

VIETNAM

CPTPP brings significant and effective change to Vietnam's IP landscape

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Following the high-profile withdrawal of the United States from the Trans-Pacific Partnership (TPP) in 2017, the remaining members agreed to move forward with a revised trade agreement called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP. The CPTPP came into force on December 30 2018 between the first six signatories, Australia, Canada, Japan, Mexico, New Zealand and Singapore. Vietnam, the seventh country to ratify the new agreement, officially joined the CPTPP on January 14 2019.

The CPTPP introduces a number of significant changes in Vietnam from an intellectual property perspective, some of which took immediate effect on January 14 2019. As per Article 5.3 of Vietnam's Law on Intellectual Property as well as other laws, such as the Law on Treaties of 2016, the CPTPP, as an international treaty, prevails over domestic IP law. We briefly set out such changes below.

Recordal of trade mark licence

The CPTPP eliminates the requirement of recording (registering) a trade mark licence to establish the validity of such licence. Under Article 148 of Vietnam's IP Law, such recordal is a prerequisite for the licence to be valid against a third party. However, with the coming into effect of the CPTPP, such a requirement under domestic law will no longer exist. The CPTPP also expressly indicates that the use of a trade mark by its licensee shall enure to the benefit of the trade mark owner.

Domain name dispute resolution

Currently, domain name dispute resolution is a bone of contention between the relevant authorities. The Ministry of Science and Technology (MOST), which administers IP matters, and the Ministry of Information and Communication (MIC), which administers internet matters, have thus far been unable to reach an agreement to set up effective regimes for resolving domain name disputes involving country code top-level domains (ccTLD). The CPTPP requires Vietnam to set up an effective regime, which could be modelled on the Uniform Domain-Name Dispute Resolution Policy (UDRP) proceedings.

Though this requirement has come into force, brand owners should not expect any immediate change. Rather, they must wait until Vietnam rolls out an amended version of the IP Law (particularly Article 130.1 (d) on acts of unfair competition). While the timeline for the amended law is uncertain, it is expected to be considered in May 2019 when the National Assembly convenes. Hopefully, such an amendment will bridge the gaps between MOST and the MIC, and fix the current loopholes. Complainants will then be able to easily freeze domain names amid the proceedings, call for ex parte proceedings, and retrieve pirated domain names, including domain names that have no active websites.

Grace period for patent novelty

Pursuant to Article 18.38 of the IP Chapter of the CPTPP, Vietnam must extend the exceptions for determining novelty when assessing the patentability of an invention. In particular, an invention will still be considered novel in the case of public disclosure provided that:

- the applicant, or another entity that has obtained the information from the applicant, makes the disclosure; and
- the disclosure occurs no more than 12 months prior to the filing date.

To codify this regulation into domestic law, Vietnam must amend Article 60 of the IP Law.

Damages

The CPTPP provides further details about calculating damages in the case of IP infringement, which could include the lost profits, the value of the infringed goods/services, the suggested retail price, and the infringer's profits generated from the infringement (in the context of copyright infringement and trade mark counterfeiting).

The pact also requires Vietnam to either pinpoint statutory damages (pre-established damages) or provide for punitive damages. Currently, no punitive damages are available in Vietnam. In terms of statutory damages, Vietnam claims to provide damages under Article 205.1 (c) of the IP Law, which are capped at VND500 million. However, in fact, this provision has never been effective in practice. The determination of the amount under this provision still largely depends on the court's discretion. With the lack of a pre-established amount per infringement or for infringing goods, and for convenience, courts often refuse to apply the provision.

Other changes

Some other regulations in the CPTPP make immediate changes to the IP landscape. Exhaustion of rights will now expressly apply to copyright and related rights, hence the legality of parallel imports of copyrighted works. The pact also affords protection to the translation or transliteration of geographical indications.

The CPTPP brings about other significant changes to IP enforcement (especially criminal action and the customs seizure of exports and goods in transit), patent linkage, and data exclusivity. However, unlike the changes mentioned above, the treaty allows a corresponding transition period for Vietnam to adopt such changes.

With these changes, the CPTPP indeed lays down a higher standard for IP protection, which could both pose a challenge and open up an opportunity for Vietnam. IP is consistently considered an engine for economic growth in Industry 4.0. Thus, Vietnam should make the most use of the opportunity which the CPTPP affords to drive the economy forward.