

## Provisional rights to patents and industrial designs in Vietnam – What you need to know?

*Vietnam's emergence as a leading destination for innovation and investment has resulted in a significant increase in patent and industrial design filings. One of the most important features of the Vietnamese IP system is the availability of provisional rights to patents and industrial designs. Provisional rights can provide patent or design owners with significant benefits even before their applications are fully examined and granted. In this article, we will explore what provisional rights are, how they work, certain requirements and limitations to provisional rights, and what patent and industrial design owners need to know to maximize their benefits as well as avoid legal risk in using such rights in Vietnam.*

### Provisional rights to patents and industrial designs: What & Why

Provisional rights to patents and industrial designs are a legal concept that provides some limited legal protection to inventors and designers while they are waiting for their patent or design to be granted by the relevant authority. These rights give inventors and designers a legal tool to fight against unauthorized use of their invention or design during this period.

In general, provisional rights allow inventors and designers to take action against infringers who commercially exploit their invention or design after the publication of their patent or design application, but before the granting of the actual patent or design registration. For example, an inventor who has filed a patent application may have the right to prevent others from commercially exploiting the subject matter of the invention during the period between the publication of the patent application and the granting of the patent. Similarly, a designer who has filed an application for industrial design may have the right to notify others who are using the industrial design for commercial purposes without prior use rights, of the filing date and publication date of the industrial design application. If an alleged infringer continues to use the industrial design or patents after being notified, the owner of the industrial design or patent can request compensation for such use once the patent is granted.

Law-makers provide for provisional rights to patents and industrial designs to address the challenges faced by inventors and designers during the patent or design registration process. In many countries, the patent or design registration process can take several years, during which time inventors and designers may face unauthorized use or infringement of their invention or design. Provisional rights provide a form of legal protection to inventors and designers during this period, allowing them to take legal action against infringers who commercially exploit their invention or design after the publication of their application, but before the actual granting of the patent or design registration.

Provisional rights help to incentivize innovation by providing inventors and designers with some level of legal protection while they are waiting for their applications to be granted. Without these rights, inventors and designers may be hesitant to invest in the development of new ideas or designs, knowing that they may face unauthorized use or infringement during the registration process. By providing provisional rights, law-makers encourage inventors and designers to pursue their ideas and designs, knowing that they will have some level of legal protection during the registration process.

### Provisional rights to patents and industrial designs in Vietnam: How

In Vietnam, the Industrial Property Law provides legal protection for registered industrial designs, granting exclusive rights to their owners. Any use of a protected industrial design without permission from the right holder is considered an infringement on their intellectual property rights. As such, only protected industrial designs are granted the legitimate rights related to such industrial designs, and then acts of using a protected industrial design without authorization from the right holder are considered infringements on the industrial designs. Of note, rights to industrial designs are established in accordance with IP VIETNAM's Decision on grant of the industrial design application.

However, similar to patent related statute in Vietnam, there is an exception to the above article concerning "provisional rights" to a pending industrial design or a patent application. Provisional rights to patents and industrial designs are recognized under Article 130 and Article 131 of the Intellectual Property Law of Vietnam. These provisions state that, once a patent or industrial design application has been published in the Industrial Property Official Gazette, the applicant has the right to notify any third party who is using the invention or design without prior use rights for commercial purposes. The notification must specify the filing date of the application and the date on which the application is published in the Gazette. If the person who has been notified continues to use the invention or design after the grant of the patent or industrial design, the applicant

is entitled to request compensation from that person, equivalent to the royalties for licensing the invention or design within the relevant extent and period of use.

This means that, even before the patent or industrial design is granted, the applicant may be able to assert provisional rights to prevent others from using their invention or design without permission. However, it is important to note that the assertion of provisional rights must be exercised in a reasonable and legitimate manner, otherwise it may be deemed an abuse of IP rights.

However, it is important to note that provisional rights are limited in scope and duration, and are subject to certain conditions and exceptions. For example, the rights only apply to commercial exploitation, and not to non-commercial use. The provisional rights do not confer rights to the patent or industrial design applicant to request intervention or enforcement actions from the Vietnamese enforcement authority. Only when an invention patent or industrial design patent is granted, the patent owner is entitled to request the user to pay compensation equivalent to the price for licensing of such invention, industrial design or layout design within the corresponding scope and duration of use.

### Provisional rights to patents and industrial designs: Drawbacks and Limitations

While provisional rights can provide some protection to the owner of an industrial design or patent application, there are also some potential drawbacks and limitations to consider:

*Limited protection:* Provisional rights only apply to the design features that have been published in the application, so any undisclosed or unregistered features are not covered. This can leave the owner vulnerable to infringement of those unregistered subject matters. Provisional rights only provide for the entitlement of notifying a third party about an alleged infringement, not the right to request Vietnamese enforcement authorities to deal with such an alleged infringement.

*Uncertainty:* The granting of a design registration is not guaranteed, so provisional rights may not be realized if the application is ultimately rejected. This uncertainty can make it difficult for the owner to enforce their rights during the application period.

*Burden of proof:* The burden of proving infringement and damages rests with the owner, which can be a challenging and expensive process. This can be especially difficult during the provisional rights period, when the scope of the design or patent registration is not yet clear.

*Risks of abuse of IP rights:* Asserting that a third party trespasses a patent or design rights may become risky if the patent or design application is later rejected at later stage.

It is important not to fall into a scenario where the design applicant may be deemed to abuse IP rights by asserting the provisional rights to patents or industrial designs too aggressively. Otherwise, he will face the risk of being considered an abuse of IP rights. An action may be escalated into an abuse of IP rights when it goes beyond what is considered a legitimate exercise of intellectual property rights and becomes anti-competitive, coercive, or excessive. In general, an abuse of IP rights involves using intellectual property law to unfairly or unlawfully limit competition or harm other individuals or organizations.

There are various actions that may be considered an abuse of IP rights, including misusing patent or trademark rights to block competition or prevent others from using a particular technology or product. Another example is filing baseless infringement lawsuits or sending threatening letters to competitors or other parties in an attempt to gain a competitive advantage. Additionally, imposing unreasonable licensing terms or conditions on the use of patented or copyrighted materials can also be considered an abuse of IP rights. Moreover, engaging in "patent trolling" or using patents solely to extract money from others without actually producing or selling any products is another abusive behavior. Lastly, engaging in anti-competitive behavior, such as forming cartels or using IP rights to create monopolies in certain markets, can also be considered an abuse of IP rights.

When an infringement claim/requirement in the C&D Letter is "**intentionally exceeding the scope or objective**" of the right of self-protection in Article 198 of Vietnam's IP Law, such conduct by the design applicant may be considered "**abuse of IPR protection procedures.**" If such abuse "**causes damage to other organizations or individuals,**" then "**the aggrieved organization or individual has the right to request the Court to force the abuser to pay damages, including reasonable cost of hiring a lawyer.**" Therefore, it is crucial to ensure that any assertions of provisional rights are reasonable and proportionate to the alleged infringement.

## Addressing an alleged infringement based on provisional rights while avoiding legal risks: What to do?

Asserting provisional rights to patents and industrial designs in Vietnam requires careful consideration of the legal framework and potential risks involved. Here are some steps to help businesses properly assert their provisional rights in Vietnam:

*Understand the legal framework:* Before asserting provisional rights, it is crucial to understand the legal framework in Vietnam, including the relevant provisions of the IP Law and the limitations on the scope of provisional rights.

*Monitor for infringement:* Businesses should monitor the market for potential infringers who may be using their patented or design-protected products or processes. Once a suspected infringer is identified, the business should conduct an investigation to confirm the infringement and collect evidence.

*Send a notification:* Once a business has confirmed infringement, they can send a notification (such as a Cease and Desist Letter) to the alleged infringer. The notification should include the relevant details of the provisional rights, including the filing date and the date on which the patent or design application was published in the Industrial Property Official Gazette.

*Negotiate a settlement:* In many cases, the alleged infringer may be willing to negotiate a settlement rather than face legal action. Businesses should consider negotiating a licensing agreement with the infringer to allow them to continue using the patented or design-protected product or process in exchange for payment of royalties.

*Consider legal action:* If negotiations fail or the infringement is particularly egregious, businesses may need to consider legal action. However, it is important to ensure that any legal action is not considered an abuse of IP rights under Vietnamese law.

*Avoid abusing IP rights:* It's important to be careful when asserting your provisional rights to avoid risking an abuse of IP rights. Specifically, you should avoid asserting provisional rights too aggressively or making claims that intentionally exceed the scope or objective of your right of self-protection. This conduct may be considered an abuse of IPR protection procedures, and may result in damages being awarded to the aggrieved organization or individual.

### The bottom line

Understanding the correct use of provisional rights is essential to safeguard your industrial design rights in Vietnam. While these rights offer protection against infringement, apparently, when using these rights, it is crucial to the legal framework, relevant limitations to avoid potential risks. Asserting provisional rights to patents and industrial designs can be a complex legal process, and it's recommended to seek legal advice to ensure that the legal framework is being navigated correctly, not exceed the scope or objective of self-protection, and do not engage in abusive conduct that may your position from a plaintiff to a defendant.

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