

VIETNAM

Slow, steady progress for preliminary injunctions

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Despite the importance of preliminary injunctions (PI) in intellectual property disputes to ensure a quick cessation of infringement and to prevent imminent harm to the rights holder, it has been a challenge to get PIs granted in Vietnam. However, correctly identifying and addressing the current obstacles to the application of PIs could make it easier to obtain them in future cases.

The law on PIs

Under Vietnam's IP Law, a party can request a PI as soon as the dispute claim is lodged. In practice, however, the courts have never agreed to consider requests for PIs at such an early juncture, but only after they have "accepted" or "enrolled" the case, meaning after considering whether the statement of claim meets all the formality requirements. This process, although required by law to be completed within five working days, can be much longer in practice. Foreign claimants, in particular, are often subjected to a tangle of requirements such as direct signing of the complaint by an authorised company officer and legalisation of all documents.

The regulations on PIs in Article 206.1 of the IP Law are similar to provisions in more developed jurisdictions, stating that PIs can be applied in the following cases:

- a) When there is a risk of irreparable damages to the IP holder; or
- b) When suspected IP-infringing goods or evidence related to IP infringement are at risk of being dispersed or destroyed if not protected in time.

Guidance on the legal standards for the judge to consider for each of these situations is set forth in Joint Circular No 02/2008 issued by the Supreme Court, which explains that "irreparable damage"

is by definition an unavoidable consequence of an impending infringement in which the damages incurred cannot be remedied without the application of PIs. Thus, they are *de facto* irreparable in nature, in one interpretation. Recent court decisions further state that plaintiffs are not required to quantify the magnitude of the imminent harm.

For the case of goods at risk of dispersal or destruction, Joint Circular 02 clearly indicates that "dispersal" is the scattering of goods or evidence to multiple places to conceal the same, and "destruction" is making goods or evidence change form or completely disappear. The specific PIs that can be applied in cases of IP infringement as cited in Article 207.1 of the IP Law include seizure, sealing/freezing, preventing transportation, and preventing a transfer of ownership rights.

The IP Law also leaves open the possibility of applying other PIs found in the Civil Procedure Code, measures which may include prohibiting or compelling certain actions by the respondent (Article 102.12).

From law to practice

Moving from these sketchy outlines found in the law to actually applying PIs in court can be a difficult journey, so experience in applying the provisions in practice is desirable for counsel. In the absence of official statistics, our research suggests that the earliest instance of a PI request being granted in an IP dispute in Vietnam occurred in a mechanical patent dispute in Thanh Hoa province in 2009, where an infringer was prohibited from manufacturing and distributing infringing goods. Subsequently, PIs have been requested from courts in a few other patent dispute cases, especially those related to pharmaceuticals and agrochemicals, where the rights holders sought a ban on manufacturing and distributing infringing goods as an urgent request. The courts, however, have refused to grant the rights holders' requests, most recently in two cases in the southern provinces of Vietnam in 2014 and 2016. In these cases, the courts cited as the reason for refusal the requestors' inability to show "the amount or value" of the imminent damages, a reason completely at odds with the spirit of the law and unre-

alistic as well, as the point of the PIs requested was to prevent actions that had not yet occurred, where the rights holder could not predict or quantify the magnitude of the potential damage.

In another situation, the court cited as grounds of refusal of a PI the requestor's inability to prove that damages were irreparable; perhaps the court was insinuating that the damages in those situations could ultimately be quantified so a PI was not necessary. However, the court did not seem to consider the guidance set out in Joint Circular 02, in which damages are viewed as inherent in an IP case. Furthermore, in complicated cases, irreparable and unquantifiable damages could include damages such as goods being brought to market that cannot be recalled, damage to the prestige and reputation of the rights holder, depression of prices which can never be later raised back to normal levels, and the risk of other entities also infringing when they see an infringer is not being punished.

Outlook

More patent disputes are being resolved by the courts, and the application of PIs is becoming increasingly important. The good news is that in a recent case in February 2016 in a southern province, the court, though refusing to apply a PI, acknowledged its "partial mistake" and accepted the argument of the IPR holder that it was impossible and not required for the plaintiff to quantify in monetary terms measures prohibiting certain actions (such as manufacturing and distribution) and these measures did not require the IPR holder to submit any security deposit. As such, important lessons for rights holders and practitioners are continuing to come forth in Vietnam.