



QUAN Nguyen Vu | Partner  
quannv@kenfoxlaw.com

To register or to lose, a costly lesson from a typical industrial design dispute in Vietnam

Established in 1884, Piaggio Group is an Italian vehicle manufacturer, which produces a variety of motorized two-wheeled vehicles under various brands such as Piaggio, Vespa, Gilera, Aprilia, Moto Guzzi, Derbi, and Scarabeo.

Since establishing a company (“Piaggio Vietnam”) in Vinh Phuc Province, Vietnam in 2007, Piaggio Group has developed a strong commercial

presence in the country. After 2 years, Piaggio Vietnam officially put its first factory in operation, which manufactures and assembles two – wheeled motor vehicles on a scale of 50,000-100,000 motorcycles/year. Despite their high price, LX Vespa scooters have quickly adored by Vietnamese motorcycle enthusiasts, especially, the high-income and young people, due to high quality and the good aesthetic design thereof. Vespa LX is seen as a symbol of luxury and the class of motorcyclists. Thus, the Vespa LX has always reached the top of the best-selling motorcycles in the Vespa series in Vietnam.

The popularity and preference of Vespa LX by Vietnamese consumers have increased sales turnover for Piaggio Vietnam on one hand, but stimulated the nefarious business of the competitors on the other hand.

A new motorbike brand called “Diamond Blue” debuted and stirred the market in Vietnam in a variety of yellow, white, black, blue, cyan scooters with design remarkably similar to Piaggio Vietnam’s Vespa LX scooters. Many low-income people chose to buy Diamond Blue scooters because of their lower price but the similar product appearance against Piaggio Vietnam’s Vespa LX.

Piaggio Vietnam’s Vespa LX scooter	The alleged infringing Diamond Blue scooter
	

Immediately, Piaggio Vietnam commenced a legal battle against Diamond Blue scooters, claiming that the Diamond Blue design is very similar to that implemented in its own scooters which are famous amongst the consumers for years, having copied

Vespa LX scooter and blatantly infringed upon the intellectual property of Piaggio Vietnam.

Diamond Blue scooters were found manufactured and assembled by a local company named “Lisohaka Joint Stock Company” (“Lisohaka”)

which is an associated company of “Vinashin Machines and Motorbike Company”. Various parts, components and engines for Diamond Blue scooters are imported from China. It is noteworthy that engines of Diamond Blue scooters bear the mark “Honda” allegedly imported from Shanghai Sundiro Honda Motorcycle, a Honda’s factory located in China. Despite possessing product design to Piaggio Vietnam’s Vespa LX scooter, Lisohaka’s representative reconfirmed the industrial design of Diamond Blue scooter is completely lawful as they had registered the design thereof with the IP Office of Vietnam.

Upon receipt of petitions from Piaggio Vietnam, some enforcement authorities in Vietnam started to seize Diamond Blue scooters while the Vietnam Register withdrew the “Certificate of inspection of technical safety and environmental protection for a road vehicle” granted to Diamond Blue scooter. In its defense, Lisohaka proactively sought an expert opinion on the possibility of infringement between Piaggio Vietnam's Vespa LX scooter and Lisohaka's Diamond Blue scooter from the Vietnam

Intellectual Property Research Institute (“VIPRI”). The VIPRI is a Vietnamese state-run independent assessment body tasked with rendering expertise opinions on alleged IPR infringements. In practice, the VIPRI's expertise opinion can be requested by the IPR holder, the alleged infringer, or the enforcement authority in IPR enforcement proceedings in Vietnam, based on which they determine whether to take further action (*e.g. to submit a case to the Vietnamese enforcement for handling, to argue against an IPR infringement claims or to decide to accept the case for handling*).

The VIPRI, after reviewing the case, issued its assessment conclusion that a finding of infringement has not been established because Piaggio Group does not possess industrial design rights protected in Vietnam for their Vespa LX scooter. In a broader sense, Piaggio Vietnam has no reason to claim that Lisohaka has trespassed on the latter's intellectual property rights, although it is widely admitted that the Diamond Blue scooter is a copycat of Piaggio Vietnam's Vespa LX scooter.

### **Key Takeaways**

## ***“No IP Rights, No Tear To Cry”***

1. **“No IP Rights, No Tear To Cry”** has become a common saying among IP community in Vietnam, especially when foreign investors are shifting production from China to Vietnam following a recent US-China trade war. Nowadays, bad-faith registration or stealing a product’s design concept is largely seen in Vietnam. Though Vespa LX industrial design is a well-known property of Piaggio Group, without industrial design rights protected in Vietnam, Vietnamese enforcement authorities have no grounds to protect the Italian entity.

For a scooter where the visual appearance provides all or part of the brand identification to consumers, like the Vespa LX, design protection is as critical as trademark protection. The success of a product is usually influenced by its appearance; in an aesthetic-driven consumer base, the looks of

a fashionable product can often be equally or sometimes, more important than its functionality. A product with nice designs attracts more consumers nowadays, not only in Vietnam, but also other in other countries worldwide.

It is a harrowing story of Piaggio Group, which has invested considerable financial resources in brand and image promotion and building but has overlooked a crucial step, namely, prioritizing the registration of their industrial design rights as a precondition for doing business in Vietnam. Competitors will definitely not pass up lucrative opportunities and have no excuse to hesitate in exploiting the mistake of intellectual property rights holders for profit.

2. Like trademarks and inventions, industrial designs are only valid Vietnam in which the owner

has obtained a registration. An industrial design registration in Vietnam provides the owner exclusive rights to the commercial production, marketing and sale of their product for a maximum period of 15 years. Only securing protection for industrial design in Vietnam, the design patent holder may resort to [administrative, civil or border control measures](#) to fight against an suspected infringement.

3. The [VIPRI](#) is not a Vietnamese law enforcement authority. It is charged with providing expertise opinions/assessment conclusion on an alleged infringement. The VIPRI's expertise opinions/assessment conclusion serves as important and effective evidence which should be sought before submitting an alleged IPR infringement case to Vietnamese enforcement authorities for handling.