

## VIETNAM

## The growing problem of trade mark squatting

Tilleke & Gibbins

Hanoi



Linh Thi Mai Nguyen

Vietnam's IP Law is fairly liberal on the rights to register marks. Under the law, any organisation or individual has the right to register marks to be used for goods they produce or services they provide. In practice, except for collective marks or certification marks, which are strictly regulated, anyone (legal entities or individuals) can apply for a trade mark or a service mark for any kind of goods or services, as the trade mark office does not request any documents showing their legal status or intent to use at the time of filing. While this helps to simplify the process for trade mark registration, the ease of filing marks also results in trade mark squatting.

Like many other countries, Vietnam applies the first-to-file principle, which gives priority to those who first apply for a mark. But unlike many countries, Vietnam's IP Law does not provide that bad faith can be independent grounds for opposition, cancellation and refusal of a mark. Without the fear of the marks being refused/cancelled based on bad faith, there are many companies (and even individuals) whose sole function is to intentionally seek out and apply for others' well-known or widely used marks that are not yet registered in Vietnam, with the ultimate goal being to sell these marks to the genuine trade mark owners when the latter are interested in the Vietnam market. Losing nothing but a small fee for filing, these companies can be audacious. They duplicate others' marks and file for exactly the same goods and services in any field, from cosmetics, to pharmaceuticals, to electronic appliances. Some companies have applied for more than 200 trade marks in dozens of different fields – despite not actually producing any goods or providing any services themselves. Most of these marks are the marks of other companies that are well-known globally, at least in their niche market.

While this may be clear evidence that the applicants are applying for these marks in bad faith, due to the first-to-file principle, and because Vietnam's IP Law does not stipulate that bad faith can be independent grounds for opposition or cancellation, these questionable prior marks present real challenges to the genuine trade mark owners, who often find themselves in a weak position in the fight with the adverse party to take back their marks.

In rare cases the genuine trade mark owners may be able to oppose/cancel the marks filed by the adverse parties if they can prove one of the following:

- Prior use: The mark has been widely used by the genuine trade mark owner in Vietnam before the filing date of the adverse party's application in Vietnam – as the IP Law stipulates that a mark may be refused if it is identical or confusingly similar to another person's mark which has been widely used and recognised for similar or identical goods or services before the filing date. For the purpose of opposing or cancelling a mark based on prior use, the genuine trade mark owner must submit intensive evidence of use in Vietnam for a substantial amount of time (often five years). Sales volume and figures and advertising expenditure are critical factors to prove wide use status.
- A principal-representative relationship between the genuine trade mark owner and the adverse party: the adverse party is a representative/agent of the genuine trade mark owner in Vietnam or the adverse party has engaged in trading products of the genuine trade mark owner in Vietnam – as the IP Law explicitly prohibits representatives/agents from registering marks without the consent of the genuine owner.
- Copyright protection: the mark includes names or figures of characters of publicly known works under copyright protection owned by the genuine trade mark owner – as the IP Law requests the applicant to submit evidence to prove the right to register marks containing special elements.

However, in cases where the mark is not yet in use in Vietnam and there is no relationship between the parties or no copyright involved, it would be ex-

remely difficult for the trade mark owner to reclaim the marks. Under these circumstances, the trade mark owner may have to reach out to the trade mark squatters to negotiate the assignment of these marks. The trade mark squatters, of course, would then request a sky-high price.

As trade mark rights are territorial, this practice may happen anywhere and is definitely not a new issue. However, clear provisions on refusal/opposition/cancellation against bad-faith filing may help to mitigate this problem. Specifically, Vietnam may want to adopt the following US and EU open approach on what acts may constitute bad faith, which are developed through court rulings in various cases, for example:

- knowledge of a third party's prior right, including business relations with the third party;
- intent to misappropriate the reputation of a third party's prior right;
- intent to prevent a third party's entry into the market;
- multiple filings of others' marks, warehousing marks;
- intent to circumvent the use requirement (repeat filings);
- registration primarily to disrupt a competitor's business;
- failing to submit a timely response;
- intent to sell the mark;
- providing false contact information when applying for the registration.

For the time being, while we wait for this loophole in the IP Law to be closed, trade mark owners are advised to file for their marks in Vietnam as soon as possible. Otherwise, they may find themselves in an unwanted battle in which victory is hard to achieve.