

Vietnam

Contributing firm

LÊ & LÊ

Author

Le Hoai Duong

Managing Partner

1. Legal framework

National

The central law on trademarks in Vietnam is Part VI of the Civil Code 1995. This contains basic provisions for the protection and enforcement of trademarks and other IP rights in Vietnam.

The Vietnamese government and its agencies have issued many normative legal documents to implement Part VI of the Civil Code. The primary implementing legislation relating to trademarks is as follows:

- Government Decree 63/CP (1996) Providing Detailed Regulations on Industrial Property, as amended by Decree 06/2001/ND-CP;
- Government Decree 12/1999/ND-CP on Administrative Penalization in the Field of Industrial Property;
- Circular 10/2000/TTLT-BTM-BTC-BCA-BKHCMNT of the Ministry of Trade, the Ministry of Finance, the Ministry of Police and the Ministry of Science, Technology and Environment Guiding Implementation of Prime Ministerial Directive 31/1999/CT-TTg on Fighting and Opposing the Production and Trade of Counterfeit Goods; and
- Government Decree 54/2000/ND-CP on the Protection of Industrial Property Rights in the Field of Trade Secrets, Geographical Indications, Trade Names and Protection Against Unfair Competition in Relation to Industrial Property Rights.

International

Vietnam is a party to the following international conventions relating to trademarks:

- the Paris Convention for the Protection of Industrial Property, since 1949;
- the Madrid Agreement on the International Registration of Marks, since 1949; and
- the US-Vietnam Agreement on Trade Relations, which entered into force on December 10 2001. Chapter II of the

agreement requires both countries to provide a level of protection for IP rights (including trademarks) consistent with prevailing international standards (ie, the Agreement on Trade-Related Aspects of Intellectual Property Rights).

However, the provisions of IP conventions to which Vietnam is a party are not self-executing under Vietnamese law. To implement Vietnam's multilateral and bilateral treaty obligations, the competent state authorities have issued and amended many laws and regulations.

The Civil Code (including Part VI) is currently being amended under the leadership of the Ministry of Justice. Recently, the Ministry of Justice, the Ministry of Science and Technology and the Ministry of Culture and Information concluded that the best way to upgrade Vietnamese IP law is to replace Part VI of the Civil Code with a comprehensive new Intellectual Property Law. The first draft of the law has already been written and circulated for comment among competent Vietnamese authorities and professional organizations.

2. Unregistered marks

Protection

Articles 8 and 9 of the Commercial Law 1997 prohibit the following actions:

- infringing the trademark rights and other industrial property rights of other merchants;
- deceiving and/or causing confusion to customers; and
- selling counterfeit goods.

Article 24(1) of Decree 54/2000/ND-CP prohibits the use of "any commercial indications to create an incorrect perception or information about a business entity, business establishment, business activities, goods or services". According

to Article 4(1) of the decree, ‘commercial indications’ are signs or information intended to provide guidelines on the trading of goods and services, including trademarks, trade names, business symbols, business slogans, geographical indications, get-ups and product labels.

These provisions provide a basis for claiming infringement of unregistered marks. In order to succeed in an action against an alleged infringer of an unregistered mark, according to Article 26 of the decree, the owner of the mark must prove that its “rights [or] legitimate interests” are “infringed or likely to be harmed”.

Decree 54/2000/ND-CP has been little used in practice. This is because of its ambiguous language and the absence of an implementing circular.

On December 3 2004 the National Assembly adopted a new Competition Law, which will take effect on July 1 2005. Articles 39 and 40 prohibit the use of ‘misleading indications’. According to Article 5, this law will pre-empt other laws and regulations governing unfair competition, including Decree 54/2000/ND-CP, to the extent of any inconsistencies.

Use requirements: As there is no legislation that directly addresses the issue of establishing unregistered rights, the National Office of Intellectual Property (NOIP) has looked to Articles 6(1)(b) and 6(1)(e) of Decree 63/CP for guidance on the matter. Under Articles 6(1)(b) and 6(1)(e), a sign will not be registered as a trademark if it is identical or confusingly similar to:

- another’s registered trademark;
- a well-known mark; or
- a mark that has been used and is widely recognized.

This implies that well-known marks or widely used and recognized marks may be protected in Vietnam without any filing or registration

obligation. Some NOIP decisions in recent years have confirmed that unregistered rights are established by use of a mark that is sufficient to create a reputation in the mark.

In NOIP practice, a well-known mark is considered to have a higher degree of reputation than a widely used and recognized mark. Under Decree 63/CP, if NOIP recognizes a mark as well known, protection for that mark will extend to dissimilar goods and/or services where the use is likely to cause confusion about the source of goods or services, or about business affiliations or connections. To claim well-known status for a mark, the owner must file a request for recognition with NOIP. Once NOIP has recognized a mark as well known, the owner’s rights are perpetual.

The Vietnamese legislation leaves open the question of whether inherently distinctive unregistered marks are protected, regardless of the existence of reputation.

3. Registered trademarks

Ownership

“Individuals, legal persons and other subjects legally conducting production or business activities” can apply for and own a trademark.

Foreign individuals that do not reside in Vietnam, or foreign legal persons that do not have a legal representative or real and effective industrial or commercial establishment in Vietnam, must apply for trademark protection through a licensed Vietnamese industrial property firm.

Scope of protection

To be registered as a trademark or service mark in Vietnam, a visible sign (ie, a word, name,

symbol, device or any combination thereof) must be:

- distinctive;
- not deceptive;
- not contrary to public order or morality; and
- not identical or confusingly similar to another's earlier-filed or registered trademark in respect of similar goods or services, to a well-known mark or to a widely used and recognized mark.

A sign that is not inherently distinctive – such as a single letter, numeral or simple geometric shape – may be registered as a trademark or service mark if it has acquired secondary meaning.

4. Procedures

Examination, opposition, registration

To obtain a national trademark registration, an application must be filed with NOIP in the required form. NOIP practice is to use the International Classification of Goods and Services under the Nice Agreement. A trademark application may cover more than one class. The first-to-file principle applies.

A trademark application will be examined as to form within three months of the filing date. If found acceptable, the application will be published in the *Official Gazette* during the next two months. The application is then examined to ensure that the trademark is distinctive, is not deceptive and does not conflict with earlier-filed or earlier-registered trademarks. The examination process typically takes about nine months. If an examiner raises objections to the trademark, the applicant may appeal the examiner's decision to the NOIP Appeal Board. During the substantive examination period, any person who considers that the trademark does not meet the registration requirements may file a notice of opposition with NOIP. No fee is

required to file a notice of opposition. If there are no objections or oppositions, or if the applicant overcomes all objections and oppositions, NOIP will register the trademark, issue a certificate of registration and publish the registered trademark in the *Official Gazette*. In the case of a successful trademark application (ie, no objections or amendments), it is possible to obtain registration within about 14 months of the filing date.

As a member of the Madrid Agreement, Vietnam can be designated in an application for international trademark registration which is filed with the International Bureau of the World Intellectual Property Organization. The international trademark registration can thereby be extended to Vietnam.

Cancellation/surrender

The owner of a registered trademark may renounce the registration in whole or in part.

Revocation

A registered trademark may be removed from the Trademark Register if its owner has failed to use the trademark for five consecutive years before the allegation of non-use, without legitimate reason.

Invalidation

A third party, at any time during the term of registration, may request NOIP to invalidate a registration on the grounds that the registration was granted contrary to law.

5. Enforcement

Unregistered rights are enforced through a legal action for unfair competition. Measures that are available to enforce registered or unregistered rights in Vietnam include administrative, civil, criminal and border measures.

Administrative measures: Any person who commits an infringing or unfair act, whether intentionally or unintentionally (but “not yet to the level of criminal liability”), shall be subject to administrative penalties. To date, administrative enforcement has proven to be the most effective method for dealing with trademark infringement and unfair competition, and is therefore the recommended first approach in Vietnam. Administrative sanctions include:

- warnings;
- monetary fines (up to D100 million);
- suspension of the infringer’s business licence;
- confiscation of infringing goods;
- confiscation of materials, equipment or facilities used to produce infringing products;
- orders to remove infringing elements from goods, products or means of business;
- orders to pay compensation to the trademark owner (up to D1 million); and
- orders to destroy items bearing infringing elements or infringing goods of “substandard quality which could cause harm to human health”.

It usually takes between 20 and 45 days from the filing of an infringement complaint with one or more of the administrative enforcement authorities for the authorities to conduct a raid.

Civil measures: Once infringement has been found, the courts will routinely grant an injunction against further infringement and award compensation for damages. Although not specifically provided for in the IP legislation, in practice Vietnamese courts often calculate damages based on the plaintiff’s lost sales or the defendant’s profits as a result of the infringement. Under the Civil Procedure Code 2004, the courts may grant *ex parte* provisional measures “to deal temporarily with a party’s urgent requests, to protect evidence or to ensure the enforcement of a judgment”.

Often, it takes over a year before the initial hearing is held.

Criminal measures: Under the Criminal Code 1999, both trademark infringement and counterfeiting are offences punishable by fines and/or imprisonment. In ‘very serious’ or ‘extremely serious’ infringement cases, the penalty is imprisonment for up to three years. If the counterfeit goods are food or medicines, the counterfeiter may be imprisoned for up to 20 years, imprisoned for life or given the death penalty in extremely serious cases.

Often, it takes six to nine months before the initial hearing is held.

Border measures: According to Articles 57 and 58 of the Law on Customs 2001, an owner of IP rights is entitled to request Customs to suspend the import and export of goods suspected of infringing IP rights. Customs will act once the rights holder has submitted written notice objecting to the import or export of the suspect products, and providing evidence of the alleged infringement and security or equivalent assurance. In theory, border measures are available in respect of all IP rights (including patents, industrial designs, trademarks and unregistered rights) and for all degrees of infringement (ie, wilful or non-wilful). In practice, however, Customs typically focuses the application of border measures on the counterfeiting of registered trademarks and copyright piracy.

It generally takes between three and 10 days to obtain a decision from Customs to suspend the import or export of suspect goods.

6. Ownership changes – legalization requirements

A trademark application or registration may be assigned by the owner of the trademark. A trademark assignment is not effective unless it is executed in writing and registered with NOIP.

The deed of assignment must be signed by both the assignor and the assignee, or by the principal officers if the assignor and/or assignee is a corporation. The signature must be authenticated with the corporation's seal or notarized. No other legalization is required.

7. Areas of overlap with related rights

Design rights: Article 785 of the Civil Code defines a 'trademark' as a sign used to distinguish the goods or services of one enterprise from those of others. Article 785 also lists a number of illustrative types of signs, including words, phrases, symbols, devices or any combination thereof presented in one or more colours. Article 785 makes it clear that a trademark may be the shape of goods or packaging (ie, a three-dimensional sign). In practice, many three-dimensional signs – such as the shapes of bottles, containers and food products – have been registered as trademarks in Vietnam. An industrial design, as defined in Article 784 of the Civil Code, is the appearance of a product. Accordingly, there is a considerable overlap between trademarks and industrial designs.

There are no regulations that preclude trademark protection for a shape on the grounds that the shape is protected or was previously protected as an industrial design. NOIP practice makes clear that both trademark protection and industrial design protection can be obtained for the same shape, provided that the shape meets the protection requirements for trademarks (ie, capable of distinguishing the goods or services) and designs (ie, new and capable of serving as a pattern for an industrial product or handicraft).

Copyright: According to Rule II(2) of Ministry of Culture and Information Circular 27/2001/TT-BVHTT, "objects entitled to industrial property

protection" must be excluded from works that qualify for copyright protection. This provision is vague and makes it difficult to know whether copyright can be used to protect unregistered device marks that have artistic merit.

8. Online issues

The Vietnam Internet Centre (VNNIC), a division of the Ministry of Posts and Telecommunications, administers the country-code top-level domain '.vn'. There are three types of second-level domains (SLDs) under the country-code top-level domain:

- generic SLDs (eg, '.com.vn', '.org.vn', '.gov.vn', '.edu.vn', '.net.vn');
- internet exchange point/internet service provider/online service provider/internet communications protocol SLDs (eg, '.vnn.vn', '.fpt.vn', '.netnam.vn'); and
- province/city SLDs (eg, '.hanoi.vn', '.tp-hochiminh.vn').

VNNIC also administers and registers SLD, as well as third-level domain names within the generic SLD. Individuals and organizations, including foreigners, can register and use a third-level domain name under the top-level domain '.vn'.

A domain name is unregistrable if it:

- infringes another's IP rights;
- contains words which are contrary to public morality;
- contains the name of a kind of goods or the name of a commercial field; or
- contains a common geographical name or the name of an international organization, except where the use of that name is permitted by the competent authorities.

The domain name registries allocate domain names on a first come, first served basis. They

check for pre-existing domain name registrations only, and do not conduct trademark or corporate name searches. When applying for registration of a domain name, the registrant must explain the connection between the requested domain name and its commercial field, and is wholly responsible for the requested domain name. If there is any suspicion that registration and use of the domain name would infringe the legal rights of a third party, the domain name will be published for opposition at www.vnnic.net.vn for three days. If no opposition is lodged within this three-day period, the requested domain name will be registered. It takes about 10 days to register a domain name in Vietnam.

Any individual or organization that believes a domain name registered by a third party conflicts with its registered trademark or unregistered right may file a complaint with the VNNIC. Unfortunately, no domain name dispute resolution procedures, such as those modelled on the Uniform Domain Name Dispute Resolution Policy, have been established in Vietnam. The best approach for the owner of a registered or unregistered right in a sign to cancel a registered domain name that is identical or confusingly similar to the protected sign is to submit to VNNIC a NOIP decision stating that the domain name owner is guilty of infringement or unfair competition.

It is unclear which courts (civil, economic or administrative) have jurisdiction over domain name disputes. Also, the courts have neither regulations nor settled procedures for resolving domain name disputes. The existing legislation is silent on the important question of when use of a sign on the Internet will be considered to be an act of infringement or unfair competition.

