

Decree clarifies IP rights enforcement

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The Government issued Decree No 97/2010/NĐ-CP on September 21, establishing administrative sanctions for violations of industrial property rights, and part of an overall regulatory scheme promulgated under the Law on Intellectual Property of 2005 (recently amended in October 2009).

Under this scheme, more infringements of intellectual property (IP) rights were expected to be adjudicated in civil courts rather than handled administratively. However, five years since the law's passage of the law, the court system has been unable to handle IP cases effectively.

Deficiencies in the law, however, have also made it difficult for IP rights owners and the authorities to take administrative action against infringements. The amendments to the law passed in June 2009 aimed to rectify these deficiencies and facilitate actions through administrative procedures, still the most common route for IP rights enforcement in Việt Nam. But issues have remained in the amended law that need to be clarified to ensure effective administrative enforcement.

Under the 2005 Law on Intellectual Property, sufficient notice of the infringement was required in advance of any administrative action against any infringements that did not involve counterfeit or falsely branded goods. But, in cases in which infringers denied the infringement, action against them became difficult, and infringers had time to disperse the infringing

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goods or move production activities underground.

Determining whether an infringement had taken place could only be issued by an independent assessment agency, with the Việt Nam Intellectual Property Research Institute the only agency to be licensed under the law, beginning in July 2009.

Under the 2009 amendments to the Law on Intellectual Property, the requirement to make sufficient notice to alleged infringers was removed and administrative action could be carried out if the IP rights-holders could prove that the infringement caused damage to consumers, society, or the IP rights owners.

But defining the standard of "causing damage" has proven just as problematic, involving questions of whether actual loss needed to be proven, or whether the mere likelihood of causing loss was sufficient to meet the standard. This uncertainty has made it difficult for IP rights owners to institute administrative actions.

Decree No 97/2010/NĐ-CP essentially bypasses the difficulties of the "causing damage" standard by no longer requiring proof of "causing damage" as a condition for filing an administrative action against an alleged infringer.

The new decree also allows IP rights owners to request Government authorities administering IP rights, including the

National Office of Intellectual Property, to provide expert opinions on infringements, which makes it easier for the IP rights owners to persuade the authorities to carry out administrative actions.

Decree No 97/2010/NĐ-CP also introduces a detailed penalty bracket with different levels of financial penalties to be applied depending on the value of the infringing goods and the nature of the infringements, up to a maximum level of VNĐ500 million (US\$25,000), plus the confiscation of any gains made from the infringing goods. If it is impossible to determine the value of the infringing goods, the financial penalty shall be determined based on the nature and seriousness of the infringement, up to a maximum fine of VNĐ90 million (\$4,500).

It is being argued that the value of the infringing goods should not serve as a basis for determination of financial penalties. The seriousness of the infringement is not always proportional to the value of the infringing goods. More often than not, it is inversely proportional. In many cases, because the value of the infringing goods discovered is small, the corresponding financial penalty is too low to deter future infringements.

Under the previous scheme, various authorities were competent to handle administrative actions against IP rights

infringements. In practice, rights holders have been confused as to where they should file a complaint to commence an action.

The new decree tries to make a clearer division of power between authorities in handling different types of IP infringements. The Science and Technology Inspectorate is competent to handle all types of infringements, including patent infringements. The Market Management Bureau will focus on taking actions against trade, transport or distribution of infringing or counterfeit goods on the market. Meanwhile, the police will only take on cases involving counterfeit goods.

The decree also clearly establishes the power of the Science and Technology Inspectorate to take action against cybersquatting. If it decides that a disputed domain name must be revoked, the Việt Nam Internet Network Information Centre (VNNIC), the authority *managing.vn* domain names, must comply with its decision.

It is uncertain, however, if this provision is welcomed by the Ministry of Information and Communication, which has indicated that the VNNIC would only comply with a court decision, an arbitration decision or an agreement between the parties concerning the domain names in dispute. It is hoped that the Ministry of Science and Technology and the Ministry of Information and Communication will work together to issue an interministerial circular providing clearer guidance on this issue.

Decree No 97/2010/NĐ-CP took effect on November 9 and replaces Decree No 106/2006/NĐ-CP of September 22, 2006.