



# Admissibility of ILA Principles on Intellectual Property and Private International Law in Vietnam

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## Abstract

Private law on intellectual property (IP) has achieved significant international harmonization, but international jurisdiction is subject to national regulations. As a result, enforcement of IP rights is carried out on a country-by-country basis. This approach leads to multiple concurrent legal proceedings, increasing the risk of conflicting judgments and escalating litigation costs. These costs create a disparity between multinational corporations and small and medium-sized enterprises. As a potential model for future international agreements on intellectual property and private international law, the International Law Association (ILA) Committee on 'Intellectual Property and Private International Law' seeks to address cross-border IP disputes. This paper will explore whether the ILA principles can be utilized as models for legislators, judges, arbitrators and other competent authorities in Vietnam, a legal system characterized by a lack of case law on the topic.

## Keywords

admissibility – ILA principles – intellectual property – private international law – Vietnam

### 1 Introduction to Vietnamese Private International Law

In Vietnam, the development of private international law (PIL) systems occurred relatively late.<sup>1</sup> Such a delay can be attributed to historical factors such as economic, political, and social circumstances that restricted Vietnam's interaction with foreign countries. Historically, international transactions with foreigners were prohibited and deemed criminal offences.<sup>2</sup> Such a conservative approach persisted until the 19th century when the signals of PIL began to be found in several codes, for example the *Gia Long* Code of 1812 (Article 33),<sup>3</sup> *Bộ Luật Dân sự Giản yếu* [Simplified Civil Code] (Article 3.3), or the *Bộ Hoàng Việt Trung kỳ Hộ Luật* [Hoang Viet Middle Region Code] (Article 2). During the colonial period, French PIL penetrated the *South Vietnam Civil Code* of 1972.<sup>4</sup> In North Vietnam, it was not until 1975 that PIL rules were found in legal assistance treaties.<sup>5</sup> Since the introduction of the 'Open Policy' in 1986, civil relations involving foreign elements have blossomed. Accordingly, the PIL system has undergone significant modifications to align with Vietnam's socio-economic structures and international integration efforts.

PIL rules have been officially codified in various pieces of Vietnamese legislation, which centre around three main issues: (i) international jurisdiction, (ii) choice-of-law rules and (iii) recognition and enforcement of foreign judgments, decisions and foreign arbitral awards. Rules on these issues are primarily found in the Civil Code (the CC) (for choice of law rules) and the Code of Civil Procedure (the CPC) (for conflict of jurisdictions and recognition and enforcement of foreign judgments).

1 D.V. Dai, M.H. Quy and N.Q. Chien, *Tư pháp quốc tế Việt Nam* [Vietnamese Private International Law] (Hong Duc Publishing House, Hanoi, 2023), at 39.

2 For example, the Hong Duc Code from the 15th century prescribed severe punishments, including beheadings, for those who sold land, slaves, elephants, or horses to foreigners.

3 D.V. Dai, M.H. Quy, N.Q. Chien, *supra* note 1 at 37.

4 N.T.H. Trinh, *Private International Law in Vietnam: On General Issues, Contracts and Torts in Light of European Developments* (Mohr Siebeck, Tübingen, 2016), at 5–6.

5 *Ibid.*

## 2 Private International Law on IPRs in Vietnam

Vietnamese PIL rules regulate a wide range of civil matters, including torts, contracts, transfers, and the acquisition of property rights. It also governs areas of law traditionally considered more public, such as family and marriage law. Thus, legislators and scholars raised the question: 'Where does intellectual property right (IPR) fit into this picture?' Before 2015, the legislation reflected a restrictive approach to the conflict of law in IPRs. Conversely, the provision of the CC 2015 sharpens the notion that PIL rules are not 'ousted' because of the strong public character of IPRs (known as 'territoriality'). Such reforms of the CC 2015 align with the emergence of the rules on PIL and IPRs, such as the ALI Intellectual Property Principles,<sup>6</sup> the Waseda Principles,<sup>7</sup> or the CLIP Principles.<sup>8</sup> Notably, in 2021, the International Law Association's Committee on Intellectual Property and Private International Law completed its work with the adoption and publication of the Kyoto Guidelines on Intellectual Property and Private International Law (hereinafter referred to as 'the ILA Principles'), providing soft-law principles on the PIL aspects of IPRs. The ILA Principles may guide the interpretation and reform of national legislation and may serve as a source of inspiration for courts in the Vietnamese legal system.

Despite significant reforms, Vietnam's PIL rules, including those on IPRs, are viewed as lacking 'maturity' for various reasons.<sup>9</sup> At first, Vietnam lacks a dedicated code on PIL; instead, its PIL rules are dispersed across several pieces of legislation.<sup>10</sup> Additionally, PIL rules are lacking in several matters, such as torts in IPRs, environmental pollution, competition, and labour. Furthermore, the 'immaturity' of Vietnam's PIL also extends to its application in judicial practice. Vietnamese courts have frequently applied local laws without prioritizing conflict rules when addressing international cases for a long time.<sup>11</sup>

6 Intellectual Property: Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes by American Law Institute (published in 2008).

7 The Principles of Private International Law on Intellectual Property Rights Drafted by Members of the Private International Law Associations of Korea And Japan in a Project Coordinated by Waseda University (published in 2010).

8 Principles on Conflict of laws in intellectual property promoted by the European Max Planck Group on Conflict of laws in intellectual property (published in 2011).

9 D.V. Dai, M.H. Quy, N.Q. Chien, *supra* note 1, at 831.

10 N.Q. Chien, *Le droit des obligations dans le nouveau droit international privé vietnamien* [*The law of obligations in the new Vietnamese international private law*], 48 International Business Law Journal 47–64 (2017), at 47.

11 Ibid.

It is challenging to find cases, including those involving IP, where Vietnamese courts consistently adhere to PIL rules for applicable law in judicial practice. While Vietnam's modern PIL has evolved and adapted to contemporary socio-economic conditions, the application of PIL rules by Vietnamese courts may be considered retrograde compared to earlier practices.<sup>12</sup>

Specifically, international IP litigation in Vietnamese courts has mainly been initiated by foreign right holders against Vietnamese infringers, either manufacture companies or individuals, to seek damages compensation. At the same time, these foreign companies often apply for injunction relief, which involves administrative actions not rendered by the courts. The laws applicable in these lawsuits have consistently been local Vietnamese laws, with no exception recorded. Consequently, they suffer from the same typical nuances of local laws practice as domestic civil IP litigation has experienced. However, the situation appears to be improving recently, with higher damages and legal fees being awarded in more recent cases. Challenges remain, such as low damages awarded due to difficulties in proving the extent of actual damages, and low or no compensation for legal fees.<sup>13</sup> Additionally, the burden of proof for damages in IP cases is higher in Vietnam than in most other countries.

The application of Vietnamese law to cases of cross-border IP infringements has been almost absolute. The authors have examined several cases of IP infringements in Vietnam,<sup>14</sup> and it has been observed that there is no information indicating whether the issue of the applicable law was explicitly or implicitly addressed. It seems that the courts have assumed that the applicable law was the local law.

12 For instance, in a 1958 divorce case between a Vietnamese citizen and a French citizen, the Saigon High Court applied the conflict of laws principle, determining that the applicable law should be based on the litigant's nationality rather than automatically applying Vietnamese or French law. (See D.V. Dai, M.H. Quy, N.Q. Chien, *supra* note 1, at 833).

13 There are three legal methods to enforce IP rights in Vietnam. The first is to initiate criminal proceedings. Criminal IP cases against counterfeiting offenses (under Article 226 of the Criminal Code) account for most of the litigation in Vietnam. Civil IP litigation also plays a significant role in enforcing IP rights, with the number of cases rising in recent years. However, administrative measures remain the most common enforcement mechanism. See IP LITIGATION LANDSCAPE IN VIETNAM: TRENDS, CHALLENGES AND FUTURE PROSPECTS, available at <https://rouse.com/insights/news/2024/ip-litigation-landscape-in-vietnam-trends-challenges-and-future-prospects>.

14 The cases are available at <https://congbobanan.toaan.gov.vn/2ta1463671ticvn/chi-tiet-ban-an>, <https://congbobanan.toaan.gov.vn/2ta1240918ticvn/chi-tiet-ban-an>, <https://congbobanan.toaan.gov.vn/2ta118670ticvn/chi-tiet-ban-an>, <https://congbobanan.toaan.gov.vn/2ta1322714ticvn/chi-tiet-ban-an>.

Notably, most IP cases handled by Vietnamese courts thus far have not been particularly complex, as they have not involved the more challenging scenarios of multi-state infringements and damages typical of IP cases. The acts of infringement and the locations of damages have occurred solely within Vietnam. This makes the application of local law consistent with the principle of territoriality, as stipulated in Article 679 of the CC 2015.

However, an exception has arisen in a recent case. The ongoing legal dispute between eOne (UK) and Sconnect (Vietnam) revolves around the IPRS of children's animated characters *Peppa Pig* and *Wolfoo*. This international legal battle has unfolded across several jurisdictions, highlighting the complexities of copyright law in the digital age. In 2021, eOne initiated the conflict by issuing multiple copyright strikes against Wolfoo videos on YouTube, alleging that these videos infringed on their Peppa Pig copyrights. This marked the beginning of a series of legal challenges between the two companies. In January 2022, eOne escalated the matter by filing a lawsuit against Sconnect in the Moscow Court, Russian Federation. The lawsuit accused Sconnect's Wolfoo character set of being a derivative of Peppa Pig, and claimed that Sconnect had unauthorizedly uploaded and distributed these derivative works on the internet. Responding to eOne's aggressive legal stance, Sconnect filed a countersuit in August 2022 in the same Moscow Court. This countersuit demanded compensation for damages they alleged were caused by eOne's initial lawsuit. Sconnect achieved success with this countersuit, winning compensation. Simultaneously, in January 2022, eOne pursued another legal avenue by filing a lawsuit against Sconnect Vietnam in the High Court of London, alleging further instances of copyright infringement. This case remains pending. Adding to the legal entanglements, in 2022, Sconnect filed two lawsuits against eOne in the Hanoi People's Court. The court established jurisdiction over the cases, which are also still pending. This series of lawsuits underscores the ongoing disputes and legal challenges that can arise when managing intellectual property across different national legal systems.

The legal inquiries posed to the Vietnamese court in the context of the dispute between eOne (UK) and Sconnect (Vietnam) revolve around several pivotal issues concerning private international law PIL. Specifically, the questions address whether the Vietnamese court has international and concurrent jurisdiction, especially considering that there are pending cases in the UK and a prior judgment in Russia where Sconnect was awarded 240,000 RUB against eOne. Furthermore, the questions delve into the application of law, the possibility of implementing injunction measures, and the recognition of foreign judgments within the Vietnamese legal framework.

### 3 Compatibility of ILA Standards with Vietnamese Private International Law

For a long time, the application of Vietnam's PIL on IPRs has remained uncertain in several situations, such as cases of IPRs infringement. Consequently, there is good reason to consider the admissibility of the ILA Principles on IP and PIL, which are designed to be applied by national adjudicators in various countries, including within the Vietnamese legal system.

#### 3.1 *Jurisdiction*

The ILA Principles provide guidance on where international IP claims can be brought to court in the 'Jurisdiction' section. They define the primary forum at the defendant's domicile and alternative fora for contractual, infringement, and other claims. Unlike the ILA Principles, Vietnamese legislation does not have specific provisions on international jurisdiction over IP cases involving foreign elements. Instead, international jurisdiction over IP cases is defined under the provisions of the CPC 2015. Notably, several approaches of the CPC 2015 reflect the ILA Guidelines on 'Jurisdiction'.

##### 3.1.1 Habitual Residence

According to Guideline 3, 'the defendant should be subject to the jurisdiction of the courts of the State in which he or she is habitually resident'. This guideline establishes the well-acknowledged principle that a person may be sued in the courts of the State where they are habitually resident.<sup>15</sup> This principle is reflected in Article 469.1(a) of the CPC 2015, which states that domestic courts will exercise their jurisdiction where the defendant resides, works or has lives for a long period of time in Vietnam.<sup>16</sup> It is noteworthy that Vietnamese law

15 Joost Blom, Rochelle C. Dreyfuss, Paulius Jurcys, et al., *Kyoto Guidelines: Jurisdiction*, 12 JIPITEC 13–43 (2021), at 14.

16 Article 469 sets forth the concurrent jurisdiction of Vietnamese courts to resolve civil cases involving foreign elements as following: 'a) The defendant is an individual who resides, works or lives for a long period of time in Vietnam; b) The defendant is an agency or organization which is head quartered in Vietnam or the defendant is an agency or organization which has a branch or a representative office in Vietnam, and the dispute is related to the operation of the branch or representative office in Vietnam of such agency/organization; c) The defendant has assets in Vietnam; d) In divorce cases, where either party is a Vietnamese citizen or in the case of divorce between foreigners who reside, work or live for a long time in Viet Nam; dd) In civil cases concerning relations which are established, changed or terminated in Vietnam, objects which are located in Vietnam or acts performed in Vietnam; e) In civil cases concerning relations which

does not explicitly define the notion of habitual residence, which the court should decide on a case by case basis using the life facts of an individual to determine. In a Draft Resolution,<sup>17</sup> the Supreme Court attempts to guide the application of these provisions by stating that Vietnamese courts shall have jurisdiction where the defendant is a Vietnamese citizen in Vietnam, or if the defendant is a foreigner, they must have the permanent residence card, temporary residence card or visa exemption certificate valid for no more than five years.<sup>18</sup> If passed, this resolution will apply to the jurisdiction of Vietnamese courts over international civil cases, including IP cases. The reliance on public administrative residence criteria to ascertain international civil jurisdiction reflects the challenges national legislatures face in grasping the concept of habitual residence to an international standard. The ILA principles may provide useful references for national judges when applying Article 469 of the CPC 2015, or when national legislatures formulate a jurisdictional rule for international IPR litigation.

According to the ILA Principles, for companies or other legal entities acting as defendants, habitual residence – and thus jurisdiction – is established where their seat, registered office, central administration, or principal place of business is located in the forum state. Conversely, the Vietnamese CPC (Article 469.1(b)) requires that these organizations have their headquarters in Vietnam or maintain a branch or representative office within the country. Additionally, the dispute must be related to the operations of that branch or representative office for Vietnamese courts to claim jurisdiction.

One aspect of the ILA Principles that should be enlightening to Vietnamese law is the assertion that jurisdiction based on the habitual residence of defendants is territorially unlimited. Currently, Vietnamese law does not offer a similar rule, and such clarification is particularly needed for international IP litigation.

### 3.1.2 Contract

The ILA Principles also establish an alternative ground for jurisdiction over IP contracts and infringements. According to Guideline 4, the plaintiff may choose

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are established, changed or terminated abroad but involve the rights and obligations of Vietnamese agencies, organizations and individuals or agencies, organizations and individuals that are headquartered or resided in Vietnam'.

17 Draft Resolution 2019 is entitled 'Guiding the Implementation of the Civil Procedure Code Regarding Competence and Procedures for Settlement of Civil Cases Involving Foreign Elements'. See Vietnamese version, *available at* <https://vbqp.toaan.gov.vn/web-center/portal/htvb/chi-tiet-vbdt?dDocName=TAND081751>. The Draft Resolution 2019 is expected to be approved in the near future.

18 Article 2.1(b) of Draft Resolution 2019.

to bring claims arising from license or transfer contracts before the courts of the state where the license is granted or the right is transferred, clarifying the place of performance of specific obligations. These guidelines are admissible in judicial practice where Vietnamese courts, adhering to Article 469.1(e) of the CPC, interpret the place of performance of the contracts as being where the license is granted or the rights are transferred, thereby assuming jurisdiction for IP contract cases. Additionally, the guidelines provide clarity by specifying that jurisdiction in this manner is territorially limited to the state in which the court is situated.

### 3.1.3 Infringements

Similarities between the ILA Principles and the Vietnam's CPC 2015 are evident in cases of IPR infringement. According to Guideline 5, courts in a state where the alleged infringer acted to initiate or further the alleged infringement (the place of infringement) and courts in a state where the infringement caused direct, substantial, and foreseeable harm (the place of damage) shall have jurisdiction. While the CPC 2015 does not include specific provisions, the place of infringement can be inferred from the language of Article 469.1(dd). Vietnamese scholars concur that the place of IP infringement should take precedence and align with the unique nature of tort cases.<sup>19</sup> Scholars note that the place of damage plays a critical role in defining the concurrent jurisdiction of Vietnamese courts.<sup>20</sup> However, the place of damage is not explicitly specified in the CPC 2015 as a basis for jurisdiction. The application of this connecting factor may only be inferred from the last paragraph of Article 469.1(e), which relates to IP infringement cases concerning the rights and obligations of an agency, organization, or individual in Vietnam, or those headquartered or residing in Vietnam.<sup>21</sup> Thus, the Guidelines can serve as a reference for Vietnamese judges to interpret the CPC, particularly in matters of jurisdiction in IP infringement cases.

19 P.H. Nam, *Giải quyết tranh chấp kinh doanh thương mại có yếu tố nước ngoài tại Tòa án Việt Nam – Thẩm quyền và luật áp dụng* [Resolving commercial disputes involving foreign elements at Vietnamese courts – Jurisdiction and applicable law] (VNU-HCM Publishing House, Ho Chi Minh, 2021), at 89.

20 Ibid.

21 Article 469.1(e) states that: 'In civil cases concerning relations which are established, changed or terminated abroad but involve the rights and obligations of Vietnamese agencies, organizations and individuals or agencies, organizations and individuals that are headquartered or resided in Vietnam'.

### 3.1.4 Title and Ownership

The ILA Principles establish jurisdictions over claims related to the title and ownership of IPRs. According to Guideline 8, disputes concerning the title or ownership of an IPR can be adjudicated by the courts in the state where that IPR exists or where the application to grant an IPR is pending. While it is challenging to find a direct connection, applying Article 469.1(e) of the CPC 2015 may lead to a similar conclusion as Guideline 8. The jurisdiction of Vietnamese courts would be defined if the IPR,<sup>22</sup> as a type of property, is considered located in Vietnam, where it was established (e.g., copyright or related rights) or registered (e.g., patent, trademark).

### 3.1.5 Choice of Court

The next question is whether the ILA Principles' rules on a choice of court are transferable to the Vietnamese system. Under Guideline 9, parties can select the court that will have jurisdiction to adjudicate their claims. In Vietnam, the choice of court is indirectly recognized by several provisions of the CPC 2015. Specifically, Article 472.1 of the CPC states that Vietnamese courts shall dismiss lawsuit petitions or applications, or terminate the settlement of civil cases or matters involving foreign elements if (1) such cases or matters fall within the common jurisdiction of Vietnamese courts, and (2) the involved parties have agreed to choose foreign arbitrators or foreign courts for the settlement of such cases or matters. Thus, cases where parties have chosen foreign arbitrators or courts are under the exclusive jurisdiction of those foreign entities. Similarly, Vietnamese courts also exercise exclusive jurisdiction when parties agree on their jurisdiction. This approach aligns with Guideline 9, which states that 'the jurisdiction of the chosen court shall be exclusive'.<sup>23</sup> Notably, neither the ILA Principles nor the CPC 2015 address the issue of capacity and other substantive and formal requirements needed to make a valid choice of court agreement.

### 3.1.6 Validity Claims and Related Disputes

Lastly, while Guideline 11 of the ILA Principles limits the exclusive jurisdiction of the courts of the State where the IPR is registered for claims regarding validity,<sup>24</sup> the Civil Procedure Code (CPC) 2015 does not designate such IP cases

22 According to Article 105 of the CC 2015, 'Property comprises objects, money, valuable papers and property rights'.

23 Joost Blom, Rochelle C. Dreyfuss, Paulius Jurcys, et al., *supra* note 15, at 24.

24 Where an IPR is challenged as a defence (e.g., the defendant seeks to have the IPR on which the claimant relies invalidated, and hence the infringement action brought against him dismissed), a court of a State other than the State of registration can exercise its jurisdiction over such a dispute.

as falling under the exclusive jurisdiction of Vietnamese courts. Therefore, the Guidelines could serve as a reference point for Vietnamese law on this specific matter.

### 3.2 *Applicable Law*

The section ‘Applicable Law’ of the ILA Principles offers detailed rules governing the choice of law in international intellectual property matters, outlining how legal systems can determine which jurisdiction’s laws should apply in cross-border IP disputes.

#### 3.2.1 General Rules

Under Guideline 19, the law of the ‘State for which the protection is sought’ (*lex loci protectionis*) applies to ‘the existence, validity, duration, transferability, and scope of IPRs, and all other matters concerning the right as such’. This *lex loci protectionis* rule is mirrored in Article 679 of the CC 2015. However, Article 679 does not explicitly specify its applicability to these particular issues of IPRs, leading to controversies in scholarly interpretations of its scope. Some scholars argue that the registration of IPRs, such as patents and trademarks, should fall outside the scope of Article 679 due to their administrative nature, asserting that this rule should pertain only to issues related to the civil rights aspects of intellectual property.<sup>25</sup> Conversely, other opinions suggest that Article 679 should apply broadly to IPRs, encompassing not only the existence, validity, registration, scope, and term of rights protection but potentially additional aspects as well.<sup>26</sup>

As noted in Guideline 19, the concept of the ‘State for which the protection is sought’ should be distinguished from *lex fori*, as similarly suggested by Vietnamese academics. Accordingly, ‘the place where protection is claimed’ should not be synonymous with the place of the forum.<sup>27</sup> However, Vietnam’s judicial practice and scholars have not extensively interpreted ‘the place where protection is claimed’. Therefore, it should be clarified both in Guideline 19 and within the Vietnamese legal framework that *lex loci protectionis* refers to the law of the State where the holders seek to protect their IPRs. Specifically, the place of protection would typically be the State of registration (for

25 HCM Law University, *Giáo trình Tư pháp quốc tế* [Textbook on Private International Law] (Hong Duc Publishing House, Hanoi, 2019), at 420.

26 N.D. Viet, *Bồi thường thiệt hại ngoài hợp đồng trong Tư pháp quốc tế dưới tác động của cuộc cách mạng công nghiệp lần thứ tư* [Compensation for non-contractual damages in private international law under the impacts of the fourth industrial revolution], 3 Tạp chí Luật học [Jurisprudence journal] 84–100 (2019), at 89.

27 D.V. Dai, M.H. Quy and N.Q. Chien, *supra* note 1, at 653.

trademarks or patents) and the State of recognition, first establishment, or publication (for copyright or other non-registered IPRs). It would be illogical for a holder to seek the protection of their IPRs in a jurisdiction where those rights do not exist or are invalid.<sup>28</sup>

Furthermore, the ILA Principles also define the applicable law for initial ownership, primarily in copyright, a topic currently not addressed in Vietnamese legislation. Initial ownership is among the most controversial topics in the conflict of laws concerning IPRs, with each jurisdiction adopting different approaches. The ILA Principles aim to harmonize these varied approaches to copyright law. Guideline 20 proposes a compromise through the '*lex originis*' approach, which considers the place of creation rather than the place of first publication as the determinant. This typically aligns with the author's habitual residence at the time of creation.

### 3.2.2 Contracts

#### 3.2.2.1 *Party Autonomy*

Guideline 21 discusses the concept of '*lex contractus*', which allows parties to an IP-related contract to select the law that governs their agreement, a principle known as 'party autonomy'. In Vietnam, explicit recognition of party autonomy was not present in the CC 2005. However, prior to 2015, Vietnam had gradually begun to adopt the principle of party autonomy in conflicts of law and contractual rules, although it was not yet formalized. The CC 2015 marked a significant shift by explicitly recognizing the principle of party autonomy in codified law. Article 683.1 clearly states that 'parties in a contractual relationship may agree to choose the law applicable to the contract'. Therefore, parties can, by agreement, choose the law applicable to contracts, including those for the transfer and licensing of IPRs.

In addition, the commentaries to Guideline 21 specify that the law chosen by the parties governs the contractual aspects of their relationship. This includes the parties' capacity to enter into the contract, the content of the contract, and the remedies available in case of a breach.<sup>29</sup> Vietnamese scholars have reached a similar conclusion in their interpretations. Specifically, it is noted that Article 683.1 of the CC allows the parties to determine the law

28 Yang Cao, 'Jurisdiction and Applicable Law in Matters of Intellectual Property in China', in Xiaohong Liu and Zhengyi Zhang (Eds.), *Chinese Private International Law* (Hart, Oxford, 2016) 108–119, at 112.

29 Marie-Elodie Ancel, Nicolas Binctin, Josef Drexler, et al., *Kyoto Guidelines: Applicable Law*, 12 JIPITEC 44–73 (2021), at 49.

applicable to their contract. This means that the law chosen by the parties governs all aspects of the contractual relationship.<sup>30</sup>

### 3.2.2.2 *Absence of Choice*

In the absence of a choice, Guideline 22 provides rules on the applicable law based on the closest connections. The guideline distinguishes between IP contracts that deal with IP granted for a single state and those involving more than one state. In the former scenario, Guideline 22(1)(a) specifies the law of that state as applicable to the contract. In the latter scenario, it is crucial to determine which state associated with the contract has the closest connection.<sup>31</sup> Article 683.2 of the CC 2015 also introduces the ‘closest connection rule’ when parties have not chosen a law. However, unlike the Guidelines, Article 683.2 does not distinguish between the two types of contracts. Additionally, Article 683.2(c) explicitly considers the law of the state of residence or the place of establishment of the assignee or the licensee as the country having the closest connection for contracts involving the transfer of use rights or assignment of IPRs, instead of considering multiple connecting factors as the Guidelines do. These factors include the habitual residence of the parties in the same State, the habitual residence of the party who must furnish the characteristic performance, and the habitual residence of either one of the parties if it is located in one of the States covered by the contract.<sup>32</sup> Therefore, Article 683.2(c) appears more restrictive because it focuses on a single connecting factor, whereas Guideline 22 allows for various factors to be considered on a case-by-case basis. However, the approach of Article 683.2(c) might be more practical as it simplifies the complexity of determining the characteristic performance in IP-related contracts, which typically involve significant multi-obligations. In practice, courts may find it challenging to decide whose performance is most characteristic in such contracts.

### 3.2.2.3 *Employment Contracts*

The ILA Principles specify choice of law rules for transferring or licensing IPRs created during an employment relationship in Guideline 23. This guideline recognizes party autonomy in determining the law applicable to individual employment contracts. If the parties do not choose a law,

<sup>30</sup> D.V. Dai (Ed.), *Bình luận Khoa học Những điểm mới của Bộ luật Dân sự năm 2015* [Commentary on new points of the Civil Code 2015] (Hong Duc Publishing House, Hanoi, 2016), at 599.

<sup>31</sup> Marie-Elodie Ancel, Nicolas Binctin, Josef Drexler, et al., *supra* note 29, at 49–50.

<sup>32</sup> *Ibid.*

the individual employment contract is governed by the law of the state where the employee habitually carries out their work. In Vietnam, the CC 2015 does not explicitly address the transfer or licensing of IPRs in employment contracts. However, if such transfers or licenses were to be considered within the employment or labor contract regime, Guideline 23 would align with the Vietnamese system. This system also allows parties to determine the applicable law for employment contracts. In the absence of a chosen law, the contract would be governed by ‘the law of the place where the employee habitually carries out their work’.<sup>33</sup> Additionally, the CC 2015 stipulates the employer’s residence as a fallback law when the habitual working place cannot be identified or if the employee works in multiple countries, a provision not covered in Guideline 23.

In Vietnam, the transfer or license of IPRs under a work made for hire contract frequently leads to controversies in PIL. The main debate among Vietnamese scholars centers on whether a work made for hire contract should be classified as a labour or a service contract.<sup>34</sup> If the contract is characterized as an employment contract, it would typically be governed by the law of the place where the employee habitually works. Conversely, if it is deemed a service contract, the governing law would be that of the residence of the service supplier. Guideline 23 does not directly resolve this issue as it does not define what constitutes an employment contract. Instead, it leaves the characterization to the discretion of the courts.<sup>35</sup> Given that such characterization poses a challenge and is not a familiar task for Vietnamese judges, some scholars suggest that for these types of contracts, the law should adhere to the *lex loci protectionis* principle, rather than relying on the more complex ‘closest connection’ approach which can be problematic due to difficulties in contract classification.<sup>36</sup>

### 3.2.3 Infringements

The applicable law for IPR infringements remains a point of uncertainty in Vietnam. Notably, the CC 2015 lacks specific provisions on choice-of-law rules for IP infringements. However, the general conflict rule for IPRs, stated in Article 679 of the CC 2015, dictates that IPRs are to be determined according

33 Article 683.2(d) of the CC 2015.

34 N.P. Khoi and B.T.M. Huong, *Vấn đề xác định pháp luật áp dụng đối với quan hệ quyền tác giả có yếu tố nước ngoài* [Determination of applicable Law on Copyright with Foreign Elements], 5 Tạp chí Nhà nước và Pháp luật [State and Law Journal] 64–72 (2022), at 67.

35 Marie-Elodie Ancel, Nicolas Binctin, Josef Drexler, et al., *supra* note 29, at 52.

36 N.P. Khoi and B.T.M. Huong, *supra* note 34, at 68.

to the law of the country where protection is sought. This rule is commonly interpreted as applicable to IP infringements, aligning Vietnamese PIL with Guideline 25(1). This guideline from the ILA Principles establishes the rule of *lex loci protectionis*, which requires that IPR infringements be subjected to the law of the state where protection is sought. The Guidelines further clarify that *lex loci protectionis* applies to all infringement-related issues, such as the existence of the infringement, extent of liability, limitations on liability, remedies, and more. This clarification could be immensely beneficial to Vietnamese judges in addressing these complex legal matters.

Vietnamese scholars advocate for the application of the *lex loci protectionis* rule to multi-state or ubiquitous infringements of IPRs, citing its predictability and ease of application.<sup>37</sup> An inherent issue with this rule, however, is its potential to necessitate a ‘mosaic’ application of the laws of various protecting countries, complicating the determination of the applicable law. In this context, Guideline 26 of the ILA Principles becomes particularly relevant as it aims to prevent the ‘mosaic’ application in cases of ubiquitous IPR infringements. This guideline introduces a novel approach for dealing with infringements through ubiquitous or multinational media, such as the Internet, suggesting that a single law closely related to the dispute should govern such cases. It provides a non-exhaustive list of factors to establish a sufficiently close connection, including the locations of significant activities, the habitual residence or business of the parties, and the places where substantial damage occurred.

On the other hand, it is suggested that the applicable law for IP infringement could be defined based on the conflict rule for tort in Article 687 of the CC 2015. Accordingly, the parties can choose the law applicable to their relationship. In the absence of a choice by the parties, Article 687 stipulates that the law of the location where the event’s consequences, causing loss and damage, arose (the place of damage) should apply. However, it is controversial to introduce party autonomy into the infringement of IPRs. When explaining Article 687, Vietnamese scholars<sup>38</sup> believe that this article was constructed with partial reference to the Rome II Regulation and thus ‘omitted’ the restriction of party autonomy for IPR infringement.<sup>39</sup> Traditionally, due to the strict territorial approach to IPRs, choice of law by parties has not been possible in disputes over IPRs. However, strictly applying territoriality may eliminate parties’

37 N.P. Khoi, *Copyright law in Vietnam: substantive and private international law aspects*, PhD Thesis (University of Groningen, Groningen, 2022), at 679.

38 D.V. Dai, M.H. Quy and N.Q. Chien, *supra* note 1, at 784–786.

39 Article 8.3 of the Rome II Regulation prohibits the parties from making a choice-of-law agreement about infringements of national IP rights.

freedom in such tort cases.<sup>40</sup> Guideline 25(2) can provide an effective solution in this context. Specifically, parties can choose a single law that applies to remedies in an IPR infringement. It is noted that party autonomy in IP disputes is limited to the types of redress for injury. Parties can choose the applicable law for remedies only, including injunctions, damages, and other sanctions.

### 3.3 *Recognition and Enforcement*

Recognition and enforcement of foreign IP judgments are outlined in the CPC 2015, which sets forth the general rules and procedures for civil matters. Under this regime, Vietnam will recognize and enforce foreign judgments in three situations: (i) under international treaties, (ii) based on the principle of reciprocity, and (iii) other judgments or decisions of foreign courts that are recognized and enforced under Vietnamese law.<sup>41</sup> However, the application of the principle of reciprocity still requires clarification. Whether reciprocity exists has yet to be determined in the CPC 2015.<sup>42</sup>

The ILA Principles also establish rules for the recognition and enforcement of foreign judgments in the section 'Recognition and Enforcement'. The primary provision of this section outlines the grounds on which a requested court must refuse to recognize and enforce a foreign judgment (Guideline 34). This is similar to several grounds on which Vietnamese courts refuse recognition and enforcement, as stipulated in Article 439 of the CPC 2015. These grounds include:

#### 3.3.1 Public Policy

Vietnamese courts must refuse to recognize and enforce a foreign judgment if 'the recognition and enforcement of civil judgments/decisions of the foreign court in Vietnam are contrary to the basic principles of Vietnamese law'.<sup>43</sup> This concept of 'basic principles of Vietnamese law' corresponds to 'public policy' as outlined in Guideline 34(1)(a) of the ILA Principles. However, Vietnam's judicial practice regarding the application of public policy to refuse recognition and enforcement of foreign judgments, including foreign IP judgments, is inconsistent. Moreover, the interpretation of 'fundamental principles of the law' remains vague, and courts typically do not clearly explain how this concept is applied in specific cases.

40 N.P. Khoi and B.T.M. Huong, *supra* note 34, at 68–69.

41 Article 423.1 of the CPC 2015.

42 P.H. Huong and H.N. Bich, *An Overview of Vietnamese Private International Law*, 18 Yearbook of Private International Law 341–370 (2016/2017), at 352.

43 Article 439.8 of the CPC 2015.

### 3.3.2 Jurisdictional Filter

According to Article 439.4 of the CPC 2015, Vietnamese courts must refuse to recognize and enforce a foreign judgment if the foreign court lacked jurisdiction over the case. The determination of whether the foreign court had jurisdiction is based on the laws of Vietnam, specifically Article 440 of the CPC 2015. Similarly, Guideline 34(1)(f) establishes a jurisdictional filter by requiring that the rendering court adhere to the jurisdictional rules outlined in the Guidelines for recognition and enforcement. Consequently, if the rendering court violates these jurisdictional rules, its judgment will be rejected by the requested court for recognition and enforcement.

### 3.3.3 *Res judicata*

Guideline 34(1)(d) and (e) address situations where one or more prior judgments exist that are inconsistent with the foreign judgment requested for recognition and enforcement. Specifically, Guideline 34(1)(d) pertains to scenarios where the requested court is presented with both a foreign judgment and a prior domestic judgment from the requested state. If the domestic judgment has preclusive effects, the requested court will give precedence to it and decline to recognize and enforce the subsequent foreign judgment. A similar approach is found in Article 439.5 of the CPC 2015, which stipulates that the Vietnamese court must refuse recognition and enforcement of a foreign judgment if the court has already rendered an effective judgment on the case or if it is currently hearing the case.

Furthermore, Article 439.3 of the CPC 2015 states that the Vietnamese court must refuse to recognize and enforce a foreign judgment if it conflicts with a judgment from a third country that has been recognized and enforced in Vietnam. The law does not address the scenario where the Vietnamese court is confronted with two conflicting foreign judgments, each independently qualifying for recognition and enforcement. Vietnamese scholars argue that the foreign judgment for which recognition and enforcement are first sought should be given priority.<sup>44</sup>

Compared to Article 439.3, Guideline 34(1)(e) presents a slight variation in its language, referring to a judgment that 'fulfills the conditions necessary for its recognition' rather than one that 'has been recognized and enforced' in Vietnam (the requested State). As a result, the earlier foreign judgment does not need to be formally recognized and enforced in the requested State to serve as a basis for the non-recognition and non-enforcement of a subsequent

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44 D.N. Bich, 'Vietnam', in Adeline Chong (Ed.), *Recognition and Enforcement of Foreign Judgments in Asia* (Asian Business Law Institute, Singapore, 2017) 211–229, at 226.

foreign judgment. However, if the earlier foreign judgment had been formally recognized in the requested State, then it would be treated as a domestic judgment. In such cases, any conflict with a later judgment would be evaluated under Guideline 34(1)(d).<sup>45</sup>

#### 4 The Role of ILA Principles for Vietnam

Comparing the ILA Principles with Vietnamese regulations reveals that Vietnamese legislation generally aligns with several guidelines from the Principles. Additionally, specific provisions of the ILA Principles are relevant to addressing challenges or gaps in Vietnam's existing laws. Therefore, adopting these principles in judicial practice in Vietnam offers more benefits than limitations, as these principles supplement detailed rules for IPR litigation, benefiting a rudimentary and immature regulatory system with little practical application.

The court may rely on the guidelines to formulate legal interpretations and render more consistent rulings in international IPR cases. However, it should be aware that Vietnamese courts have historically not considered international guidelines or principles in their rulings, particularly in cases involving PIL and IPRS. Judges are generally reluctant to interpret the laws independently. Nevertheless, there is an opportunity for the judicial system to integrate or reference the ILA Principles when the Supreme People's Court drafts a special document (e.g., Circular, Joint Circular, or Guide) to provide guidance on the execution of PIL rules on IPRS.

The ILA Principles nevertheless have great potential as references for Vietnamese legislators in the law-making process. During the drafting of choice-of-law rules in the CC 2015, active references were made to the laws of various countries, such as the EU and Japan, as well as to international principles like the Hague Principles for Choice of Law in International Commercial Contracts. Therefore, references to the ILA Principles can be expected, provided these principles are well known within the national legal community.

The authors of this writing believe that the ILA Principles can serve as an effective model for Vietnamese law to develop PIL rules on IPRS and provide interpretative guidance for judicial practice, especially as the country plans to establish specialized IP courts. The draft amendment to the Law on the People's Court's Organisation aims to establish IP courts with the vision of

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45 Pedro de Miguel Asensio and Marketa Trimble, *Kyoto Guidelines: Recognition and Enforcement*, 12 JIPITEC 12 74–85 (2021), at 78–79.

enhancing Vietnam's IP enforcement landscape. These courts will be staffed with judges who have more experience in IPRs, including cross-border issues, making references to international principles such as the ILA Principles more feasible and beneficial.

The influence of the ILA Principles should also be noted in the field of arbitration, which is undergoing significant development in Vietnam. Arbitrators often reveal that they refer to international principles and soft laws to find solutions for the cases at hand, although they have not directly cited them in the text of their awards.