



***Intellectual Property Rights in the Socialist Republic of Vietnam***  
**Submitted to the Office of the United States Trade Representative**  
**February 8, 2013**

Vietnam's policies and practices regarding protection for intellectual property rights (IPR) is a legitimate and key concern for U.S. companies already or wishing to do business with Vietnam.

Members of the American Chamber of Commerce in Vietnam (AmCham) feel the situation with regard to protection of IPR in Vietnam remains troubling. Protection and enforcement of IPR in Vietnam falls short of what is expected of a country that has been a member of TRIPs for many years and aspires to join the Trans Pacific Partnership which aims for stronger IPR. The protection and enforcement of IPR is still not seen as a priority for the government of Vietnam and almost all IPR initiatives come from IP owners. Vietnam's enforcement mechanism needs widespread improvement in order to effectively stop, punish and deter IPR infringement in Vietnam.

The points raised in our Special 301 submission last year remain a concern and have not diminished. The following text briefly updates a few broad areas of concern.

Counterfeit goods produced in Vietnam, China and other nations can still be found in nearly every rural and urban market in Vietnam. Widely available counterfeit goods include counterfeit garments and accessories, footwear, food and beverages, cosmetics, pharmaceuticals, computer software, automobile spare parts (car and motorbike), engine lubricants, consumer electronics, music and video entertainment, motorbikes, and even fertilizers and gas. The Market Management Bureau under the Ministry of Industry and Trade says that over 8,000 cases of IP infringement were detected in 2012, representing an increase of 14% over the number in 2011. Fake infant formula, fake cooking oil, fake laundry detergent, fake Heineken beer, and much more continued to make headlines in local media in 2012. The government admits that the counterfeit goods are difficult to track down and that fake products are becoming more sophisticated and difficult for government inspectors to identify.

Online piracy is a growing problem in Vietnam. Experts indicate that up to 90 percent of all digital content provided to users on the Internet in Vietnam is pirated. The content includes music, movies, e-books, software and mobile phone applications. The most highly publicized case in 2012 involved the sixth most visited website in this country of 30+ million Internet users - Zing.vn, a portal for news, music, games, instant messaging and social networking, run by a Vietnamese company which attracts investments from major international investment firms. Music downloading accounts for 60 percent of activity on the site, which does not respect the copyright of artists whose music is being downloaded. In response to pressure from an Associated Press journalist, several major international companies including Coca-Cola, Samsung, Canon, Yamaha, Intel and Colgate Palmolive pulled their advertisements from Zing.vn. The U.S. Embassy also stopped its activity on the website.

Online trading in counterfeit products is also a growing concern. Counterfeit clothing, cosmetics, shoes, wallets and counterfeit products are being sold online in Vietnam, including products that infringe the trademarks of U.S. trademark owners. Some counterfeiters even offer “different grades” of counterfeits (e.g., “best quality fake”, “second best quality fake”, etc.) and openly mention the popular or well-known trademark being infringed. Although Vietnamese law provides a clear basis for acting against online counterfeiting, the government appears reluctant to take action. AmCham believes that enforcement efforts should be strengthened and severe administrative penalties and judicial remedies imposed as a deterrent to such activities.

Published reports indicate that the volume of pirated software products in Vietnam decreased by 4 percent between 2009 and 2012 (from 85% in 2009 to 81% in 2012). While this is a positive trend, Vietnam still has one of the highest rates of software piracy in the world and has a long way to go to meet international standards (the level of pirated software globally is estimated to be 42%, and regionally is estimated to be 60%). For over 15 years, Vietnam has enjoyed a favourable – and significant – surplus in its trade with the United States. It is clear that some exporters to the U.S. are gaining an unfair competitive advantage by not paying for the software they use in their business processes, which is a clear violation of U.S. law. This unfair competitive advantage is also enjoyed by third-country companies operating in Vietnam – especially Taiwanese, Korean, and Chinese companies – who severely underpay for the corporate software they use.

Fundamental concerns remain about weak (and uneven) enforcement, administrative fines that are not significant enough to serve as a real deterrent, and inadequate capacity and competency of inspectors and local officials. We also note that authorities are often reluctant to enforce the laws because of personal (but hidden) relationships with infringers. In Vietnam, getting “caught” remains unlikely and the worst case scenario is only seen as a cost of doing business – even for serial infringers who are undeterred by fines that only reach up to \$5,000.

From the standpoint of Vietnam’s own self-interest, IPR infringement threatens Vietnam’s long-term economic competitiveness and discourages foreign companies from transferring their best technology and proprietary know-how, or engaging in research and development activities in Vietnam.

Awareness of the harm that counterfeiting and IPR infringement causes to the Vietnamese economy and society generally - especially among consumers – has been improving, but is still not sufficient. Surveys report that a large percentage of Vietnamese consumers have purchased counterfeit goods, mostly due to their low price. Large numbers of Vietnamese retailers continue to openly admit to selling counterfeit products. AmCham members believe that government and local association efforts to raise awareness and educate the public can be more successful than efforts from IP/brand owners at changing the “mindset” of Vietnamese consumers.

If Vietnam aims to attract high-technology value-added manufacturing, as well as develop its human resources by inspiring innovation and creativity within the Vietnam population as a whole, significant improvement in the enforcement of intellectual property rights is urgently needed. Effective enforcement means punishing infringers of IPR in a manner that will deter them and others from engaging in such conduct in the future. It also means increasing public awareness of the need to respect the IPR of Vietnamese and foreigners alike.

AmCham thanks the Office of the United States Trade Representative for its consideration of our comments on Vietnam’s acts, policies, and practices in IPR.

***Intellectual Property Rights in the Socialist Republic of Vietnam***  
Submitted to the Office of the United States Trade Representative  
February 10, 2012

**Intellectual Property Rights: A legitimate and key concern for U.S. companies**

Trade between the U.S. and Vietnam has grown impressively since relations between the two countries were normalized. Bilateral trade has soared from \$17.5 million in 1994 to over \$20 billion in 2011. For the past 15 years, Vietnam has enjoyed a favourable – and significant – surplus in its trade with the United States. In this context, the fairness of Vietnam’s policies and practices regarding protection for intellectual property rights (IPR) is a legitimate and key concern for U.S. companies already or wishing to do business with Vietnam.

Members of the American Chamber of Commerce in Vietnam (AmCham) feel the situation with regard to protection of IPR in Vietnam remains troubling. Some specific areas of concern:

- Counterfeit goods produced in Vietnam, China and other nations can still be found in nearly every rural and urban market in Vietnam. Widely available counterfeit goods include counterfeit garments and accessories, footwear, food and beverages, cosmetics, pharmaceuticals, computer software, automobile spare parts (car and motorbike), engine lubricants, consumer electronics, motorbikes, and even fertilizers and gas. It remains common knowledge that it is nearly impossible to buy a genuine DVD in Vietnam.
- Published reports indicate a software piracy rate of 83 percent in Vietnam, one of the highest rates in the world. As noted above, counterfeit DVDs and CDs remain ubiquitous in Vietnam.
- Vietnamese individuals and companies, as well as foreign parties, continue to register domain names containing the prominent and popular trademarks of others under circumstances that suggest bad faith abuse of the “first to register” system employed by the Vietnam Internet Network Information Center (VNNIC).
- Vietnamese individuals and companies, as well as foreign parties continue to apply for trademarks that are the same or confusingly similar to marks that have been used for many years by foreign companies under circumstances that suggest bad faith abuse of the “first to file” trademark registration system that is observed in Vietnam.
- Vietnamese companies, including state-owned companies, and others are copying the appearance of high-profile products manufactured by foreign companies and their Vietnamese subsidiaries. Preferring to “imitate rather than innovate”, such companies are

plainly trying to trade on the goodwill associated with the appearance of popular foreign products and confuse the consuming public as to the origin of their products.

- Rather than create their own trademarks, patents, copyrighted works and other proprietary knowledge and technology, some Vietnamese companies and individuals, working alone or with foreign parties, continue to infringe the IPR of U.S. companies and the problem appears to be accelerating.
- Foreign companies are finding that their process patents are being used without their consent. Architectural designs of foreign architects are being copied by local firms without the consent of the copyright owners.
- Inadequate protection remains for confidential tests and other data developed by research-based pharmaceutical companies.
- Television programming signals broadcast via satellite and/or cable continue to be pirated while unauthorized copies of copyrighted films and music are available to the Vietnamese public via Vietnamese owned and operated internet websites.

From the standpoint of Vietnam's own self-interest, IPR infringement threatens Vietnam's long-term economic competitiveness and discourages foreign companies from transferring their best technology and proprietary know-how, or engaging in research and development activities in Vietnam.

### **Engendering a “Cultural of Innovation” and “Public Mindset” in Favor of IPR and Other “Products of the Mind”**

AmCham believes the Vietnamese population has not been made sufficiently aware of the harm that counterfeiting and IPR infringement causes to the Vietnamese economy and society generally. Published surveys found that large numbers of Vietnamese retailers openly admitted to selling counterfeit products. Meanwhile, Vietnamese consumers, though aware of the poor quality of many counterfeit products, continue to purchase these goods due to low price. Surveys have also found that a large percentage of Vietnamese consumers have purchased counterfeit goods.

Government efforts to change the “mindset” of Vietnamese consumers has not been sufficient and additional action is necessary to raise awareness and educate the public.

**Recommendation:** Relevant Vietnamese governmental bodies should expand efforts to educate the Vietnamese population so that every Vietnamese citizen understands he/she has a direct stake in the protection of IPR and related rights in Vietnam. Consumers must be shown that that Vietnam's prospects for economic growth are being undermined by the increasing problem of IPR infringement.

### **NOIP Practices**

It is widely acknowledged (by foreign and Vietnamese IP professionals alike) that the NOIP needs more, and better trained examiners and other officials to issue decisions on pending applications and opposition and cancellation proceedings.

**Recommendation:** The Vietnamese government should see that NOIP examiners are better trained, particularly in the application of various international treaties to which Vietnam is a party. The NOIP database should be promptly updated in respect of all trademark matters, including the status of trademark applications and registrations, as well as opposition and cancellation proceedings.

AmCham also believes that any individual who meets the requirements of the law should be permitted to practice directly before the NOIP, including Vietnamese citizens employed by law firms of WTO member countries in Vietnam. NOIP practices and the practice of intellectual property law in Vietnam generally would benefit from the direct participation of all qualified individuals, regardless of the nationality of their employer. Discriminating in favor of a relatively small group of Vietnamese IP agents not only insulates them from healthy competition, it encourages the unhealthy practice of certain IP Agents trading on their "personal relationships" with NOIP officials.

**Recommendation:** Article 154 of the IP Law should be repealed or amended to permit anyone who meets all requirements of the law to practice directly before the NOIP, including Vietnamese employed by law firms of WTO member countries in Vietnam. AmCham understands that at a recent seminar sponsored by the Vietnam Chamber of Commerce and Industry on proposed amendments to the IP Law, a significant number of Vietnamese participants in the seminar expressed support for such an amendment.

## **1. Delays in the Issuance of Decisions**

NOIP examiners often take inordinately long periods of time to issue decisions during substantive examinations of trademark applications. These delays occur frequently in situations where (i) the applicant has submitted evidence of acquired distinctiveness of a mark and (ii) one party has opposed the trademark application of another party, or sought to cancel a trademark registration on the ground that it was wrongfully registered. In a number of cases, two years or longer pass before the NOIP issues its decision -- even in cases where the merits of the case appear clear. This situation has caused some foreign trademark applicants to delay implementing business plans with respect to Vietnam. This situation has caused foreign companies to speculate on the reasons why certain officials at the NOIP are failing to issue decisions in matters despite more than adequate time to do so.

**Recommendation:** The NOIP should issue decisions within a reasonable period of time. If necessary, the NOIP should hire more trained examiners and other staff drawing from the increased State budget for intellectual property protection proposed herein.

## **2. Decisions on the Issue of “Confusingly Similarity” of Trademarks**

The NOIP continues to issue highly questionable decisions on whether one trade mark infringes another, reaching conclusions that would be different in most TRIPs jurisdictions. These decisions are reached during substantive examination of trademark applications, as well as in the context of opposition and cancellation proceedings. It is especially troubling for research-based pharmaceutical companies whose popular and well-known trademarks are being systematically imitated by Vietnamese pharmaceutical companies. In many cases, these companies simply manipulate or change a few letters in another party's registered trade mark to “create” their own “new” marks. This situation requires trademark owners to incur considerable expense attempting to prevent and/or cancel the registration of marks that should have been denied registration in the first place.

In many cases, the NOIP does not sufficiently consider evidence that a trademark application has been filed in bad faith (i.e., with obvious intent to trade on the goodwill of the prior mark), even though imitation of another party's trademark is highly probative of the issue of confusing similarity and the well-known status of a prior registered/used mark. For example, in a number of cases, the applicant has a history of (i) filing applications that imitate the trademarks of other companies, (ii) imitating another company's product packaging or (iii) simultaneously filing multiple applications for marks each of which closely imitates a mark of another company. In many other jurisdictions, such imitation is compelling evidence that the marks are confusingly similar, the applicant is trying to trade on the good will of the other party's trademark and/or that the other party's trademark is well-known or at least "widely used and recognized."

**Recommendation:** The NOIP should issue more reasonable decisions on the issue of "confusing similarity" in trademark opposition and cancellation proceedings. Such decisions should reflect in detail all relevant facts and circumstances and be in greater accord with international practice. A common sense approach would take the behavior of a trademark applicant into account in the normal course of considering trademark applications and ruling on the merits of trademark opposition and cancellation actions. To the extent it is considered necessary, the "Regulations on Trade Mark Examination" which were recently published by the NOIP, should be amended to instruct NOIP Examiners to consider the conduct of the applicant as *evidence* on the issue of confusing similarity and the well known or "widely used and recognized" status of a mark.

### **3. Opposition Proceedings Should Be "Adversarial" in Nature**

Under current Vietnamese law, opposition to trademark applications is permitted, but the applicant is not required to respond to the arguments and evidence opposing the application. The NOIP can still deny an opposition, even in cases where, for example, an applicant appears to have filed its application in "bad-faith" (see discussion at point 2 above). That is, applications that are filed in bad faith often mature to registration without the applicants ever having to defend the registerability of any of the challenged trademarks. This puts trademark owners at a significant disadvantage because they must bear the cost of opposing trademark applications, while the applicant can file multiple trademark application in bad faith without having to defend any of the applications.

**Recommendation:** Trademark applicants should always be required to defend their trademark applications in response to oppositions and cancellation actions. The NOIP must look closer into the issue of multiple filings in "bad faith", using common sense and/or rules and standards that recognize the evidentiary value of bad faith filings of trademark applications or filing that are made with the knowledge of another party's mark. Vietnam's Law on Intellectual Property ("IP Law") should be amended to expressly make "bad faith" a basis for refusing registration to a trademark or cancelling a trademark registration.

### **4. "Well-Known" Trademark Status**

While ordinary trademarks must be registered to be protected in Vietnam, "well-known" marks are entitled to protection without registration pursuant to Vietnam's obligations under the Paris Convention for the Protection of Industrial Property. Moreover, "well-known" marks are entitled to a greater level of protection than is accorded ordinary trademarks. Vietnam's IP Law defines a well-known trademark as, "a mark widely known by consumers throughout the Vietnamese territory." This definition, which appears to apply the same standard to all goods and services, does not take into account that certain types of goods and services are sold to only a small pool of buyers. For example, a brand of expensive high-precision airport x-ray equipment would not be well-known among "consumers" generally, but could be very well-known among airport security specialists worldwide. The trademark under which such airport x-ray equipment is sold should be entitled to

“well-known” status taking into account the notoriety of the trademark within the small pool of consumers who actually purchase and use the equipment. The same reasoning should apply to other goods and services when determining whether the marks under which they are sold are “well-known” or “widely used and recognized.”

**Recommendation:** In order to properly protect well-known trademarks, AmCham proposes the IP Law be amended to require the NOIP to take into account the “relevant pool” of consumers defined as the specific cross-section of consumers who actually purchase and use (or *could* purchase and use per socio-economic segment) the products or services in question. This approach, which is in line with international practice, will enable NOIP Examiners to more rationally analyze claims that a mark is “well-known” or “widely used and recognized” taking into account specific market for the goods/services in question. This, in turn, should make it easier to settle opposition/cancellations in relation to well-known trademarks. In addition, Vietnamese law should be amended to take into account the “spill over” effect that widespread promotion and use of a mark in neighbouring countries and/or over the internet can have on the status of a mark in Vietnam.

It should be noted that at a recent meeting of NOIP agents and other practitioners in the field of IPR in Vietnam, many attendees voiced support for clear-cut rules and procedures for applying to well-known status of a trademark. AmCham strongly encourage Vietnam to do so, taking into account the other considerations mentioned above.

## **Enforcement of IPR in Vietnam**

Protection and enforcement of IPR in Vietnam falls short of what is expected of a country that has been a member of TRIPs for over 5 years. Vietnam’s enforcement mechanism needs improvement in a number of respects in order to effectively stop, punish and deter IPR infringement in Vietnam.

### **1. Preventing Infringing Use of Company Names**

Recently enacted Decree 43 on Enterprise Registration provides for the creation of a *national database* of registered companies which can be searched to determine whether the proposed trade name of a new company is the same as the trade name of an existing registered company. Decree 43 prohibits a company from registering and using a company name (trade name) that is the same as the trade name, trademark and/or geographic indication of another entity. The new national database should assist in determining this. If a company is found to have adopted a trade name that infringes another party’s trade name, trademark or geographical indication, an owner of IPR rights can request the Business Licensing Authority (BLA) to require the accused party to change its company name. If the accused party fails to comply with the BLA’s instructions within two months, the BLA will notify the relevant Enforcement Authority (EA) and if the accused party’s trade name is determined to be a violation of the Decree, it will be compelled to change its name, may be subject to a fine, and otherwise be held responsible under the law. Despite this new regulation, resolution of trade name disputes is likely to be cumbersome and time-consuming in practice due to the possible need to work with two separate authorities. Moreover, Decree 43 should be clarified and coordinated with other relevant legislation. Decree 43 states that the BLA must act on the basis of a decision by another “competent State authority”, but it is unclear which “competent State authority” this refers to.

**Recommendation:** To achieve its intended purpose, the national database of registered company names needs to be put into operation promptly and be well maintained so that nationwide information on company registrations is complete and constantly updated to reflect new company registrations. Sufficient funds need to be allocated from relevant budgets to ensure that this is

done. In light of the provisions of Decree 43, It would also be helpful if corresponding changes were made to the IP Law and Law on Competition which changes should (i) clarify the interrelationship between Decree 43 and the IP Law and/or Law on Competition, (ii) identify the “competent State authority” whose decisions the BLA must act on, as well as (iii) clarify the concept of trade name.

## **2. Cooperation between Administrative Enforcement Agencies / Transparency of Administrative Enforcement Process**

AmCham makes positive note of Decree No. 97/2010/ND-CP (“Decree 97”), which provides (i) guidelines for implementing certain provisions of the IP Law; (ii) standardized fines for the production and trading of counterfeit goods; (iii) clearer lines between enforcement bodies’ power to deal with acts of unfair competition. AmCham hopes that Decree 97 will engender better cooperation between the various authorities charged with handling administrative enforcement actions (e.g. raids). However, again, such cooperation is meaningless unless monetary fines and other sanctions sufficient to punish and deter IPR infringement are imposed on offenders.

Moreover, the process of administrative enforcement should be more transparent. Accurate and complete records should be kept of all administrative fines, product confiscations, product destructions, and other administrative sanctions which are imposed on the IPR infringer. Also, infringers should be required to provide detailed information regarding their infringing activities, details of the specific amount and type of infringing products they have manufactured and/or distributed, the source of the infringing products (whether foreign or domestic), as well as a the name and contact details of the parties to whom they have sold or distributed infringing products. In addition, (i) all such records should be publicly accessible via a national database and regularly audited in detail by the government so that a determination can be made as to whether the level of fines and other sanctions are sufficient to effectively punish and deter IPR infringement, and whether certain infringers are recidivist offenders.

## **3. Criminal Liability**

Commercial-scale counterfeiting and other forms of IPR infringement are increasing in Vietnam. Though Decree 97 standardizes fines for producing and trading in counterfeit goods, these fines seem insufficient to deter IPR infringement. Even if administrative fines are raise, in a number of cases, criminal prosecution of commercial sale IPR infringement is necessary to deter systematic high volume commercial scale counterfeiting and other IPR violations. In this regard, despite the growing counterfeiting problem in Vietnam, which includes cases of obvious commercial scale counterfeiting, Vietnamese authorities have criminally prosecuted only a few cases over the last few years. Article 170a of the Amended Penal Code, which took effect on January 1, 2010, provides a criminal penalty of up to VND500,000,000 (US\$23,800) or non-custodial reform of up to two years for commercial scale violations of copyright and related rights. Article 171 provides the same penalty for “wilful infringements of industrial property rights over trademarks or geographical indications on a commercial scale”. Whilst these provisions generally accord with Vietnam’s obligations under the TRIPS, such provisions are of little use unless they are regularly applied to cases of IPR rights infringement on a commercial scale. While the meaning of “commercial scale” seems self-evident, some administrative enforcement authorities have been reluctant to refer a case for criminal prosecution, or impose the maximum administrative fine without clearer guidance on what constitutes “infringement on a commercial scale.”

**Recommendation:** Relevant Vietnamese authorities should carry out more criminal prosecutions of IPR infringement on a commercial scale. AmCham believes the meaning of “commercial scale” is self-evident and should not require clarification. However, to the extent clarification is deemed



necessary, the law should be amended or supplemented to provide a specific definition or other guidance on what constitutes infringement on a “commercial scale.” For example, “commercial scale” should apply to situations where an infringement has been carried out for any “profit making purpose” no matter how much profit is actually made. Any individual (i.e., natural persons) who is involved in commercial scale IPR infringement by a company should be held criminally liable for his/her actions under existing provisions of the Vietnam Penal Code.

#### **4. Judicial Enforcement of IPR and Training of Judges in Vietnam**

In order to obtain TRIPs standards of relief for IPR infringement, IPR owners should have effective access to such judicial remedies as injunctive relief and monetary damages. Monetary damages awards can be an effective deterrent to counterfeiting and other forms of IPR infringement. However, IPR owners are discouraged from filing actions in Vietnam’s courts for the following reasons. Though provisional remedies such as injunctive relief are available under the Civil Proceedings Code, obtaining such relief in a practical, effective and expeditious way is currently very difficult, if not impossible. For example, it appears that a formal court action must be commenced and “accepted” by a Vietnamese court before such provisional remedies as seizure of counterfeit goods and a preliminary injunction can even be sought from the court. In practice, preparing and submitting a complaint in a form that will be accepted can be very onerous due to the requirement that complaints be supported by evidence that has been notarized and/or legalized (in a foreign country). Meeting such formal requirements can often take months, making it virtually impossible for owners of IPR to act quickly to protect themselves against counterfeiters who are often capable of “suspending” or “hiding” their illegal activities (and destroying evidence) at the slightest hint action is being taken against them. AmCham understands that Vietnam has received substantial education and training assistance from several countries for judges in IPR cases. However, it is unclear how many of these trainees are still serving as judges and where such judges are serving in Vietnam’s judicial system.

**Recommendations:** The Civil Proceedings Code should be revised to permit an owner of IPR to expeditiously seek and obtain provisional relief on the basis of proof of ownership of the IPR in question and, for example, a “sworn declaration” of the alleged facts or other a lower threshold of evidence. Further, such provisional relief should not be subject to a notarization/legalization requirement. Simple copies of ownership documents should be accepted initially by the court, subject to the submission of certified copies within a reasonable period of time thereafter. Foreign companies remain concerned about the level of experience Vietnamese judges have in dealing with matters involving IPR. Vietnam should expedite the training of more Vietnamese judges in intellectual property matters. Among other things, Vietnamese judges should be trained on such issues as the issuance of injunctive relief and the calculation and awarding of monetary damages to victims of IPR infringement. As in other ASEAN jurisdictions, the Vietnamese government should establish specialized judicial tribunals to handle IP matters. If such tribunals are established, IPR owners will be more confident that their claims will be handled by a judge trained in substantive and procedural intellectual property law.

#### **5. Enforcement of IPR at the Vietnamese Borders**

2011 saw further clarification of the legal basis for more effective enforcement of IPR at Vietnam’s borders, a requirement of TRIPs. It is fairly easy to register trademarks with Vietnam Customs (“Customs”) for purposes of long-term and case-specific monitoring of imports and exports for IPR infringements. However, the true test of progress in this area will be whether Customs actually interdicts and seizes counterfeit and other infringing goods at Vietnam’s seaports, airports and, in particular, at the border with China where large quantities of counterfeit products are being

imported into Vietnam. To date, this does not appear to be happening as counterfeit products can be found virtually everywhere in Vietnam.

**Recommendations:** Customs offices throughout Vietnam must have reliable access to accurate and updated records of trademarks, patents, industrial design and copyrights that have been registered with Customs. Customs offices must be prepared to interdict and seize infringing goods and promptly notify the IPR owner of the same. There should also be a centralized window for registering decision of infringement of IP Assessment Organizations or Vietnamese courts in cases not involving counterfeit products. The potential for official corruption in the area of border enforcement of IPR must be considered and cases of actual corruption must be punished appropriately. If Vietnam Customs officials are accepting bribes to allow counterfeit products to enter Vietnam, the Vietnamese government should take concrete to stop such corrupt practices immediately.

## **Other Matters of Concern**

### **1. Resolution of Domain Name Disputes**

Speculative and abusive registration and maintenance of <.vn> domain names (“cybersquatting”) continues to be a significant problem in Vietnam with Vietnamese and some foreign parties. This mainly takes the form of (i) Vietnamese or foreign individuals or organizations registering <.vn> domain names that contain or closely imitate the trademarks of U.S. and other foreign companies, or (ii) a Vietnamese or foreign company continuing to maintain a <.vn> domain name after its license or business relationship with the trademark owner expires or is terminated, or (iii) the owner of a <.vn> registration may point (or threaten to point) the domain name to the domain name) to a competitor’s website or a derogatory website. In each case, the registrant often acts in “bad faith”, seeking to exploit the good will of the foreign party’s trademark and/or seeking to extort a payment from the trademark owner and/or trying to benefit the trademark owner’s competitor.

According to Article 130 (d) of the IP Law, cybersquatting constitutes an act of “unfair competition” for which an aggrieved party may initiate a lawsuit in Vietnamese court. Meanwhile, Circular No. 10/2008/TT-BTTTT Dated 24 December 2008 (Circular 10”) provides a basis for challenging another party’s ownership of a <.vn> for which an aggrieved party may seek relief under Circular No. 9/2008/TT-BTTTT (“Circular 9”), referencing Article 76(g) of the Law on Information Technology, indicates that domain name disputes shall be resolved through (i) informal negotiations or conciliation, (ii) arbitration, or (iii) civil proceedings in Vietnamese court. Each of these options is problematic because registered owners of <.vn> domain names cannot be compelled to negotiate or participate in conciliation or arbitration (in the absence of an agreement to negotiate or arbitrate the domain name dispute, which is often the case) and in many cases will simply ignore a request to discuss the matter. Meanwhile, filing a formal action in a Vietnamese court to recover a wrongfully registered domain name can be a time consuming and expensive process. Recently adopted VNNIC Guidelines, which reflect the provisions of Circulars 9 and 10 are not helpful for the same reasons. Overall, the current regime for resolving <.vn> domain name disputes are not conducive to the prompt and inexpensive resolution of domain name disputes.

In addition, as cybersquatting is considered an act of unfair competition, certain instances of cybersquatting might not be actionable absent a clear competition motive. For example, some individuals register domain names comprised of a popular or well-known trademark of another party, but do nothing with the domain name and “wait for a payoff” from the owner of a trademark. This is still abusive and harmful to a trademark owner, but the trademark owner may be unable to show a “competition purpose” in the case of “bare” domain name registration.

**Recommendations:** Vietnam should adopt a mechanism for resolving domain name disputes based on the Uniform Domain Name Dispute Resolution Policy (UDRP) followed by many countries, pursuant to which a domain name dispute can be submitted to the World Intellectual Property Organization (WIPO) or other independent tribunal who will promptly issue a decision with the assistance of experts in intellectual property law. Alternatively, Vietnam could refer domain name disputes to a domestic tribunal staffed with experts in trademark law who can promptly issue decisions, subject to review by a Vietnamese court if one of the parties chooses to appeal a decision. For example, the NOIP could establish a special panel to deal with cases of cybersquatting, or such disputes could be assigned to Intellectual Property Assessment Organizations. VNNIC would be required to comply with the decisions of an authorized domain name dispute resolution tribunal. Applicable Vietnamese law should be amended so as to prohibit all cybersquatting, not only cybersquatting/abusing domain name registrations which would fall under the Law on Competition.

## **2. Online Trading of Counterfeit Products**

In Vietnam, certain people brazenly engage in online trading of counterfeit products and the problem is getting worse. Some counterfeiters even offer “different grades” of counterfeits (e.g., “best quality fake”, “second best quality fake”, etc.) and openly mention the popular or well-known trademark being infringed. Counterfeit clothing, cosmetics, shoes, wallets and counterfeit products are being sold online in Vietnam, including products that infringe the trademarks of U.S. trademark owners.

Relevant Vietnamese authorities claim there are many difficulties in dealing with online trading of counterfeit products. Two common complaints include: the amount of time it takes to track down online counterfeits because there is no clear fixed place of business, no single place for delivery, etc. And, sellers of counterfeit goods online typically maintain low inventories, so is the amount of counterfeit products seized is not worth the time and efforts of enforcement.

The IP Law, Law on Commerce and Law on Competition provide a clear basis for acting against the growing problem of online counterfeiting in Vietnam. Enforcement efforts should be strengthened and severe administrative penalties and judicial remedies imposed as a deterrent to such activities.

## **3. IP Assessment Organizations**

Vietnam’s Law on Intellectual Property provides for the establishment and licensing of “Intellectual Property Assessment Organizations” (IPAO), which are authorized to carry out “intellectual property assessment”, including making determinations that trademark and other IPR have been infringed in a particular case. However, IPAO decisions are not conclusive on the issue of infringement and the legal effect of IPAO decisions is otherwise unclear. Unless the specific legal effect of an IPAO decision of infringement is made clear, IPR owners will not be able to comfortably rely on such decisions of infringement and they may be deterred from enforcing their legitimate rights. In order to be effective, AmCham believes that IPAO must be staffed with individuals who are highly trained and experienced in trademark, copyright, patent and other areas of intellectual property law.

**Recommendation:** If Vietnam is going to have IPAO, the IPAOs should be expressly authorized to issue decisions that have clear legal effect (subject to review by Vietnamese courts) so that Vietnamese IPR enforcement authorities and IPR owners can rely on IPAO decisions to enforce their IPR. Greater numbers of IPAO should be licensed to carry out intellectual property assessment so that IPR can seek intellectual property assessment in the areas in which they

operation. In addition, appropriate steps should be taken to ensure that only qualified individuals will be authorized to serve in IPAOs.

#### **4. Additional Financial Support for IPR Protection and Enforcement Activities**

Despite the importance of IPR protection and enforcement to the growth of a competitive Vietnamese economy, Vietnamese enforcement authorities still do not have resources necessary to carry out enforcement actions. Enforcement authorities are funded by the State Treasury which allocates funds in accordance with annual budgets. Due to limited budgets however, authorities have insufficient resources to conduct investigations or carry out raid actions. AmCham understands that when one of the enforcement authorities imposes an administrative fine against an infringer, the money paid pursuant to the fine imposed does not go to the enforcement authority, but goes to the State treasury instead. Therefore, such fines cannot be used to fund future enforcement actions.

**Recommendation:** AmCham recommends that fines paid by infringers should go into a special account which will only be used to fund future enforcement activities. In addition, the enforcement authorities could charge owners of IPR a fee to carry out enforcement actions, provided that the fees are (i) reasonable, (ii) published, (iii) applied consistently and in a non-discriminatory manner and (iv) be documented by a receipt. In addition, more State resources should be allocated to hiring more NOIP Examiners and other staff so that NOIP decisions on trademark applications, oppositions and cancellation proceedings can be issued in a more reasonable period time.

#### **5. Liability of Intermediaries of Copyright Infringement**

Vietnamese law needs to be clearer on the issue of when and under what specific circumstances intermediaries such as Internet Service Providers (“ISP”) will be liable for copyright infringement. On the one hand, the Law on Intellectual Property provides that conduct constituting copyright infringement includes “duplicating, producing copies of, distributing, displaying or communicating a work to the public via a communications network or digital means without permission from the copyright holder.” (see Article 28, paragraph 10) However, certain provisions of the Law on Information Technology, including, for example, Article 16 and 17, appear to exempt ISPs and possibly others from liability for certain acts, such as the transmission of copyrighted subject matter over their networks, or storage of copyrighted subject matter on their networks.

Accordingly, it appears that service providers will not be responsible for copyright infringement in respect of copyrighted subject matter that is transmitted over or residing on their networks, despite their knowledge of the same, unless (i) they themselves initiated the transmission of the information; (ii) they themselves proactively selected recipients of transmitted information; or (iii) they proactively selected and modified the content of the transmitted information. ISPs and others must remove infringing content only where they are so requested by competent authorities. There is no provision pursuant to which a copyright owner may notify an ISP of an act of copyright infringement and procedures by which an ISP must remove infringing subject matter following such notice. The lack of appropriate provisions on the liability of service providers with respect to copyright infringement taking place over their networks makes it difficult for copyright holders to protect their rights over the internet.

**Recommendation:** The Law on Information Technology and related Vietnamese laws should be amended to provide for liability of ISPs and others for copyright infringement in certain situations, for example, when they continue to engage in the transmission or storage of copyrighted subject matter even after notice by the IPR owner. Such amendments could be similar, for example, to corresponding ‘safe harbour’ provisions of U.S. law with adjustments appropriate for Vietnam.

Compliance with such “safe harbour” provisions could exempt service providers from liability for acts of copyright infringement that take place over their networks in certain circumstances and will provide them with incentives to cooperate with copyright owners to prevent or stop online infringement of copyrights. This recommendation will also help prevent the possible abuse of discretion by state authorities in taking enforcement action against online infringements, especially when they do not have sufficient knowledge to deal with copyright infringement in the sophisticated context of the digital world.

## **Conclusion**

In 2011, the Vietnamese government announced it would be emphasizing "quality over quantity" in attracting FDI projects. If Vietnam aims to attract high-technology value-added manufacturing, as well as develop its human resources by inspiring innovation and creativity within the Vietnam population as a whole, significant improvement in the enforcement of intellectual property rights is urgently needed. Effective enforcement means punishing infringers of IPR in a manner that will deter them and others from engaging in such conduct in the future. It also means increasing public awareness of the need to respect the IPR of Vietnamese and foreigners alike.

AmCham acknowledges and thanks Gregory Buhyoff of Hogan Lovells, and Michael Mudd, Chair of our IT, Telecom, and IPR Committee. These two individuals, as well as members of the ITTI and Legal Committees, collaborated on this IPR submission. AmCham appreciates their time, effort, and knowledge of the IPR subject matter.

AmCham also thanks the Office of the United States Trade Representative for its consideration of our comments on Vietnam’s acts, policies, and practices in IPR.