

## Owning a trademark but cannot address trademark infringement in Vietnam, why?

There are a number of reasons why Vietnamese businesses may lose their trademarks, despite the fact that they have been selling their branded goods and services for decades. Mostly, trademarks are lost for two reasons: (i) ignorance on the part of trademark owners and (ii) disregard of trademark registration for the goods/services they trade. Many firms are ignorant that they should and must register a trademark, while others prioritize business and market development over trademark registration. Even businesses that have registered their trademarks may be unable to take action against competitors who infringe their trademarks. This situation results in Vietnamese businesses paying a high price for their negligence, delay, and ignorance in the field of intellectual property.

### Background

HOA SEN Vietnam Co., Ltd ("**HOA SEN Company**") is a leading enterprise in Vietnam that operates in the fields of design, art design, advertising, and communication. Its designs are primarily utilized for producing "printed calendars, wall calendars, and bloc calendars." Over the course of more than two decades, HOA SEN Company has become renowned for its work in calendar design and printing, which have made significant contributions to the preservation, development, and enhancement of Vietnam's cultural values, traditional culture, tangible and intangible heritage. The company's printed calendar products have also played a vital role in showcasing and honoring Vietnam's rich cultural identity and folklore art, as well as promoting Vietnamese culture worldwide.

In **2013**, HOA SEN Company applied to register the verbal element "HOA SEN" in combination with other elements (**HOA SEN, device**) as a trademark at the Intellectual Property Office of Vietnam ("[IP Vietnam](#)") for 04 service classes including:

Class 35: *Advertising services, display of goods on communication media for sales.*

Class 40: *Printing services.*

Class 41: *Television program production activities; photography; organizing cultural, artistic and sports events*

Class 42: *Print product design service*

In **September 2015**, the trademark "HOA SEN, device" was granted a protection title by IP Vietnam for HOA SEN Company.

### Detecting an alleged trademark infringement

In 2017, HOA SEN Company became aware that their distributor/sales agent, IDEA Vietnam Co., Ltd ("**IDEA Company**"), was using a logo including the verbal element "HOA SEN" to promote the sale of their "printed calendar" products on websites, Facebook, quotations, name cards, and brochures. IDEA Company's conduct was especially heinous because they:

- (i) used the name "HOA SEN" on websites to identify themselves to partners and customers in order to offer "printed calendar" products;
- (ii) registered a domain name that included the verbal element "HOA SEN" and created a website that directed users to this domain name to advertise and offer "printed calendar" products.

In 2017, Hoa Sen Corporation sent IDEA Company a Cease & Desist Letter ([C&D Letter](#)), requesting that they stop using the "HOA SEN" mark on their company vehicles. Despite HOA SEN Company's goodwill, IDEA Company argues that they have no intention of harming HOA SEN Company and that the aforementioned use is for the sole goal of driving sales to HOA SEN Company.

### Speechless because the trademark was registered by a business partner

Upon realizing that their sales agent was not complying with their demands, HOA SEN Company took stronger legal actions to put an end to the infringements. To their surprise, they discovered that IDEA Company had successfully registered a trademark containing the verbal element "HOA SEN" for the printed calendar product in Class 16, even though the "HOA SEN, device" trademark had already been granted protection by IP Vietnam for HOA SEN in 2015. Specifically, IDEA Company applied to register

a mark containing the verbal element "HOA SEN" for calendar products in Class 16 in **2018** (i.e., about 1 year after receipt of a C&D Letter from HOA SEN Company) and then, such a trademark was granted registration by IP Vietnam in **2021**.

### **The assessment of trademark infringement is not satisfactory and the C&D fails**

HOA SEN Company requested an assessment from the Vietnam Intellectual Property Research Institute ("[VIPRI](#)") regarding the possibility of trademark infringement of the "HOA SEN, device" trademark. However, VIPRI reviewed the request and concluded that there is no basis for asserting infringement.

Despite HOA SEN Company sending a second C&D Letter, IDEA Company continued to use the "HOA SEN" trademark, claiming they are the rightful owner of the trademark and therefore have the legal right to use it, even if it means HOA SEN Company is infringing on their rights.

### **Practical lessons**

#### **1. Negligence in trademark registration is a serious mistake and can destroy all your business efforts:**

The weakness in this case, in our opinion, is that HOA SEN Company was late, negligent in establishing trademark rights for the product "printed calendar". HOA SEN Company has registered a trademark at IP VIETNAM, which is good, but not enough because this company does not know how to register its trademark to turn its trademark into a legal instrument against possible infringements.

IP rights have no meaning if they are not respected and are not enforceable. If you have a trademark registration, but cannot use it against third-party infringement, your Trademark Registration Certificate is not more than a worthless property.

Not addressing trademark infringement immediately may not have an immediate impact on your business, but allowing a competitor to become the registered trademark owner can have disastrous consequences. Your business would be at risk of legal action from the competitor, which could result in your products being seized and your business being forced to cease using your own trademark. This would be the end of all your efforts and business strategies.

#### **2. Mistakes resulting from a misunderstanding of the scope of trademark protection:**

HOA SEN company is more likely to believe that the service in Class 35 that it registers with the trademark is "*display of **goods** on communication media for sales*" has a **broad scope of protection**, whereby the introduction of **any "product"** for sale may be made. Since "calendar" is a type of product that is manufactured, distributed, and sold to consumers, it can be "displayed" in the media to promote its sale. In other words, the product "calendar" falls entirely within the scope of the service "display of goods for sale on communication media." Hence, it is not necessary to register the product "printed calendar" or to identify the type of product for the Class 35 service "display of goods for sale on communication media." This is the cause of HOA SEN Company's error when it fails to register its trademark "HOA SEN" for the printed calendar product in Class 16 or, at the very least, clearly identifies the product "printed calendar" in "display of goods on communication media for sales, **particularly printed calendars**" in Class 35.

The protection of a trademark is contingent upon two factors: the registered trademark itself and the list of goods and/or services registered under that trademark. In other words, a trademark is solely protected for the precise goods and/or services stated in its application. In the case of the "HOA SEN, device" trademark, only services in Classes 35, 40, 41, and 42 are registered. This indicates that only the goods and services indicated in these classes are protected by the trademark. Since "printed calendar" belongs to Class 16, which is not included in the list of products/goods in Classes 35, 40, 41, and 42, it is not covered by the trademark "HOA SEN, device." Therefore, IP Vietnam's decision to grant IDEA Company a protection title for the "HOA SEN, device" trademark is valid.

#### **3. Can the trademark "HOA SEN, device" be reclaimed from IDEA Company?**

In our opinion, although IDEA Company has successfully registered the trademark "HOA SEN, device" for the printed calendar product, there may still be a legal basis for HOA SEN Company to reclaim the trademark. However, it could be a costly and time-consuming process. To reclaim the trademark, HOA SEN Company can initiate a trademark cancellation process at IP Vietnam based on the following legal grounds:

***Bad-faith, malicious intent:*** The deliberate and dishonest motives of IDEA Company in registering HOA SEN Company's trademark for exclusive use are evident in this case, and this action can be grounds for invalidating the trademark registration. Despite having a long-standing business relationship with HOA SEN Company and knowledge of their reputation in the field of calendar design and printing, IDEA Company still proceeded with registering the trademark "HOA SEN" at IP Vietnam. To prove bad faith in trademark registration, HOA SEN Company needs to gather supporting documents and evidence, such as *sales contracts, purchase orders, and invoices*, to show that IDEA Company was aware of the existence of the "HOA SEN" trademark before filing the trademark application, which is contrary to the provisions of the Intellectual Property Law (i.e. Articles 87.2 and 96.1(a)) regarding the right to file a trademark registration application.

***Rights to the trade name:*** In addition, HOA SEN Company can also invoke the provisions of the law regarding the right to the trade name "HOA SEN" to argue that IDEA Company's use of the "HOA SEN" sign in their trademark application is not eligible for protection due to its confusing similarity to HOA SEN Company's trade name. This argument can be based on Articles 74.2(k) and 96.1(b) of the Intellectual Property Law.

***The right to a trademark, unregistered but widely used in commerce:*** The fact that the trademark "HOA SEN" has been widely used in commerce, even though it has not yet been registered for printed calendar goods of Class 16, can serve as additional legal basis for reclaiming the trademark from IDEA Company. This argument can be supported by evidence of the trademark's extensive use, good reputation, and positive standing in the printing calendar industry under Articles 74.2(g) and 96.1(b) of the IP Law.

### The bottom line

Almost every problem has a solution, but risking your business to resolve a mistake in trademark registration is not a wise approach. With intellectual property infringers becoming more skilled and employing sophisticated tactics, any loopholes, delays or negligence can be exploited by competitors to deal a fatal blow to your business. Developing a strategy to register and protect your trademark in a thorough, comprehensive, and long-term manner to safeguard your intellectual property is an essential necessity, and should be a company's top priority, if you don't want to end up in the situation described above.

Contact KENFOX IP & Law Office today if you need a professional intellectual property service firm to assist you in developing your business in the right direction.

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