

6.1 IPR Types

Intellectual property rights (“IPRs”) are governed by Vietnam’s Law on Intellectual Property No. 50/2005/QH11, first enacted in 2005, then amended in 2009 and further supplemented in 2019 (“IP Law”). Vietnam’s legal framework for the protection of IPRs is relatively comprehensive, covering most aspects of IPR protection in accordance with international standards. The IP Law regulates copyrights and related rights, industrial property rights and rights to plant varieties; and the protection of such rights, with the subject matter of each of those rights being:

- **Industrial property rights** comprise inventions, industrial designs, designs of semi-conducting closed circuits, trade secrets, marks, trade names and geographical indications.
- **Copyrights** comprise literary, artistic and scientific works; the subject matter of copyright related rights shall comprise performances, audio and visual fixation, broadcasts and satellite signals carrying coded programmes.
- **Rights to plant varieties** comprises plant varieties and reproductive materials.

Vietnam is a member to numerous international conventions regulating IPRs, amongst others: the Agreement on Trade-Related Aspects of International Property Rights (“TRIPS”), the Berne Convention, the Paris Convention for the Protection of Industrial Property, the Madrid Agreement concerning the International Registration of Marks, the Rome Convention for the Protection of Performers, the Producers of Phonograms and Broadcasting Organizations, the Patent Cooperation Treaty and the International Convention for the Protection of New Varieties of Plants. Since December 30th December 2019, European companies and designers are also able to use the Hague System to protect their industrial designs in Vietnam.

IPRs can be either registered or unregistered:

- **Unregistered IPRs** automatically give their owner legal title to their creation, such as e.g., copyrights, unregistered design rights, confidential information and trade secrets.
- **For other IPRs**, registration with the competent authorities is required to establish legal title over the IPR. If no registration occurs, third parties are generally free to register and use your creations. This includes patents, trademarks (except for well-established trademarks) and industrial designs.

For Foreign Investors, the following IPRs are practically most important:

IPR Type	Description	Protection Duration
Trademark	Marks used to distinguish goods or services of different organisations and individuals. They may take the form of words, images or any combination.	10 years from the date of application, renewable for successive 10-year periods without limitation.
Patent	A technological solution presenting worldwide novelty, an inventive step applicable in socio-economic fields.	20 / 10 years from the date of application for invention / utility solutions patents.
Industrial Design Patent	The outward appearance of a product embodied in three-dimensional configuration, lines, colours or a combination of such elements.	5 years from the date of application, renewable twice for 5 years each, up to a maximum of 15 years.
Trade Secrets	Information obtained illegally from business / investment activities, which has not priorly been disclosed.	Recognized but only if both violation and specific damages can be evidenced.
Copyright	Rights of an organisation or individual to works which such organisation or individual created or owns. "Works" means a creation of the mind in the literary, artistic or scientific sectors, expressed in any mode or form.	50 years after author's death. 75 years for films, photos, literary works, works of applied art and anonymous works.

6.2 IPR Registration

All registrations of IPRs must be made at the National Office of Intellectual Property Rights ("NOIP"), which is a subsidiary organisation of the Ministry of Science and Technology. The NOIP's preliminary examination of applications must be completed within three months after receipt. After this, there will be a further evaluation lasting for at least nine months. In practice, IPR registration can take up to 18 months.

6.3.1 Trademarks:

Trademarks can be protected by the IP Law if they are distinctive, visible signs in form of letters, words, drawings or images including holograms, or a combination of these, represented in one or more colours. A trademark is distinctive if it consists of one or more easily noticeable and memorable elements or a combination thereof. Three-dimensional signs (shapes) can be registered as trademarks, but trademarks based on sound and smell are not recognized.

Trademark protection lasts for 10 years from the approval date of the NOIP and can be extended for consecutive 10-year periods for an unlimited number of times. The IP-Law provides a number of circumstances under which a trademark is not eligible for protection, such as in case it is identical or confusingly similar to another trademark already registered or used for identical or similar goods or services in Vietnam.

IPRs are territorial in nature, which means that registrations in one country's jurisdiction are not automatically enforceable in others, and therefore registrations in multiple countries may be necessary. In practice, Foreign Investors often do not register their trademarks locally in Vietnam, because they believe to having already automatically obtained international trademark protection under the Madrid Agreement / WIPO system. However, Vietnam operates under a “first-to-file” system, meaning that the first person to file an IPR application at the NOIP for the territory of Vietnam will own that trademark once approved by the NOIP, regardless of whether or not an international registration under the Madrid Agreement already exists. The NOIP therefore disregards registration under the Madrid Agreement by allowing local registrations even where international protection has already been granted.

Because of the NOIP's above practical approach, it is essential to always register trademarks locally in Vietnam (either by trademark extension over WIPO or by initial trademark application in Vietnam), even if automatic protection under the Madrid Agreement should in theory be sufficient. Otherwise, any third party can register the trademark in Vietnam and then become for the territory of Vietnam the (illegal) owner of that trademark, despite Vietnam being a signatory to the Madrid Agreement. In these (not so uncommon) cases of “bad-faith” registrations, the real trademark owner is then blackmailed into buying back their own trademarks at an inflated price.

6.3.2 Patents:

A patent is an exclusive right granted for an invention. A patent requires i) inventiveness, meaning a new technical solution or improvement to a product or process, ii) novelty, meaning it has not been published or disclosed to the public before, and iii) industrial applicability, meaning that it can be developed into mass manufacturing. Once the patent is granted, invention patents last 20 years without possibility for extension. Utility solution patents last 10 years without possibility for extension. The registration process for both often takes up to 20 months.

To obtain a patent for the territory of Vietnam, an application must be filed with the NOIP. As with trademarks, Vietnam operates under a “first-to-file” system, meaning that the first person to file a patent in Vietnam will own the IPR for Vietnam once the

application is granted, regardless of whether another party was the inventor or the first user of the patented creation. With Vietnam being a party to the Paris Convention, applicants are entitled to a right of priority if the same filing has been made within the last 12 months in any other country being party to the convention. This is useful for patent owners because after first filing in their home country, they then have 12 months to decide which other countries they want to register in, before having to commence international filings.

6.3.3 Industrial designs:

An industrial design patent means a specific appearance of a product embodied by three-dimensional configurations, lines, colours, or a combination of these elements. Industrial design patents cover products with a distinctive shape, pattern or colour, which still maintain novelty and industrial applicability. In order for an industrial design patent to be granted, the design must be new, creative and have an industrial application. An industrial design patent is considered “new” if it differs substantially from industrial designs that are already disclosed to the public inside or outside Vietnam. An industrial design is deemed “creative” if it cannot easily be created by a person with average knowledge in the relevant field. Like patents, an industrial design is considered capable of industrial application if it can be used as a model for mass manufacture of products. However, these cases shall not be protected as industrial design patents: i) if the appearance of a product is dictated by the technical features of the product, ii) the appearance of a civil or an industrial construction work, iii) the shape of a product if it is invisible during product use. Industrial design patents last 5 years, with the option to extend twice for consecutive 5-year periods (15-year maximum protection). Registration may take up to 18 months.

6.3.4 Trade secrets:

Trade secrets include information obtained from financial or intellectual investment activities, which have not been disclosed and are applicable in business. Information qualifies as a trade secret if the information i) has not been made to the public and is therefore not common knowledge, ii) gives its owner a business advantage and iii) remains secret because the owner takes necessary measures to protect the confidentiality of the information. Examples for trade secrets include new products or business models, special techniques, customer and supplier lists, technical know-how etc. Trade secrets do not include personal secrets, state management secrets and other confidential information which is not relevant to business. In practice, trade secrets are protected upon creation and cannot be registered with the NOIP. However, despite being unregistered rights, trade secrets are increasingly being recognized in

Vietnam. They can, at least in theory, be enforced provided their owner can evidence that they are non-public, have commercial value, and sufficient measures have been taken to protect their confidentiality. Those measures include, amongst others, restricting employees' and third parties' access to trade secrets, marking documents with trade secrets as confidential and protecting trade secrets by confidentiality and non-disclosure agreements with employees and third parties wherever possible.

6.3.5 Copyrights:

Vietnamese IP Law protects literary, artistic and scientific works (including performances, audio and visual fixation, broadcasts and satellite signals carrying coded programmes) such as e.g. literary works, scientific works, textbooks, teaching materials, lectures and speeches, press articles, musicals, films and photos, art works, drawings, sketches, plans, maps and architectural works, computer programs and data collections. Protection duration is 75 years from publication for cinematographic works, photographic works, dramatic works, works of applied art and anonymous works, and 50 years after the death of the author for other works. In Vietnam, copyrights are automatically protected under the Berne Convention which extends protection to all treaty countries. However, copyright registration is still advisable to obtain copyright certificates which serve as documentary evidence in case IPR enforcement becomes necessary. Registrations are filed at the National Copyright Office, which is a subsidiary organisation of the Ministry of Culture, Sport and Tourism, and/or the responsible Department of Culture which is responsible in some cases.

6.3 IPR Enforcement

Qualification levels of court officials, judges, customs authorities and other IPR enforcement agencies are still relatively low. Specifically, IPR enforcement agencies outside the big cities often lack both experience and training to render fair decisions and judgements in line with Vietnamese law. Moreover, victims to IPR violations must provide documentary evidence proving the IPR infringement(s) and the actual damages suffered as a consequence of such infringement.

Administrative Actions: Administrative action is the most common route when dealing with IPR infringements. As administrative agencies still lack the expertise to resolve complex disputes, expert opinions must often be obtained to facilitate the resolution of the case. Depending on the value and nature of the case, different governmental bodies may be involved, such as the e.g., the police, customs market control force and competition authority. Those bodies are able to issue on the IPR infringer different penalties and sanctions such as “cease- and desist” orders, fines up

to VND 500 million, confiscation and/or destruction of infringing goods as well as means for producing the infringing goods, suspension of infringer's business license, removal of infringing elements from a product, withdrawal of domain name and/or company's name containing infringing elements, recall of infringing goods already on the market and in some cases the recovery of illegal profit. A request to apply administrative measures against IPR infringers should be filed with the relevant enforcement authority and include with the application: i) documentary evidence of ownership of the infringed IPRs, ii) other evidence such as e.g., samples or photographs or the counterfeit/infringed goods, iii) proof of damages caused by the infringement (if possible) and iv) an expert opinion (if available). Upon submission of those documents, the enforcement agency in charge will then examine the request within one month from its filing date. If the request and its documentation are complete, the competent authority will then raid and seize infringing goods without prior notice to the infringer. If an infringement is found, the relevant authority will also impose sanctions and penalties upon the infringer.

Civil Litigation: For IPR holders to claim - beyond administrative sanctions and fines - additional civil damages, they must commence civil litigation against the infringer. Damages are based on lost sales or the infringer's profits, however if the actual damages cannot be determined, the maximum amount the court can award in such cases is VND 500 million. By taking civil action, IPR holders may also request provisional measures (preliminary injunctions) and claim remedies available under law, especially claims for damages. To initiate a lawsuit, the IPR holder has to file a petition to the court within two years from the date of infringement discovery.

Criminal Prosecution: While IPR infringements may constitute a crime, pressing criminal charges against IPR infringers can be a challenging task, because court-proof evidence must be provided to the court and such evidence is often difficult to obtain. Also, a criminal conviction will not recover any civil damages or losses. Penalties for IPR infringements include monetary fines of up to VND 1 billion and imprisonment of up to three years, provided that the infringement is i) intentional, and ii) on a 'commercial scale'.

6.4 IPR Licensing Agreements

Licensing of industrial property rights is generally permitted but must be made by written contract ("Licensing Agreement"). The following licensing restrictions exist:

- The right to use geographical indications or trade names is not licensable.

- The right to use collective marks must not be licensed to organizations or individuals other than members of the owners of such collective marks.
- The licensee must not enter into a sub-licence contract with a third party unless it is so permitted by the licensor.
- Trademark licensees are obliged to indicate on goods and goods packages that such goods have been manufactured under mark licence contracts.

The IP Law recognizes the following types of Licensing Agreements:

- **Exclusive Licensing Agreement** means an agreement under which, within the licensing scope and term, the licensee shall have the exclusive right to use the licensed industrial property object while the licensor may neither enter into any industrial property object licence contract with any third party nor, without permission from the licensee, use such industrial property object.
- **Non-exclusive Licensing Agreement** means an agreement under which, within the licensing scope and term, the licensor shall still have the right to use the industrial property object and to enter into a non-exclusive industrial property object licence contract with others.
- **Sub-licence Licensing Agreement** means an agreement under which the licensor is a licensee of the right to use such industrial property object pursuant to another contract.

Licensing Agreements must contain at least the following principal contents: i) Full names and addresses of the licensor and of the licensee, ii) Agreement type and term, licensing price and grounds for licensing, iii) Licensing scope, limitations on rights use and territorial limitations and iv) Licensor and licensee rights and obligations.

A Licensing Agreement must not include provisions which “unreasonably restrict the right of the licensee”, which are considered automatically invalid. These include:

- Prohibiting the licensee from improving the industrial property object other than marks;
- Compelling the licensee to transfer free of charge to the licensor improvements of the industrial property object made by the licensee or the right of industrial property registration or industrial property rights to such improvements;
- Directly or indirectly restricting the licensee from exporting goods produced or services provided under the industrial property object licence contract to the territories where the licensor neither holds the respective industrial property right nor has the exclusive right to import such goods;

- Compelling the licensee to buy all or a certain percentage of raw materials, components or equipment from the licensor or a third party designated by the licensor not for the purpose of ensuring the quality of goods produced or services provided by the licensee;
- Prohibiting the licensee from complaining about or initiating lawsuits with regard to the validity of the industrial property rights or the licensor's right to license.

6.5 Practical Tips

- **Register your IPR locally in Vietnam:** Register your IPRs locally in Vietnam even if you have already registered in another Madrid Agreement country.
- **Avoid sharing or disclosing IPRs with business- or JV partners:** Never disclose or assign your IPRs to business- or JV-partners, unless necessary and only after having carried out a comprehensive risk assessment.
- **Include IPR protection clauses in your employment contracts:** Always include in your employment contracts effective IPR protection clauses and educate your employees on the importance of IPR protection, specifically through compliance trainings and assigning one staff to IPR protection.
- **Have IPR protection procedures and mechanisms in place:** Have sound physical protection and destruction methods for documents, drawings, tooling, samples, machinery etc. to avoid leakages of IPRs to third parties and/or competitors. Restrict IPR information to selected staff.
- **Check market competitors:** Make sure that your genuine products are not re-sold under a different brand name. Only use reliable distribution partners and have clear and detailed distribution agreements in place.
- **Use experience of established companies:** Where possible, talk to other businesses already doing similar business in Vietnam about their experiences with protecting their IPRs in Vietnam. Talk in addition with experts and advisors such as lawyers and IP agents who can advise you on various courses of action to protect your IPRs and/or defend your IPRs.
- **Pre-check your IPRs before entering Vietnam:** Check with your attorney whether someone has already registered your trademark in Vietnam, and if so, what course of action is recommended.
- **Collect all evidence to protect your rights:** Regarding enforcement, collect all evidence, specifically quotations, contracts with the infringing party and all email contains infringing information and all other documentary evidence.