



Vietnam IP News Bulletin

Kenfox IP & Law Office

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CUSTOMS SEIZURE OF IPR INFRINGING GOODS IN VIETNAM CUSTOMS RECORDAL IN VIETNAM

An often overlooked benefit of IP rights is the ability to have infringing or counterfeit goods seized by customs. Border control/Customs seizure can be used in Vietnam to deal with goods that infringe registered trademarks, patented industrial design, patent or copyright, at the time that they are imported into Vietnam. Even if not every shipment can be intercepted, the infringers' business model can quickly be disrupted if shipments start being seized.

Vietnam has many land border gates adjacent to China which is often seen as a source of counterfeit goods. It is known that Viet Nam has nearly 60 border gates along its borders with China, Laos and Cambodia. Some enterprises take advantage of open policies on e-customs procedures for import and export goods, transiting to import, transit of goods violating intellectual property rights and goods origin. The well-known foreign branded goods reported to be ordered and manufactured in China for subsequent importation into Vietnam. The products that are often counterfeited are clothes, shoes, bags and electrical appliances. In such circumstance, customs seizure provides an opportunity to cut off that supply at the source, rather than trying to deal with the goods separately in the marketplace. Vietnamese Customs has the power to seize IP infringing goods being either imported to Vietnam, imposing fines and confiscating the infringing goods which have been stopped at the border. This is a powerful option for rights owners. IP rights owners often find that enforcing IP rights in Vietnam has flow-on effects reducing IP infringing goods rather than monitor the alleged IPR infringing goods when they are scattered in the local market. It is of note that the powers of Vietnamese customs extend only to imports and as such, customs authorities have no power to check and hold infringing products being exported.

Border control/Customs seizure can be an effective means for IPR holders for enforcing their IP rights in Vietnam, and it serves the purpose of preempting and suppressing IP counterfeits of SMEs' products at Vietnam's borders. Border control/Customs seizure has gained more attention over the past few years from business owners wishing to protect their IP in Vietnam as the Vietnamese government recently granted the Customs more powers, making it more efficient. Although registration with customs authorities in Vietnam is not a mandatory requirement, IPR holders are advised to add themselves to the customs database as doing so will enable customs officers to recognize counterfeit versions of the genuine products, and improve the chances of suspect shipments being blocked at the border. If IPR holders are aware of a suspected illegal

shipment of their products, they should work together with Vietnamese customs to detain such shipments.

Customs recordal/Customs registration to enforce against IPR infringement in Vietnam

Statutorily, customs monitoring covers all types of intellectual property. In practice, however, customs monitoring is often applicable to trademarks, geographical indications, and copyrights/neighborhood rights. To record your IP right with Customs in Vietnam, you should submit the following details to Vietnam Department of Customs Control and Supervision (“DCCS”):

- A notarized and legalized Power of Attorney from the IPR holder to KENFOX IP & Law Office;
- Certified/notarized copy of the IPR protection title in Vietnam;
- Photos of the genuine products;
- Photos of the counterfeit products, if any;
- Comparison chart between the genuine and counterfeit products, if any;
- List of authorized importers/exporters;
- Assessment on the IPR infringement issued by the IPR assessment state body of Vietnam, if any

No later than 20 days from the receipt of the request, the DCCS should notify the SMEs whether the application is accepted or not.

Where Customs discovers import goods that are suspected of infringing upon your recorded IP right, they will notify you immediately in writing.

You then have three working days to verify the authenticity of the goods, apply to have the goods seized, and provide a bond.

If you wish, you can authorize your domestic agents in Vietnam to record your IP rights for you. The recordal is valid for up to 02 years. The period may be extended for two more years upon request. After the extension period expires, companies must re-file a new application if they wish to pursue the customs recordal. Customs does not charge an official fee for recording IP rights.

Suspension of infringing shipment

Upon acceptance of IPR holder’s customs registration, the Vietnamese customs offices will begin monitoring for infringing goods. The Vietnamese customs office will temporarily suspend the clearance of the goods and notify the rights holder or its representative for further actions when detecting of alleged infringing IPR goods. Within 03 working days from the date of the notice, the rights holder or its representative must file an application for suspension. A deposit is required for the request for customs suspension in order to suspend the possible counterfeit products at the Customs. The deposit is calculated at 20% of value of the suspected counterfeit products or VND20 million (~US\$870), if the value of the suspected shipment cannot be identified.

The time limit of suspension of the customs clearance is 10 working days from the date of the decision for suspension. The said time limit can be extended once for another 10 working days upon request by the IPR holder, provided that an additional deposit is paid. In case the possible

counterfeit products turn out to be counterfeits indeed, the deposit will be refunded. Within the suspension time, the IPR holder is entitled to obtain evidence for verifying whether the temporarily suspended goods are infringing. If in the affirmative, the IPR holder should proceed with possible actions, which include:

- filing a lawsuit petition against the owner of the suspended goods under civil proceedings;
- requesting the customs office to enforce against the owner of the detained goods under administrative proceedings; or
- reaching a settlement agreement with the owner of the detained goods.

Applying for the seizure of goods (No prior recordal with the DCCS)

It is also possible to apply to have IP-infringing goods seized in the absence of an IP right recordal with the **DCCS**. You will have to submit an application form and the relevant supporting documents, along with clear evidence of the infringement.

An application form must include the following information:

- The name, place of registration or nationality of the owner of the IP right;
- The name, details and the relevant information of the IP right;
- The names of the consignee and consignor of the goods suspected of infringing goods;
- The name and specification of the goods suspected of infringing;
- The port by which, the time at which and the means of transportation by which, the goods suspected of infringing may enter into, or exit from, China.

You will also be required to provide a guarantee equal to 20% of the goods or VND 20 million dong (~US\$870) (in case the value of the shipment cannot be identified) or a document of guarantee from a bank/credit institution (*Article 217, Vietnam IP Law*) for compensation of any loss that may be incurred by the consignee or the consignor due to an improper application that leads to the bad faith seizure of goods, and to cover fees for the storage, custody and disposal of the goods after they are seized by Customs.

Tips for effective border control/customs seizures against IPR infringement in Vietnam

- Actively cooperating with the Customs authorities by recording their IP with the Vietnam Customs;
- Actively monitoring the market, online marketplace and shopping and social media platforms to identify and target the main routes through which infringing goods are penetrating Viet Nam;
- Conducting an investigation and gathering evidence of infringement, sharing intelligence on the source of infringing goods, known infringers and their shipping routes.
- Holding training courses for customs officials or participating in seminars organised by them to raise awareness about infringing goods, which can lead to more effective customs monitoring.