

Invalidating a bad-faith trademark registration in Vietnam

Bad-faith trademark registration is largely seen in Vietnam nowadays, especially when foreign investors are shifting production from China to Vietnam following a recent US-China trade war. Trade marks in Vietnam are generally awarded on a “first to file” basis, resulting in floods of trademark applications, many of which imitate/ mimic foreign reputed brands that have yet to expand into the Vietnamese market. Invalidating a trademark registered in bad faith in Vietnam is not always easy as Vietnam IP Law does not define or contain specific provisions on bad faith. However, Snap Inc., a US-based company, has won a significant victory in an unwanted battle with a local individual who took advantage of “first to file” principles to register the mark “Snapshot” in his name.



Nguyen Vu QUAN, Partner

Résumé

Nguyen Vu QUAN is working as a partner with KENFOX IP & Law Office. QUAN works with a wide range of clients to develop efficient and affordable strategies to uncover and stop third parties from illegally using or registering IPRs in Vietnam, Laos, Cambodia and Myanmar.

Snap Inc. is an American camera and social media company, founded on September 16, 2011. The company developed and maintains a number of technological products and services, namely Snapchat, Spectacles, and Bitmoji. It came to Snap Inc.’s attention that their mark “SNAPCHAT” was registered in Vietnam by an individual with particulars as follows.

Trademark: **SNAPCHAT**
 Class: 38 (*Information transmission, computer-aided transmission of messages and images; communication transmission by using terminals (namely: computers, workstations); paging services*)
 42 (*Providing search engines for the Internet; providing means of searching for others; providing online websites according to customers’ requirements*)
 Application No.: 4-2013-27672
 Filing date: 22/11/2013
 Registration No.: 245540
 Registration date: 22/05/2015

A request for invalidation against Trademark Registration No. 245540 was filed with the IP Office of Vietnam (“**IP Vietnam**”). The invalidation was predicated mainly on wide use and renown of the mark “SNAPCHAT” in the name of Snap Inc. Evidence and arguments submitted to IP Vietnam, include, inter alia:

- (i) Snap Inc. is the holder of the SNAPCHAT trademark for various goods/services in Classes 09, 36, 38, 41, 42 and 45, which is well-known in many countries worldwide, including Vietnam prior to the filing date of the Vietnamese owner’s trademark;
- (ii) Snap Inc.’s mobile application “SNAPCHAT” was launched in the App Store (for iOS operating system) in September 2011 and on Google Play (for Android operating system) several years earlier and has been provided to users all over the world and in Vietnam since been made available to users in over 70 countries worldwide.

Snap Inc.’s trademark “SNAPCHAT” has earned well-known status and has been used by many celebrities. Thus, Nguyễn Hùng Cường’s filing of an identical trademark for the same services aims at taking advantage of Snap Inc.’s trademark’s prestige and goodwill and may cause adverse effects to Snap Inc. and cause confusion to consumers between the two parties’ trademarks, thus, acted in bad faith.

Nguyễn Hùng Cường failed to respond to the invalidation action. Upon reviewing the invalidation action alongside the supporting evidence, IP Vietnam agreed with Snap Inc.'s request for invalidation, and issued a Decision on invalidating Nguyễn Hùng Cường's Trademark Registration No. 245540 (SNAPCHAT).

Key takeaways:

- Vietnam follows a “first to file” system as opposed to the ‘first to use’ system. In a “first to use” system, the first user of the trademark obtains the exclusive right, whereas, in a “first to file” system, the first person registering it gets the rights to the trademark. To obtain a trademark registration, an applicant is not required to have any intent to use of the applied-for mark in a legitimate business. This often results in trademark registrations being awarded to first filers, regardless of whether genuine intent to use exists.
- The first-to-file system and the lack of any intent-to-use requirement, along with other factors, have opened the door for trademark squatting and theft in new emerging economies like Vietnam and led to a flood of trademarks registered in bad faith. Trademark squatting is the practice of registering other companies' brand names as trademarks in bad faith prior to the registration by the owner who actually developed and used the mark. Because of Vietnam's liberal statutory mechanism on the rights to register marks, the professional squatters are now abusing the "first to file" trademark registration system to register well-known foreign marks in Vietnam. Various foreign well-known trademarks are freely registered and used in Vietnam by bad-faith registrants before the foreign brand expands into Vietnam.
- The trademark squatters in Vietnam have now become quite professional in that they register both the foreign well-known marks in their own name, then, register domain name and indirectly approach the true trademark owner to resell the mark or just "wait for a payoff" from the true trademark owner. The squatter's registration will block the true owner's ability to register the mark, as well as their right to use the mark in Vietnam. The true trademark owner would then either accept to buy back their trademark rights at whatever price the bad faith registrant demands, or be forced to move their production out of Vietnam. In serious context, some bad-faith trademark registrants in Vietnam may initiate enforcement actions against the true trademark owners to force the latter to sit at the table to negotiate for obtaining a license to use or purchase back the trademarks.
- Rather than create their own trademarks, there has been a new and rapidly growing trademark squatting trend in Vietnam that individuals and/or legal entities in Vietnam are copying/mimicking the trademarks and/or the appearance of high-profile products manufactured by foreign companies and their Vietnamese subsidiaries to register them as trademarks in Vietnam. Preferring to “imitate rather than innovate”, such copying/mimicking are plainly trying to trade on the goodwill associated with the foreign trademarked products and confuse the buying public as to the origin of their products.

Recommendations: Companies anticipating expansion into Vietnam to do business should prioritize applying to register their trademarks in Vietnam at the earliest.

- Under the Law on Intellectual Property of Vietnam 2005, revised in 2009 and 2019 (“the Vietnam IP Law”), there is no definition of what may be considered “bad-faith” or “dishonesty” by the applicant. However, Article 96.3, the Vietnam IP Law does provide for a statute of limitation for invalidation of IP titles on “bad-faith filing”, which is read as *“For trademarks, the statute of limitations [for invalidation action] shall be five (5) years from the granting date, except where the protection title was granted as a result of dishonesty of the applicant”*. This provision can be interpreted that in case the invalidation action is taken on bad-faith filing or dishonesty of the applicant, the 5-year statute of limitation is not applicable, and such invalidation action can be taken at any time during the validity of the trademarks. However, lack of specific provisions on what acts to be deemed “bad faith”, the invalidation proceedings before IP Vietnam are normally time-consuming and the outcome is uncertain.

Recommendations: The crucial factors in demonstrating bad faith are commonly accepted by IP Vietnam through the weight of evidence around “the registrant is aware of the genuine holder's trademark” as well as “relationship” between the registrant and righteous trademark holder manifested by investment, license or contract relations. Thus, it is better to carefully record all documents/evidence of a transaction at the beginning of a transaction with a third party you are doing business with.

Apart from direct evidence of bad faith, to succeed in invalidating a bad faith trademark registration in Vietnam, it is critical that the true trademark owner may provide evidence to prove their used-based rights of their unregistered mark under either and/or both of the following grounds (i.e. well-known ground and/or wide-use ground). Further, a claim on copyright (where applicable) may serve as a ground to initiate an invalidation action if the mark includes names or figures of characters of publicly known works under copyright protection owned by the righteous trademark holder.

Contact**KENFOX IP & Law Office**

Building No. 6, Lane 12/93, Chinh Kinh Street, Nhan Chinh Ward, Thanh Xuan District, Hanoi, Vietnam

Tel: +84 24 3724 5656

Email: info@kenfoxlaw.com / kenfox@kenfoxlaw.com