

## VIETNAM

## Patent infringement judgment sets precedent

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On February 2 2015, the Ho Chi Minh City Court held a public trial in a dispute arising out of an infringement of an agrochemical patent. The trial attracted significant attention from IP practitioners as it was among the first patent litigation cases ever tried in the Vietnamese courts. Additionally, the case was apparently the first time a foreign patentee had ever sought to enforce its patent rights before Vietnamese courts. The ruling in the case was to be a litmus test for Vietnam's environment of patent enforcement.

The plaintiff in the case was a major European agrochemical company which holds a patent in Vietnam relating to an agrochemical combination comprising a compound from the chloronicotinyl group such as imidacloprid, and a compound having a pyrazole group such as fipronil. The patent also covers compositions and plant protection products comprising the combination. The company brought a charge of patent infringement against a pesticide producer in Ho Chi Minh City when some infringing pesticide products of the defendant came to the plaintiff's attention.

In view of the fact finding which took place at the hearing, the Court concluded that the defendant had committed an infringement of the patent rights of the plaintiff. Accordingly, in its judgment, the court accepted all of the plaintiff's claims. The Court ordered the defendant to immediately stop producing the infringing products and recall them from the market for destruction. In addition, the Court forced the defendant to withdraw the product registrations of the infringing products with the Plant Protection Department under the Ministry of Agriculture and Rural Development, and issue a public apology to the plaintiff. The Court also rendered a permanent injunction, prohibiting the infringer from importing any raw materials

that infringe the plaintiff's patent and awarded a reasonable amount of legal fees to the plaintiff, a rarity in Vietnam.

The judgment the Court entered provided some precedent-setting rulings for civil action relating to the infringement of patents, especially patents in pharmaceutical and agrochemical areas.

### Role of product registrations

There is a common misunderstanding in Vietnam of the role of product registrations; registration holders often believe possession of a valid product registration makes them immune from other violations of the law, including the IP laws. In this case, the defendant also raised the registration of its products with the Plant Protection Department as a defence to the charge of patent infringement. According to the defendant, once their products were registered for lawful circulation in Vietnam by the competent authorities, the products could not infringe upon the plaintiff's patent.

By virtue of the judgment, the Court educated the defendant on the independence of patent and product registration. The Court warned that Vietnam has not adopted a patent linkage system. Accordingly, there is no bridge between the product approval system and the patent rights associated with the products. The defendant must assume all legal responsibility for the production and marketing of the products, even if the products are approved for circulation.

### Permanent injunctions

In Vietnam, the prevailing laws and regulations stipulate a cessation of the infringement as the final injunction against the infringement. The laws do not contain express provisions on permanent injunctions whereby the court could order an infringer to never infringe the patent again. It was uncertain whether a court could award a ban on future infringement.

In this case, however, the Court issued what was, in essence, a permanent injunction, by banning the defendant from infringing the patent in the future, including producing infringing drugs and im-

porting infringing raw materials. The ban will remain valid until the expiry date of the patent in question. It seems that the Court's ruling has changed the concept of permanent injunctions, paving the way for other courts to follow suit.

### Invalidation of patent during civil litigation

Many IP practitioners believe that seeking an invalidation of the patent in question at the National Office of Intellectual Property (NOIP) will cause a stay of the civil proceedings. This theory had not been tested in practice as patent litigation is very new in Vietnam. During civil litigation, the defendant sought to test the theory with a view to prolonging the proceedings. The defendant filed a request for invalidation of the patent in question amid the civil proceedings. The respondent seemed to believe that the court would suspend the entire proceedings, pending the resolution of the invalidation by the NOIP.

In fact, the Court's ruling ran counter to the defendant's expectation. The Court dismissed the defendant's motion for a stay of the proceedings. It observed that as long as the patent is still valid, the court has to resolve the dispute promptly to protect the legitimate rights and interests of the plaintiff. Therefore, the Court decided to move forward with trying the case and entering a judgment without waiting for the ruling of the invalidation by the NOIP, setting another precedent for similar cases that other courts may have to deal with in the future.

This judgment in favour of a foreign patentee is proof that the patent enforcement system in Vietnam is becoming more effective. Despite being an agricultural country, Vietnam agreed to enforce an agrochemical patent of a foreign entity against a local pesticide producer. The enforcement sends a positive message to investors on the patent enforcement environment in Vietnam.