

Client Alert

October 2010

New Decree on Administrative Sanctions Against Infringers in the Field of Industrial Property

On 21 September 2010, the Government of Vietnam issued **Decree No. 97/2010/ND-CP** replacing Decree No. 106/2006/ND-CP (dated 22 September 2006) providing for Administrative Sanctions Against Infringers in the Field of Industrial Property (“**IP**”). This New Decree contains 39 articles and is scheduled to take effect on 9 November 2010. The most significant changes are highlighted below.

1. New administrative remedies

- (i) Forcible change of company name, revocation of domain name which contains infringing elements.
- (ii) Confiscation of the amount of money illegally gained by the performance of infringing acts and put the same in the State Budget.

2. New infringing acts subject to administrative sanctions

- (i) Infringers that conduct acts of infringement which causes loss to authors or owners of industrial property rights (“**IPRs**”)¹ are also subject to administrative sanctions.
- (ii) IP related acts of unfair competition, namely use of confusing commercial indications and cybersquatting are now subject to administrative sanctions. As for cybersquatting, cases can be handled through the Ministry of Science and Technology (“**MOST**”), the Ministry of Information and Communications (“**MIC**”) or the Vietnam Competition Administration Department (“**VCAD**”).

3. Monetary fine

Currently, the monetary fine for violating the IPRs of an organization or an individual ranges between one to five times of the value of the discovered infringing goods. However, under the New Decree, the maximum fine can reach up to VND500 million (approximately US\$25,000).

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¹ According to Article 4.4 of the Law on Intellectual Property, “industrial property rights” mean rights of an organization or individual to inventions, industrial designs, designs of semi-conducting closed circuits, trade secrets, marks, trade names and geographical indications which such organization or individual created or owns, and the right to prevent unfair competition.

Should you wish to obtain further information or want to discuss any issues raised in this alert with us, please contact:

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4. Ex-officio authority for law enforcement officials

Under the New Decree, even without a formal complaint or order submitted by an IPR holder, law enforcement officials may act on their own initiative, namely in conducting an inspection to discover counterfeiting activities and to identify the infringing acts. In addition to trademark and/or geographical indication counterfeits and counterfeited packaging of all kinds, this ex-officio authority is applicable, but not limited, to infringements in relation to foods, pharmaceuticals, cosmetics, animal feed, fertilizers, veterinary medicine, crop protection preparations, construction materials, traffic means, chemicals used in healthcare, agriculture and environment sectors.

5. Settlement of an infringement case where a dispute over eligibility for ownership, ownership itself, eligibility for lodging a formal complaint, protectability or scope of protection of IPRs is raised

Where there is a dispute over eligibility for ownership, ownership itself, eligibility for lodging a formal complaint, protectability or scope of protection of IPRs after the enforcement authority has accepted the infringement case for handling, the IPR holder can submit a written explanatory statement confirmed the legal status of the disputed IP subjects. The enforcement authority will decide whether or not they will continue to handle the case based on the explanation provided. (Under the current regulations, the enforcement authority will merely suspend the handling of the infringement case until the dispute is officially resolved).

The enforcement authority can also allow the parties (i.e., the IPR holder and the suspected infringer) to amicably resolve the matter as long as their agreement does not prejudice the legitimate rights and interests of any third parties, consumers and society. However, with respect to trademark or geographical indication counterfeiting cases, such an agreement will be not accepted.

6. Provision on information disclosure relating to infringement case

Upon requests of the relevant IPR holder, the enforcement authority can disclose the information on the place of production, distribution channels and source of infringing products as long as the information does not prejudice the handling of the case and is not prohibited by law.

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