

---

# INSIDE THIS ISSUE

---

Overview

---

In Details

---

Conclusion

---



## THE IMPORTANCE OF TIMELY TRADEMARK REGISTRATION IN VIETNAM'S COMPETITIVE MARKET

### OVERVIEW

In today's globalized economy, safeguarding intellectual property rights is essential for the sustainable development of businesses. In Vietnam, as the market continues to expand and competition intensifies, the proactive registration of trademarks has emerged as a critical strategy for protecting a company's intangible assets.

Trademark registration in Vietnam serves to establish legal ownership of a trademark and prevent unauthorized use and infringement by competitors. This process is necessary to ensure that the significant efforts invested in building brand reputation and market presence are thoroughly protected, thereby creating a robust foundation for future growth and expansion.



## DISPUTES REGARDING TRADEMARK OWNERSHIP

In the Vietnamese market, it is common for organizations or individuals to utilize a trademark for their products and services over an extended period without securing official registration for legal protection. This practice can lead to significant risks and challenges for their business operations.

A notable scenario arises when a brand gains recognition and builds credibility. At this point, a competing organization or individual may exploit the situation by registering the same trademark, even if they have not actively used it or do not intend to do so. This situation highlights the importance of timely trademark registration to safeguard brand identity and mitigate potential conflicts.

In Vietnam, it is common for businesses, mainly small-scale operations, to use trademarks without registering them. As a result, some entities may find themselves in a situation where a trademark they have been using is registered to someone else who is not actively using it in commerce. This often leads to disputes when the original user seeks to reclaim their rights to the trademark.

Many individuals and organizations may not fully understand the importance of trademark protection until conflicts arise. When these disputes occur, they often realize that their trademark, which they believed rightfully belonged to them due to their established reputation, has been registered and used by others. Consequently, this realization may prompt them to take legal action to protect their interests.

To effectively safeguard their interests, businesses operating in Vietnam should prioritize early trademark registration. This proactive approach not only helps prevent potential conflicts but also protects their brand image. By taking these steps, companies can mitigate the risk of brand damage—whether minor or significant—and create a foundation for sustainable growth. Prompt trademark registration is crucial for maintaining a solid market presence and enhancing overall business resilience.



## REASONS FOR CONTESTING THE REGISTRATION OR OWNERSHIP OF THE EXISTING TRADEMARK OWNER

In Vietnam, the legal framework for trademark registration operates on a First to File system. This means that merely demonstrating long-term use of a trademark in commerce is not enough for a trademark user to cancel a trademark registered by another party. While such evidence of use is essential, it is not the sole criterion for reclaiming trademark rights.

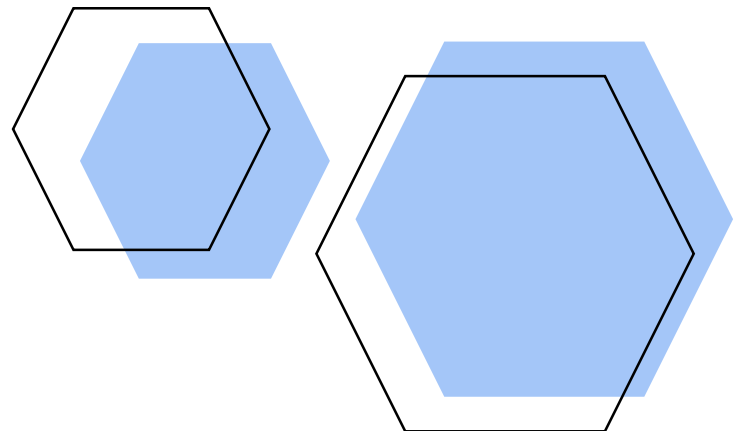
In countries that follow the First to Use system, priority of use can be a crucial factor, as it requires clear and convincing evidence showing that a trademark has been used over time and has achieved significant consumer recognition. However, in Vietnam's First to File context, trademark users must consider two legal arguments to claim ownership of a registered trademark.

### BAD FAITH INTENTION IN FILING TRADEMARK APPLICATION

Under Article 96, Clause 1, Point a of the 2022 Intellectual Property Law No. 07/2022/QH15, a trademark certificate can be wholly invalidated if the applicant is found to have acted in bad faith when filing their trademark application. This provision allows parties using the trademark in commerce to seek the invalidation of the trademark certificate based on the original applicant's bad-faith intention.

Additionally, Clause 4 of Article 96 establishes that the statute of limitations for organizations and individuals seeking to challenge the validity of a trademark certificate encompasses the entire duration of the trademark's protection period. However, there are exceptions, particularly in cases where the invalidation request is predicated on the assertion that the applicant lacked the rightful authority to apply. Further details on this exception will be explored in subsequent analyses.

Hence, when seeking to invalidate a trademark that has already been granted a certificate, it is essential to note that the statute of limitations for such requests aligns with the entire protection period of the trademark in Vietnam, which is set at 10 years from the filing date as per current intellectual property laws.



However, the process can be complex, particularly when attempting to demonstrate that the current trademark owner filed their application with malicious intent. The party contesting the trademark must gather substantial evidence and present convincing arguments to support their case. Failing to do so could lead to delays in the invalidation process. The trademark owner may also respond with a counterclaim, asserting that the lawsuit has negatively impacted their business operations.

Moreover, the trademark owner may have foreseen the potential for litigation regarding lousy faith filing and, as a result, might have implemented a strategy to utilize the trademark in commerce, even if on a significantly smaller scale than the original user. In such scenarios, it can become increasingly challenging for the original user to demonstrate that the current trademark owner acted with bad faith or engaged in unfair competition.

Consequently, the collection of evidence and the formulation of arguments will vary depending on the particular circumstances of each case. The user needs to pinpoint when the trademark owner's lousy faith commenced and whether this behavior was motivated by immediate gains, such as trademark squatting—where the owner may have sought compensation from other parties for the transfer of ownership—or if it was part of a more extensive scheme aimed at the user stemming from prior disputes.

Suppose a user identifies a potential lousy faith filing during the examination phase of a trademark application or while awaiting the issuance of the trademark certificate. In that case, they can submit an opposition to the grant of the trademark certificate. This action is by Point c, Clause 1, Article 112a of the 2022 Intellectual Property Law. It is important to note that the request for opposition must be filed within 5 months from the date the trademark application is published.

Suppose the Vietnam Intellectual Property Office determines the user's opposition is legitimate, reasonable, and well-founded. In that case, it will issue a notice of refusal to grant the trademark certificate, citing the applicable grounds outlined in Point b, Clause 1, Article 117 of the 2022 Intellectual Property Law.

It is essential to understand that the foundational requirement for authorities to evaluate a user's request regarding a trademark is the user's demonstrable use of that trademark in commerce. To support their request, the user must provide evidence that they have actively used the trademark commercially before the party that holds the registration or currently owns the trademark certificate.

According to Clause 5, Article 124 of the 2022 Intellectual Property Law, using a trademark in Vietnam encompasses several activities. These include displaying the protected trademark on goods, packaging, and various means of business and service, as well as on transaction documents related to business activities. Additionally, it covers actions such as selling, offering for sale, advertising, displaying, storing, or transporting goods that bear the protected trademark, and importing goods or services that incorporate the trademark.

In Vietnam, if an individual or business cannot demonstrate prior use of a trademark in commerce, any subsequent requests regarding that trademark may not be taken into account. In practice, establishing a trademark's origin and usage history can be tricky, mainly if the individual or business has not actively collected evidence during their operations. If adequate evidence is lacking, the First to File principle means that the existing trademark owner will maintain ownership rights to the trademark.





## INVALID TRADEMARK REGISTRATION DUE TO LACK OF PRODUCTION OR AFFILIATION

An essential consideration in trademark disputes is the argument that the current trademark owner listed on the Trademark Registration Certificate may not have the legitimate right to register that trademark. According to Clauses 1 and 2 of Article 87 of the 2022 Intellectual Property Law, organizations and individuals are entitled to register a trademark for goods they produce or services they offer. Furthermore, those engaged in lawful commercial activities can also register a trademark for products they bring to market, even if another entity manufactures these products. This is permissible as long as the actual manufacturer does not utilize the trademark on the product and does not object to the registration.

In the contemporary international market economy, it is common for Western companies to engage in the manufacturing services of Eastern companies, which typically offer lower production costs and labor expenses. In these scenarios, the manufacturing companies generally do not apply their trademarks to the products produced in their facilities. Instead, these products are transported back to Western countries, where they are branded with a trademark and marketed at a higher price.

As a result, if the current holder of a trademark certificate does not produce their products or provide related services and does not have any affiliation with other entities that manufacture goods under their trademark, they are not entitled to register the disputed trademark. This highlights essential considerations regarding trademark registration rights and connections to production entities.

In this context, there is a possibility that a trademark certificate could be fully or partially invalidated if it fails to comply with the registration criteria outlined in Point a, Clause 2, Article 96 of the 2022 Intellectual Property Law.

It is essential for trademark users considering this argument to be mindful of the statute of limitations for filing a request, as detailed in Clause 4, Article 96 of the same law. Specifically, the time limit for seeking the invalidation of a trademark certificate based on the premise that the applicant lacked the right to register the trademark is set at five years. This period begins from the date the trademark certificate is issued or when the international trademark registration becomes effective in Vietnam.

## CONCLUSION

In this context, trademark users may not need to emphasize proving prior commercial use of the trademark since, if their application is approved, they can move forward with registration and obtain a trademark certificate through standard procedures.

However, to prevent potential conflicts, trademark users should register their trademark promptly regardless of whether they have a long history of using it or have begun using it recently. Early registration provides essential protection for the goods or services they offer. It is crucial to understand that neglecting to register may lead to the necessity of rebranding to avoid infringement issues brought by a later user who has registered the trademark first.



## **Disclaimers:**

This material is provided for informational purposes only. The provision of this material does not create an attorney-client relationship between the firm and the reader and does not constitute legal advice. Legal advice must be tailored to the specific circumstances of each case, and the contents of this article are not a substitute for legal counsel. Do not take action in reliance on the contents of this material without seeking the advice of counsel.

The information contained in this article may or may not reflect the most current legal developments. Accordingly, information in this article is not promised or guaranteed to be correct or complete and should not be relied upon as such. Readers should conduct their own appropriate legal research.

## CONTACT

# DAITIN & ASSOCIATES

Lawyers and Consultants

*Please contact Daitin & Associates if you require any further information or guidance in the procedures of acquiring, protecting intellectual property rights in Vietnam | Cambodia | Laos | Myanmar | Thailand | Philippines | Brunei | Indonesia.*

[info@daitin.com.vn](mailto:info@daitin.com.vn) | [www.daitin.com.vn](http://www.daitin.com.vn)