

Co-owned Patent Disputes in Vietnam: What to Do?

A co-owned patent arises when two or more parties jointly create an invention and seek patent protection for it. How if an invention is created by two parties, but just one party is named as inventor and owner while the other is only named as “inventor”? Can it cause any legal consequences? What can the other inventor do in such a case if the inventor who filed the patent application does not reach an amicable agreement on a co-owned patent? In recent news, the Intellectual Property Offices of Vietnam (IP VIETNAM) have been dealing with a case regarding “the right to file a patent application” in case of co-owned patent, highlighting the importance of understanding the legal requirements for patent filing and ownership. This article will focus on the specifics of this case and examine its implications for intellectual property rights in Vietnam.

Facts

IP VIETNAM recently made a decision that could have significant implications for intellectual property in Vietnam. In Decision 3612w/QD-SHTT issued on 24 February 2023, Vietnamese Patent No. 21899 for the invention of a "360-degree rotating house in cistern" was invalidated. The invalidation was made at the request of one of the inventors of the invention, who realized during the patent application process that he was not named as a co-owner of the patent.

The dispute began when the inventor discovered that he was not listed as a co-owner of the patent, despite being a collaborator in the invention process. Without reaching an agreement with the other inventor, he filed a patent invalidation request with IP VIETNAM, arguing that the recorded patent owner did not have the exclusive right to file the application without including him as a co-owner.

Article 86.1 of the Intellectual Property Law specifies that certain individuals and organizations have the right to register inventions, industrial designs, and layout designs. This includes inventors who have created the intellectual property through their own efforts and resources, as well as organizations or individuals who, under certain conditions, have provided funding or material support to the inventors.

In the case at hand, both inventors were named in the patent application. To establish their right to file the application under Article 86.1, they needed to demonstrate that they were the true inventors who created the intellectual property through their own labor and expenses. Alternatively, they could also prove that they had an agreement in place under Article 86.1(b), which granted them the right to file the application.

Given that neither of the two inventors could prove this, IP VIETNAM assumed that the two inventors shared the right to file the patent. This resulted in the sole patent owner (one of the two inventors) needing to prove that the other inventor transferred the shared right to file the application to him. Given that this escalated into a dispute, the inventor/patent owner could not obtain any document to prove that the rest inventor had agreed to allow him to file the patent on his own. Therefore, IP VIETNAM concluded that the sole patent owner did not possess the full right to file the application. As a result, the patent was invalidated by IP VIETNAM.

Key takeaways

This case highlights the importance of accurately identifying and properly documenting co-ownership of patents. Failure to do so can lead to disputes and legal challenges, as seen in this case. It also underscores the need for clear communication and agreement between inventors regarding patent ownership and filing rights. [Patent disputes](#) can be costly and time-consuming, so it is essential to ensure that all parties are in agreement and properly documented from the outset.

Some relevant legal questions and some comments are provided below for your reference.

Jointly created inventions in Vietnam: Who holds the right to file a patent application?

Under Article 86.1 of the Law on Intellectual Property in Vietnam, the right to register inventions, industrial designs, and layout designs belongs to the following:

(a) *Inventors who have created inventions, industrial designs, layout designs by their own labor and at their own expense;*

(b) *Organizations, individuals who have supplied funds or material facilities to inventors in the form of job assignment, hiring, unless otherwise agreed by the parties involved.*

If an invention is jointly created by two inventors in Vietnam, both inventors have the right to file a patent application for the invention. However, they must provide adequate proof that they meet the requirements of Article 86.1, either as individual inventors who created the invention through their own efforts and resources or as co-owners who have agreed to file the application jointly. If they cannot establish the ownership of the invention or reach an agreement on filing the application, there may be disputes that need to be resolved through legal means.

The impacts of co-inventor's ineligibility to file a patent application in Vietnam: What legal consequences?

If one of the co-inventors does not have the right to file a patent application, the other co-inventor or co-owners may need to provide evidence that they have an agreement in place granting them the right to file the application. If they cannot provide such evidence and if the patent application is filed without proper authorization or ownership, it may be rejected or invalidated.

Establishing rights to register a jointly created invention in Vietnam: How to determine entitlement?

In Vietnam, when an invention is jointly created by multiple inventors, the determination of entitlement to file a patent application is made based on the Law on Intellectual Property and related regulations. The process for determining entitlement may vary depending on the specific circumstances of each case, but generally involves the following steps:

Identification of co-inventors: The first step is to identify all the inventors who have contributed to the creation of the invention. Each co-inventor must be named in the patent application.

Determination of ownership rights: Next, the ownership rights of the invention must be determined. Ownership rights can be established through an agreement between the co-inventors, or based on the contributions made by each co-inventor.

Determination of the right to file the application: After ownership rights have been determined, the right to file the patent application must be established. The right to file the application generally lies with the inventor or co-inventors who have created the invention by their own labor and at their own expense. If the invention was created with the help of another person or organization, the right to file the application may be granted to them.

Evidence of ownership and right to file: To establish ownership and the right to file the application, evidence such as employment contracts, assignment agreements, or other legal documents may need to be presented.

Safeguarding co-inventors' rights: How to ensure respect for patent application entitlement in Vietnam?

To protect their rights and ensure that their entitlement to file a patent application is respected in Vietnam, co-inventors can take the following steps:

Agreement: Enter into a written agreement with the other co-inventors regarding ownership and the right to file a patent application. If there is no agreement or dispute arises, consult a patent attorney or IP specialist for legal advice and guidance.

Patent filing: File a joint patent application, listing all co-inventors as joint applicants, to ensure equal ownership and rights.

Legal actions: If one co-inventor files a patent application without the other's consent or agreement, the other co-inventor may challenge the application via [opposition or third-party observation](#) and request a determination of the right to file a patent application with IP VIETNAM. If the patent has already been granted to one co-inventor, the other co-inventor may challenge the validity of the patent by [requesting a patent invalidation](#) at IP VIETNAM.

Key considerations for co-inventors: What other important issues should they take into account?

A co-owned patent arises when two or more parties jointly create an invention and seek to obtain patent protection for it. The ownership of such patents can arise in two different ways: either an agreement may provide that the patent will be owned jointly by the parties, regardless of whether they were joint authors, joint inventors, or joint creators, or the parties may contribute jointly to the creation of the invention, making them joint authors, joint inventors, or joint creators.

When joint ownership of a patent is agreed upon, there are several important aspects that should be addressed in the agreement.

Patent exploitation: The first issue to consider is whether a joint owner can exploit the co-owned patent only **with or without the need for the other joint owner's consent**. It should also be determined whether the joint owner has the obligation to pay royalties or other fees. In some cases, it may be necessary for a co-owner to obtain the consent of the other co-owner before exploiting the patent. Such cases may arise when the exploitation may harm the other co-owner's reputation, commercial interests, or other intellectual property rights.

Payment of royalties or other fees: The second issue to consider is whether a co-owner has an **obligation to pay royalties or other fees** to the other co-owner when exploiting the co-owned patent. In this case, it is important to determine whether the co-owner has the obligation to share the royalties or other fees received from the licensee. This obligation may arise when a co-owner exploits the patent for commercial purposes and generates revenue from the patent. In such cases, the co-owners may agree on a royalty rate or other fees that the exploiting co-owner must pay to the other co-owner. Alternatively, they may agree on a profit-sharing mechanism that allows both co-owners to benefit from the commercial exploitation of the patent.

Patent assignment or licensing: The third issue to consider is whether a co-owner **can assign its share of the co-owned patent to another person** only with or without the need for the other joint owner's consent. If so, it is also important to specify whether the co-owner who granted the license has the obligation to share the royalties or other fees received from the licensee with the other co-owner. This issue can become complex if multiple co-owners grant licenses to different licensees, as they may have conflicting terms and conditions that affect each other's rights and obligations.

It is also important to address the ownership proportions held by the joint owners. If the parties do not specify a joint ownership proportion, it will be presumed that they are **equal joint owners**. However, joint owners do not always seek to be equal joint owners. Sometimes, one party may make a larger contribution than the other, which may justify an unequal ownership proportion.

In this case, it will be important to specify what the joint ownership proportion will be or how it is to be determined to **avoid internal disputes** and easy calculation of royalties/license fees if the patent is licensed to a third party. Unless the joint owners of a patent agree otherwise, it is generally construed that co-owners have equal shares in the patent and can exploit it for their own benefit without accounting to each other.

Therefore, it is crucial for co-owners of a patent to specifically address the issues of exploitation, assignment, and licensing in their agreement. The agreement should regulate in an agreed manner the respective rights of the joint owners before proceeding with patent registration. Co-owned patents can provide many benefits, but it is important to ensure that all parties involved are aware of their rights and obligations in order to prevent disputes and potential legal issues.

Interpreting agreements with foreign governing laws: Precedence over domestic laws?

Under the laws of Vietnam, it is subject to parties in an agreement choosing which national law should regulate/govern the agreement. Choice of an overseas law to regulate/govern an agreement is therefore acceptable, provided that performance of the agreement under such an overseas law is not in contrary to fundamental principles of the laws of Vietnam. Article 667 of Civil Code of Vietnam provides that “*in case that an overseas law is applied, but with different understandings, the overseas laws should be construed in accordance with interpretations of the authority of such an overseas country*”. In this regard, we opine that as far as the performance of the agreement is not in contrary to the principles of the Vietnamese laws, overseas laws will be the laws for interpretation of the agreement, as defined in the agreement.

**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