

Assignment and Licensing

7.1 General

Under the current rules, the license of an IP object shall be subject to certain conditions. As a pre-requisite, to license an IP object in Vietnam, such object must be already protected in Vietnam, i.e. it has been granted patents or certificates of registration. Those IP objects not yet registered in Vietnam can not be licensed.

The scope of assignment/license can not be broader than that of protection granted under the respective patent or certificate. For example, for trademarks, the assignor can only assign the rights conferred by the certificate of registration, i.e. assignment is only possible for the trademark, exact goods and/or services claimed under the registration valid at the time of assignment.

The assignor or licensor must guarantee that he or she is the registered owner of the assigned/licensed object and that the assignment/license must not result in dispute with a third party. If dispute arises from the assignment/license of an IP object, the assignor/licensor shall be responsible for settlement.

Particularly, for geographical indication, it should be noted that the rights to geographical indication may not be assigned or licensed. In addition, the assignment/license of a trademark must not cause confusion in terms of properties or origin of goods and/or services bearing the trademark.

7.2 Assignment and License Agreements

Assignment or license agreements of IP objects must be made in writing, and contain minimum statutory provisions applicable to each kind. Oral agreements, letters or telegrams shall not be accepted and have no legal effect. If the assignment or license of an IP objects is included in another agreement (such as technology transfer contract, service contract, etc.), it must be made in a part separate from the other parts. The assignment or license agreement must include the followings:

- (i) The identity of the parties (assignor and assignee, or licensor and licensee)
- (ii) The basis of the assignment/license (i.e. patent or certificate of registration granted and, in case of license, the exclusive license already granted to the licensor);
- (iii) The IP object(s) to be assigned, or in case of license, the scope of license granted including: kind of license (exclusive or non-exclusive), the IP object(s) to be licensed, license territory, license term (within the balance of protection term granted by the respective patent or certificate of registration);
- (iv) Assignment price or license royalty (it must be stated if the assignment/license is granted free of charge);
- (v) The rights and obligations of the parties as stipulated;
- (vi) Conditions for amendment, termination or invalidation of the agreement;

- (vii) Dispute settlement;
- (viii) Signatory date and place;
- (ix) The signatures of the parties.

The current licensing rules mandate that the license agreement must not contain the following provisions which are considered as unreasonably restricting the rights of the licensee:

- (i) Provisions directly or indirectly restricting the export of products manufactured under the license to other markets/territories except those where the licensor is the owner of the corresponding IP rights or holds the exclusive right over the importation of the corresponding IP object;
- (ii) Provisions compelling the licensee to purchase the whole or part of materials, components or equipment from the licensor or from sources appointed by the licensor, without aiming to ensure the quality of the licensed products;
- (iii) Provisions forbidding the licensee to improve the IP objects (except for trademarks), or compelling the licensee to transfer free of charge to the licensor the improvements made by the licensee or the right to apply for IP protection over such improvements; and
- (iv) Provisions forbidding the licensee to appeal against the validity of the licensed IP object or the right to grant license of the licensor.

7.3 Registration of Assignment/License Agreements

The registration with the NOIP is compulsory for all assignment agreements to make them legally effective and enforceable in Vietnam. The agreements take legal effect upon their registration with the NOIP.

Regarding the registration of license agreements, Vietnamese laws currently provide quite controversial provision. Accordingly, license agreements take effects as so agreed by the parties, however, to be effective against any third parties, such license agreements should be registered with the NOIP. Since there is no explanation from the authorities regarding the term "third parties" to date, the registration of license agreements is strongly recommended to ensure the smooth implementation and enforcement of license agreements.

For registration of the assignment/license agreement, the NOIP is the receiving office which in fact will consider the agreement for registration .

Regarding documents required to be to the NOIP for registration of assignment/license agreements, please see Filing Requirements in Vietnam. The NOIP will examine the application file and issue a decision on registration of the agreement or refuse registration, within 2 months from the date of receipt.

7.4 Royalties and Taxation

The royalties or price for assignment of IP objects will be agreed upon between the parties.

The assignment/license of IP objects in Vietnam shall be subject to the enterprise income tax of 10 percent of the royalties paid, according to Circular No. 05/2005/TT-BTC guiding the tax regime applicable to foreign organizations without Vietnamese legal person status and foreign

Enforcement

Generally, in Vietnam, an IPR infringing act, depending on the level and seriousness, can be handled in accordance with any of the administrative, civil, criminal or competitive procedures.

In practice, before taking legal actions in the form of administrative or civil actions against the alleged infringer, IPR holders are required to take an initial step of sending a Cease-and-Desist Letter to the alleged infringer requesting that the infringer ceases and desists infringing their IPR. If failing to settle the infringement amicably, the IPR owner shall take such legal action(s) against the alleged infringer.

8.1. ADMINISTRATIVE IPR ENFORCEMENT

Competent Authorities

The State bodies involved in the administrative IPR enforcement include:

- The People's Committees at the district and the provincial level;
- The Specialized Inspectorates on Science and Technology (under the supervision of the Ministry of Science and Technology);
- The Specialized Inspectorates on Culture and Information (under the supervision of the Ministry of Culture and Information);
- The Market Control Forces (under the supervision of the Ministry of Trade);
- The Economic Polices (under the supervision of the Ministry of Police).

Remedies

One of the following administrative remedies may be imposed on an IPR infringer:

- Warning order; or
- Monetary fine (under the IP Law 50/2005, the fine is set in the range from at least one to five times of the value of the discovered infringing goods).

Depending on the seriousness of the infringement, the following additional sanctions may be imposed on an IPR infringer:

- Confiscating IP counterfeit goods, implements and materials predominantly used for production or trade of such IP counterfeit goods;
- Revoking for a limited term the relevant business activities;
- Compelling destruction, distribution or use for non-commercial purposes of the IP counterfeit goods, materials and implements predominantly used for production or trade of such counterfeit goods;
- Compelling delivery out of the territory of Vietnam of the transiting goods, which involve infringement of IPR or re-export of the IP counterfeit goods, after having removed infringing elements.

Administrative preventive measures

In case there is a risk that infringement acts may cause serious damages to consumers or the public; or there is a risk that infringing articles may be dispersed or destroyed by infringers; or to ensure the enactment of administrative sanctions, IPR holders may request competent state enforcement authorities other than the Court to apply administrative preventive measures. These administrative preventive measures are quite similar to injunction/provisional measures applied by the Court.

Expert assessments

It is noted that in Vietnam, expert assessments are normally considered to be an important basics for enforcement bodies to take appropriate measures. For the first time, the IP Law 50/2005 allows competent organizations or individuals to use their professional knowledge and expertise in particular arts to provide expert assessments and conclusions on matters related to IPR infringement.

Further, IP Law 50/2005 clearly states that not only competent enforcement bodies, but also IPR holders and other relevant organizations/individuals may request expert assessments and conclusions on requested subject-matters.

8.2. CIVIL IPR ENFORCEMENT

Competent Courts

First Instance

- The People's Courts at the district level (including the Civil Courts);
- The People's Courts at the provincial level (including the Civil Courts and the Economic Courts).

Appeal

- The People's Courts at the provincial level (including the Civil Courts and the Economic Courts);
- The Supreme People's Court (including the Civil Court and the Economic Court).

Remedies

- Compelling termination of the act of infringement of intellectual property rights;
- Compelling public rectification and apology;
- Compelling performance of civil obligations;
- Compelling compensation for damages;
- Compelling destruction or distribution or put to use for

non-commercial purposes of goods, materials and implements predominantly used for production and trade of goods infringing IPR, provided that such distribution and use does not influence the exploitation of rights of IPR holder.

Injunction/provisional Measures

The plaintiff may request the court to apply injunction/provisional measures that include:

- Seizing;
- Enumerating;
- Sealing; forbidding of changing the status quo; ban of moving;
- Forbidding of transfer of the ownership of rights.

In addition, other injunction measures stipulated by Law on Civil Procedure also may be applied by the court at request of the plaintiff when necessary and for the purpose of avoiding the dispersal of the infringing products by the defendant/infringer. In particular, one or a combination of the following forms of injunction measures may be taken:

- Blockading of accounts or assets;
- Forbidding the defendant/infringer from conducting a certain action or forcing the defendant/infringer to conduct a certain action.

To request for the application of the provisional measures, IPR holder shall be requested to (i) pay a deposit amounting 20% of the value of the articles being subject of the request or at least VND20 million (equivalent to US\$1,300) if it is impossible to determine the value of the articles being subject of the request; or (ii) provide with a bank guarantee.

Compensation

The plaintiff may request compensation for actual damage caused by infringing actions that shall be calculated basing on actual material damages and moral detriment caused by the

infringer.

- estimated total monetary amount of actual material damage of the plaintiff plus profit amount which the defendant gains from the infringing acts, if the plaintiff's profit loss has not been included in the plaintiff's estimated total material loss; or
- remuneration of trademark license granted by plaintiff, assuming that the plaintiff would have granted trademark license to the infringer within the period; or
- the amount of the material damages shall be decided by the court, in case the plaintiff's material damages is not able to be determined, but not exceed VND 500,000,000 (equal to US\$31,000.00); and

Apart from compensation of material damages, in case the plaintiff can prove their moral detriment caused by the intellectual property infringing actions, the amount of damage for moral detriment may be decided by the court in a range from VND5-50 millions (equal to US\$330-3,300).

In addition, the plaintiff may request the infringer to pay the reasonable lawyer fees.

8.3. CRIMINAL IPR ENFORCEMENT

Competent Authorities

Police Authorities

- The Economic Police Team at the district level (belonging to the District Police Unit);
- The Economic Police Division at the provincial level (belonging to the Provincial Police Department);
- The Economic Police Bureau (belonging to the Ministry of the Police).

Prosecutors

- The People's Prosecuting Institutes at the district

- level;
- The People's Prosecuting Institutes at the provincial level;
- The Supreme People's Prosecuting Institute.

Competent Courts

- The People's Courts at the district level (including the Criminal Courts);
- The People's Courts at the provincial level (including the Criminal Courts).
- The Supreme People's Court (including the Criminal Court).

Penalties

One of the following criminal penalties may be imposed on an IPR infringer

- Warning order, or;
- Monetary fine (the maximum is of 200 million VND; equivalent to US\$13,000), or;
- Non-detained re-education for up to 3 years, or;
- Imprisonment for a period of 6 months to 20 years or life imprisonment or death penalty;

Besides, the IPR holders may be subjected to the following additional sanctions:

- Confiscation of part or whole of assets;
- Prohibition from holding an official position or conducting a business within a certain period of 1 to 5 years.

8.4. UNFAIR COMPETITION PREVENTION

For the first time competition law of Vietnam provides the competition procedures to handle unfair competition practice. Apart from taking options of initiating procedures with enforcement authorities, the person and organization whose legitimate rights in their business activities, may now

request the Competition Administration Department to settle the unfair competition cases based on competition proceedings stipulated by the law.

Unfair Competition procedures

Unfair competition cases shall go through the following main steps:

(i) Preliminary Investigation: When a request and evidence of unfair competition are lodged by interest related party, the Director of Competition Administration Department will issue a decision on whether to proceed with a preliminary investigation to discover signs of infringement under unfair competition law;

(ii) Official Investigation: The Director of the Competition Administration Department will issue a decision on official investigation when the preliminary investigation produces evidence that signs of unfair competition exist. The purpose of the official investigation is to determine the factual unfair competition case;

During the process of an official investigation, the alleged person/organization is given an opportunity, within a certain period of time, to present his/her view and to submit evidence in support thereof.

All the facts found from the official investigation shall be recorded by the investigator in an Official Investigation Report. The Report must be read before the alleged infringer and signed by them as an acknowledgement. The report together with the investigation documents and the investigator's recommendation of the application of law to the case are transferred to the Competition Administration Department.

(iii) Decision on unfair competition case: The Director of Competition Administration Department shall issue a decision on the settlement of unfair competition. The decision shall become effective within 30 days from the date of signing the decision;

(iv) Appeal against the decision on unfair competition: In case of disagreement with the decision of the Director of Competition Administration Department, parties may file an appeal against the decision to Minister of Ministry of Trade. Within 15 days from the appeal, the Minister will issue a decision to revoke, modify, or uphold the issued decision;

(v) Filing a suit to quash a decision: In case of disagreement with the decision of Minister of Ministry of Trade, parties may file a suit to provincial or city court.

Remedies

The following remedies may be imposed on an IPR infringer:

- Warning order; or
- Monetary fine (the maximum is 70 million VND; equivalent to US\$4,400);

Depending on the seriousness of the offence, the following additional sanctions may be imposed on an IPR infringer:

- Withdrawal of business license, certificate or professional practicing certificate;
- Confiscation of the facilities used to committed the offence;
- Public rectification;

Administrative preventive measures

During the investigation stage as mentioned above, the Director of the Competition Administration Department may impose the following administrative preventive measures either on his/her own initiative, on the recommendation of the investigator, or at the request of the complainant:

- Temporary detention of persons;
- Temporary detention of the goods, means and implementations used for such infringement;
- Search of the relevant individual;

- Search of the place where infringing goods, means and implements are stored;
- Other administrative preventive measures.

Of note, where a complainant requests administrative preventive measure, a security deposit is required.

8.5. BORDER MEASURES

Competent Authorities

- the Customs Branches;
- the Customs Bureaus;
- the General Department of Customs.

Border control measures

IPR holders may request the customs authorities to apply the following border measures:

- Inspection and supervision for the imports or the exports suspected of being the IPR infringing goods;
- Suspension of customs procedures upon the request of the IPR holder within 10 working days. The duration of suspension may be extended, but shall not exceed 20 working days in total, where legitimate reasons and another security are provided by the right holder.

For requesting the competent Customs Office to apply border measures, IPR holders shall be obligated to:

- prove that they are the IPR holders;
- provide full information to determine/discover the import-export articles allegedly infringing intellectual property rights;
- submit an application for requesting application of border measures and pay official fees prescribed by law;
- compensate for damages caused by applying border measures.

In addition, IPR holder shall be requested to (i) pay a deposit amounting to 20% of the value of the articles being subject of the request, or at least VND 20 million (equivalent to US\$1,300) if the value of the articles being subject of the request is not defined; or (ii) provide receipt of bank guaranty.

Remedies

- Administrative remedies are generally applicable to the counterfeiting goods detected at the borders;
 - Compulsory re-exportation is applicable to the counterfeiting goods where such goods are eliminated from the infringement.
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Future Development

Since Vietnam joined the WTO in 2007, more and more foreign enterprises and businessmen are interested in doing business in Vietnam. Being a WTO member, Vietnam must accept common rules of international trade and investment in a level playing field. The foreign businesses will henceforth be on equal footing on Vietnamese ground, and other countries including the US shall no longer treat Vietnam's goods and products differently or less favorably in comparison with goods and products from other countries in their market. Cooperation in economic, legislative, health, education, and social welfare matters, as well as in cultural and scientific development, including cooperation in all aspects of IP protection, are expected to be further strengthened in the years to come.

Political and Legal Environment

Political and Legislative System

The Constitution in general establishes the mastery of the people under the leadership of the Communist Party, of which the highest representation is the Politburo and the Party Secretary General. The power of the people is to be exercised through the National Assembly at the central level and the People's Councils at different local levels.

The National Assembly is the supreme representative and legislative body and determines both domestic and foreign policy. It is elected by universal suffrage. The National Assembly in turn elects and may remove from office the President, Vice-President, Chairman of the National Assembly, Vice-chairman of National Assembly, members of the Standing Committee of the National Assembly, the Prime Minister, the Chief Justice of the Supreme People's Court and the Head of the Supreme People's Procuracy. In addition, the National Assembly has the responsibility of sanctioning the Prime Minister's selection of Deputy Prime Ministers and Ministers.

The National Assembly is also responsible for approving the organization of the Government and its agencies, and is the supreme law making body. The duration of the National Assembly is 5 years and elections are held two months prior to the expiry of its term. The Standing Committee possesses the power to manage the day-to-day affairs of the National Assembly when it is not in session and during this time the Standing Committee assumes all its powers, including the law making power on matters entrusted to it by the National Assembly.

The Head of State is the President. He is elected by the National Assembly and represents the Nation internally and externally.

The highest executive body in Vietnam is the Government, formerly known as the Council of Ministers. It is charged generally with the management of the economy and the state. It is made up of the Prime Minister, Deputy Prime Ministers, Ministers and the Chairmen of the various State Committees and the Governor of the State Bank. Individual ministries and organizations equivalent to ministries aid the Prime Minister in the administration of the Country within the specific fields in which they have jurisdiction. The deputy prime ministers and the ministers are selected by the Prime Minister but must be approved by the National Assembly. With the exception of the Prime Minister, the members of the Government do not have to be members of the National Assembly. Decisions on major issues must be taken on a majority basis.

Below the Government are People's Committees and People's Councils. The People's Councils are elected by the people and in turn elect the People's Committees. These bodies occur at the levels of city/province, district and commune. Each city/province, district and commune is governed by a People's Committee.

The court and prosecution systems in Vietnam have a structure similar to the administrative system. In the central level, the Supreme People's Court is the highest juridical body in Vietnam and the Chief Justice is elected by the National Assembly for the term of the National Assembly. The Supreme People's Procuracy has the highest power on prosecution in Vietnam and the Head is also elected by the National Assembly for the term of the National Assembly. In local levels, these bodies occur at the levels of city/province and district.

Legal System

In Vietnam, the legal system comprises of constitution, codes, laws, ordinances, decrees, decisions, circulars, directives, and official letters, to some extent. Although all have the force of law, only a law passed by the National Assembly is referred to as such.

Ordinances are issued by the Standing Committee of the National Assembly, commonly to regulate on an area where a law is not yet promulgated and/or regulated. On matters that the National Assembly entrusted to the Government, the Government issues decrees or decisions or directives to implement the issued laws or ordinances.

Circulars, decisions and regulations are normally issued by individual ministries and other State agencies including people's committees, with respect to subjects within their sphere of responsibility and the force of subordinate legislation.

It should be noted when using that while codes, laws and ordinances are referred to by the name, decrees, decisions, circulars and directives are usually referred to by the number, signing date, and the name of issuer.