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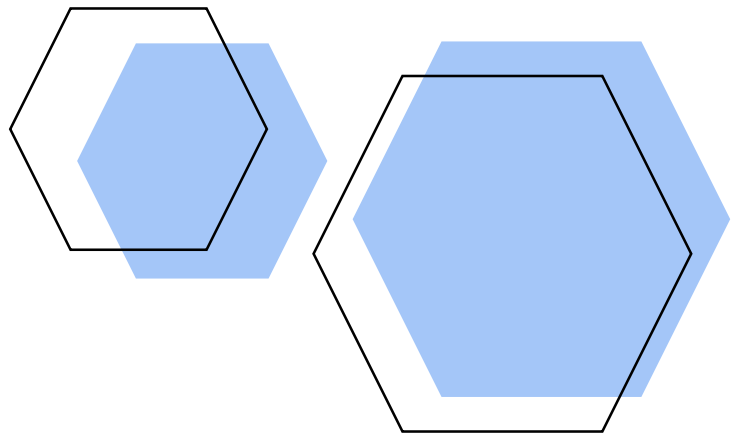
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NAVIGATING TECHNOLOGY TRANSFER
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OVERVIEW

Vietnam's continued transition toward a knowledge-based and innovation-driven economy has significantly increased demand for foreign technology, know-how, and technical solutions. As multinational corporations, startups, and research institutions seek to enter or expand within the Vietnamese market, technology transfer has become a critical vehicle for cooperation and investment. However, beyond its commercial appeal, technology transfer in Vietnam is subject to a detailed legal and regulatory regime that requires careful navigation. A clear understanding of the applicable laws, administrative practice, and potential legal risks is essential to ensure that technology transfer transactions are both enforceable and commercially viable.

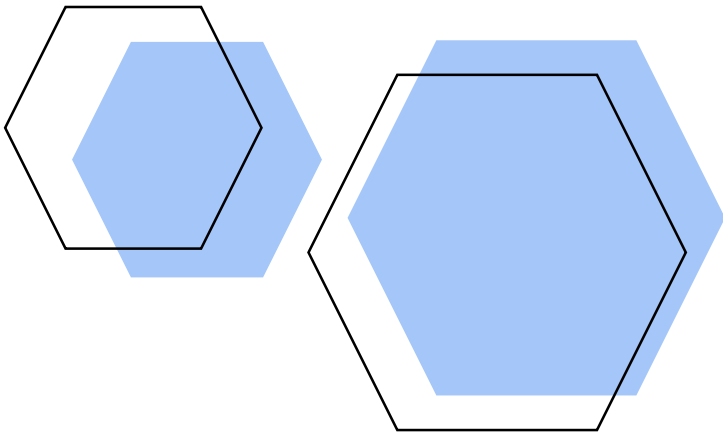




REGULATORY FRAMEWORK GOVERNING TECHNOLOGY TRANSFER

Technology transfer activities in Vietnam are principally governed by the Law on Technology Transfer, as amended, together with relevant provisions of the Law on Intellectual Property, the Law on Investment, and implementing regulations issued by the Government and the Ministry of Science and Technology. These instruments collectively regulate the conditions, procedures, and limitations applicable to the importation, licensing, and assignment of technology from foreign parties into Vietnam.

Under Vietnamese law, “technology” is broadly defined to include technical solutions, processes, know-how, software, and other forms of applied knowledge that may or may not be protected by intellectual property rights. This broad scope means that many transactions that might not traditionally be viewed as technology transfers in other jurisdictions may still fall within the regulatory ambit in Vietnam. As a result, foreign investors must assess not only whether the technology itself is permitted, but also whether the structure of the transaction triggers registration or approval requirements.





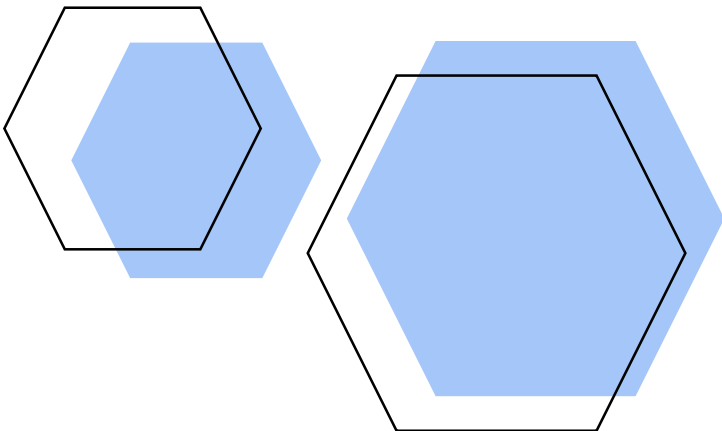
CLASSIFICATION OF TRANSFERABLE TECHNOLOGIES

A central feature of Vietnam's technology transfer regime is the classification of technologies into encouraged, restricted, and prohibited categories. This classification directly affects whether a proposed transfer may proceed freely, requires prior approval, or is barred altogether.

Encouraged technologies typically include advanced technologies, environmentally friendly solutions, and innovations that contribute to sustainable development, productivity enhancement, or public welfare. Transfers of such technologies are generally supported by the State and may benefit from preferential policies.

Restricted technologies are those that may pose potential risks to national security, public health, the environment, or social stability. Transfers involving restricted technologies are subject to review and approval by competent authorities, most notably the Ministry of Science and Technology. Failure to obtain approval where required can result in administrative penalties or invalidation of the transfer.

Prohibited technologies, by contrast, are those that are obsolete, environmentally harmful, or otherwise detrimental to Vietnam's development objectives. Any attempt to transfer such technologies into Vietnam is unlawful and will not be recognized.





CONTRACTUAL REQUIREMENTS AND LEGAL VALIDITY

From a contractual perspective, technology transfer agreements must comply with Vietnamese law not only in substance but also in form. While not all technology transfer contracts require registration, those involving restricted technologies or certain cross-border transfers must be registered with or approved by the competent authority. Where registration is mandatory, failure to complete this step may render the agreement unenforceable, even if it has been validly executed under foreign law.

Vietnamese practice places particular emphasis on the clarity and completeness of technology transfer contracts. Agreements should clearly identify the technology being transferred, the scope of rights granted, payment terms, confidentiality obligations, liability allocation, and dispute resolution mechanisms. Vague or overly broad descriptions of technology can raise concerns during administrative review and may delay approval or registration.

INTELLECTUAL PROPERTY AND OWNERSHIP RISKS

Intellectual property considerations are often among the most significant risks in technology transfer transactions. In Vietnam, ownership and licensing of technology are closely linked to the status of underlying IP rights. Where patents, trademarks, copyrights, or industrial designs form part of the transferred technology, these rights should ideally be registered in Vietnam prior to or concurrently with the transfer.

Unregistered IP rights may still be contractually transferred or licensed, but enforcement options are considerably weaker. Moreover, in the absence of proper registration, disputes may arise over ownership, scope of use, or the ability to prevent third-party infringement. Vietnamese authorities and courts generally rely on local IP registration as primary evidence of ownership, particularly in enforcement proceedings.



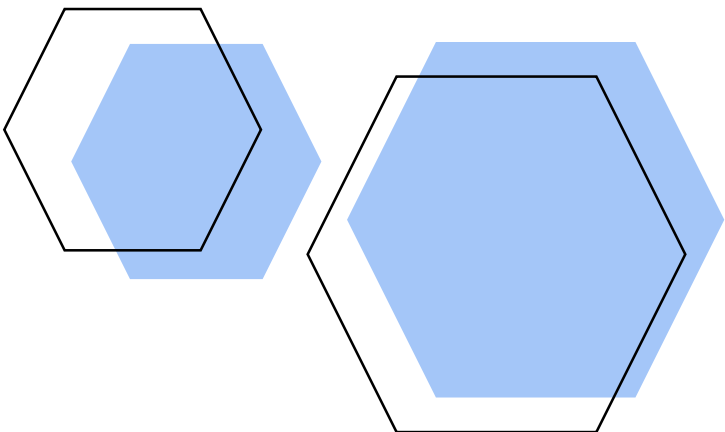
COMPLIANCE, TAXATION, AND ONGOING OBLIGATIONS

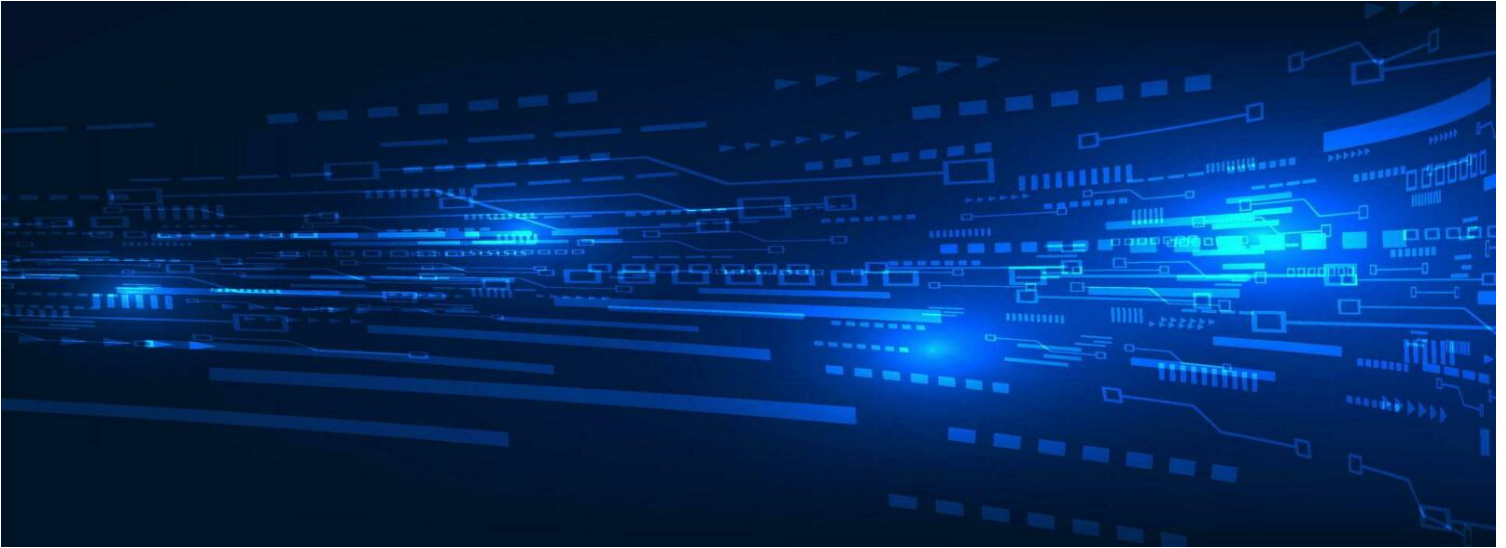
Technology transfer transactions may also give rise to tax obligations, including value-added tax and withholding tax, depending on the nature of the transfer and the payment structure. In practice, tax treatment can vary based on whether the transaction is characterized as a transfer of technology, a licensing arrangement, or a broader service agreement. Early consultation with tax advisors is therefore advisable to avoid unexpected liabilities.

In addition, parties should be mindful of ongoing compliance obligations after the transfer has been completed. These may include reporting requirements, restrictions on sub-licensing, and obligations to maintain confidentiality and data security. Failure to observe these obligations may expose parties to administrative sanctions or contractual liability.

PRACTICAL APPROACH FOR FOREIGN INVESTORS

For foreign investors, a cautious and structured approach to technology transfer into Vietnam is essential. This includes conducting thorough due diligence on the technology, assessing its regulatory classification, ensuring IP protection is in place, and preparing contracts that align with Vietnamese legal and administrative practice. Engaging local legal counsel at an early stage can significantly reduce the risk of delays, disputes, or invalidation of the transaction.





CONCLUSION

Technology transfer remains a powerful tool for accessing Vietnam's dynamic and rapidly growing market. However, its success depends not only on commercial considerations but also on careful legal planning and regulatory compliance. By understanding Vietnam's technology transfer framework, anticipating common legal risks, and aligning contractual arrangements with local practice, foreign businesses can unlock long-term value while minimizing exposure to legal and operational challenges.

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Please contact Daitin & Associates if you require any further information or guidance in the procedures of acquiring, protecting intellectual property rights in Vietnam | Cambodia | Laos | Myanmar | Thailand | Philippines | Brunei | Indonesia.

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