

Use your registered trademark in Vietnam or you will lose it

Obtaining a trademark registration does not mean a guarantee for the maintenance of the trademark validity, because the trademark holders are obliged to use their registered trademarks in commerce and renew the validity before it expires. The purpose of this regulation is to allow the removal of marks that exist on the trademark register but are not in genuine use and/or to block the phenomenon of trademark squatting which unreasonably prevent similar marks from entering the market. This mechanism helps to reduce the number of trademark disputes and reduce registrations acquired only for the purpose of unfair competition and trademark resources depletion/waste for organizations and individuals who are in need. Essentially, the obligation of trademark use promotes transparency and commercial protection for the free market. However, in practice, it is difficult for trademark owners to fulfill such obligation of use.

A trademark registration in Vietnam may be cancelled for non-use ground

Article 95.1(d) of the 2005 Intellectual Property Law, as amended in 2009, 2019 and 2022 (IP Law) provides that a trademark registration is liable to face “**partial**” or “**full**” revocation/cancellation if it has not been used in connection with the designated goods and services for a period of 05 (five) consecutive years from the date of registration, unless there is a justifiable reason. A cancellation action based on non-use ground may be initiated by any natural or legal person with the Intellectual Property Office of Vietnam (**IP VIETNAM**). The trademark owner, in an attempt to refute a cancellation request, is required to demonstrate his use of the trademark in line with the provisions of the law, for example, by providing evidence to prove that the mark has been put in commercial use in compliance with Article 124.5 of IP Law. The revocation/cancellation of a trademark registration is established by a decision from IP VIETNAM and can be recorded in the national trademark register. As a basic principle, if a registered trademark is not used for a part of the designated goods/services, the validity of the trademark registration for such unused goods/services shall be partially cancelled; in other words, a trademark registration in Vietnam may be partially cancelled.

The non-use status of the registered trademarks may impair the ability of IPR enforcement and protection against infringements, such as preventing other organizations/individuals from using identical or similar signs in commerce. In addition, if the earlier registered trademark of the genuine owner has not been utilized, opposition to the later-filed trademark application of a competitor may be rendered useless or impossible. Negligence relating to the failure to use a registered trademark might potentially result in the loss of market exclusivity for a specific mark if the owner fails to begin using the mark.

Genuine Use of Trademarks – No explicit statutory provisions in IP Law, but be beware of losing your trademark in Vietnam

Vietnam's IP Law or sub-law documents do not lay down any specific provisions on "genuine use" and "token use". In principle, the genuine use of the mark should be in a sustainable and sufficiently broad manner. The use must be taken place in commerce and for purpose of attracting customers to the goods through the mark. This necessitates using the trademark openly and externally, for example, not simply for internal company purposes. The function of a mark is to distinguish the commercial origin of goods/services from a particular enterprise and this purpose can only be accomplished when the mark is affixed to goods/services that are sold to the consumers. Genuine use of a trademark may include, but is not limited to, affixing the mark on goods, packaging, business vehicles, service vehicles, transaction documents in commercial activities, in materials for marketing, in communication with customers on social media and on the website.

In fact, many businesses in Vietnam use their trade names as trademarks. Therefore, **using a trademark that coincides with a trade name might be considered use of the mark**, provided that the goods/services in question are identified and marketed under that mark. However, such use may not be considered use of the mark if the trade name is adopted solely as the company's billboards or just appears on the back of a catalog or as a random mark on the product label. Generally, the use of a business name cannot be deemed use of a mark if such use is not for the purpose of distinguishing goods or services, but rather to identify the provider of those goods or services.

Trademark owners may have their registered trademarks used by third parties, noting that, as provided in Article 148.3 of IP law, a contract to license the right to use a trademark is valid under the agreement of the trademark owners without being registered at IP VIETNAM. Normally, use of a trademark by a third party occurs in the form of a license agreement or terms found in a distribution agreement or franchise or cooperation within the same group of companies.

It is still a matter of controversy that whether or not acts such as designing the packaging, developing a marketing strategy, creating a website, buying land to build a production facility and leasing space to open a store are evidence sufficient to justify the use of the mark or grounds to prove that the trademark owner has good reasons for not using the mark. This is due to lack of judgment or settlement decision from the competent authorities in Vietnam on cases with such circumstances are published and the absence of detailed instructions or regulations on “justifiable reason” – as mentioned in Article 95.1(d) of IP Law.

Symbolic or token use of a trademark in Vietnam – Should be careful to avoid losing your mark

In many countries and territories, where strict rules are established for the genuine use and the token use of trademarks, launching hundreds of products into the market every few years with the sole aim of “maintaining” the trademark rights does not constitute actual use of the trademark. In the EUIPO’s decision on the trademark cancellation request, nine invoices provided for the sale of wine between 2005 and 2008 indicating sales of goods for EUR 4,286 over a period of 36 months were not deemed adequate evidence of the brand’s actual use.

In the case of specialized or luxury products, however, a tiny amount of use of the mark may suffice to prove that the mark has been used. In the EUIPO’s Decision, sales on the European market of approximately 1,000 tiny toys that were predominantly sold to collectors at high prices were deemed adequate to indicate genuine use.

Use of a registered mark in a form other than that registered – legal risks and recommendation

In the course of using the trademark in commerce, the trademark owner tends to modify the design/color, stylize his registered trademark, and/or remove/omit an element in the registered trademark and add some new elements to the registered trademark. This makes the mark used in commerce different from the registered form. In principle, a trademark owner in Vietnam can use a mark other than the registered trademark as long as that use “does not change the distinctiveness of the mark”, and then will “not lead to the suspension of registration and cannot limit the protection granted to the mark” as provided in Article 5.C.2 of the Paris Convention to which Vietnam is a party. Basically, the distinguishing and prominent elements – strong elements in the registered trademark must not be altered, i.e., they must not be eliminated and not to be fundamentally changed in position in relationship with the other elements of the trademark or not to be dominated by other distinctive new elements of the mark. Modifications may have less of an impact on marks with strong distinguishing components than on those with weak elements. Evidence of trademark use in a version other than that of the registered trademark may be admissible to rebut a cancellation request based on the grounds of non-use from a third party.

Evidence of trademark use in Vietnam – Four requirements to prove trademark use in Vietnam

Although use of trademarks is provided in Article 124.5 of IP Law, trademark owners often face many difficulties in collecting and providing evidence on what circumstances, in what manner, at which time, in which territories and for which goods the trademark has been used.

In principle, the genuine use of a mark must be supported by unambiguous and objective proof of the mark’s adequate and successful use on the relevant market. Documents like as *purchase orders, invoices, delivery bills, and sales receipts, as well as labels, packaging, and other physical evidence of the existence of the goods or services involved in the transaction*, must be of the utmost importance. In addition, it is necessary to collect evidence such as acknowledgments of giving awards and titles for branded goods, price lists, market research on brand awareness, market research confirming the market share of the goods bearing the mark, the press including the specialized press, which appear in the context of, for example, newly opened stores, marketing campaigns conducted, and the company’s financial results for goods bearing the mark.

In fact, it is crucial to gather and maintain evidence of a mark’s use in order to minimize the risk of a trademark’s validity being revoked on the grounds that the evidence does not constitute legal or sufficient proof of the mark’s genuine use. Moreover, a proof-of-use evidence system can help overcome trademark refusals based on the grounds that the mark is descriptive or indistinct by proving distinctiveness through use and or assist in enforcing against infringements when the mark has not yet been registered.

When storing trademark-use evidence, it should be noted that the evidence must meet the following criteria:

- (i) it must contain the mark;
- (ii) it must be clear evidence of which goods/services are used/affixed with the mark;
- (iii) it must specify the date of use of the mark; and

(iv) It must indicate where the mark was used.

Maintaining trademark rights in Vietnam - 6 practical tips for trademark owners

- ✓ Applying for a trademark registration after clearly defining the type of trademark (*common trademark, three-dimensional mark, collective mark, certification mark*), the types of goods/services to be used for trademark.
- ✓ Using the mark in accordance with the data submitted to IP VIETNAM (*graphic form of the mark, list of goods or services, name and address of the owner*).
- ✓ Affixing trademarks onto products, also in company documents and correspondence with customers, like invoices or social media. This helps promote the brand and, if necessary, makes it easier to gather evidence of trademark use.
- ✓ Periodically assessing if the mark's use has diverged from its original objective. If so, it should be considered to register new versions of the trademark.
- ✓ Effectively managing unused trademarks by entering into arrangements to transfer the right to use such marks to third parties or transferring ownership of trademarks on advantageous terms.
- ✓ Utilizing a professional intellectual property service is less costly in the long run than engaging in a fight or losing a registered trademark to a competitor.

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