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Vietnam's 2015 Civil Code and the International Tendency for Conflict of Laws in Intellectual Property

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This paper summarizes and assesses the international trend, both in doctrine and in legal provisions dealing with conflict of laws in intellectual property field and reviews the relevant provisions in the Part 5th on applicable law to civil relations evolving foreign elements of the Vietnam's 2015 Civil Code. The author shows that the two new provisions of the Vietnam's 2015 Civil Code, namely Article 679 and Article 683, has partly caught up with the international trend in recognizing conflicts of laws and providing choice-of-law rules for resolving these conflicts in the intellectual property relations. The shortcoming of the Vietnam's 2015 Civil Code is the absence of a particular provision dealing with the conflict of laws in case of infringement of intellectual property rights. On that basis, the paper offers comments and suggestions on the need to make the provisions of the Vietnam's Civil Code more specific in the future.

Keywords
Vietnam, 2015 Civil code, Intellectual Property, WIPO, The Hague Convention on Choice of Court Agreements 2005

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1. Introduction

Intellectual property (IP), which mainly consists of copyright and industrial property, has long been recognized as having absolute territoriality. The recognized and protected intellectual property rights (IPRs) established on the basis of a country's law are valid only within the territory of that country. Also, the rules of IP law of one country are limitedly applied within territorial boundaries of that country. National legislators only recognize IP matters keeping its application within their own territory. Similarly, national courts only apply national laws to the establishment, validity, and scope of IPRs, excluding the possibility of the application of foreign laws. This perception on the territorial nature of IPRs has been the reason for a lack of recognition of conflict of laws in IP field.

In the context of accelerated trade liberalization, the emergence of and consequent boom on the Internet, the cross-border transactions, and disputes over IP have also become more popular. The need to manage these transactions and disputes with foreign elements has led to a change in the doctrine perception, positive law, and adjudication practices in countries in recent decades, all showing a new trend to recognize conflict of laws in IP field.

In Vietnam, the 2015 Civil Code, which replaced the 2005 Civil Code, has partly caught up with the above changing trend. In this respect, in its Part V on Law applicable to civil relations involving foreign elements, the 2015 Civil Code provides two new articles, namely Article 679 on IPRs and Article 683.2(c) on contracts, dealing particularly with the choice-of-law issues for cross-border IP relations.

2. International Trend Recognizing Conflict of Laws in IP Field

A. Development of Doctrine

Since the end of the nineteenth century, a few scholars have proposed to consider IPRs with an international scope, and to establish principles for determining the applicable law and jurisdiction over cross-border IP relations.[1] Since the last decades

[1] Markets Trimble, *Advancing National Intellectual Property Policies in a Transnational Context*, 74 Md. L. Rev. 203 (2015); *Advancing National Intellectual Property Policies in a Transnational Context*, 74 Md. L. Rev. 208 (2015).

of the 20th century, due to the need to regulate cross-border transactions and disputes over IPRs, issues of private international law in general and question of choice of law in particular in the IP field have attracted widespread international attention.[2] This noticeable change was driven by the following two factors. First, the emergence and expansion of the Internet have facilitated the spread and exploitation of an object of IPRs from many countries; IPRs infringement has become easier and often has extraterritorial involvement. The principle of absolute territoriality is no longer appropriate and even hinders the protection of IPRs in the global space.[3] Second, because trade liberalization is strongly promoted at both the regional and global levels, the exploitation of commercial aspects of IPRs has become a commercial sector in itself. The most concrete evidence is the creation of the World Trade Organization (WTO), which englobes, inter alia, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement).[4] In this context, an increasing number of international initiatives have emerged to examine IP from the perspective of private international law.

At the World Intellectual Property Organization (WIPO), the first initiatives were implemented in the late 1990s.[5] At The Hague Conference on Private International Law, from 1992, the effort was to develop a comprehensive international convention on the international jurisdiction of courts and the recognition and enforcement of foreign judgments in cross-border litigation in civil and commercial matters, including disputes over IPRs.[6] As this attempt was unsuccessful, however, the final result was limited to The Hague Convention on Choice of Court Agreements signed in 2005.[7] Disagreement over IP-related issues is considered one of many causes that

2 P. Carter, *General Editor's Preface to the First Edition*, *in* Intellectual Property and Private International Law (J. Fawcett & P. Torremans eds., 1998).

3 Graeme Austin, *Social Policy Choices and Choice of Law for Copyright Infringement in Cyberspace*, 79 Or. L. Rev. 575-7 (2000).

4 Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS Agreement]. *See* The Legal Texts: The Results of the Uruguay Round of Multilateral Trade Negotiations 365 (WTO ed. 1994).

5 For details on WIPO's activities in the field of international private law and intellectual property rights, *see* WIPO, WIPO Forum on Private International Law and Intellectual Property (Jan. 30-31, 2001), https://www.wipo.int/meetings/en/details.jsp?meeting_id=4243.

6 For details on HCCH's activities in this matter, *see Jurisdiction Project*, The Hague Conference on Private International Law Proc., https://www.hcch.net/en/projects/legislative-projects/jurisdiction-project; Rochelle Dreyfuss, *The ALI Principles on Transnational Intellectual Property Disputes: Why Invite Conflicts?*, 30 Brook. J. Int'l L. 819 (2005).

7 *See* Convention on Choice of Court Agreements, June 30, 2005, 44 I.L.M. 1294.

limited the success of The Hague Conference in this endeavor.[8]

In the US, a group of international scholars has carried out in-depth studies, under the auspices of the American Law Institute (ALI), on the international adjudication related to IP. In 2008, ALI published "Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Recognition of Judgments in Cross-Border Disputes." (ALI Principles)[9]

In Europe, in 2011 the Max Planck European Research Group on Conflicts of Laws in Intellectual Property (CLIP) published the report "Conflict of Laws in Intellectual Property: Principles and Annotations." (CLIP Principles)[10]

In Asia, within the framework of the Transparency of Japanese Law Project, a report titled "Proposals for Transparency on Matters of Jurisdiction, Choice of Law, Recognition and Enforcement of Judgments of Foreign Courts in Intellectual Property" (Transparency Project) was initiated.[11] Also in Japan, a research group was formed at Waseda University for the purpose of offering a draft document on jurisdiction and applicable law to disputes over IPRs that would apply to the entire region of East Asia. The Waseda group, in close collaboration with Korean researchers, published their joint principles (Japan-Korea Joint Principles).[12] In many respects, their joint report was influenced by the work of the ALI and the Max Planck Institute.[13]

Within the framework of the International Law Association (ILA), a Committee on Intellectual Property and Private International Law was established in 2010.[14] The Committee is missioned to study the current status of the legal framework for the protection of IPRs internationally, to design a set of guiding principles for legislative

8 Toshiyuki Kono & Paulius Jurcys, *General Report*, *in* Intellectual Property and Private International Law: Comparative Perspectives 11 (Toshiyuki Kono ed., 2012).

9 Am. L. Ass'n, Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments In Transnational Disputes (2008), https://wipolex-res.wipo.int/edocs/lexdocs/laws/en/us/us218en-part1.html.

10 *See* the text of the CLIP Principles, Max Planck Institute for Innovation and Competition, Principles on Conflict of Laws in Intellectual Property (CLIP), https://www.ip.mpg.de/en/research/research-news/principles-on-conflict-of-laws-in-intellectual-property-clip.html.

11 Transparency of Japan Law Project, Transparency Proposal on Jurisdiction, Choice of Law, Recognition and Enforcement of Foreign Judgements in Intellectual Property. *See also* Mohr Siebeck, Jurisdiction, Applicable Law, and the Recognition of Judgments in Europe, Japan and the US 394-402 (J. Basedow, Toshiyuki Kono & A. Metzger trans., 2010).

12 *See generally* Commentary on Principles of Private International Law on Intellectual Property Rights (Joint Proposal Drafted by Members of the Private International Law Association of Korea and Japan) (Waseda University Global COE Project, 2014).

13 Siebeck, *supra* note 11, at Preface.

14 ILA, Intellectual Property and Private International Law, https://www.ila-hq.org/en/committees/intellectual-property-and-private-international-law.

initiatives at the national and international levels, and to settle cross-border IP disputes. In 2020, the Committee has adopted its fifth report on the issue containing the so-called "Kyoto Guidelines on Intellectual Property and Private International Law." (Kyoto Guidelines)[15]

All these proposals show a new trend in the interaction between the international protection of IPRs and private international law. Specifically, in published reports and principles, research groups, three main components of private international law in settling cross-border IP disputes have received common mention: (1) determining the jurisdiction of the national courts; (2) resolving conflict of laws among States; and (3) recognizing and enforcing foreign court judgments on IP disputes.[16]

Relating to the question of conflict of laws, these initiatives have focused on three main issues: (1) the choice of law that applies to disputes concerning the ownership of IPRs;[17] (2) the choice of law that applies to transactions involving IPRs;[18] and (3) the choice of law dealing with non-contractual liability claims for acts of infringement of IPRs.[19]

One of the most important missions and challenges that these initiatives must address in dealing with conflict-of-law issues is the principle of territoriality. As a general rule, they continue to respect the territoriality of IPRs by suggesting the law of the country for which protection is sought (lex loci protectionis).[20] In certain cases, however, ignoring the absolute territorial nature of IPRs, some new choice-of-law rules have been proposed, such as the law of the closest connection, the law of the country in which the franchisee or transferee resides or has domicile, or the law agreed upon by the parties.[21]

The choice-of-law rule applied to such matters as the establishment, existence, validity, scope, or termination of IPRs proposed by these international initiatives is the law of the country where protection is sought (lex loci protectionis).[22] As the

15 *Id.* first four reports of the committee. In 2021, the Guidelines were published with extended comments as a special issue of the Open Access journal- Journal of Intellectual Property, Information Technology and Electronic Commerce Law (JIPITEC). *See* JIPITEC, International Law Association's Guidelines on Intellectual Property and Private International Law (Kyoto Guidelines), https://www.jipitec.eu/issues/jipitec-12-1-2021.

16 Kono & Jurcys, *supra* note 8, at 11-2.

17 Japan-Korea Joint Principles art. 308; CLIP Principles art. 3:201.

18 Japan-Korea Joint Principles art. 307; CLIP Principles arts. 3:501- 3:507.

19 Japan-Korea Joint Principles arts. 304-6; CLIP Principles arts. 3:601- 3:606.

20 ALI Principles art. 301; CLIP Principles arts. 3:101-3:103; Transparency Project art. 305; Japan-Korea Joint Principles arts. 301, 305. *See also* Rita Matulionytė, *IP and Applicable Law in Recent International Proposals: Report for the International Law Association*, 3 JIPITEC 263 (2012).

21 Matulionytė, *id.* at 264-6.

22 Transparency Project art. 305; Japan-Korea Joint Principles arts. 301, 303; CLIP Principles arts. 3:101-3:103; ALI

registration is mandatory for IPRs, however, the choice-of-law rule used in this case is the law of the country where the object is registered.[23]

For contractual transactions on the transfer of ownership, and the assignment of IPR, the general choice-of-law rule used by these international initiatives is the party autonomy principle, i.e., the applicable law is the law agreed by the parties.[24] In absence of a choice set by the parties, the applicable law is that of the country to which the contract is most closely related.[25]

With respect to the choice of law for IPR infringements, the international initiatives propose generally to allow parties to choose the applicable law before or after (ex post or ex ante) the infringement occurs,[26] or at any time.[27] In the absence of agreement among the parties, the applicable law for each infringement is the law of the country where protection is claimed (lex loci protectionis).[28] If the infringement occurs simultaneously in more than one country or on the Internet, the applicable law is the law of the country to which the infringement is most closely related.[29] The law of the country in which the offending party has a domicile or place of business is considered the law to which it is most closely related; the law of the country where the primary infringement occurred or where the primary consequence occurred is also considered the law with the closest relationship; the law of the country in which the owner of the subject of the infringed right has major interests is also considered the most closely related law.[30]

B. Development of the Legal Provisions

Based on the popular perception of the territorial nature of IPRs, for a long time, international and domestic legal documents have not considered IPRs from the perspective of conflict of laws. Among the international treaties on the protection of IPRs, very few provisions can be seen as concerning choice-of-law rule, for example,

Principles art. 301.

23 Japan-Korea Joint Principles art. 301:1; ALI Principles art. 311.

24 Transparency Project art. 306; Japan-Korea Joint Principles arts. 302 & 307; CLIP Principles art. 3:501; ALI Principles art. 315:1.

25 Transparency Project art. 306; Japan-Korea Joint Principles art. 307; CLIP Principles art. 3:502; ALI Principles art. 315:2.

26 Transparency Project art. 304.

27 Japan-Korea Joint Principles arts. 302, 304; CLIP Principles arts. 3:501, 3:606; ALI Principles art. 302.

28 CLIP Principles art. 3:601.

29 Japan-Korea Joint Principles art. 306; CLIP Principles art. 3:606; ALI Principles art. 321.

30 ALI Principles arts. 301-2, 321; CLIP Principles arts. 3:603, 3:604; Transparency Project art. 302; Japan-Korea Joint Principles art. 306.

Article 5 (1) and (2) of Berne Convention.[31] For decades, however, the interpretation of these provisions was a source of disagreement.[32] Some authors observe that the Article 5(1) is simply a non-discrimination rule, requiring foreign and national authors to be treated in the same way under national law when they both meet the protection requirements of the relevant country.[33] The US Court of Appeals for the Second Circuit in the Itar-Tass case shared this point of view by commenting on Article 5 (1) of the Berne Convention as follows: "the principle of national treatment is really not a conflict rule at all; it does not direct application of the law of any country. It simply requires that the country in which protection is claimed must treat foreign and domestic authors alike."[34] This opinion by the US court is similar to that of expressed by the European Court of Justice (ECJ): "as is apparent from Article 5(1) of the Berne Convention, the purpose of that convention is not to determine applicable law."[35] Concerning the Article 5(2) of the Berne Convention, the majority view is that this provision endorses the lex loci protectionis as the choice-of-law rule, but this is not without objection from some commentators.[36]

In Europe, from the 1980s to the end of the twentieth century, the provisions for resolving a conflict of laws first appeared in specialized documents on private international laws of some countries.[37] Since the 2000s, particularly, conflict of laws in IP has been mentioned more often and in more detail in private international laws of European countries.[38] Regarding the law applicable to non-contractual obligation arising from the IPR infringements, the European Union Regulation on the law applicable to non-contractual obligations (Rome II Regulation) is an example of this development.[39] Article 8 on the law applicable to non-contractual obligation arising from the IPR infringements is one of the specific provisions in the Rome II

31 Berne Convention for the Protection of Literary and Artistic Works (Sept. 9, 1886; as revised at Stockholm on July 14, 1967), 828 U.N.T.S. 221.

32 Kono & Jurcys, *supra* note 8, at 16.

33 Trimble, *supra* note 1, at 229

34 Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82, 89 n.8 (2d Cir. 1998). *See* Graeme Dinwoodie, *Developing a Private International Intellectual Property Law: The Demise of Territoriality?*, 51 Wm. & Mary L. Rev. 711 (2009).

35 Case C-28/04, Tod's SpA v. Heyraud SA, 2005 E.C.R. 1-05781. *See also* Dinwoodie, *id*.

36 *Id*. at 718.

37 *See*, *e.g.*, Law of 15/6/1978 of Austria, art. 34,; Law on Private International Law of 18/12/1987 of Switzerland, art. 110; Law of 31/5/1995 of Italy, art. 54.

38 *See*, *e.g.*, Law on Private International Law of Estonia 2002, art. 23; Law on Private International Law of Belgium 2004, art. 93-4; Law on Private International Law of Bulgaria 2005, arts. 71-3; Law on Private International Law of Switzerland 2007 (amendment), art. 110; Law on Private International Law of Poland, arts. 46-7.

39 Regulation (EC) no 864/2007 of the European Parliament and of the Council of July 11, 2007, on the law applicable to non-contractual obligations (Rome II), L 199/40 Official Journal, July 31, 2007.

Regulation.[40] Article 8(1) of Rome II Regulation Rome stipulates: "The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed."[41] This provision is considered as a safe solution because it preserved "the universally acknowledged principle of the lex loci protectionis,"[42] reflecting the territoriality of IPRs. Under Article 8(2), in the case of the infringement of unitary Community IPRs, the applicable law is the law of the country "in which the act of infringement was committed." However, Article 8 of this Regulation has an exclusion of the freedom of choice of law made by parties (party autonomy). Article 8(3) emphasizes that "the law applicable under this Article may not be derogated from by an agreement pursuant to Article 14 on freedom of choice."

Article 8 of the Rome II Regulation has been met with some criticism. First, although Rome II Regulation has provisions dealing with the choice of law applicable to non-contractual obligation arising from the infringement of IPRs, in essence, by retaining the principles of lex loci protectionis (Aricle 8 (1)) and of lex loci delicti (Article 8 (2)), it did not make any important progress over the principle of territoriality.[43] Second, in the case of the IPR infringement on the Internet environment or of the infringing acts that occur simultaneously in different countries (e.g., the distribution of products that infringe on trade names or trademarks), the application of Article 8 (1) of Rome II Regulation would make it impossible to determine the applicable law.[44] Third, the Rome II Regulation has a significant shortcoming that the parties do not have the right to choose the applicable law for non-contractual obligation.[45] In fact, its Article 8(3) emphasizes that "the law applicable under this Article may not be derogated from by an agreement pursuant to Article 14 on freedom of choice." This provision of Article 8(3) has been criticized by many scholars.[46] Until the first decade of the twenty-first century, some countries have already allowed the parties to choose the applicable law for IPR infringement. Even in the European Union (EU), some countries have the same solution as Rome

40 Annette Kur, *Applicable Law: An Alternative Proposal for International Regulation-The Max Planck Project on International Jurisdiction and Choice of Law*, 30 Brook. J. Int'l L. 960 (2005).

41 Rome II Regulation, *supra* note 39, art. 8(1).

42 *Id*. at Recital 26.

43 Kur, *supra* note 40.

44 Dick van Engelen, *Jurisdiction and applicable law in matters of intellectual property*, 14 Electronic J. Comp. L. 17 (2010).

45 Rome II Regulation, *supra* note 39, art. 8(3).

46 Kur, *supra* note 40; Nerina Boschiero, *Infringement of Intellectual Property Rights: A Commentary on Article 8 of Rome II Regulation*, 9 Y.B. Priv. Int'l L. 110 (2007); Dick van Engelen, *Rome II and Intellectual Property Rights: Choice of Law Brought to a Standstill*, 4 Neth. Int'l Privaatrecht 440-8 (2008).

II Regulation,[47] while others recognize the right of the parties to choose the applicable law in relation to compensation for damage caused by IPR infringement.[48] Finally, Rome II Regulation only applies to the matter of extracontractual liability. In this regard, the EU system lacks uniformity, because it does not resolve the conflict of laws over the establishment or assignment of IPR.

With regard to the contractual aspect of IPR transactions, the EU Regulation on the law applicable to contractual obligations (Rome I Regulation)[49] applies, replacing the 1980 Rome Convention on the law applicable to contractual obligations (Rome Convention).[50] Unlike Rome II Regulation, Rome I Regulation does not have separate provisions on IP. The general principle that defines the applicable law to contractual relations is set forth in Article 3 (1) of Rome I Regulation as follows: "A contract shall be governed by the law chosen by the parties."[51] Absent choice, the contract shall be governed by the law of the country with which it is most closely connected.[52] Thus, compared with the legislation of some EU member states or other non EU countries, especially in light of the development of the doctrine, the absence of relevant provision of Rome I Regulation may again be considered obsolete.

In Asia, Korea is a leading country in promulgating a specialized law on private international law.[53] In the Private International Law of Korea, only Article 24 of Chapter 4 on property rights (rights in rem) lays down IP matters, called IPR protection. Accordingly, the protection of IPR is carried out in accordance with the law of the country where such rights are infringed (lex loci delicti commissi).[54] In Japan, despite the strong development of doctrine, the written positive law does not yet recognize the question of conflict of laws on IP. Japan's latest applicable law, passed in 2006, has no separate provisions on IP.[55] According to the Supreme Court of Japan, however, the territoriality of IPR does not prevent conflicts of law in this field. Japan's Supreme Court adjudicated that the issue of compensation for damage to IPR should be resolved by the law of the country where the infringement occurred (lex

47 For German case, *see* Supreme Court decision of June 17, 1992, I ZR 182/90, Alf, 24 IIC 539 (1993); Supreme Court decision of October 2, 1997, I ZR 88/95, Spielbankaffaire, MMR 35 (1998).

48 For example, Article 104(2) of Code on Private International Law of Belgium.

49 Regulation (EC) No 593/2009 of the European Parliament and of the Council of June 17, 2008, on the law applicable to contractual obligations (Rome I), (2008) OJL 177/6, http://data.europa.eu/eli/reg/2008/593/oj.

50 Convention on the Law Applicable to Contractual Obligations 1980 O.J. (C 334).

51 *Supra* note 49, art. 3(1).

52 *Id*. art. 4.

53 Private International Law Act of Korea [국제사법], Law No. 6465 (Apr. 7, 2001).

54 *Id*. art. 24.

55 The Act on General Rules for Application of Laws, Act No. 78 (June 21, 2006).

loci delicti commissi).[56]

More recently, China's Law on Applicable Law to Civil Relations with Foreign Elements in 2010 prescribes the choice-of-law rules on IP matters in Articles 48-50.[57] Pursuant to Article 48, the establishment and the content of IPRs are determined by the law of the country where protection is sought (lex loci protectionis). Article 49 provides that the parties to a contract of transfer and license of IPRs may by agreement choose the applicable law to this contract. Without any choice by the parties, the determination of the applicable law is subject to the common choice-of-law rules for contract in general. Article 50 of this Law prescribes the choice-of-law rule for IPRs infringement by using lex loci protectionis as general rule: Liability for infringing intellectual property rights is governed by the law of the place where protection is sought.[58] Furthermore, Article 50 recognizes that the parties may, after the infringement occurs, choose the law of the country where the court is located (lex fori) as applicable law.

Thus, it can be seen from above that a clear trend in the legal regulations of countries is to recognize conflicts of law in the field of IP. Compared with the development in doctrine, the change in the legal regulations of the countries took place later, and the content of the change was also less uniform. Another evident pattern is that countries that have recently codified or changed regulations on private international law have provided more detailed regulations on conflict of laws regarding IP. The case of China in Asia and Belgium in Europe are examples of this latter statement. More recently, the case of Vietnam can also be considered a notable example.

3. The Catching up with the International Trend by Vietnam's Civil code 2015

A. Modifications in Part 5 of the 2015 Civil Code in Comparison with Part 7 of the 2005 Civil Code on IP matter

In Vietnam, a consensus has been formed for long in academia on the absolute

[56] Toshiyuki Kono, *Intellectual Property Rights, Conflict of Laws and International Jurisdiction: Applicability of ALI Principles in Japan?*, 30 Brook. J. Int'l L. 876 (2005).

[57] Law of the People's Republic of China on the Laws Applicable to Foreign-related Civil Relations, WIPOLEX, art. 110, https://wipolex-res.wipo.int/edocs/lexdocs/laws/en/cn/cn173en.html.

[58] *See also* Law on Private International Law of Switzerland.

territorial nature of IPR, which is considered as the reason for the absence of conflict of laws in this field.[59] In terms of positive law, Article 2 of the 2005 Law on Intellectual Property provides that the applicable subjects of this law are "Vietnamese organizations and individuals; foreign organizations and individuals."[60] However, this law has no provisions on resolving conflict of laws on IP. This is quite different from various Vietnamese legal texts on civil and commercial fields, which normally contains provisions on choice-of-law rule. However, Article 5 (1) of the 2005 Law on Intellectual Property states that: "where there are intellectual property related civil issues not being stipulated in this Law, the provisions of Civil Code shall be applied."

The 2005 Civil Code, in Part 7 on civil relations with foreign elements, had three articles related to IP, namely: Article 774 (copyright with foreign elements); Article 775 (IPR and rights to plant varieties with foreign elements); and Article 776 (transfer of technology with foreign elements).[61] Articles 774 and 775 only stipulated the principles of IPR protection for foreigners and foreign legal entities in Vietnam and did not deal with the choice of applicable law. Article 776 mentioned the application of Vietnamese law, international treaties to which Vietnam is a party, and foreign laws, but did not provide the principle of choice of law and resolution of conflicts of law. As a consequence, these three articles in the 2005 Civil Code have been removed from Part 5 of the 2015 Civil Code on the law applicable to civil relations involving foreign elements.[62]

The 2015 Civil Code, in Part 5 on applicable law to civil relations involving foreign elements, contains two provisions on IP.[63] First, Article 679 on the IP rights states: "Intellectual property rights shall be determined in accordance with the laws

59 *See generally* Textbook of Private International Law 193-5 & 214-5 (Bui Xuan Nhu ed., 2006); Textbook of Private International Law 182 (Nguyen Trung Tin ed., 2012); Protection of Intellectual Property Rights in Vietnam: Theoretical and Practical Issues 30 (Le Hong Hanh & Dinh Thi Mai Phuong eds., 2004).

60 Law on Intellectual Property No. 50/2005/QH11, WIPOLEX, https://wipolex-res.wipo.int/edocs/lexdocs/laws/en/vn/vn003en.pdf.

61 Vietnam Civil Code No. 33/2005/QH11, WIPOLEX (June 14, 2005), https://wipolex-res.wipo.int/edocs/lexdocs/laws/en/vn/vn001en.pdf.

62 According to the Explanatory Notes on the Draft of 2015 Civil Code, the title, "Civil relations with foreign elements," of Part 7 of the 2005 Civil Code "does not reflect the essence of Part 7, which only provides the choice-of-law rules (determining applicable laws) in civil relations with foreign elements, while other Parts of the 2005 Civil Code provide for substantive law (substantive rules)." The fact that Part 5 of the Vietnam Civil Code 2005 is referred to "Law applicable to civil relations with foreign elements" is intended to "clearly manifests the specific characteristics of this Part, which only sets forth the choice-of-law rules that regulate the application of law to civil relations involving foreign elements.'" *See* Vietnam Ministry of Justice, Explanatory Notes on the Draft of 2015 Civil Code, http://duthaoonline.quochoi.vn/DuThao/Lists/DT_DUTHAO_LUAT/View_Detail.aspx?ItemID=588.

63 Vietnam Civil Code No. 91/2015/QH2013, WIPOLEX, https://wipolex.wipo.int/en/text/585381.

of the country in which the subjects of the intellectual property rights are required to be protected." Second, Article 683 (1) on resolving conflict of laws over contracts (inter alia applicable to contracts on the transfer of ownership or assignment to subjects of IPR) stipulates: "Contracting parties in a contract may agree to select the applied law for the contract, [...] If the contracting parties fail to agree on the applicable law, the law of the country with which such contract is closely associated shall apply." Article 683(2) further provides for the principle of presumption to determine the law that has the closest relationship to the contract. Article 683(2)(c) states that the law considered to have the closest relationship with the contract is "[T]he law of the country where the transferee being a natural person resides or the seller being a juridical person is established in terms of contracts on the transfer of ownership or assignment to subjects of intellectual property rights." Article 683(3) stipulates that if it can be proven that the law of a country other than the law specified in Article 683(2) has a closer relationship with the contract, the applicable law is the law of that country.

B. Initial Comments on IP Provisions in Part 5 of the 2015 Civil Code

The new provisions contained in its Articles 679 and 683 show that the 2015 Civil Code acknowledges the conflict of laws in IP. This is among the new aspects of the 2015 Civil Code, catching up with regional and international trends recognizing the conflict of law in IP field.

Regarding the scope of application, Article 679 may be considered as a general provision on IPR involving foreign elements, including the issues of the establishment, scope, content, and duration of IPRs. However, with the provision being too brief, it can lead to different interpretations. For example, in order to determine applicable law in case of IPR infringement, whether Article 769 will be applied or the general provisions on resolving conflict of laws for non-contractual liability in Article 687 will be applied? Further, unlike the solution adopted in various countries and international initiatives as seen above, Article 679 of Vietnam 2015 Civil code does not distinguish the law where protection is claimed (lex loci protectionis) from the law where the registration procedure is carried out for subjects of IPR that registration is required.

Thus, different from the current national and international trend, the Vietnam 2015 Civil Code does not contain a particular provision on resolving conflict of laws on compensation for damage caused by IPR infringement. Such a provision is urgently needed in the future, but it is one of the most difficult and controversial task.

With the current provisions, in order to deal with a a claim for compensation

for damage caused by infringement of IPR with foreign elements, a Vietnamese tribunal has the following options. First, the tribunal can apply Article 769 on resolving conflict of laws in IPR in general. In that case, the applicable law will be the law where protection is claimed (lex loci protectionis). One may consider that it is a safe option, thereby continuing the traditional concept of the territoriality of IPR, consistent with international treaties on IPR protection currently in force.[64] However, this option can lead to deadlock in determining the applicable law. For example, if the infringing act took place on the Internet, the location of the act of infringement cannot be determined.

Second, the tribunal can apply Article 687 for determining the applicable law on compensation for non-contractual liability in general. Accordingly, even with acts of infringement on IPR, the compensation for damage will be determined in accordance with the law agreed by the parties. When the parties does not make the choice, the applicable law is the law of the country where the consequences of the infringing act occur.[65] Assuming that the consequences of acts of infringement of IPR arise in many places (e.g., copyright infringement on the Internet or trademark infringement by distributing products with infringing elements concurrently in different countries), according to Article 687, the laws of various countries should be applied simultaneously to determine compensation for each act of infringement in different country where the act occurred. In this assumption, the application of Article 687 leads to the complete abandonment of the conception of the absolute territorial nature of IPR, even excluding the principle of the law where the protection is claimed (lex loci protectionis).

As for the resolution of conflict of laws over contracts on the transfer of ownership or on the assignment of IPRs, the solution provided in Article 683 is much clearer and more specific. According to Article 683 (1), the right of the parties to agree on the choice of law applicable to contracts on the transfer of ownership or assignment of IPR is recognized expressly. In absence of choice, the applicable law is the law of the country in which the recipient resides if s/he is an individual or established if it is a legal entity (firm). In both hypotheses, therefore, the traditional choice-of-law rule of the country where the protection is claimed (lex loci protectionis) is not applied if it can be demonstrated that another law is more closely

64 Berne Convention, *supra* note 31, art. 5(2). It provides: "the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed."

65 Vietnam 2015 Civil Code, *supra* note 63, arts. 687 (1) & (3) & 683.

related to the contract.[66] The presumptive law in this last scenario can be the law of the territory where the claim is sought, the law where the registration is carried out, the law of the place of residence, or the place where the assignor is located, etc. However, the freedom to negotiate the applicable law of the parties as provided for in Article 683 (3) is conditioned by respect for the legitimate rights and interests of a third party.[67] The right of the parties to negotiate the applicable law to contracts on the transfer of ownership or assignment to subjects of IPR is also conditioned on the contract being signed by one party who is an employee.[68]

4. Conclusion

From a general conception on the territorial nature of IPR, in order to commercialize the exploitation of the subjects of IPR for the rise of the Internet, during the last decade of the twentieth century, a strong change took place in many countries both in doctrine and on regulation on the conflict of laws in IP field. Although this transformation is uneven, the general tendency toward recognition of conflict of laws in IP field is clear. Settlement of these conflicts of laws essentially comprises recognition of IP matters in a transboundary, even global context, which might lead to the abandonment of the traditional notion of territoriality of IPR.

Among the three IP issues that could cause a conflict of laws (the establishment of the original right, the content, and validity of the right; the contract for transferring the right to use an IPR; and the compensation for damage caused by infringement of IPR), the first issue seems to receive more consensus, with the acceptance of the choice-of-law rule of the place where protection is claimed (lex loci protectionis). Agreement also seems to have been reached on the choice of applicable law for a contract of transferring the right to use and IPR, through universal recognition of the rights of the parties to choose the applicable law and choice of law that is most closely related in the absence of choice by the parties.

The third issue-the conflict of laws in compensation for damage arising from IPR infringement-is treated less uniformly in doctrine and in practice. In this regard, as the laws of many countries ignore this issue or have not fully resolved cases it may arise or rely on the lex protectionis choice of law which often leads to deadlock in

66 *Id.* art. 687 (3).

67 *Id.* art. 683 (3).

68 *Id.* art. 683 (5).

cases of IPR infringement that occurs simultaneously in many countries or in global cyberspace.

With regard to the Vietnam 2015 Civil Code, the two new provisions, namely Article 679 and Article 683, are an important step forward, catching up with the changing trend of private international law in IP field. In some respects, these two provisions are even ahead of the development of doctrine as well as of positive law of other countries. In Vietnam as in many other countries, however, the 2015 Civil Code has not yet provided particular provisions on resolving conflict of laws in IP infringement cases. Therefore, in the event of a specific claim for compensation, the Vietnamese tribunals should apply either Article 679 on resolving conflict of laws in IP in general or Article 687 as the general rule for choice of law in compensation for non-contractual liability. Because both options are inadequate leading to difficulty, these provisions must be object of considerations for improvements in the future.

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