



Intellectual Property Enforcement Guide: Vietnam



Vietnam, as a civil law country, enforces the rules and procedures for IP enforcement through written laws. By joining the WTO, Vietnam committed to providing enforcement measures in accordance with the TRIPS Agreement.

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Introduction to IP Enforcement in Vietnam

As Vietnam joins the WTO, IP enforcement measures under the TRIPS Agreement are comprised of:

- Civil remedies including judicial procedures, evidence rules, injunctions, damages, information to rights holder, and rights of indemnifications to defendants, as well as provisional measures (preliminary injunctions and search and seizure orders);
- Customs interceptions of infringements;
- Criminal remedies, at least for wilful trade mark counterfeiting or copyright piracy on a commercial scale;
- Administrative remedies for handling administrative offences

A primary feature of Vietnam's IP protection is the use of an administrative enforcement system. Legal complaints are filed to a government department that inspects, investigates, and forms a decision on disputes. Although administrative proceedings are popular in Vietnam, we notice that IPR holders are increasingly using civil litigation to seek preliminary injunctions, damages, or a public apology from infringers. Court avenue is also increasingly chosen by trade mark owners against cyber-squatting cases.

Vietnam's laws and regulations on IP protection are currently under review and expected to be amended in accordance with the EU-Vietnam Free Trade Agreement (EVFTA) of which Vietnam is a signatory. It has an IP chapter and mandates Vietnam to provide greater IP protection to right holders. Also, given the increasing number of online infringement cases, Vietnam will shift its focus towards developing its legal framework and practical mechanisms to tackle IP infringement in the contemporary digital environment. With additional higher requirements for IP standards under the CPTPP and EVFTA, the laws are expected to be further amended.



Administrative Enforcement

Authorities with the jurisdiction to conduct administrative enforcement are currently as follows:

- **The Police for Corruption, Smuggling and Economic Crimes under Vietnam People's Public Security (Economic Police – “EP”):** In addition to taking action against criminal offences, the EP may also handle administrative enforcement against trade mark counterfeits. The EP will only undertake serious infringement cases involving large quantities of stock or a network of infringers, or infringing acts, or products that pose a danger to consumers. Given the limitation of specialist IP knowledge amongst officers, the EP often hesitates to take on cases involving infringing goods that are not clearly counterfeits. For copyright piracy, the EP will cooperate with the Ministry of Culture, Sports & Tourism (“MoCST”) and Department of Culture, Sports & Tourism (“DoCST”) Inspectorate to carry out actions.
- **Police Unit for High-Tech Crime Prevention:** The Police Unit for High-Tech Crime Prevention is responsible for handling complicated cases of online piracy.
- **Customs:** *The key function of the Customs is to control national borders, including the prevention of counterfeit goods imports.*
- **The Market Management Bureau:** The Bureau deals with relatively simple cases involving counterfeits at the market level, for example, shops of small to medium size and retailers. Right holders often opt for MMB for quick action against small infringers. The Bureau and EP regularly collaborate in enforcement actions.
- **Inspectorate of the Ministry of Science and Technology (MoST) and Department of Science and Technology (DoST):** *The MoST and DoST Inspectorate tend to handle complex cases, i.e. where the infringing mark is alleged to be confusingly similar to the trade mark, or where the use of the alleged infringing mark is on the infringer’s business materials (websites, documents, product, etc.). Cases of counterfeiting are effectively handled by the EP and MMB.*
- **Inspectorate of MoCST and DoCST:** *The Inspectorate of MoCST and DoCST are responsible for the administrative enforcement of copyright and related rights in Vietnam. They cooperate with the EP and Market Management Bureau for raid and investigation actions against infringers.*
- **Inspectorate of the Ministry of Information and Communications (MoIC) and Department of Information and Communications (DoIC):** The Inspectorate of MoIC and DoIC are responsible for cooperating with the Inspectorate of DoST and other relevant agencies in the process of handling domain names that infringe IP rights.



- **People's Committees:** *The People's Committee at city and provincial levels rarely directly deal with IP infringement. They will step in where the likely sanction exceeds the authority of the enforcement authority that is usually responsible for dealing with the matter.*

To take administrative actions, IPR holders (or their authorised representatives) shall file written requests for the handling of the infringing acts to the competent authorities. The request must be enclosed with evidence on the IPR holders' status and evidence to demonstrate the alleged infringement.

During the examination of the written requests from IPR holders, the competent authorities, within the scope of their responsibilities, can carry out the following activities:

- Request the alleged infringer and parties with related rights and interests to provide the information, document, evidence, explanations, arguments or counterarguments;

- Request the IPR holder to provide documents, evidence, clarification on the case; confirmation on the counterfeit nature of the infringing goods (in case of handling counterfeits), etc.;

Following the handling process, if the IP infringement is established, competent authorities shall issue sanction decisions against the infringers. Administrative sanctions may include warnings or, together with termination of the infringing acts. Possible supplemental sanctions include confiscation of the counterfeits, and raw materials, materials and means used mainly for production or trading of such counterfeits, and suspension for a definite time of business activities in the area of infringement.

Conducting administrative actions against counterfeits based on IPR holder's requests can also provide momentum for enforcement authorities to proactively arrange raids against counterfeits without the IPR holders' request ("**ex-officio raids**") at a later stage. The number of ex-officio raids has been steadily increasing over the years and enforcement authorities have become the eyes and ears of IPR holders. Work for IPR holders in ex-officio raids is quite minimal once the EP or MMB seize the suspected counterfeits, as they only need to confirm with the authorities whether the seized products are indeed counterfeits. Upon confirmation with the IPR holders about the counterfeit nature of the seized goods, the enforcement authorities will issue a sanction decision against infringers, then issue them with applicable fines and order the destruction of counterfeits.

Civil Enforcement

Level of Civil Courts

It's helpful to know which court level the most appropriate for IP disputes in Vietnam. For disputes related to non-commercial purposes, district-level civil courts have jurisdiction over them. This is except cases involving foreign factors, which would be settled under the jurisdiction of Provincial-level Civil Courts. In contrast, disputes that involve commercial purposes come under the jurisdiction of Provincial-level Economic Courts.

Preliminary injunctions

When (or after) initiating a lawsuit, the IPR holder is entitled to request that the Court to apply the preliminary injunctions to goods suspected to be infringing IPRs and raw materials, materials and means for manufacturing and trading such goods if (i) there is a threat of irreparable damage suffered by the IPR holders; or (ii) there is a threat of dispersal or destruction of suspected infringing goods and related evidence if they are not protected in time. Preliminary injunctions include retention, seizure, sealing, prohibiting any alteration of the original state, prohibiting any movement, prohibiting transfer of ownership of the infringing goods, raw materials, materials and means.

Damages

Damage under the IP Law includes material damage and spiritual damage. The level of damages is calculated based on the actual loss that the right holder suffered due to the infringement.

Once the plaintiff can adduces evidence to prove that the infringement caused him or her material damage, the plaintiff may request the Court to decide the damages based on:

- Total material damages in money plus the profit gained by the defendant by the infringement, if the decrease in profit of the plaintiff has not been included in the total material damages; or
- The licensing price on the assumption that the defendant was licensed by the plaintiff to use the IP under a license contract within a scope corresponding to the infringement; or
- Other ways of calculation right holder proposed in accordance with laws.

Where the damages cannot be calculated based on the above methods, the Court may decide the amount of damages based on the extent of the losses, but the amount will not surpass VND500 million (~US\$21,600). Once the plaintiff is successful in proving that the infringement has caused the plaintiff spiritual damages, the plaintiff is entitled to request the Court to determine the damages depending on the extent of loss, with the range from VND5 million to VND50 million (~US\$216 to US\$2,160).

Vietnam's IP Laws require calculation of damages based on trade mark and copyright infringement act. In practice, it is difficult for IPR holders to prove actual losses arising from the act of IP infringement of the adverse party. In some cases, the IPR holders can still recover expenses such as attorney's fees and related fees e.g. fees for seeking expert opinions, etc. from infringers in court decisions.

Criminal Enforcement

The number of criminal IP cases has increased recently following enactment of IP violation laws. For instance, Criminal Code 2015 (“Criminal Code”) which officially came into effect in 2018, marked the first time corporate infringers could be subjected to criminal liability. Criminalisation of corporate infringers is the most significant change for both criminal proceedings in general and IP enforcement cases in particular.

Under the Criminal Code, infringers who commit infringements upon trade marks, geographical indications, copyright and related rights can be brought hear charges at criminal proceedings. EP, People’s Procuracies and Courts have the authority to conduct criminal proceedings.

Manufacturing and trading in counterfeits can also be regarded as criminal infringement against trade mark rights. Criminal enforcement authorities usually prioritise cases where counterfeits pose serious harm to consumers and public health (e.g. fake pharmaceutical products, gasoline, and consumer goods).

Criminal enforcement has the toughest sanctions with strict penalties against infringers, compared to other enforcement actions. For individual infringers, criminal penalties may include loss of certain civil rights, monetary fines of up to VND1 billion (~US\$43,095), and imprisonment for up to 30 years. Fines of up to VND5 billion (~US\$215,600), business suspension for up to two years, ban from business activities, operations in certain fields, and even permanent termination of business operations are some of the criminal penalties that may be ordered by the court.



Customs Border Enforcement

Customs measures for protection of IP include:

- Suspension of customs procedures for suspected infringing goods;
- Inspection and supervision for detecting goods with signs of IP infringement

Right holders may file customs records with General Department of Vietnam Customs. Upon acceptance of customs recordal application, when detecting signs of IP infringement in a consignment, Customs will stop the customs procedures and send a notice on suspected infringing goods to the right holders. Within three working days from the date of receipt of the notice on suspected infringing goods, the right holders must submit a request on the suspension of customs and a bond in the form of money or a deed of guarantee issued by a bank/ credit institution.

The time limit for the suspension is ten (10) working days from the date the suspension decision is issued. It can be extended for a further ten (10) days in case the customs need to consult IP experts' opinions. Upon expiration of the suspension period, Customs must:

- Issue a decision to accept the case according to administrative procedures once confirmation is done of the suspended infringing goods;
- Issue a decision on detention of goods in case there are sufficient grounds to determine the suspended infringing goods;
- Impose administrative sanctions and remedies if there are sufficient grounds to determine the suspended infringing goods.
- Transfer the case to the EP for investigation and criminal prosecution if the value of counterfeits meets the threshold for criminal prosecution.

Upon expiration of the suspension period, if the IPR holders do not initiate a lawsuit or Customs does not accept the case in accordance with administrative violation handling procedures, Customs will resume the customs procedures for the consignment.



Warning Letters

IPR holders commonly use warning letters as a self-protection measure. A common strategy is to put the infringer on notice, or to negotiate and settle the case. In practice, sending a warning letter to an infringer is considered an initial attempt to educate the infringer of the prior rights of the right holders. A warning letter is normally sent out before any official enforcement action is taken. Warning letters should be accompanied by a follow-up to ensure that the infringers have understood the content of the letter and are cognizant of the prior rights of the right holders. Proof of sending a warning letter can serve as evidence of right holders' attempt to settle the case amicably, should any official dispute resolution proceedings begin.



Online Enforcement

Given the rapid development of internet in Vietnam, IP infringement (e.g. online piracy and counterfeit products) has been rising considerably across online trading websites and e-commerce platforms in recent years.

Decree No. 15/2020/ND-CP on administrative penalties for violation in postal services, telecommunications, radio frequencies, information technology, and electronic transactions have specified administrative penalties for IP-specific violations by websites, social networking platforms, and users. In particular, IP violations of posting/delivering journalistic, literature, artistic works and other online publications created without the IP right holder's consent are subject to administrative fines ranging from VND10 million to VND70 million (~US\$426 to US\$2,982) depending on the subject of the violations. Possible supplemental sanctions include confiscation of means for violation, forcible take-down of infringing content, or temporary confiscation of the platform's operation license.

However, it is unclear how the above sanctions would be practically enforced against foreign companies providing cross-border services accessible to Vietnamese users. Given the Cybersecurity Law 2018 specifies "acts of infringing upon copyright and other IP rights in cyberspace" by both domestic and foreign service providers among cybersecurity violations, it is expected that the law's upcoming implementation decree will set out sanctions, remedies, and enforcement measures imposed on such violations, including those for cross-border service providers.

Under current regulations, online service providers who operate websites, social network sites and provide online streaming service are not obliged to remove infringing content upon IPR holders' requests. In case the providers are unwilling to voluntarily take down infringing content, IPR holders can consider proceeding with administrative actions or civil actions.

As for e-commerce platforms, there are rules aimed at tackling online infringement of IP rights. However, to date, e-commerce platforms' liability has not been established in detail (including whether and how the platforms must establish notice and take down mechanisms). In practice, IPR holders normally rely on the take-down mechanisms available on such platforms instead of any official administrative enforcement or civil actions.

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