



**ROUSE**

IP Guide:  
Enforcement Actions  
Against Infringing and  
Counterfeit Products  
Distributed in Vietnam

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# GUIDE ON ENFORCEMENT ACTIONS AGAINST INFRINGING AND COUNTERFEIT PRODUCTS DISTRIBUTED IN VIETNAM

## 1. Overview of IP Enforcement System in Vietnam

### 1.1 Vietnam Intellectual Property laws

As Vietnam is a civil law jurisdiction, its sources of law comprise of written legislations commonly known as laws and regulations. The legal instruments on the IP expertise in Vietnam comprise of the Law on Intellectual Property, setting out general rules, and lower-ranking legal instruments including decrees, decisions, circulars and other subordinate legal documents interpreting these general rules. Vietnam IP laws are also in compliance with the international treaties to which Vietnam is a member.

Vietnam adopted its first Law on Intellectual Property (“IP”) in 2005, which was designed to comply with TRIPS in preparation for WTO accession. The law raised the IP framework to a basic international standard. The law on IP was amended in 2009 and 2019 to further comply with international commitments and provide higher level of IP protection standards, following the accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (“CPTPP”) and the EVFTA.

In contrast to the ‘first to use’ doctrine in common law countries, IP protection in Vietnam operates under a ‘first-to-file’ system (except for copyright and related rights that are protected automatically under international treaties). Trade marks, industrial designs and inventions must be registered at the Intellectual Property Office of Vietnam (“IP Vietnam”). The registration system in Vietnam is relatively well-established and straightforward, although delay can be an issue. However, to enforce IP rights, the right holders must use a rather complex and practically challenging system.

The IP system can be broken into three components:

- Registration and protection system. The system is operated by IP Vietnam (which sits under the Ministry of Science and Technology (“MoST”)) and the Copyright Office of Vietnam (“COV”) (which is under the Ministry of Culture, Sport and Tourism (“MoCST”)). Businesses can register their trade marks, designs and patents at NOIP and their copyright and related rights at the COV.
- Commercialisation of IP. This typically means IP contracts such as licenses, assignments, and other commercial agreement involving IP.
- Enforcement through administrative, civil or criminal routes.

### 1.2 Enforcement authorities

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 right 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.

The IP Law provides that several enforcement authorities have jurisdictions over IP rights infringements, including the courts, inspectorates, market management agencies, Customs offices, police agencies and the People's Committees of all levels. More specifically, the below agencies can impose administrative penalties in matters involving IP rights infringing goods:

- The **Market Management Bureau ("MMB")**, an enforcement authority under the Ministry of Industry and Trade, is one of the main competent authorities which take action against illegal goods circulating in the market.
- The **Economic Police ("EP")**, at central, provincial and district level, is another main enforcement authority dealing with illegal goods circulating in the market together with the MMB, is able to impose all range of administrative penalties. The EP generally handles the most serious cases, focusing on criminal prosecutions, involving the production of the IP rights infringing goods or cases involving a large quantity of goods or a network of infringers, or which pose a danger to the community (e.g. pharmaceutical products and food products, etc.).
- **IP Inspectorates** at central and provincial levels. The IP Inspectorates is empowered to tackle IPRs infringements whether they occur at the manufacturing or the trading level. IP Inspectorates do not have jurisdiction over infringements occurring at border gates. The Inspectorates of the Ministry of Science and Technology ("MoST") handles infringements over industrial property rights, i.e. trade marks, industrial designs and patents, while the Inspectorates of the Ministry of Culture, Sport and Tourism ("MoCST") is responsible for infringements over copyrights and related rights.
- **People's Committees**, representing the executive at provincial, city and district level, are competent to issue all range of administrative penalties, usually at the highest level of penalties, against the acts of producing and trading in IP rights infringing goods;
- The **General Department of Customs of Vietnam**, under the Ministry of Finance - Vietnam Customs has jurisdiction over import and export activities in Vietnam and is entitled to impose administrative penalties against the importation / exportation of infringing goods across borders.

The **Courts** are also an enforcement authority handling civil litigations for cases where the rights holders seek to resolve the infringement completely, claim damages and demand a public apology from the infringers, as well as prosecuting substantial infringements criminally if certain criminal thresholds are met.

For complex cases where the infringements are borderline and not straightforward, rights holders can opt to seek expert opinions from **Vietnam Intellectual Property Research Institute ("VIPRI")** – for trade mark, industrial design and patent issues), and the Expertise Center for Copyright, Related Rights ("ECCR" – for copyrights and

related rights issues) before escalating the cases. The expert assessments from these agencies are considered as a source of reference to the enforcement authorities assisting them in decision making for those complex cases.

## 1.3 Summary of legal documents

Below is the list of major legal instruments for protection and enforcement of IP rights in Vietnam:

### 1.3.1 Code

- Civil Code No. 91/2015/QH13 promulgated by the National Assembly on 24 November 2015 and effective from 1 January 2017
- Civil Procedure Code No. 92/2015/QH13 promulgated by the National Assembly on 25 November 2015 and effective from 1 July 2016, providing processes and procedures for settlement of civil affairs and enforcement of civil judgments
- Penal Code No. 100/2015/QH13 promulgated by the National Assembly on 27 November 2015, amended and supplemented in 2017, effective from 1 January 2018
- Penal Procedure Code No. 101/2015/QH13 promulgated by the National Assembly on 27 November 2015, effective from 1 January 2018 providing processes and procedures for institution of legal proceedings, investigation, prosecution, and enforcement of criminal judgments

### 1.3.2 Law

- Intellectual Property Law No. 50/2005/QH11 promulgated by the National Assembly on 29 November 2005 and came into force on 1 July 2006, amended and supplemented pursuant to Law No. 36/2009/QH12 on 19 June 2009 and Law No. 42/2019/QH14 on 14 June 2019 (“Vietnam IP Law 2005”)
- Competition Law No. 23/2018/QH14 promulgated by the National Assembly on 12 June 2018 and effective from 1 July 2019
- The Customs Law No. 54/2014/QH13 promulgated by the National Assembly on 23 June 2014 and effective from 1 January 2015
- Law on Handling Administrative Violations No. 15/2012/QH13 promulgated by the National Assembly on 20 June 2012 and effective from 1 July 2013
- Law on Appeal and Denunciation No. 02/2011/QH13 promulgated by the National Assembly on 11 November 2011 and effective from 1 July 2012

### 1.3.3 Decree

- Decree No. 105/2006/ND-CP of the Government, issued on 22 September 2006 and effective from 21 November 2006, providing guidelines for the implementation of certain articles of the Law on Intellectual Property regarding Enforcement of Intellectual Property Rights and State management of intellectual property, amended and supplemented in 2010 and in 2011
- Decree No. 103/2006/ND-CP of the Government, issued on 22 September 2006 and effective from 21 October 2006, providing guidelines for implementing certain articles of the Intellectual Property Law concerning industrial property, amended and supplemented in 2010
- Decree No. 22/2018/ND-CP of the Government, issued on 23 February 2018 and effective from 10 April 2018, guiding the implementation of articles of the IP Law concerning copyrights and related rights

- Decree No. 88/2010/ND-CP of the Government, issued on 16 August 2010 and effective from 1 October 2010, guiding the implementation of articles of the IP Law concerning rights on plant varieties, amended in 2011
- Decree No. 98/2020/ND-CP of the Government, issued on 26 August 2020 and effective from 15 October 2020, prescribing penalties for administrative violations against regulations on commerce, production and trade in counterfeit and prohibited goods, and protection of consumer rights
- Decree No. 99/2013/ND-CP of the Government, issued on 29 August 2013 and effective from 15 October 2013, detailing and providing guidelines for implementing the provisions on handling of administrative violations concerning industrial property, amended and supplemented in 2016, 2018 and 2019
- Decree No. 131/2013/ND-CP of the Government, issued on 16 October 2013 and effective from 15 December 2013, on sanctioning administrative violations of copyright and related rights, amended and supplemented in 2017
- Decree No. 08/2015/ND-CP of the Government, issued on 21 January 2015 and effective from 15 March 2015, providing detailed provisions for the implementation of the Customs Law in respect of customs procedures, examination, supervision and control procedures
- Decree No. 43/2017/ND-CP of the Government, issued on 14 April 2017 and effective from 1 June 2017, providing regulations on goods labeling
- Decree No. 51/2019 /ND-CP of the Government, issued on 13 June 2019 and effective from 1 August 2019, on handling administrative violation in scientific and technological activities, technology transfer
- Decree No. 15/2020/ND-CP of the Government, issued on 3 February 2020 and effective from 15 April 2020 on administrative penalties for violation in postal services, telecommunications, radio frequencies, information technology, and electronic transactions
- Decree No. 98/2020/ND-CP of the Government, issued on 26 August 2020, on penalties for administrative violations against regulations on commerce, production and trade in counterfeit and prohibited goods, and protection of consumer rights

### 1.3.4 Circular and Joint Circular

- Circular No. 01/2007/TT-BKHCH of the Ministry of Science and Technology, issued on 14 February 2007 and effective from 9 May 2007, establishing regulations to implement Decree 103/2006/ND-CP that provides guidelines for implementing certain articles of the Intellectual Property Law concerning industrial property. The Circular was amended and supplemented four times in 2010, 2011, 2013, and 2016
- Circular No. 263/2016/TT-BTC of the Ministry of Finance, issued on 14 November 2016 and effective from 1 January 2017, guiding Rates and the Collection, Payment, Management and Use of Industrial Property Fees and Charges
- Circular No. 11/2015/TT-BKHCH of the Ministry of Science and Technology, issued on 26 June 2015 and effective from 11 August 2015, guiding the implementation of a number of articles of Decree No. 99/2013/ND-CP on sanctioning of administrative violations in industrial property
- Circular No. 13/2015/TT-BTC of the Ministry of Finance, issued on 30 January 2015 and effective from 15 March 2015, on the inspection, supervision, temporary suspension of customs procedures for exported and imported goods that are subjects of intellectual property rights; control of counterfeit goods and goods infringing intellectual property rights, amended and supplemented in 2020
- Joint Circular No. 02/2008/TTLT-TANDTC-VKSNDTC-BVHTT&DL-BKH&CN-BTP issued on 3 April 2008 and effective from 22 May 2008, guiding the application of a number of legal provisions to the settlement of disputes over intellectual property rights at people’s courts

- Joint Circular No. 01/2008/TTLT-TANDTC-VKSNDTC-BCA-BTP issued on 29 February 2008 and effective from 2 April 2008, guiding the examination of penal liability for acts of infringing upon intellectual property rights
- Joint Circular No. 14/2016/TTLT-BTTTT-BKHCN issued on 8 June 2016 and effective from 25 July 2016, guiding the procedure of changing and revoking the domain names infringing IP laws
- Joint Circular No. 05/2016/TTLT-BKHCN-BKHDT issued on 5 April 2016 and effective from 20 May 2016, detailing and guiding measures against corporate names that infringe industrial property rights

## 2. Establishment of IP rights and types of infringements

### 2.1 Establishment of IP rights

IPRs according to Vietnam IP law include:

- Copyright and related rights – administered by the Copyright Office of Vietnam;
- Industrial property rights (trade marks, patents, industrial designs and geographic indications) – administered by the IP Vietnam; and
- Rights to plant varieties – administered by the Plant Variety Protection Office.

Copyright and related rights are automatically protected without the need to register it. However there are other IP subject matters that must register with competent authorities in order to be protected. They are: trade marks, patents, industrial designs and geographic indications.

#### 2.1.1 Copyrights and related rights

The IP Law protects literary, artistic and scientific works under copyrights, with the work types specified in Article 14.1 of IP Law. Copyright and related rights are established automatically upon creation and fixation of the works, without registration required (Articles 6.1, 6.2 and 49.2 of the IP Law). However, right holders of registration certificates shall not bear the burden of proving their ownership of the copyrights and related rights in a dispute, unless there is otherwise evidence (Article 49.3 of the IP Law). Copyrights under the IP Law include economic rights and moral rights.

Copyrights are established at the moment a work is created and fixed in a certain material form, irrespective of its content, quality, form, mode and language and irrespective of whether or not such work has been published or registered<sup>1</sup>. Related rights shall arise at the moment a performance, audio and visual fixation, broadcast or satellite signal carrying coded programmes are fixed or displayed without causing loss or damage to copyright<sup>2</sup>.

#### 2.1.2 Trade marks

Trade marks must be registered at the IP Vietnam to be protected<sup>3</sup>; rights to well-known trade marks are established based on trade mark use. Under the Madrid Agreement and Madrid Protocol, Vietnam accepts applications under the international registration system.

A trade mark will be accepted for protection if it satisfies certain conditions, including:

- It is a visible sign in the form of letters, words, drawings or images including holograms, or a combination thereof, represented in one or more colours.
- It is capable of distinguishing goods or services of the mark owner from those of other subjects.

The term of a trade mark registration certificate is 10 years from the granting date, and is renewable once every 10 years.

<sup>1</sup> Article 6.1, Vietnam IP Law 2005

<sup>2</sup> Article 6.2, Vietnam IP Law 2005

<sup>3</sup> Article 6.3a, Vietnam IP Law 2005



### 2.1.3 Patents

There are three types of protectable patents under Vietnam IP law:

- Patent for Invention – an invention shall be eligible for protection in the form of a patent for invention when it satisfies registration conditions, namely (i) it is novel; (ii) it is of an inventive nature; and (iii) it is susceptible of industrial application.
- Patent for Utility Solution – unless an invention is common knowledge, it will be protected in the form of a patent for utility solution when it satisfies registration conditions, namely (i) it is novel; and (ii) it is susceptible of industrial application; and
- Patent for Industrial Design – an industrial design will be protected in the form of a patent for industrial design when it satisfies registration conditions, namely (i) it is novel; (ii) it is of creative nature; and (iii) it is susceptible of industrial application.

The terms of the protection are:

- Invention patents have maximum protection of 20 years;
- Utility solution patents have maximum protection of 10 years; and
- Industrial designs have maximum protection of five years (however, this is renewable for two consecutive periods of five years).

Individual patent registrations must take place in Vietnam. However, patents for invention and utility solution can be handled by Patent Cooperation Treaty, and the application for industrial design can be applied through the international registration system under the Hague System. Vietnam is the member of both Patent Cooperation Treaty and the Hague Agreement for international registration of industrial design, so it is possible to file patents and industrial designs in Vietnam using these two systems.

## 2.2 Types of infringements

### 2.2.1 Copyrights

The followings are considered acts of copyright infringement<sup>4</sup>:

Appropriating the copyright in works.

- Impersonating the author.
- Publishing, distributing a work without the author's consent.
- Publishing, distributing a work subject to joint authorship without a co-author's consent.
- Editing, modifying or distorting a work in any way that prejudices the honour and reputation of the author.
- Reproducing a work without consent of the author or copyright holder<sup>5</sup>.

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<sup>4</sup> Article 28, Vietnam IP Law 2005

<sup>5</sup> Except for cases according to Article 25.1a and 25.1dd of the Amended IP Law 2009, i.e. reproduction for scientific research or teaching purposes without commercial purposes and reproduction by libraries for archival and research purposes.

- Making a derivative work without consent of the author or copyright holder of the work used for making such derivative work.<sup>6</sup>
- Using a work without consent of the copyright holder and without paying royalties, remuneration or other material benefits in accordance with IP Law<sup>7</sup>.
- Renting a work without paying royalties, remuneration or other material benefits to the author or copyright holder.
- Duplicating, producing copies of, distributing, displaying a work or communicating a work to the public via a communications network or digital means without consent of the copyright holder.
- Publishing a work without consent of the copyright holder.
- Deliberately destroying or deactivating technical protection measures applied by the copyright holder to protect copyright.
- Deliberately deleting or modifying electronic copyright management information in a work.
- Manufacturing, assembling, transforming, distributing, importing, exporting, selling or renting equipment knowing, or having grounds to know, that such equipment may deactivate technical protection measures applied by the copyright holder to protect copyright.
- Making and selling a work with a forged signature of the author.
- Exporting, importing or distributing copies of a work without consent of the copyright holder.

### 2.2.2 Related rights

The followings are considered acts of related rights infringement<sup>8</sup>:

- Appropriating rights of performers, producers of audio/ visual recordings, or broadcasting organizations.
- Impersonating performers, producers of audio/ visual recordings, or broadcasting organizations.
- Publishing, producing and distributing a fixed performance, audio and visual recording or broadcast without consent of the performer, producer of the audio/ visual recording or broadcasting organization.
- Modifying, editing or distorting a performance in any way which prejudices the honor and reputation of the performer.
- Copying or extracting from a fixed performance, audio/ visual recording or broadcast without consent of the performer, producer of the audio/ visual recording or broadcasting organization.
- Deliberately deleting or modifying electronic related right management information without consent of the related right holder.
- Deliberately destroying or deactivating the technical protection measures applied by the related right holder.
- Publishing, distributing or importing for public distribution of performances, copies of fixed performances or audio/ visual recordings knowing, or having grounds to know, that the electronic related right management information has been deleted or modified without consent of the related right holder.
- Manufacturing, assembling, transforming, distributing, importing, exporting, selling or renting equipment knowing, or having grounds to know, that such equipment helps illegally decode satellite signals carrying coded programs.
- Deliberately receiving or relaying satellite signals carrying coded programs without consent of the legal distributor.

<sup>6</sup> Except for transcribing a work into braille or into characters of other languages for the blind (Article 25.1i, Amended IP Law 2009).

<sup>7</sup> The exceptions and limitations are set out in Article 25.1 of the Amended IP Law 2009.

<sup>8</sup> Article 35, Vietnam IP Law 2005

### 2.2.3 Trade marks

The followings are considered acts of trade mark infringement<sup>9</sup>:

- Using<sup>10</sup> a sign, identical to a registered trade mark, for identical goods/ services; or
- uses a sign, identical to a registered trade mark, for similar or related goods/ services, if the use may cause confusion as to the origin of the goods/ services; or
- Using a sign, similar to a registered trade mark, for identical, similar or related goods/ services, if the use may cause confusion as to the origin of the goods/ services; or
- Using a sign, identical or similar to a well-known trade mark, including signs in the form of translation or transliteration of the well-known trade mark, for goods or services of any kind, including unidentical, dissimilar or unrelated goods/ services, if the use may cause confusion as to the origin of the goods/ services or mislead about relationships between the infringer and the well-known trade mark's right holder.

### 2.2.4 Patents

The followings are considered acts of infringement against patents right holders<sup>11</sup>:

- Using protected inventions<sup>12</sup>, protected industrial designs<sup>13</sup> or industrial designs insignificantly different from protected industrial designs within the valid term without permission from the owners.
- Using inventions and industrial designs without paying compensation requested by the rights holders pursuant to the provisional rights to inventions and industrial designs.

### 2.2.5 Counterfeits

Under Vietnamese laws, counterfeits can take two forms:

- Counterfeit goods; and
- Counterfeits of intellectual property.

<sup>9</sup> Article 129, Vietnam IP Law 2005

<sup>10</sup> "Use" of a trade mark is defined in Article 124.5 of the Vietnam IP Law 2005 as follows:

- Affixing the mark on goods, goods packages, business facilities, means of service provision or transaction documents in business activities; or
- Circulating, offering, advertising for sale or stocking for sale goods bearing the mark; or
- Importing goods or services bearing the mark.

<sup>11</sup> Article 126 and Article 131, Vietnam IP Law 2005

<sup>12</sup> "Use" of an invention is defined in Article 124.1 of the Vietnam IP Law 2005 as follows:

- Manufacturing the protected product;
- Applying the protected process;
- Exploiting utilities of the protected product or the product manufactured under the protected process;
- Circulating, advertising, offering or stocking for circulation of the products;
- Importing the products.

<sup>13</sup> "Use" of an industrial design is defined in Article 124.2, Vietnam IP Law 2005 as follows:

- Manufacturing products with an appearance embodying the protected industrial design;
- Circulating, advertising, offering or stocking for circulation of the products;
- Importing the products.

The counterfeit goods are defined as<sup>14</sup>:

- Goods whose uses are not consistent with their nature or names; the goods which are useless or whose uses are other than the announced or registered ones;
- Goods of which one of quality indicators or basic specifications or the amount of primary substances contributing to their uses only reaches 70%, or less, compared to the minimum levels prescribed in technical regulations or quality standards registered, or announced, or specified in their labels or packages;
- Counterfeit drugs defined in Clause 33 Article 2 of the 2016 Law on Pharmacy and counterfeit herbal ingredients defined in Clause 34 Article 2 of the 2016 Law on Pharmacy;
- Veterinary drug or pesticide that does not contain any active ingredients; does not contain all of registered active ingredients; contains active ingredients other than those specified on its label or package; contains at least an active ingredient whose content only reaches 70%, or less, compared to the minimum level prescribed in relevant technical regulations or quality standards registered or announced;
- The good whose label or package containing information forging name or address of manufacturer, importer or distributor, forging registration number, declaration number or barcode of the good, forging package of good of another entity, or forging the origin of good or place of manufacturing, packaging or assembling;
- Counterfeit stamps, labels and packages of goods.

Counterfeits of intellectual property<sup>15</sup> comprise of goods bearing counterfeit trade marks and counterfeit geographical indications (“GI”) and pirated goods –

- Counterfeit trade mark goods are defined as goods or their packages bearing a mark or sign which is identical with or indistinguishable from a registered mark or GI for the goods without authorization from the IP rights holders.
- Pirated goods are defined as copies made without permission from the copyright or related right holders.

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<sup>14</sup> Article 3.7, Decree No. 98/2020/ND-CP prescribing penalties for administrative violations against regulations on commerce, production and trade in counterfeit and prohibited goods, and protection of consumer rights

<sup>15</sup> Article 213, Vietnam IP Law 2005

## 3. Offline anti-counterfeiting enforcement action

### 3.1 Market Survey and Investigation

#### 3.1.1 Market Survey

Market survey is advisable to capture a comprehensive picture of the counterfeit products and/or other potential infringement on the market.

In general, a market survey covers offline searches in the key cities that are of concern of the right holders. It usually focuses on the five first-tier cities in Vietnam with dense population and high demand for goods/services, including Hanoi, Ho Chi Minh City, Da Nang, Hai Phong, Can Tho. Right holders could consider conducting market survey in other provinces where their goods and services that are actively and widely traded in as well.

In order to determine which areas are in need of a market survey, preliminary online searches are recommended. By the online searches, right holders could identify a list of relevant targets to be visited. We will discuss online searches in detail in section IV.1 below. Another source of information right holders could use to determine the scope of a market survey is the local team, sale team or authorized distributors of right holders in Vietnam. These teams are likely to have profound insights into the market and know which cities need enforcement actions.

Depending on the primary goals of the right holder's enforcement strategy, the information to be obtained from market survey may vary. In general, the right holder could obtain the following data in the market survey –

- number of traders (retailer, wholesaler) trading in counterfeit products
- contact details of the traders trading in counterfeit products
- preliminary information on volume of counterfeit by each trader
- any unauthorized use of the right holder's trade marks, copyrighted materials and other IPR

Targets uncovered from the market survey will be classified into (i) large targets, which include wholesalers and retailers with large stock of counterfeits and good prospect of tracing the supplying source and (ii) small targets, which include retailers with small quantity of counterfeits and unidentifiable source of counterfeits. Each type of target and infringement scale requires different strategies to handle it effectively.

#### 3.1.2 In-depth Investigation

In-depth investigation is recommended to capture sufficient evidence on the infringements for enforcement actions against significant targets with large scale of infringements, especially by criminal prosecution (Section III.3 below). To this end, the in-depth investigation may involve a series of actions such as personal approach with the targets, trust-building to verify and obtain further information and documents on the targets' infringement scale (stock volume, sales, warehouse locations and suppliers). In cases where there are good prospects of tracing the source of counterfeit, the right holders could consider expanding the investigation. This will require complex investigation strategy including trap purchases and surveillance.

In-depth investigation is often the most time-consuming work and there are no guarantees on the positive outcome as the traders are usually quite discreet and might not readily disclose information.

The result also depends on the investigators' skills and strategy, as well as the right holders' budget for trap purchase (if necessary) as well. It is advisable to engage experienced agent in this phase for desirable outcomes.

## 3.2 IP Infringements Assessment

In practice, the enforcement authority may be reluctant to conclude that IP infringement has occurred, especially in complex cases due to their limited IP expertise. Therefore, the authority often need expert opinion to handle the case.

### 3.2.1 Vietnam Intellectual Property Research Institute ("VIPRI")

VIPRI is an accredited institute under the MOST, the administrative authority handling IP infringements. VIPRI performs extensive research activities including delivering expert opinions relating to IP infringement cases. The right holder may seek VIPRI's assessment conclusions on infringement against industrial rights (patent, industrial designs, layout designs of integrated circuit, trade mark, trade name, GI) and submit it as a source of reference to the enforcement authorities. Although non-binding on the enforcement authorities, the VIPRI's favourable assessment conclusions always serve as solid support in IP infringement cases.

The timeframe for reverting the assessment is 02 months for patent, 1.5 months for industrial designs and layout designs of integrated circuit and 01 month for trade mark, trade name and GI. However, the right holder could pay extra fee to expedite the process and get the result in under 12, 7 and 5 days, respectively.

### 3.2.2 Expertise Center for Copyright, Related Rights ("ECCR")

ECCR is established under the management of Copyright Office of Vietnam and authorized to issue non-binding, expert opinion on the possibility of copyright and related rights infringement. However, ECCR's practice so far has not been systemized. In particular, it does not have a clear guideline on assessment process and schedule of fees. Right holders are advised to have preliminary consultations with ECCR's officials before filing petitions.

## 3.3 Administrative Action

Administrative action is the most common route for right holders to take action against infringement as it is cost-effective and time-efficient. Right holders usually opt for this option to deal with small and medium scale infringement with aims to stop ongoing IPR infringement immediately. It can also be used to gather evidence for larger-scale infringement.

Trade mark and registered design rights are most easily enforced. Enforcement against unfair-competition, infringement of GI, patents or copyrights is possible, but requires greater effort as the enforcement authorities' limited experience in handling such infringements.

As for copyright and related rights, administrative proceedings tend to be used for handling simple infringements such as book and software piracy. Enforcement against camcording and online piracy (online streaming and sharing) face a challenge as the fast-moving nature of online infringements is not suited to the current procedure and evidential requirements of administrative proceedings. It may be necessary to consult with enforcement authorities to explain the cases before officially submitting complaints.



### 3.3.1 Jurisdiction

The Law on IP provides that several authorities have administrative jurisdiction over IPRs infringements. Each enforcement authority has the authority and expertise over different types of infringements. Therefore, when initiating the administrative proceedings, the right holder should decide to file complaint to the appropriate authority basing on the nature and scale of the infringement. Further to the Section 1.2 above, below is details of the competent authorities for administrative proceedings.

i. Economic Police (EP) under the Ministry of Public Security

The EP is the most powerful force with investigative capacity and power to initiate criminal proceedings. In addition to taking action against criminal offenses, the EP may also handle administrative enforcement against counterfeits and IPR infringing products. The EP usually focus more on serious infringement cases involving the act of manufacturing counterfeit, large quantities of stock, 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 usually cooperate with the MoCST and DoCST Inspectorate to carry out actions.

After accepting the case, EP may carry out further investigations and/or interrogations of suspect infringers. Depending on outcomes, EP will determine whether to handle the case under administrative route or bring criminal prosecution and deliver the case to criminal court for settlement.

Depending on the nature of each case, the time frame of the enforcement by EP varies. It might fluctuate between less than 1 year for administrative sanction and 1-3 years for criminal sanction.

ii. Market Management Bureau (MMB) under the Ministry of Industry and Trade

The MMB is responsible for monitoring the Vietnamese market generally. It acts against straightforward IPRs infringements and the trade of counterfeit goods. However, the MMB has limited capacity to investigate and deal with the infringements administratively. If the cases involve large-scale infringements, it may pass the cases to the EP for further investigation and criminal prosecution (if applicable).

MMB will generally conduct a raid action in the premises of the trader of infringing products identified, then issue a sanction accordingly.

The estimated time frame for the MMB to take action and issue sanctions is about 2-4 weeks for straightforward cases.

iii. The Inspectorates of Ministry of Science and Technology (“MoST”) and Department of Science and Technology (“DoST”)

The Inspectorates of MoST has the more experience in dealing with IP infringement in Vietnam. They tend to handle complex cases such as look-alike goods, patent and design infringement and acts of unfair competition. Straightforward cases of counterfeiting will be more effectively handled by the EP and MMB.

For the look-alike goods, the IPR owners are encouraged to file a petition to an assessment agency, namely VIPRI, in order to obtain the assessment conclusion of whether there is infringement. Favourable opinions from

VIPRI are used as a reference by the Inspectorates and would help to increase the chance of success before the Inspectorates.

The Inspectorates of DoST is the inspectorates at the city/provincial level under the management and guidance of Inspectorate of MoST. For straightforward cases, the Inspectorate of MoST normally would assign the case to the Inspectorates of DoST in the province where the infringers locate. The IP expertise of Inspectorate of DoST differs in each city/province, depending on their experience in handle IPR infringements. Right holders may need to seek expert's opinion, either from VIPRI or the Inspectorates of MoST to support the actions.

- iv. Inspectorate of Ministry of Culture, Sports and Tourism (“MoCST”) and Department of Culture, Sports and Tourism (“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 MMB for raid and investigation actions against infringers. Its enforcement capability is similar to that of the Inspectorate of MoST and DoST at provincial level.

- v. People’s Committee (local government at various levels in Vietnam – from individual villages and communes to cities like Ho Chi Minh City and provinces)

The People’s Committee at city and provincial levels rarely directly deal with IP infringement. When the likely sanction exceeds the authority of the enforcement authority that is usually responsible for dealing with the matter, the People’s Committee will be the authority to issue the sanction decision upon the request of said enforcement authority.

- vi. Customs under the Ministry of Finance

Vietnam Customs’ key function is to control the national borders, including the prevention of importation of counterfeit goods. They have authority to suspend any consignment coming to Vietnam that have signs of IPR infringements.

### 3.3.2 Available penalties and remedies

The IP infringer is subjected to one of the following main penalties<sup>16</sup> –

- Warning: Warning is applied to unintentional infringement; minor infringement; infringement for the first time; or infringement with extenuating factors. This is the most lenient administrative sanction, thus has marginal deterrent effect.
- Monetary fine: This sanction is the most common main sanction. The thresholds of monetary fines imposed on individuals do not exceed VND 250 million (approx. KRW 12,013,678). Monetary fines imposed organizations are twice as much as that imposed on individuals but do not exceed VND 500 million (approx. KRW 24,511,193), which is arguably said to not have much deterrent effect against the infringers.

The enforcement authority could also apply the following supplemental penalties against the infringers –

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<sup>16</sup> Article 214 of IP Law



- 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.

Beside the above sanctions, the following remedies may be applied according to Article 214.3 of the IP Law (as amended in 2009):

- Destruction or distribution or putting into use for non-commercial purposes of the counterfeits and the raw materials, materials and means used mainly for the production or trading of such counterfeits, provided that the destruction, distribution or putting into use does not affect the normal exploitation of rights by the right holders;
- Ejection of infringing goods in transit or compelled re-export of the counterfeits, and imported means, raw materials and materials used mainly for production or trading of the counterfeits out of Vietnam, after removal of the infringing elements.

More specific remedies are stipulated in Decree 99 and Decree 131, such as –

- Removal or exclusion of infringing elements from channels of commerce: The removal is applied to products, goods, signboards, business facilities, transaction documents bearing infringing elements<sup>17</sup>.
- Rectification of incorrect information that has been given to the public as a result of the violation.
- Compelled removal of infringing electronic copies of works, performances, audio/ visual recordings and broadcasts on the Internet and digital environment;
- Refund of royalties, remuneration, or material benefits obtained from the violation to copyright or related right holders.

### 3.3.3 Procedure

#### i. File a complaint

The competent agencies will conduct the regular checking on the market as an ex-officio action. If they find suspected infringing goods, they will alert the right holders for cooperation. However, the authorities do not always focus on IPR infringement. Therefore, the right holders should proactively investigate and search whether there is any sophisticated infringement and then submit the complaint to the appropriate agencies.

The general formalities and documentary requirements for a complaint are set out in the Decree 105<sup>18</sup>. Complaint regarding infringements against industrial rights (including trade mark, design, patent, trade name and trade secret) is further regulated in Decree 99<sup>19</sup> and Circular 11<sup>20</sup>.

<sup>17</sup> Article 4.1a, Circular 11/2015/TT-BKHCHN

<sup>18</sup> Decree 105/2006/ND-CP Detailing and Guiding the Implementation of A Number Of Articles of The Law on Intellectual Property on Protection of Intellectual Property Rights And on State Management of Intellectual Property issued by the Government on 22 September 2006 (“Decree 105”), amended by Decree No. 119/2010/ND-CP amending and supplementing a number of Decree 105 issued by the Government on 30 December 2010 (“Decree 119”)

<sup>19</sup> Decree 99/2013/ND-CP on Sanctioning of Administrative Violations in Industrial Property issued by the Government on 29 August 2013 (“Decree 99”)

<sup>20</sup> Circular 11/2015/TT-BKHCHN Detailing and Guiding A Number of Articles of the Government’s Decree No. 99/2013/ND-CP of August 29, 2013, on sanctioning of administrative violations in the field of industrial property

In general, a complaint must include the following details<sup>21</sup> –

- Date of the complaint
- Name and address of the complainant (the right holder or its representative)
- Name of the competent authority to receive the complaint
- Name and address of the infringer
- Name(s) and address(es) of organizations and individuals with related rights and interests (if any);
- Name(s) and address(es) of the witness(es) (if any);
- Brief information about the intellectual property rights being infringed: type of the right, right establishment and summary of the rights;
- Brief information about the act of infringement: date and place the infringement takes place, brief description of the infringing product, acts of infringement and other information (if any).
- Proposed measures to handle infringement;
- A checklist of documents and evidence accompanying the complaint;
- Signature of the complainant with a seal (if any).

The complaint must be accompanied by supporting evidence<sup>22</sup>, including:

- Evidence on the right holders’ legitimate right over the IP subject matter in question. Copies of registrations for trade mark, patent, design, or copyright are sufficient for this requirement.
- Evidence on the infringing acts of the adverse party. This could be samples or photos of infringing goods along with receipt of the purchase (if any) and/or photos capturing the infringing acts. The right holders could consider obtaining bailiff’s notarization for these documents (especially if there is likelihood of the adverse party hiding the infringements and erasing the evidence from its end) to enhance their evidentiary value and avoid being challenged by the adverse party or questioned by the competent authority.

In addition to the above required evidence, the right holders could submit favourable expert’s opinion to the competent authority for their reference in handling the case.

Upon receiving the complaint with sufficient evidence, competent authority will conduct their own investigation and inspection to verify the infringing acts. If the infringing act is confirmed, the authority will apply suitable remedies against the infringer.

## ii. Handling the complaint

Decree 99 and Circular 11 set out specific timeline and procedure of handling complaint regarding industrial right infringements as below –

- If the request dossier is considered sufficient, within 30 days since the date of receipt, the competent authority must notify the right holder of the projected handling timeframe, procedure and applied measures; and may request the right holders’ cooperation in the handling process.<sup>23</sup>
- The competent authority can carry out the following activities to verify the infringements<sup>24</sup>:

<sup>21</sup> Article 22, Decree 105

<sup>22</sup> Article 23, Decree 105

<sup>23</sup> Article 25.2, Decree 99

<sup>24</sup> Article 25, Decree 99

- Conduct their own investigation into the infringement to collect evidence, verify the facts and the nature of infringement
  - Request the alleged infringer and parties with related rights and interests to provide the information, document, evidence, explanations, arguments or counterarguments
  - Request the right holder to provide documents, evidence, clarification on the case, genuine samples for comparison (in case of counterfeits), confirmation on the counterfeit nature of the suspected goods, etc.
  - Solicit expert assessment to clarify the nature of the infringement
- In case of infringement with complicated circumstances or involving several organisations and individuals, the competent authority shall coordinate with other authorities for handling the infringement.<sup>25</sup> In case the request is accepted and being handled by the competent authorities, but the involving parties reach an agreement and suggest measures<sup>26</sup>, the competent authorities shall acknowledge such measures and terminate the handling process;
  - After the handling process, if the infringement is established, competent authority shall issue Sanctioning Decision against the infringers.

Regulations regarding the request for consignment interception submitted to Customs is set out in Section III.5 below.

### 3.3.4 Ex-officio administrative actions

Conducting administrative actions against counterfeits based on right holder's complaints can also provide momentum for enforcement authorities to proactively arrange raids against the counterfeits or infringing goods without the right holders' complaints ("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 the right holders. Work for right 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 right 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.

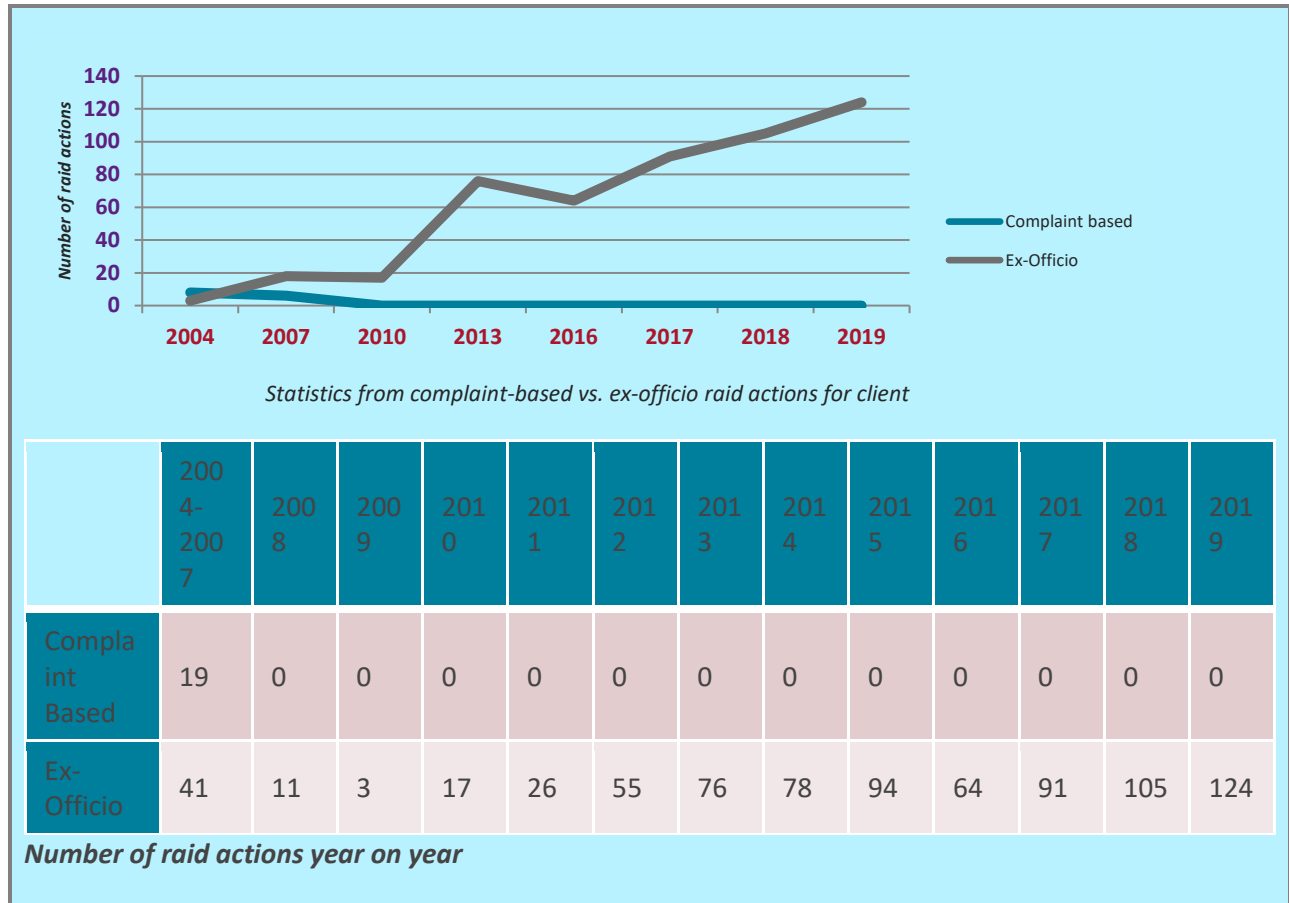
#### **Case study**

#### ***Building up an enforcement momentum***

***Right holder is a German multinational corporation, one of the largest sportswear manufacturer in the world, has launched an anti-counterfeiting program in Vietnam since 2004. After successful complaint-based actions from 2004 to 2007, the company has built up a momentum by which the enforcement authorities could be the eyes and ears of the right holder in the market and proactively arrange raids without any requests or complaints from the company. Since 2007, enforcement authorities have rolled out series of ex officio raids against counterfeiting infringers. The work in case of ex officio raids for the company is currently quite minimal and straightforward.***

<sup>25</sup> Article 29, Decree 99

<sup>26</sup> According to Article 27.2 of the Decree 99, the agreed measures shall be in accordance with law on IP and not affect the legitimate rights and interests of third parties, consumers and the public.



### 3.4 Criminal Prosecution

Criminal enforcement has the toughest sanctions with strict penalties against infringers, compared to other enforcement actions. In practice, criminal proceedings are normally used against the producers/wholesalers of counterfeits rather than mere similar trade mark infringements, which can be appropriately pursued by civil actions.

Criminal prosecution used to be quite rare in Vietnam and has increased over the last few years. Criminal prosecution can only be applied against trade mark and copyright infringement as well as counterfeits. As a matter of practice, 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).

#### 3.4.1 Criminal Offence regarding IPR

Criminal cases are used for trade mark and copyright infringement as well as counterfeits. Criminal liabilities regarding IPR infringing acts could be applied to either an individual or a legal entity. Factors for IP infringing acts to constitute criminal offenses are specified in the 2015 Criminal Code<sup>27</sup>.

<sup>27</sup> Criminal Code No. 100/2015/QH13 issued by the National Assembly on 27 November 2015 (“2015 Criminal Code”), amended by Law No. 12/2017/QH14 on amendments to the Criminal Code No. 100/2015/QH13 issued by the National Assembly on 20 June 2017 (“2017 Criminal Code Amendments”).

i. Counterfeit Manufacturing and Trading

Article 192, 193 and 194 of the 2015 Criminal Code (amended under Article 1.42a of the 2017 Criminal Code Amendments) stipulates that –

- Criminal charges on a person or a legal entity will be triggered in case such person/ entity manufactures and/ or sells counterfeits with: –
  - the counterfeits worth from VND 30 million (approx. KRW 1,470,397), or the counterfeits worth below VND 30 million but the infringer has suffered administrative sanctions before or unspent convictions for certain economic crimes<sup>28</sup>; or
  - injury or health damage caused to others from a 31% whole person impairment; or
  - an illegal profit worth from VND 50 million (approx. KRW 2,450,662) earned; or
  - a property loss worth from VND 100 million (approx. KRW 4,901,325) caused.
- In case the counterfeits are food, food additives and medicines, the criminal charges on a person or a legal entity will be triggered if that person/entity manufactures and/or sells such counterfeits<sup>29</sup>.

ii. Industrial Property Right Infringements (regarding trade mark and geographic identification (“GI”))

Article 226 of the 2015 Criminal Code (amended under Article 1.53 of the 2017 Criminal Code Amendments<sup>30</sup>) set out that –

- Criminal charges on a person will be triggered in case he or she deliberately conducts an act of trade mark/GI infringement involving trade mark/GI counterfeits: -
  - with a commercial scale; or
  - to earn an illegal profit from VND 100 million (approx. KRW 4,901,325); or
  - causing a loss from VND 200 million (approx. KRW 9,806,741) to the trade mark/GI right holder; or
  - with the infringing goods worth from VND 200 million (approx. KRW 9,806,741).
- Criminal charges on a legal entity will be triggered in case it deliberately conducts an act of trade mark/GI infringement involving trade mark/GI counterfeits: -
  - with a commercial scale; or
  - to earn an illegal profit from VND 200 million (approx. KRW 9,806,741); or
  - with a loss from VND 300 million (approx. KRW 14,707,482) caused to the trade mark/GI right holder; or
  - with infringing goods worth from VND 300 million (approx. KRW 14,707,482).

In case the infringing legal entity has suffered administrative sanctions before or unspent convictions for trade mark/GI infringement, an infringing act to earn a profit from VND 100 million (approx. KRW 4,901,325), or with a loss from VND 100 million caused to the trade mark/GI right holder, or with infringing goods worth from VND 100 million may also trigger criminal charges.

<sup>28</sup> The economic crimes in this respect include Smuggling; Illegal transport of goods or money across the border, manufacturing and trading of banned goods; Possession and transport of banned goods; Manufacturing and trading of counterfeit goods; Manufacturing and trading of counterfeit food or food additives; Manufacturing and trading of counterfeit animal feeds, fertilizers, veterinary medicines, pesticides, plant varieties, animal breeds; Speculation; Tax evasion (Articles 188, 189, 190, 191, 192, 193, 194, 195 and 200 of the 2015 Criminal Code).

<sup>29</sup> Article 193 and 194, 2015 Criminal Code.

<sup>30</sup> Law No. 12/2017/QH14 on Amendments to the 2015 Criminal Code issued by the National Assembly on 20 June 2017.

### iii. Copyright and Related Right Infringements

Article 225 of the 2015 Criminal Code (amended under Article 1.52a of the 2017 Law on Amendments to the Criminal Code):

- Criminal charges on a person or a legal entity will be triggered in case such person/entity, without the copyright/ related right holder's consent, deliberately conducts an act of (i) reproducing copyrighted works or audio/ visual recordings, or (ii) distributing to the public copies of copyrighted works or audio/ visual recordings:
  - with a commercial scale; or
  - to earn an illegal profit from VND 50 million (approx. KRW 2,450,662); or
  - causing a loss from VND 100 million (approx. KRW 4,901,325) to the copyright/ related right holder; or
  - with the infringing goods worth from VND 100 million.
- Criminal charges on a corporate entity will be triggered in case it deliberately conducts an act of copyright infringement:
  - with a commercial scale; or
  - to earn an illegal profit from VND 200 million (approx. KRW 9,806,741); or
  - causing a loss from VND 300 million (approx. KRW 14,707,482) to the copyright/ related right holder; or
  - with the infringing goods worth from VND 300 million (approx. KRW 14,707,482)
- In case the infringing corporate entity has suffered administrative sanctions before or unspent convictions for copyright/ related right infringement, an infringing act to earn a profit from VND 100 million (approx. KRW 4,901,325) or with a loss from VND 100 million caused to the copyright/ related right holder, or with infringing goods worth from VND 100 million may trigger criminal charges.

In practice, as the 2015 Criminal Code does not set out definition for counterfeit, the authority will act in accordance with the definition of counterfeit in the Article 3.8 of Decree 185<sup>31</sup>, which covers the IP counterfeit goods, the falsely labeled goods<sup>32</sup> and the counterfeits in quality/use value. The counterfeits in quality/use value include:

- substandard forged goods<sup>33</sup>
- falsified forged goods<sup>34</sup>
- goods that have no use value or utility (or the use value does not match the goods' nature, their names or announced/registered use value).

According to Article 213 of the IP Law, IP counterfeit includes –

<sup>31</sup> Decree 185/2013/ND-CP Providing the Penalties on Administrative Violations in Commercial Activities, Production of, Trading in Counterfeit or Banned Goods and Protection of Consumer Rights issued by the Government on 15 November 2013 ("Decree 185")

<sup>32</sup> Goods with counterfeit packaging of other businesses, or with labels or packaging that falsely claimed name or address of an entrepreneur, trade name, product name, circulation registration code, bar codes, the indication of the goods' origin, places of manufacturing, packaging and assembly (Article 3.8dd and 3.8e of the Decree 185).

<sup>33</sup> Goods with at least one quality standard or basic technical characteristic creating the goods' use value of 70% or lower comparing with the quality or technical standard applied for the genuine products (Article 3.8b of the Decree 185).

<sup>34</sup> Applying for medicine and plant protection products that having insufficient substance content (for medicine) or active ingredients (for plant protection products) to the registered substance content (or active ingredients); or having substances additional (or active ingredients) to that stated on the labels (Article 3.8c and 3.8d of the Decree 185).

- Trade mark/GI counterfeit: goods or their packages bear a mark or sign which is identical with or indistinguishable from a trade mark or GI protected for those goods, without permission from the mark owner or organization managing the GI.
- Pirated goods: copies made without permission from the copyright holder or related right holder.

Given the definition of counterfeit in Decree 185 cover the IP counterfeit, there are different approach taken by different officials as to whether an act involving IP counterfeit would constitute a crime of counterfeit manufacturing/trading (Article 192, 2015 Criminal Law) or a crime of IP right infringement (Article 225, 226, 2015 Criminal Law). The authorities usually require genuine goods for comparison with their counterfeit counterparts in terms of technical features, functions, quality to enforce according to Article 192 of the 2015 Criminal Law.

Decree 98<sup>35</sup> has been recently issued to replace the Decree 185. Decree 98 removes IP counterfeit from the definition of counterfeit. This raises an possible implication that the crime involving IP counterfeit is now being handled under Article 226, unless such counterfeit is food, food additives and medicines or it is substandard counterfeit.

In addition, the laws do not clearly define the concept of ‘commercial scale’. Therefore, it is challenging to pursue criminal sanction under this term. This very much depends on the willingness, views and policy of the responsible enforcement authorities.

#### Case study

##### Criminal raid and prosecution against counterfeit manufacturers

Right holder is a British multinational consumer goods, focusing on healthcare and hygiene products. Upon conduct market survey, we uncover high visibility of counterfeit goods bearing right holder’s trade mark on the market.

We represented the right holder to work closely with the national economic police (“EP”) and the EP of Ho Chi Minh City to assist the investigations and surveillance of the counterfeiting gang for six months. The EP then conducted simultaneous raid actions into five premises (including production sites and warehouses) in HCMC and Binh Duong. Seven people were arrested. Several machines and tools for producing counterfeits, as well as hundreds of thousands of counterfeits were seized. The total value of the seized items is estimated at approx. VND5,974,225,546 (approx. KRW 290,570,864).

After the raid action, the EP will need right holder to (i) confirm the authenticity of the seized items, (ii) provide the documents regarding the genuine products such as price quotation, product quality standard, etc, (iii) provide samples of genuine products for assessment and other information as needed to consolidate evidence for criminal prosecution. The case was later transferred to the Procuracy for prosecutions.

#### Key takeaways:

It is time-consuming but worthwhile to conduct in-depth investigation to determine the scope of infringement, especially to locate their warehouse. The investigation should be carried out by skillful investigators with experience in surveillance. Right holder could engage the enforcement authority in

<sup>35</sup> Decree No. 98/2020/ND-CP Prescribing Penalties for Administrative Violations against Regulations on Commerce, Production and Trade in Counterfeit and Prohibited Goods, and Protection of Consumer Rights

the investigation process after collecting sufficient evidence to build a prima facie case before the enforcement authority.  
The right holder should closely work with the enforcement authorities and assist them timely in their raid, products seizure and evidence consolidation.

### 3.4.2 Penalties

- i. Counterfeit Manufacturing and Trading
  - Regular goods

	Individual Infringer	Corporate Infringer
Minimum penalty	A fine from VND 100 million (approx. KRW 4,901,325) to VND 1 billion (approx. KRW 49,024,942) ; or 1 year’s imprisonment	A fine from VND 1 billion (approx. KRW 49,024,942) to VND 3 billion (approx. KRW 147,244,640)
Factors raising penalty	Higher counterfeits’ values, higher percentages of whole person impairment caused by injury/health damage, numbers of injured people, illegal profits reaped, or property losses caused; or Infringement is conducted on an organisational basis, or with a professional nature, with an abuse of position or power, with an abuse of names of agencies or organisations, with deaths caused, with cross-border trading or with dangerous recidivism.	
Maximum penalty	15 years’ imprisonment	VND 9 billion (approx. KRW 441,733,922); or Cessation of business operations (from 06 months to 03 years); or Permanent cessation of business operation
Possible supplemental penalties	Fine up to VND 50 million (approx. KRW 2,450,662) Bans from holding positions, practicing certain jobs or doing certain works in from 1 to 5 years Confiscation of a part or the whole of properties	Fine up to VND 200 million (approx. KRW 9,806,741) Bans from business activities, operations in certain fields or fundraising in a period from 1 to 3 years

- Counterfeit food, food additives and medicines

	Individual Infringer	Corporate Infringer
Minimum penalty	Two year’s imprisonment	A fine of VND 1 billion (approx. KRW 49,024,942)



<b>Factors raising penalty</b>	High counterfeits' values, high percentages of whole person impairment caused by injury/health damage, numbers of injured people, illegal profits reaped, or property losses caused; or Infringement is conducted on an organisational basis, or with a professional nature, with an abuse of position or power, with an abuse of names of agencies or organisations, with deaths caused, with cross-border trading or with dangerous recidivism.	
<b>Maximum penalty</b>	Life imprisonment; or Death sentence (for counterfeit medicines)	VND 20 billion (approx. KRW 981,630,938); or Cessation of business operations (from 01 year to 03 years); or Permanent cessation of business operation
<b>Possible supplemental penalties</b>	Fine up to VND 100 million (approx. KRW 4,901,325) Bans from holding positions, practicing certain jobs or doing certain works in from 1 to 5 years Confiscation of a part or the whole of properties	Fine up to VND 300 million (approx. KRW 14,707,482) Bans from business activities, operations in certain fields or fundraising in a period from 1 to 3 years

- Industrial Right Infringements (regarding trade mark and geographic identification (“GI”))

	<b>Individual Infringer</b>	<b>Corporate Infringer</b>
<b>Minimum penalty</b>	VND 50 million (approx. KRW 2,450,662) to VND 500 million (approx. KRW 24,511,193); or Up to three years' community sentence	VND 500 million (approx. KRW 24,511,193)
<b>Factors raising fine/ penalty</b>	Greater illegal profits reaped, greater loss caused, greater values of infringing goods, infringements committed on an organisational basis, infringements committed more than once.	
<b>Maximum penalty</b>	VND 1 billion (approx. KRW 49,024,942); or 3 years' imprisonment	VND 5 billion (approx. KRW 245,236,095); or Up to 2 years' suspension of operations
<b>Possible supplemental penalties</b>	Fine up to VND 200 million (approx. KRW 9,806,741) Bans from holding positions, practicing certain jobs or doing certain works in a period from 1 to 5 years	Fine up to VND 500 billion (approx. KRW 24,511,193) Bans from business activities, operations in certain fields or fundraising in a period from 1 to 3 years

iv. Copyright and Related Right Infringements

	Individual Infringer	Corporate Infringer
<b>Minimum penalty</b>	VND 50 million (approx. KRW 2,450,662) to VND 300 million (approx. KRW 14,707,482); or Up to 3 years' community sentence	VND 300 million (approx. KRW 14,707,482)
<b>Factors raising penalty</b>	Greater illegal profits reaped, greater loss caused, higher values of infringing goods, infringements committed on an organisational basis, infringements committed more than once.	
<b>Maximum penalty</b>	VND 1 billion (approx. KRW 49,024,942); or Up to 3 years' imprisonment	VND 3 billion (approx. KRW 147,141,657); or Up to 2 years' suspension of operations
<b>Possible supplemental penalties</b>	Fine up to VND 200 million (approx. KRW 9,806,741) Bans from holding positions, practicing certain jobs or doing certain works in 1 – 5 years	Fine up to VND 300 million (approx. KRW 14,707,482) Bans from business activities, operations in certain fields or fundraising in 1 – 3 years

### 3.4.3 Procedure

If the right holder would like to criminally prosecute the identified infringers, it is advisable to lodge a complaint to the Police for Corruption, Smuggling and Economic Crimes (Economic Police – “EP”) under Vietnam People's Public Security, who has the authority to investigate IP related infringements for criminal prosecutions.

i. EP

EP is formed at three levels. Each level of EP would conduct investigations into corresponding scales of infringements:

Level of EP	Scale of Infringement <sup>36</sup>
Central level - EP Department, under the Ministry of Public Security	Extremely serious or complicated crimes occurring in more than one province and/or centrally run city; transnational crimes.
Provincial level – EP Division, under the provincial Public Security Department	Infringing acts occurring in more than one district within the province/centrally run city at issue.
District level – EP Team, under the district-level Public Security Section	Infringing acts occurring within a district.

The EP has the main authorities to:

- directly inspect and verify the initial information regarding the criminal acts;

<sup>36</sup> Article 19, 20, 21, Law No. 99/2015/QH13 on Organization of Criminal Investigation Bodies issued on 26 November 2015 by the National Assembly.

- conduct searches at houses, workplaces, locations or vehicles that are alleged to have documents, items, property and any other materials in relation to the criminal acts;
- seize the infringing goods, materials and other documents in relation to the criminal acts;
- file charges against the suspects; summon and interrogate the suspects;
- cooperate with relevant authorities to arrest and detain the suspects;
- request testimony of person related to the criminal acts;
- request expert assessment and property valuation;
- close the investigation if there is no sufficient evidence proving the criminal acts.

In practice, the EP usually prioritises serious criminal offenses, such as large quantities of counterfeit stock, cases involving a network of infringers, infringing acts or products that pose a danger to the consuming public (for example, pharmaceutical cases) and repeat infringers. The EP may also co-operate with other enforcement bodies in investigating complicated infringement cases.

Activities of the enforcement authorities are covered by the state budget. However, there are regulations<sup>37</sup> allowing various forms of support (including financial contributions) from right holders to the EP to tackle infringing acts. The idea behind this contribution is that it will help enforcement authorities deal with infringements more effectively as the state budget is limited. However, this contribution is made voluntarily and should not be seen as an obligation nor as an official fee for requesting the enforcement authorities to handle an infringement.

## ii. Procedure

For the right holder's ease of reference, below are simplified steps and relevant authorities involved in the process of a criminal case from investigation to Court's trial –

- Investigation and verification (including raid action) by EP:

Upon receiving our complaint and enclosed evidence, the EP will conduct their own initial verification and investigation to determine whether the matter is suited for criminal prosecution. The EP could carry raid action into the infringers' warehouse, storage, office, etc to obtain sufficient evidence for the case.

The right holder is encouraged to cooperate with the EP and assist them by providing information on the targets, means of transportation, technical equipment, counterfeit identification and other assistance if possible to move the case forward.

- Prosecution by the Procuracy

If criminal signs are determined and the EP has collected sufficient evidence, the case will be transferred to the Procuracy for prosecution. The Procuracy will review the case dossier and decide whether to submit the case to the Court for trial or to ask the EP to supplement more evidence and information.

<sup>37</sup> Circular No. 11/2015/TT-BKHCHN, issued on 26 June 2015 by the Minister of Science and Technology (Circular 11), provides "Right holders may propose technical assistance, including information, documents, means of transport, technical equipment and manpower for competent agencies to investigate, verify and collect evidence and dispose of material evidence and means used in infringements. The financial support shall be regarded as reasonable expenses for the protection of industrial property rights and accounted as production costs ....".

- Trial by Court
- 

Once the case is submitted to the Court, the Court will decide whether to bring the case to trial or ask the Procuracy/EP to supplement more evidence and information. The first-instance judgment and ruling are valid if there are no appeals or protests within 15 days as from the date of issuance.

### 3.5 Civil Litigation

In practice, civil courts used as a first step. The system is established and there have been few cases are heard by judges, however, the number of IP infringement cases decided by courts is still relatively limited compared to other disputes. This may partly be due to judicial inexperience and the complexity and cost of civil litigation. Vietnam has not had specialised IPR courts yet and the Economic Court division of the People’s Courts handles IPRs disputes instead. On average, there are about 10 IP cases followed through in civil court per year.

Nonetheless, we notice that right holders are increasingly using civil litigation to request for preliminary injunctions, damages and a public apology from infringers. Court venue is also increasingly chosen by right holders for complex dispute, involving IPR.

#### 3.5.1 Jurisdiction

Vietnam’s civil court system includes:

- The Supreme People's Court;
- Superior People's Courts;
- Provincial-level People's Courts;
- District-level People's Courts.

It is important to file the petition to the correct court having the jurisdiction to hear the case. Vietnam Civil Procedure Law set out the Court’s jurisdiction as follows –

- i. Jurisdiction according to court level
  - IP disputes that do not involve commercial purposes are under the jurisdiction of district-level civil courts<sup>38</sup>, except for those involving parties or properties in foreign countries or requiring overseas judicial entrustment – which is under the jurisdiction of Provincial-level Civil Courts<sup>39</sup>.
  - IP disputes that involve a commercial purpose are under the jurisdiction of Provincial-level Economic Courts<sup>40</sup>.
- ii. Jurisdiction according to the territory

<sup>38</sup> District-level Civil Courts handle civil, business, commercial and labour matters that fall into district-level courts’ jurisdiction (Article 35.1a and 36.1, Civil Procedure Code No. 92/2015/QH13 issued by the National Assembly on 25 November 2015 (“2015 Civil Procedure Code”)).

<sup>39</sup> Provincial-level Civil Courts handle civil matters that fall into provincial-level courts’ jurisdiction (Article 35.3 of the 2015 Civil Procedure Code).

<sup>40</sup> Provincial-level Economic Courts handle business and commercial matters that fall into provincial-level courts’ jurisdiction (Article 37.1a and 38.1, 2015 Civil Procedure Code).

IP disputes are handled by the court where the defendant resides or is domiciled. However, the parties have the right to agree in writing that the disputes are handled by the court where the plaintiff resides or is domiciled<sup>41</sup>.

The plaintiff has the right to petition<sup>42</sup>:

- the court of the area where the defendant last resided or was domiciled, in case the current area where the defendant resides or is domiciled cannot be identified;
- the court of the area where the defendant has offices or branches, in case the dispute arises from the operation of the branch;
- the court of the area where the plaintiff resides or is domiciled, in case the defendant does not have a domicile in Vietnam;
- the court of the area where the dispute arises, in case the dispute is about compensation for non-contractual damage;
- the court of the area where the contract is performed, in case the dispute arises from a contractual relation.
- the court of the area where one of the defendants resides or is domiciled, in case the defendants reside or are domiciled in different areas.

### 3.5.2 Remedies

Civil IP cases are governed by the following groups of rules:

- Specific provisions for handling IP infringement and disputes with civil measures are set out under in the IP Law (including civil measures the Court may apply, litigants' rights and obligations to prove, principles for determination of damage, grounds for determination of levels of damages, preliminary injunctions);
- General rules of procedures for handling disputes in the Civil Procedure Code.

According to Article 198.1b, d of the IP Law, right holders are entitled to:

- request the infringer to terminate the infringements, make a public apology or rectification, and pay damages;
- initiate a lawsuit to protect their legitimate rights and interests.

According to Article 202 of the IP Law, the court may apply the following remedies against IP infringers:

- Termination of infringing acts.
- Public apology and rectification.
- Implementation of civil obligations.
- Payment of damages.
- Destruction, distribution or use for non-commercial purposes of goods, raw materials, materials and means used mainly for the manufacturing or trading of infringing goods, on the condition that the exploitation of rights by right holders will not be affected.

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<sup>41</sup> Article 39.1, 2015 Civil Procedure Code.

<sup>42</sup> Article 40.1, 2015 Civil Procedure Code.

## a. Damages

Damage under the IP Law includes material damage and spiritual damage, causing by the infringing acts of the adverse party. The level of damages is calculated based on the actual loss that the right holder suffers due to the infringement.

### i. Damage Determination

Material damage include<sup>43</sup> –

- Property losses<sup>44</sup>: These are determined in accordance with the level of decrease in or loss of the in-cash value of the IP rights. Such in-cash value is determined by –
  - The price of transfer of the ownership right or the price of assignment of the use right of the IP rights;
  - The value of the business capital contributed in the form of IP rights;
  - The value of IP rights in the total assets of an enterprise;
  - The investment value for the creation and development of the IP right subject matter, including marketing, research, advertising, labor costs, taxes and other expenses.
- Decreases in income and profit<sup>45</sup>: The income and profit include the income and profit gained from (i) directly using and exploiting the IP right, (ii) leasing the IP right, and (iii) assigning the right to use the IP right. The level of decrease in income, profits is determined by –
  - Direct comparison between actual income, profit of each type above before and after the acts of infringement are committed
  - Comparison between the volumes of products, goods or services actually consumed or supplied before and after the acts of infringement are committed;
  - Comparison between actual retailing price of the products, goods or services on the market before and after the acts of infringement are committed.
- Loss of business opportunities<sup>46</sup>: A loss in business opportunities means loss of the in-cash value of the income that the right holder would have achieved from the below business opportunities but fails to do so due to the acts of infringement –
  - Actual possibility of directly using or exploiting the IP right to do business;
  - Actual possibility of leasing the IP rights to other persons;
  - Actual possibility of assigning the right to use IP rights, or transferring the IP rights to other persons;
  - Other business opportunities lost as a direct result of the infringing acts.
- Reasonable expenses for prevention and remedying of such damages<sup>47</sup> include expenses for (i) temporary seizure, maintenance, storage of infringing goods, (ii) costs for implementation of preliminary injunction (iii) reasonable expenses for hiring the assessment service, prevention and remedy of consequences of acts of infringement, and (iv) cost of notification and correction in the mass media relating to acts of infringement.

<sup>43</sup> Article 204.1a, Vietnam IP Law 2005

<sup>44</sup> Article 17, Decree 105

<sup>45</sup> Article 18, Decree 105

<sup>46</sup> Article 19, Decree 105

<sup>47</sup> Article 20, Decree 105

Spiritual damage<sup>48</sup> includes damages to the honor, dignity, prestige, reputation of the authors and performers, the authors of patent, industrial designs, layout designs.

ii. Calculation of damages to be granted

If the plaintiff manages to prove the infringement has caused the plaintiff 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 holders propose 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 VND 500 million (**approx. KRW 24,511,193**).

If the plaintiff manages to prove that the infringement has caused the plaintiff spiritual damages, the plaintiff is entitled to request the Court to decide the damages depending on the extent of loss, with the range from VND 5 million (**approx. KRW 245,314**) to VND 50 million (**approx. KRW 2,450,662**).

The plaintiff is also entitled to request the Court to compel the infringer to pay reasonable costs for lawyers.

In practice, it is quite challenging to prove the actual damage caused by the infringing acts, especially the spiritual damage as the evidentiary requirements are quite heavy. The damages that is simple to prove and commonly granted by the Court are lawyers' costs and expenses for (i) temporary seizure, maintenance, storage of infringing goods, (ii) assessment service and (iii) sample purchase of the infringing goods (if invoices of such purchase are available).

#### b. Preliminary injunctions

According to Article 206 of the 2005 IP Law, when or after initiating a lawsuit, the right holder is entitled to request that the Court apply the preliminary injunctions to goods suspected as infringing IP and raw materials, materials and means for manufacturing and trading such goods if –

- there is a threat of irreparable damage suffered by the right holders; or
- there is a threat of dispersal or destruction of suspected infringing goods and related evidence if they are not protected in time.

The below preliminary injunctions could be applied for suspected infringing goods, raw materials, production facilities or facilities for trading of such goods<sup>49</sup> –

- Retention;
- Seizure;

<sup>48</sup> Article 204.1b, Vietnam IP Law 2005

<sup>49</sup> Article 207, Vietnam IP Law 2005

- Sealing; prohibiting any alteration of the original state; prohibiting any movement/transportation;
- Prohibiting transfer of ownership.

According to Article 208 of the IP Law, the plaintiffs bear the burden of proving the rights to request preliminary injunctions by providing documents evidencing that they are the right holders.

Detailed procedures for preliminary injunctions request are stipulated under Chapter VIII of the 2015 Civil Procedure Code. The request must include –

- information about the plaintiff
- a summary of the dispute/ infringement
- reasons for application of the preliminary injunctions
- types of injunctions applied and specific requirements.

When receiving the request for preliminary injunctions enclosed with the petition and evidence, the Chief Justice shall immediately assign a Judge to handle the request. Within 48 hours since receiving the request, the Judge must issue a decision to apply preliminary injunctions; if the request is rejected, the Judge must issue a notification setting out the refusal grounds.

### c. Other provisional measures

Apart from preliminary injunctions specified in the IP Law as mentioned above, other provisional measures under Article 114 of the 2015 Civil Procedure Code may also be applied if they are relevant. These may include freezing accounts at banks or other credit institutions, state treasury; freezing properties at places of their deposit; prohibiting involved parties from performing, or forcing them to perform certain acts; etc.

## 3.5.3 Procedure

Below is the basic procedure and requirements of civil litigation for IP infringements that right holder should take into account when considering this option. Detail consultation with lawyer is advised.

By laws, the civil procedure may take approx. 6 months to a year in a straightforward dispute. However, in practice, it may take longer due to delays from the court and the defendants. There is a copyright dispute that has last for 12 years and only been settled in 2019<sup>50</sup>.

### i. Submission of Petition

To initiate the civil action, the right holder should file the petition to the competent court having the jurisdiction to hear the case (as mentioned in section 4.1 above). The request for preliminary injunctions could be filed together with the petition.

The petition should be enclosed with the documentary evidence, including evidence on the IP right establishment of the right holder, the infringing acts of the defendant and the damage caused by infringing acts (if the plaintiff is looking for damages). The evidence must conform to the formality requirements set out in Chapter VII of 2015 Civil Procedure Code. Notarisation and legalisation are usually required.

<sup>50</sup> <https://tuoitrenews.vn/news/lifestyle/20190219/artist-wins-copyright-row-over-characters-in-vietnams-longestrunning-comics-after-12year-lawsuit/48995.html>



## ii. Court-Connected Mediation

This is a newly introduced method of alternative dispute resolution that has been piloted in 16 major provinces throughout the country from 2018. This method is reported to have positive outcome in settle dispute pre-trial and later is promulgated into a new Law on Court-connected Mediation or Dialogue<sup>51</sup> coming into effect on 01 January 2021. Mediation is applied for civil dispute and dialogue is applied for administrative dispute. This is expected to be a solution for the backlog at the court and therefore improve the effectiveness of the civil court.

Under this new legislation, when the plaintiff file the petition to court, the court will inform the plaintiff about the court-connected mediation option and ask for their confirmation on whether they would like to conduct such mediation. If the plaintiff agrees, or does not respond to court's two rounds of notice, the case will be transferred to mediation centre. A Judge will be assigned accordingly to appoint one mediator for the case and supervise the mediation process. The litigants could ask the Judge to appoint the mediator of their choice as well.

By laws, the mediation shall take place within 20 days as from the date of appointing the mediator. The time limit is extendible but must not exceed 30 days.

This could be used as a platform for the right holder to leverage the negotiation with the adverse party and resolve the dispute without having to go through all the procedures of the civil case.

However, in case the right holder does not wish to go through the court-connected mediation process, it is advisable to send a written notice informing the same to the court in order to expedite the petition acceptance process and avoid any possible delays.

## iii. Petition Acceptance

If the court-connected mediation is skipped or fails, the petition will be filed to the court. Within 3 working days from the day on which the petitions are received, the Chief Justices of the Courts shall assign one Judge to review the petitions.

Within 5 working days from the day on which the Judge is assigned, if the petition is in order, the Judge shall notify the plaintiff to advance the Court fee, which must be paid within 07 days as from the date receiving the court's notice. The Judges shall accept the petitions when the plaintiff submitted to the Court the receipt of Court fee advance payment.

A notice of acceptance shall be sent to the plaintiff, the defendant and other related persons/entities involved in the case within three days from the date of acceptance.

## iv. Preparation of Hearing

Another Judge will be assigned to resolve the case. The time limits for preparation of hearing is 02 months from the date of acceptance (for IP disputes that involve a commercial purpose and extendible for another 01 months) and 04 months from the date of acceptance (for IP disputes without commercial purpose and extendible for another 02 months). However, as a matter of practice, it may take longer for the court to prepare for the trial due to the backlog at the court and the limited capability to handle IP dispute of the Judges.

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<sup>51</sup> Law No. 58/2020/QH14 on Court-connected Mediation or Dialogue issued by the National Assembly on 16 June 2020

During the period of preparation for first instance trial, the Judge shall hold meetings for checking the handover of, access to and disclosure of evidence and pre-trial mediation between the involved parties.

In case the plaintiff/defendant refuses to conduct the mediation, the meetings will only aim to check the handover of, access to and disclosure of evidence between the involved parties. Details of how the meetings should be carried out is set out in the 2015 Civil Procedure Code from Article 208 to Article 213.

Based on the results of such meeting, the Judge shall make the decision whether to cease or suspend the case, or to bring the case to trial.

v. First-Instance Court

Article 203.4 of 2015 Civil Procedure Code set out the court shall open the first instance court trial within 01 month from the date of issuing the decision to try the case. This time limit could be extended to 02 months if needed. However, in practice, it may take longer for the court to successfully open the trial due to various reasons such as the court’s backlog and the absence of the involved parties from the court session. The court session could also be postponed in certain circumstances<sup>52</sup>.

The first-instance court, if successfully held, will involve the following procedure –

1. The procedure for commencing the court session
2. Oral argument
3. Deliberation and pronouncement of Court’s ruling

The detailed procedure is set out in Chapter XIV of 2015 Civil Code Procedure.

If there are no appeals or protests to the court’s judgment within 15 days as from the date of judgement, the judgment will be binding on the involved parties.

vi. Appellate Court

If the litigants initiate an appeal, or the Procuracy file a protest against the court’s first-instance judgment, the case shall be considered by the appellate court in accordance with the regulations in Section 3 of 2015 Civil Procedure Code. The ruling of appellate court will have immediate binding effect on the involved parties.

### 3.5.4 Defendant’s Indemnification

According to Article 208 of the IP Law, the plaintiffs must pay compensation for loss caused to the person suffering the preliminary measures in case such person is found not to infringe the IP. The plaintiff must deposit a bond in forms of money (a sum of money equal to 20 percent of the value of the goods subject to the application of urgent provisional measures, or at least VND 20 million (**approx. KRW 981,258**) where it is impossible to value such goods) or a deed of guarantee issued by a bank/ credit institution.

According to Article 198.4 of the IP Law (as amended in 2019), the defendant, if receive acquittal from the Court, is entitled to request the Court to order the plaintiff to reimburse for their reasonable expenses such as the cost of hiring a lawyer or other expenses in accordance with laws.

<sup>52</sup> Article 233, 2015 Civil Procedure Code

## Case studies

### 1. A public court judgment shows how civil litigation could put an end to the infringement that is repeatedly committed by the infringer.

Devi Irrigation Systems Pvt Ltd (“Plaintiff”) filed a lawsuit against Hoa Nong An Giang Commerce and Manufacture Company Ltd (“Defendant”), claiming that Defendant infringed their rights to “BOOM-n Flower” trade mark, which was registered for chemicals used in agriculture to stimulate the development and increase the quantity of plants (class 1). The Defendant manufactured fertilizer, designed and labelled such product with “BOMY japanag” trade mark.

Given the conducts of Defendant remained although having been sanctioned several times by the administrative authority, the Plaintiff brought the case before the Court. Plaintiff required the Court to (1) issue an injunction against the infringement, (2) order Defendant to recall and destroy all of the infringing products, (3) order Defendant to make public apology and (4) award damages of VND220,000,000 (approx. KRW 10,770,111) (including the lawyer’s fee of VND150,000,000 (approx. KRW 7,343,257) and material damages of VND70,000,000 (approx. KRW 3,426,853) in favor of Right Holder.

To support their claims, the Plaintiff submit the following evidence to court –

The trademark registrations for “BOOM-n Flower” trademarks

The administrative sanction decisions against the Defendant

The assessment of VIPRI, which was in favor of Plaintiff

Legal Service Agreement between a law firm and LT Company, the solely authorized distributors of the Plaintiff’s products in Vietnam. The agreement set out the scope of work including advice on civil actions against the infringing act of the Defendant. According to the Plaintiff, LT Company paid the legal fee upfront and was later reimbursed by the Plaintiff.

On 10 July 2018, the Court of the first instance ruled in favor of the Plaintiff, but rejected partly the claim of damages. The Court ruled that Defendant shall only pay VND10,000,000 (approx. KRW 489,550) of damages. On 24 July 2018, Plaintiff appealed as they wanted to be fully reimbursed their lawyer’s fee.

On 27 May 2020, the Appellant Court upheld the Court of first instance, reasoning that according to the Legal Service Agreement, the Plaintiff was not obliged to pay the service. Therefore, the lawyer’s fee could not be considered a head of damage incurred to the Right Holder.

#### Key takeaways:

Sufficient evidence such as trade mark registrations, sanction decisions from administrative authorities and VIPRI’s assessment is the key to win a favourable judgment from the court.

Court usually takes conservative approach towards granting damages. Therefore, the Right Holder should prepare concrete evidence proving the damage directly caused by infringing acts.

Legal Service Agreement must be signed with the Plaintiff to avoid challenges from the Court in proving damages.

### 2. Exerting the civil litigation procedures to push pressure for compliance

On 4 September 2020, Vietnamese publisher First News has initiated a lawsuit against Lazada's local operating company, a company called Recess, which is a Vietnamese subsidiary of Alibaba, repeatedly

assisted its merchants in the sales of copyright infringing books and was on notice of First News' warnings. Some of the pirated books seen include classics such as Dale Carnegie's "How to Win Friends and Influence People" and the "Chicken Soup for the Soul" books. The prices of the copyright infringing books are half the prices of the originals and many buyers have apparently complained. In the petition, First News requests Recess to (1) remove all listings of merchants selling copyright infringing books, (2) strictly manage, control and prevent the trade of such books on Lazada and (3) request the traders to prove legitimate origins of such books. Before filing a lawsuit, First News – Tri Viet had sent warning letters to Recess but had not received any compliance.

The Department of E-commerce and Digital Economy under the Ministry of Industry and Trade also sent an official letter to Recess with the same request as mentioned above. In early October 2020, Recess removed the infringing listings and imposed their internal sanctions on eight shops and promised to cooperate with First News for the protection of First News's copyright in the future<sup>53</sup>.

#### Key takeaways:

Civil litigation is not usually adopted as the first step for right holders to take action against the IP infringement, not least because Vietnam traditionally does not culturally favor litigations. However, this option is increasingly used by IP owners to give pressure for compliance.

### 3.6 Border Protection

Customs have the authority to monitor both importing and exporting goods crossing the borders. Customs can act or at the request of right holders to suspend any shipments of suspected counterfeits or bearing signs of IPR infringements. If Customs detects IP counterfeits in the suspension, inspection and supervision processes, Customs have the right and obligation to impose administrative sanctions, remedies, preventive measures and measures to ensure enforcement of administrative penalties.

Customs have also been holding annual training sessions for the right holders to present on how to recognize counterfeit goods so that the officials can become more confident in acting against suspected counterfeit goods.

As a matter of practice, Customs normally pays more attention to importing goods rather than exporting goods. The right holder should address the exportation of infringing goods by taking actions at the production sites within Vietnam.

Right holders could consider working with Customs to monitor IP infringing goods coming into Vietnam by (i) filing for customs recordal and (ii) training the Customs. Upon the discover of any consignments with suspected infringing goods, right holders could request the Customs to suspend such consignments for further inspection and handling of infringement.

Customs recordal is the effective method to control the import and export activities involving the IP-related goods.

Right holders are entitled to file customs recordals of their key IP rights and products with customs authorities. The recordal covers the 40 ports/ border gates throughout the country, including 15 international seaports, six international airports and 19 border gates of Vietnam.

<sup>53</sup> <https://laodong.vn/kinh-te/lazada-da-go-va-xu-ly-8-gian-hang-ban-sach-lau-842121.lido>

According to Article 6, Circular 13<sup>54</sup>, right holders file customs recordals with General Department of Vietnam Customs (“GDVC”) with the following documents:

- Request for supervision and inspection of exported and imported goods in the provided form;
- Copies of documents evidencing IP protection titles, e.g. registration certificates, licensing recordal certificates;
- Detailed description of IP counterfeits, with photos and features that help distinguish counterfeits and their genuine counterparts;
- HS codes of the recorded goods;
- A list of authorized importers/ exporters of the genuine goods;
- A list of possible exporters/ importers of infringing goods.

According to Article 74.2d, Customs Law<sup>55</sup>, the customs recordal will be valid for 2 years with a possibility of renewal for another 2 years. Renewal request must be filed at least 20 days prior to the expiry day of customs recordal<sup>56</sup>.

Customs will watch import or exports bearing recorded trade marks and seize any shipment suspected of containing IPR infringing/ counterfeit products.

### 3.6.1 Suspension Procedure

Article 14.1 of Circular 13 set out that if the Customs detect signs of IP infringement in a consignment, Customs shall stop the customs procedures and send a notice on suspected infringing goods to the right holders.

Upon notification, in writing, of the detention of the suspected counterfeit goods, the brand owner has three working days to request for suspension of the consignments, together with a refundable bond equivalent to either 20% of the value of the consignment or approximately VND 23,059,977 if the value of the goods has not been determined, in the form of money or a deed of guarantee issued by a bank/ credit institution.

Upon receiving the proper suspension request and the bond, Customs shall proceed with the suspension. The time limit for the suspension is ten working days from the date the suspension decision is issued. In case there are needs for assessment or consultation of technical opinions from IP authorities, the suspension may be extended until receipt of the assessment results or technical opinions.

By the suspension, Customs will examine the goods with right holders and the owner of the goods. Once the goods are confirmed IPR infringing/ counterfeit products, Customs will issue a decision against the importer. A fine and the destruction of the goods are usually the penalties imposed by Customs. If there are no infringements (whether it is IP infringement or other violation) or the right holders do not initiate a lawsuit, Customs will resume the customs procedures for the consignment and the right holders shall bear the expenses and damage incurred in the suspension process.

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<sup>54</sup> Circular 13/2015/TT-BTC on Inspection, Supervision, Temporary Suspension of Customs Procedures for Exported and Imported Goods That Are Subjects of Intellectual Property Rights; Control of Counterfeit Goods and Goods Infringing Intellectual Property Rights issued by Ministry of Finance on 30 January 2015, amended by Circular 13/2020/TT-BTC (“Circular 13”)

<sup>55</sup> Laws No. 54/2014/QH13 on Customs issued by the National Assembly on 23 June 2014 (“Customs Law”)

<sup>56</sup> Article 8, Circular 13

### 3.6.2 Customs training

Customs' ability to identify counterfeits will depend on the level of detail provided in the application and any training provided to Customs. Accordingly, Vietnam Customs organize such trainings several times a year (i.e. usually two to three times) and they generally take place successively in the North, Central and South Provinces.

By attending the customs training, the right holders will introduce the Customs how to distinguish the genuine and counterfeits as well as maintain the good relationship with them in the anti-counterfeit campaign in Vietnam.

#### Online enforcement actions against counterfeits and infringing goods

Vietnamese consumers are shopping online through four major means: E-commerce trading floors (E-commerce platforms), standalone trading websites, social media platforms and mobile commerce apps. E-commerce platforms carry the most online trading activities with the four major players: Shopee, Tiki, Lazada and Sendo. Meanwhile, social media platforms are quite popular among Vietnamese consumers, mobile commerce is still an emerging trend<sup>57</sup>. The most popular social media platforms in Vietnam are Facebook, Zalo, Tiktok and Instagram. Facebook is also one of the popular channels for online shopping, especially for small retailers due to lower requirements of technical capacity<sup>58</sup>. E-commerce platforms are still the most popular online shopping channel among Vietnamese consumers (91 percent) compared to 43 percent who shop on social networks<sup>59</sup>.

Taking advantage of the remarkable development of e-transactions on E-commerce and social media platforms, online counterfeiters can attract a lot of customers and cause great difficulties for the right holders and authorities to investigate, detect and handle infringements. One trader may create and manage hundreds of accounts on e-commerce and social media platforms so that when one of them is taken down, the trader can swiftly deactivate such an account, delete all evidence of transaction and payment and switch to another account.

The major challenge for authorities is to investigate and identify the actual addresses of online traders. The addresses publicized on the traders' accounts are intentionally concealed and appear to be the bogus address. In addition, the traders are usually operated in apartments, especially in upscale ones with heightened security, and the delivery of goods is made by transport service providers such as Grab or Bee, posing the main obstacle for the authority to investigate<sup>60</sup>.

Counterfeit and infringing goods are also advertised and offered for sale via Facebook Live feature. Since COVID-19 pandemic has exerted an adverse effect on physical stores, live streaming has become a powerful alternative tool to impress and attract consumers. The counterfeit products sold are sunglasses, bags, luggage, shoes, clothes, etc. and bear well-known brands such as Gucci, Chanel, and Hermes. Despite claiming the genuineness of the items, sellers usually offer these items at low prices<sup>61</sup>. The profits generated from the live streaming sale, however, are substantial<sup>62</sup>.

<sup>57</sup> <http://www.ukabc.org.uk/wp-content/uploads/2018/09/EVBN-Report-E-commerce-Final-Update-180622.pdf>

<sup>58</sup> <https://e27.co/ecommerce-wars-in-vietnam-intensify-heres-all-you-need-to-know-20200312/>

<sup>59</sup> <https://e.vnexpress.net/news/business/data-speaks/vietnamese-prefer-facebook-shopping-for-fashion-products-3977939.html>

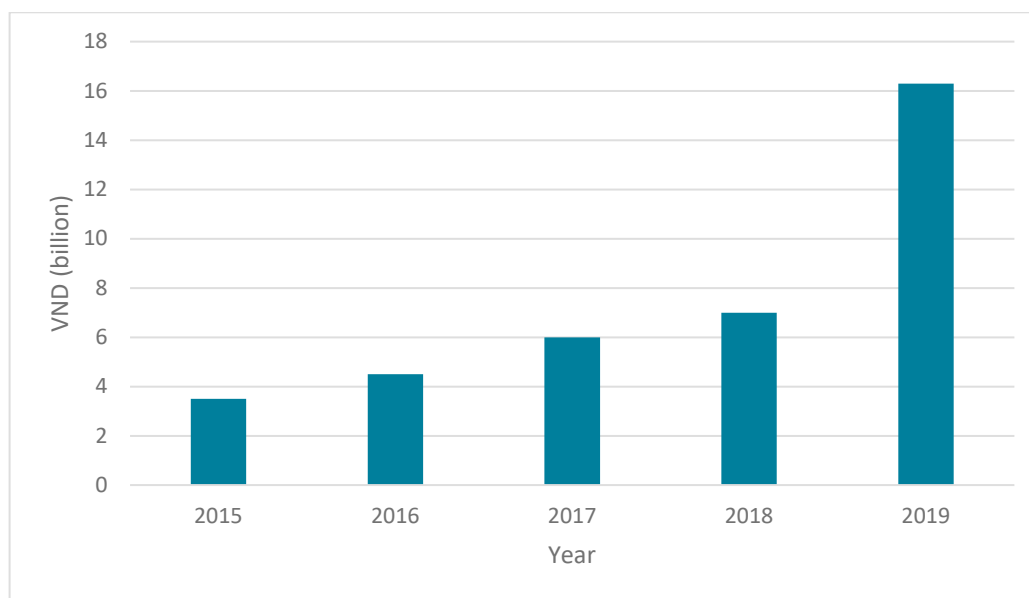
<sup>60</sup> <http://tapchicongthuong.vn/bai-viet/nan-hang-gia-trong-thuong-mai-dien-tu-quan-ly-chat-cac-tai-khoan-ban-hang-67892.htm>

<sup>61</sup> <https://tuoitrethudo.com.vn/hang-gia-hang-nhai-tung-hoanh-tren-mang-xa-hoi-85695.html>

<sup>62</sup> <https://laodong.vn/thi-truong/livestream-sale-sap-san-ban-hang-gia-duoi-lot-hang-xuat-du-818899.lido>

Infringers may also take advantage of the “first come-first serve” principle to register domain names containing well-known trade marks. One of the motives of cybersquatting is to profit from the goodwill of such trade marks owners, making consumers believe that the goods or services offered are genuine but in fact they are not.

Realizing the exponential growth of counterfeits and goods infringing intellectual property rights online, the Government has made remarkable efforts to alleviate the problem. In 2019, there have been 2403 cases investigated and 2213 infringements handled in relation to counterfeit goods and infringing goods on E-commerce platforms<sup>63</sup>. Until the end of 2018, the total number of infringing goods removed from e-commerce platforms are 35,943, with more than 3126 accounts deactivated. There is an increase in the total monetary value of fines collected from sanctioning traders of counterfeit goods and goods infringing intellectual property rights in the online marketplace. It is noteworthy that the year 2019 has witnessed a dramatic surge of the monetary value of collected fines, at more than VND 16 billion (approx. KRW 784,755,505), twice as much as the figure in 2018<sup>64</sup>.



Total monetary value of fines collected from sanctioning traders of counterfeit goods and goods infringing upon IP rights in online marketplace from 2015 to 2019

On 28 February 2020, Vietnam Directorate of Market Surveillance (“DMS”) established Taskforce 368 in charge of handling counterfeits and goods infringing intellectual property rights on e-commerce platforms<sup>65</sup>. Taskforce 368 is expected to make a breakthrough in the fight against counterfeits and goods infringing intellectual property rights on e-commerce platforms.

1. Online evidence gathering
  - a. Online research and keywords

In general, online research to identify the source of information or the leads on the targets involved in counterfeits or infringing products is mainly conducted through the most powerful search engine – Google

<sup>63</sup> <https://tuoitre.vn/hang-gia-tren-san-thuong-mai-dien-tu-phai-tang-trach-nhiem-cua-cac-chu-cho-20200912202551378.htm>

<sup>64</sup> <https://www.moit.gov.vn/web/guest/tin-chi-tiet/-/chi-tiet/%C4%91ay-manh-xu-ly-vi-pham-trong-thuong-mai-%C4%91ien-tu-19697-1001.html>

<sup>65</sup> Decision 368/QĐ-TCQLTT, dated 28 February 2020.



Search or available search engines developed by e-commerce platforms or standalone websites. The primary step of using any search engines is keyword input. The more precise keywords to be input, the more relevant and accurate search results could be obtained. Therefore, the way we use keywords on the search engines is very important and could be regarded as the key element to uncover the online counterfeiting activities.

One of the key issues to identify counterfeiting activities online is how counterfeiters describe their products using specific keywords for customers to find. Previously, the online counterfeiters employed a simple method by describing their trading products using official brand name of a product. This method worked well as it could gain traffic from consumers looking for genuine products online. To tackle such situation, most right holders have now employed some of the brand protection software or online takedown service providers to monitor keywords, identify online listings offering counterfeits or infringing goods and take down such listings for a short period.

In spite of of the developments of advanced solutions to identify and takedown online listings from right holders, the problem of online counterfeiting, especially the counterfeits being offered for sale on e-commerce platforms, remains to be very active in Vietnam. The counterfeiters are not easily dissuaded, they have devised other methods in an attempt to overcome the brand protection system. The counterfeiters have now used different types of keywords input in order to hide the illicit nature of counterfeiting/infringing listings. Below are the most common methods being used on e-commerce platforms in Vietnam –

- Using simple keywords or generic description to imply their sales of counterfeits/infringing products (usually appeared with low price): e.g. “T-shirt from South Korea”, “Korean backpack”;
- Using language variance by modifying the brand name into Vietnamese: e.g. “Bờ ren nem” in Vietnamese in place of “brand name”;
- Using alternative keywords by hyphenating, dividing or misspelling keywords: e.g. “B r a n d N a m e”; “B-r-a-n-d N-a-m-e”);
- Using cover brands or censoring the logo or brand name.

In addition, online counterfeiters in Vietnam have increasingly utilized the Livestream feature of social media platforms for promoting and trading in counterfeits, given that Livestream has risen as a powerful way for online traders to attract consumers and to complete transactions with customers quickly. This could be a challenge for right holders to trace the live streaming counterfeiters through traditional search engines.

It is recommended to consult with local IP agents and lawyers to devise a viable strategy for online monitoring and takedown in Vietnam even if the right holders have already deployed brand protection software or online takedown service providers. These software or service providers may lack capabilities in local market specificities and mostly handle straightforward infringements. Local IP agents and lawyers can assist the right holders in the following areas –

- Working alongside with online takedown service providers and provide feedback on keyword monitoring.
- Skilled human monitoring by local market experts. Reviewing and updating keywords to ensure that online right holders keep pace with counterfeiters.
- Dealing with intelligence and human monitoring of up and coming and difficult to automate platforms such as livestreaming features of social media platforms or short video app (e.g. Tiktok).
- Liaising with e-commerce platforms at a high level to build relationships and gain access to co-operation takedown programs.



Upon the results of online monitoring, the right holders could also re-assess their IP portfolios, identify the enforcement gaps and proceed with IP registration gap filing or customs filing.

b. Online to offline activities

When proceeding with online actions, right holders should be mindful of whether that action cuts across any (ongoing or future) offline enforcement. In many cases, online and offline enforcement must be coordinated carefully, especially for bigger scales of infringement.

**Case study**

**Raid action against largest-scale target trading in counterfeits and smuggled goods online<sup>66</sup>**

On 7 July 2020, the Vietnam Directorate of Market Surveillance, in collaboration with the Ministry of Public Security, conducted a raid into a warehouse covering more than 10,000 square meters in Lao Cai City. Inside the warehouse, the authorities seized a total of approx. 160,000 smuggled goods and counterfeits of various famous global fashion brands. Three staff members were caught live-streaming these products on various Facebook accounts in order to sell them online. After each livestream session, more than 40 employees would work to process customers' orders, package the goods, and have them delivered to the buyers. The owner of the warehouse had run the livestreaming-based business since 2018 with extreme cautiousness and organised workflow. Therefore, the authorities faced certain challenges in approaching the warehouse and took more than five months to investigate and secure evidence of infringements. The planning of the raid was also kept confidential and was not even revealed to the local authorities on the ground. Given the massive number of seized counterfeit products with estimated value that could possibly well exceed the threshold for criminal prosecution, it is likely that the case will be transferred to Procuracy for criminal prosecution.

**Key takeaways:**

The rise of trading counterfeits via live-streaming on social media platforms in Vietnam should be taken into consideration by the right holders.

Online monitoring should cover the live-streaming activities by users/traders on social media platforms.

Authorities are more alive on the online infringement problems and more willing to take ex-officio actions.

2. Online takedown

a. Takedown notice under the IP policy and takedown mechanisms of e-commerce platforms

The e-commerce platforms mostly follow the regulations of the Government and Ministry of Information and Communication ("MIC") on e-commerce, including prohibition in trading IPR-infringing goods of the platforms' traders and the responsibilities of the online platforms in dealing with IPR-infringing goods offered for sale on the platforms.

<sup>66</sup> <https://congthuong.vn/vu-kho-hang-10000m2-tai-lao-cai-thue-34-container-cho-hon-158000-san-pham-vi-pham-nhap-lau-140397.html>

Decree 52/2013/ND-CP on E-commerce (Decree 52) sets out that –

- It is prohibited to take advantage of e-commerce to trade in counterfeit goods or IPR-infringing goods/services.
- The e-commerce platform has the obligation to timely handle illegal trading acts on such platform upon detection or receipt of reports about such act.

Accordingly, major e-commerce platforms have online mechanisms available for right holders to directly request removal of the listings offering counterfeits/infringing products (“infringing listings”) on these platforms. The progress of handling IPR’s takedown notice may take up from 7 to 14 working days.

Summary of the online takedown procedures for major e-commerce platforms are below:

Platform	Online takedown procedures	Source
<u>Shopee</u>	<p>Prepare an official notice of IP infringement based on a <a href="#">Complaint Form</a> provided by Shopee. The right holders will also be required to provide documents following guidance as provided in the complaint form.</p> <p>Directly file a complaint or request the operator of the registered Official Store to file a complaint to –            Email addresses: <a href="mailto:cskh@hotro.shopee.vn">cskh@hotro.shopee.vn</a> or <a href="mailto:support@shopee.vn">support@shopee.vn</a>;            or  <a href="#">Customer Support Site</a></p>	<p><a href="https://shopee.vn/docs/3602">https://shopee.vn/docs/3602</a></p>
<u>Lazada</u>	<p>To tackle infringing listings on Lazada, right holders can have two options to file notice of IP infringements.</p> <p>Using <a href="#">IPP Platform</a>            IPP Platform, as an IP protection platform developed by Alibaba Group, allows right holders to submit an infringement complaint for all e-commerce platforms owned by Alibaba group (including Lazada Vietnam).</p> <p>This platform requires the right holder to create and verify an account which is used for submitting the complaint and checking the status of the complaint. Right holders can only address 200 product listings per complaint.</p> <p>Filing notice of infringement via email <a href="mailto:Trust@lazada.com">Trust@lazada.com</a>            The right holder can also prepare and send out a notice of infringement in case the nature of infringement is complicated and using IPP platform is not appropriate. The right holder will be required to provide the following documents –            Power of Attorney or Letter of Authorisation            Copies of relevant IPR registrations or evidence proving ownership of unregistered IP</p>	<p><a href="https://pages.lazada.vn/wow/i/vn/LandingPage/IPR?spm=a2o4n.home.footer_top.14.19056afeNn6oOo;">https://pages.lazada.vn/wow/i/vn/LandingPage/IPR?spm=a2o4n.home.footer_top.14.19056afeNn6oOo;</a></p>

	<p>List of infringing listings          Evidence of infringement (including but not limited to test purchase in case of suspected counterfeit)          Contact details of the right holder or authorised representative</p>	
<p><b>Sendo</b></p>	<p>Prepare an official letter addressing the notice of IP infringement and requests from the right holder. The right holder will be required to provide the following documents –          Power of Attorney or Letter of Authorisation          Copies of relevant IPR registrations          Evidence proving ownership of IPRs          List of infringing listings</p> <p>Directly serve the official letter including required documents to registered address of Sendo or via email address:  <a href="mailto:lienhe@sendo.vn">lienhe@sendo.vn</a></p>	<p><a href="https://ban.sendo.vn/chinh-sach-nguoi-ban/35-2-quy-dinh-mo-shop/92-quy-dinh-mo-shop">https://ban.sendo.vn/chinh-sach-nguoi-ban/35-2-quy-dinh-mo-shop/92-quy-dinh-mo-shop</a></p>

Although the removal of IPR infringing goods is only reactive to the right holders’ request, most online shopping platforms are cooperative as long as the requests meet the platforms’ formality requirements and provide sufficient grounds.

In case the counterfeit status/ infringement elements cannot be confirmed from the information or photos obtained from the infringing listings, test purchase and confirmation of the counterfeit status of such purchased samples may be required to form a solid ground to file the notice to the platforms.

In practice, the e-commerce platforms will handle and take down the infringing listings promptly in case the takedown notice based on clear-cut infringement (i.e. counterfeits). For other types of non-straightforward infringement (i.e. trade mark infringement, copyright infringement), these platforms may request the right holder to provide further solid grounds for them to handle the notice such as an expert’s assessment (e.g. VIPRI’s assessment, ECCR’s assessment) or confirmation of the infringement from the competent authorities.

Upon the takedown notice from the right holder, the e-commerce platforms also commonly request the sellers to provide import licenses, invoices of the trading goods or relevant documents proving the legitimate origin of the goods specified in the infringing listings in a certain period of time. This request from the e-commerce platforms is under the suspicion that the traders might use the listings to offer the smuggling/ unknown-origin goods for sale. In case the sellers fail to provide such information or documents by the deadline, the e-commerce platforms will promptly suspend or remove the infringing listings.

There have not been any major cases or precedents regarding the IP disputes arising in e-commerce platforms in Vietnam so far. Most IP disputes in such platforms are clear-cut infringement cases and the infringing merchants are small-scale businesses in nature. Therefore, right holders could simply resolve IP disputes by following online takedown procedures or settlement regimes specified by e-commerce platforms rather than proceeding with more deterrent actions such as administrative actions or civil litigation.

**Case study**  
**Online takedown on e-commerce platforms**

A German multinational engineering and technology company found a large number of counterfeit listings in major e-commerce platforms of Vietnam, reaching the number of thousands.

Upon gathering the listings of counterfeits, the right holder submit takedown requests against thousands of listings of counterfeit products on the seven largest e-commerce platforms (lazada.vn, shopee.vn, sendo.vn, 5giay.vn, vatgia.com, thitruongsi.com and chotot.com). The right holder followed up with the platforms to progress the requests. In around 2 weeks, all of the takedown requests got accepted and the platforms took down all the listings of counterfeits. Sale figures of the counterfeits had been significantly reduced.

After first round of takedown, the right holder also carried out a second round of takedown three months later to maintain the pressure. The number of listings reduced by half and the platforms handled the takedown request more quickly.

Key takeaways:

Keep a close watch on the counterfeits in the e-commerce platforms as the Vietnamese are increasingly shopping online.

E-commerce platforms could be slow to handle takedown requests, so it is critical to build a close rapport with them for progressing the case.

Useful to periodically re-check the platforms if the infringing listings pop up again for stronger actions.

#### b. IP infringement report on social media platforms

Almost major e-commerce platforms in Vietnam (i.e. Facebook, Tiktok, Instagram) have their own takedown mechanisms against IP infringement or counterfeiting activities on the platforms. Right holders can submit reports following procedures/instructions as issued by each platform.

Below are some practical tips for right holders to report IP infringement on such platforms – Securing the evidence on infringement (capturing links, photos, videos, contents) as soon as possible when uncovering any infringements.

Providing the platforms with solid grounds proving the legitimate rights of the right holder or IP agent including IP registration, Power of Attorney, confirmation on the counterfeit/infringing nature of the trading goods, etc. Communicating with the platforms to explain the merits of the infringement and persuade the platforms to take down the infringing contents by sustained follow-ups with these platforms after the dispatch of takedown requests.

#### c. Resolution of “.vn” domain name disputes in Vietnam

Cybersquatting has become a growing issue in Vietnam, especially the act of registering “.vn” domain names that contain or closely imitate the trade marks of foreign companies (mainly the well-known ones). The cybersquatter often acts in bad faith by using or operating the infringing domain names to exploit the reputation of the trade mark’s owners to attract consumers and increase sales revenue or to extort payment from the trade mark owner for transferring the domain names.

Registration of “.vn” domain names follows the ‘first come, first served’ principle. Therefore, the trade mark right holders are highly recommended to register the domain names containing their core marks to avoid "cybersquatting" by abusers.

To resolve the disputes involving “.vn” domain name, the following routes are available to the trade mark owner:

- Negotiations or conciliation with the registrant;
- Initiating the case to arbitration for their settlement;
- Proceed with the administrative route for the registrant's act of unfair competition relating to the use and registration of a disputed domain name;
- Initiating civil litigation at a competent court for their judgment.

In practice, if the negotiation and conciliation with the cybersquatter are not fruitful, the right holder could proceed with initiating civil litigation before the courts or administrative route before the Inspectorate of MOST.

d. Site blocking<sup>67</sup>

Copyright and related right holders may request competent authorities to compel the internet service providers (“ISPs”) to block or suspend access to a website for the purpose of copyright and related rights protection. Upon the right holders’ complaint and the authority’s verification of infringement, the Authority of Broadcasting and Electronic Information (“ABEI”) under the MIC posts warnings against the infringing platforms and sets a deadline for take-down of the infringing content on its platform. Following non-compliance of the platforms, ABEI sends an official letter to Vietnamese ISPs requesting them to block access to the infringing platforms. This exercise has been applied to both local platforms and foreign platforms (with servers located overseas).

## Other enforcement options

### 1. Alternate Dispute Resolution

Article 198.1d of IP Law, right holders could choose to settle IP disputes through arbitration. The procedure of arbitration is regulated under Arbitration Law. Parties may choose arbitration in advance through contracts or decide on pursuing arbitration after a dispute arises. An arbitration award is legally binding on the parties of the dispute and could be enforced through Civil Judgment Enforcement Agency if the parties do not voluntarily comply.

Arbitration has certain advantages over civil litigation, most notably are –

- Simplified arbitration procedures, which bring about time and cost efficiency than civil litigation; and
- The negotiation between the parties is kept confidential, whereas the publication of the Court’s verdict may impact the confidentiality of the case.

### 2. Warning letters and settlements

As a self-protection measure under Article 198.1b, a right holder can send a warning letter to alleged infringers, asking them to stop the acts of infringement. Persistent follow-ups subsequent to the dispatch of the letter is proved to be efficient to resolve the dispute. A mutual Settlement Agreements or the infringer’s signed Undertakings can be used to settle the disputes.

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<sup>67</sup> Article 5, Joint Circular 07/2012/TTLT-BTTTT-BVHTTDL and Article 102 Decree 15/2020/ND-CP