The development of the national law on protection of well-known trademarks in Vietnam

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Deputy Chief Inspector

1. The development of the legal framework on protection of well-known trademarks

Vietnam became the party to the Paris Convention on Protection of Industrial Property (the Paris Convention) since 1949, and after the unification of the country, the declaration on the continued application of this convention was confirmed in 1981. The government of Vietnam issued the first ordinance on protection of trademarks in 1982 which contained the general principles on protection of trademarks in the light of the provisions of the Paris Convention.

The significant movement of IPR protection was made in the end of the 1980s and early 1990s by promulgation of the law-decree and regulations on protection of industrial property rights, which detailed the provisions on protection on trademarks and other subject matters of industrial property rights. This movement had been along with the transformation of the centrally planned into the market-oriented economy following the open-door economic policy of Vietnam.

In 1995, the Civil Code introduced the term “intellectual property rights” (IPR) and the IPR protection regime towards the standards provided in the TRIPS Agreement. Consequently, the government enacted series of regulations for implementing the Civil Code’s IPR related provisions in the following year. During this period Vietnam applied for the accession to the World Trade Organization (WTO) and spent great efforts to revise its national law for the purpose of compliance with the requirements of the WTO/TRIPS. A decade later, such efforts were remarked by the enactment of the Revised Civil Code and the Law on Intellectual Property in 2005, which was a significant contribution to the success of Vietnam in the negotiation for the accession to the WTO.

As for the protection of well-known trademarks, both the Civil Code 1995 and the Civil Code 2005 do not cover any provisions referring to the protection of well-known trademarks. However, the prevailing effect of the international treaties is firmly recognized in these codes. Both codes consist of the provision saying that where an international treaty contains a provision different from that covered by the codes, the provision of the international treaty shall be applicable. To this point, the provisions of the Paris Convention on protection of well-known trademarks could be applicable in Vietnam, even if there was no particular provision on this matter set down in the national legislation.

Although the Civil Code 1995 did not include any particular provision on the protection of well-known trademarks, the regulation on the implementation of this
code issued by the government in 2001 (Decree No.06) introduced the procedural requirements on the recognition of well-known trademarks in Vietnam. Accordingly, a well-known trademark might only be protected when it was registered in the National Office of Industrial Property. The owner of an assumed well-known trademark had to file a request and the relevant proof with the National Office of Industrial Property for the recognition and registration of his trademark as a well-known trademark. The owner of the trademark might enjoy his rights only after he obtained the decision on the recognition of well-known trademark issued by the National Office of Industrial Property. Such decision should also be published in the Gazette of Industrial property by the National Office of Industrial Property. In despite of the issuance of that regulation, there was neither request of the applicant nor decision of the National Office of Industrial Property concerning the recognition of well-known trademark during the effective period of the regulation, from 2001 to 2006.

The mentioned-above regulation was no longer effective by the enactment of the new Law on Intellectual Property in 2005 which went into effect as from 1 July of this year. Under the new law, there is no requirement on the registration procedures applicable to well-known trademarks. Instead, the Law provides a set of criteria for the assessment of a trademark to be regarded well-known. Under Article 75 of the Law, there exist eight criteria needed to take into account when assessing an assumed well-known trademark. The contents of such criteria focus on the reputation of the trademark derived from the practice of using the trademark and the territorial scope where the trademark is protected. In particular, the criteria for the assessment of a trademark to be regarded well-known are the following:

1. Number of the related consumers who are aware of the trademark through purchase or use of the goods or services bearing the trademark or through advertising;
2. Territorial scope of circulation of the goods and services bearing the trademark;
3. Turn-over of the sale the goods or the supply of services bearing the trademark or the volume of the goods sold or the services supplied;
4. The period of continuous use of the trademark;
5. Widespread goodwill of the goods and services bearing the trademark;
6. Number of the countries granting protection to the trademark;
7. Number of the countries recognizing the mark as well known;
8. Value of assignment, licensing price, or the value of investment capital contribution in respect of the trademark.

It is noted that though the new Law sets out the particular criteria for recognition of a well-known trademark, it does not specify which agency to be empowered to issue the decision on recognition of a well-known trademark. Whether a court or an administrative body has the power to recognize a well-known trademark for the purpose of enforcing the trademark rights? Whether the National Office of Intellectual Property has the authority to recognize a well-known trademark for the purpose of ensuring its proper decision on granting or refusing a trademark registration? These questions are laid open in the new Law.
In the process of drafting the instructions on the implementation of the new Law, though it is still going on at the discussion among the policy makers, the dominant view seeming to be acceptable is that the courts and the National Office of Intellectual Property should be vested the power to make the decision on recognition of a well-known trademark for the purposes of establishment and enforcement of trademark rights. For the limitations to the professional expertise, the administrative enforcement bodies appear unready to be in the position of making a decision on recognition of a well-known trademark. The question is that how the administrative enforcement bodies can accept or refuse the evidence of a well-known trademark provided by the trademark owner. Similarly, in which way the trademark owner may prove his rights derived from the assumed well-known trademark.

In a governmental decree issued recently (Decree No. 105), it is required that the trademark owner should submit to the enforcement bodies the evidence proving his trademark is well-known if he wants to enforce his rights under the term of a well-known trademark. If an enforcement authority does not have the competence to recognize a trademark to be well-known, the enforcement authority certainly needs the decision on recognition of well-known trademark issued by some other authority prior to decide the appropriate measure applicable to the infringement case. The governmental decree does not specify which agency shall have the authority to issue that kind of decision, either at the request of the trademark owner or upon the requirement of the enforcement authority. Under the governmental decree, the National Office of Intellectual Property is no longer existent as an agency of IPR assessment for the purpose of enforcement. Instead, the independent bodies functioning as the IPR assessment service providers will be established to provide the IP assessment services at the request of the enforcement authorities and the parties to the IPR infringement cases. However, the governmental decree does not stipulate clearly the legal validity of the conclusion on a well-known trademark made by an IPR assessment service provider in respect of the trademark registration proceedings conducted at the National Office of Intellectual Property. For that reason, the National Office of Intellectual Property may accept or reject the binding effect of the conclusion of well-known trademark issued by an IP assessment service provider. Similarly, the enforcement authorities, including the administrative authorities and the courts, may use the conclusion of an IPR assessment service provider as a source of evidence to identify whether the trademark in the case is admitted as well-known or not.

2. Rights conferred to the well-known trademark owners

In the light of the provisions of Article 6bis of the Paris Convention and Article 16 of the TRIPS Agreement, the new Law on Intellectual Property of Vietnam provides the rights conferred to the well-known trademark owners in both the trademark registration procedures and the trademark right enforcement proceedings. Article 74.2 of the new Law states as follows:

“Article 74. Distinctiveness of trademarks

2. A mark shall not be considered as distinctive if it is signs falling under one of the following cases:

i) Signs identical with or confusingly similar to another registered person’s trademark recognized as well-known in respect of the goods or services that are
identical with or similar to those bearing the well-known trademark; or in respect of dissimilar goods and services if the use of such trademarks may prejudice the distinctiveness of the well-known trademark or the registration of such signs is aimed at taking advantage of goodwill of the well-known trademark.”

According to the above-mentioned provision, when a trademark is recognized as well-known, the scope of protection given to the well-known trademark is extended much beyond that given to the normal trademark. Not only the use of any sign identical or confusingly similar to the well-known trademark but also the use of that sign for the dissimilar goods and services shall be rejected if it is assumed that the use of that sign would adversely affect the distinctiveness of the well-known trademark. Besides the argument relying on the dilution of the well-known trademark reputation, the well-known trademark owner may oppose the registration of any trademark which is regarded as an act of unfair competition practice. If the well-known trademark owner may indicate the proof for the argument that the act of trademark registration is aimed at riding on the advantages coming from the reputation of the well-known trademark, the application for registration of the related trademark shall be rejected or, in the case of a registration having been granted to the related trademark, the registration shall be revoked or invalidated under the provisions of the new Law.

In the draft of instructions on implementation of the new Law (a Circular to be issued by the Ministry of Science and Technology for guiding the governmental Decree No.103) the detailed guidelines for application of the above-mentioned provisions are intended to cover the following contents:

“39.8 Assessment of the similarity of the sign to be registered as a trademark to such an extent that may cause the confusion with the compatible mark

c) The sign shall be regarded as confusingly similar to the compatible mark if:

(i) The sign is only the form of translation or transliteration or transcription of the compatible mark if the compatible mark is a well-known trademark;”

“39.10 Conclusion of the confusing similarity of the sign in the relation with the compatible mark

(iv) The sign is identical with or similar to the compatible mark being a well-known trademark and even though goods and services bearing that mark is neither identical nor similar to the well-known trademark, the use of that sign functioning as a trademark may mislead the consumers about the relationship between the goods and services bearing that sign and the well-known trademark owner which induces the actual likelihood of diluting the distinctiveness of the well-known trademark or being detrimental to the reputation of the well-known trademark.”
The particular provisions of the new Law and the detailed instructions mentioned above constitute the legal grounds based on which the trademark examiners may refuse the registration of any mark that falls into the spectrum of the unfair competition practice against the well-known trademarks.

With respect to the right of enforcement conferred to the well-known trademark owner, Article 129 of the new Law states:

“Article 129. Acts of infringing the rights to trademarks, trade names and geographical indications

1. The following acts if performed without permission of the trademark owner shall be considered as infringement of the rights to the trademark:

d. Using any sign identical with or similar to a well-known trademark, or any sign in the form of translation or transliteration of a well-known trademark, for any goods and services, including those dissimilar or unrelated to the goods or service having the well-known trademark, if such use is likely to cause confusion as to the origin of the goods or services or wrong impression as to the relationship between the user of such signs and the well-known trademark owner.”

Under the above provisions, the well-known trademark owner may take action against the use of any sign going around his mark and even that sign is used for the goods and services dissimilar or unrelated to those bearing the well-known trademark. Article 98 of the new Law allows the trademark owners to apply different measures to protect their rights with respect to his trademark. The enforcement measures available to the well-known trademark owner, among others, include the right to request organizations, individuals committing the acts of infringement to terminate their infringing acts, apologize, publicly rectify or compensate damages; the right to request the competent state agencies to handle the acts of infringement in accordance with provisions of the Law on Intellectual Property and other related laws and regulations; and the right to initiate a lawsuit at a competent court or an arbitrator to protect their legitimate rights and interests.

3. Obligation to prove the trademark being well-known

Although the new Law does not mention the obligation of the well-known trademark owner in respect of the burden of proof, the recently issued governmental decree on IPR enforcement (Decree 105) and the draft instructions to be issued by the Ministry of Science and Technology clarify the obligation of a well-known trademark owner in providing the sufficient evidence to prove his trademark being well-known, basically relying the criteria provided in the new Law. The draft instructions state:

“1.4 The rights to a well-known trademark are established on the basis of the widely practical use of the mark that makes the trademark became well-known and need not conform to the registration procedures at the National Office of Intellectual Property as applicable to the other trademarks. When performing the conferred rights and initiating the proceedings of a trademark dispute, the well-known trademark owner shall have obligation to prove their rights by the appropriate evidence as stipulated in Article 75 of the Law on Intellectual Property.”
“42. Recognition of the well-known trademarks

42.1 Bases and proceedings for recognition of the well-known trademarks

a) The trademark having been recognized being well-known in Vietnam shall be protected pursuant to Article 75 of the Law on Intellectual Property and in consistence to Article 6bis of the Paris Convention on protection of industrial property;

b) Rights to the well-known trademark belong to the owner of that trademark without any requirement of registration procedures. When performing the rights conferred to the well-known trademark (in making the opposition to the granting of a trademark registration in the process of establishment of trademark rights; in handling the disputes or taking action against the infringement in respect of the well-known trademark), the trademark owner shall prove that the ownership of the trademark belongs to him and that his trademark meets the conditions to be regarded well-known;

c) The proofs evidencing the well-known of a trademark may include the information on the scope, scale, continuity of the trademark use, in which the detailed statements about the origin, history development, the period of continuing use of the trademark; number of countries where the trademark has been registered or recognized as a well-known trademark; the list of goods and services bearing the trademark; the scope of territory where the trademark is circulated; turnover and volume of the goods and services produced or provided under the trademark; asset value of the trademark; investment and expenses for advertising, marketing the trademark; number of the consumers knowing about the trademark; awards granted to the trademark in the national and international exhibitions etc;

d) In the case of the well-known trademark having been recognized by a decision of the competent court or by a decision of the National Office of Intellectual Property, that trademark shall be published in the Gazette of Industrial Property and put into the list of well-known trademark made by the National Office of Intellectual Property.”

At the present, there is unavailable a list of recognized well-known trademarks in the National Office of Intellectual Property. That is perceived as an inherent difficulty for the trademark examiners in the course of performance of their duties in examining the well-known trademark related applications. After the issuance of the instructions, it is expected that the list will be established to be an important source of information for the trademark examiners to refer to in the course of substantive examination of trademark applications.

4. The practice of well-known trademark protection

During the process of examining the trademark registration applications, the NOIP has in many cases rejected the request of the applicants for registration of their trademarks for the reason of the similarity of their trademarks in comparison with the assumed well-known trademarks. However, due to the fact that there is neither the list of the well-known trademarks stored in the National Office of Industrial Property nor the decisions on recognition of the well-known trademarks issued by the competent
authorities, the trademark examiners could not invoke the provisions on protection of well-known trademarks as a direct reason for their refusal of trademark registration. Rather, they refer to other provisions regarding protection of the widely used and recognized trademarks available in the law and regulations. Under the old regulations (Article 6.1.e of Decree 63 issued in 1996), an application for registration of trademark may be rejected if the trademark described in the application is regarded identical or confusingly similar to any other person’s trademark which has been widely used and recognized. This provision was codified in Article 74.2.dd of the new Law. Accordingly, a sign having been widely used and recognized as a trademark may be protected without the registration procedures. Otherwise, a trademark application shall be rejected if the trademark included therein is regarded identical or confusingly similar to the trademark having been widely used and recognized.

The following are the examples of the trademark applications have been rejected for the reason of being identical or confusingly similar to the widely used and recognized trademarks.

![Image of trademark application]

- **Trademark Number:** 06673
- **Date of Application:** 19.03.1992
- **Country:** VN
- **Date of Registration:** 31.12.1984
- **Trademark:** TM KENTUCKY FRIED CHICKEN
- **Owner:** THUY TA OPHIX GROUP JOINT VENTURS COMPANY
- **Address:** SO 1 LE THAI TO, THANH PHO HA NOI
- **Sign:** Kentucky Fried Chicken

Additional information:
- **Image:**
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**DỊA CHỈ**
620 CỘNG HÒA, PHƯỜNG 13, QUẬN TÂN BÌNH, THÀNH PHỐ HỒ CHÍ MINH

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**Nhóm 35 : Mua bán đèn tranh**

***Các thông tin khác***

Nhân hiệu không được bảo hộ vi trùng vây trong nhân hiệu đã sử dụng rộng rãi (6).

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**DỊA CHỈ**
51, 53 AN DUONG VUONG, QUAN 5, THANH PHO HO CHI MINH

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**Các thông tin khác**

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Apart from the refusal of registration for the trademark applications which contain the signs identical or similar to the well-known or widely used trademarks, the National Office of Intellectual Property of Vietnam also rendered a series of conclusions and statements on the infringement of well-known and widely used trademarks upon the request of the parties to the trademark disputes and the enforcement authorities. In practice, the enforcement authorities have conducted various actions against the trademark counterfeit goods, especially the infringement acts aiming at the reputation of well-known and widely used trademarks. As to the sanction applicable to the IPR infringement, the new Law on Intellectual Property increases the maximum of the monetary fine from the amount equivalent to 70,000 USD under the old regulations to the amount equivalent to five times of the value of the infringing goods under Article 214 of the new Law. This change of the law expresses the strong determination of the government to repress the counterfeit disease and establish the fair competition environment for the domestic and foreign enterprises.

For the purpose of the trademark value promotion both in the domestic production and in exportation of products, in 2003 the Government approved the National Trademark Program. By this program, the Ministry of Trade initiates the various campaigns to build up and foster the trademark reputation of the domestic products. Currently, the National Trademark Program is going on in Vietnam. The program encourages and supports the enterprises to formulate and realize the long-term strategy of trademark development and protection.

**Conclusion**

In summary, the new law on intellectual property introduces the significant
development of the national legal framework for protection of well-known trademarks in Vietnam. The strengthening of the legal measures for protection and enforcement of well-known trademarks indicates the active movement of the national law towards the principles of adequate and effective protection of intellectual property rights underpinning the TRIPS Agreement and the Paris Convention incorporated therein. The improvement of the national law and the application of the appropriate measures have produced good effects to the awareness of the public and the domestic enterprises about the value of trademark and the necessity of trademark protection. However, the current law and regulations still absence certain provisions necessary to regulate the particular issues to ensure the proper execution of the new law, both for the trademark examiners and the enforcement authorities. In order to complete this absence in the national law, the trademark law and practice of the other countries in the Asian region would certainly be the useful reference for Vietnam. We are greatly happy to share with you our information and to learn from you the expertise and experience in this field.