

Be careful if you improperly use your registered trademark in Vietnam

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Background “

” vs “

Dong Phuong Trading and Production Co., Ltd. (“**Dong Phuong Company**”), a Hanoi-based company, is the owner of the following trademark:




Trademark:
Classes: 07, 09 and 11
Registration No.: 107919
Registration date: 25/08/2008
Status: Registered, effective until 01/08/2027


Another entity, A Sanzo Vietnam Electronic JSC” (“**A Sanzo Company**”), a company in Ho Chi Minh City, Vietnam, is the owner of the following trademark in Vietnam:





Trademark:
Classes: 7, 8, 9, 11, 20, 21 and 35
Registration No.: 221067
Registration date: 07/03/2014
Status: Registered, effective until 09/11/2022

In 2015, Dong Phuong Company detected that A Sanzo Company used the sign “ (“**Asanzo, device**”) to affix on various products such as television, air conditioners and other consumer goods. To take actions against A Sanzo Company, in July 2015, Dong Phuong Company requested a bailiff service provider to document the evidence of alleged infringement against A Sanzo Company for selling products bearing the sign “**Asanzo, device**” in various products and business means. In August 2015, Dong Phuong Company submitted a request for assessment conclusion on trademark infringement with Vietnam Intellectual Property Research Institute (“**VIPRI**”) which then held that “Asanzo, device” affixed on A Sanzo Company’s website <http://asanzo.com.vn>, televisions, cookers, electric pressure cookers, hot water bottles, signboards and vans was an infringing element over the mark “Asano, device” in the name of Dong Phuong Company.

Based on the VIPRI’s assessment conclusion, Dong Phuong Company submitted petitions for handling alleged IPR infringement by A Sanzo Company with Vietnamese administrative enforcement authorities. In absence of enforcement actions taken by administrative enforcement authorities against A Sanzo Company, Dong Phuong Company filed a suit to a court in Ho Chi Minh City for hearing the case. Dong Phuong Company requested the court to demand A Sanzo Company to cease the infringement, make a public apology and pay a damage of **VND 500 million** (approx. **US\$ 25,000**).

In defence, it was pleaded, inter alia, by the defendant that (i) the mark “” affixed on A Sanzo Company’s goods and business means was completely different from Dong Phuong Company’s mark



“ASANO” in respect of structure, color, visuality and pronunciation and (ii) use of the mark “ ASANZO[®]” was lawful because A Sanzo Company was the owner of the mark “ ASANZO[®]” under Trademark Registration No. 221067, granted on 07 March 2014 and its validity was until 09 November 2022.

In addition, A Sanzo Company made a counter-claim against Dong Phuong Company in that the groundless lawsuit has caused negative impact on A Sanzo Company's reputation and position in the market. Further, Dong Phuong Company's delivery of letters to A Sanzo Company's sales agents to request provisions of internal turnover statistics has caused negative impact on the defendant's business. Thus, A Sanzo Company requested Dong Phuong Company to make public apology and pay a compensation of VND 300 million (approx. US\$ 15,000).

In the first instant judgment, the court held that the defendant had to cease the infringement, make public apology and pay VND 100 million (approx. US\$ 5,000) as a compensation to the plaintiff. The court also rejected the defendant's counter-claim.

Unsatisfied with the first instant judgment, on 30 May 2018, both the plaintiff and defendant appealed thereagainst, making the case be heard under appellate proceedings in 2019. The Appellate Panel found that the first instance verdict only accepted the compensation amount based on reasonable grounds because the Dong Phuong Company was not able to give clear evidence to prove their damages, making it hard to determine how the defendant earned how much profit from infringed actions. In addition, the Panel did not accept the defendant's appeal and decided to keep its first instance verdict.

In a nutshell, after reviewing the whole case, the appellate court rejected the appeal initiated by the plaintiff and defendant and ordered to uphold the first instant verdict in which the defendant was ordered (i) to cease the infringement, (ii) to make public apology and (iii) to pay VND 100 million (approx. US\$ 5,000) as a compensation to the plaintiff.

Key takeaways

1. A company that successfully registers its trademark with the Vietnam Patent Office does not enjoy immunity from claims of infringement by other trademark owners. A trademark owner with a higher priority may still sue under Vietnam's Law on Intellectual Property 2019 if it can demonstrate that the two marks have a "likelihood of confusion."

2. Use of a trademark varied from its registration placed the trademark owner under risks of civil infringement claims. Vietnamese laws and practice do not have clear definition on "proper use" of a registered trademark. However, as a member of the Paris Convention, Vietnam adopts Article 5.C.2 of the treaty, which provides for using a mark *"in form differing in elements, which do not alter the distinctive characters of the mark in the form in which it was registered [...]" shall not entail invalidation of the registration and shall not diminish the protection granted to the mark*". From the case, it is quite clear that the enforcement authority of Vietnam and also Vietnamese courts consider and make assessment on trademark similarity, basing mainly on the actual use of the trademarks and not just their registered versions. In the case in question, the pleading on a registered standard-font mark by the defendant to defend against the infringement claim was not accepted by the court.

3. A registered trademark in Vietnam does not ensure that use of such mark by the right holder is lawful if it is not properly used. How to use a registered trademark properly is quite critical. Otherwise, use of a trademark despite being registered will still be deemed an infringement over other's registered trademark.

4. Clear evidence to prove damages is very important if the IPR holders wish the court to accept request for damage compensation in a civil lawsuit in Vietnam. The proof of damage based on which compensation is made must be clear and legitimate evidence, showing the direct causal nexus between the infringement and the damage. Practice indicates most claims for damages filed by the IPR holders were dismissed because they are not considered as actual losses directly caused by acts of IPR infringement to the IPR holders in Vietnam. The compensation ordered by the Court to be paid by the infringer to the IPR holder is, therefore, not considerable.