

## The Third Revision of the Law on Intellectual Property:

# What You Need to Know to Protect Your Intellectual Property Rights in Vietnam?



August 2021

## I. Brief overview of the laws on Intellectual Property in Vietnam

1. Vietnam's National Assembly passed the Law on Intellectual Property Rights in 2005, effective as at 7 July 2006<sup>1</sup> (the *IP Law*). It was the first specialised law on intellectual property in Vietnam. Prior to 2005, the intellectual property and technology transfer regimes were regulated by Part VI of the 1995 Civil Code.
2. Since then, the IP Law underwent two revisions (the *Revisions*):
  - a. the first revision was made in 2009<sup>2</sup> to make the changes necessary to address the difficulties and confusion arising from the implementation of the IP Law from 2006 to 2009 and largely because of Vietnam's accession to the World Trade Organization (*WTO*) in 2007; and
  - b. the second revision was made in 2019<sup>3</sup> to comply with Vietnam's commitments as a signatory to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (*CPTPP*), among others, to integrate the relevant requirements of the trade agreement to the intellectual property regime of Vietnam.

## II. The Third Revision – what you need to know?

3. The Vietnamese Government had embarked on another major amendment exercise of the IP Law. In contrast to the two earlier Revisions, the ongoing Revision (the *Third Revision*) of the IP Law is the most ambitious and the most comprehensive ever. The draft amendments contain changes in about 80 articles in 14 chapters of the IP Law; public consultation had been completed and the Third Revision is expected to be promulgated as law being effective sometime in 2022, or the beginning of 2023 at the latest.
4. The Government and the National Assembly monitor closely the progress of the Third Revision<sup>4</sup> with three government ministries tasked to oversee the whole process, *viz*:

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<sup>1</sup> Law No. 50/2005/QH11 dated 29 November 2005.

<sup>2</sup> Law No. 36/2009/QH12.

<sup>3</sup> Law No. 42/2019/QH14.

<sup>4</sup> Resolution No. 66/NQ-CP in June 2021 of the Vietnamese government on law-making renamed the project from “the Law amending and supplementing a number of articles of the Law on Intellectual Property” into “the Law on Intellectual Property (amended)”.

- a. the Ministry of Science and Technology (*MOST*) which is the principal coordinator and is responsible for the whole Third Revision process;
- b. the Ministry of Culture, Sports and Tourism (*MCST*) which is responsible for the revision of the provisions on copyright and related rights (under Part Two of the IP Law); and
- c. the Ministry of Agriculture and Rural Development (*MARD*) which is responsible for the revision of the provisions on new plant varieties (under Part Four of the IP Law).

#### **A. The 7 Policies**

5. As a springboard for the revision process, the MOST, MCST and MARD had set out seven policies that would steer the direction of the Third Revision towards a more robust intellectual property regime that complies with the requirements of international treaties and trade agreements, especially the EU-Vietnam Free Trade Agreement (*EVFTA*) and Regional Comprehensive Economic Partnership on Trade (*RCEP*) along with the CPTPP. The policies are as follows:
  - a. to ensure clear regulation for authors, copyright holders, performers and related rights holders in cases of transfer or assignment of rights (*Policy No. 1*);
  - b. to encourage the creation, exploitation and dissemination of inventions, industrial designs, layout-designs created by using the State budget (*Policy No. 2*);
  - c. to facilitate and streamline the procedures for registration and establishment of rights (*Policy No. 3*);
  - d. to ensure satisfaction and balance of protection (*Policy No. 4*);
  - e. to support effective IP enhancement activities (*Policy No. 5*);
  - f. to improve the effectiveness of the enforcement of IP rights (*Policy No. 6*); and
  - g. to ensure full and serious implementation of the international commitments of Vietnam in the integration process (*Policy No. 7*).

#### **B. Key amendments to the IP rights provisions**

6. The IP rights protected in Vietnam are the same IP Rights protected in international treaties to which Vietnam is a signatory. These are copyright, industrial property rights (including industrial designs, trademark, patents, layout designs of integrated circuit, geographical indications, among others) and plant varieties.
7. Whilst there had been a plethora of amendments in the Third Revision, this article shall highlight only the key amendments that could potentially impact your business's IP Rights in Vietnam.

i. Copyright and related rights

8. As will be discussed further below, a copyright (registered or unregistered) is still not recognised as a ground to refuse trademark registration. This is one glaring loophole in the Third Revision which may, in hopeful anticipation, still find its way into the final wording of the amended law upon consideration of the often overlapping principles in copyright and trademark registration.
9. The Third Revision clarifies a number of concepts and provides for IP right owners to agree with the IP creator with respect to creators' personal rights, i.e. dealings relating to those personal rights could be agreed between the owners and the creators. According to the current IP Law, the personal rights belong to the creator forever.

ii. Industrial property

❖ Patents

*Definition of invention and criteria of patentability*

10. Whilst the definition of "invention" and the criteria for patentability (i.e. novelty, inventive step and applicability) remain unchanged, the suggested amendments in the Third Revision propose the inclusion of the so-called "*secret prior art*" into the list of information to be considered in the determination of the novelty of an invention under examination. In other words, the information disclosed in an earlier application shall be taken into account for the determination of novelty of invention in a later application provided that the earlier application shall be published on or later than the filing (or priority) date of the later application.

### **Invalidation of a granted patent**

11. A patent application is now open for opposition within 9 months from the publication of the relevant application, as compared to the current IP Law which provides for the whole duration of the examination process until a decision of the relevant authority granting or refusing the application, within which an opposition can be made.
12. A granted patent may be invalidated within the whole period of protection, i.e. 20 years as from the priority or filing date (whichever is earlier). The grounds for invalidation has been expanded to include the following:
  - a. the application had been amended which were not in accordance with the relevant provisions of the law;
  - b. the invention has not been disclosed fully and clearly; and
  - c. the protected invention has a wider scope of protection as compared to what has been disclosed in the initial specification.
13. It is worth mentioning that the above grounds must have been checked thoroughly by the relevant authority during the substantive examination process before granting a patent.

### **Possible extension of protection, to a maximum of 2 years, for certain patents**

14. Applicants for patents on the basis of invention of new products which require official government permission prior to circulation or distribution to the consumer (such as products from pharmaceuticals or agricultural chemicals industries) may have patent protection (if granted) that could be extended to a maximum of two years, if the procedures for obtaining such permission had been delayed due to the fault of the granting authority.

### **❖ [Industrial design](#)**

#### **Partial Designs**

15. One major concern on the Third Revision arising from feedback from public consultation is the lack of protection of *partial* designs that meet the requirements for registration, i.e. partial designs that are considered as new.

16. The current wording of the Third Revision only refers to the “*design of components for assembling a finished product*” as required by the EVFTA. Continuous efforts to improve and innovate in various industries show that parts of a design should indeed be registrable and protected as well as the entirety of the design itself.
17. Additionally, the Third Revision proposes to simplify the dossier for registration of an industrial design by replacing the requirement, “*description of the design*” with “*description of photos or drawings set*”.

**Time limits:**

- **Publication of design application**
18. The Third Revision has introduced deferred publication of up to 7 months after the filing date provided the request for deferred publication must be expressed on the filing date itself. This amendment has been added “*to match the general trend of the world to allow the applicant not to reveal the design too soon*”.
  19. Some jurisdictions with a robust IP protection regime however have provided for deferred publication of up to 12 months or even more. Designers seek to publish their designs as required by the relevant IP law on or about when a product is ready to launch, and a prolonged period of time, longer than 7 months, would have been welcomed in the designers’ community.
- **Submission of third-party opinions**
20. In contrast, the proposed time limit for third parties to submit opinions or opposition to a design application is proposed to be 4 months. Currently, the IP Law provides for the whole period of examination until a decision of the relevant authority granting or refusing the registration has been made within which third parties could submit an opposition. However, it is still deemed too long, by certain applicants. Foreign investors who are active in Vietnam come from an IP system providing for as short as 2 months within which to file opposition to a design registration application.

## ❖ Trademark

### Sound – a protected trademark

21. A welcome addition to Vietnam's protected trademarks is the mark of sound. However, adding the requirement that the sound must be presented in the form of *graphics* would seem to muddle the implementation of this welcomed additional mark, as sound could be better presented in the form of audio file, wave or musical notes, as opposed to graphics.

### Reducing non-use period from 5 to 3 years

22. Another welcome amendment is reducing the non-use period for termination of trademarks from 5 to 3 years to make space for trademarks for legitimate use.
23. Another crucial point addressed in the Third Revision is the suspension of examination of trademarks (in the course of a trademark registration application) while the relevant authority proceeds with non-use cancellation against other relevant trademarks which may be cited as a basis for tentative refusal of the trademark with suspended examination.

### “Bad faith” and copyright

24. We highlight the lack of “bad faith” definition in the Third Revision. It is still not considered a ground for trademark registration refusal, which is not compliant with international best practices and standards.
25. Copyright is also not recognised as a ground for refusal of trademark registration despite the many instances that copyright and trademark principles often overlap. An example would be the potential overlap between copyrighted musical works and sound marks.

### Tradenname vs trademarks

26. The trade name versus trademark debacle has been historically difficult to resolve and the Third Revision seems to have not addressed this practical issue.
27. Under the current wording of the Third Revision, a business name of a local company registered with the relevant provincial or municipal Department of Planning and Investment (*DPI*) in a particular locality may block a trademark registration that has been granted although the application had been filed on a later date. Also, there is no clear

provision yet for a trade or business name registered with the DPI as having nationwide geographical coverage in order to block a trademark right anywhere in Vietnam.

### *Adopting WIPO's Protection for Well-Known Marks*

28. The provisions relating to the World Intellectual Property Organization's (*WIPO*) Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks have received wide support from the IP community and had recommended a well-known mark registry to be made available in Vietnam.
29. The Third Revision proposes amendments to the definition of a "*Well-Known Mark*" by adding the word "*relevant*" to comply with the above WIPO Joint Recommendation, thus the new definition reads: "*Well-known mark* is a mark widely known by **relevant** consumers throughout the territory of Vietnam"

### ❖ Geographical indication

30. Geographical indication is an IP right that identifies the origin of a product. It may be a specific region, locality, territory or country. The geographical indication of a product indicates the reputation of a product in the consumer's perception. Wine from a country in Asia may not be perceived as of better or equal quality to wine made from Bordeaux, France or Italy.
31. One commonly used "*geographical indication*" in Vietnam that is not protected as an IP Right is a geographical indication that intends to mislead consumers as to the true geographical origin of products bearing such geographical indications. A product could bear its geographical indication as Japan given the widely perceived better quality of products from Japan, even if the product is not made in Japan. This has not been addressed yet in the Third Revision.
32. However, the concept of protection of *homonymous geographical indications* is proposed to be introduced into the Third Revision for any products (not confined only to wines as provided in TRIPS<sup>5</sup>) provided that the use of such homonymous geographical indications shall not mislead consumers.
33. Other areas that seem to have not been addressed in the Third Revision are:

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<sup>5</sup> The Agreement on Trade-Related Aspects of Intellectual Property Rights between all member nations of the WTO.



- a. the lack of an effective mechanism to oppose, cancel, and procedures to notify that recognise pre-existing trademark rights which might conflict or cause confusion with geographical indications;
- b. trademark right holders, governmental bodies, trade associations or individual traders appear to still not have any legal standing to oppose, amend or apply for cancellation of geographical indications.

### iii. Plant varieties

34. Plant variety names are now expressly enumerated in the Third Revision for examination and as grounds for rejection of registration petition. In October 2020, the MARD proposed to expand the breeders' rights to cover also "*products made of harvested material of the protected variety*", but such expansion does not appear in the draft prepared by MOST in October 2020, may be because such expansion may contravene the principle of exhaustion of breeders' right.
35. However, we note that there is not yet express provision for examination of marks that contain plant variety names or that the trademark principle, "*first to file*" is applied with respect to trademarks in relation to plant variety names.

### III. Conclusion

36. Having reviewed the amendments reflecting the 7 policies, we highlight the following:
  - a. Policy No. 3 is highly welcomed by the business community. In our view however, it may not sufficiently streamline the already convoluted registration procedures especially with respect to the time limits for examination and grant or refusal of protection titles.

In practice, the time consumed for this process is 2 to 4 times more than that provided in the amended provision. This problem had existed for decades, but had not been adequately addressed by both the business community and the relevant authorities. On paper it may appear that the registration procedures have been streamlined but in practice, this has not been the case;

- b. Policy No. 6 is reflected in the Third Revision. By Resolution No. 66/NQ-CP on law-making in June 2021, the Government requests that administrative sanctions

should apply to acts of infringement upon copyright, related rights, trademarks, geographical indications, and plant varieties only. It was also proposed that other acts of infringement upon rights to inventions, industrial designs, layout designs, trade names, business secrets and acts of unfair competition will be handled by law (i.e. to be enforced by judicial authorities) and civil remedies be made available for such infringement.

We are hopeful that this step will lead to the establishment of a specialised court on intellectual property in Vietnam to unburden the administrative agencies currently handling infringement proceedings on the above-mentioned IP rights; and

- c. Policy No. 7 seems fully implemented, i.e. the IP commitments of Vietnam in multilateral agreements, such as CPTPP, EVFTA, RCEP are integrated into the Third Revision.
37. The explanatory notes on the amendments have been completed by the above-mentioned Ministries in their respective parts of the IP Law namely:
- a. amended articles on general and industrial property as prepared by the MOST;
  - b. amended articles on copyright and related rights as prepared by MCST; and
  - c. amended Articles on new plant varieties as prepared by the MARD.
38. These explanatory notes are available for submission to the October 2021 session of the National Assembly for review, and it is expected that the Law on Intellectual Property (amended) shall be promulgated in the June 2022 (or early 2023) session of the National Assembly in Hanoi.

## KEY CONTACTS

Please contact us if you have any queries relating to this Legal Update.



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