such infringers were treated with "kid gloves" and the case would typically fade into oblivion with no action against the infringer. In particular, in the pharma area, 2014 saw state-owned companies receive formal warnings from authorities for involvement in importing pharmaceuticals that infringed valid patents, even though the state-owned companies were merely acting as intermediaries to import the products on behalf of the infringing distributors.

VIPRI Works Overtime: In Vietnam, the Vietnam Intellectual Property Research Institute (VIPRI) is an expert "IP Assessment" agency that is empowered to render non-binding opinions on infringement. It handled a record number of cases in 2014, and notably issued several opinions affirming the patent rights of research-based pharmaceutical companies. These included opinions concluding infringement in regard to diabetes and cancer-fighting products. With the VIPRI opinion in hand, such as in the case of Bayer HealthCare's victory mentioned above, the rightsholders were able to quickly seek relief from the MOST Inspectorate. Moreover, the VIPRI opinions could be used to supplement customs records to prevent imports of infringing products at the border. VIPRI should be praised for their willingness to render opinions based on the published ingredients of the product in a marketing authorization issued by the DAV, even before the infringing products had physically entered the Vietnam market. This has led to true pre-emptive relief.

VIPRI also issued opinions declaring trademark infringement that played a key role in separate cases in which U.S.-based

franchises in the real estate brokerage and fitness sectors successfully enjoined terminated franchisees from continuing to use the franchised trademark.

Rightsholders Go to Court: In the past, rightsholders generally only availed themselves of administrative relief before authorities such as the MOST Inspectorate. The view was that the "administrative route" was more efficient in terms of speed and costs, compared to civil actions. Moreover, the MOST Inspectorate has deep expertise in IPR, and its legal analysis is very reliable. However, rightsholders want to be made whole, and in some cases want to pursue civil action where damages and attorney's fees are available (an administrative action can only lead to a fine and destruction of infringing goods, but no compensation is awarded). Of note, the Vietnamese courts are now handling several patent infringement cases in the southern farm belt of Vietnam (Mekong Delta) and Ho Chi Minh City (Saigon) that have been filed by major agrosience companies hoping to enforce their patents over their formulae for pesticides. Given that Vietnam is still an 80% agricultural economy, it is logical that some of the first major patent suits are taking place in this area. In these cases, VIPRI has weighed in, favoring the foreign agrosience companies, and 2015 should see several key precedent-setting judgments issued by the courts.

Is the Translation Correct?: As a practice note, the increase in litigation in the patent area is giving rise to invalidation actions filed by infringers and third-party Vietnamese industry associations. Most of the invalidation actions focus on issues of terminology, and arguments based on whether a person skilled in the art should be expected to understand the patent despite certain issues related to the terminology used in the Vietnamese translation. Therefore, quality translation of patents is increasingly important. This is because a Vietnamese judge, with limited training in IPR, is probably likely to resolve any ambiguities against the patent holder.

Drug Authorities Take Action Versus Infringers: In another landmark case in Vietnam, the DAV ordered the local producer of a vitamin product, that was determined by the MOST Inspectorate to be infringing the trademark of a major U.S.-produced vitamin, to change its name and packaging. MOST also imposed a monetary fine on the infringer. A conclusion from VIPRI regarding the infringement

preceded the MOST action. In separate actions, the MOST Inspectorate also seized and destroyed tens of thousands of products that infringed pharmaceutical trade dress in central Vietnam.

Record Attorney Fees Awarded:

In a case handled by Tilleke & Gibbins, U.S.-headquartered printer cartridge manufacturer Videojet Technologies, Inc. filed an administrative action for trademark 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 rightsholder then filed a civil action to seek damages in civil court. In addition to awarding damages, the court also granted the largest reward of attorney's fees in the history of Vietnam, as well as the costs for the administrative action.

Cybersquatters Thwarted: The year 2014 also marked a year in which several rightsholders successfully recovered their domain names from cybersquatters. In regard to the "*lafarge.com.vn*" case, the Danang People's Court considered the cybersquatting to be an IPR infringement and ruled that the domain name should be turned over to the French cement maker Lafarge. Notably, this case was conducted via *ex parte* hearing.

Similarly, the MOST Inspectorate ruled that the unauthorized domain name registrant for a domain name of a major U.S.-based company Alticor had committed an IP infringement. The Ministry of Information and Communications, based on the MOST decision, then coordinated with Vietnam's domain name registry VNNIC to enforce the decision, and withdraw the infringing "*amway2u.vn*" domain name. In the past, the enforcement of such decisions was rare, if not impossible. These cases may spell the beginning of the end of the era of cybersquatters in Vietnam.