

## Trademark squatting – a concerning trend for the business owners in Vietnam

*The loss of a trademark can result in a loss of market access. Genuine products produced by the rightful trademark owner may turn out to be “counterfeits” if the trademark falls into the hands of a competitor. Furthermore, trademark speculators (squatters) also exploit registered trademarks as a legal tool to undermine the true trademark owner. The following case serves as a typical example, highlighting the ongoing relevance and practical value, while also emphasizing the costly lesson for all business entities in Vietnam. Intellectual property theft and brand infringement are becoming increasingly sophisticated and complex.*

### Background

HWASUNG is a trade name and trademark used by HWASUNG Company for their electric wire products. HWASUNG, a Korean company, together with 2 other Korean companies, SEOUL and SIMEX, contributed capital to establish SH-VINA Company, 100% foreign owned enterprise of Korea, in Vinh Phuc province.

Thien Phu Company, based in Hanoi Vietnam, applied to register the trademark “HWASUNG” for products of electric wires, cables and electrical products in Class 09 and was granted the Certificate of Registration Certificate in 2005.

After registering the trademark "HWASUNG", Thien Phu Company petitioned Marke Management Agency in Hanoi to seize a large number of goods including electric cables and telephone cables bearing the trademark “SH-HWASUNG” being sold by Duy Tan Company and Duy Yen Company. These are the two biggest sales agents of SH-VINA Company.

SH-VINA Company stated that the HWASUNG branded electric cable has been imported and consumed by HWASUNG Company in Vietnam through a number of agents from 2002 to 2006. This import has only stopped after SH-VINA company produced electric cable and wired bearing the mark “SH-HWASUNG” in Vietnam. Electric cables manufactured in Vietnam by SH-VINA are branded “SH-HWASUNG”. However, until May 2006, SH-VINA company applied to register its mark "SH-HWASUNG" with the Intellectual Property Office of Vietnam ([IP VIETNAM](#)). This trademark was rejected for registration on the grounds that it was deemed confusingly similar to the trademark “HWASUNG” was granted to Thien Phu Company which had previously registered.

In September 2006, SH-VINA Company requested IP VIETNAM to cancel Thien Phu Company's HWASUNG trademark registration on the grounds that this trademark coincides with the trade name of the Korean company HWASUNG and the trademark HWASUNG which was used in the Vietnamese market before Thien Phu Company filed for registration.

Hanoi Market Management Agency has issued a notice to suspend the handling of the IPR infringement. The reason for the suspension is that there is a dispute over the trademark registration rights of SH-VINA Company and Thien Phu Company.

On November 28, 2007, IP VIETNAM issued a decision to [cancel](#) the HWASUNG trademark registration granted to Thien Phu Company.

In 2013, after 8 years since the application was filed, IP VIETNAM finally issued a Trademark Registration Certificate for the trademark “SH-HWASUNG”, officially recognizing SH-VINA Company as the owner of this trademark.

### A bottom line

[Registering a trademark in Vietnam](#) is typically a straightforward and cost-effective process. While this mechanism provides a convenient way for trademark owners to establish ownership in Vietnam, it is also susceptible to exploitation and abuse. Many trademark owners find themselves entangled in lengthy legal battles to regain their own trademarks. In numerous cases, trademark speculators have successfully registered someone else's trademark and then demanded exorbitant prices from the

genuine trademark owner to repurchase the mark. In some instances, these speculators go as far as pressuring enforcement agencies to seize the goods of the rightful trademark owner.

The trademark dispute lasted for 8 years, and although it ultimately ended in favor of the trademark owner, it undoubtedly consumed significant financial resources, time, and even business opportunities for the SH-HWASUNG brand's development in the Vietnamese market.

It is crucial to register your trademark as soon as possible. Many trademark owners have paid a hefty price due to neglecting this basic strategy. In the current environment of escalating intellectual property disputes and increasingly sophisticated theft of intellectual property, trademark owners must also devise a strategy to keep their trademarks confidential from all organizations and individuals until the mark registration application is filed with the Intellectual Property Office of Vietnam. This precaution is necessary to prevent a risk of a third party abusing "first-to-file" principle to appropriate the rightful owner's trademark.

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