

A trademark-based domain name dispute heard by Court in Vietnam What should foreign businesses know?

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Background:

O.S GmbH is a multinational lighting manufacturer headquartered in Munich, Germany (“**the plaintiff**”). The plaintiff is the owner of a series of OSRAM trademarks for lighting apparatus in Vietnam, particularly electric lamps and luminaires; parts of the aforementioned goods; light-emitting diode lamp modules.

The plaintiff detected that two ccTLD <osram.com.vn> and <osram.vn> (“**Disputed Domain Names**”) were registered in 2014 by a natural person in Vietnam, N.D.T (“**the defendant**”) and were resolved to the defendant’s active websites. The websites under the Disputed Domain Names were promoting and offering the sale of the plaintiff’s products bearing the “OSRAM” mark.

In support of the infringement allegation, the plaintiff filed a request to the Vietnam Intellectual Property Research Institute (“**VIPRI**”) to obtain the assessment conclusion on trademark infringement who was then issued in favour of the plaintiff. The plaintiff also proceeded with documenting the evidence of infringement through the Bailiff Office.

In early 2019, a lawsuit was brought before a court in Hanoi, Vietnam for hearing. In the lawsuit petition, the plaintiff requested that the Hanoi People’s Court (i) revoke two domain names <osram.com.vn> and <osram.vn>, (ii) force the defendant to pay material damage of VND 500 million (~US\$21,700) due to property loss, decrease in income and profit and loss of business opportunity, (ii) force the defendant to pay VND 200 million (~US\$8,700) for hiring a lawyer to engage in the lawsuit and (vii) force the defendant to make a public apology in the local newspaper.

Court’s judgment:

Taking into account the facts of the case, on 24 July 2019, the Court issued judgment No 29/2019/DSST which ruled that:

- Two domain names <osram.com.vn> and <osram.vn> are revoked and priority for registration of such domain names is given to the plaintiff.
- The defendant is under obligation to pay the plaintiff an amount of VND 203,960,000 (~ US\$ 8,870) which mainly includes fees for hiring lawyers in the lawsuit.
- The defendant is forced to make a public apology in the local newspaper.

In respect of court fees, the defendant was ordered to pay VND10,198,000 (~ US\$ 445). Significantly, the court refused the plaintiff’s request of VND 500 million (~US\$21,700) as a material damage allegedly due to property loss, decrease in income and profit and loss of business opportunity caused by the IPR infringement to the plaintiff.

Noteworthy points from the case:

- (1) Speculative and abusive registration and maintenance of <.vn> domain names have become a growing problem in Vietnam. This mainly takes the form of (i) Vietnamese or foreign individuals or organizations registering <.vn> domain names that contain, or closely imitate, the trademarks of other foreign companies or; (ii) a Vietnamese or foreign company continuing to maintain a <.vn> domain name after its license or business relationship with the trademark owner expires or is terminated or; (iii) the registrant pointing the domain (or threaten to point the domain name) to a derogatory website or; (iv) the registrant registering the <.vn> domain name to contain or closely imitate the well-known trademarks of other foreign companies, but redirect to his/her own website with another domain name. This is typically used to promote his/her Google ranking when Internet users seek key words identical to the well-known trademarks. In each case, the registrant often acts in “bad faith”, seeking to exploit the goodwill of the foreign party’s trademark, extort a payment from the trademark owner, or trying to benefit the trademark owner’s competitor. Some individuals register domain names comprised of a popular or well-known trademark of another party, but do nothing with the domain name and “wait for a payoff” from the owner of a trademark. Domain names are allocated on a first come, first served basis so must be registered to avoid “cybersquatting” by abusers.
- (2) To settle a trademark-based domain name dispute (i.e. cybersquatting), as a matter of principle, the following options are available to the trademark owner:
 - a) Negotiations or conciliation with the registrant;
 - b) Bringing the case to an arbitration for their settlement;
 - c) Taking action through the administrative route for the registrant’s act of unfair competition relating to the use and registration of a disputed domain name;
 - d) Initiating a civil lawsuit through a Vietnamese relevant court for their ruling.
- (3) Despite four available options to settle a cybersquatting case, in practice, the two proceedings mostly used in Vietnam include (i) the civil proceeding before the courts, and (ii) the administrative proceeding before the Inspectorate of the Ministry of Science and Technology of Vietnam. Under administrative proceedings, there are two ministerial bodies involved in this proceeding, namely, Ministry of Science and Technology (MOST), who is in charge of settlement of “.vn” domain name disputes, and the Ministry of Information and Communication (MIC), who is responsible for management of the “.vn” domain names. Unfortunately, lack of cooperation between the two ministries meant that the proceedings were not officially active until 2016, when Joint Circular No. 14/2016/TTLT-BTTTT-BKHHCN between the two ministries was issued (Joint-Circular 14). With the issuance of Joint-Circular 14, the administrative proceeding for settling “.vn” domain name disputes was effective. However, in the case that a domain name is registered by a natural person whose address is vague, the administrative enforcement authority cannot find the domain name registrant to settle the case. In such a context, a civil lawsuit may be available for the retrieval and settling of a domain name dispute provided that the Court is entitled to initiate proceedings in the defendants absence.
- (4) To win a trademark-based domain name dispute, the prerequisite is that the trademark on which infringement is claimed must not only be registered in Vietnam, but also widely used in commerce in Vietnam.

As per Article 130 (d) of the IP Law, cybersquatting constitutes an act of “*unfair competition*” for which an aggrieved party may initiate a lawsuit in Vietnamese court. The following evidence should be taken into account when the trademark owner wishes to take action against the cybersquatter:

- a) The IPR holder has used a mark in a widespread and stable manner, of which reputation or prestige pertaining to products/services bearing such brand has been known by public consumers in Vietnam. *Substantiated proofs may comprise information on advertisement, marketing, display and exhibition; sales; quantity of products sold; system of distribution agents, joint ventures and associations; investment scale; evaluations of state agencies and the mass*

media, consumer picks and other information showing the well-known status and reputation of the business entity, goods or services bearing such mark in its business activities in Vietnam.

b) The accused party has used the domain name on the Internet for advertisement or introduction of products, offer for sale or sale of identical, similar or relevant goods or services, causing harm to the reputation or material interests of the trademark holder.

Moreover, the accused party continues to use a misleading mark through such domain name despite having been notified by the trademark owner and offered the possibility of negotiations to reach an agreement on reasonable conditions for such use, to which he does not consent.

c) The accused party has registered but failed to activate within one year the domain name with wording identical to a mark which is in widespread use and widely used and reputable in Vietnam. Additionally, here is also grounds to believe that he has registered for holding the right to use the domain name only for resale for profits or to prevent the trademark owner from registering the domain name, despite having been notified and offered negotiation for agreement by the industrial property rights holder.

(5) One of the criteria for the transfer or cancellation of the disputed domain names is that “*the domain names are used for posting information in violation of IP laws*”. Hence, in the case of a domain name that is not active, dissimilarly to the UDRP proceeding, such a “*passive holding*” is not accepted as an indication of bad faith, and thus, may result in the unsuccessful outcome of the case. The right holder is advised to keep a close watch on the inactive domain names, and once they become active, enforcement actions should then be taken.

(6) Claiming damage compensation in civil proceedings in Vietnam

In the above-mentioned lawsuit petition, the plaintiff requested the Court in Vietnam to demand the defendant to pay, among others, an amount of VND 500 million (~US\$21,700) as a damage compensation. However, the court did not accept such a request of damage compensation, instead simply ordering the defendant to pay the fees paid by the plaintiff for hiring the lawyers in the lawsuit. Practice indicates that it is often not easy to claim for damage compensation as desired by the IPR holders in Vietnam. To claim for damages from infringers, the plaintiff must provide the Court with evidence proving that they have been actually and directly damaged due to the IPR infringement caused by the infringer in Vietnam. Such proof may constitute as loss in property and/or decrease in income, profits and/or losses in business opportunities and/or reasonable expenses for prevention and remedy of damage. The proof of damage on which compensation is based must be in clear and legitimate evidence, showing the direct causal nexus between the infringement and the damage. Practice also indicates that most claims for damages filed by IPR holders were dismissed because they are not considered as actual losses directly caused by acts of IPR infringement to the IPR holder in Vietnam. The compensation ordered by the Court to be paid by the infringer to the IPR holder is, therefore, not considerable.

(7) Attorney’s fees/Lawyer’s fee in a civil litigation

Under Article 205.3 of Vietnam IP Law, in addition to the damage, industrial property right holders shall also have the right to request the court to compel organizations or individuals that have committed acts of infringement upon industrial property rights to pay reasonable costs of hiring attorneys (attorney’s fee). Thus, the Complainant is statutorily entitled to request a Court in Vietnam to recover attorney’s fees in a civil lawsuit concerning IPR infringement.

(8) Bailiff’s Witness document in the litigation proceedings in Vietnam

For acts infringing upon industrial property rights on the Internet, the Bailiff’s Witness document is critical in recording the infringement evidence which is normally accepted by the court. A Title of Evidence (or Bailiff’s Witness document) is a document which records evidentiary facts. It may be placed before the court to support a party’s argument or it may be used to demonstrate that a transaction has been lawfully carried out. It may also be used as evidence of the existence of a legal relationship. In general, the subject matter of a Title of Evidence (or Bailiff’s Witness document) may be any fact.

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Ngo Thu HUONG is a partner in our intellectual property, commercial and IT practice. Prior to joining the firm in 2011, HUONG worked for several years in the IP practice of one of Vietnam's major law firms. She has over 20 years' experience of advising on intellectual property law, particularly such as trademarks and copyright. She also advises on commercial contracts including agency, distribution and supply agreements, as well as advertising and sponsorship agreements.

HUONG has worked hand-in-hand with some of the world's most recognizable brands to develop strategies for brand development, clearance, protection, monetization, expansion, and enforcement. She partners with clients that range in size from start-ups to leading global franchises, in a wide array of industries, including fashion, jewelry, luxury, and consumer goods; alcohol; casinos and hospitality; franchise restaurants; medical devices, pharmaceuticals, and life sciences, including in the cannabis space; universities; and defense products. She is a trusted advisor and partner to larger clients' in-house legal teams and regularly called upon to step into an in-house counsel role for smaller and start-up clients

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HUONG is recognized by various clients for her commercial, information technology and intellectual property work, which describes her as "*very experienced, totally pragmatic, and highly efficient*", and says that the lawyers in her team "*actively advise, rather than just process, and have real international capacity*".