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THE SECOND SESSION OF LEGISLATURE XIV CONCLUDED

The second session of Legislature XIV of the Vietnamese National Assembly (NA) concluded on November 23, 2016 after more than 01 month of agenda. In this session, the NA adopted 03 laws, namely (i) the Law on Belief and Religion, (ii) the Law on Property Auction and (iii) the Law on revisions and supplements to Article 6 and Appendix 4 on the list of conditional investment and business lines in the Law on Investment, approved 11 resolutions, and gave opinions on 14 other draft laws.

Also of note, 07 following laws came into effect as of January 01, 2017, including:

1. Law on revisions and supplements to Article 6 and Appendix 4 on the list of conditional investment and business lines in the Law on Investment;
2. Law on Accounting adopted in 2015;
3. Law on Fees and Charges adopted in 2015 (with adjustment in terms of the field of industrial property is stipulated in Circular 263/2016/TT-BTC on fees and charges for industrial property and the collection, transfer, management and use thereof);
4. Civil Code adopted in 2015;
5. Law on State Budget adopted in 2015;
6. Law on Press adopted in 2016,
7. Law on Pharmaceuticals adopted in 2016.

STATISTICS: NUMBERS OF APPLICATIONS FILED WITH AND REGISTRATIONS GRANTED BY THE NOIP IN THE FIRST SIX MONTHS OF 2016

According to the statistics of National Office of Intellectual Property (“NOIP”), in first 6 months of 2016, a total of 17189 applications for registration of industrial property rights was filed with the NOIP, representing an increase of 12% over the previous year (14949 applications filed in first half of 2015). The number of registrations of patents/utility solutions, industrial designs and trademarks

granted by the NOIP in the first 6 months of 2016 was 6858, representing a decrease of 9% over the previous year (7741 registrations granted in first half of 2015).

The table below shows details of applications filed with and registrations granted by the NOIP in first 6 months of 2016:

APPLICATIONS FILED:

	Patent	Utility Solution	Industrial Design	Trade-mark	Total
1 st half of 2016	233	161	884	15911	17189
1 st half of 2015	252	114	678	13905	14949

REGISTRATIONS GRANTED:

	Patent	Utility Solution	Industrial Design	Trade-mark	Total
First half of 2016	33	51	379	6395	6858
First half of 2015	26	36	434	7245	7741

WORKSHOP ON BUILDING REGULATION FOR EXAMINATION OF PHARMACEUTICAL INVENTIONS

In the context where pharmaceutical industry is expected to be the field most affected by increasing competition as Vietnam joins the Trans-Pacific Partnership (TPP), the National Office of Intellectual Property (NOIP), in cooperation with the United Nations Conference on Trade and Development (UNCTAD), organized a Workshop on enhancement of national capacity of “Building Regulation for examination of pharmaceutical inventions”. The Workshop took place from November 1 to November 3, 2016 in Hanoi. Its main purpose is to study and discuss the principles for examination of pharmaceutical inventions under the NOIP’s current Regulation for Patent Examination in view of working out a new regulation for examination of pharmaceutical inventions which would be better in line with the level of development of the Vietnamese society and at the same time performing Vietnam’s obligations under TPP.

The Regulation for Patent Examination was first issued by the NOIP on March 31, 2010. However, due to the lack of proper and extensive preparation, a number of its provisions, especially those regarding examination of pharmaceutical inventions and new uses of substances/drugs, has been drafted cursorily, imitating severely regulations of foreign patent offices (EPO, JPO, USPTO, etc.). Such provisions are therefore not suitable for

Vietnam’s reality and difficult to be put into practice in Vietnam.

The workshop is Vietnam’s first effort in building Regulation for examination of pharmaceutical inventions in order to improve legal provisions on pharmaceutical inventions and their practical applicability to meet the TPP requirements.

THE SUPREME PEOPLE’S COURT LAUNCHED A WEBSITE OF VIETNAM’S CASE LAW



On October 19, 2016, the Supreme People’s Court (SPC) officially launched the first website of Vietnam’s case law at the address <http://anle.toaan.gov.vn>.

According to the SPC, this website is designed not only for publishing important case laws in Vietnam, but also aimed at creating a rich information channel, capable to make case law available to people nationwide and provide an interactive platform for those interested in this issue including judges, lawyers, citizens, etc... On this website, users will be updated with latest information about case law, have access to effective courts’ decisions and judgments, those which have been cancelled or replaced etc... as well as case law sources. Of particular note, users can also make comments and contributions in the "Comment" column or in the comment section available in special rubrics.

In addition to information on case laws, users can conduct search on the SPC Council of Judges, the Case Law Council, profiles of the judges and other related information.

VALUE ADDED TAX APPLIED TO TRADEMARK ROYALTIES

In response to inquiry of a number of enterprises and provincial tax authorities, on November 7, 2016, the Ministry of Finance (“MoF”) issued the Official Letter No. 15888/BTC-CST (“Official Letter 15888”) providing guidance on application of Foreign Contractor Tax (“FCT”) to income from trademark licensing. According thereto, trademark royalties shall be subject not only to FCT comprising of Corporate Income Tax (“CIT”), but also Value Added Tax (actually at 5% if the direct method is applied).

According to the practice of application of FCT in the past, foreign enterprises having income from trademark licensing in Vietnam used to pay only 10% CIT, as they reckoned to be exempted from VAT. Generally, tax authorities did not challenge such interpretation.

However, in recent years, the tax authorities have changed their policy and sought to apply TVA in addition to CIT. With the Official Letter 15888/BTC-CST the MOF has officially confirmed this position of applying both FCT and VAT (actually 5% or 10%) to trademark license income.

Letter 15888 also provides for application in the transition period. Concretely: (i) For enterprises that have already declared and paid taxes differently from the guidance in this Official Letter, no revision is required; (ii) Enterprises that have not yet declared taxes, or have declared but not yet paid taxes, are required to declare and pay in accordance with the guidance in this Official Letter.

In the view of the above, foreign individuals and organizations having licensed or intended to license their trademarks in Vietnam must pay attention to the above tax policy change in order to adjust to be in compliance with the Vietnamese regulations.

NEW LEGISLATION

CIRCULAR 263/2016/TT-BTC: NEW REGULATIONS ON COLLECTION RATES, REGIME OF COLLECTION, PAYMENT, MANAGEMENT AND USE OF INDUSTRIAL PROPERTY FEES AND CHARGES

 On November 14, 2016, the Ministry of Finance promulgated Circular No. 263/2016/TT-BTC (“Circular 263”) providing for the collection rates, regime of collection, payment, management and use of industrial property fees and charges. Circular 263 has come into full force and effect since January 01, 2017 and replaced the former Circular No. 22/2009/TT-BTC (“Circular 22”) issued on February 04, 2009.

Persons subject to application of Circular 263

Circular 263 is applicable to (i) organizations and individuals who apply for protection of industrial property rights; (ii) state management agencies in charge of industrial property right protection; (iii) other organizations and individuals involved in the collection and transfer of industrial property fees and charges.

Accordingly, since January 01, 2017, Vietnamese and foreign organizations and individuals shall, upon applying for protection of industrial property rights, pay the relevant fees and charges in accordance with the schedule of industrial property fees and charges issued under this Circular.

Main changes in regime of management and use of industrial property fees and charges

Circular 263 introduces a major adjustment in the regime of management and use of fees and charges in comparison with Circular 22. Specifically, fees’ collectors shall transfer the whole amount of collected charges and 15% of the whole amount of collected fees to the State budget. The remaining 85% of the whole amount of collected fees is retained by the fees’ collector in

order to pay the costs for performing works and services with regard to industrial property rights; whereas under Circular 22, 65% of the whole amount of collected fees and charges is transferred to the State budget and the remaining 35% retained by the fees collector. Accordingly, in the schedule of industrial property fees and charges issued under Circular 263, the regime of collecting industrial property fees and charges is considerably adjusted. In general, there is a decrease in charges but increase in fees (in terms of both lists of collection items and rates).

Changes which require attention when implementing Circular 263:

- National Office of Intellectual Property of Vietnam (“NOIP”) will proceed to publish the entire patent specification instead of the abstract and representative figures as before. Accordingly, fees for publication of patent application and granted patent will be escalated, specifically, an additional amount of VND 10,000* for publication of each additional page in excess of 6 is charged. Such fee is collected at both stages of filing and granting. However, at present, NOIP has not yet collected this fee and will issue a detailed notification later.

- Collection of formality examination fee for patent applications which equals to 20% of total application examination fee is applied. Such fee for formality examination must be paid upon filing.

- No fee is collected upon filing of the first appeal. NOIP will issue a notification of acceptance to handle the appeal in which amounts of payable fees is listed.

- Instead of a single charge for maintenance/renewal of titles as stipulated in Circular 22, according to new Circular 263, NOIP will split it into 3 kinds of fees and charges: charges for validity maintenance/renewal, fees for examination of maintenance/ renewal requests,

and fees for use of titles, resulting in remarkable increase of costs compared with the previous ones. For example, renewal fee associated with trademark certificate for the first class of goods/services, industrial design patent for the first embodiment, and 2nd annuity fee of patent for the first independent claim would jump from VND 780,000* to VND 1,200,000* and VND 300,000* to VND 800,000* respectively.

- Fees for late national entry or late request for substantive examination are not collected any more.

- Some fees previously specified in Circular 22 (such as fees for accelerated examination, request for decision on compulsory transfer, verification, request for providing information, issuing kinds of copies, duplicates, re-issues, industrial property documents, sending international application, certification of priority right, etc.) but not mentioned in the New Circular 263 will be changed to service payment policy.

- No paid fees and charges are refundable.

* Current VND/USD exchange rate: about VND22,000/1USD

CIRCULAR NO. 211/2016/TT-BTC: NEW REGULATION ON COLLECTION RATES, REGIME OF COLLECTION, PAYMENT, MANAGEMENT AND USE OF COPYRIGHT FEES

 On November 10, 2016, the Ministry of Finance issued Circular No. 211/2016/TT-BTC ("Circular 211/2016") providing for collection rates, regime of collection, payment, management and use of copyright fees. This Circular takes effect as of January 1, 2017 replacing Circular No. 29/2009/TT-BTC dated February 10, 2009 of the Ministry of Finance.

According to Circular 211/2016, the schedule of fees on registration of copyright and related rights is applied since January 1, 2017. The collection rates remain unchanged. However, the items to be collected are now considered as "FEES", but not "CHARGES" as before.

Similarly to the previous regulations, applicants applying for registration of copyright and related rights for the first time shall pay fees at the rates as specified in the prescribed schedule of fees. In case of application for re-issuance of registration certificates, applicants shall pay 50% of the rate for first issuance of the corresponding certificates.

CIRCULAR 208/2016/TT-BTC: NEW REGULATIONS ON FEES AND CHARGES FOR NATIONAL DOMAIN NAMES ".VN"



On November 10, 2016, the Ministry of Finance (MOF) issued Circular No. 208/2016/TT-BTC ("Circular No. 208") providing for the collection rates, regime of collection, payment, management and use of fees and charges for national domain names ".vn" and internet addresses (IP) of Vietnam. Circular No. 208 is effective as of January 01, 2017, replacing Circular No. 189/2010/TT-BTC dated November 24, 2010. According to Circular 208, many items of registration fees and maintenance charges of national domain names ".vn" have been adjusted down from corresponding previous fees and charges.

Regarding national domain names ".vn", concretely, the registration fee of a second-level domain name is VND 200,000/registration, down from the previous rate of VND 350,000. For third-level domain names under a common second-level domain name, registration fees have also decreased, from VND 350,000/registration to VND 200,000 in case of com.vn, net.vn, biz.vn; and from VND 200,000/registration down to VND 120,000 in case of edu.vn, gov.vn, org.vn, ac.vn, info.vn, pro.vn, health.vn, int.vn and administrative boundary-based domain name.

Concerning annual maintenance charges for national domain names ".vn", the new regulations maintain the rate of VND 40 million/year and VND 10 million/year applied to a second-level domain names consisting of one character and those consisting of two characters, respectively. For other second-level domain names, the maintenance charges have decreased from VND 480,000/year to VND 350,000/year. Meanwhile, for third-level domain names under a common second-level domain name, the annual maintenance charges have also been adjusted, from VND 350,000/year down to 250,000/year (in case of com.vn, net.vn, biz.vn); and from VND 200,000/year down to VND 150,000/year (in case of edu.vn, gov.vn, org.vn, ac.vn, info.vn, pro.vn, health.vn, int.vn and administrative boundary-based domain names). The maintenance fee for third-level domain names under a common second-level domain name "name.vn" keeps the same previous rate of VND 30.000/year. However, maintenance fee exemption for Vietnamese-language domain names prescribed under the previous regulations has been removed. Instead, under the new regulations, maintenance fee for use of Vietnamese-language domain names is VND 20.000/year.

According to Circular No. 208, Vietnam Internet Network Information Center (VNNIC), the agency under the Ministry of Information and Communication which is responsible for granting domain names ".vn" and Vietnam's IP addresses, shall be the collector of domain name registration fees and maintenance charges.

* Current VND/USD exchange rate: about VND22,000/ USD 1.

**CIRCULAR NO. 04/2016/TT-BCT:
AMENDING, SUPPLEMENTING A NUMBER OF
THE MINISTRY OF INDUSTRY AND TRADE'S
CIRCULARS ON ADMINISTRATIVE
PROCEDURES IN THE FIELDS OF E-
COMMERCE, CHEMICALS, LIQUOR
PRODUCTION AND TRADING, COMMERCIAL
FRANCHISING, GOODS PURCHASE AND SALE
VIA GOODS EXCHANGES, ENERGY, FOOD
SAFETY AND ELECTRICITY**

 On June 06, 2016, the Ministry of Industry and Trade (MOIT) issued Circular No. 04/2016/TT-BCT ("Circular No. 04") amending, supplementing a number of previous circulars of the MOIT, including, among others, Circular No. 09/2006/TT-BTM dated May 25, 2006 guiding procedure on registration of franchising activities in Vietnam. According to Circular 04, requirement as to form of some documents of a franchise registration dossier has been changed as follows:

Concerning the business registration certificate or investment certificate: in case of outbound franchise (from Vietnamese to overseas), notarization is no longer required. Instead, duplicate or certified copy or simple copy presented together with the original for comparison is acceptable.

Concerning certificate of registration of industrial property rights in Vietnam or a foreign country: notarization is no longer required. Instead, duplicate, or certified copy or simple copy presented together with the original for comparison is acceptable.

Therefore, an applicant who performs now the procedure for franchise registration can choose among the three above copy forms and no longer has to carry out notarization process. Circular No.04 is effective as of July 20, 2016. Except for the above mentioned change, all other contents of Circular No. 09/2006/TT/BTM still remain in effect.

**CIRCULAR NO. 16/TT-BTTTT:
NEW REGULATIONS ON ASSIGNMENT OF
DOMAIN NAMES**

 On June 28, 2016 the Ministry of Information and Communications ("MIC") promulgated Circular No. 16/TT-BTTTT ("Circular 16/2016") providing guidance for assignment of domain names granted without auction. Circular 16/2016 is effective as of August 15, 2016 and has the following main contents:

Condition for assignment of domain names

Pursuant to Circular 16/2016, from August 15, 2016, owners of national domain names ".vn" granted without auction shall have the right to assign them to other individuals/organizations. However, not all domain names ".vn" are allowed to be assigned. According to the Article 6,

assignment of domain names shall be suspended or cancelled in one of the following cases: (i) The parties have violated regulations on management and use of Internet resources; (ii) It is detected that the assigned domain name is pending in a dispute resolution procedure or in an administrative action due to law violation; (iii) There is a written notification by a tax authority that the parties have committed frauds or failed to fulfill tax obligations; (iv) The assignee fails to pay fees and charges for registration of the domain name in accordance with the regulations; or (v) The assignor and the assignee request in writing to withdraw the application for assignment of domain name.

Process of domain name assignment

Pursuant to the Article 3, assignment of a domain name granted without auction must be proceeded with the following steps:

Step 1: Filing the dossier for registration of assignment of domain name

The dossier for registration of assignment of a domain name may be submitted directly at or by post to the address of the Registrar that is managing the assigned domain name. It must include (i) A written document which includes assignment offer and acceptance in the prescribed form; (ii) the assignee's application for registration which includes necessary information in the prescribed form.

Upon receipt of the dossier, if the Registrar finds that the registration dossier meets all requirements, it shall approve the dossier and notify the parties about its approval in writing. In case requirements are not met, the Registrar shall reject the dossier and notify the parties of its refusal in writing. In the latter case, the notification must state the reason for refusal.

Step 2: Registration of assignment of domain names

Pursuant to the Article 5, after full payment by the parties of prescribed domain name assignment tax, the assignee may re-register the assigned domain name in his/her name with the Registrar that is managing the assigned domain name. The dossier for re-registration must include (i) the assignee's application for registration of the domain name; (ii) documents proving that the parties have made full payment of tax imposed on domain name assignment.

The Registrar then shall carry out technical procedures to transfer the right to use the domain name from the assignor to the assignee within 5 working days from the date of receipt of complete dossier and full payment of fees and charges for registration of the assigned domain name.


CASES


**THE “Elegance” TRADEMARK CASE:
THE NOIP’S CURRENT TREND OF CITING
PRIOR MARKS TO REFUSE REGISTRATION**

Recently, D&N International, on behalf of Albion Co., Ltd., Japan, (“Applicant”) has successfully overcome the NOIP’s



provisional refusal to register the ^{Elegance} trademark for goods in classes 03 and 21 (“Applied Mark”) on the ground that it is similar to the same mark for goods in classes 9, 14, 16, 18, 24, 25, & 26 (“Cited Mark”). Of note, both the Applied Mark and the Cited Mark are applied for different goods in different classes. However, the NOIP considers them as conflicting to each other.

Facts:

The Applicant filed an application for registration of the Applied Mark for goods in classes 3 & 21 in Vietnam. However, the NOIP provisionally refused to grant protection on the ground that it did not meet protection criteria stipulated in Article 74.2e of the Intellectual Property Law, as it was confusingly similar to the Cited Mark



“Elegance”, registered for goods in classes 9, 14, 16, 18, 24, 25, & 26 in the name of ELEGANCE PARIS.

Disagreeing with the NOIP’s provisional refusal, on October, 2016, the Applicant, represented by D&N International, filed a response against the refusal basing on the following arguments:

- (i) The designated goods of the Applied Mark are totally different from those bearing the Cited Mark; and
- (ii) The Applicant has acquired from the owner of the Cited Mark all trademarks



and ^{Elegance} for goods in classes 3, 18 & 21 in some countries including Vietnam. These arguments are evidenced by a relevant notarized assignment agreement of trademarks between the Applicant and the Owner of the Cited Mark and printout from WIPO’s website of information on result of

assignment of the mark .

After reviewing the arguments and supporting documents provided by the Applicant, on November 24, 2016, the NOIP issued the Notification No. 40827/SHTT-NH1 accepting D&N International arguments.

Comments:

Under the current examination trend, if an applied mark is identical to a prior trademark, this prior mark will be a bar against the registration of the later-applied mark, even though the goods/services bearing these marks are totally different. However, this examination trend is not applied for a word mark, which is just a dictionary word in a standard font. In view of this, individuals/organization should pay attention to designing a new trademark in case the mark is presented in stylized forms, to avoid overlap on idea and design so that to avoid the risks of being refused by the NOIP.

D&N INTERNATIONAL CO., LTD (D&N International)

D&N International is a Vietnam's leading firm providing professional legal services in the field of Intellectual property, investment consultancy and business law.

As a representative for a large number of reputable clients from over 50 countries, each year, D&N International settles thousands of cases relating to establishment and enforcement of IP rights, as well as provides consultancy services for various investment projects, both domestic and foreign.

With our professional and experienced lawyers, IP attorneys and associates, D&N International commit ourselves to providing our clients with high-quality services at reasonable price, helping clients enhance their business effectiveness and create competitive advantage in both their domestic and international markets.

Website: www.dnlaw.com.vn

Head Office:

Suite 2303, No. 101 Lang Ha,
Dong Da Dist., Hanoi, Vietnam
PO Box: 51 Bo Ho, Ha Noi
Tel: + (84 4) 943 5616
Fax: + (84 4) 943 5619 / 8
Email: info@dnlaw.com.vn

Representative Office in France:

18, rue des Cailles
91260 Juvisy-sur-Orge, France
Tel : + (33 1) 69 21 88 66
Fax : + (33 1) 69 21 54 59
Email : dnlaw@9online.fr

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