

15 Selected Aspects of Enforcement of Intellectual Property Rights in Japan and Vietnam

A comparative study with respect to TRIPS standards of enforcement

Viet D. Phan^(*)

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is not only the first one to combine intellectual property with trade issues. With its more or less detailed enforcement provisions, TRIPS also created a new level of international treaties concerning intellectual property. The presentation will focus on the standards of enforcement of intellectual property rights as provided for by TRIPS (principles of enforcement, civil and administrative procedures, preliminary injunctions, border measures and criminal sanctions), including their current situation, problems and issues. As examples, the system of enforcement of intellectual property rights in Japan and Vietnam will be analyzed with focus on their compliance with the TRIPS provisions. As intellectual property right enforcement was one of the most debated issues between developed and developing countries during the Uruguay Round negotiations, the impact of raising standards of enforcement of intellectual property rights on development and welfare of developing countries, as in the case of Vietnam, will also be discussed. The presentation will end with the conclusion that there is a substantial change in the situation for developing countries in the post-TRIPS era. Today's question for those countries is no longer whether to enforce intellectual property rights or not, but to find out ways to apply the TRIPS standards that best fits to their development needs.

Introduction

In order for intellectual property rights to have any teeth, right holders must be able to act against infringers rapidly, effectively and in a cost-effective manner. Enforcement is however the weak point in many countries which have adequate legislation protecting intellectual property rights on paper, but do not have the will, infrastructure or resources to help right holders enforce these rights effectively.

It was therefore important that the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) contains a relatively new element of international treaties, i.e. the provisions on enforcement of intellectual property rights, which oblige signatory countries to provide for a minimum level of enforcement procedures. These not only set out the civil, criminal and administrative procedures which states have to make available, and the powers they must grant to their judicial and other enforcement authorities, but also define certain general performance criteria that have to be respected, e.g. effectiveness of infringement actions (article 41.1) or fairness and equitableness of procedures (article 41.2).

TRIPS includes a broad range of improvements in substantial standards and procedural enforcement of intellectual property rights. These provisions present considerable institutional challenges not only for developing countries, but also for developed countries in various aspects, including their legislation, their judicial systems and their enforcement authorities.

In its report on implementation of TRIPS enforcement provisions of 16 June 1997, the International Chamber of Commerce pointed out several developed countries that are still not in compliance with the enforcement standards of TRIPS even several years after they have to do so in 1994. Among these countries are also Germany, Japan and even the USA. Especially developing countries, as in the case of Vietnam, are facing considerable difficulties even in enforcing the general legal rights. The implementation of TRIPS may cause for developing countries on the one hand many problems for their system of law enforcement in general as well as their system of intellectual property rights enforcement, which is understandably not always in compliance to such standards, and on the other hand also implications for their further social and economic development.

This paper examines, under comparative methods, the systems of enforcement of intellectual property rights in Japan and Vietnam, including administrative measures, civil remedies as well as criminal sanctions, with respect to their compliance to the TRIPS standards for the purpose of finding out proposals and ways to adapt the national enforcement system of Vietnam to TRIPS' standards while keeping in mind its interests on economic development.

(*) Attorney at Law, TRAN H. N. & ASSOCIATES, Hanoi, Doctoral Candidate Technology University of Dresden.

The Provisions of TRIPS on Enforcement of Intellectual Property

1 Overview

As already mentioned, TRIPS contains new provisions that oblige member countries to ensure the enforceability of intellectual property rights in their legal system respectively. These provisions are laid down in Part III, which itself consists of five sections extending over some 21 articles of the Agreement.

2 Civil and Administrative Procedure

Requirements to civil and administrative procedures are laid down in Section 2 of Part III of the TRIPS Agreement. The provisions of the Section elaborate in more detail basic features that have to be provided for by such procedures.

a. Fairness and Equitability

Fairness and equitability being essential principles of civil procedures are elaborated in Article 42 and require timely written notice containing details of the claims to defendants, the right of the parties to be represented by independent legal counsel, as well as avoidance of overly burdensome requirements concerning personal appearances. Furthermore, the parties shall be entitled to substantiate their claims and to present all relevant evidence, whereas confidential information must be identified and protected.

The prohibition of burdensome requirement concerning personal appearances is insofar necessary, as in certain jurisdictions only the president or chief executive may represent a legal person. Neither should personal appearances be necessary repeatedly in a given procedure. Another important rule of Article 42 is the protection of confidential information. Unless it would be contrary to existing constitutional requirements, the member countries shall define the term of "confidential information" by law and also provide for its protection during procedures, e.g. through *in camera* proceedings.

b. Evidence

As providing evidence often causes invincible obstacle for the right owner to enforce his rights in civil procedures, Article 43.1 provides a relief in this respect. According to this provision, the court may, presumed that the requesting party sufficiently substantiated his claims and identified evidence in the control of the opposing party, force the opposing party to provide the relevant evidence. This power of judicial authorities shall be provided for by law of the member countries. However, the decision is only limited to an imposition of the opposing parties to provide evidence and could not be extended to a pre-trial-discovery-order, as partly

provided for by Article 50. Although there would be the possibility to systematically refuse to apply such power by a member, such an implementation would be considered nullification or impairment, or more precisely a non-violation of benefits and hence could be invoked in accordance with Article 64.2 TRIPS.

c. Remedies

In its Articles 44 – 47, TRIPS sets out a number of remedies to be provided for in national laws of the member countries, including injunctions, damages, the right to require infringing goods or even materials and equipment used in the creation of them be disposed of outside the channels of commerce or destroyed and the right of information.

Damages are one of the most essential questions in infringement procedures. TRIPS provides for the common rule that an infringer should pay damages to compensate the right holder for injury suffered in Article 45.1. Knowledge, either actual or constructive, by the infringer is required for damages. Damages need not to be provided for in case of "innocent infringement". However, the term "adequate compensation" used in this context is not clear enough and thus fully left to national legislation. The calculation of damages remains notoriously difficult in intellectual property matters. Countries following the common law tradition allow the awarding of punitive damages, while civil law countries generally deny the necessity of such remedy and only accept compensatory damages. Although assessing damages is eased by the fact that the parties mostly settle their case after an infringement is established, calculating damages remains difficult and often time consuming. In most countries, damages will therefore be calculated either on the basis of the damages incurred, the infringer's profits or a reasonable royalty, or even determined by an ordinary licensing fee.

The other remedies as mentioned in Art. 46 TRIPS most importantly constitute the destruction of infringing goods without compensation of any sort. In that respect, Art. 46 clarifies that in case of a trade mark infringement, simply removing the infringing marks is not sufficient. Rather, such goods should be destroyed *in toto* or at least disposed of outside the channels of commerce. Not infrequently, videos are shown where huge steamrollers destroy infringing goods such as watches or video tapes.

d. Indemnification of the defendant

Legal procedures, like any other right, may be used in good faith and sometimes even abusively against innocent defendants. In such cases, particularly the latter, the defendant should be entitled to compensation of expenses and trouble caused by the plaintiff's proceedings, notably through provisional measures taken urgently on the

basis of evidence analyzed only in part and without counter-evidence. Such a right of the defendant is provided for by Article 48 TRIPS.

“Abuse” in the meanings of Article 48 need not necessarily imply demonstrable bad faith, but a serious departure from reasonable use of legal proceedings. It obviously includes a malicious use of the courts, but should be viewed more generally as a perversion of the judicial process for a purpose that does not correspond to its normal function.

e. Administrative procedure

Basically, enforcement of intellectual property rights is considered as a matter of conflict between private parties rather than as an object of public concern. That might be the reason for the TRIPS Agreement attaching far more importance to civil than to administrative measures, at least to the extent that they relate to infringement procedures. Thus, it appears that administrative procedures as provided for by Article 49 TRIPS are only additional to the civil ones. Article 49 requires that administrative authorities conform to the substance judicial procedures.

3 Provisional Measures

Article 50 empowers the judicial authorities to provide provisional relief for the right holder in order to take immediate actions against an alleged infringement. Such provisional measures are necessary to protect the interests of the right holder, as the ordinary judicial procedure may take or, to be more exactly, usually takes a long amount of time. Provisional measures have to be available in two situations: to prevent an infringement from occurring and to preserve relevant evidence in regard to the alleged infringement.

The judicial authorities must have the power to order the applicant for provisional measures to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse. Article 50 regulates the further procedures of provisional measures, and it also sets out that these provisions also apply to administrative procedures to the extent that any provisional measure can be ordered as a result of such procedures.

4 Border Measures

A key feature of the TRIPS Agreement is the obligation of members to provide for border measures to protect intellectual property rights, this is of course not only due to the fact that TRIPS has dedicated a whole section (IV) of part III to this purpose, but mostly due to growing international concerns about counterfeit goods. Thus, it is a matter of course that Article 51.1 TRIPS starts with the obligation of members to “adopt procedures to enable a right holder ... to lodge an

application in writing with competent authorities ... for the suspension by the customs authorities of the release into free circulation” of counterfeit trademark or pirated copyright goods. There is no obligation for the members to introduce such procedures for other intellectual property rights.

Although TRIPS defines the terms of “counterfeit trademark and pirated copyright goods” in the footnotes to Article 51, the implementation would not be without implications, as the definitions themselves are not comprehensive enough and also do not cover parallel importation.

According to Article 60, members are not obliged to apply the border control mechanism to “small quantities of goods of a non-commercial nature” (*de minimis* imports).

5 Criminal Procedure

According to Article 61, “members shall provide for criminal procedures and sanctions to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale.” In other cases, criminal sanctions may be provided for.

One of the debatable issues of criminal procedures may be the effectiveness of penal sanctions as deterrents. But it should be certain that the level of criminal penalties shall reflect the seriousness of the crime, in the light of penalties other crimes may cause under the national law of the member concerned, especially in proportion to penalties provided for in cases of other crimes against property.

The National System of Enforcement in Japan and Vietnam

1 Litigation and Enforcement in General

a. Japan

Japan adopted a large portion of its current legal system from Western legal systems, especially the German and the American ones. However, as the country is culturally a part of Eastern Asia, its legal implementation, hence legal enforcement is strongly influenced by Asian philosophy. It is for sure not strange for Asians to hear that “harmony shall be praised”, as declared by the first Japanese constitution some 1,350 years ago.

As provided for by the Constitution, the judicial power in Japan is vested in the Supreme Court and in subordinate courts.

The jurisdiction of the courts follows provisions of the procedural laws and the Court Organization Law. District Courts are usual courts of original jurisdiction, as Summary Courts handle

only lesser civil and criminal matters. A case is usually handled in the first instance by a single judge at a Summary Court or District Court.

Decisions of the court of first instance can be appealed by either party to the next superior court by way of a *koso* appeal. While *koso* appeals against decisions of Summary Courts go to District Courts, those against District Court's first instance decision will be handled by High Courts. Case trial in *koso* instance is considered to be continuation of that in the first instance, i.e. both facts and legal allegations are allowed.

Judgments of the *koso* instance may be opposed by way of *jokoku* appeal to the next higher courts, i.e. the High Courts in case of appeals against District Court's judgments, and the Supreme Court in case of appeals against High Court's judgments. A last chance for parties to appeal against *jokoku* judgments of High Courts offers the Special *jokoku* appeal to the Supreme Court, which is, however, only admitted in case of violation of the Constitution by the judgment concerned. There are no time limits for court procedures of any instance provided for by the CCP.

Compulsory execution of judgments can be applied for with the Marshall (Shikkokan), who is official of the District Court and has to act in accordance with the Law of Civil Execution.

b. Vietnam

Like in China, the ancient Vietnamese society was led by the spirit of Confucianism that did not consider individuals, but only the emperor as subject of rights. In today's Vietnam, civil or even private law in general seems to be very underdeveloped with respect not only to the provisions of laws, but also to the jurisprudence and consequently to the judiciary, as only since the beginning of social reforms ("Doi Moi") in about 1986 private law is gaining a more and more visible position within the Vietnamese legal system.

According to the Constitution, the Supreme People's Court and its subordinate provincial and local courts are the most important justice administering authorities in Vietnam. Although the Constitution also allows the National Assembly to establish special courts in extraordinary circumstances, this may result from the wartime experience of the country's modern history and there is no precedence for such special courts since the Constitution came into effect in 1992.

The jurisdiction of the courts follows provisions of the procedural laws and the Law on the Organization of the People's Courts. According to the Law on the Organization of the People's Courts, all three court levels will be competent for first instance proceedings in criminal as well as civil cases. Decisions of the Supreme People's Court are even in such cases final and executable upon announcement without any opportunity to appeal for the parties concerned.

As the principle of collective decision was prevailing in Vietnam for a long period, decisions of courts will always be made by "judging collegiums" which can be composed of judges and, as the case may be, also of laymen. Judges are according to the Constitution free in their decision and even not bound to previous decisions of other or higher courts. Thus, a system of precedence is still alien to the Vietnamese judicial system.

Vietnam has currently a two instance trial system with the only possibility for the parties to appeal against first instance judgments to a court of the next higher level. The cassation is a special procedure to revise an already enforceable judgment (*res judicata*) that can only be initiated by the president of the court or the procuracy of the next higher level and carried out without participation of the parties (or the accused in criminal cases), and thus cannot be considered as an instance of trial.

A trial shall be held in sequential days without intermission. The first hearing shall be summoned within 6 months from the receipt by the court of the complaint of the plaintiff, this period may, depending on the complexity of the case, be extended up to 8 months. However, there is no scarcity of procedures over 4 years or even longer.

A problematic issue of the enforcement of laws in Vietnam is the execution of civil judgments. Although legal provisions on enforcement of judgments are mostly similar to those used in other countries, the Execution Offices are in fact rather reluctant to compulsorily enforce judgments. This may be due to two circumstances. Firstly, the enforcement of judgment falls under the rubric of local governments and thus may be affected by local political interests. On the other hand, the fact that bailiffs, or "Execution Officers", are stressed to seek voluntary fulfillment from the obligor rather than to decide on compulsory execution can cause unendurable delay for the execution procedure.

2 Civil Procedure

a. Japan

Fairness and Equitableness

In Japanese civil procedures, a suit shall always be instituted by filing a written complaint with the court. The complaint shall generally be served to the defendant. Service of any change of the complaint to the defendant is also provided for by the CCP. The parties to a suit may be represented by legal counsels and there is no obligation of personal appearance, even in the case of examination of the party.

The commencement of the suit is subject to payment by the plaintiff of a court fee. The court fee shall be paid at the time the complaint is submitted. The fee is based on the value of the claim. Although the court fees of Japanese civil

procedures have sometimes been considered as high, the total civil litigation costs in Japan are rather in international average.

Keeping secrecy of confidential information might be difficult in Japanese civil procedure, as trials are public and trial's records shall be principally published and according to Article 82 of the Constitution of Japan, *in camera* trials may only be conducted in cases of imperilment to "public order or morals".

In recent years the courts of Japan made considerable progress with regard to the duration of civil proceedings. According to recent statistics of the Supreme Courts, the average period of first instance proceedings in intellectual property infringement cases at District Courts decreased from app. 31 months in 1991 to 15.6 months in 2002.

Determination of Infringement

Although following the principles of civil law systems and also defining infringing acts as those interfering with the exclusive right of the right holder, Japanese laws also contain provisions explicitly determining infringements. Article 101 of the Patent Law, for example, determines as infringement of a patent right "acts of manufacturing, assigning, leasing, importing or offering for assignment or lease of, in the course of trade, articles to be used exclusively" for the manufacture of the patented product in the case of a product patent, or for the working of the patented process in the case of a process patent.

Evidence

The Japanese civil procedures are driven by the firm principle of equality of the parties. Thus, each party to a civil suit shall principally produce evidence for its claims itself and cannot expect support from the court. Court order to produce evidence by the other party is only possible in case of documents or oral evidence. The court can only order evidence from the defendant or any other party if the plaintiff is able to specify indications, the gist and the holder of the document as well as the fact to be proved. But especially in intellectual property infringement cases, it is very difficult for the right holder to provide such precise information. Except for some relief to the burden of proof concerning damages calculation as provided for by specific laws, there is no special relief, especially on collecting evidence for intellectual property litigation.

Remedies

Possible remedies are at the first place injunctive remedies and damages. Injunctive relief is probably the most sought after remedy in infringement cases. Provisions on injunctive relief are included in all basic laws on intellectual property, e.g. in the Patent Law, the Trademark Law and the Copyright Law.

Besides of injunctions and damages, the courts

may also oblige the infringer to other remedies, such as destruction of products and materials, removal of facilities or public apology from the infringer.

Damages

Generally, a claim of damages of intellectual property rights infringements is based on tort right that is provided for by the Civil Code. Thus, damages are understood as monetary compensation and may in no case be punitive.

All intellectual property laws provide for a presumption of damages as the amount of the profits gained by the infringer or the license fee the infringer would have to pay for the non-exclusive use of the right infringed. This partly helps to ease the plaintiff's burden of proof regarding the damages.

Attorney's Fees

In Japan, recovery of attorneys' fees of the plaintiff may be awarded as positive damages, while it is much more difficult for the defendant to request the same from the plaintiff, even if he wins the case. However, attorney's fees are only accepted to a very limited extent that usually not exceeds 10% of the awarded amount of damages.

Indemnification of the defendant

Indemnification of the defendant in cases of abuse by the right holder follows the rules of tort law (Article 709 Civil Code). Thus, the right holder shall be held liable for damages of the defendant only if his action was carried out under fault (willfully or negligently). State or public liability is provided for by the State Redress Law.

Decisions

Decisions of the courts on the merits of the cases will be made in accordance to the more or less precise provisions of the Code of Civil Procedures and shall also be served to the parties.

b. Vietnam

Fairness and Equitableness

In Vietnam, a civil suit in those matters shall be brought to the locally competent People's Court of the Province. A provincial People's Court includes five divisions, i.e. the criminal, civil, economic, labor and administrative court. There is no special court for intellectual property matters, thus intellectual property disputes will be handled by the civil or economic courts.

A lawsuit shall always be instituted by filing a written complaint with the competent court. The commencement of the suit is generally subject to payment by the plaintiff of a provisional court fee. The court fee is calculated in proportion to the value of the claim and can be as high as 5% of the claim value.

The defendant will be notified about the complaint. However, due to lacks of relevant provisions, the complaint will not be served to the defendant. The defendant can only obtain details of the complaint by engaging an attorney at law, as

only those are allowed to examine the court's file. The parties are not obliged by law to be represented by attorneys, and there is no obligation of personal appearance. However, legal persons may encounter difficulties, as they could only be represented by their director and judges often requires meticulous appointment of representative and substitution or otherwise refuse to accept representative substitute.

According to current procedural provisions, closed trials are possible in Vietnam. Although *in camera* hearings are not provided for in civil procedures, the protection of confidential information should not be a matter of concern, as those matters will usually be part of a dispute between companies (legal persons) and thus handled by the economic courts, which can decide to hold *in camera* hearings.

Determination of Infringement

According to the general principle of ownership, any use of intellectual property object without consent of the right holder will be deemed as infringement of intellectual property rights. With regard to industrial property, acts of infringement are also specifically defined in the Civil Code (Article 805).

Evidence

The Vietnamese judicial system is led by the principle of objective truth, according to which it will be mainly in the responsibility of the parties to provide evidence to support their claims and allegations, but also the courts shall be responsible to collect further evidence to clarify details of the case. The collection and examination of evidence by the court may be carried out through examination of witnesses, request of information from administrative authorities, on spot examination, request of expert advises or even examination of a party. Thus, the court may, upon request of one party, order the other party to produce evidence which is in its possession.

As a general rule of tort law, it is always presumed that an action involving infringement of other's right was carried out under fault. Thus, the burden of proof is shifted to the defendant who insists on his innocence.

Remedies

Possible remedies are injunctive remedies and damages. In case of copyright infringement, the courts may also oblige the infringer to other remedies for recovering reputation and honor, such as public apology and monetary recovery.

Damages

Generally, a claim of damages of intellectual property rights infringements is based on tort right that is provided for by the Civil Code. Material damages are generally understood as "liability to compensate actual material losses, caused by the infringing party, which can be calculated in pecuniary terms and include loss of property,

expenses to prevent or mitigate damage and actual loss or reduction of income". Thus, only actual damages will be recovered, punitive damages are alien to the Vietnamese system.

In determining the amount of damages, judges have to rely only on the general rules of the Civil Code, as no specific regulations for intellectual property infringements exist. However judges are still inexperienced in implementation general regulations, especially due to the closer relation of such a provision to tangible property. In most cases, the courts failed to make any consideration of the infringers' profits as "interests associated with the use or exploitation" of the plaintiff's intellectual property.

Attorney's Fees

In Vietnam, there is a difference between civil and economic courts in handling the question of attorney's fees. Although the Civil Code provide for the compensation of reasonable expenses to remedy the damage, the civil courts in Vietnam are rather reluctant to accept recovery of attorney's fees. In the above mentioned case, the People's Court of Hanoi refused the request of the plaintiff merely with a simple explanation that it lacks legal basis. In contrary to the above, economic courts generally grant recovery of the attorney's fees as necessary expenses to remedy damages.

Indemnification of the Defendant

In cases of abuse by the right holder, the defendant may require indemnification in accordance with the general rules of tort law (Article 609 ff. of the Civil Code). Thus, the right holder will be liable for damages of the defendant if his action was taken under intentional (willful) or unintentional (negligent) fault. Liability of public authorities, including the judiciary, may be construed in accordance to Articles 623 and 624 of the Civil Code.

Decisions

According to provisions of the various procedural laws, decisions of the courts shall be made in writing and served, in case of judgments, or at least notified, in case of interim or decisions, to the parties in dispute.

3 Provisional Measures

a. Japan

Judicial provisional measures provided for in the Code of Civil Preservative Procedures include both provisional injunctive relief as well as provisional preservation of evidence.

The legal basis of provisional injunctions is seen in the exclusive right of the right holder and in the right to require third parties to desist or refrain from infringement. The procedure for provisional measures comes closer to an expedited trial on the merit, as regarding its institution by request of the right holder, the hearings of the parties and

decision on the provisional order, which shall be served to the defendant. Objection against the provisional order is open for the defendant.

Upon request by the defendant, the court will fix a reasonable period for the right holder to file the case on the merits or to provide evidence on the pending status of the main suit, after which the provisional order may be annulled upon request by the defendant, if the right holder fails to meet such requirements.

In principle, the provisional order on tentative status requires an *ex parte* hearing with the debtor, nonetheless, under certain special circumstances it can also be issued without a hearing.

A system of preservation of evidence exists in accordance with Articles 234-242 of the Code of Civil Procedure. However the preservation of evidence under the Code of Civil Procedure, or "beforehand examination of evidence", cannot be carried out as a pre-trial procedure, but only upon filing the case on the merits.

b. Vietnam

A system of provisional exigent measures is also included in the existing procedural laws in Vietnam. In the course of resolving a civil dispute, a court may apply certain measures to temporarily satisfy exigent needs of a party or to preserve evidence. However, as a right holder can only require judicial support to protect his right in case of actual infringement, an application for preventive injunctions will not be accepted by courts, even if infringement is obviously likely to occur. A decision on the application of provisional exigent measures shall generally be issued without hearing the party to be the obligor of such decision.

However, provisional exigent measures may be applied for only during an ordinary procedure. In other words, application for provisional measures will not be accepted before commencement of the main suit.

4 Administrative Procedure

a. Japan

With a civil legal system, there is in Japan no system of administrative measures against infringements of intellectual property rights, except for the border measures, which will be discussed at a later point below.

b. Vietnam

In Vietnam, there are numbers of legal provisions on administrative measures against infringement of intellectual property rights. Competent authorities for administrative measures against infringement of intellectual property rights may be the People's Committee, the Police, the Market Management Office, the Frontier Force, the Customs and the Special Inspection of Industrial Property or the Special Inspection of Culture and Information.

The application of administrative procedures follows the rules of the Ordinance on Administrative Sanctions. On principle, an act of administrative violation is only subject to one penalty, which can include one or more administrative measures.

As a matter of principle, an administrative procedure shall be initiated *ex officio* by the authority upon detection of an infringement act. The main administrative measures are warnings and monetary fines, which can be ordered together with additional measures, such as revocation of a license, confiscation of proofs and materials used for the infringing act, or compensation of damages. Destruction of infringing goods and materials shall be available only in case such goods and materials are dangerous for human health or "poisonous culture products".

The obligor of the administrative measure may appeal against the administrative sanction to the next higher administrative authority and then to the administrative court, if necessary.

5 Border Measures

a. Japan

According to the Customs Tariff Law, importation of goods involving infringements of intellectual property rights into Japan is prohibited. Right owner of trademark rights, copyrights or neighbouring rights are entitled to lodge application with customs authorities for the suspension of release into free circulation of such goods by the customs authorities, while such a possibility does not exist for other intellectual property right owner.

The applicant for a suspension of customs clearance for infringing goods shall provide the customs authorities with information about his right, the goods considered to be infringing, reasons of infringement as well as evidence to support the allegation of infringement. *Prima facie* evidence will be accepted. Notification should be made to both the applicant/right holder and the importer, if a decision is met. In case the goods are considered as infringing, the parties will obtain the opportunity to have the goods identified and provide evidence within an identification procedure, which shall be completed within one month. The applicant will be required to deposit an application bond, if there are contradictory opinions between applicant and importer as to the infringement.

As the described border procedures apply only to goods imported on a commercial scale, small quantities of goods of non-commercial nature carried by passengers or sent in small consignment for personal use (*de minimis* import) will not be affected.

Goods found infringing intellectual property rights shall be confiscated and destroyed. The customs authorities may also order reshipment of

such goods, if they do not involve trademark infringement.

The customs authorities shall take *ex officio* action, if there are reasons for the assumption of infringement of intellectual property rights by the goods to be imported.

b. Vietnam

Protection of intellectual property rights at the border of Vietnam is determined mainly by the Customs Law and relating regulations. Right owner of all kinds of intellectual property are entitled to lodge application with customs authorities for the suspension of customs procedures for goods involving infringements of their rights by the customs authorities. Thus, both importation and exportation of infringing goods may be suspended upon request of the right owner.

The applicant for a suspension of customs procedure for infringing goods shall provide the customs authorities with documents proving his right, information about the goods and the infringement as well as evidence to support the allegation of infringement. *Prima facie* evidence shall be considered appropriate. In case a decision of suspension is met, copies of it shall be served to both the applicant and the importer. The decision shall include the reasons and the term of suspension. The importer is entitled to inspect the goods before declaration and to be at place, while the goods are inspected by the customs, as well as to have the goods re-inspected by the customs authorities. The applicant will always be required to deposit a security or to provide a bank guarantee worth 20% of the value of the goods to be suspended.

The above mentioned procedures do not apply to small quantities of goods of non-commercial nature carried by passengers or sent in small consignment for personal use (*de minimis* import).

Goods found infringing intellectual property rights shall be subject to measures determined by general administrative procedure law, thus including confiscation and destruction of the same. Reshipment may also be ordered by the customs authority, if the infringing goods are non-standard equipment or harmful to human health or to the environment.

According to the general rules of administrative procedures, the customs authorities may also take *ex officio* action.

6 Criminal Procedure

a. Japan

All Japanese basic laws regulating intellectual property rights contain provisions on criminal punishment of infringement thereof, thus not only for cases of willful trademark counterfeiting or copyright piracy, as provided for by TRIPS Article 61. Both imprisonment and monetary fine are as

penal sanctions available. Additional measures, such as seizure or destruction of the infringing goods and of any materials and implements used for the purpose of production of such goods, are also available.

However, criminal procedures are usually not used to enforce intellectual property rights in Japan, as this will not directly benefit the right holder, and sentences tend to be rather mild, as the courts usually do not decide on imprisonment, and monetary fines thus levied also remain at a relatively low level.

b. Vietnam

The new Criminal Code of Vietnam's sanctions against infringements of copyright as well as industrial property rights include now 5 articles, while criminal protection against such infringement was provided by only two articles in the old Criminal Code. A common condition of criminal punishment is either serious damages caused by the infringing conduct or that the offender has already been punished by administrative measures.

Punishments include imprisonment up to 5 years or monetary fines between VND 20 and 200 millions (app. US\$ 1,300 - 13,300). Especially in the case of counterfeiting, the punishment may be imprisonment up to 15 years, if the counterfeit goods involve cattle food, fertilizer or the like, and up to life or death penalty, if the counterfeit goods involve human food or medicines.

The right owner may require compensation of damages within a criminal procedure. The court may also order the confiscation of infringing goods and materials used for infringing act as additional measures.

Conclusions

Except for some differences in the court organization and appeal system, the judicial systems of Japan and Vietnam have many similarities and should both theoretically be able to effectively implement laws in each country respectively. However, there is obviously backwardness in the Vietnamese enforcement system that cannot be explained by legal reasons only, but in a broader sense also in the traditional understandings of society and order and in the political system as well.

With regard to civil procedures, the example of Japan, as well as of other civil law countries in Europe, shows that it is necessary to have a system of precedence to fill up lacks of the written laws and rules as well as to ensure a common and equal practice of courts in a country. Vietnam currently has no precedence system, so that difficulties still exist for the courts to find a uniform implementation of laws. There are also numbers of issues that remain open for Vietnam to adapt to the TRIPS enforcement standards, to mention but a few

of them: lack of additional remedies in decision of civil courts, underdevelopment of damages calculation system and no provisional measures before the main procedure.

The administrative procedures as provided for by Vietnamese laws seem to be non-compatible to civil procedures, but they come rather closer to the criminal procedures with a minimal right for the right holder to request for compensation of damages. Thus, an open question is whether such procedures are effective means to protect intellectual property rights.

With respect to the adaptation of higher standards of intellectual property rights and enforcement, the system of Japan provides valuable examples for Vietnam, as there are similar cultural and traditional circumstances in both countries and the starting point of Japan was similar to Vietnam's position today with regard to the relation to technology providers. The most valuable lesson from the Japanese experience for Vietnam as a developing country might be that the adaptation of higher standards or protection should be carried out carefully step by step under the priority of the development of the country's own economy.



