

## 8 Important Tips In Mind From A Recent Cybersquatting Case in Vietnam



Nguyen Vu QUAN, Partner

### Résumé

Nguyen Vu QUAN is working as a partner with KENFOX IP & Law Office in the Litigation Department. QUAN has a wealth of knowledge about the counterfeit industry and rich experience in the area of IPR enforcement. He works with a wide range of clients to develop efficient, affordable, and effective strategies to uncover and stop third parties from illegally using or registering IPRs in Vietnam, Laos, Cambodia and Myanmar.

### Facts

OSRAM GmbH (“**the plaintiff**”) is a worldwide lighting manufacturer with headquarters in Munich, Germany. The plaintiff is the proprietor of a Vietnam-protected series of OSRAM trademarks for lighting apparatus, particularly electric lamps and luminaires; parts of the aforementioned items; light-emitting diode lamp modules.

The plaintiff discovered that the disputed domain names <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 resolved to the defendant’s active websites. The websites under the Disputed Domain Names promoted and offered for sale the plaintiff’s “OSRAM”-branded products.

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 for sale of the plaintiff’s products bearing the “OSRAM” mark.

In support of infringement allegation, the plaintiff filed a request to the Vietnam Intellectual Property Research Institute (“**VIPRI**”) for obtaining 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 under a Bailiff office.

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

### Court’s judgement

Taking into account the facts of the case, on 24 July 2019, the Court issued a judgement 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 local newspaper.

In respect of court fees, the defendant had to bear a court fee of VND10,198,000 ((~ US\$ 445).

## Eight Things To Keep In Mind From The Case

### 1. Cyberquatting situation in Vietnam

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> or domain names that contain or closely imitate the trademarks of European and 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 may point the domain (or threaten to point the domain name) to a derogatory website. In each case, the registrant often acts in “bad faith”, seeking to exploit the goodwill of the foreign party’s trademark and/or seeking to extort a payment from the trademark owner and/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. Methods to address a trademark-based domain name dispute in Vietnam

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 at a Vietnamese relevant court for their ruling.

Despite 4 options to settle a cybersquatting case, in practice, two proceedings mostly used in Vietnam include (i) the civil proceeding before the courts, and (ii) the administrative proceeding before the Inspectorate of 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, cooperation between the two ministries is not so smooth, making the proceeding not actually active until 2016, when a joint-circular 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 run quite well for some periods of time. However, in case a domain name is registered by a natural person whose address is vague, the administrative enforcement authority can not find the domain name registrant to settle the case. In such context, civil lawsuit seems to be the unique proceeding available for settling domain name dispute to retrieve the domain names given that the Court is entitled to apply for trials even if the defendant is absent.

### 3. What requirements to win a trademark-based domain name dispute in Vietnam

To win a trademark-based domain name dispute, the prerequisite is that the trademark based on which infringement is claimed must not only be registered in Vietnam, but also widely used in commerce in Vietnam.

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 actions against the cybersquatter:

- a) 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 holder of protected mark, trade name or geographical indication.

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

**c)** The accused party has registered but failed to activate within 01 year the domain name with wordings identical to a mark, trade name or geographical indication which is in widespread use and widely used and reputable in Vietnam and there is also a ground to believe that he has registered for holding the right to use the domain name only for resale for profits or to prevent IPR holder of such protected mark, trade name or geographical indication from registering the domain name, despite having been notified and offered by the industrial property rights holder to reach agreement on reasonable conditions for such use, to which he does not consent.

#### 4. Currently impossible to tackle inactive domains in Vietnam

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 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 case’s unsuccessful outcome. 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.

#### 5. Claiming damage compensation in civil proceedings in Vietnam

In the aforementioned lawsuit petition, the plaintiff requested the Court in Vietnam to order the defendant to pay damages totaling VND 500 million (approximately US\$21,700). However, the court denied such a request for damage compensation and instead ordered the defendant to pay the attorney fees incurred by the plaintiff. Practice indicates that it is often not easy to claim for damage compensation as desired by the patent owner in Vietnam. To claim 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 as loss in property and/or decrease in income, profits and/or losses in business opportunities and/or reasonable expenses incurred for prevention and remedy of damage. The proof of damage upon which compensation is based must be clear and admissible, demonstrating the direct causal nexus between the infringement and the damage. In Vietnam, the majority of claims for damages filed by IPR holders have been dismissed because they are not considered actual losses directly caused by acts of IPR infringement. Therefore, the court-ordered compensation to be paid by the infringer to the IPR holder is negligible.

#### 6. Attorney’s fees/Lawyer’s fee in a civil litigation in Vietnam

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 infringing upon industrial property rights to pay reasonable costs of hiring attorneys (attorney’s fee). Thus, the Complainant has the legal right to ask a Vietnamese court for attorney’s fees in a civil case involving IPR infringement.

#### 7. Expert witness/Expertise opinion from Vietnam Intellectual Property Research Institute (“VIPRI”)

An IPR holder can file an infringement suit against a defendant without knowing for sure if the defendant infringed on the holder’s rights. All the plaintiff needs is a confirmation that their IPRs are being infringed. In Vietnam, IPR related issues remain a relatively new and complicated to most of enforcement officers who possess limited knowledge of IPR protection and little experience in handling IPR related cases. As such, before submitting a petition for handling IPR infringement in Vietnam, it is strongly recommended to file a request for Expert witness/Expertise opinion from the VIPRI.

The VIPRI is an institute under Ministry of Science and Technology accredited for delivering expert opinions relating to IP infringement cases concerning industrial property subject matters such as inventions, industrial

designs, designs of semi-conducting closed circuits, trade secrets, marks, trade names, geographical indications. The requesters may request the VIPRI to **(i)** determine scope of protection of industrial property rights, **(ii)** assess similarity, **(iii)** determine infringing element, and **(iv)** determine damages. However, at current stage, due to limited human resources, the VIPRI only provide assessment services concerning inventions, industrial designs, geographical indications and trademarks. The VIPRI will not opine on matters of **unfair competition, trade name or copyright**.

The VIPRI opinion takes the role of an evidence submitted by the plaintiff, and it will be reviewed by the court during the proceedings.

A VIPRI opinion, if rendered in favour of right holders can be submitted to an enforcement agency, such as the Ministry of Science and Technology (MOST) Inspectorate, the Market Surveillance Department (MSD), customs, etc. Then, based on the non-binding opinion, the enforcement agency can consider whether to proceed with enforcing the IP rights of the complainant, such as by proceeding with an administrative raid and issuance of sanctions (such as fines, seizure and destruction of infringing products, etc.). Courts can also rule on IP cases, of course, and a VIPRI opinion can be very persuasive evidence for the court to rule in the rights holder's favor.

### 8. Bailiff's Witness document in the litigation proceedings in Vietnam

Bailiff's Witness document is essential for documenting evidence of industrial property rights infringement on the Internet that is typically accepted by the court. A Title of Evidence (or Bailiff's Witness document) is a record of the facts constituting evidence. It may be presented to the court in support of a party's argument or to demonstrate that a transaction was conducted legally. It can also be used as proof of a legal relationship. In general, any fact may be the subject of a Title of Evidence (or Bailiff's Witness document).

#### 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](mailto:info@kenfoxlaw.com) / [kenfox@kenfoxlaw.com](mailto:kenfox@kenfoxlaw.com)