

Cease & Desist Letter in IPR Dispute and Infringement handling in Vietnam –

What should be noted?

Cease & Desist Letter (C&D Letter) on infringement of intellectual property rights (IPR) is considered a "soft" measure that is flexibly used by various rights holders to cope with alleged IPR infringements. In some cases, sending a C&D Letter instead of requesting intervention from the Vietnamese enforcement authorities seems to be effective as the infringement is immediately terminated. But all this may still be just the top of the iceberg. Sending a C&D Letter to the alleged infringer can sometimes put the right holder into unforeseen difficulties. From the perspective of the party that is alleged to be infringing on IP rights, failure to understand the provisions and protection mechanisms of IP Law may lead to the acceptance of requests from the IP rights holders set out in the C&D Letter and deprive them of legitimate rights and interests that they should not have given up.

What is a C&D Letter?

C&D Letter is a document issued by an IPR holder to provide information and data on IP rights, analysis and assessment of IPR infringement, evidence of an alleged infringement or evidence of a infringement, and request the suspected infringing party to, among other things, cease the infringement without recourse to the enforcement agency.

Is it mandatory to send a C&D Letter to resolve IPR disputes in Vietnam?

Previously, according to Vietnam's IP Law of 2005, serving an alleged infringer with a C&D Letter was a must-take action before petitioning the enforcement agency to handle an IPR infringement. Specifically, in order for a petition for handling acts of IPR infringement to be accepted, the rights holder must prove that he has **(i) "notified in writing that an alleged infringer cease the IPR infringement"** and **(ii) the suspected infringer "does not stop such infringement"**. In the petition for handling IPR infringement, under Article 23 of Decree 105/2006/ND-CP, in addition to other documents, the rights holder must provide *"a copy of the notice issued by the IPR holder to the infringer, which has set a reasonable time limit for the infringer to stop the infringing act and evidence that the infringer did not stop the infringement."*

The requirement to send a C&D Letter to an alleged infringer was strongly criticized by the IPR holder who assumed that this provision was not included in the Ordinance on Handling Administrative Violations of Vietnam 2002, revised 2008.

Accordingly, the Intellectual Property Law revised in 2009, which took effect on 01 January 2010, eliminated the requirement that the rights holder issue a "notice" or "C&D Letter" to the suspected infringer. This means that "sending a notice" or "sending a C&D Letter" to a suspected infringer is no longer required prior to filing an IPR infringement petition with the Vietnamese enforcement body as of January 1, 2010.

What should be noted when sending a C&D Letter from the perspective of the IPR holder?

In Vietnam, despite sending a "C&D Letter" is no longer required, it is nevertheless routinely used to resolve disputes and infringements of intellectual property rights. This measure aids in understanding and evaluate the response of a suspected infringer to an IPR holder's allegation of infringement. If a dispute or infringement is addressed through the submission of a C&D Letter, it is evident that this process saves significantly more time and money than administrative and/or civil IP infringement proceedings.

Alarming to infringing party: However, C&D Letters can be a two-edged swords. In many cases, sending a C&D Letter by the rights holder serves as a prior warning. The alleged infringer understands that its infringing acts are being monitored and is therefore proactively seeking preventive measures which will make IPR infringement monitoring and handling more difficult and complicated if the rights holder decides to submit the case to an administrative enforcement agency or court to handle IPR infringement.

The risk of being considered an abuse of IP rights: Many rights holders believe that if the arguments in the C&D Letter are not strong enough, such C&D Letter will not be effective in that the alleged infringer will ignore the C&D Letter and continue the infringement because he/she believe that the rights holder sent the C&D Letter in an attempt to intimidate and not to take any legal action. In this C&D Letter, this way of thinking has prompted many IPR holders to opt to charge a fee to the suspected infringer in exchange for halting legal proceedings against the infringer. Many IPR holders regard this as a strategy to enhance pressure to force the infringer to comply with the requirements set out in the C&D Letter.

Requesting an alleged infringer to pay a fee in the C&D Letter may expose the rights holder to potential legal risks. If the suspected infringer proves that the elements constituting the act of infringing IP rights are not satisfied and claims compensation 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 may be considered “**abuse of IPR protection procedures**” and 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**”.

Article 198 of the IP Law 2019:

Article 198. Right to self-defense

5. In case an organization or individual **abuses** the procedures for intellectual property protection and thus **causes damage** to another organization or individual, **the organization and individual suffering damage** is entitled to request the Court to force the abuser to **pay damages, including reasonable costs of hiring a lawyer**. Acts of abusing intellectual property rights protection procedures include **acts of intentionally exceeding the scope or objective** of this procedure.

No specific and detailed provisions on the act of “*abusing IPR rights*” have been provided in the IP Law of Vietnam and its sub-law documents. However, preventing the abuse of IPR rights by right holders is also one of the principles in developing and amending laws that CPTPP members must comply with, including Vietnam. Clause 15, Article 18.74 on “**Civil and Administrative Procedures and Remedies**”, the CPTPP Agreement provides that:

Article 18.74: Civil and Administrative Procedures and Remedies

15. Each Party shall ensure that its **judicial authorities** have the authority to order a party at whose request measures were taken and that has **abused enforcement procedures with regard to intellectual property rights**, including trademarks, geographical indications, patents, copyright and related rights and industrial designs, to provide to a party wrongfully enjoined or restrained **adequate compensation** for the injury suffered **because of that abuse**. The judicial authorities shall also have the authority to order the applicant to pay the defendant expenses, which may include appropriate attorney’s fees.

Ignoring or disrespecting IP rights by the suspected infringer: An initial act of infringement can might escalate to a bigger degree if it is not stopped swiftly and decisively. Using “soft” actions (just sending the C&D Letter) can give the impression to the infringer that the right holder only threatened but did not actually pursue legal action.

It is necessary to investigate, collate information, evaluate the infringement scale before deciding whether to send a C&D Letter: Experts in dispute resolution and IP infringement believe that a C&D Letter should only be sent out after a comprehensive investigation into the scale and extent of the infringement and should not apply to all cases or acts of IPR infringement.

What should be noted when receiving a C&D Letter from the perspective of the party accused of IPR infringement?

C&D Letters are not sent randomly or accidentally when you are conducting production and business activities. The primary objective of the IPR holder in issuing a C&D Letter is to convince you that your conduct infringes on their IP rights and, consequently, to request that you cease the alleged infringement of IP rights.

The C&D Letter is the initial formal communication from the rights holder to the alleged infringer, although it is not a legally binding document for the parties concerned. In essence, the C&D Letter conveys the rights holder’s perspective and a unilateral request regarding a certain IP object. When you receive a C&D Letter, you must carefully evaluate the documents and the rights holder’s requests, make multidimensional analyses and judgements, and determine the most appropriate response actions.

- (i) *Legal basis, documents proving the IPR rights of the rights holder, the term of protection of the IPR, noting that the IPR subject matters have different grounds for arising and establishing different rights, forms, conditions must be met to be protected;*
- (ii) *Analysis and comparisons on the similarity/resemblance between the protected subject matters and the alleged infringing element used on the products/services and legal bases to make such analysis, assessment and judgment;*
- (iii) *Legitimacy of requests from IPR holders;*
- (iv) *Exceptions that do not infringe IP rights;*
- (v) *Arguments and documents to prove the differences between the protected subject matters and the alleged infringing element to refute the allegation of IPR infringement from the IPR holder;*
- (vi) *Attacking the validity of a Protection Title according to the termination or invalidation procedure if there is an appropriate legal basis.*

In addition, note that even in cases where an IPR holder has provided a copy of the assessment conclusion from Vietnamese competent authority (e.g. Vietnam Intellectual Property Research Institute ("[VIPRI](#)") or Examination Center of Copyrights and Related Rights ("[ECCR](#)"), this does not automatically result in the final conclusion that your conduct has infringed another's IPR. Notably, the assessment conclusions merely serve as expert opinions from a third party for the enforcement agency (*Market management, police, customs, courts, etc.*) to refer to when determining whether the elements constituting the act of infringing upon another's IPR have been met or not. The written assessment conclusions by VIPRI and ECCR only give views on "**infringing elements**" and are incapable of concluding "**infringement**". Thus, a sign/object can be considered an "*infringing element*", but whether its use of that element/object can be regarded an "*infringement*" is an entirely separate matter.

Conclusion

In any case, it is critical to immediately contact IP experts or IP service providers with extensive practical experience in this industry. KENFOX IP & Law Office with substantial industry experience. KENFOX IP & Law Office, with experience in handling complex IP rights infringement cases, has been handling various IPR disputes and infringement under administrative, civil, and criminal proceedings and guarantees to deliver optimal solutions, regardless of whether you are the owner of IP rights or the party accused of infringing IP rights.

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