

## Protection of Intellectual Property Rights to Trademarks by Administrative Measures in Vietnam

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### Abstract:

*The role of protecting intellectual property rights for trademarks in general and protecting intellectual property rights by administrative measures in particular for the country's socio-economic development has always played an important role. In Vietnam, in the current process of international economic development, the protection and enforcement of intellectual property rights for trademarks is extremely important to help attract foreign FDI investments into Vietnam. Time is a prerequisite for connecting the global supply chain. Therefore, good protection of intellectual property rights for investors and rights holders will play a role in encouraging investment and creativity and will contribute to the development of the economy and the country in general. . The study wishes to contribute to pointing out the current situation and solutions to the above problem in Vietnam.*

**Keywords:** *Intellectual property; Protection of intellectual property rights; Trademark protection by administrative measures.*

### 1. Introduction

Protection of intellectual property rights and trademarks has a significant impact on socio-economic development in Vietnam. First, a legal corridor is created for individuals and organizations to trade goods in the market. Second, it promotes healthy competition among economic participants who want to improve their reputation and quality. They plan a brand protection strategy to deal with unfair competition from others. The protection of intellectual property rights and trademarks also creates opportunities for investment and development, especially foreign investment. In addition, it promotes Vietnam's international economic integration process through international economic activities, including FTAs, bilateral cooperation, multilateral cooperation, etc. Vietnam will have a significant position and prestige in the international arena. Researches about this problem are substantially meaningful for the socio-economic development of Vietnam in the context of extensive international integration.

### 2. Methodology

#### 2.1. Data

The data used in this study were obtained from research on the protection of intellectual property rights for trademarks by administrative measures in the domestic and international areas, etc.

#### 2.2. Literature Review

The literature review chooses from an array of strategies and procedures for identifying, recording, understanding, meaning-making, and transmitting information pertinent to the topic. Then, the author synthesizes and creates a complete theoretical system on the protection of intellectual property rights for trademarks by administrative measures in Vietnam.

#### 2.3. Statistics, analysis, synthesis

These methods are used to determine the evolution of different approaches about trademarks protection. Then, the author suggests an effective solution system with specific examples and a theoretical framework to complete the law.

#### 2.4. Others

In this study, method comparison is used in particular cases. It is necessary to analyze and interpret the similarities and differences between the law of Vietnam and several countries; between Vietnamese law and international treaties.

Besides, the study also uses the historical method to analyze the legal regulations of Vietnam in different periods, on that basis, to see the advantages and disadvantages.

The statistical method is used to clarify the legal status of the protection of intellectual property rights for trademarks.

The case study method is used in several typical cases, then the author analyzes and interprets to suggest some recommendations to improve the law.

### **3. Definitions and Research scope**

#### **3.1. Definitions**

- *Intellectual Property*: Intellectual property is a basic right to intellectual property created through a mechanism to encourage intellectual creativity for the development of humanity. There are three fundamental rights including copyright and related rights, industrial property rights, plant variety rights.[1] First, Copyright (including related rights) is a fundamental right to the creation and ownership of human intelligence such as rights to performances, sound recordings, video recordings, broadcasts, encrypted program-carrying satellite signals.[1] Second, industrial property right is a basic right to inventions, layouts, semiconductor integrated circuit designs, trademarks, brands, geographical indications, business secrets, unfair competitions. Third, plant variety right is a fundamental right to to create, discover, develop and own new plant varieties. [1]

Based on the fundamental rights of intellectual property, the research focuses on trademarks within the scope of the study. In general, intellectual property rights to trademarks is a right of the owners recognized by law. These are signs consisting of letters, words, drawings, images, including holograms or a combination of them all, represented by one or more colors, etc. These signs are used to distinguish the goods and services of a enterprise from those of its competitors.

- *Protection of intellectual property rights to trademarks*: Protection of intellectual property rights to trademarks is the use of trademark law through civil measures, administrative measures, criminal measures, control measures (for exported or imported goods through the border). The purpose is to prevent infringements and protect intellectual property rights for legal trademarks that have been recognized and protected by the state.

#### **3.2. Research scope**

There are many different methods in the protection of intellectual property rights to trademarks. Usually, they are administrative measures, criminal measures, administrative measures, border control measures. In the research, the author only focuses on the legal regulations of the protection of intellectual property rights to trademarks by administrative measures.

### **4. Status in Vietnam**

#### **4.1. Legal regulations of protection of intellectual property rights to trademarks by administrative measures.**

Administrative measures are preferred as mainstream measures in Vietnam. Subjects using this include Vietnamese government agencies and trademark owners. However, there are still many limitations in the practical application, including handling violations and ensuring the rights of the infringed subject.

In current regulations in the law:

About conditions for applying administrative measures to handle violations, article 211 of the Law on Intellectual Property provides: (i) Infringing upon intellectual property rights causes damage to authors, owners, consumers, or to society; (ii) Producing, importing, transporting, or trading in intellectual property counterfeit goods (specified in Article 213 of this Law) or assigning others to commit violations; (iii) Producing, importing, transporting, trading, possessing stamps, labels or other articles bearing counterfeit trademarks or geographical indications or handing them over to others to commit violations [3].

Administrative measures are applied in the following conditions:

- *Trademark infringement:*

As analyzed, an act is considered trademark infringement when it satisfies the following signs:

As analyzed, an action is considered trademark infringement when the following signs are satisfied: (i) the user chooses a protected trademark; (ii) the user is not the owner of the trademark right or is licensed by the owner; the user does not fall into the cases specified in the intellectual property rights; (iii) the user selects a trademark that is the same or similar to a protected trademark. Trademark infringements are specified in Clause 1, Article 129 of the Intellectual Property Law and are specified in Article 11 of Decree No. 99/2013/ND-CP.

- *On the territory of Vietnam:*

Trademark infringement occurring in Vietnam or on the internet but is aimed at consumers in Vietnam.

- *Trademark infringement causes damage to owners, consumers, or society:*

According to the provisions of Article 211 of the Intellectual Property Law, administrative measures are applied to handle acts of trademark infringement when the infringement causes damage to the owner, consumers, or society.

When requesting the handling of trademark infringement, the owners (individual or organization) who suffers the damage must specify the nature and extent of the violation in the application for handling the infringement and provide relevant documents and evidence. [18, Article 22].

- *Trademark infringement is not within the scope of criminal prosecution:*

According to Article 11 of Decree 99/2013/ND-CP, trademark infringement is only subject to administrative measures when it satisfies two conditions: (i) For business purposes; (ii) the value of infringing goods or services is at least 3,000,000 dongs (three million). If both of the above conditions are not satisfied, this act is not considered trademark infringement. So, no administrative measures will be applied to handle it. It is troublesome to deal with trademark infringement in the current context, especially in the internet business.

#### 4.2. *Enforcement of intellectual property rights to trademarks by administrative measures*

After 15 years, since the 2005 Intellectual Property Law, administrative measures have been adjusted but have not brought great results. According to data from 2006-2011 and recent years, the number of trademark infringement cases that occurred is far different from the administrative penalties that have been implemented.

According to a report by the Inspectorate of the Ministry of Science and Technology, from July 2006 to October 2011, Science and Technology Inspectors in 63 provinces and cities handled 1,561 cases of trademark infringement/forgery with 9,021,421,000 dongs (total amount of penalty);

**Table 1: Number of administrative sanctions on industrial property (2007 – 2012)**

Year	2007	2008	2009	2010	2011	2012
Total cases	3.257	2.855	1.905	1.904	1.711	1.164
Industrial Design	394	447	212	215	107	38
Brand	2.833	2.386	1.654	1.632	1.561	1.083
Invent	18	3	7	0	4	10
Geographical Indication	3	7	26	46	39	33
Unfair competition	6	5	6	11	-	-
Total amount of penalty (million VND)	5.514	8.692	7.744	5.115	9.314	4.002

*Source: Department of Intellectual Property*

As shown in Table 1, the majority of industrial property infringement cases involve trademarks.

According to the report of Program 68, in 2014, the Inspectorate of Science and Technology sector received and processed 155 petitions for handling infringement of industrial property rights; inspected and handled 113 cases and refused to handle 11 cases because of the lack of evidence and documents; recognized the agreement of the parties in 26 cases, issued a warning in 10 cases, fined 66 cases with a fine of 2.1 billion dongs,

destroyed infringing goods; issued a decision to sanction administrative violations against 42 organizations infringing on industrial property rights (trademark infringement, counterfeit trademark, and unfair competition); confiscated and destroyed hundreds of fake fashion products (clothes, shoes, bags, belts...) with the brands of “Hermès”, “Harley”, “Escada”, “PLUS”; removed tens of thousands of products (pharmaceuticals, functional foods, cosmetics, confectionery, beverages, roller shutters) that violated industrial property rights or violated unfair competition; destroyed tens of thousands of boxes and labels in violation.

Market management agencies at all levels have examined and handled 17,396 cases of counterfeit and poor quality goods; fined violators (57.6 billion dongs), handled counterfeit goods of intellectual property (35.9 billion dongs). Infringing items are handled: Alcohol 33,170 product units; beer 4,087 product units; MSG 30,09 kg, 9,836 packages; beverage 37,352 bottles; confectionery 5,296 kg, 103,923 boxes; milk 12,535 cans; food 53,778 boxes, 109,434 kg; instant noodles 24,601 packages; motorcycle spare parts 19,327 product units; auto parts 6,115 product units; Helmets 19,775 pieces; fabric, clothing 64,007 product units; cosmetics 439,390 product units; fertilizer 25,149 kg; pesticides 1,552 product units.

**Table 2: Number of administrative sanction for trademark infringement (2012 - 2014)**

Year	Warning	Punishment	Total fines	Additional remedies/penalties
2012	0	17	227.550.000 dongs	- Remove the offending element;
2013	3	16	393.500.000 dongs	- Confiscation and destruction;
2014	2	28	647.800.000 dongs	- Suspension of business activities

*Source: Inspector of Ministry of Science and Technology*

Based on statistics, there are three measures (civil, administrative, and criminal measures). The administrative measures are popular in Vietnam because of their advantages (simple, fast, and suitable with the requirements of the trademark owner). Even so, it not only prevents but also prevents because of punishments for infringement of rights.

However, the status of handling trademark infringement is still limited. Specifically, trademark infringements tend to increase and become more complicated while consumers have difficulty distinguishing between real and fake products. State agencies are not capable of handling all violations in the protection of intellectual property rights. The reason is that violations (method of production, import, marketing, trading of counterfeit products) are becoming more sophisticated, organized, inter-regional, and diverse, so it is difficult for management agencies to detect and handle. The Inspectorate of the Ministry of Science and Technology is also under significant pressure on cases of infringement of intellectual property rights. State agencies, including market management and police, cannot handle all violations such as infringement of patents, domain names, business names, and the network environment (INTERNET).

In the manner of infringement, recent years have witnessed the trend of violations from marketing and distribution (traditional methods) to e-commerce forms (online methods, websites, especially social networking sites Facebook, Zalo). Violations on the internet are “no borders, no geographical barriers”. Therefore, it is difficult for the contingent of civil servants and inspectors to detect and handle violations. It requires an increase in the quantity and quality of management human resources. In addition, it is necessary to have cross-sectoral coordination from central to local management agencies.

In 2018, the Ministry Inspectorate inspected and handled 40 industrial property violations; the total amount is 366.2 million dongs. In 9 months of 2019, the number of applications the Inspectorate of the Ministry of Science and Technology has received is more than 90 applications (72 applications for handling violations of industrial property resolved - double the number of applications last year). The Ministry Inspectorate also carried out 46 inspections, sanctioned 20 administrative measures with a total fine of 730.4 million dongs.

The Ministry of Science and Technology (including the Ministry Inspectorate) analysts and suggests the Government, the National Assembly, and other agencies. The recommendations are about amending and supplementing legal mechanisms and policies; effective solutions in intellectual property rights. The Ministry

Inspectorate is one of the agencies involved in advising the Ministry to submit to the Government to adopt the Intellectual Property Strategy to 2030. In March 2019, the Inspectorate of the Ministry, which is the lead agency, submitted to the Minister of Science and Technology to sign the cooperation program to prevent intellectual property rights infringement phase III (2019-2023). Other ministries and agencies continue to sign and forward it to the locality.

In addition, there are some orientations to improve the effectiveness of intellectual property rights protection activities in the Intellectual Property Strategy to 2030. The author points out some solutions recognized in the Strategy on Intellectual Property.

- Regularly evaluate the effectiveness and appropriateness of measures to protect intellectual property rights. This solution aims to ensure the administrative nature of intellectual property rights and gradually eliminate the administrative status of administrative relations on intellectual property;

- Study the establishment of a specialized court on intellectual property; develop human resources for judges (specializing in adjudicating intellectual property cases);

- Encourage the resolution of intellectual property disputes by arbitration; promote and strengthen conciliation of intellectual property disputes;

- Expand socialization along with improving the quality of legal assistance activities on intellectual property; supplement and improve the team of judicial assessors on intellectual property; encourage participation in the supply and quality control of professional assessment services upon request; provide legal consulting services on intellectual property rights.

From working practice and strategic orientation, cooperation between management agencies (from central to local) is necessary for implementing tasks on intellectual property rights in Vietnam. The collaboration also brings the collective strength of the whole force. Therefore, at this forum, the author proposes that we overcome challenges and difficulties together.

Local authorities must focus on resources (budget, human resources), time, training programs. The government invests in human resources (improvement of expertise, professional guidance, especially management). pointing hands in specific cases). Governments and localities should regularly update cross-sectoral information. Specifically, in 2018 and 2019, there were many cooperations between the Ministry and the Local Department of Science and Technology. Inspectors of the Ministry of Science and Technology have improved their expertise and learned many practical lessons.

The author proposes an annual training program for inspectors of the Ministry of Science and Technology. The cost of the course will be taken from the state budget. Organized conferences will remove difficulties and obstacles that localities are facing. The cost for this activity is taken from the Department of Science and Technology of cities while the Government only provides professional supports.

## **5. Causes**

First, public awareness of intellectual property rights (including industrial property rights for trademarks) is still limited. The majority of Vietnamese people do not have enough knowledge capital. A part of consumers accepted prizes because they like cheap "branded products". This demand has created conditions for businesses to produce counterfeit goods. Most intellectual property rights holders are not interested in protecting their rights. For instance, a few enterprises have a department in charge of intellectual property. Others are not conscious of detecting and preventing counterfeiting of their products. Some businesses have not actively coordinated with the authorities in inspection and control.

Second, Judicial activities are inefficient, leading to infringement of intellectual property rights is mainly solved by administrative measures. Judicial activities are inefficient, leading to infringement of intellectual property rights is mainly solved by administrative measures. According to court statistics, from 2006 to 2013, the court has resolved approximately 200 cases of intellectual property (including civil, administrative, and criminal - only 1% of total cases).



Third, the administrative measure cannot become the primary measure because it is not sufficiently deterrent for serious violations. Because Intellectual property belongs to civil rights, an individual infringing on intellectual property rights is infringing on civil rights. Much intellectual property has a value many times greater than fixed assets such as houses, cars...

Next, administrative measures have not yet ensured the interests of intellectual property rights holders. These are applied to manage social order and protect the interests of society. Therefore, individuals who have infringed intellectual property rights may not be able to fulfill their obligations to compensate for damages.

In many cases, the deterrent effect of administrative measures is not high because sanctions are mild. For example, the amount of fines is much lower than the benefits from infringement of intellectual property rights. Many organizations and individuals continue to violate after being handled for administrative violations.

Finally, officials' capacity is still limited. Most of them are not fully equipped with the basic and necessary knowledge about intellectual property. They also do not have enough professional qualifications, skills, and practical skills to handle cases.

## **6. Solutions**

- Complete the legal regulations consisting of trademarks, intellectual property, administrative measures.
- Improve coordination between law enforcement and trademark owners, especially courts and businesses. Organizations should pay attention to their brand management. If they discover their trademark infringements, they will monitor and provide information to state regulators. The advice is that businesses must actively support and avoid passively waiting for the court to resolve.

- Provide information on intellectual property, assess the role of intellectual property in the perception of society. This solution will raise people's awareness about intellectual property protection in general and trademark in particular.

- Improve the efficiency of intellectual property management agencies; strengthen coordination between state intellectual property agencies such as courts, specialized inspectors, market managers, police, customs, people's committees, etc. (establish a close mechanism between organizations together).

- Develop the quantity and quality of human resources in the intellectual property industry. The officials are not enough to handle the requirements of residences. Most state employees are not fully equipped necessary knowledge. Therefore, training programs are essential and professional manuals are constantly updated.

- Invest in facilities, means, and techniques. Computer systems, data, vehicles, inspection equipment, cameras, camcorders... are very important to serve the investigation and handling of intellectual property infringement. It is necessary for the intellectual property agency to have the budget and means and equipment. Expenses include seizure and destruction of counterfeit goods, intellectual property infringing goods... Besides, managers develop appropriate reward policies to encourage talents.

## **Conclusion**

In the context of global competition, intellectual property rights have become a top concern in international economic relations. Since Vietnam became an official member of the world trade organization (WTO) and signed many new-generation free agreements, the government has been paying more and more attention to the intellectual property rights, trading fake products.

Trademark infringement in Vietnam is common and increasingly complex, while the measures have not been effective. There are several causes: (i) incomplete legal provisions on the intellectual property leading to many problems in the application of the law; (ii) Trademark infringement is common, increasingly complex, and serious; (iii) Some enterprises depend only on state agencies; (iv) State agencies have limited capacity and force; lack of means, equipment, and funds; (v) Judicial measures are administrative only.

There are some solutions: (i) Complete legal regulations; (ii) regulate administrative measures for trademark intellectual property rights.

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