

VIETNAM

Patent infringers cannot use cancellation requests as a delay tactic

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While Vietnam, like the rest of the world, has been focusing on fighting the COVID-19 pandemic, the Vietnamese courts have quietly recorded new milestones in the judgment of patent cases. One of those milestones came on March 12 2020, in a decision on appeal settlement issued by the Superior People's Court of Ho Chi Minh City against a provincial court's decision on suspension of a patent case.

A simple case

The circumstances of the case resulting in the Superior Court's decision were relatively simple. The plaintiff, a US-based multinational drug company, holds a compound patent in the pharmaceutical field. The defendant manufactured medicinal products containing such compound. After sending a warning letter and receiving no cooperation, the plaintiff initiated a lawsuit against the defendant at the People's Court of Ben Tre Province in the Mekong Delta, where the defendant is headquartered. The defendant immediately filed a request at the Intellectual Property Office of Vietnam (the country's patent-issuing agency) for cancellation of the patent in question, and requested the court to suspend the trial of the case until the IP Office issued a decision on the cancellation.

The defendant's filing of a cancellation request, and using it as grounds to ask the court to suspend the infringement case, is a tactic that has been widely used in patent disputes in Vietnam in recent years. It is not difficult to see that the practical purpose of this tactic is simply to extend the trial period of the case,

making the case "clinically dead" when the proceedings are frozen indefinitely. This is because the process for resolving a request for cancellation depends entirely on the IP Office, which is not subject to any time constraints in correlation with the case accepted by the court. Meanwhile, the defendant can continue to manufacture and profit from patent-infringing products. In a number of cases, the process of resolving the cancellation request ends right at the time the patent expires, so when the judgment is announced, it is greatly reduced in meaning.

Dissatisfied with this situation, the plaintiff, as soon as the People's Court of Ben Tre Province decided to suspend the case on November 4 2019, appealed the decision to the higher court in Ho Chi Minh City, requesting the Ben Tre Court to continue hearing the case, independent of the resolution process at the IP Office. It should be noted that only the issuing agency (the IP Office) is authorised to consider canceling a patent in Vietnam, not the court.

The important legal question

Does the lower court have the right (or obligation) to decide to suspend a case until the matter of the patent's validity has been resolved? The legal consequences relating to the answer to this question are clear.

If the answer is yes, it will create a situation where every time the validity of a patent is considered in a lawsuit, the trial process will no longer be in the hands of the court, but in the hands of the IP Office instead. As a result, the patent infringement lawsuit will be divided into two cases – the case relating to the patent's validity, to be resolved first, and the case of patent infringement, to be resolved later.

If the answer is no, the court will have the independent right to try the case, as inherently required by law, without waiting for the IP Office's resolution of the patent validity issue.

A reasonable resolution

In the end, the Superior Court issued a response that was like a knot being untied for the plaintiff and other rights holders. According to the Superior Court, the court initially has the right to issue a decision on suspension of a case in order to check with the IP Office about the authenticity of the process of considering the patent's validity. However, after receiving the IP Office's response, even if that response is purely a status update or a confirmation that a request for cancellation has been filed, the court may not continue the suspension on the grounds that the validity issue itself remains unresolved. As such, the court has to resume the process and the case will continue to be tried as usual.

Immediately after the decision issued by the Superior Court, the case was transferred to the lower court and the lower court had to make a decision to continue the trial of the case.

It is hoped by practitioners that the positive effect of this decision issued by the Superior People's Court in Ho Chi Minh City will spread to many other provincial and city courts in similar cases.