

THE MINISTRY OF SCIENCE, TECHNOLOGY AND ENVIRONMENT'S CIRCULAR No 825/2000/TT - BKHCNMT OF 3 MAY 2000, AS AMENDED AND SUPPLEMENTED BY THE MINISTRY'S CIRCULAR No 49/2001/TT - BKHCNMT OF 14 SEPTEMBER 2001, GUIDES THE IMPLEMENTATION OF DECREE No 12/1999/ND - CP OF 6 MARCH 1999 ON THE HANDLING OF ADMINISTRATIVE VIOLATIONS IN THE FIELD OF INDUSTRIAL PROPERTY

*Pursuant to Article 23 of the Decree No 12/1999/ND-CP of 6 March 1999 on the handling of administrative violations in the field of industrial property (hereinafter referred to as the Decree), the Ministry of Science, Technology and Environment provides the following guidelines on the implementation of the Decree.*

I. THE PARTIES SUBJECT TO PENALTIES, THE PRINCIPLES OF IMPOSING PENALTIES AND THE IMPLEMENTATION OF RELATED PROVISIONS

**1. Parties Subject to Being Penalized for Administrative Violations**

The parties subject to the handling of administrative violations in the field of industrial property are provided for in paragraphs 2 and 3 of Article 2 of the Decree and must comply with Article 5 of the Ordinance on the handling of administrative violations of 6 July 1995 (hereinafter referred to as "the Ordinance").

1.1 In accordance with these provisions, parties are subject to being penalized for administrative violations if the following criteria hold true :

- The party is an individual over 16 years of age or an organization or an other entity;
- The party has committed one of the administrative violations related to industrial property that is stipulated in Chapter 2 of the Decree (regardless whether the acts are intentional or unintentional) and the violation is not subject to criminal liability;
- The administrative violations were committed in Vietnam;
- The administrative violations were committed within a certain time limit in accordance with Article 4 of the Decree.

1.2 Pursuant to the said provisions, individuals between 14 and 16 years of age who intentionally commit administrative violations in the field of industrial property within the time limit and in the territory mentioned above, shall be handled by the Decree.

1.3 Foreign individuals or organizations that commit administrative violations in the field of industrial property shall also be dealt with under the Decree, unless otherwise provided in an international treaty signed by both Vietnam and the country of the foreign individual or organization. In such a case, the administrative violations shall be handled according to the international treaty.

## **2. Principles of Imposing Penalties**

The handling of administrative violations in the field of industrial property shall comply with the provisions and principles stipulated in Article 3 of the Ordinance and Article 3 of the Decree. The principles are outlined below.

### **2.1 The Principle of Right Authority**

Only those persons who have the authority provided for in Chapter 3 of the Decree are entitled to issue decisions on imposing penalties for administrative violations in the field of industrial property. It is prohibited to separate or combine acts of infringement for the purpose of altering the authority for imposing penalties.

### **2.2 The Principle of the Right Violator**

Any person who commits administrative violations in the field of industrial property as mentioned in point (1) of this Circular shall be handled by the Decree. Persons not falling within this category shall not be dealt with by this Decree.

An individual who commits different acts of infringement shall have each act handled separately. Each individual who commits a single act of infringement shall be subject to penalties.

### **2.3 The Principle of the Reasonableness of the Penalties**

The form and severity of punishment for administrative violations in the field of industrial property shall be compatible with the nature, seriousness and consequences of the infringing acts. However, when deciding the form and severity of punishment, it is worth considering the specifics of each individual case in order to make an appropriate decision.

### **2.4 Principle of Promptness and Completeness**

Organizations and individuals have the right and the obligation to promptly detect administrative violations in the field of industrial property and to communicate such violations to the authorities responsible for administrative affairs. Upon receiving a notification or request to deal with an

administrative violation in the field of industrial property, the competent persons shall take the necessary measures to stop the infringements and to handle their consequences.

## 2.5 Principle of Compliance with Procedures

The handling of administrative violations in the field of industrial property shall be carried out in compliance with the procedures outlined in Articles 46 - 56 of the Ordinance and Articles 14 - 20 of the Decree.

### **3. The Implementation of Legal Provisions on Industrial Property**

When handling administrative violations in the field of industrial property, the competent persons shall not only base their decisions on the provisions of the Ordinance and the Decree, but shall also refer to the following: The provisions on the contents and procedures involved in the protection of industrial property rights stipulated in Chapter 2, Part VI of the Civil Code of 1995; The relevant provisions under Government Decree No 63/CP of 24 October 1996 on detailed provisions concerning industrial property (hereinafter referred to as Decree 63/CP); Circular No 3055/TT-SHCN of 31 December 1996 and this Circular of the Ministry of Science, Technology and Environment.

#### II. The Determination of Violations in the Field of Industrial Property

### **4. The Scope of Guidance**

Articles 5,6,7,8 and 9 of Chapter 2 of the Decree stipulate five types of administrative violations in the field of industrial property rights. These provisions are sufficiently clear to be implemented. The additional guidance hereunder is to provide further explanations on the determination of the types of acts of violations in the field of industrial property (Articles 5,6,9).

### **5. Violations Relating to the Procedures for Establishing and Exercising Industrial Property Rights and to the Procedures for Issuing Business Licenses (or registration) for Providing Industrial Property Representative Services (Article 5 of the Decree)**

The general feature of these types of violations is that the violator intentionally takes dishonest measures to enhance the protection of industrial property rights or to hide other illegal acts. The following are examples of violations of this type.

5.1 Acts of acquiring and exercising industrial property rights to escape from or to carry out other acts limited or prohibited by law (Article 5.1.a). Violations of this type include paying fees to register industrial property rights abroad or paying fees via a licensing agreement with a foreign

partner in order to transfer money abroad, or to make transactions under the pretext of transferring or assigning industrial property rights etc.

5.2 Acts of acquiring and exercising industrial property rights for the purpose of establishing unfair competition or an illegal monopoly, controlling the marketplace, destroying industrial property subject matters, limiting or narrowing the scope of protection of others' industrial property rights, or taking advantage of or damaging the commercial reputation of other business establishments (Article 5.1.b). The following are violations of this type:

- a) Registering an industrial property rights appeal to make a denouncement on inadequate grounds so as to create obstacles for the business activities of others;
- b) Widening the scope of protection when carrying out the procedures for establishing industrial property rights by intentionally refusing to provide competent authorities with known information or information supposed to be known, resulting in an incorrect determination of the protected subject matters and thus controlling and putting obstacles against the business activities of others;
- c) Purchasing industrial property rights (via licensing agreements) for the purpose of destroying the competitiveness of others so as to eventually gain a monopoly and take control of the marketplace;
- d) Acquiring industrial property rights not for the purpose of the use thereof, but to prevent others from doing business relating to the registered subject matters etc.

## **6. Violations with Respect to Indications Concerning Industrial Property (Article 6 of the Decree)**

Acts of this type violate Articles 54 and 66 of Decree 63/CP and damage consumers' interests.

### **6.1 Wrong indication of the owner of industrial property rights (Article 6.1.a)**

According to Article 66 of Decree 63/CP, only the owner of industrial property rights has the right, within the protection term, to indicate (including with signs) on the products themselves, in advertisements or in business communications, that the products are under protection or under their monopoly. Any such indications made by any persons other than the owner of industrial property rights shall be considered as violations of this type.

To determine whether or not an act falls under this category of violations, it is necessary to identify the industrial property owner as explained in point 7.2 of this Circular.

### **6.2 Wrong indication of the products or services that contain protected elements (Article 6.1.b)**

The following are violations belonging to this category:

Printing on the products themselves or on their packages the phrase "Registered trademark" or "Trademark under protection" or "Trademark under the monopoly of ...", including the sign "R" (the sign widely used to indicate that the trademark has been registered), or other similar signs to indicate that the product is under protection as an invention, utility solution, industrial design, as well as the sign "P followed by figures" (the sign widely used to indicate that the product is protected by a patent for an invention, however in fact it is not the case).

To determine whether or not an act falls under this category of violation acts, it is necessary to identify the industrial property owner as explained in point 7.2 of this Circular.

6.3 Wrong indication of the fact that the product or service have been made under a licensing agreement (Article 6.1.d)

This category of violations shall include the use on products of the phrases "manufactured under the license of ...", "licensed by ..." or other phrases of similar meanings, regardless of whether they are in Vietnamese or a foreign language, whereas the actual situation is reversed.

6.4 Failure to indicate that the product or service has been made or rendered under a license (Article 6.2.a).

This category of violations includes all cases where a product is manufactured under a licensing agreement on industrial property rights (including cases where a product is manufactured with the permission of others and entitled to bear the trademarks of the permitting persons) or where a service is provided under a licensing agreement on industrial property rights, but where there has been a failure to indicate such information on the products or service means. These acts are considered to be in violation of Article 66 of Decree 63/CP.

6.5 Failing to indicate or unclearly indicating the phrase "made in Vietnam" when this is a requirement (Article 6.2.b)

According to Article 66 of Decree 63/CP, when a product is manufactured in Vietnam under a licensing agreement with a foreign party or if a product bears a trademark that causes confusion as to whether the product is made abroad, all the information regarding the product's origins must be indicated rather than just using the phrase "made in Vietnam". Any failure to do so shall constitute a violation under this category of violations.

## **7. Violating Provisions on the Protection of Industrial Property Rights (Article 9 of the Decree)**

Violations outlined in Article 9 of this Decree are acts infringing industrial property rights with respect to inventions, utility solutions, industrial designs, trademarks or appellations of origin that are under protection. In order to implement the provision under this Article, the competent persons should identify the legal status in respect of the protected subject matter. This means the competent persons need to identify who the owner of the industrial property rights is, what the subject matter under protection is, what the scope of protection is, what the term of protection is and who is entitled to legally use the subject matter. To get the right answers to these questions, it is necessary to be in compliance with and have a thorough understanding of the provisions under Chapter 4 and Chapter 5 (Articles 33 - 54) of Decree 63/CP. The following are some additional guidelines and explanations in respect of this infringement:

#### 7.1 The general principle for determining an infringement of industrial property rights

An infringement of industrial property rights can be determined when the following circumstances hold true:

- The industrial property subject matters being used are as specified in points a, b, c, d, e, g, h, i, k paragraph 1, Article 9 of the Decree (inventions, utility solutions, industrial designs, trademarks, appellations of origin);
- The person conducting the act is not the owner of the industrial property rights (the way to identify the owner of industrial property rights is stipulated in point 7.2 of this Circular), or, in the event that the industrial subject matter in question is an invention, utility solution or industrial design, the person entitled to the prior use of the invention, utility solution, or industrial design (the person entitled to the prior use are stipulated in Article 50 of Decree 63/CP);
- The act occurs in Vietnam within the protection term as specified in the protection title granted to the owner of the industrial property right.

#### 7.2 The identification of the owner of industrial property rights

In accordance with paragraphs 2 and 3 of Article 1 of the Decree, the owner of industrial property can be any one of the following: the owner of the protection title, the owner of an international registration of trademark, the legal transferee of industrial property rights. These three positions are defined below.

- a) "The owner of the protection title" is an organization or individual to whom the protection title was granted. This refers to the organization or individual whose name was entered into the protection titles as "the holder" of the patent for invention, patent for utility solution or patent for industrial design, or as "the holder" of the certificate for the registration of a trademark, the certificate for the right to use an appellation of origin, or the certificate for industrial design (granted under the Ordinance on the protection of industrial property of 1989);

- b) "The owner of international registration of marks" is a foreign organization or individual that has registered his trademarks via the Madrid Agreement and that has had the registration accepted in Vietnam. This is to say that the organization or individual have been identified as the owner of the international registration by the international Bureau of the WIPO where Vietnam is designated, and that the National Office of Industrial Property has certified that the registration has been accepted in Vietnam;
- c) "The legal transferee of industrial property rights" is the organization or the person to whom the ownership of industrial property rights in respect of inventions, utility solutions, industrial designs, or trademarks has been assigned, and who has been indicated as "the assignor" in the Certificate for registration of Agreement on the assignment of industrial property rights issued by the National Office of Industrial Property;
- d) "The lawful transferee of industrial property rights" is also the organization or the person to whom the right to use an invention, a utility solution, an industrial property or a trademark has been awarded. That is to say, the organization or individual whose name has been written as "licensee" in the Certificate for registration of a Licensing Contract granted by the National Office of Industrial Property (including the compulsory license).

The protection titles (patents for inventions, patents for utility solutions, patents for industrial designs and certificates for the registration of a trademark) and certificates for the registration of contracts on the transfer of industrial property rights as mentioned above shall only serve as a basis for identifying the owner of industrial property rights and the scope and subject matter of industrial property when such documents are still valid.

### 7.3 Determining the infringing elements

The infringing elements (paragraph 4 Article 1 of the Decree) are the actual acts of infringement of industrial property rights with respect to inventions, utility solutions, industrial designs, trademarks and appellations of origin. They serve as the basis for identifying the acts.

- a. Elements infringing a protected invention or utility solution may fall under the following categories:
  - A product or a component (a part) of a product identical to a product or a component of a product which is under protection as an invention or utility solution;
  - A process identical to a process which is under protection as an invention or utility solution;

- A product or a component of a product which is manufactured under a process identical to a process under protection as an invention or a utility solution.

The basis for identifying the acts of infringement is the scope of protection of the invention or utility solution according to the Claims together with the patent for the invention or utility solution. To determine whether or not a product or a component of a product, or a process or a part of a process is identical to a product or process under protection, it is necessary to compare every technical feature in the claims (hereinafter referred to as protected features) with every feature of the product under suspicion of infringement (hereinafter referred to as compared features). The identification of the infringement can be assured only if all the features under at least one point of the protected features are identical or similar to the features on the compared features of a product or a component of the product, or in the process or a part of the process. Identical and similar features are defined below.

- (i) A technical feature is considered to be identical to a feature which is under protection if they are of the same technical nature, are used for the same purpose and have the same interaction with other features as prescribed in the claims;
- (ii) A technical feature is considered to be modified variant similar to a technical feature which is under protection, if the compared technical feature has been known to exist in the relevant technical field and achieves the same purpose in the same way;

b. Infringing elements in respect of industrial designs are a product or a component of a product whose shape is identical or not significantly different from an industrial design under protection.

The basis for determining infringing elements is the scope of protection of the industrial design, including new shaping features which are different from the known industrial design as described in the patent for industrial design or Certificate for registration of industrial designs granted under the Ordinance on the protection of industrial property rights. In order to identify whether or not a product or a component of a product is an infringing element, it is necessary to compare all shaping features which fall under the scope of protection of industrial design with the shaping features of the product or the product's component. Infringing elements shall only be assured in the following cases:

- (i) All the shaping features which are under protection appear on the product or the product's component;
- (ii) The combination of the main shaping features of the product or product's component do not much vary from main shaping features which are under the protection of an industrial design.

c. Infringing elements in respect of trademarks (including well-known trademarks) and appellations of origin may fall under the following categories:

- Signs that play the role of trademarks (alphabets, figures, pictures, symbols,...) or play the role of appellations of origin (geographical names) and appear on products or their packages, in service facilities, on communication papers, documents, on posters and advertisements, and on other business material, including electronic material, if they are identical or confusingly similar to a protected trademark or appellation of origin;
- Signs that give commercial guidance (including any information in the form of a guidance, a note, a sign ...) and appear on goods, on their packages, on service facilities, on communication papers, documents, on posters and advertisements, and on other business materials, including electronic materials, if they make consumers confuse goods and services with goods and services bearing the trademarks or appellations of origin which are under protection.

The basis for examining elements that infringe trademarks is the scope of protection including the specimens of trademarks and the list of goods and services as prescribed in the Certificate of trademark registration, the Decision of acceptance of the international registration of marks and the Decision of the recognition of well-known trademarks. The basis for examining infringing elements with respect to appellations of origin is the scope of protection of the appellation of origin including geographical names and goods as specified in the Decision on the registration of the appellation of origin. To decide whether a sign is an infringing element, it is necessary to compare the signs with the trademarks or geographical name, as well as to compare products and services bearing the signs with the goods and services which are under protection. To assure the detection of the above infringing elements, the following conditions are to be concurrently fulfilled:

- *First*, the signs under suspicion are identical or similar to a trademark or geographical name which is under protection;

A sign is considered to be identical to a protected trademark or geographical name if it has the same structure (including pronunciation, transcription of the alphabet, and meaning), or the same presentation (including colors) as the protected trademark or geographical name. A sign is considered to be identical to a protected trademark or a geographical name if the sign and the protected trademark or geographical name have are completely identical or similar to the extent that it is not easy to distinguish them in respect of the structure, the pronunciation, the transcription of the alphabets, the meaning, the presentation, or the colors.

- *Secondly*, the goods under suspicion are identical or similar to the goods or services under protection with respect to the essence, the functions or the utility, if they have the same channel of distribution as any goods or services bearing signs satisfying the first criterion of a well known trademark. This would cause the misconception that the person using the sign is the owner of or has relations with the owner of the trademark (via licensing agreements, or subordinate relations in respect of capital...)

## **8. Some Special Notes for Implementing Article 9 of the Decree**

When determining acts that infringe industrial property rights and impose penalties in accordance with Article 9 of the Decree, the competent persons should bear in mind the points below.

### 8.1 Exceptional cases which do not infringe industrial property rights

Pursuant to Article 803 of the Civil Code of 1995 and paragraph 3 of Article 53 of Decree No 63/CP, the following acts shall not be considered as an infringement of industrial property rights and shall not be subject to handling by this Decree:

- a) Non-commercial use of protected industrial property subject matters (this is to say that the usage is not a commercial activity. Examples include where the protected industrial property is use in laboratories, for experiments, for scientific research, for teaching in public non-profitable services, for private use for personal needs ...);
- b) The use of industrial property subject-matters on transport means that are temporarily in the territory of Vietnam for the purpose of maintaining the operation of the transport means;
- c) The use of industrial property subject matters brought to the market place by the person having the right to prior use (the persons having the right to the prior use are stipulated in Article 50 of Decree 63/CP);
- d) The use of, or carrying out of, commercial activities (importing, selling, storing for sale, offering for sale, or advertising for sale) with respect to products or goods which have been introduced to the market (including an overseas market) by the owner of the industrial property;

This last exceptional case occurs quite often in the practice of enforcement of industrial property rights. The following are some circumstances that often accompany this kind of case:

- Commercial activities relating to products and goods containing elements under the protection of industrial property rights that are supplied (distributed, sold) by others with the main supplier being the owner of the industrial property rights (the person possessing the protection title or the licensee) shall not be considered as an infringement of industrial property rights, regardless of whether the goods or products have been supplied in Vietnam or abroad;

- The parallel import of goods or products containing components which are under industrial property protection from a source supplied by licensees or persons or companies/firms subordinate to the mother company in the distribution chain, rather than being supplied by the holder of the industrial property rights, shall not be considered as an infringement of the industrial property rights.

If a person accused of infringing industrial property rights considers that his acts fall under these exceptional cases, he shall have the right and obligation to prove that this is the case, otherwise he will not be exempted.

## 8.2 The Impact of the Changes in Respect of the Effect of the Protection Titles

A protection title may be terminated or revoked/cancelled, or can be changed in such a way as to narrow the scope of protection. Such changes would affect the determination of the infringing acts prescribed in Article 9 of the Decree. To ensure a just and adequate settlement of the infringement, the competent bodies shall study and make a decision consistent with the new scope of protection after receiving a notification from the competent agency responsible for the management of industrial property regarding the changes that relate to the protection titles.

### III. THE IMPOSITION OF THE FORMS, THE PENALTY LEVELS AND THE MEASURES TO BE TAKEN

#### 9. A Warning

The warning under paragraph 2 of Article 3 of the Decree shall apply to the cases which fall under the form of warning provided for by the Decree and shall apply to the following categories of infringement:

- Infringements committed for the first time, on a small scale, and that do not cause significant damage to the owner of the industrial property rights or the consumers;
- Infringements resulting from a lack of information or poor knowledge of the industrial property protection system and that do not cause serious damage to the owner of the industrial property rights or the consumers;
- Infringements where the infringer does not know or was not supposed to know what he has done, including cases in which the infringer was deceived during the negotiation, conclusion and implementation of a business contract that does not contain a provision relating to industrial property rights.

## **10. The Imposition of Fines**

When an infringement does not merit a warning, a fine shall apply. The levels of fines are as follows:

10.1 Average penalty levels. These apply when the infringement does not contain aggravating or extenuating elements.

10.2 Below average to minimum penalty levels. These apply when the infringement was committed under the following extenuating circumstances:

- The infringement resulted from a lack of information and poor knowledge of the industrial property protection system;
- The infringement was committed by others but the infringer did not know or was not supposed to know. However there existed legal provisions concerning industrial property which the infringer must have known about before committing the infringement. For example, there may have been a provision which the infringer must have known about concerning the obligation to ensure the lawful use of trademarks for the goods or products to be produced, but he failed to do so;
- The infringer voluntarily stopped the infringing act and took measures to prevent and reduce possible damage. For example, he may have stopped producing and selling the infringing goods at the request of the owner of the industrial property rights or of the competent State agency;
- The infringer has fulfilled all the requirements of the owner of the industrial property rights and the competent State agency by voluntarily taking such measures as withdrawing the infringing goods, making rectifying notifications and apologies, and paying damages to the owner of the industrial property rights;

10.3 Average to maximum level penalties. These shall be imposed when the infringement contains the following aggravating elements:

- Organizational infringements;

- Repeated infringements;
- Deception and/or the taking advantage of the lack of knowledge or economic and social dependence of others to instigate, to incite, or force others to infringe industrial property rights;
- The taking advantage of war situations, natural disasters or special socio-economic conditions to infringe industrial property rights;
- The taking advantage of the execution of a criminal sentence or a decision on the handling of administrative violations in the field of industrial property to infringe industrial property rights;
- An attempt to escape from the consequences of committing an infringing act or to hide the infringing acts.

The fine levels with infringing acts that involve aggravating elements are stipulated in paragraph 2 of Article 9 of the Decree. They are determined in line with principles similar to those used to determine a common fine level.

## **11. Revocation of a Business License**

11.1 The revocation of the business license is an additional form of penalty. This is to be used not separately but together with the main forms of penalty (warning or fine) when the competent persons determine that the following grounds and conditions hold true:

- The infringing act is referred to under Articles 5 to 9 of the Decree, and is therefore punishable by the revocation of the business license;
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- The actual data and facts concerning the infringing act fall under one of the cases described in paragraph 1 of Article 16 of the Decree. The data should be fully reflected in the protocol of the infringing act.

11.2 The conditions for imposing a temporary or permanent revocation of a business license shall comply with the provisions under paragraphs 2 and 3 of Article 16 of the Decree. The terms of the revocation shall comply with the essence and the degree of seriousness of the infringing act, and must fall under the time limits stipulated in Articles 5 to 9 of the Decree.

11.3 The authority for the revocation of each type of business license shall comply with Articles 10 and 11 of the Decree. The business license referred to in the Decree could be an actual business license, a Certificate for business registration, an investment license etc. Depending on each particular case, the existing law may apply. The business license for an industrial property representative agent could be a Certificate of an industrial property representative agent or a Certificate for an industrial property attorney as stipulated in Decree No 63/CP. As for those business licenses that are granted by higher competent agencies and that are beyond **its** (the law?) competence to revoke (e.g. an investment license granted by the Ministry of Planning and Investment), the person in charge of handling the case shall file a written proposal together with the dossier of the case to higher bodies for handling.

## **12. Confiscation of Evidence and Infringing Implements**

12.1 The confiscation of evidence and infringing implements shall apply only as an addition to the main penalty, provided that mature conditions and evidence are available. This means the following:

- There is a provision allowing the confiscation of evidence and infringing implements in the case of infringing acts that are specified in Articles 5 to 9 of the Decree, with the facts of the infringement case falling under the provisions of paragraph 2 of Article 18 of the Decree. All these facts shall be indicated in the case dossier
- It is impossible to eliminate infringing elements on the infringing products, goods and infringing implements.

12.2 The confiscation of infringing goods under item c, paragraph 2 of Article 18 shall apply only if the infringing organization or individual has intentionally refused to take measures to eliminate infringing elements on the infringing goods or infringing implements, or failed to do so properly, despite being requested to do so and being given a time limit by the person in charge of handling the case.

12.3 The confiscation of infringing goods without origins as prescribed in item d, paragraph 2 of Article 18 of the Decree shall apply when all the following conditions exist:

- The owner of the industrial property has supplied complete evidence proving that the infringing goods have not been supplied to the market by himself or by any person authorized by him;

- There is a written commitment by the requester of the confiscation providing for the possibility that the competent agencies decide that the confiscated goods are not infringing goods or there is not sufficient evidence to conclude that there has been an infringing act;
- The infringing organization or individual has been instructed by competent agencies to stop the infringing act or has been given a warning or a fine for the same infringing act, but has continued to commit the infringing act anyway.

12.4 In cases where goods suspected of infringement have been confiscated without the denouncer having made a request in line with the conditions provided for in item 12.3 above, the person issuing the decision of confiscation shall be responsible for compensating the owner of the goods if it is eventually determined that the goods do not infringe the industrial property law or there is not sufficient evidence to conclude that an infringement has been committed.

### **13. Other Measures**

13.1 Other measures against administrative violations shall be imposed when necessary in order to prevent further infringements and overcome the consequences of infringements. These measures will be in compliance with corresponding provisions in Articles 5 to 9 of the Decree and shall be imposed as additional measures to the main penalty. The measures involve the following actions and issues:

- a) The elimination of infringing elements by removing those parts of the product which are infringing elements, and by removing the manufacturing implements and all the signs and indications on the product, so as to prevent further infringements;
- b) The rectification of the wrong information that caused the infringement by correcting the information contained on the implements or products, as well as the information disseminated to the mass media, or by writing a letter of apology to the IP rights holder and other parties that suffered as a result of the wrong information;
- c) The compulsory registration of the mark for those related products, the drawing up and signing of an assignment contract (the transfer of the IPRs ownership), the compulsory use of the trademarks, appellations of origin or industrial designs as registered, and the compulsory indication of information on the products as required by law;
- d) The destruction of infringing signs could apply to business transaction papers, catalogs, instructions, brochures, leaflets, logos, advertisement samples, specimens of trademarks, labels and packaging;
- e) Infringing goods shall be destroyed when the goods are of no value or they fail to meet the required quality standards or would be harmful to human health, or

in cases where it would be impossible to apply the measures under Article 19 (2) of the Decree;

- f) Regarding the issue of compensation for damages, the competent person in charge of handling the case shall acknowledge an agreement and include this in the Decision on the penalty, provided that the parties concerned can agree on the level of damage to be paid in an amicable way. In cases where there is a disagreement between the parties with respect to the level of damage, the competent person shall have the right to decide the level of compensation for damage below 1,000,000 VND. However, if the level of damage exceeds 1,000,000 VND, the competent person shall request the parties to bring the case before the civil court and reflect this in the Decision on the handling of the case.

13.2 In cases where the expiration of the term relating to the handling administrative violation has expired, no penalty shall be imposed, however other measures stipulated in Article 11 (3)(a),(b),(c) of the Ordinance will be executed.

13.3 The cases that can be exempted from the imposition of other measures are the following:

- a) When the industrial property owner agrees or requests not to impose the obligation to rectify or apologize, the competent person can decide on an exemption from those measures if he determines that it is mainly the IP owner who is damaged by the infringing act;
- b) When the infringer reaches a consensus with the IP owner on a licensing contract for further production and trade in the goods and services that infringe the related IP rights, provided that the business activity under the licensing agreement satisfies the requirements of related laws and does not create a negative impact on consumers or economic and management order. In such a case, the competent person in charge of imposing a penalty may allow an exemption from imposing measures such as eliminating infringing elements, confiscating the infringing goods or production implements, banning infringing services, or ordering the destruction of the infringing goods.

#### **14. Enumerating, Sealing, Temporarily Detaining Goods That Infringe Industrial Property Rights**

14.1 The persons who have the authority to detain the material evidence and implements used in committing the infringing act under Article 17 (1) of the Decree are: the Chiefs of district police; the chief of the economic police; the chief of customs at the border ports, and the chief of a market management task force / team.

Inspectors and heads of the inspectorate who specialize in industrial property are not entitled to detain material evidence or infringing implements, however they have the right to enumerate and seal the material evidence and infringing implements and to entrust the owner to preserve the material evidence and infringing implements. They may then

request the competent person to issue a decision of detainment (Article 9 and 24 of the Ordinance on Inspection), the sealing and detaining shall be recorded in the statement on the infringement and the Decision on detainment.

14.2 The competent person shall only be entitled to issue a decision on detainment when all the circumstances under Article 17 (2) of the Decree hold true. All these facts must be recorded in the statement on infringement and the decision on detainment;

14.3 With respect to goods that are under suspicion of infringement and that are of unknown origin, the competent person shall have the right to issue a decision of detainment only when all the following conditions are satisfied:

- a) The industrial property owner files a request for detainment and provides evidence and reasonable justification for the suspicion that the infringing goods were supplied to the domestic or an overseas market, without the consent of either the IP owner or the person authorized by the owner;
- b) There is a written commitment by the IP owner to pay damages to the owner of the goods in the event that the competent agency determines that the detained goods do not infringe industrial property rights or that there is insufficient evidence to identify the infringement;

In the event that the competent person issued a decision on detainment without a request from a denouncer under the conditions stipulated in paragraph 14.3 above, the responsibility for paying damages lies with the competent person if it eventually transpires that the detained goods do not infringe the IP rights or that there is insufficient evidence to conclude that there has been an infringement.

14.4 The duration of detainment is 15 days. In a complex case the term may be extended but can not to exceed 30 days from the day of the issuance of the decision on detainment.

### III. THE COMPETENCE FOR IMPOSING PENALTIES AND THE PROCEDURES THEREOF

#### **15. The Scope of Provisions on the Competence and Procedures for Imposing Penalties**

The competence and procedures for imposing penalties (fines) are stipulated in Chapter 3 (Articles 10 - 20). The following are some guidelines and notices on this issue.

#### **16. Co-operation Between Competent Agencies Responsible for Imposing Penalties**

16.1 The specialized industrial property inspectorate described in Article 11 of the Decree includes the specialized industrial property inspectorate of the Departments of

Science, Technology and Environment on a provincial and city level, as well as the specialized industrial property inspectorate of the Ministry of Science, Technology and Environment;

16.2 In the event that an infringing act by an individual and organization occurs in various localities of the country, the competent authority that first detects the infringing act shall record the case, stop the infringing act and request the competent local authority where the infringing individual resides or where the main headquarters of the infringing organization is based to deal with the case and to request competent agencies in other localities to take collective action. *In this manner the principle that an infringing act should be handled and handled once only can be maintained.*

16.3 If many individuals or organizations commit the same infringing act in a closely coordinated action of infringement that occurs in various places throughout the country, the competent authority that first detected the infringement shall handle the case in their locality and concurrently request competent agencies of other related localities so that collective actions against the infringing act can ensure the principle that an infringing act is to be handled and handled only once.

In the event of organizational infringement on large scale, but not yet at the level of criminal liability, the competent agency at the central government shall have the power to cooperate with the related authorities to handle the case.

16.4 When the infringing act is subject to being penalized and handled under the competence of a higher administrative authority, a report together with all related documents concerning the case must be submitted to the higher authority for handling. Where the measures and penalty levels to be imposed are beyond its authority, the administrative agency can make a report and submit all the related documents of the case to the relevant competent administrative agency to be handled.

16.5 In the event that the infringing cases under paragraphs 1, 3, 4 and 5 of Article 9 of the Decree have complex elements requiring expertise in the field of industrial property, the agency in charge shall forward the case to the specialized industrial property inspectorate for handling, if the case falls under its competence. Otherwise it must have a written expert opinion on industrial property as provided for in paragraph 3 of Article 14 of the Decree and Part V of this Circular as a basis for making a decision on the penalty level.

## **17. The Differences Between the Administrative and Judicial Court Procedures**

17.1 With respect to acts that seriously violate regulations regarding the protection, obligations, and indications of industrial property rights, or that violate the rights of inventors or industrial designers (for example infringements carried out on a large

scale in terms of the production, quantity or value of the infringing goods), or that cause serious economic and social consequences (to human health, consumers' interests, national prestige, the environment...), or that constitute repeated infringements, the person in charge must exchange opinions with the people's organ of control (the prosecution) before deciding on any penalty. If the infringing act constitutes a crime under the criminal Code (these include making and trading in fake and counterfeiting goods, deceiving consumers, and violating industrial property rights), the case must be submitted to the competent people's organ of control (prosecution) so that it can be prosecuted under criminal procedures.

17.2 Where an act of infringing industrial property rights has been dealt with by civil procedures, the competent agency shall not handle the case by administrative measures. Where an infringing act is brought before the court under civil procedures and at the same time is denounced via administrative procedures, the case shall be handled by civil procedures at the competent court; the competent administrative agency that has handled the case shall forward all the dossier of the case to the court, if required by the court, at the same time notify this to the denouncer within the time limit set forth by law.

17.3 When there is a dispute concerning the level of compensation of damage (less than 1,000,000 VND as stipulated in Article 3 (3) of the Decree caused by an infringement of industrial property rights as provided for in Article 9 of the Decree, the administrative agency shall provide advice to the right holder on the civil procedures. If the right holder brings the case before the court just because of the disagreement of the level of compensation of the damages other than the IPRs infringing act, the competent agency shall issue a decision on administrative measures for the infringement of IPRs according to the procedures provided for in Article 14 of the Decree indicating that the level of damage is to be determined under the civil procedures.

#### IV. REQUEST FOR EXPERTISE CONCERNING INDUSTRIAL PROPERTY

### **18. Persons entitled to make a request for expertise**

18.1 The following persons entitled to make a request for expertise concerning industrial property:

a) The competent person who is dealing with the infringement;

b) The owner of the industrial property being infringed and other related parties;

c) The persons entitled to make a request for expertise could themselves exercise the right to request for expertise or delegate others to do so. The delegation is

subject to the provisions under item 4 of Circular 3055/TT/SHCN of 31 December 1996 of the Ministry of Science, Technology and Environment.

## **19. The request for expertise**

19.1 The request for expertise shall be made in written form indicating the concrete content subject to expertise and providing all available evidences (documents, pictures, sample of infringed articles...);

19.2 The request for expertise shall have the following contents:

- a) The legal status of the industrial property subject matter concerned;
- b) The statement of the suspicion that the industrial property subject matter contains infringing elements.

## **20. The competence and responsibility for providing expertise**

The State agencies competent and responsible for providing expertise on industrial property are the National Office of Industrial Property and the Departments of Science, Technology and Environment. The expertise shall be provided in the following manner:

20.1 Departments of Science, Technology and Environment in the locality, where the IP right is under suspicion of containing infringing elements, or where the infringer or his establishment are located, shall be competent and responsible for providing expertise inquired by the following persons/organizations:

- a) Persons/organizations in the locality competent for handling the infringement case in the locality;
- b) The owner of IPRs and the parties concerned;

20.2 Where the case contains complex elements and the Departments of Science, Technology and Environment of the locality (province/city) find themselves not in a position to make a conclusion and decision over the case, within three working days of receiving the request for expertise, shall forward the request for expertise together with a letter to the National Office of Industrial Property.

20.3 The National Office of Industrial Property is competent and responsible for providing expertise at a request of the following persons:

- a) The persons/agencies competent for handling the infringement at the central level;
- b) The owner of the industrial property and the parties concerned;
- c) The Departments of Science, Technology and Environment of provinces and cities;

## **21. The statement/document containing expertise**

21.1 The content of the expertise statement must indicate

- The content of the expertise statement must reflect opinions on each matter required for the expertise based upon the existing industrial property law;
- With respect to those matters where evidences and facts are available for making a conclusion, the expertise statement must indicate the expertise conclusion and the grounds for the conclusion;
- As for the matters where lacking the evidences and facts, an expertise statement must indicate possible circumstances that may occur based upon the available evidences and facts. Those elements lacking the ground for making a conclusion, must also be indicated in the expertise statement.

21.2 Legal effect of the expertise statement

The expertise statement must be signed stamped by the head of the office or the person legally delegated to do so.

The content of the expertise statement shall serve as legal ground for the persons responsible for issuing a decision on administrative measures as well as appropriate handling measures for infringing goods and the infringing acts.

The person signed the expertise statement shall be responsible for the legality of the expertise conclusion and the legal consequences of the expertise conclusion.

## **22. The time limit for provision of expertise**

The competent agency, that is required to provide expertise, shall issue a written expertise conclusion over the matters that need the expertise based upon the facts, evidences of the case and the existing laws within 10 days of receiving the dossier of the case.

The time limit for the expertise requester to provide evidences, justifications shall not be included in the time limit for the expertise provision.

### **23. Re-expertise**

In the event of disagreement with a part or the whole expertise conclusion of the Department of Science, Technology and Environment or divergence of the opinions of the Departments of Science, Technology and Environment about the same case, within three months of the date of receiving the expertise conclusion, within three days the person in question can file a request for expertise conclusion again to the National office of Industrial Property. The National Office of Industrial Property shall re-examine the case and provide expertise conclusion again within 10 days from the date of receiving the request for expertise conclusion and other related documents of the case.

Where there are new evidences concerning the matters that were requested for the expertise, the person in question can file a new request for expertise to the competent agency that previously provided the expertise conclusion and ask the agency to proceed the case from the beginning.

In the case of disagreement with the conclusion of the National Office of Industrial Property, the parties concerned are entitled to request the Ministry of Science, Technology and Environment to establish an expertise council according to the provisions on expertise.

### **24. Request for provision of evidences, justification**

During the process of providing expertise, the authority competent for providing the expertise has the right to request the person asking for the expertise to supply necessary evidences or justification/explanation within a time limit. The person asking for the expertise shall submit evidences or justification/explanation within the prescribed period. At the end of the time limit, the authority competent for providing expertise shall make a conclusion based on the available evidences.

The person submitting the evidences shall be responsible for the honesty and reliability of the submitted evidences according to the existing law.

### **25. Fees for the provision of expert**

The requester for expertise shall have to pay a certain fee provided for by law.

In the event that the authority competent for providing expertise decided that related organization or individual is violating the industrial property law, the organization or individual shall be liable for paying the expertise fees; if the person requesting for expertise is not the organization or individual violating the industrial property law, the organization or individual shall reimburse the expertise fees that he has paid for the expertise.

## V. DENOUNCEMENT OF INFRINGEMENT OF INDUSTRIAL PROPERTY LAW

### **26. The denouncement of the acts infringing industrial property law**

26.1 Any organizations, individuals including manufacturers, consumers, governmental agencies, social organizations shall have the right to denounce acts violating industrial property law by reporting to authorities competent for handling the violation of industrial property law. The denouncer shall have the obligation to provide evidences, concrete information about the infringing acts to the State competent authorities and take the legal liability for the denouncement.

The State competent authority shall handle the denouncement according to Chapter IV of the Appeal and Denouncement Law.

26.2 With respect to foreign individuals not residing in Vietnam or foreign organizations not having effective and real business establishment in Vietnam shall make denouncement via a Vietnamese industrial property agent.

26.3 The denouncer shall have the following obligations:

- a) To provide all the related documents (including a copy of the document certified by the National Office of Industrial Property or by a public notary authority, if the denouncer is the industrial property owner) proving the ownership, subject matter, the scope, and the content of the industrial property rights whose infringement is being denounced;
- b) To provide evidences proving the act of infringing industrial property rights which are under protection and other acts of violating industrial property law.

26.4 The denouncer shall be liable for the content of the denouncement and the evidences submitted to the competent authority. In the event the State competent

authority decided that the evidences are not true, the denouncer shall be liable for compensation of the damage caused to the related parties by the denunciation, if it is the case of intentional denunciation, the denouncer shall also be handled by administrative or criminal subject to the level of infringement.

**27. Notification to the owner of industrial property, request for the provision of evidences**

27.1 Where it is a case of infringement of industrial property rights, the person competent for handling the infringement shall notify the owner of industrial property rights about the infringement and request the industrial property owner to provide the protection title, document proving the ownership, the status, scope of the protection of the related industrial property rights as well as other related information so as to identify the infringing act and decide appropriate measures for the handling the infringing acts and infringing evidences;

27.2 The owner of industrial property shall have the obligation to provide necessary document, evidences, information for the handling the infringement at a request of the competent person in charge of handling the infringement and shall have the right to provide explanation, justification and make proposal on appropriate measures so as to ensure his own legitimate rights and interests.

**28. The case where a denouncement shall not be handled and no measures to be imposed**

The competent authority shall not handle the denouncement of infringement in the following cases:

28.1 The denounced infringing act occurs beyond the prescription of handling the case;

28.2 The industrial property rights in question are beyond the term and the scope of protection indicated in the protection title or certificate for registration of licensing agreement;

28.3 The denouncement of infringement has been handled by the court where there is already a final decision of the court.

**VI. IMPLEMENTATION VALIDITY**

**29. This Circular shall enter into force 15 days of the signature date.**

Cases, which have not been handled until the date of entry into force of this Circular, shall be handled according to provisions of this Circular. While waiting for the Ministry of Finance to issue the regulations on the levels of fees for providing expertise in the field of industrial property, the National Office of Industrial Property and the Ministry of Science, Technology and Environment shall temporarily apply the rates of fees for handling appeals against infringement of industrial property rights as stipulated in Circular 23/TC-TCT of 9 May 1997 on the regime of receiving and using industrial property service charges and fees for the levels of fees for providing industrial property expertise.