

## VIETNAM

## New free trade agreement with EU strengthens IP protection

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On June 30, after nine years of negotiations, Vietnam and the European Union officially signed the landmark EU-Vietnam Free Trade Agreement (EVFTA), an ambitious and progressive agreement that includes important provisions on intellectual property.

In broad terms, the EVFTA's Chapter 12 on Intellectual Property emphasises the signatories' adherence to applicable international treaties such as the TRIPS Agreement, the Paris Convention, and the Patent Cooperation Treaty, while introducing requirements to address weaknesses or gaps in the current practice. We highlight some of the most significant changes below.

### Trademarks

The most notable change for trademarks is the EVFTA's introduction of a clearly defined "genuine use" requirement for defence against a non-use cancellation action. The introduction of this requirement may help to clear the register from marks that are not genuinely used by the mark owners. As Vietnam's current IP law does not specifically mention the scale or type of use required to defend a mark from a non-use cancellation, many marks survive based on token use only.

The EVFTA also allows the parties to provide that a trademark can be subject to termination if it has become the common (generic) name in the trade for the product or service for which it is registered, as a result of the proprietor's acts or inactivity. While this type of termination already occurs in Vietnam, it is not specifically mentioned in the country's IP law.

### Geographical indications

One of the most notable elements of the EVFTA is the parties' agreement to implement systematic registration and protection of geographical indications (GIs). While GIs have long been a key interest and point of pride for EU members, they have been the subject of little attention in Vietnam. Under the EVFTA, 171 established EU GIs and 39 established Vietnamese GIs will be automatically protected without having to go through the standard registration process.

The EVFTA also allows coexistence or grace periods for the use of certain GIs such as "Gorgonzola" and "Champagne" in prior registered marks in Vietnam for cheese and wine, provided there is actual commercial use in good faith, which shows the effort to harmonise the rights of stakeholders from different jurisdictions.

### Industrial designs

Under the EVFTA, Vietnam's system for protecting designs will soon see many changes, as the country must accede to the Geneva Act (1999) of the Hague Agreement Concerning the Registration of Industrial Designs within two years from the date the EVFTA takes effect. Vietnam's participation in this agreement will benefit design applicants, who will have more options and more flexible requirements. For example, while Vietnam's current IP Law only protects whole designs (the whole product or a separable part/component of a product), partial designs will also be protected under the EVFTA.

For designs of components of a complex product, only designs and features of designs that are *visible* during normal use of the product are protected under the EVFTA (normal use excludes maintenance, service, or repair work). Although Vietnam has issued corresponding regulations on visibility of designs, the protection of visible features should be clarified, either by new laws or by changes in practice.

### Patents

The EVFTA states that the parties will simplify and develop their patent regis-

tration procedures by referring to, among other things, the multilateral Patent Law Treaty (PLT), of which Vietnam is not yet a contracting state. Any future amendments to Vietnam's patent laws will therefore likely be affected by the PLT.

Further, the EVFTA requires an effective mechanism for patent term extension/restoration as compensation for any unreasonable delays suffered by a patent owner while awaiting marketing authorisation for a pharmaceutical product from an authorised office. As Vietnam has been cited as having "concerning marketing approval delays," it is very likely that a mechanism will be added under which patent protection for human drugs can be extended beyond a 20-year term.

### Enforcement of IP rights

The EVFTA will push Vietnam toward a higher standard for IP enforcement by, for example, requiring customs authorities to use risk analysis techniques to actively target and identify shipments containing imported/exported goods suspected of infringing IP rights, and to provide such risk analysis information to rights holders. Currently, while customs authorities can be quite effective in border control measures, IP rights holders typically need to proactively engage them to ensure their full involvement.

Other enforcement issues raised by the EVFTA that will require changes in Vietnamese law and practice include the application of provisional measures and the presumption of authorship or ownership.

### Outlook

Vietnam's full compliance with the EVFTA, as well as the regional Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that took effect in January 2019, will require a comprehensive review and amendment of its IP law, a major project that is already well underway. The amended IP law is expected to be issued in 2020; in the interim, transitional regulations and guidelines are likely forthcoming.