

VIETNAM

Differing views on the use of a mark on exports

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Vietnam has become a big player in the global fashion industry. Garments made in Vietnam now appear all over the world, especially in the US and the EU. In this value chain, however, Vietnamese companies usually play the role of garment processors, fulfilling the orders of big brands for immediate export purposes. While the goods bearing the registered marks are made in Vietnam by local companies, the brand owners are often overseas or global corporations.

As a brand owner can lose protection of its mark in Vietnam due to non-use, this situation leads to the question of what constitutes “use” of a mark when the mark-bearing goods are processed for export only, and not sold in the Vietnam market.

Article 124.5 of Vietnam’s IP Law provides that:

Use of a mark means the performance of the following acts:

- a) Affixing the protected mark on goods, packaging, business facilities, means of service provision, or transaction documents in business activities;
- b) Circulating, offering, advertising, or stocking for sale goods bearing the protected mark;
- c) Importing goods or services bearing the protected mark.

At first glance, the above provision seems quite clear. While importing goods appears on the list, exporting goods is conspicuously absent, and therefore it is not an act of use.

However, it is also clear that for the purpose of exporting, a product

should go through a manufacturing or processing stage in which the mark will be physically affixed to the product or its packaging. For fashion goods, this could be in the form of a removable tag or package, a tag sewn onto the item, or a fundamental part of the garment’s design (such as a T-shirt emblazoned with a brand name, or a shoe featuring a distinctive logo). Then, the question becomes whether this act of affixing the mark on the goods or packaging in the manufacturing process constitutes an act of use.

To defend its marks against a non-use cancellation action, a brand owner can lean on a literal argument, as “affixing the protected mark on goods or packaging” is clearly stated in Article 124.5(a), and business activities, while not defined in the law, could logically be interpreted to include the manufacturing stage.

In practice, if the brand owner can present a license agreement in which the Vietnamese local processor is granted a license to use the mark in question, it is very likely that the mark’s affixation to exported products will qualify as use of the mark, hence it is helpful to defend the mark from non-use action. Thus, it is highly recommended for brand owners to enter into trademark license agreements with their local processors to support any such defence. It is also worth noting that since January 14 2019, a trademark license agreement no longer needs to be registered to be valid against a third party.

Viewed from a different angle, there is also the question of whether the use of marks for goods that are manufactured in Vietnam solely for export purposes could constitute trademark infringement.

In this case, the answers from the enforcement authorities and IP practitioners vary. Some practitioners take a straightforward view that exporting is not considered use of a mark, and thus the exportation of goods bearing another’s

registered mark is not an infringement. The General Department of Customs seemingly takes this view as well, despite the fact that Article 199.2 of the IP Law provides that, if necessary, the competent authorities can apply measures to control imported and exported goods regarding intellectual property issues, and Article 200.4 further provides that such control falls within the authorisation of customs.

The Ministry of Science and Technology (MOST) views the issue slightly differently, as shown in an official letter in a recent case where MOST stated that the exportation of goods bearing another’s registered mark is not specifically mentioned in Vietnamese law and thus must be handled cautiously, and no sanctions against such exportation were recommended. While not expressly indicated, it seems that MOST views that the use of a mark for export goods does not cause any damage to the brand owner, so no sanctions should be imposed against such use.

Another related authority, the Market Surveillance Department, apparently has not yet been involved in an actual case related to exported goods. However, in discussions with them, they have expressed that in their role of monitoring the domestic market, if they detect any goods bearing the registered trademark of another owner in the inland territory (e.g. in a warehouse or on their way to the port), they may view that these acts fall within Article 124.5(b), and thus constitute trademark infringement.

In short, there is no hard and fast answer for the use of a mark on exported goods. Depending on the specific circumstances, the authorities may resolve the issue differently.