

VIETNAM

Court issues trailblazing verdict in patent case

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Intellectual property litigation attorneys, especially those in the patent field, are always looking for verdicts that can be viewed as landmarks in the interpretation and practical application of Vietnam's laws and regulations. One such verdict was issued by the People's Court of Binh Duong Province on July 17 2019 in a patent infringement case between a European pharmaceutical company and one of Vietnam's largest manufacturers of generic drugs. The court's judgment provided a number of tantalising "firsts" in terms of legal milestones, addressing questions about provisions found in legal documents that had previously never been enforced in practice.

Validity of foreign expert opinions

The first question answered was whether expert opinions from abroad would be accepted in proceedings in Vietnam. Specifically, because the allegedly infringed patent in this case protected a chemical substance that could only be identified by x-ray diffraction, a sample of the suspect product was sent abroad for analysis, as there were no machines qualified to carry out such work in Vietnam. The analysis results were then compiled in a report which was submitted to Vietnam's patent assessment agency, which relied on the results to issue its own expert opinion, under which the assessed product was deemed to be identical to the patented substance, and thus infringing.

The defendant asked the court to reject the opinions of foreign experts. However, in the course of preparing for the trial, the court consulted the assessment agency, and the agency responded that, within the scope of its jurisdiction, it could refer to any documents that it considered ap-

propriate, including this expert opinion from abroad.

Of all the patent cases resolved in Vietnam so far, it seems this is the first time the legal validity of a foreign expert opinion has been raised. This verdict, with the assessment agency's confirmation of the legal validity of foreign expert opinions, may create a precedent for other agencies to consider in similar cases.

Does statutory compensation require evidence?

Vietnam's IP laws provide principles for determining compensation for damages in both general provisions and specific provisions, which are sometimes completely at odds with one another. For example, the general provisions on statutory compensation in tort under the current civil law state that the damages to be compensated must be, or are limited to, only actual damages, and they must be fully and promptly compensated (Article 585.1 of the 2015 Civil Code). However, the "statutory" compensation prescribed in Article 205.1(c) of the Law on Intellectual Property permits the court to set an arbitrary compensation level of not more than VND 500 million if damages cannot be quantified based on usual grounds, such as monetary damages incurred by the plaintiff, or the price of the assignment of IP rights if the defendant is an assignee.

In patent cases, where most of the plaintiffs are foreign entities and the defendants are Vietnamese companies, due to many obstacles such as a lack of accounting books or damages that cannot be specifically quantified, the plaintiffs often request the court to apply the provisions on statutory compensation levels in their judgments. However, these provisions are often interpreted and applied completely differently in practice. Even in the courts of large localities like Hanoi or Ho Chi Minh City, judges tend to consider the provisions on "statutory" compensation to be the general provisions; the plaintiffs are still required to prove a specific amount of damages to be accepted or rejected. Such a view clearly contains internal contradictions when the law provides specific provisions on statutory compensation for unprovable and un-

quantifiable damages. Therefore, the July 17 verdict is significant in that the court, after determining that patent infringement was committed, approved the application of statutory compensation at the maximum level of VND 500 million.

Relationship between general law and specialised law

Another interesting point in the July 17 verdict is that the court completely rejected the defendant's request to suspend the case until the patent office resolved a patent cancellation request that the defendant had filed right before the trial opened.

At the trial, the defendant asked the court to suspend the case on the grounds of the 2015 Civil Procedure Code. However, in an unexpected action, the court compared the Civil Procedure Code to the Law on Intellectual Property to determine which law should prevail in considering whether to suspend the case. After that, both the court and the procuracy agreed that the Law on Intellectual Property should prevail, because it is a specialised law in relation to the general law of the Civil Procedure Code.

The court then concluded that there were no provisions in the Law on Intellectual Property requiring the court to suspend the case. Therefore the court decided to move forward with the trial and issued a verdict. This method of relying on the relation between the general law and the specialised law is truly a new point in Vietnam.

The court's verdict in this case shows that even though IP enforcement in Vietnam has many limitations in the big picture, there are still cases that can leave positive marks.