

Understanding IP Law in Vietnam: Why Selling Genuine Products Might Still Be Infringement?

Rule One Proteins, LLC (RULE ONE)

1. RULE ONE is a corporation with over 10 years of experience in the field of fitness and sports supplements. Established in 2014 by the Costello family, who also founded the renowned Optimum Nutrition (ON) brand, known worldwide for the legendary Whey Gold Standard. After selling the ON brand to Glanbia five years ago, the Costello brothers developed a new brand. They continued to leverage the technology from their previous brand while incorporating modern advancements. Among their most prominent products are R1 Protein, R1 Gain, R1 BCAA, R1 Casein, R1 Energy+, and R1 Pre Amino. Rule 1 Protein, a premium high-quality whey protein supplement, is highly regarded by consumers and consistently ranks at the top of best Whey Protein products for gym enthusiasts. It is produced using pure, high-grade ingredients and a perfect nutritional formula.

Rule 1 Proteins brand in Vietnam and infringement of Intellectual Property rights associated with the brand

2. In Vietnam, Rule 1 Proteins are currently the best-selling supplement brand, particularly known for their muscle milk products. Numerous companies in Vietnam import these genuine products for widespread distribution. However, under the authorization of RULE ONE, KENFOX IP & Law Office has recently initiated legal proceedings against Muscle Up Joint Stock Company (**Muscle Up**), which has been accused of infringing RULE ONE's intellectual property rights. It is noteworthy that the "Rule 1 Proteins" products sold by Muscle Up are genuine. This may at first seem unreasonable. Many merchants assert that they do not infringe on the intellectual property rights of the trademark owner when they trade in genuine products. However, whether these statements are true depends on the specific actions taken in the course of business.

Are rights of the trademark owner exhausted after the first sale?

3. The answer is yes. According to the doctrine of exhaustion, once a product is lawfully put on the market, the trademark owner loses control over its subsequent distribution. This means that after the initial, legitimate sale of a product bearing the trademark—whether by the trademark owner themselves or by others with the owner's consent—the owner's rights are considered "exhausted". Subsequently, any third party is allowed to purchase and resell these products. In Vietnam, this principle is codified in Article 125.2(b) of the Intellectual Property Law, which states that owners of industrial property, including trademarks, cannot prevent the circulation, importation, or utilization of their products once they are lawfully marketed, even abroad. This includes products sold in foreign markets, unless those markets were not served directly by the trademark owners or their authorized licensees. Thus, Vietnamese law does not impose any restrictions on parallel imports.

Why selling genuine goods can infringe the owner's intellectual property rights?

4. Many people argue that purchasing a genuine product (*not a counterfeit*) grants them the right to undertake any promotional activities for the product. For example, they might print sales materials bearing the protected trademark on leaflets and transaction papers, or post pictures of branded products on social networking sites and websites. Others, who purchase products for resale - such as VIETTIEN clothing - assume they have the right to photograph these products and use the images on websites for promotional and sales purposes, or to print signs featuring the VIETTIEN brand in front of their stores. However, common responses to inquiries about these practices often include statements like, "I do not sell fakes" or "I buy goods to sell, but how can I sell if I am not allowed to advertise?". Such responses indicate a fundamental misunderstanding of intellectual property law provisions.
5. Similarly, let's consider the situation with Muscle Up. This company imports genuine products into Vietnam for sale. It has set up a website where it takes and posts photos of products, along with information to introduce and promote the "Rule 1 Proteins" product on both the website and social networking sites, with the aim of boosting sales.
6. The act of "advertising" products bearing the trademark falls into one of three categories of acts which are considered "**use of trademarks**" under Article 124.5 of Vietnam IP Law. Under the law, the act of "using

trademarks" includes: (i) affixing the protected trademark on products, packaging, business facilities, etc.; (ii) circulating, offering, advertising or stocking products bearing the protected trademark for sale; and (iii) importing products bearing the protected trademark. According to the provisions of Article 123 of IP Law, only the trademark owner or others with the consent of the owner has the right to "use the trademark". "Advertising a branded product" is deemed to perform the act of "using the trademark". If one is not given a license to "use the trademark" (i.e., to perform the act of "advertising a branded product") by the owner, his/her advertisement act is regarded as unauthorized or without the consent of the trademark owner, in other words, "illegal".

7. Thus, the acts of taking photos of products and posting information to introduce and advertise "Rule 1 Proteins" products on websites and social networking sites with the aim of promoting sales, even for genuine "Rule 1 Proteins" products, without the consent of the right holder, are considered constituting an infringement of trademark rights.

Reversing the Assessment Conclusion of Vietnam Intellectual Property Research Institute ("VIPRI")

8. In the first Assessment Conclusion, VIPRI stated that if the products advertised and introduced by Muscle Up are genuine products manufactured or authorized by RULE ONE, the act of advertisement and introduction of products bearing the trademark on websites and facebook of Muscle Up are treated as legal acts which do not infringe IP rights of RULE ONE. In other words, only in the event that Muscle Up fails to prove that the products for sale on its websites and facebook are products of RULE ONE or manufactured and sold by RULE ONE's licencees, the "RULE 1 R1 PROTEIN" sign used on the Muscle Up's websites and Facebook will be deemed to be an infringement of the rights to the trademark "Rule 1 Proteins".
9. Realizing that the initial Assessment Conclusion of VIPRI was not reasonable, KENFOX IP & Law Office submitted a petition to VIPRI for re-assessment. The petition included legal grounds, evidence and convincing arguments. Subsequently, KENFOX IP & Law Office successfully reversed the initial assessment of VIPRI based on the decisive argument that advertising for sale does not, in essence, fall under the exclusions specified in Article 125 of IP Law regarding the right to prevent others from using IP subject matters. Therefore, it can be affirmed that the act of "advertising for sale" of functional food products labeled with the "Rule 1 Proteins" sign on websites and Facebook by Muscle Up, even if manufactured by RULE ONE, is still considered an infringement of the trademark owner's rights.

Practical Lessons to be learnt:

Rights of the trademark owner

10. As a matter of legal principle, only the trademark owner or the person with the consent of the owner is entitled to "use" the mark, then such "use" is deemed legal.

Sales of genuine products does not mean one is entitled to use the trademark

11. One has the right to import the trademark owner's products from abroad for sale, trade, or distribution in Vietnam. Vietnam IP Law does not prohibit parallel imports. Any person can buy and sell products sold by others on the market. However, conflating the right to trade with the right to use the trademark can lead to serious legal repercussions. Under Vietnam IP Law, only the trademark owner or a person with the owner's consent is entitled to "use" the mark. Many merchants naively state that taking photos and advertising products on websites and Facebook benefits the owner when selling genuine products. They argue that advertising is permissible if one purchases genuine goods to resell them. Such statements, in our opinion, expose one to significant legal risks. If hundreds or thousands of dealers advertised the branded product, the trademark owner would lose control over the brand's image and value, which they have spent years building. This situation could seriously mislead customers into believing that dealers are authorized to use the trademark or that they are the official distributors of the trademark owner. Consequently, this can erode the exclusive right to use the mark and lead to uncontrolled use of the trademark, negatively impacting the trademark's reputation and the rights holder's interests.

As an immutable rule, if you wish to use IP rights in general and trademark rights in particular, in order to avoid being alleged for an infringement, you should seek permission from IP right holder. Of course, IP law provides exceptions under which the use of another's IP rights does not constitute an infringement of the protected rights (e.g. *honest use of a person's name and signs describing the type, quantity, quality, utility, value, geographical origin and other characteristics of goods or services*). For guidance on how to use IP

rights properly and to minimize legal risks, please consult with our experienced lawyers at KENFOX IP & Law Office.

VIPRI's Assessment Conclusion

12. Even if VIPRI concludes that there is not enough basis to claim an infringement of intellectual property rights, it is still not the end of all efforts. You have the right to request VIPRI to re-assess their Assessment Conclusion by providing clear and compelling evidence. For more details, please see our article titled "[The Secret Behind the Assessment Conclusion of VIPRI: 5 Questions That Cannot Be Ignored](#)". Although reversing the VIPRI's Assessment Conclusion is never easy, KENFOX IP & Law Office has successfully achieved this in the aforementioned case. Please reach out to KENFOX IP & Law Office if you need expert and in-depth representation to protect your legal rights and interests in Vietnam.

**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 / kenfox@kenfoxlaw.com