




**INTELLECTUAL PROPERTY RIGHTS DESK**  
*Italian Trade Commission - HCMC Office*  
*Trade Promotion Section of the Italian Embassy*

# **NEWSLETTER n.08**

**JULY 2009**



*Ministero dello Sviluppo Economico*

**ITALIA**   
Italian Trade Commission

## Newsletter n. 08 - HCMC, July 2009

Welcome to our 8th Newsletter – July 2009.

In our 7th Newsletter, we mentioned the process of amending and supplementing the IP Law 2005 in the 9th session of the National Assembly of Vietnam. Our 8th Newsletter shall continue this high-profile topic by bringing to you more detail about it.

Should you have any comments or request, please feel free to contact us at [iprdesk.hochiminh@ice.it](mailto:iprdesk.hochiminh@ice.it).

Yours faithfully,

Martino Castellani

Head of the IPR Desk HCMC

Intellectual Property Rights Desk

Italian Trade Commission –

Trade Promotion Section of the Italian Embassy

11 Doan Van Bo – District 4, HCMC - Vietnam

Tel: +84 8 38269646

Fax: +84 8 38269647

Email: [iprdesk.hochiminh@ice.it](mailto:iprdesk.hochiminh@ice.it)

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Despite that many differences of opinion still remained during the debate, on 19 June, 2009, the 12th National Assembly of Vietnam passed the Draft on amending and supplementing the IP Law 2005 as well as the Draft on amending and supplementing the Penal Code, in which regulations on IPR infringements have been changed.

### **I. Main issues in the debate over the draft law (it is also hereinafter referred to as “the new law”).**

#### **1. Legal status of IP Agent**

Legal status of organizations providing IP services in Vietnam was a hot topic in the debate. Many deputies agreed that units without independent legal status operating under the auspices of foreign organizations, such as representative offices or branches of foreign law firms/foreign IP Agents should not be allowed to provide IP services.

Opinions reached a consensus that IP was a special type of science-technology service and any mistake made by IP service provider would result in a huge invisible property rights drain for clients. How will service providers having

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non-independent legal status be responsible for in such cases? Therefore, a regulation permitting only units with full legal entity to do IP services is necessary to guarantee the interest of both Vietnamese and foreign IPR owners. Besides, such limitation shall help protect local IP law firms and their own market.

Statistics have shown that currently foreigners own more than 40 per cent of the country's IPR.

Finally, in the new law, organizations in the form of a co-operative are added to the list of units eligible for providing IP services, while foreign law firms doing business in Vietnam are eliminated from this service (Art.154, Item 1).

#### **2. Copyright**

The extension of copyright protection from 50 years to 75 years for cinematography, photographic and dramatic works, as well as applied artworks and anonymous works was also a main discussion.

Many deputies opposed the above said draft as they think the current regulation on that matter in IP Law 2005 was already consistent with international rules and suitable with the country's socio-economic development. It also allows Vietnam to follow the WTO principles of national treatment.

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Although it is felt that this extension of copyright protection would obstruct the access to works by the public as about 70 per cent of Vietnamese population are living in poor rural areas.

However, the new law still extends the term of protection for cinematographic works, photographic works, applied art works and anonymous works to 75 years as from the date of first publication, or 100 years if within 25 years after the fixation, such work has not been published (Art.27, Item 2a).

Besides, term of protection for dramatic works shall be calculated on the basis of author's life, instead of the above method (Art. 27, Item 2b).

Regarding royalty in case of using published works without necessity of permission, the draft law states that "broadcasting organizations which use published works in making their broadcasts, which are sponsored, advertised or charged in whatever form, shall not have to obtain permission but have to pay royalties or remunerations to copyright holders based on an agreement between the parties", however, deputies raised a question about what if

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the user and the copyright holder could not reach an agreement? Therefore, apart from supplement of such new regulation, it is necessary to stipulate that the Government shall decide the royalty or remuneration for the parties to apply if they fail to reach consent, in conformity with the Berne Convention (Art. 11bis).

This opinion is legislated in the new law, together with a new supplement stating that parties may bring the case to court (Art.26, Item 1 and Art.33, Item 1).

The right to import the origin of the phonograms, video recordings has been supplemented to the producer's rights (Art.30, Item 1).

### **3. Plant variety**

The new law re-defines the plant variety types, which shall be reproductive materials and harvested materials accordingly.

The scope of the right of the plant variety's owner has been extended, he holds now full right over all harvested materials, even those illegally reaped using the reproductive materials of protected plant variety.

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During the debate, there raised a suggestion to add “microorganism variety” to the law as microorganism variety becomes more and more important in the era of eco-technology today. In fact, many finished products containing efficacious microorganisms created by scientists have been separated by others, who shall use such microorganisms for their commercial purpose without facing any restriction due to the lack of a legal frame. However, this opinion was not put into the new law.

### 4. Filing

Most deputies assumed that the expansion of examination time shall be a step backward in the process of administrative reform in Vietnam, therefore, the draft regulation on the matter was strongly opposed.

Despite of such opposal, time-limit for substantive examination is extended in the new law: 18 months for an invention, 9 months for a trademark and 7 months for an industrial design. Besides, new law also supplements a regulation on the time limit for amendment/supplementation of applications, which, as defined, must not exceed 1/3 of the correlative examination time.

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According to the new law, the time of establishment of the right of prior use to invention and industrial design shall be counted from the time of first use before the filing date or the priority date.

### 5. Assessment Agent

As deputies reached a consensus not to assign IP managing authorities to conduct IP assessment as it may cause the lack of transparency in their business, the new law paved the way for non-state organizations to carry out this business and stipulates detailed criteria for an assessment agent.

### 6. IP enforcement

*Administrative measures*

With reference to IPR infringements subject to administrative punishment, a new regulation on “act of infringement causing damages to authors, IPR owners” is substituted for the current controversial one on “the act of not terminating IPR violation though the IPR owner issued a written notice requesting the termination of such violation”. The new regulation shall facilitate the job of

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handling infringers as well as bring about a better protection for IPR owners.

Regarding the regulation on monetary fine applicable to IPR infringement including piracy, National Assembly's members required to keep the current one, which shall be set at least equal to the value of detected infringing goods but must not exceed five times of such value. However, such regulation was replaced by the new one, in which the monetary fine shall be determined in conformity with laws on administrative punishment (at maximum of VND 500 millions – a level which is deemed not appropriate to piracy).

Relating to customs suspension measure, the term of suspension shall be counted from the date on which the claimant receives the Customs' notice on the suspension.

### *Criminal measures*

The legislature also ratified the Draft on amending and supplementing the Criminal Code, in which regulations on IPR crime were modified as follows:

In terms of constituent factors, in the old law, elements of "causing serious damage", or "who have already been administratively sanctioned for such acts or already been

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sentenced for such offenses, not yet entitled to criminal record remission but continue to commit them" were a must to determine a piracy crime. In the new law, those were eliminated and replaced by "at commercial scale" element.

The acts of piracy relative to this crime are just (i) the act of reproducing the work, phonograph, video recording and (ii) the act of distributing to the public the copies of work, phonograph, video recording.

Regarding to the crime on industrial property right, only the intentional acts of infringing trademarks and infringing geographical indication are subject to criminal law.

A more severe penal measure shall be applied to this kind of crime, monetary fine may be from VND 50 million to VND 1 billion.

### **7. More changes and amendments required**

Though the Draft was ratified, many deputies agreed that IP laws should be reviewed carefully to make sure that Vietnam's regulations are compatible with international rules. In their point of view, in some cases, Vietnam's rules

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are stricter than international requirements. For instance, under TRIPS, border measures are statutorily applicable to suspected importation only, they are not mandatory to apply on exportation. Meanwhile Vietnam IP Law stipulates that such measures are applicable to both importation and exportation. That rule may cause a serious obstruction for exportation of Vietnam itself.

Some others are of the opinion that more acts should be added to the scope of infringement to make sure that any act violating the right of IP owner shall be punished.

### II. News

#### ASEAN Patent Examination Co-operation (ASPEC)

Singapore, Cambodia, Indonesia, Malaysia, the Philippines, Lao PDR, Thailand, and Viet Nam as ASEAN Member States have launched an ASEAN Patent Examination Co-operation (ASPEC) programme. It is the first regional patent cooperation programme.

The purpose of this programme is to share search and examination results between the participating offices to allow participants in

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participating countries to obtain corresponding patents faster and more efficiently. The project will potentially reduce duplication on the search and examination work done, thereby saving time and effort. Additionally, search and examination work done on corresponding application serves as a useful reference in producing quality reports.

The programme commences on 15 June 2009.

[http://www.noip.gov.vn/noip/cms\\_vn.nsf/vwDisplayContent/51A0B7C68CABA6A6472575DF00319F88?OpenDocument](http://www.noip.gov.vn/noip/cms_vn.nsf/vwDisplayContent/51A0B7C68CABA6A6472575DF00319F88?OpenDocument)

### III. IP cases

#### Counterfeit den discovered in Hanoi

On 14 June, 2009, the Hanoi Police took a sudden check against a vehicle transporting 55 bags of fake seasoning bearing a famous Japanese trademark and 33 bags of fake powder detergent bearing a famous American trademark.

Following the vehicle to the owner's house-and-shop at Van Nam commune, Phuc Tho district, Hanoi, the police found a huge quantity of counterfeit exactly the same as the kind of

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goods mentioned above. Moreover, materials, means and equipments used to make counterfeit were also discovered, including 92 bags of Ajinomoto glutamate, 51 bags & 17 cartons of American trademark-born power detergent, 127 kgs of Chinese glutamate, 25 bags of non-label power detergent, tens of kilograms of plastic bags, one fever machine, one date stamping machine, balances, etc.

Confessing to the police, the man said that in order to conceal his violation against customers and the authority, he bought a few genuine products to display at shop together with his counterfeits.

The case has been taken for further investigation by the police. This is the second den of making fake glutamate and powder detergent discovered in the suburbs of Hanoi recently, the first one was mentioned in our the 7<sup>th</sup> Newsletter.

<http://dddn.com.vn/20090615052545190cat132/phat-hien-lo-san-xuat-bot-giat-va-mi-chinh-gia.htm>

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### Many factories making counterfeit fertilizer found in HCMC

Vietnamese police discovered some factories in HCMC producing fake fertilizer or diluting fertilizer.

According to Commander Vu Hong Nam – HCMC Anti-economic crime Team, the amount of seized counterfeit fertilizer was so big that the authority did not have enough warehouses to keep and they had to seal fertilizers at factories' warehouses. There were nearly 1000 tons of fertilizers and raw materials confiscated. The counterfeit was packed under some famous trademarks of America, China and Korea. Farmers would severely face with their losses in harvest and low outputs if they used counterfeit fertilizer for their plants, especially more than 70% of Vietnamese people are farmers. HCMC authority has carried out investigation on those factories' owners, who may face imprisonment up to 10 years if found guilty.

<http://www.voanews.com/vietnamese/2009-06-24-voa17.cfm>



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ITALIA   
Italian Trade Commission

IPRs DESK at the Italian Trade Commission,

**IPRs DESK at the Italian Trade Commission, Hochiminh Office**

11 Doan Van Bo - District 4

Hochiminh City - Viet Nam

Tel +84 8 38269646

Fax +84 8 38269647

E-mail [iprdesk.hochiminh@ice.it](mailto:iprdesk.hochiminh@ice.it)