

## Trademarks and trade names: What lessons can be learned from the recent pharmaceutical trademark lawsuit in Vietnam?

*The nearly 4-year-long lawsuit between LC Pharmaceutical Company, a client of KENFOX, and Ms. LKL, the owner of the "LC" brand, reached its conclusion on December 20, 2023. The People's Court of Ho Chi Minh City delivered its verdict, dismissing all of Ms. LKL's claims. This decision marks not only a triumph for LC Pharmaceutical Company but also signifies a turning point in the fight against trademark squatting in Vietnam, shedding light on the complicated aspects of both intellectual property and pharmaceutical laws. The path to seek justice and fight against [trademark squatting in Vietnam](#) has never been simple. In the context that both sides have invested in developing a large sales network in Vietnam, this case represented more than just a legal dispute; it was a fight of business strategies and brand reputations. What makes this lawsuit stand out and different? Why did the Court reject the lawsuit requests? And what lessons can IP rights holders learn from this lawsuit?*

### Context of Dispute

In late 2016, the Vietnamese pharmaceutical sector witnessed a significant shift as LC Pharmaceutical Company embarked on an expansion strategy, acquiring a chain of four pharmacies in Ho Chi Minh City. Their ambition was to create a comprehensive pharmacy ecosystem, addressing the escalating healthcare demands of the Vietnamese populace. Yet, the path forward proved more challenging than anticipated. Despite the long-standing reputation and fame of the pharmacy chain, the name – serving as both its trademark and [trade name](#) – had not been officially registered for protection in Vietnam, leading to unforeseen complications.

In 2017, LC Pharmaceutical Company applied to register "LC" as their trademark, reflecting the trade name of their new asset. Their application, however, faced an unforeseen challenge. The Intellectual Property Office of Vietnam (IP VIETNAM) rejected their trademark registration, pointing out its striking resemblance to a previously filed mark "LC". This earlier registration was submitted by an individual, Mrs. B, from Ho Chi Minh City in early 2016 and had already received its Registration Certificate by December 2017.

Faced with a trademark conflict, LC Pharmaceutical Company acted decisively in 2018, seeking intervention from IP VIETNAM to annul Ms. LKL's trademark registration. They contended that there was a high similarity between their own reputable "LC" trademark and trade name, which had been in use prior, and Ms. LKL's. After examining the existing records, IP VIETNAM, in July 2019, decided to invalidate the contentious trademark and instead awarded a protection certificate to LC Pharmaceutical Company.

In response to the trademark issue, LC Pharmaceutical Company took action in 2018 by initiating a process to have IP VIETNAM revoke Ms. LKL's trademark. Their argument was based on the confusing similarity with their widely recognized trademark and trade name "LC", which had been established earlier. After examining the existing records, IP VIETNAM, in July 2019, issued a Decision on invalidating the contentious trademark and instead awarded a protection certificate to LC Pharmaceutical Company.

However, this was not the end of the matter. In early 2020, LC Pharmaceutical was alarmed to find that several drugstores, including the one owned by Mrs. B, were unlawfully employing their now-protected trademark. This discovery marked the beginning of a new, intense, and complex legal struggle that would span nearly four years, filled with unforeseen twists and turns.

### Initiating a Lawsuit on IP VIETNAM's Decision: Why?

In March 2020, the ongoing legal battle involving LC Pharmaceutical Company entered a pivotal phase as Ms. LKL filed a lawsuit in the People's Court of Ho Chi Minh City. Her legal challenge was directed at reversing a decision by IP VIETNAM and restoring the validity of a protection certificate that was initially granted to her by IP VIETNAM in 2017.

Ms. LKL's lawsuit against IP VIETNAM was grounded in an extensive legal rationale, emphasizing several critical aspects. She contended that she never received any notice from IP VIETNAM regarding LC Pharmaceutical Company's request to cancel her trademark. Additionally, she highlighted the prolonged delay by IP VIETNAM in processing the trademark cancellation request, questioning the lack of substantial evidence to prove LC Pharmaceutical Company's trademark was both widely recognized and reputable. Moreover, Ms. LKL accused IP VIETNAM of making procedural mistakes during the trademark review process, specifically in relation to trade names. She questioned the validity of the processes employed to determine trade name rights in the pharmaceutical industry.

## Case Approach Strategy

This legal conflict is complex, transcending the boundaries of intellectual property (IP) law and intersecting with the domain of pharmaceutical law, along with its associated regulations. The intricate network of decrees, circulars, and guidelines forms a complex web of legal documents and regulations. In court, the requirements for the legality and admissibility of documents and evidence are significantly more stringent than those for administrative bodies. Any deviation from these rigorous standards can be exploited by the opposition's legal team, potentially weakening the opposing party's legal position. Additionally, the presentation of arguments, both in written submissions and during trial proceedings, requires a level of sharpness, logical coherence, and persuasiveness.

In this scenario, while the plaintiff formally contested the decision made by IP VIETNAM, the underlying issue is actually her objection to LC Pharmaceutical Company's 2018 request for the annulment of her trademark's validity. Consequently, this case demands more than just establishing the validity of IP VIETNAM's decision to invalidate Mrs. LKL's trademark registration. LC Pharmaceutical Company must also effectively demonstrate and analyze the pertinent aspects of the case, incorporating elements from both intellectual property and pharmaceutical law, in order to convincingly persuade the Trial Council to rule in their favor.

Mrs. LKL's lawsuit, along with her self-declarations and accompanying documents, underwent a thorough examination to identify the strengths and weaknesses in each document and argument. The result was an extensive petition, nearly 100 pages long, prepared by LC Pharmaceutical Company. This petition, replete with in-depth analyses, evidence, and cited expert opinions, was accompanied by a comprehensive compilation of thousands of documents, all of which were submitted to the Ho Chi Minh City People's Court. The trial unfolded in multiple phases, encompassing outreach sessions, the revelation of evidence, and efforts at mediation. However, both parties remained resolute in their positions. The lawsuit's tension peaked during the question-and-answer portion, with the litigants' responses characterized by incisiveness and intensity. This heightened atmosphere led the presiding judge to consult and decide on postponing the trial, with a resumption scheduled after almost a month.

## Court Ruling

In its December 2023 decision, the court determined that the documentation and arguments presented by both LC Pharmaceutical Company and IP VIETNAM were comprehensive and persuasive. As a result, the court dismissed Mrs. LKL's claims, concluding the nearly four-year legal battle with a ruling in favor of LC Pharmaceutical Company.

## Key Takeaways

### 1. Which address should be used to [register a trademark in Vietnam](#)?

Many trademark owners in Vietnam overlook the significance of the address used in their registration application (*be it their residential, work, store, or an alternative address if they own multiple properties*). Although Vietnamese IP law doesn't specify the type of address to be used or its requirements, the choice of address can have considerable implications. An unsuitable address can lead to missed or lost notices, depriving the applicant of the chance to respond, defend their arguments, or fulfill obligations like paying registration fees. In the referenced lawsuit, the plaintiff alleged she did not receive two notices from IP VIETNAM regarding the invalidation request. If true, the non-receipt of these documents isn't IP VIETNAM's fault, and they aren't obliged to indefinitely delay their decision waiting for the trademark owner's response. This situation can lead to futile waiting. However, it's clear that not receiving notices can significantly weaken the legal standing of a trademark owner when addressing invalidation requests from third parties.

### 2. Does a trademark being granted a protection certificate mean that it automatically meets protection standards?

A common misunderstanding among trademark owners, exemplified by Ms. LKL in the aforementioned lawsuit, is the belief that the issuance of a Protection Certificate by IP VIETNAM implies that a trademark has been thoroughly evaluated and deemed to meet all protection standards. While it's generally accurate that IP VIETNAM issues Protection Certificates to trademarks it considers distinctive based on its existing data sources, this perception is not entirely accurate nor universally applicable. The data available to IP VIETNAM is comprehensive but not exhaustive. This situation stems from the mechanisms of establishing intellectual property rights in Vietnam and globally. Consequently, the fact that a trademark has been granted a protection certificate does not automatically guarantee that it fulfills all the criteria for protection standards.

Intellectual property rights are categorized into three main groups: **(i)** Copyright and related rights, **(ii)** Industrial property rights, and **(iii)** Rights related to plant varieties.

Under the umbrella of Industrial property rights (often abbreviated as "IP"), there are eight distinct types of rights: **(i)** Inventions, **(ii)** Industrial designs, **(iii)** Layout designs of semiconductor integrated circuits, **(iv)** Trademarks, **(v)** Trade names, **(vi)** Geographical indications, **(vii)** Trade secrets, and **(viii)** Protection against unfair competition. Within this framework, "Trade name" is recognized and safeguarded as a specific type of right within the broader category of industrial property rights.

Vietnam's IP law stipulates that intellectual property rights' establishment varies depending on the specific type of IP in question. Generally, these rights can be founded on one of two principles: **(i)** First-to-file principle and **(ii)** First-to-use principle. Therefore, First-to-file principle isn't the sole method for establishing industrial property rights. The mechanisms for establishing rights for trademarks, except for well-known trademarks, differ significantly from those for trade names. Trademark rights are typically established through a formal registration process with IP VIETNAM. On the other hand, rights to "trade names" are acquired through actual, lawful use in commercial activities within Vietnam, without the necessity of registration. This distinction means that a trademark, even if it has been granted a certificate of protection via registration, could potentially conflict with another IP category, such as a trade name. Trade names are established through their practical use in business, differing from the registration-based approach for trademarks.

Does IP VIETNAM have a trade name database? Does Vietnam have a national database of trade names? Exactly not. While the National Business Information Portal at <https://dangkylanhdoanh.gov.vn/> does house a vast amount of data on business names, this repository is limited. It primarily includes entities and legal entities established under enterprise law, omitting entities like business households that lack legal status. Moreover, no Vietnamese agency currently constructs a complete, static database of trade names, as these are constantly evolving based on the usage by individuals and organizations in their commercial activities. This fluid nature of trade names is acknowledged in Point 39.7(b) of Circular 01, which states, "In cases of necessity, supplementary information sources may be consulted in addition to the basic sources outlined in Point 39.7.a, such as applications for registration of industrial designs and trade names." This regulation is crafted to be flexible and adaptable, aligning with the unique mechanism for establishing trade name rights. It grants IP VIETNAM the authority to use trade names as grounds for rejecting or annulling a trademark registration if there is clear evidence or knowledge that approving the trademark would conflict with an already established trade name of another entity.

For a trademark to be eligible for registration and protection, it must comply with the relevant legal provisions. Specifically, if a "Sign is identical or similar to a trade name currently in use by another party, and its usage could potentially confuse consumers regarding the origin of goods or services", then it fails to meet the protection standards set out in Article 74.2(k) of the Vietnamese IP Law. Consequently, such a trademark would be subject to invalidation under Article 96 of this law.

To challenge and invalidate a registered trademark, the party making the request must furnish evidence demonstrating their use of the trade name in question. The use of a trade name entails engaging in commercial activities under that name, including its display on transaction documents, signage, products, packaging, service delivery mediums, and in advertising. This use serves to distinguish the business entity in its commercial operations.

### **3. A trademark is granted a certificate of protection, but is invalidated when it conflicts with a trade name: Is there any precedent?**

While the "first-to-file principle" is commonly applied in establishing trademark rights, it is not an infallible rule. A trademark that has been filed for registration at IP VIETNAM can be outright refused or invalidated if it is found to conflict with an established trade name, where the trade name's rights emerged prior to the filing date of the trademark application. This is in accordance with Article 74.2k of the Intellectual Property Law, which addresses such conflicts. Specifically:

Shenzhen Tongfang Electric New Material Co., Ltd. (**Tongfang**) submitted Opposition Notice No. PD4-2019-01290 on December 3, 2019, requesting IP VIETNAM to deny the trademark registration for "**TONGFANG TECHNOLOGY**, Chinese characters, and device". This opposition was based on its similarity to the already widely used trade name "**Tongfang**" in Vietnam prior to the application date (August 6, 2019). IP VIETNAM, responding to this opposition, issued a notice on March 7, 2022, supporting Tongfang's claim. Subsequently, on January 1, 2021, IP VIETNAM, through its substantive examination for Trademark Application No. 4-2019-29707, declined to grant protection to the trademark in question under Article 74.2k of the Intellectual Property Law.

Ban Mai Tourism Co., Ltd. (English name: **AURORA** Travel Co., Ltd.) lodged Opposition Notice No. PD4-2012-0057 on January 20, 2012, requesting IP VIETNAM to refuse registration for the mark "**AURORA HOTEL & TRAVEL**, device". The opposition was based on its similarity with Ban Mai Tourism Co., Ltd.'s trade name (English name: **AURORA** Travel Co., Ltd.), extensively used in Vietnam before the trademark application date (September 7, 2011). On August 1, 2014, IP VIETNAM accepted this opposition and, on July 28, 2014, issued a notice for Trademark Application No. 4-2011-18522, refusing trademark protection under Articles 74.2k and 74.2e of the Intellectual Property Law.

**LUXMAN** KABUSHIKIKAISHA filed Opposition Notice No. PD4-2019-00616 on June 19, 2019, against the registration of the trademark "**LUXMAN**" due to its similarity with their trademark/trade name, widely utilized in Vietnam prior to the trademark application date (November 1, 2017). On September 4, 2020, IP VIETNAM issued a decision to reject the "LUXMAN" trademark in accordance with Articles 74.2k and 74.2g of the Intellectual Property Law.

Shenzhen **Fenda** Technology Co., Ltd. submitted an Opposition Notice against the registration of "**FENDA** electronics," arguing its similarity with their trademark/trade name, in use in Vietnam before the application date (January 3, 2019). On May 27, 2021, IP VIETNAM concluded its substantive examination, refusing to protect "FENDA electronics" under Article 74.2k of the Intellectual Property Law.

### Final thoughts

The dispute between trademarks and trade names is not a dispute on paper, but a direct confrontation in the real world. In such disputes, neither party shows signs of yielding or relinquishing their stance, particularly when both have established businesses, store networks, and agent systems in Vietnam. This situation is predictable, as ceasing the use of a trade name or trademark equates to erasing all associated business and investment efforts. Consequently, this escalates the tension and presents significant challenges for both parties, often leading to prolonged, continuous, and expensive legal battles.

The verdict in the lawsuit represents not only an important victory for KENFOX's client but also underscores the effectiveness of KENFOX's team, whose tireless efforts, dedication, and creative problem-solving have been crucial, particularly amidst the increasing and evolving challenges of [intellectual property squatting](#) and abuse. This triumph not only assures legal protection but also facilitates the foundation for our clients' long-term investment endeavors in Vietnam.

Opt for a company offering expert IP services to partner with, ensuring you can confidently grow your business on the right path!

**By Nguyen Vu QUAN**  
**Partner & IP Attorney**

#### 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)