



The Legal 500 & The In-House Lawyer
Comparative Legal Guide
Vietnam: Patent Litigation

This country-specific Q&A provides an overview of the legal framework and key issues surrounding patent litigation law in Vietnam.

This Q&A is part of the global guide to Patent Litigation.

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Tilleke & Gibbins

Country Author: Tilleke & Gibbins

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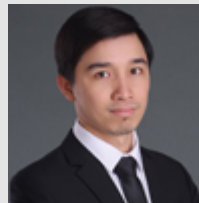
Loc Xuan Le, Principal, T&G Law Firm LLC (TGVN) - local associate of Tilleke & Gibbins

Linh.Duy.Mai@tgvn.vn



Linh Duy Mai, Attorney-at-Law, T&G Law Firm LLC (TGVN) - local associate of Tilleke & Gibbins

duylinh.m@tgvn.vn



Giang Hoang Bach, Attorney-at-Law, T&G Law Firm LLC (TGVN) - local associate of Tilleke & Gibbins

giang.b@tgvn.vn

1. **What is the forum for the conduct of patent litigation?**

The following authorities are empowered to enforce patent rights in Vietnam:

(i) Administrative bodies:

- Inspectorates. These include the Inspectorate of the Ministry of Science and Technology and the inspectorates of the Departments of Science and Technology at the provincial level, which deal with administrative action for patent infringement.
- Customs. Customs can seize patent-infringing goods at the borders of Vietnam. To some extent, customs seizure can be regarded as another administrative action.
- Chairpersons of People's Committees. Chairpersons at the provincial and district levels do not directly handle patent infringement; however, they impose administrative sanctions on infringers in accordance with the petitions from customs or the inspectorates.

(ii) Judicial bodies:

The People's Court system has jurisdiction over patent infringement. There is no special chamber that deals with patent infringement; IP disputes are treated similarly to other disputes when it comes to resolution by the courts.

The major differences (also the pros and cons) of patent enforcement through (i) administrative bodies and (ii) the court are as follows:

	Administrative bodies	Court
Time frame	2-5 months for the authority to render the ruling	12-18 months per level of adjudication
Appeal	The ruling is subject to four appeals (two levels of administrative appeals and another two appeals before the administrative court).	The first-instance judgment is subject to appeal. The appellate ruling is final.
Preliminary injunctions	Not available	Feasible
Experience/expertise	In general, the Inspectorate of the Ministry of Science and Technology (MOST) is the most renowned of all the authorities in terms of its IP expertise and experience, but its knowledge may be considered modest by international standards. MOST often relies on expert opinions from the Vietnam Intellectual Property Research Institute (VIPRI) and/or the Intellectual Property Office of Vietnam (IP Office).	Courts often have limited experience and expertise in handling patent infringement. Courts also often rely on expert opinions from VIPRI or the IP Office to rule on disputes.

Remedies	The typical remedy is a monetary fine. Damage compensation is not available.	Apart from a final injunction, the plaintiff can claim (i) damages, (ii) reasonable attorney fees, and (iii) a public apology. Monetary fines are not applicable.
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2. What is the typical timeline and form of first instance patent litigation proceedings?

For court action, statutorily, the court must try the case within a period of 2 to 4 months. However, in practice, it can take 12-18 months for a case to come to trial. If the parties are able to reach an amicable agreement before the judgment is issued, the court will acknowledge the agreement and issue its decision accordingly. The decision is final and binding on all relevant parties.

If the case goes to trial, the court will rule on the case and render a judgment. A court's judgment can only be appealed once. The court will begin an appellate trial within 6 to 12 months from the appeal. The appellate judgment takes immediate force. No further appeal is allowed.

Meanwhile, MOST will often resolve a patent infringement case within 2-5 months (if there is no appeal). However, in our experience, a complaint to MOST might be ineffective as MOST has recently been quite reluctant to deal with patent infringement.

During the infringement proceedings, the defendant might attack the validity of the patent. In principle, the court can rule on the validity of the concerned patents in an infringement suit. Recently, however, some authorities (including certain courts) have viewed that the court has no power to review the validity of the patent. Rather, the court only reviews the IP Office's decision on granting the patent in question. As a result, in most cases, the IP Office, not the court, handles nullity issues.

For administrative actions (actions before the administrative bodies), the alleged infringer must bring the invalidation action to the IP Office in separate proceedings. Administrative enforcement agencies (such as MOST) cannot hear the invalidation action. In these circumstances, the enforcement agency can still proceed with resolving the patent infringement regardless of the ongoing invalidation action, provided that the patent holder swears under oath to the incontestable validity of its patent.

3. **Can interim and final decisions in patent cases be appealed?**

(i) Administrative action:

In principle, the defendant is allowed to appeal the ruling four times. The first-time appeal will be before the head of the administrative body that renders the ruling. The second will be before the upper leader of the administrative body. The third will be before an administrative court. The fourth (also final) appeal is before an appellate court. In many cases, however, the infringer does not file an appeal.

The first and second appeals might each take around 2-3 months, while the third and fourth appeals before the court would each take around 12 months.

(ii) Civil action:

The first-instance judgment can be appealed once to the upper court (provincial court or Superior Court, as the case may be). Typically, any party can appeal the judgment within 15 days from the date it is issued. The appellate proceedings can last around 12 months. The appellate court's judgment is final and binding. In case of no appeal, the first-instance judgment shall take effect.

4. **Which acts constitute direct patent infringement?**

Under Article 124 and 126 of the IP Law, the following unauthorized acts constitute patent infringement:

- Manufacturing a patented product;
- Applying a patented process;
- Placing orders, assigning or hiring others to manufacture the patented goods;
- Exploiting utilities of a patented product or product manufactured under a patented process;
- Circulating, advertising, offering or stocking for circulation the above-mentioned products;
- Importing the above-mentioned products.

5. **Do the concepts of indirect patent infringement or contributory infringement exist? If, so what are the elements of such forms of infringement?**

Vietnam's current laws do not provide for contributory infringement and/or inducement infringement. Thus, inducement or contribution would not amount to patent infringement.

6. **How is the scope of protection of patent claims construed?**

Vietnam applies the doctrines of equivalent and literal infringement. Therefore, patent infringement can take any of the following forms:

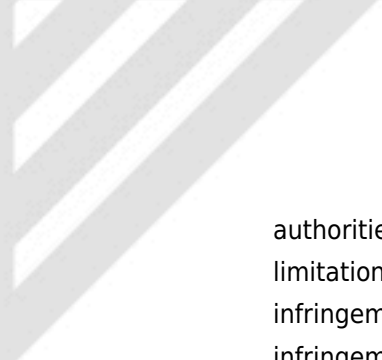
- A product or part (component) of a product that is identical or equivalent to a product or part (component) of a product within the scope of protection of an invention patent.
- A process that is identical or equivalent to a process that is protected as an invention.
- A product or part (component) of a product that is manufactured by a process that is identical or equivalent to a process protected as an invention.

In practice, most patent infringement cases in Vietnam involve literal infringement. Therefore, the courts in Vietnam have not had much practice applying the law on equivalent infringement.

7. **What are the key defences to patent infringement?**

The following defences are available to an alleged infringer:

- Prior use.
- Fair use.
- Parallel importation.
- Compulsory licence.
- The use of the patent is only for the purpose of maintaining the operation of a foreign vehicle in transit or only temporarily entering into the territory of Vietnam.
- Expiration of statute of limitations. When the statute of limitations expires, the competent



authorities can decline to hear the case. In administrative actions, the statute of limitations is two years from the date of termination of the patent infringement. If the infringement is ongoing, the statute of limitations is two years from the time the infringement was detected. In civil actions, the statute of limitations is three years from the date on which the patent holder becomes aware that its legitimate rights and interests are being encroached.

A defendant can also make a number of counterclaims, such as:

- Applying to revoke preliminary injunctions.
- Invalidating the patent.
- Seeking recovery of damages caused by the claimant's actions.

8. What are the key grounds of patent invalidity?

A patent can be invalidated on the following grounds (Article 96.1, IP Law):

- The applicant did not have the right to file an application for the patent.
- The invention did not meet the patentability criteria applicable at the time the patent was issued.

9. How is prior art considered in the context of an invalidity action?

In Vietnam, prior art, whether for prosecution or invalidation, refers to any disclosures made to the public either before the priority date or before the patent filing date if the patent does not claim a priority right. The prior art may be in the form of published documentation or an actual product.

Prior art may be considered when the patent office re-evaluates novelty (to check whether or not the exact claimed invention was disclosed by single prior art, not combination of several prior arts) or re-evaluates inventive step (to check whether or not the claimed invention or the

equivalent solution was taught by one or a combination of several prior arts).

10. **Can a patentee seek to amend a patent that is in the midst of patent litigation?**

It is possible to amend a patent during infringement proceedings. However, this can only be carried out by the IP Office and not the court or the administrative bodies. The court and the administrative bodies can stay proceedings pending the conclusion of the amendment proceedings.

11. **Is some form of patent term extension available?**

No, Vietnamese patents are currently not extendable.

12. **How are technical matters considered in patent litigation proceedings?**

Due to their lack of knowledge and experience in IP, Vietnamese courts often rely on expert opinions from authorised expert witnesses to handle IP cases. These expert opinions, though non-binding, can tip the balance in infringement proceedings, and often provide guidelines for enforcement bodies (the courts and administrative enforcement bodies such as MOST) to resolve their cases. Therefore, for the purpose of patent enforcement, the patentee should try to win a favourable expert opinion confirming patent infringement.

The patentee can seek the expert opinion before filing a suit/administrative action. This would enable the patentee to gauge the chance of success for the proceedings. During the proceedings, the patentee can either seek the expert opinion itself, or ask the court/enforcement body to do so.

Only a few entities in Vietnam are licensed to issue recognized expert opinions on IP infringement, including:

- Vietnam Intellectual Property Research Institute (VIPRI): A quasi-governmental agency under the management of MOST. VIPRI is the only agency authorised to issue expert opinions in the IP field in Vietnam.

- Other licensed independent, individual experts. These experts are mostly former, high-ranking officers at the IP Office.

In addition to VIPRI, the IP Office also issues opinions on IP infringement to facilitate potential enforcement actions. However, in practice, the IP Office has unofficially decided not to issue opinions to IPR holders on patent infringement matters. They primarily only give their opinions to the competent authorities such as the MOST Inspectorate, on request.

13. Is some form of discovery/disclosure and/or court-mandated evidence seizure/protection (e.g. saisie-contrefaçon) available, either before the commencement of or during patent litigation proceedings?

Vietnam has no regulations on discovery.

In principle, there is no mechanism for the court to seize infringing goods and preserve the evidence before civil proceedings. Instead of that, after litigation commences, it is possible to request the court to apply preliminary relief to seize infringing goods.

Meanwhile, the patent holder can proactively preserve the evidence of infringement to submit it to the court, or can pursue an administrative action to seize the goods before pursuing civil action to claim damages. The holder can also seek bailiff recordation of the infringing acts (such as the offering for sale of the infringing articles), which can serve as incontestable evidence of the legitimate purchase.

14. Are there procedures available which would assist a patentee to determine infringement of a process patent?

There is no effective mechanism to protect confidential information during court proceedings.

However, the concerned parties can call on the court to keep the disclosed information strictly confidential from the public. The parties can call for a secret trial (not open to the public).

15. Are there established mechanisms to protect confidential information required to be disclosed/exchanged in the course of patent litigation (e.g. confidentiality clubs)?

There is no effective mechanism to protect confidential information during court proceedings. However, the concerned parties can call on the court to keep the disclosed information strictly confidential from the public. The parties can call for a secret trial (not open to the public).

16. Is there a system of post-grant opposition proceedings? If so, how does this system interact with the patent litigation system?

Opposition proceedings are not available after the patent grant. If the defendant wants to challenge the patent, it must instigate invalidation proceedings (often before the patent office).

In administrative action, while invalidation proceedings are ongoing, administrative bodies must decline to take infringement cases. If the invalidation is filed in the middle of the infringement proceedings, the administrative bodies might either proceed with the final ruling or drop the case. In practice, MOST often holds off on infringement cases pending the final results of the invalidation action.

In civil action (before court), generally, the court is not obliged to stay the infringement proceedings pending the invalidation action. However, some courts have decided to hold off on the main proceedings to wait for the results of the invalidation proceedings.

17. To what extent are decisions from other fora/jurisdictions relevant or influential, and if so, are there any particularly influential fora/jurisdictions?

Vietnamese courts are not bound by the opinions of any foreign jurisdictions. However, Vietnamese enforcement officials have been willing to consider foreign opinions for guidance, particularly in areas of law (such as patent litigation) that are not well developed in Vietnam.

18. **How does a court determine whether it has jurisdiction to hear a patent action?**

Generally, the court will follow the following principles to determine the jurisdiction over the dispute:

- Patent disputes that are for profit purposes would be handled by the provincial court. Other disputes will go to the district court for the first-instance level. Appeals are handled by the provincial court.
- Disputes involving foreign elements (e.g., where the patent holder is an offshore company) will go to the provincial court for the first-instance level. Appeals are handled by the Superior Court.
- The court of the location where the defendant resides/is headquartered shall assert jurisdiction.

The courts do not deal with foreign patents (patents granted by foreign patent offices). Rather, Vietnamese courts would deal with infringement of patents granted by the Vietnam IP Office.

In principle, the concerned parties can seek preliminary injunctions to prevent the other party from commencing or continuing a proceeding in a foreign country. However, in practice, Vietnamese courts do not grant such an anti-suit injunction.

19. **What are the options for alternative dispute resolution (ADR) in patent cases? Are they commonly used? Are there any mandatory ADR provisions in patent cases?**

Generally, the concerned parties can resort to arbitration or mediation. However, these methods are available only if both parties have contractually agreed to refer the matter to these methods.

Vietnam is currently drafting a law on mediation before the court. Once passed, the law is expected to reduce the backlog of suits at courts.

20. **What are the key procedural steps that must be satisfied before a patent action can be commenced? Are there any limitation periods for commencing an action?**

In administrative actions, the statute of limitations is two years from the date of termination of the patent infringement. If the infringement is ongoing, the statute of limitations is two years from the time the infringement was detected. In civil actions, the statute of limitations is three years from the date on which the patent holder becomes aware that its legitimate rights and interests are being encroached.

Normally, before pursuing civil action, the patent holder can prepare the following steps:

Step 1: Obtain expert opinion from VIPRI.

Step 2: Collect evidence on infringement such as samples in the witness of the bailiff office.

21. **Which parties have standing to bring a patent infringement action? Under which circumstances will a patent licensee have standing to bring an action?**

(i) Patent holder

Currently, a patent holder can sue for patent infringement.

(ii) Exclusive licensee

Unless prohibited by the patent holder, an exclusive licensee can commence patent infringement proceedings before the competent authorities. In principle, the licensee must be registered with the IP Office to be eligible to sue (Article 148.2, IP Law).

(iii) Non-exclusive licensee

A non-exclusive licensee can commence infringement proceedings provided that it has been registered with the IP Office (Article 23, Decree No. 105/2006/ND-CP).

(iv) Distributor

In both civil litigation and administrative action, a distributor can initiate patent infringement proceedings if it is authorised to do so by the patent holder.

(v) Other

In administrative actions, the patent holder can authorise external IP agents or the heads of their own representative offices, branches, or agents in Vietnam to pursue the action before the competent authorities (Article 23.1, Decree 99/2013/ND-CP).

22. Who has standing to bring an invalidity action against a patent? Is any particular connection to the patentee or patent required?

Normally, any parties can request the IP Office to invalidate a patent. During infringement proceedings, the defendant can call on the court to review the validity of the patent.

23. Are interim injunctions available in patent litigation proceedings?

Preliminary relief is available, and typically includes the following:

- Seizure of the infringing goods
- Prohibiting certain acts (such as importing and distributing the infringing goods).

The patent holder must prove to the court that its request for a preliminary injunction is reasonable. The request is deemed reasonable in the following circumstances:

- There is a demonstrable risk of irreparable damage caused to the patent holder; or
- There is a demonstrable risk of removal or destruction of potentially infringing goods or evidence of infringement, if not protected in a timely fashion.

Ex parte injunctions are possible as there is no statutory requirement for the court to serve a notice on the defendant. Also, under current practice, the court is unlikely to grant a cross-border or extra-territorial preliminary injunction.

Preliminary injunction proceedings cannot take place without the main proceedings. An application for injunctive relief can be lodged with the court at any time during a civil action and even at the time of filing the complaint. If the application is filed before the trial, the judge in charge of the case will consider and decide on the preliminary injunction. If the application is filed during the trial, the judging panel will decide.

24. What final remedies, both monetary and non-monetary, are available for patent infringement? Of these, which are most commonly sought and which are typically ordered?

1. For civil action, the following commonly sought remedies are available:

- Compulsory termination of the patent infringement;
- Compulsory public rectification and apology;
- Compulsory compensation for damages;
- Compulsory destruction or distribution or putting to use for non-commercial purposes of goods, materials and implements, the predominant use of which is for production or trading of goods that infringe patent rights, provided that this distribution and use does not influence the patent holder's exploitation of its rights; and
 - Recovery of reasonable legal fees.

In addition to the above remedies, the law also provides for a remedy of compulsory performance of civil obligations. However, generally, this remedy only applies to contract disputes.

Remedies in administrative cases may include the following:

- Primary sanctions, which include either a warning or a fine of up to VND 500 million (about USD 22,000);
- Additional sanctions, which include, among others, confiscation of infringing goods as well as means for producing the infringing goods, and suspension of business license;
- Remedial measures, which include, among others, removal/destruction of infringing elements, and recovery of illegal profits from the infringement to the state budget.

25. **On what basis are damages for patent infringement calculated?
Is it possible to obtain additional or exemplary damages?**

Damages will be determined on the basis of the **actual** losses suffered by the patent holder. The damages can include the following (Article 204, IP Law):

- Material damages, including loss of property, decrease of income and profits, loss of business opportunities, and reasonable expenses for the prevention and remedy of these damages.
- Spiritual damages, including loss of honour, dignity, prestige, or reputation, and other spiritual damages.

The compensation can be calculated using one of the following methods:

- An amount of money equivalent to the total material damage and the profits gained by the defendant from the act of infringement if the reduced profits of the claimant have not yet been included in the total material damage.
- The value of the licence of the patent on the presumption that the defendant had been licensed by the claimant to use the patent under a licence agreement within the extent equivalent to the infringing act committed.
 - Other legitimate measure of value the rights holder submits put forward by the plaintiff as per Article 18.74 of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

If the rate of compensation cannot be determined, the court can possibly award damages that do not exceed VND500 million.

Punitive/exemplary damages are not available.

Attorney fees for the court action can, in principle, be recovered.

26. **How readily are final injunctions granted in patent litigation proceedings?**

The court is often ready to grant the final injunction if it expressly finds the infringement. We are not aware of any cases where the court gave weight to the public interest in ruling on a dispute. Generally, for the public interest, the concerned parties might raise this matter in another forum, such as seeking compulsory licensing before the administrative authorities.

The court determines damages based on the principles set out in the answer to Question 25.

27. **Are there provisions for obtaining declaratory relief, and if so, what are the legal and procedural requirements for obtaining such relief?**

There are no declaratory proceedings in Vietnam

28. **What are the costs typically incurred by each party to patent litigation proceedings at first instance? What are the typical costs of an appeal at each appellate level?**

The legal fees for a court case per level of adjudication (either first-instance or appeal) are likely to range from USD 8,000 to USD 25,000, depending on how long the main proceedings last. The above costs cover all the proceedings during the civil actions, including the preliminary injunction proceedings.

29. **Can the successful party to a patent litigation action recover its costs?**

Yes, in principle, the plaintiff can recover reasonable legal fees as well as actual damages. The highest amount of legal fees that Vietnamese courts have ever awarded is around USD 30,000.

If the plaintiff does not prevail in the suit, the defendant can claim the legal fees that it spends on the suit.

The two parties can reach a settlement on the costs.

30. **What are the biggest patent litigation growth areas in your jurisdiction in terms of industry sector?**

Disputes in the pharmaceutical sector have been rapidly developing in recent years. Vietnam is home to more than 90 million people. With its large population and an expanding economy, the country has become an attractive market for pharmaceutical companies. Since local drug producers have not yet acquired sufficient research and development capabilities, they fight an uphill battle against international drug innovators. Under the circumstances, a number of local companies have resorted to patent infringement in an attempt to regain market share.

31. **What do you predict will be the most contentious patent litigation issues in your jurisdiction over the next twelve months?**

In addition to the pharmaceutical sector, patent litigation in the computer and electronics area is likely to increase in the coming time.

32. **Which aspects of patent litigation, either substantive or**

procedural, are most in need of reform in your jurisdiction?

In general, IP enforcement regarding patent litigation in Vietnam has seen positive progress. However, some issues remain headaches to rights holders:

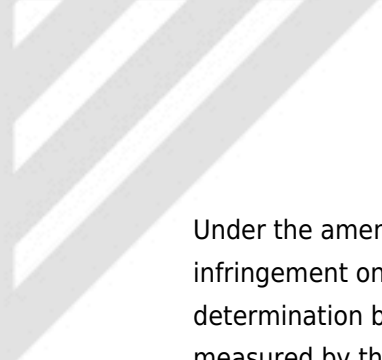
- When dealing patent infringement cases, enforcement bodies sometimes come under great pressure from local authorities with close ties to the infringers, especially for pharmaceutical and/or agrochemical patents, so cases get delayed.
- Enforcement bodies often do not have sufficient expertise to deal with patent infringement.
- Invalidation proceedings before the IP Office have a great impact on IP enforcement, especially patent enforcement, and can often put an end to administrative action against patent infringement. Also, the proceedings can substantially prolong the civil procedures as the court always tends to ask the IP Office for its judgment on the validity of the concerned patents. However, in most cases, the IP Office does not extend any help to the court and often declines to clarify the matters raised by the court. Meanwhile, there is no fast-track regime for invalidation proceedings amid the enforcement process.
- The drug authority does not help patent holders much in the enforcement process. The authority even refuses to withdraw market authorisations of infringing generic drugs in defiance of confirmation of patent infringement from the competent authorities.

33. What are the biggest challenges and opportunities confronting the international patent system?

On June 14, 2019, the National Assembly of Vietnam ratified a law amending and supplementing the IP Law, with the primary purpose being to bring the existing law in line with the terms of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which came into effect in Vietnam on January 14, 2019.

In this regard, patent holders can face the following challenges and opportunities:

- Grounds for claiming compensation caused by IP infringement



Under the amended IP Law, it is possible for a holder of IP rights to claim compensation for infringement on any legal basis which the rights holder is able to prove. Under the CPTPP, such determination basis could include lost profits, the value of the infringed goods or services measured by the market price or the suggested retail price, or the infringer's profits generated from the infringement. This is much more flexible than the previous law, which allowed only certain methods/approaches for calculating damages.

- Attorney's fees

In IP lawsuits, both the plaintiff and the defendant are entitled under the amended IP Law to request the court to force the other party to pay reasonable attorney's fees. This was previously only available to the plaintiff. The defendant may request attorney's fees if it is concluded to have not committed an IP infringement.

- Abuse of IP rights

To comply with the CPTPP, a new provision concerning compensation for the "abuse of IP rights" by the rights holder is included under the amended IP Law. In particular, any parties suffering from damages caused by the rights holder's abuse of its IP rights are entitled to request the court to force such rights holder to compensate for the damages, including but not limited to reasonable attorney's fees. The definition and basis for determining the abuse of IP rights, however, remains vague.