

# INTELLECTUAL PROPERTY RIGHTS IN VIETNAM

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## I. INTRODUCTION

The growth of American trade and investment on the Pacific rim in the 1970s and 1980s and the resultant transfer of American technology to Asia have created a greater interest in the intellectual property protection regimes of Asia. As American manufacturers have learned, many emerging economies have not provided industrial and intellectual property<sup>1</sup> protection. Indeed, Asian governments have begun to strengthen protection only under pressure from the industrialized west.

Thus far Vietnam has largely escaped this scrutiny. Among other things, the American embargo of Vietnam still prohibits virtually all U.S. trade and investment with Vietnam. However, the regulations implementing the embargo of Vietnam (31 C.F.R. §§ 500.201-.809) specifically permit an American company or individual to file and prosecute an application for a patent, trademark, or industrial design, and for their renewal.<sup>2</sup>

It is probable that the Vietnam embargo will be relaxed or lifted in the near future. When this occurs, it is expected that Vietnam will become a focal point for foreign investment and contract manufacturing in Southeast Asia. As investment in Vietnam increases, piracy of intellectual property can be expected to rise as well. It is therefore vital for American manufacturers to obtain adequate intellectual property protection in Vietnam even prior to the

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The authors wish to thank Dinh Viet Tu for his invaluable assistance in the preparation of this article.

1. As used in this article, the term "industrial property" includes patents and trademarks, utility solutions, and industrial designs. "Intellectual property" includes those areas plus copyrights.

2. 31 C.F.R. § 500.528 (1992).

lifting of the embargo and even if they do not plan to sell in the Vietnamese market.

## II. BACKGROUND

Before 1958, the Ministry of Labor of the communist government of the Democratic Republic of Vietnam (North Vietnam) had established awards for inventions and initiatives to improve industrial techniques.<sup>3</sup> In 1958, North Vietnam promulgated its first laws concerning industrial property,<sup>4</sup> regulating the registration of trademarks. However, regulations were not promulgated to implement this initiative until February 1965.<sup>5</sup> Regulations which actually permitted such initiatives and protected such inventions were not promulgated until 1981.<sup>6</sup>

In the Republic of Vietnam (South Vietnam), protection for industrial property was initially provided under laws promulgated by the government of the Emperor Bao Dai in 1950 and subsequently amended by President Ngo Dinh Diem<sup>7</sup> prior to April 30, 1975. By the time the communists overran South Vietnam on April 30, 1975, over twenty thousand trademarks and 2729 patents had been issued.

Initial protection for trademarks in postwar unified Vietnam, i.e., the current Socialist Republic of Vietnam, came in December 1982, when the Council of Ministers<sup>8</sup> promulgated regulations for the registration of trademarks.<sup>9</sup> Industrial designs were first protected in May 1988, when regulations for their protection were

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3. Circular No. 04/LD-TT (Mar. 8, 1958) (N. Vietnam), *discussed in* Dinh Viet Tu, Summary of Seminar on Intellectual Property Matters 1 (Sept. 22, 1990) [hereinafter Seminar] (unpublished manuscript, on file with the *UCLA Pacific Basin Law Journal*).

4. Arrete No. 175/TTG (Apr. 3, 1958) (N. Vietnam), *discussed in* Seminar, *supra* note 3, at 1.

5. Arrete No. 20 CP (Feb. 8, 1965) (N. Vietnam), *discussed in* Seminar, *supra* note 3, at 1.

6. Arrete No. 31 CP (Jan. 23, 1981) (N. Vietnam), *discussed in* Seminar, *supra* note 3, at 1.

7. Law 12/57 (Aug. 1, 1957) (S. Vietnam), *adjusted by* Decree 024/SL(a) or (m) (Dec. 19, 1972) (patents), *discussed in* Seminar, *supra* note 3, at 2; Law 13/57 (Aug. 1, 1957) (S. Vietnam), *adjusted by* Decree 025/TT/SL(a) or (n) (Dec. 19, 1972) (trademarks), *discussed in* Seminar, *supra* note 3, at 2.

8. The Constitution adopted in April 1992 abolished the Council of Ministers, and replaced it with a Cabinet and a Prime Minister. The laws and regulations governing intellectual property matters do not yet reflect this change. Since the identity and the role of the successor body have not yet been determined as far as intellectual property matters are concerned, this article will continue to refer to the "Council of Ministers."

9. Arrete No. 197/HDBT (Dec. 16, 1982) (Vietnam), *discussed in* Seminar, *supra* note 3, at 1.

promulgated.<sup>10</sup> These regulations were followed by regulations recognizing utility solutions,<sup>11</sup> and finally by a comprehensive decree protecting industrial property rights.<sup>12</sup>

Cumulatively, through December 31, 1989, the most recent year for which such figures are available, the management bureau of Vietnam's National Office of Inventions ("NOI") reported the following statistics regarding applications for industrial property protection:

- Patents: 569 applications filed; 83 granted.
- Utility solutions: 48 applications filed; 8 granted.
- Trademarks: 39,285 marks registered.
- Industrial Design: 141 applications filed; 44 granted.<sup>13</sup>

Trademarks filed in the Republic of Vietnam (South Vietnam) prior to April 30, 1975, unless they were renewed prior to a 1982 deadline established by the communist government of unified Vietnam, are no longer valid, and holders of such trademarks must reregister them. International trademark registrations that were effective before April 30, 1975, had a slightly longer renewal period, but that period has also expired. However, pre-1975 registrations

10. Arrete No. 85/HDBT (May 13, 1988) (Vietnam), *discussed in Seminar, supra* note 3, at 1.

11. Arrete No. 201/HDBT (Dec. 28, 1988) (Vietnam) (regarding the transfer of licenses), *discussed in Seminar, supra* note 3, at 1; Arrete No. 200/HDBT (Dec. 28, 1988) (Vietnam) (concerning utility solutions), *discussed in Seminar, supra* note 3, at 1. A "utility solution" is the application of existing technology in a manner heretofore unused in Vietnam. *See infra* text accompanying note 20.

12. Order No. 13/LCT/HDNN-8 (Feb. 11, 1981) (Vietnam) (promulgating the decree), *discussed in Seminar, supra* note 3, at 2; Arrete No. 84 (or 86)/HDBT (Mar. 20, 1990) (Vietnam) (implementing the decree), *discussed in Seminar, supra* note 3, at 2; Circular No. 3/NCPL (July 22, 1989) (Vietnam) (issued by the Supreme People's Court regarding pertinent Court hearings), *discussed in Seminar, supra* note 3, at 2.

13. Trademarks and Industrial Designs can be further broken down as follows: *Trademarks*, (i) 36,917 registered under the Madrid Convention, and (ii) 2368 (of which 1020 were filed by Vietnamese and 1348 were filed by foreigners), by application to the state (NOI); *Industrial Design*, 141 applications (of which 132 were filed by Vietnamese and 9 were filed by foreigners). *Seminar, supra* note 3, at 2.

Vietnam is a signatory to the following international agreements regarding intellectual property: the Paris Convention, Mar. 20, 1883, T.S. No. 379, 1 Bevans 901; the Madrid Agreement, Apr. 14, 1891, T.S. No. 385, 1 Bevans 183; and the Stockholm Convention, July 14, 1967, T.I.A.S. No. 6923, 923 U.N.T.S. 205. The Paris Convention for the Protection of Industrial Property of March 20, 1883, allows the owner of a trademark to claim a priority in a foreign country to the date of the initial filing in its home country if the application is made in a signatory country within six months of the filing in the home country. At present, there are more than 80 signatories to the Paris Convention. The Madrid Agreement of April 14, 1891 allows signatory parties who have registered a trademark in their home countries to register the trademark in all member countries by depositing a certificate of registration with the central registration bureau in Berne, Switzerland. The Stockholm Convention of July 14, 1967 established the World Intellectual Property Organization ("WIPO"), a UN organization that offers registration services for intellectual property and that facilitates the transfer of intellectual property from developed countries to the developing world.

are still a matter of record, and evidence of their existence can frequently make a new filing easier.<sup>14</sup>

### III. THE LAW

#### A. TRADEMARKS, INVENTIONS, UTILITY SOLUTIONS, AND INDUSTRIAL DESIGNS

##### 1. *The Decree of February 11, 1981*

The basic document setting forth the scope and means to protect industrial property rights in Vietnam is Decree No. 13 LCT/HDNN8 of February 11, 1981, formulated under Articles 72 and 100 of the 1980 Constitution of the Socialist Republic of Vietnam (the "Decree").<sup>15</sup> The Decree establishes both substantive industrial property rights and a system for their administration and protection.

As used in the Decree, the term "industrial property right" includes the ownership rights to an invention, utility solution, industrial design, or trademark, or the right to use an appellation of origin.<sup>16</sup> Under the Decree, an owner's rights in industrial property and the rights of an author of industrial property are protected.<sup>17</sup> The Decree recognizes ownership of these rights by natural persons, by a state organization, and by a collective or individual entity enjoying the status of a juridical person.<sup>18</sup> The Decree recognizes foreign organizations and natural persons as owners of industrial property on the basis of reciprocity.<sup>19</sup>

The following types of industrial property are protected under the Decree:

*Invention*, meaning a technical solution which presents "world-wide novelty" and represents an inventive step applicable in a socioeconomic field.<sup>20</sup>

*Utility solution*, meaning the application of an old technology (which technology may already be patented) in a new way, previously unused in Vietnam.<sup>21</sup>

*Industrial design*, meaning the specific appearance of a product

14. Arrête No. 84/HDBT (Mar. 20, 1990) (Vietnam), *discussed in Seminar, supra* note 3, at 2.

15. Decree on the Protection of Industrial Property Rights, Decree No. 13 LCT/HDNN8 (Feb. 11, 1981) (Vietnam) [hereinafter Decree] (on file with the *UCLA Pacific Basin Law Journal*); see *id.* pmbl.

16. *Id.* art 1(1).

17. *Id.*

18. *Id.*

19. *Id.* art. 3.

20. *Id.* art. 4(1). A registrant can obtain a certificate which protects the invention for fifteen years. *Id.* art. 23(2)(a).

21. *Id.* arts. 4(2), 23(2)(b). A registrant can obtain a certificate which protects the new application for six years. *Id.* art 23(2)(b).

embodied by lines, three-dimensional forms, colors, or a combination of these, which is new on a world-wide basis and capable of serving as a pattern for a product of industry or handicraft.<sup>22</sup>

*Trademark*, meaning a symbol which is used to distinguish goods or services of the same kind from different production or commercial units.<sup>23</sup>

*Appellation of origin*, meaning the geographical name of a country or locality which serves to designate the origin of a product manufactured in that country or locality, provided that its qualities and characteristics are due exclusively or essentially to the geographical environment, including natural or human factors, or a combination thereof.<sup>24</sup>

The Decree sets forth a hierarchy of government bodies for the management of industrial property activity.<sup>25</sup> In descending order, the groups responsible for industrial property management in Vietnam are: the Council of Ministers, responsible for general administration of the industrial property management system and for setting national policies on the promotion and development of industrial property activity; the State Committee for Science and Technology ("SCST"), responsible for organizing and directing the formation of state policies on industrial property activity; and the NOI, within the SCST, responsible for carrying out procedures to recognize industrial property rights and cooperating with social organizations and creative associations in the development of industrial property activity. Finally, the various ministries, state committee organizations of the Council of Ministers, and the peoples' committees of provinces and cities directly under the central government are involved, since they are responsible for the organization and development of industrial property activity that is within their responsibilities or their territories.

Although at times the Decree follows principles common to western industrial property law, some fundamental differences are obvious. The most basic is that a principle of "equality" in the protection of industrial property rights is set forth in the Decree, which states that "[t]he State shall apply the principle of equality in the protection of industrial property right[s] without discrimination between the economic sectors."<sup>26</sup> It is not clear what this means in practice: it could be a simple statement of principle, or it could

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22. *Id.* art. 4(3). A registrant can obtain a certificate which protects the design for five years. *Id.* art. 23(2)(c).

23. As in the United States, a trademark may encompass both words and/or pictures or combinations thereof. *Id.* art. 4(4). A registrant can obtain a certificate which protects the trademark for ten years. *Id.* art. 23(2)(d).

24. *Id.* art. 4(5). A registrant can obtain a certificate which protects the appellation of origin indefinitely. *Id.* art. 23(2)(e).

25. *Id.* art. 5.

26. *Id.* art. 2.

create the basis for ad hoc government intervention in the industrial property system.

One philosophical difference that exists between Vietnam and nonsocialist countries is that an object of industrial property that "is contrary to public order, principle[s] of humanity and *socialist* morality or that is detrimental to [the] public interest shall not be protected under [the] Decree."<sup>27</sup> This is somewhat analogous to western trademark laws which prohibit the protection of obscene marks.<sup>28</sup> However, it may be unclear to someone from a nonsocialist country what constitutes an offense to "socialist" morality.

## 2. *Authorship and Ownership of Industrial Property*

As is true under most western industrial property law, Vietnamese law distinguishes between the owner and the author (or creator) of industrial property. The Decree defines an owner of a title of protection as the organization or natural person to whom a title of protection is granted, or to whom the ownership right of an object of industrial property is transferred.<sup>29</sup>

The author is that person who by his/her work actually creates the invention, utility solution, or industrial design.<sup>30</sup> The Decree recognizes joint authorship of inventions, utility solutions, or industrial designs, as well as "service inventions," "service utility solutions," and "service industrial designs,"<sup>31</sup> which are protectable properties created by the author in the course of the discharge of his duties in a state organization or state collective, or through the use of the financial resources and facilities of these organizations or units.<sup>32</sup> In this sense, a service invention is akin to the American copyright concept of "work-for-hire."<sup>33</sup> It should be noted, however, that the strict definition of a service invention does *not* encompass industrial property created for another person or entity which employs the author in a private enterprise.

## B. INDUSTRIAL PROPERTY RIGHTS

### 1. *Rights of Ownership and Utilization*

The owner of a title of protection is granted specific rights under the Decree. With regard to inventions, utility solutions, industrial designs, and trademarks, the owner is entitled to the following rights over the protected object: (1) possession, (2) exclusive

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27. *Id.* art. 4(6) (emphasis added).

28. *See, e.g.*, 15 U.S.C. § 1052(a) (1988).

29. *Id.* art. 8(1).

30. *Id.* art. 8(2).

31. These three "service" properties will be referred to as "service inventions."

32. *Id.* art. 8(3).

33. *See* 17 U.S.C. § 101 (1988).

use, and (3) right to transfer.<sup>34</sup>

An owner of a title of protection is entitled to use an appellation of origin from the date on which the title of protection is granted, but he/she is not allowed to transfer that right.<sup>35</sup> The owner of any title of protection may take legal action in a Vietnamese court in case his/her industrial property right has been infringed.<sup>36</sup> Transfer of industrial property rights is possible, but must be carried out by a written contract registered with the NOI pursuant to its rules on the transfer of technology.<sup>37</sup>

“Utilization” of protected property is strictly defined by the Decree. Utilization of a protected property such as an invention, utility solution, or industrial design includes the right to manufacture, import, advertise, and to put such property into circulation.<sup>38</sup> Utilization of a trademark or appellation of origin includes placing the trademark or appellation of origin on a product or its packaging or on documents or vouchers to mark the product or to indicate the origin of that product. It also includes using the trademark or appellation of origin in advertising.<sup>39</sup>

## 2. *Infringement*

Infringement under the Decree includes any nonconsensual encroachment upon the rights of an owner or use of a sign or name similar to the protected trademark such that it misleads consumers and damages the interest of the owner.<sup>40</sup> However, the following acts are *not* considered to be an infringement of the rights of the owner of a title of protection:

- (1) Utilization of the objects of industrial property for noncommercial purposes;
- (2) Distributing products which have been put on the market by the owner of a title of protection, the prior manufacturer, or the licensees, and
- (3) Temporary use of objects of industrial property which are protected in Vietnam and which form part of transport vehicles of foreigners temporarily in the country. In such circumstances, use of the objects on the vehicle will not be deemed to be an infringement in Vietnam, provided that the objects are used only to ensure the operation of the vehicle.<sup>41</sup>

The rights of the author of an invention, utility solution, or

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34. *Id.* art. 9(1).

35. *Id.* art. 9(2).

36. *Id.* art. 9(3).

37. *Id.* art. 10.

38. *Id.* art. 11(1).

39. *Id.* art. 11(2).

40. *Id.* art. 12(1).

41. *Id.* art. 12(2).

industrial design should be cited in the title of protection and in any scientific or technical documents which refer to the invention.<sup>42</sup> The author's rights include the right to receive remuneration and to appeal against the infringement of his/her rights as an author.<sup>43</sup> The owner has an obligation to determine the compensation he/she will receive based on the benefit he/she will receive from the utilization of the invention, utility solution, or industrial design.<sup>44</sup> The Council of Ministers fixes a minimum remuneration to the author.<sup>45</sup> The author of a service invention has the obligation to inform the organization or unit to which he/she belongs about his protectable invention.<sup>46</sup>

## C. COPYRIGHTS

### 1. Current Law

Vietnam's current copyright laws are contained in Arrete No. 142/HDBT of the Council of Ministers regulating authors' rights.<sup>47</sup> This arrete grants copyright protection to the author for his/her life plus thirty years.<sup>48</sup> An "author" is defined as a person who creates a work by his/her talent and knowledge.<sup>49</sup> It may include translators, editors or creators of an anthology, coauthors, and persons adapting preexisting works from one medium to another.<sup>50</sup>

Currently copyright protection may attach to works "published" in print, videos, magnetic recordings, photographs, sculptures, or architecture.<sup>51</sup> The author has the right to publish his/her work, to license his/her work, and to control changes or edits of his work, as well as to collect royalties.<sup>52</sup> In a concept which is peculiar to socialist states, the current laws provides that "a Vietnamese author whose work is performed in another country shall have rights in the work in the state where that work is performed."<sup>53</sup> Foreign authors of a work performed for the first time in Vietnam

42. *Id.* art. 17(1).

43. *Id.* art. 17(2).

44. *Id.*

45. *Id.*

46. *Id.* art. 17(1).

47. Decree on Copyright, Arrete No. 142/HDBT (Nov. 14, 1986) (Vietnam) [hereinafter Decree on Copyright] (on file with the *UCLA Pacific Basin Law Journal*).

48. *Id.* art. 5. The Draft Law on Copyright of the Socialist Republic of Vietnam art. VI, § 10 (Mar. 9, 1992) (fourth draft prepared by the Committee for Drafting the Law on Copyright, Ministry of Culture—Information and Sports) [hereinafter Draft Law] (on file with the *UCLA Pacific Basin Law Journal*) extends this to fifty years. *See infra* text accompanying note 56.

49. Decree on Copyright, *supra* note 47, art. 2(1).

50. *Id.*

51. *Id.* art. 2(2). The Draft Law extends protection to software and computer programs. *See infra* text accompanying note 51.

52. Decree on Copyright, *supra* note 47, art. 3(1).

53. *Id.* art. 3(3).



have the same rights as a Vietnamese author does. The protection of works of foreigners in Vietnam is based on international treaties protecting copyrights to which Vietnam is a party.<sup>54</sup>

At this time, violations of the copyright law are punishable by requiring that the infringer pay royalties to the owner/author. Violators may be prosecuted.<sup>55</sup> To date no procedure for copyright registration has been established.

## 2. Vietnam's Draft Copyright Law

The current copyright law will soon be superseded by a new law, which is currently being circulated in draft form.<sup>56</sup>

### Who Is Covered

The Draft Law recognizes the works of Vietnamese authors or authors who are residents of Vietnam (whether or not their works are published), works first published in Vietnam, and other works as covered by the international treaties to which Vietnam subscribes.<sup>57</sup>

### Forms Covered

The Draft Law recognizes individual, joint, and collective works.<sup>58</sup> Other individuals—including translators, those who have made adaptations from a given work, or those who have created anthologies or collections—may also have rights.<sup>59</sup> The Draft Law is contradictory in this area, since it provides both that a work created under the sponsorship of a juridical person is “authored” by that entity,<sup>60</sup> and that authors of works created for such an entity in the course of their employment are entitled to copyright.<sup>61</sup>

Protectable subject matter includes works expressed orally, in writing, as drama, in musical works, as choreographed works and pantomimes, audio-visual works, musical works, works of fine arts, and architecture.<sup>62</sup> Acceptable mediums of expression for protectability include published works, audio-visual works, communications to the public by cable, computer programs, “expressions of

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54. *Id.* art. 3(4). This type of protection is followed in the Draft Law, which will require authors either to publish their work in Vietnam in order to seek protection or to file shortly after publication abroad. See Draft Law, *supra* note 48.

55. Decree on Copyright, *supra* note 47, art. 6.

56. Draft Law, *supra* note 48.

57. *Id.* ch. I, § 2.

58. *Id.* ch. I, art. I, § 3.

59. *Id.* ch. I, art. II, § 4. With regard to motion pictures, this may include cameramen, directors of sound effects, and actors. *Id.* ch. III, art. VII, § 19.

60. *Id.* ch. III, art. VII, § 16.

61. *Id.* ch. III, art. VII, § 21.

62. *Id.* ch. I, art. III, § 5.

folklore," and works of applied art.<sup>63</sup>

### Rights of the Author

The author's rights include both moral and economic rights. Moral rights include the right to claim authorship, rights against distortion or modification of a work, and the right to publicity for the work.<sup>64</sup> Economic rights include rights to publish and authorize others to publish the work; to authorize reprints, performances, translations, filming, broadcasting, and modification of the work; and to receive royalties for these uses.<sup>65</sup>

### Duration

In most cases the economic rights of an author are protected by the Draft Law for the life of the author plus fifty years.<sup>66</sup>

### Licenses

Certain noncommercial uses are allowed by the Draft Law without an author's authorization and without any payment of license fees but subject to an obligation to indicate the name of the author and the source of the material. These uses include: reproduction of a work for private use; quotations from a work; reproduction for teaching in educational institutions; use in broadcast or publication by the press; and performance of published plays on a large scale on festive days, holidays, and the like.<sup>67</sup> These licenses do not include the reproduction of works of architecture in the form of buildings or other constructions, the reproduction of works of fine arts, the reproduction of sheet music, or the reproduction of computer programs.<sup>68</sup>

### Transfer of Rights

Under the Draft Law an author may transfer his rights in a work in whole or in part to an individual, an organization, or to the state. Such rights may also be transferred according to the provisions of the law of succession. Note that if there is no successor, the copyright escheats to the state.<sup>69</sup> An interesting wrinkle occurs in this area with regard to copyrights held by an organization. If the

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63. *Id.* ch. I, art. I, § 3.

64. *Id.* ch. II, art. IV, § 7.

65. *Id.*

66. *Id.* ch. II, art. VI, § 10. The exceptions are contained in *id.* ch. II, art. VI, §§ 12-14.

67. *Id.* ch. II, art. V, § 8.

68. *Id.* ch. II, art. V, § 9. Despite these restrictions, computer software piracy in Vietnam is already taking place. See, e.g., *Windows Software Now Available in Vietnamese*, 2 VIETNAM INVESTMENT REV. 7 (1992).

69. Draft Law, *supra* note 48, ch. III, art. VII, § 22.

organization is dissolved, the copyright belongs to a successor organization. However, if there is no successor organization, the copyright becomes the property of the state. Given that most joint ventures under Vietnamese law have a fixed life span, if no successor organization is named, the state of Vietnam will succeed to whatever intellectual copyright is created. Additionally, works for which the copyright has expired become the "property of the state."<sup>70</sup> This is in contrast to the western practice, whereby such works fall into the public domain. The right to use another's copyrighted work must be transferred through a written contract which details the form, scope, and manner of use of the work, the duration of the use of the work, royalties, and remedies.<sup>71</sup>

### Administration

Copyright protection is organized through the Office for the Protection of Copyright.<sup>72</sup> This office is empowered to register an author's name and works.

### Remedies

The Draft Law provides for conciliation through the Office for Protection of Copyright or remedies at law through the court system, including equitable remedies and damages.<sup>73</sup>

## IV. SOCIALIST AND DEVELOPING NATION THEMES

Regarding the protection of industrial property rights, as indicated in Part III.A above, the Decree is philosophically consistent with Vietnam's socialist system of government, and has several features which, although not found in U.S. intellectual property laws, are found in the intellectual property laws of some emerging and developing nations.

In this connection, it contains several provisions not relevant to the main theme of the Decree. For example, the Decree states that manufacturing, commercial service, and scientific or technological research units shall be responsible for making conditions favorable for their staff to create, examine, test, and improve intellectual property, as well as to protect the legitimate rights and interests of the authors.<sup>74</sup>

However, some of the philosophical differences are substantive. An owner of a title of protection is obliged to utilize or to transfer the right to utilize the invention in the territory of Vietnam to the

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70. *Id.* ch. III, art. VII, § 23.

71. *Id.* ch. IV, § 33.

72. *Id.* ch. III, art IX, § 30.

73. *Id.* ch. V, § 41.

74. Decree, *supra* note 15, art. 6.

extent required "to meet the needs of the social-economic development of the country."<sup>75</sup> The owner must also pay a fee to maintain the validity of the title of protection and to pay remuneration to the author.<sup>76</sup>

Should the owner not meet his/her obligation to use or transfer his/her rights, the chairman of the SCST has the power to grant a "non-voluntary licence of utilization" to the requesting organization or person.<sup>77</sup> This same concept appears in the Philippines' intellectual property law, and has been the source of friction between U.S. and Filipino trade officials.<sup>78</sup> In Vietnam, this compulsory licensing is allowable where, after the expiration of a prescribed period: (1) the owner of the industrial property, without justification, has not utilized the invention or utility solution; or (2) the extent of his utilization is deemed not to have met the needs of the socio-economic development of the country and the organization or person needing its utilization has been unable to secure the owner's agreement to transfer the right to utilize the protected invention or utility solution and has submitted a request for a nonvoluntary license to the SCST.<sup>79</sup>

In addition, the chairman of the SCST has the power, "if he considers it necessary," to use the protected invention, utility solution, or industrial design for Vietnam's national defense or security, for the prevention or treatment of human diseases, or for other vital purposes.<sup>80</sup> In these cases, the owner of the title of protection must be paid an adequate compensation, determined by reference to the benefit obtained.<sup>81</sup> The owner also has the right of appeal to the applicable court if no agreement is reached on the amount of compensation, but not if the owner merely objects to the issuance of a nonvoluntary license.<sup>82</sup>

Given its expropriative nature, this provision of the law could hold important consequences for foreign manufacturers of pharmaceuticals or novel technical items imported into Vietnam. While the Decree, on its face, grants a monopoly to the owner of the right to utilize industrial property, in reality, in the circumstances described, this right is granted at the pleasure of the government, and the rights granted to the owner are weakened by this provision.

Another potential problem exists because organizations or per-

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75. *Id.* art. 13(1).

76. *Id.* art. 13(2).

77. *Id.* art. 14(1).

78. See *Philippines—Country Marketing Plan '90*, 1991 National Trade Data Bank, June 11, 1991, available in LEXIS, World Library, MKTRPT File.

79. *Id.* arts. 14(1)(a)-(b).

80. *Id.* art. 14(1)(c).

81. *Id.* art. 14(2).

82. *Id.*

sons who have "utilized or [have] made serious preparation to utilize the [industrial property] independently of the applicant" prior to the priority date of the applicant's application for protection have the right to continue the utilization of the objects, but may "neither extend that utilization nor increase its volume, and such right cannot be transferred."<sup>83</sup>

A transferee assumes whatever rights and obligations the owner of a title of protection has, from the date the transfer is registered with the NOI.<sup>84</sup> The transferee has the right to force the owner to seek protection from a court.<sup>85</sup> If the owner has not done so within three months, then the transferee may seek protection directly from the court.<sup>86</sup>

## V. CONSIDERATIONS REGARDING REGISTRATION

### A. THE RIGHT TO FILE AN APPLICATION

The initial right to file an application for the protection of an invention, utility solution, or industrial design is vested with the author or his successor in title.<sup>87</sup> For a service invention, the right to file an application for protection belongs to the organization or unit for which the author works.<sup>88</sup> This is, however, subject to a "use it or lose it" limitation—if the employing organization does not file an application within two months of the date of receipt of notification of invention from the author, the author has the right to file an application himself.<sup>89</sup>

The right to file an application to protect an invention, utility solution, or industrial design created while performing a scientific or technological research and development contract, unless otherwise provided in the contract, belongs to the employing party.<sup>90</sup> For foreign employers who hire local skilled personnel, the transfer<sup>91</sup> of this right to the employers can be made a condition of employment.

The right to file an application to protect a trademark belongs to the organization or person conducting lawful manufacturing and commercial activities with respect to the product or service on which the mark will be used.<sup>92</sup> For appellations of origin, the right

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83. *Id.* art. 15.

84. *Id.* art. 16(1).

85. *Id.* art. 16(2).

86. *Id.*

87. *Id.* art. 18(1).

88. *Id.* art. 18(2).

89. *Id.*

90. *Id.* art. 18(3).

91. *Id.* art. 18(7). The right to file an application for protection is transferrable by a written document.

92. *Id.* art. 18(5).

to file an application for protection belongs to the organization or person lawfully manufacturing the product in the locality having distinctive factors that make the appellation protectable.<sup>93</sup>

The right to protection is dependent on the priority date,<sup>94</sup> established by the date on which the application is received by the NOI or determined according to international treaties to which Vietnam is a party.<sup>95</sup> Such protection is not limited in time. Applicants claiming a right of priority under an international treaty have the burden of proof to establish that right.<sup>96</sup>

## B. THE APPLICATION PROCEDURE

Applications for protection of industrial property rights are filed with the NOI on official forms,<sup>97</sup> which may be subject to amendment or supplementation upon NOI request.<sup>98</sup>

An organization or person who applies for industrial property registration in Vietnam but who does not have a habitual residence, headquarters, or representative office in Vietnam is required to file the application through one of the industrial property agents ("IPAs") recognized by the Socialist Republic of Vietnam.<sup>99</sup> Thus, the applicant, by a power of attorney, appoints an IPA to act as its attorney-in-fact and industrial property agent, and all applications must be made through the IPA.

All applications must be prepared in the Vietnamese language. Applications submitted in another language must be translated into Vietnamese. The importance of an accurate and precise Vietnamese translation should not be underestimated. An example of the importance of this arises with respect to trademarks. In Vietnam, as in most countries, a mark cannot be registered if it contains any of the defects specified in Vietnam's trademark laws (e.g., confusing similarity to an existing registered mark). Thus, precision in the application is critical.

Applications for industrial property protection are received and examined by the NOI, which also has power to grant the title of protection.<sup>100</sup>

An application is normally processed in three stages. Processing can be expected to take up to six months for trademarks and eighteen months for patents. If the NOI rejects the application, an

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93. *Id.* art. 18(6).

94. *Id.* art. 19(1).

95. *Id.*

96. *Id.* art. 19(2).

97. *Id.* art. 20(1).

98. *Id.*

99. *Id.* art. 20(2).

100. *Id.* art. 22.

appeal to the SCST is permitted.<sup>101</sup> If the application is approved, the mark or patent is then published in the NOI and the SCST's official gazette, *Inventions and Marks* (the "Gazette").<sup>102</sup> In contrast to many western systems, publication in the Gazette does not provide a period during which objections to the application may be made. Publication is merely the final step in the application process, after which the NOI will issue a Certificate of Registration.<sup>103</sup>

In Vietnam there is no preliminary ex-officio examination of applications, but an expedited examination will be made for an additional fee. The Gazette is published in English and Vietnamese; the Vietnamese version contains the legally binding text. The Gazette is circulated within Vietnam and in twenty-four other countries.

### C. PERIODS OF VALIDITY

A title of protection certifies the industrial property right of the owner of the title of protection or the right of the author of an invention, utility solution, or industrial design.<sup>104</sup> The form and term of validity of a title of protection depends on the property for which protection is sought.<sup>105</sup>

For an invention, the title of protection takes the form of a patent which is valid for fifteen years from the date of its priority.<sup>106</sup> The title of protection for a utility solution is a patent, but it has a shorter term of six years from the date of priority.<sup>107</sup> The title of protection for an industrial design is a Certificate of Industrial Design; its term of validity is five years from the date of priority,<sup>108</sup> but it may be extended at its owner's request for two five-year terms.<sup>109</sup> The title of protection for a trademark is the Certificate of Registration of the trademark.<sup>110</sup> It is valid for ten years from the date of priority.<sup>111</sup> A Certificate of Registration of a trademark may be ex-

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101. The decision of the Chairman of the SCST is final. *Id.* art. 28(1). The other option open to "[a]ny party dissatisfied with the decision of the Director of the" NOI is to institute an appeal in court. *Id.* art. 28(2).

102. Ordinance on Innovations to Effect Technical Improvements and Rationalizations in Production, and on Inventions, Decree No. 31 CP (Jan. 23, 1981) (Vietnam) (for patents); Ordinance on Trademarks, Order No. 184/HDBT (Mar. 20, 1990) (Vietnam).

103. *See* Decree, *supra* note 15, art. 22.

104. Decree, *supra* note 15, art. 23(1).

105. *See id.* art. 23.

106. *Id.* art. 23(2)(a). For all types of industrial property, the priority date is either the date the application is received by the NOI or the date according to applicable international treaties. *Id.* art. 19(1).

107. *Id.* art. 23(2)(b).

108. *Id.* art. 23(2)(c).

109. *Id.* art. 23(3).

110. *Id.* art. 23(2)(d).

111. *Id.*

tended for an unlimited number of ten-year periods.<sup>112</sup> For an appellation of origin, the title of protection is a Certificate of Registration of the appellation of origin. Its term of validity is unlimited, and runs from the date the Certificate is granted.<sup>113</sup>

It is possible that a title of protection may lapse before the expiration of its term of validity in certain specified cases. These include:

- (1) The owner files a written surrender with the NOI;<sup>114</sup>
- (2) The owner of a patent does not pay the annual fees;<sup>115</sup>
- (3) The owner of a trademark or appellation of origin ceases its commercial or manufacturing activities;<sup>116</sup>
- (4) The owner of a Certificate of Registration of a trademark has not utilized nor transferred the right to utilize the trademark within five years from its date of registration;<sup>117</sup> and
- (5) The factors that create the qualities and characteristics of the appellation of origin no longer exist or the products manufactured by the owner no longer meet these qualities and characteristics.<sup>118</sup>

A lapse of a title of protection before the expiration of its term of validity must be recorded in the register and published in the Gazette.<sup>119</sup>

#### D. REMEDIES

An applicant may appeal any decision that refuses to grant a title of protection.<sup>120</sup> Perhaps more importantly, during the term of validity of the title of protection "any organization or person may appeal against [a] grant of the title of protection for [such] objects" as do not meet the criteria established for a protectable object under Article 4 of the Decree.<sup>121</sup> This provides a form of opposition to potentially infringing marks, but may be less useful than an informal approach.

Such appeals are to be settled by the director of the NOI.<sup>122</sup> An appeal not satisfied at that level may be appealed to the chairman of the SCST, who will render a final decision.<sup>123</sup>

Appeals may also be taken by an organization or person against the grant of a title of protection on the grounds that the

112. *Id.* art. 23(3).

113. *Id.* art. 23(2)(e).

114. *Id.* art. 24(1)(a).

115. *Id.* art. 24(1)(b).

116. *Id.* art. 24(1)(c).

117. *Id.* art. 24(1)(d).

118. *Id.* art. 24(1)(e).

119. *Id.* art. 24(2).

120. *Id.* art. 28(1).

121. *Id.*; see *supra* text accompanying notes 20-24, 27.

122. *Id.*

123. *Id.*; see *supra* note 101 and accompanying text.



applicant is not entitled to protection under Article 18.<sup>124</sup>

For infringement cases, for issuance of a nonvoluntary license, and for actions against a registration, a civil suit may be initiated at the people's court of the province, district, city directly under the central government, or of the appropriate administrative unit.<sup>125</sup> In disputes involving foreign organizations or persons, jurisdiction may be obtained in the People's Court of Hanoi or the People's Court of Ho Chi Minh City upon the request of the plaintiff.<sup>126</sup>

Disputes concerning transfer of the ownership right or the right to utilization of the object of industrial property are to be settled according to trial procedures for disputes of a civil or economic contract, unless one or both parties are foreign, in which case the matter is settled by arbitration or by other qualified authorities selected by both parties.<sup>127</sup> Criminal penalties may be levied for infringement.<sup>128</sup>

## VI. CONCLUSION

As a country embarked upon economic reform, Vietnam has made an ambitious start to create a modern intellectual property protection regime. Nevertheless, a review of the law discloses some significant gaps when compared with international practice.

Vietnam has shown itself capable of listening to the comments of foreign businessmen and professionals, and responding to them. It would seem that the more Vietnam learns of the common practices followed by the international community in the area of intellectual property, the greater will be the chances that Vietnam's law and practice will continue to move toward the international norm.

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124. *Id.* art. 28(2); *see supra* text accompanying notes 87-93.

125. *Id.* art. 29.

126. *Id.*

127. *Id.* art. 30.

128. *Id.* art. 31.