KENFOX
IP & LAW OFFICE
Address: Building No. 6, Lane 12/93, Chinh Kinh Street, Nhan Chinh Ward, Thanh Xuan District, Hanoi, Vietnam
T: (84) 24 3724 5656
F: (84) 24 3724 5885
E: info@kenfoxlaw.com
www.kenfoxlaw.com

INCENTIVES FOR PATENT FILING FOR FOREIGNERS IN VIETNAM

THANH Nguyen Ngoc | Partner
nnt@kenfoxlaw.com

In a common sense, "*incentives for patent filing*" may be construed as:

(i) privileges under the governmental-level policy adopted to encourage/stimulate or attract applicants, especially foreign applicants, to file their patent applications in Vietnam; and/or
(ii) supports or advantages which the competent authority gives to the applicants for the same purposes, among other things.

1. Privileges

At present, certain privileges have been applicable to some characteristic types of enterprises, *i.e. entrepreneurs and startup businesses working or operating at Vietnam National Innovation Center, and science and technology enterprises (which are founded and operated under Vietnamese law provisions and perform production, business and provide services by using the scientific and technological achievements)*. These privileges are mainly related to procedures for establishing industrial property rights *(e.g. application procedures to be shortened upon request)*.

2. Supports or advantages

2.1. Under prevailing regulations

At this current stage, Vietnamese laws or sub-documents do not explicitly or implicitly provide for an incentive for foreigners to file their patent applications in Vietnam. However, in order to support applicants and encourage patent filing in Vietnam, the related competent authority may issue advantageous policies or regulations for applicants from time to time.

Specifically, the Ministry of Finance of Vietnam has recently issued Circular No. 112/2020/TT-BTC ("**Circular 112**") in relation to the fee reduction for several industrial property items in the context of the Covid-19 pandemic. Circular 112 takes effect as from 1 January 2021 to the end of 30 June 2021. Under Circular 112, the payable fees for several industrial property items have been reduced by 50% of the rates prescribed. Specifically, the fee reduction applies to the following industrial property items:

- Fee for filing application,
- Fee for extension of time,
- Fee for granting of patent/certificate,
- Fee for granting certificate of registration of industrial property license agreement, and
- Fee for annuity, renewal, cancellation, invalidation of patent/certificate.

Pursuant to the above regulations, applicants in Vietnam have benefited from a reduction in some official fees for IP related matters, including patent matters.

Additionally, in case of any force majeure event or objective obstacle suffered by applicants resulting in their failure to, such as, timely submit documents or request for substantive examination, the IP Office of Vietnam may consider still approving it for the sake of applicants.

On the part of our firm, if your clients are on a tight budget or are experiencing financial difficulties, we may consider offering them certain reasonable discounts on our attorney fees as our own "incentives" vested in our mutual clients.

2.2. Under newly released Draft IP Law

Vietnam entered two significant international trade deals in 2018-2019 that require, among other things, a higher standard of intellectual property protection in Vietnam. The first is the Comprehensive and Progressive Trans-Pacific Partnership Agreement ("**CPTPP**"), which was signed in March 2018 and took effect on 14 January 2019. The second is the EU-Vietnam Free Trade Agreement ("**EVFTA**"), which was signed in June 2019 and entered into force on 1 August 2020.

On 15 November 2020, Vietnam signed the Regional Comprehensive Economic Partnership ("**RCEP**"). On 29 December 2020, the UK and Vietnam signed the UK Vietnam free trade agreement ("**UKVFTA**") which entered into force on 1 January 2021.

As a result of the recent signing of the above-mentioned major trade pacts (including EVFTA, CPTPP, RCEP and UKVFTA), Vietnam issued another draft amendment to its IP Law in 2020 although its IP Law was just amended and approved in 2019. The 2020 draft Law is expected to introduce progressive and comprehensive changes in 80 articles (including 13 new articles) across 14 chapters of Vietnam's current IP Law and may come into effect in 2022. In the patent sector, significant changes have been proposed in the draft Law.

Under the draft Law, the following advantages shall be applicable to an applicant/a patentee:

- For pharmaceutical products and agricultural chemical products, secret data in applications submitted to the competent body shall be protected against any subsequent applicants; and
- A patentee shall be exempted from the fee for use of the invention for the period in which the procedure for the initial registration of a pharmaceutical product manufactured under the patent in Vietnam has been delayed; or
- A holder of an invalidity patent shall be entitled to request a fee from the organization or individual who had used the invention for a period corresponding to the period in which the first-time registration procedure at the competent pharmaceutical marketing approval body for pharmaceutical products manufactured under the patent has been delayed.

In detail, some of the noteworthy articles under the draft Law are as follows:

(1) New articles for protection of agrochemicals testing data, and information ensuring patent holders can exercise their rights in drug registration procedures

The text underlying the proposed legislation is provided below:

- *[For pharmaceutical products, from the time of submission of secret data in applications to the competent body stipulated in clause 1 of this article to the end of a five-year period as from the date the applicant is granted a licence, such body must not grant licences to any subsequent applicants in whose*

applications the said secret data is used without the consent of submitters of such data, except for the cases stipulated in clause 3(d) of article 125 of this Law.

- *In case a pharmaceutical marketing approval body allows a later-filed applicant to base on previously approved pharmaceutical product or data concerning the safety and efficacy of a pharmaceutical product to seek a marketing approval for another pharmaceutical product, such body must publish information on the later-filed application in its electric portal within 05 months before the later-filed pharmaceutical product is approved.*

- *For agricultural chemical products, from the time of submission of secret data in applications to the competent body stipulated in clause 1 of this article to the end of a ten-year period as from the date the applicant is granted a licence, such body shall not grant a licence to a later-filed applicant if the application has used the above secret data or based on the person submitted the above secret data granted a licence without the consent of submitters of such data, except for the cases stipulated in clause 3(d) of article 125 of this Law, or the grant of license is necessary to secure security and nutrition for the people or other urgent social needs].*

(2) New article on compensation for patent holders due to delay in granting approval for circulation of pharmaceutical products

The draft Law proposes 2 options for compensating patent holders due to delay in granting approval for circulation of pharmaceutical products

Option 1:

[Article 131.a. Compensation to patent owners for delays in marketing authorization of pharmaceutical products.

1. When executing procedures for maintaining patent validity, a patentee does not have to pay fee for use of the invention for the period in which the procedure for the initial registration of a pharmaceutical product manufactured under the patent in Vietnam has been delayed.
2. The procedure for registration of pharmaceutical products is considered delayed if, after 24 months from the date of receipt of a complete application for registration, the pharmaceutical marketing approval body does not give a first-time written response to the application without justifiable reason. The delay period is calculated from the first day after the end of 24 months from the date the competent pharmaceutical marketing approval body receives the complete dossier until the first written response is issued.
3. Where the patent holder has paid the usage fee for the period considered late, the fee paid will be deducted from the next maintenance period or refunded.
4. In order to not have to pay the fee for using a protection title when carrying out the procedures for maintaining validity specified in Clause 1, within 12 months from the date on which the pharmaceutical product is approved for circulation, the patent holder shall submit to the industrial property rights establishment agency a document from the competent pharmaceutical marketing approval body certifying that the procedure for registration of such pharmaceuticals is delayed].

Option 2:

[Article 131.a. Compensation to patent owners for delays in marketing authorization of pharmaceutical products.
1. After the expiration of an invention patent, the holder of such invalidity patent has the right to request a fee from the organization or individual who had used the invention for a period corresponding to the period in which the first-time registration procedure at the competent pharmaceutical marketing

approval body for pharmaceutical products manufactured under the patent has been delayed. The amount to be paid is equivalent to the compensation price prescribed by law for the case where the right to use the invention must be transferred under a compulsory license decision within the respective use scope and duration.
2. The procedure for registration of pharmaceutical products is considered delayed if, after 24 months from the date of receipt of a complete application for registration, the pharmaceutical marketing approval body does not give a first-time written response to the application without justifiable reason.
3. The period during which the patent holder enjoys the rights specified in Clause 1 of this Article is counted from the day following the expiration date of the patent to the end of the corresponding period for which the registration procedure at the marketing approval body is delayed, but not more than 2 years.
4. The delay period is counted from the first day after the end of 24 months from the date the competent marketing approval body receives the complete dossier until such body gives the first response.
5. In order to be certified as having the right to request payment from organizations and individuals as prescribed in Clause 1, within 12 months from the date on which the pharmaceutical product is licensed for circulation, the patent holder must submit to the industrial property rights establishment agency the document issued by the competent marketing approval body which states that the procedure for registration of that pharmaceutical product has been delayed].

The draft Law has been made available for public consultation on the website of Vietnam's Ministry of Science and Technology. Although these changes have not yet taken effect, IP practitioners and patentees interested in patent protection in Vietnam are extremely excited about these unprecedented changes. The aforementioned patent amendments are deemed to be a significant incentive for patent applicants/patentees, given that the majority of patent applications filed in Vietnam are by foreign entities.