

## Five key takeaways for enforcement of industrial design infringement in Vietnam

Consumers always choose products with sophisticated and aesthetically beautiful designs because industrial design establishes an emotional connection with them and adds value to the product. Thus, copying and imitating the industrial design of other products has become commonplace in many fields in Vietnam. Moreover, the protection of intellectual property rights ("IP") for product designs is crucial for all businesses because it increases the perceived value of their brand's distinctiveness in the eyes of consumers. In recent years, this has become even more crucial as counterfeiting has increased.

From the below case, we have provided 5 key takeaways for IPR holders when determining to enforce against industrial design infringement in Vietnam.

### Facts

PIAGGIO filed a suit against a Vietnamese company named "DETECH Technology Development Supporting Joint Stock Company" ("DETECH") in 2018 for infringement of the "Motorcycle" industrial design that was protected for PIAGGIO in Vietnam under Design Patent No. 20652.

The plaintiff detected that the defendant engaged in manufacturing and launching electric motorbikes in the market of Vietnam. The defendant has also advertised the above-mentioned electric motorbikes in their website at <http://detchmotor.com.vn/vn-vi/san-pham/chi-tiet/espero-vs-do/2045.html>. The plaintiff found that the industrial design of electric motorbikes marketed by the defendant is insignificantly different from that of "Motorbike" protected under Design Patent No. 20652.

In support of infringement allegation, the plaintiff purchased a sample of electric motorbike and proceeded with documenting the evidence of infringement under a Bailiff's service. Then, PIAGGIO filed a request to the Vietnam Intellectual Property Research Institute ("VIPRI") for obtaining the assessment conclusion (expert witness, expertise opinion) on design right infringement, which was then issued in favour of PIAGGIO.

In the petition lawsuit filed in 2018, PIAGGIO requested the Hanoi People's Court to order the defendant to cease the infringement, destroy the infringing elements, pay a compensation damage of VND 500 million (~US\$21,700), a fee of VND 200 million (~US\$8,700) for hiring lawyer to engage in the lawsuit, make a public apology in local newspaper.

### Court's judgement

After hearing the case, the Court issued a judgement which ruled that:

- (i) DETECH was ordered to cease the infringing industrial design,
- (ii) DETECH was ordered to pay the fee of VND 200 million (~US\$8,700) for hiring lawyer to engage in the lawsuit, other fees such as VND 7,227,000 (~US\$315) for purchasing the motorbike samples for the VIPRI's assessment and VND 6,397,500 (~US\$280) to PIAGGIO.

PIAGGIO has withdrawn the request against DETECH for a compensation damage of VND 500 million (~US\$21,700). The reason for PIA's withdrawal request was unknown.

### Key takeaways

#### (i) Measures against industrial design infringement in Vietnam

When IPR infringements occurs, subject to the nature and severity of IPR infringement, the IPR holder may resort to **administrative**, **civil** or **criminal** route to fight against IPR infringement. In case the counterfeits or infringing products are imported into Vietnam, the IPR holder should consider taking **border control measure** to monitor inbound shipments and seize counterfeits at border gates of Vietnam if detected.

In Vietnam, industrial design rights can be enforced through administrative procedure (i.e. before such administrative enforcement authorities as Market Management Agencies, Police, Inspectorates of Ministry of Science & Technology, Customs) and civil proceeding (i.e. before a relevant court). Criminal route is not statutorily applicable to industrial design infringement.

Civil action is currently not widely used in Vietnam because right holders often feel the courts are inexperienced. However, civil action is gaining in popularity because it provides unique remedies that are not available under administrative action, such as compensation for damages, a public apology and rectification and recovery of attorney's fees.

### (ii) Bailiff's Witness document in the litigation proceedings in Vietnam

In case of no Bailiff's Witness document, the electric motorbike purchased by the plaintiff might be rejected as a lawful evidence to prove DETECH's infringement and based on which the infringement claims in the suit initiated by PIAGGIO might be deemed ungrounded.

Documenting the evidence of infringement under the Bailiff's services in Vietnam is critical in civil proceedings in Vietnam if you wish to ensure that the infringement evidence collected in the investigation is recognized/treated admissible.

A Title of Evidence (or Bailiff's Witness document) is a document which records evidentiary facts. It may be placed before the court to support a party's argument or it may be used to demonstrate that a transaction has been lawfully carried out. It may also be used as evidence of the existence of a legal relationship. In general, the subject matter of a Title of Evidence (or Bailiff's Witness document) may be any fact.

### (ii) Expert witness/Expertise opinion from Vietnam Intellectual Property Research Institute ("VIPRI")

The VIPRI is an institute under Ministry of Science and Technology accredited for delivering expert opinions relating to IP infringement cases concerning industrial property subject matters such as inventions, industrial designs, designs of semi-conducting closed circuits, trade secrets, marks, trade names, geographical indications. The requesters may request the VIPRI to **(i)** determine scope of protection of industrial property rights, **(ii)** assess similarity, **(iii)** determine infringing element, and **(iv)** determine damages. However, at current stage, due to limited human resources, the VIPRI only provide assessment services concerning inventions, industrial designs, geographical indications and trademarks. The VIPRI will not opine on matters of **unfair competition, trade name** or **copyright**.

The VIPRI opinion takes the role of an evidence submitted by the plaintiff, and it will be reviewed by the court during the proceedings.

A VIPRI opinion, if rendered in favour of right holders can be submitted to an enforcement agency, such as the Ministry of Science and Technology (MOST) Inspectorate, the Market Surveillance Department (MSD), customs, etc. Then, based on the non-binding opinion, the enforcement agency can consider whether to proceed with enforcing the IP rights of the complainant, such as by proceeding with an administrative raid and issuance of sanctions (such as fines, seizure and destruction of infringing products, etc.). Courts can also rule on IP cases, of course, and a VIPRI opinion can be very persuasive evidence for the court to rule in the rights holder's favor.

### (iv) Claiming damage compensation in civil proceedings in Vietnam

In the lawsuit petition, the plaintiff requested the Court in Vietnam to demand the defendant to pay, among others, an amount of VND 500 million (~US\$21,700). However, in the court hearing, the plaintiff decided to withdraw such request.

Claiming for damages caused by IPR infringement before a court in Vietnam is quite challenging. To claim for damages from infringers, the plaintiff must provide the Court with evidence proving that they have been **actually and directly damaged** due to the IPR infringement caused by the infringer in Vietnam, such as loss in property and/or decrease in income, profits and/or losses in business opportunities and/or reasonable expenses for prevention and remedy of damage. The proof of damage based on which compensation is made must be clear and legitimate evidence, showing the direct **causal nexus** between the infringement and the damage. Practice indicates most claims for damages filed by the IPR holders were dismissed because they are not considered as actual losses directly caused by acts of IPR infringement to the IPR holder in Vietnam. The compensation ordered by the Court to be paid by the infringer to the IPR holder is, therefore, not considerable.

**(v) Attorney's fees**

Under Article 205.3 of Vietnam IP Law, in addition to the damage, industrial property right holders shall also have the right to request the court to compel organizations or individuals that have committed acts of infringing upon industrial property rights to pay reasonable costs of hiring attorneys (attorney's fee). Thus, the Complainant is statutorily entitled request a Court in Vietnam to recover attorney's fees in a civil case involving IPR infringement.

**By Nguyen Vu QUAN  
Partner & IP Attorney**

**Contact****KENFOX IP & Law Office**

Building No. 6, Lane 12/93, Chinh Kinh Street, Nhan Chinh Ward, Thanh Xuan District, Hanoi, Vietnam

**Tel:** +84 24 3724 5656

**Email:** info@kenfoxlaw.com / kenfox@kenfoxlaw.com