

# **Navigating Patent Protection and Enforcement: Best Practices for Foreign Investors in Vietnam**

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**September 2024**

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## PART 1. Vietnam Patent Legislation - **Background and Framework**

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## Establishment of Concept on Exclusive IP Rights

- ▶ **Before 1986:** VN followed **centrally planned economy** → All creative achievements belonged to the State. No concepts of exclusive IP rights existed.
- ▶ **1986:** VN introduced the “**Renovation Policy**”, aiming to shift to **market economy** and open the door to foreign trade & investment. → **The IP protection mechanism was gradually renovated** to be compatible to the market economy.
- ▶ **1989:** VN passed **Ordinance on the Protection of Industrial Property Rights**, which laid the foundation for the protection of inventions, utility solutions, ... in VN, especially the recognition of exclusive rights. → **For the first time, IP was introduced in a legal document as a kind of property subject to ownership.**

## Towards becoming a WTO member

- ▶ **1995**: With the goal of joining the WTO, VN introduced **Civil Code**, in which IP rights are recognized as civil rights.
- ▶ **2005**: Since IP provisions in VN were scattered across 40 legal documents (*not always consistent with each other and not entirely compliant to WTO-TRIPS Agreement*), VN consolidated those IP regulations into **the IP Law**, as part of its bid to gain accession to the WTO. The 2005 IP Law was considered a great advancement toward adequate protection and full compliance with TRIPS obligations. → **This development transformed IP legislation into a unified specialized law.**
- ▶ **2007**: VN became a member of the WTO.

# Toward complying with new generation FTAs

- ▶ **2009:** The IP Law was amended for the 1st time, to address shortcomings.
- ▶ **Jan 2019:** CPTPP became effective in VN (higher IP standards than TRIPS).
- ▶ **Jun 2019:** The IP Law was amended for the 2nd time, to timely internalize some CPTPP commitments that must be immediately implemented in VN, *e.g.*,
  - *Extending novelty grace period (from 6 to 12 months)*
  - *Adding right to self-protection of defendants*
  - *Allowing IPR holders to calculate damages caused by infringement in other appropriate ways*
- ▶ **Aug 2020:** EVFTA became effective in VN (higher IP standards than TRIPS).
- ▶ **Jan 2022:** RCEP became effective in VN. In the presence of CPTPP and EVFTA, IP commitments in RCEP are not a challenge for VN.
- ▶ **2022:** The IP Law was amended comprehensively for the 3rd time (effective from 1 Jan 2023), to internalize the remaining IP commitments under CPTPP and EVFTA, and to overcome the existing shortcomings of the current IP regulations after 16 years.



# The 2022 IP Law Revision - Big push on policy tasks

Significant policy tasks in relation to patent protection under the 2022 IP Law Revision:

(1) Encourage the creation, exploitation and dissemination of inventions created from science and technology tasks using the State budget

**Ex:** Automatically granting the right to register inventions created by using the State budget to the host organization without compensation.

(2) Facilitate the process of patent registration

**Ex:**

- ✓ Limiting the security control (foreign filing requirements) on inventions;
- ✓ Considering “secret prior art” during the novelty examination;
- ✓ Differentiating the 3<sup>rd</sup> party’s opposition and observation to speed up the application examination;
- ✓ Issuing electronic certificates.

# The 2022 IP Law Revision - Big push on policy tasks (cont'd)

Significant policy tasks in relation to patent protection under the 2022 IP Law Revision:

## (3) Ensure a satisfactory and balanced level of IP protection:

**Ex:**

- ✓ Adding regulations to control inventions using genetic resources and associated traditional knowledge (disclosure of origin);
- ✓ Supplementing clearer grounds for patent invalidation (added matters, insufficient disclosure, etc..).

## (4) Enhance the effectiveness of IP support activities

**Ex:**

- ✓ Fostering increased competition in providing IP representative services (dividing IP representatives by field, relaxing conditions for granting certificates depending on the field);
- ✓ Clearly defining the scope between IP assessment and judicial assessment on IP.



# The 2022 IP Law Revision - Big push on policy tasks (cont'd)

Significant policy tasks in relation to patent protection under the 2022 IP Law Revision:

(5) Improve the effectiveness of IPR protection activities

**Ex:** Empowering the customs with the authority to proactively apply control measures at the border if discovering clear grounds to suspect that imported or exported goods are IP counterfeits.

(6) Ensure full and serious implementation of VN's international commitments on IP protection during the integration process

**Ex:**

- ✓ Securing opportunity for pharmaceutical patent owners to exercise patent rights, by timely publishing the intention to grant drug licenses to generics;
- ✓ Compensating drug patent owners for the reduction in the effective patent term due to delays in the granting of drug license, by waiving annuity fees for the delayed period;
- ✓ Regulating higher responsibility for protection of undisclosed test and other data for agrochemicals (10 years instead of 5 years).

## PART 1. Vietnam Patent Legislation - **Background and Framework**

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## Patent Registration

- 1) [Vietnam IP Law](#), passed in 2005 and amended three times in 2009, 2019, and 2022.
- 2) [Decree 65/2023/ND-CP](#), passed in 2023, guiding the implementation of the IP Law.
- 3) [Circular 23/2023/TT-BKHCHN](#), passed in 2023, guiding a number of articles of Decree 65 regarding industrial property rights.
- 4) [Guidelines on Patent Examination](#), passed in 2010, amended and supplemented in 2020, 2021, 2023, under amendment now

## Patent Enforcement

- 1) [Civil Code and Civil Procedure Code](#), both passed in 2015.
- 2) [Joint Circular 02/2008/TTLT-TANDTC-VKSNDTC-BVHTT&DL-BKH&CN-BTP](#), passed in 2008, guiding the application of legal provisions to settle IPR disputes at court.
- 3) [Law on Customs](#), passed in 2014 and amended twice in 2018 and 2022.
- 4) [Decree 08/2015/ND-CP](#), passed in 2015 and amended in 2018, guiding the implementation of Law on Customs.
- 5) [Law on Handling Administrative Violations](#), passed in 2012 and amended in 2020.
- 6) [Decree 99/2013/ND-CP](#), passed in 2013 and amended twice in 2021 and 2024, guiding the handling of administrative violations concerning industrial property.
- 7) [Circular 11/2015/TT-BKH&CN](#), passed in 2015, guiding a number of articles of Decree 99/2013/ND-CP on sanctioning of administrative violations in industrial property.

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## International Treaties Concerning Patent to which Vietnam Adheres

- ✓ Trade-Related Aspects of Intellectual Property Rights (**TRIPS**)  
Agreement
- ✓ **Paris Convention** for the Protection of Industrial Property
- ✓ Patent Cooperation Treaty (**PCT**)
- ✓ **Budapest Treaty** on the International Recognition of the Deposit  
of Microorganisms for the Purposes of Patent Procedure



# **VISION** Multilateral and Bilateral Agreements influencing Patent Protection in VN

- ✓ ASEAN Framework Agreement on IP Cooperation
- ✓ ASEAN - **Japan** Comprehensive Economic Partnership (AJCEP), ASEAN - **China** Free Trade Area (ACFTA), ASEAN - **Korea** Free Trade Area (AKFTA), ASEAN - **Australia-New Zealand** Free Trade Area (AANZFTA), ASEAN - **India** Free Trade Area (AIFTA)
- ✓ Regional Comprehensive Economic Partnership (RCEP) Agreement, between ASEAN and China, Japan, Korea, New Zealand, and Australia
- ✓ Vietnam - Eurasian Economic Union Free Trade Agreement (VN-EAEU FTA), with Russia, Armenia, Belarus, Kazakhstan, and Kyrgyzstan
- ✓ European Union - Vietnam Free Trade Agreement (EVFTA)
- ✓ Comprehensive and Progressive Tran-Pacific Partnership (CPTPP) Agreement, with Canada, Mexico, Peru, Chile, New Zealand, Australia, Japan, Singapore, Brunei, and Malaysia
- ✓ Bilateral agreements with the USA, the UK, Switzerland, Chile, Korea, Japan

## PART 2. Special Notes for Foreign Investors regarding Patent Protection and Enforcement in Vietnam

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## Patent Ownership

### Article 86.1b, the IP Law, right to file

- Entity, *who has invested funds and material facilities to inventor(s) in the form of job assignment or hiring*, has the right to apply for patent for invention, unless otherwise agreed by the relevant parties.
- > Often interpreted as a ground for the “*right to file*” of the employer over the employee invention.

## Right of Employee Inventor

### Article 132.2a, the IP Law, Obligation to pay remuneration

The owner of an employee invention shall have obligation to pay remuneration to the inventor(s) of such invention.

### Article 122.2&3, the IP Law, right of employee inventor

The employee inventor(s) shall have:

#### Moral rights

- *To be named as inventor(s) in patents;*
- *To be acknowledged as inventor(s) in documents in which inventions are published or introduced.*

#### Economic rights

- *Rights to receive remuneration as stipulated in Art 135, the IP Law.*

# VISION Remuneration for Employee Inventor

## Previous Art. 135, the IP Law

1. The owner has to **pay remuneration to the inventor(s)** in accordance with Clause 2, unless otherwise agreed between parties.

2. **Minimum remuneration paid to the inventor(s):**

a) 10% of the benefits earned by the owner from the use of the invention;

b) 15% of the total amount received by the owner in each payment for the licensing of the invention.

→ **Not clear whether the owner is legally allowed to pay less than the above prescribed amounts if there was a prior agreement.**

## Current Art. 135, the IP Law (amended in 2022)

1. The owner has to **pay remuneration to the inventor(s)** as per agreement; where there is no agreement, the remuneration is paid to the inventor(s) as follows:

a) 10% of the profit before taxes (PBT) earned by the owner from the use of the invention;

b) 15% of the total amount received by the owner in each payment for the licensing of the invention before paying the prescribed tax.

→ **Clearer**

# Considerations regarding Employee Invention

## ❖ Issues

- The provision on the invention ownership is somewhat **vague** in several cases:
  - The employee is **not specifically** hired or employed to invent, or
  - The invention is made **outside** the scope of business, or
  - The invention is made **outside working hours** and **not based on the funds and material facilities** of the employer, etc.
- The remuneration obligation arises after the patent is granted and put into use or licensed -> less motivation to innovate

## ❖ Considerations:

- **Employment Contract, Internal Working Rules, Collective Labor Agreement** should have:
  - Provision regarding the rights of the employer over the invention made by the employee(s) during the course of employment; and
  - Provision regarding the waiver of the employer's obligation for the employee invention remuneration.
- **Policy on Innovation Remuneration**
- **Acknowledgement/Confirmation of IP Right** (upon an invention is created)



## First filing requirement (security control)

### Previous provision

(Art. 23b.2, Decree 103/2006/ND-CP)

Inventions of VN entities and inventions created in VN must be filed in VN first. Filing abroad (including PCT filing) can be made after 6 months.

### **Violation:**

- (i) invention could not be protected in VN,*
- (ii) if determined as a secret invention, applicant could be accused of violating the law on protection of State secrets.*

### Change (effective from 1 Jan 2023)

(Art. 89a, IP Law, amended in 2022)

Inventions must be filed in VN first only when they involve all of the following features:

- (i) pertaining to technical fields having impacts on national defense and security*
- (ii) created in VN*
- (iii) under the right-to-file of VN citizens permanently resident in VN, or of organizations established under the laws of VN*

### **Transition:**

Applied to applications which is pending by the effective date of the Law.

**No available mechanism for obtaining Foreign Filing License.**

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## Vietnam Patent System

- VN has a system for patent protection of inventions and utility solutions via **Direct Filing, Paris Convention, PCT, or other agreements**

	Invention Patent	Utility Solution Patent
<b>Eligible subject matter</b>	<b>- product or process</b>	
<b>Non-eligible subject matter</b>	<ul style="list-style-type: none"> <li>- discoveries, scientific theories, mathematical methods;</li> <li>- schemes, plans, rules and methods for performing mental acts, training domestic animals, playing games, doing business;</li> <li>- computer programs;</li> <li>- presentations of information;</li> <li>- aesthetic solutions;</li> <li>- plant varieties, animal varieties;</li> <li>- essentially biological processes;</li> <li>- methods for treatment of human/animal body.</li> </ul>	
<b>Patentability conditions</b>	<ul style="list-style-type: none"> <li>- novel</li> <li>- <b>inventive</b></li> <li>- industrially applicable</li> </ul>	<ul style="list-style-type: none"> <li>- novel</li> <li>- <b>something other than common general knowledge</b></li> <li>- industrially applicable</li> </ul>
<b>Substantive examination (Deadline to request)</b>	<b>Yes</b> (42 months)	<b>Yes</b> (36 months)
<b>Protection term</b>	20 years	10 years

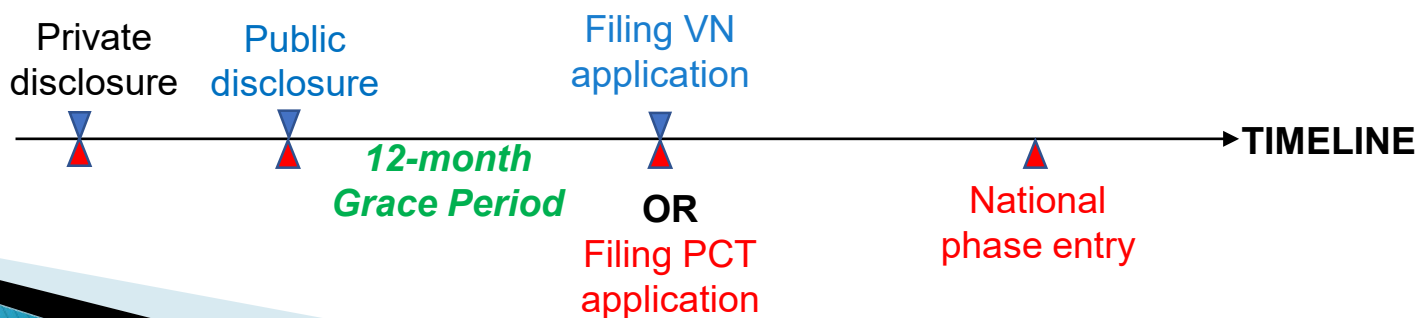
## Novelty Grace Period

**Art. 60.3, IP Law, amended in 2019 (in line with CPTPP)**

*An invention shall not be considered having lost its novelty if:*

- ✓ it is **publicly disclosed by the person having the right to register or by someone indirectly or directly obtaining the information regarding the invention from that person**, provided that
- ✓ the patent application is filed in VN **within 12 months from the date of disclosure**.

- The **12-month grace period** is counted **from the disclosure date to the filing date** (not the priority date) of the VN application (i.e., date of filing in VN for direct/conventional application, or PCT filing date for VN national phase application)
- **Requirements to apply the novelty grace period:** relevant document(s) showing the disclosure date and the specific contents of disclosed subject matter(s)



## Extension of Deadline

- **Deadline for filing application, deadline for submitting required document** (e.g., Power of Attorney, Certified Copy of Priority Document), **deadline for requesting substantive examination CANNOT BE EXTENDED.**
- **Deadline for responding to Office Action** of the IP Vietnam **CAN BE EXTENDED ONCE** for a prescribed time limit (e.g., 2 months for formality OA, 3 months for substantive OA, etc.)
- Some **bibliographic information** (e.g., nationality of inventors, IPCs) may be **actively submitted later** or **in form of response to Office Action** of the IP Vietnam.
- **If the above deadlines are missed**, to reinstate the application, the applicant may provide **verifiable evidence** on **force majeure events** (*natural disasters, enemy sabotages, etc.*) or **objective obstacles** (*sickness, business trips, overseas studies, etc.*), for the IP Vietnam to consider (accepted on a case-by-case basis).

## Requirements for Transaction Documents

- **Transaction documents** may be Power of Attorney, Deed of Assignment, Declaration of Change, Certified Copy of Priority Document, etc.
  - The IP Vietnam **does not accept electronic signatures** unless the documents containing them are legalized up to consulate.
  - **Scanned copies** of the transaction documents are also **not accepted**.
- **Applicants should submit the original documents with wet-ink signatures to avoid any questions raised by the IP Vietnam.**



## Requirements for Patent Specification

- **Patent specification:** must be in **Vietnamese**, required **at filing** (late submission is not permitted).
- **Patent description:** should contain **6 basic sections** with their headings in the right order:
  - *Technical field*
  - *Background art*
  - *Summary*
  - *Brief description of drawings (if any),*
  - *Detailed description, and*
  - *Examples (if applicable).*
- **Title and Abstract:** should reflect **the main subject matters** claimed in the claims.

## Notes about Claims (1)

- **Claim fees** are charged based on **the number of independent claims, NOT the total number of claims.**
- **Multi dependent claims and multi-multi dependent claims** are accepted by the IP Vietnam in practice.
- **Both one-part and two-part claims** are acceptable.
- **A single claim must not refer to more than one subject matter.**  
→ *Dividing into several claims, each recites one subject matter only, or submitting arguments that the subject matters are alternatives (Markush group).*
- **Omnibus claims (i.e., claims referring to the description and drawings)** are not accepted, except reference to part(s) that cannot be accurately described by words (e.g., amino acid sequences, diffraction charts, workflow diagrams, etc.)  
→ *Adding the relevant part(s) of the patent description into the claim.*

## Notes about Claims (2)

- **Computer program itself** is not patentable (instead, copyrightable). However, **computer-implemented invention (CII)** is patentable if it has a **technical character** and is indeed a **technical solution** for solving a **technical problem** by a **technical means** to attain a **technical effect** (*which goes beyond the normal interactions between the program and the computer*). **The preamble of CII claims** should recite a method, an apparatus, or a computer-readable medium, etc.
- **Business method itself** is not patentable. However, it may be patented if it has a **technical character** involved, i.e., *it has elements that are the result of specific technical implementations which are not part of the business method*, and should **avoid reciting claim elements relating to doing business**.
- **Product-by-process claims** are only allowed in **very limited cases**, only when the claimed product could not be defined by its own characteristics (*e.g., structure, composition, amount of each component, or the like*).

## Notes about Claims (3)

- **Use-related claims** are accepted in formality examination stage **if in the appropriate format of purpose-limited product claims (“product for use” format),**

but cannot pass the substantive examination **unless the purpose/intended use recited in the claims implies some change in the structure and/or composition of the claimed products compared with the prior art.**

This practice applies to **all claim formats** (*product for use, Swiss-type, EPC2000, and so on*) and **all technical fields** (*medical or non-medical*).

### **Reason (Circular 23/2023/TT-BKHCN, Rule 16.5.d(i)):**

**Essential technical features** of a subject matter may be its characteristics in terms of **physical structure** (parts, assemblies, linkages, etc.) or **structure of the substance** (composition (presence, ratio), state of elements, etc.) ... **Intended use is not regarded as an essential technical feature**, merely being the achieved results and/or targeted purpose of the subject matter.

## Substantive Examination & Expedition Programs

- **VN has its own examination system.** However, due to a shortage of human resources, examiners usually rely on **examination results from other jurisdictions**, such as from **EPO, USPTO, JPO, CNIPA, KIPO**, to issue Office Actions for VN applications.
  - Applicants can **use responses submitted to foreign offices** or **amend VN applications** following one of the granted family patents to facilitate the examination in VN.
  - Note:** **Utility model patents in some countries (e.g., JP, KR, CN) cannot be utilized** because they do not undergo substantive examination.
- **Expedition programs available at the IP Vietnam:**
  - *Expedited examination according to Vietnam IP Regulations (if accepted)*
  - *PPH program between the IP Vietnam and JPO, applying to VN applications originating from Japan*
  - *PPH program between the IP Vietnam and KIPO, applying to VN applications originating from Korea*
  - *ASPEC program with 8 other ASEAN IP offices, applying based on examination results issued by other ASEAN IP offices.*

Issues	Practical solutions
<p>Substantive examination process is too long.</p>	<p>→ Actively providing information on patents granted by other IP offices.</p> <p>→ Filing a request for expedited examination.</p>
<p>The application has novelty, but no inventive step.</p>	<p>→ Converting into <b>the application for utility solution</b>, if it is not common general knowledge.</p>
<p>The application does not meet the unity requirements.</p>	<p>→ Filing divisional application, <i>as a response to Office Action or as a voluntary division</i>, <b>at any time</b> before the IP Vietnam issues a final Decision for the parent application.</p> <p>→ Vietnam IP law has <b>no restriction on filing further divisional applications based on a divisional application</b>.</p> <p>In practice, many divisional applications (<i>which are filed based on other divisional applications while the original applications were granted</i>) have been granted patents.</p>



## PART 2. Special Notes for Foreign Investors regarding Patent Protection and Enforcement in Vietnam

- *Patent Ownership, Employee Invention, and First Filing Requirement*
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# VISION Quick View on Patent Enforcement

When a patent infringement occurs, patent owner can take the following measures:

- a) To apply technological measures to prevent the infringement;
- b) To request the infringer to terminate their infringement, make a public apology or rectification, and pay damages;
- c) To request enforcement authorities to handle the infringement through:
  - Administrative measure
  - Civil measure
  - Border control measure

*Note: Criminal measure cannot be applied to patent matters.*

## Patent Enforcement Facts

- ✓ Vietnam has not had a specialized IP court → The competent court is the civil court in the province where the defendant is based.
- ✓ Patent litigation at civil courts and customs authorities is quite limited in practice.
- ✓ Although IP rights are civil rights by nature, patent owners prefer to handle patent infringement through administrative measure at Inspectorate of Ministry of Science and Technology (IMOST) as the competent authority, *since it is more effective in terms of cost and time (several months)*.
- ✓ However, since patent matters are complicated, the number of patent enforcement cases via administrative measure is not high (several cases per year).

## Preliminary injunction

In appropriate cases, patent owners are entitled to:

- Request IMOST to apply measures of prevention and ensuring administrative penalties (for administrative measure):
  - *Temporary detention of persons*
  - *Temporary custody of material evidence*
  - *Body searches*
  - *Searches of means of transport and objects; searches of places where infringing goods are hidden ...*
- Request Court to apply temporary emergency measures (for civil measure):
  - *Retention*
  - *Seizure*
  - *Sealing; prohibiting any alteration of the original state; prohibiting any movement*
  - *Prohibiting transfer of ownership...*

The number of injunction orders, and thus the number of settled cases, are very limited in practice (no official statistics).

## Typical course of actions against patent infringement



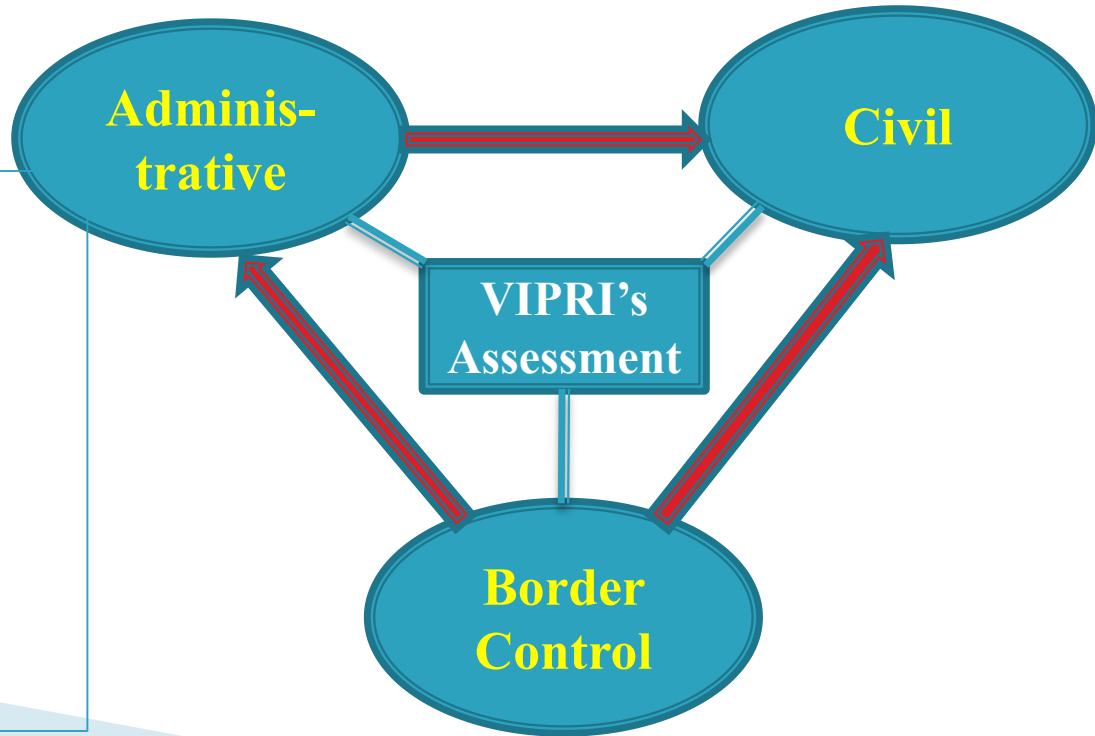
- **Step 1: Conducting Investigation** (**online and on-site**) to identify the infringers (name/address/operation status) and collect evidence of infringement, conducted by the patent owner himself or via cooperation with the Police in difficult cases.
- **Step 2: Obtaining Expert Opinion** on infringement (**recommended**), usually from Vietnam Intellectual Property Research Institute (VIPRI), who is qualified to provide such expert opinion, since enforcement authorities often rely on VIPRI's opinion to take actions.
- **Step 3: Delivering a Warning Letter** to the infringer (**not mandatory**), more suitable for small-scale infringements (big-size infringers may be aware of possible enforcement, then hide their infringements and take counter-actions).
- **Step 4: Taking enforcement action**, via administrative measure (**most preferred**) to stop the infringement quickly, then possibly via civil measure to claim damages compensation (**could be conducted besides administrative measure**)

## Relationship between administrative, civil, border control measures

- After the infringement is handled under administrative measure (IMOST), it is possible to use civil measure (court) to claim damages compensation.
- When border control measure (customs authority) is applied, if infringing goods are detected, it is possible to use administrative measure and/or civil measure to settle the infringement.

**VIPRI's Assessment Conclusion**

*- Often required by the enforcement authorities to accept an alleged patent infringement case.*



# Thank you for your attention!

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