

The header image features a night cityscape of Vietnam with lights reflecting on water. The text "Vietnam IP News Bulletin" is overlaid in a large, white, serif font. Below it, "Kenfox IP & Law Office" is written in a smaller, white, sans-serif font.

Vietnam IP News Bulletin

Kenfox IP & Law Office

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TRADEMARK LICENSING IN VIETNAM

1. Please advise us if a trademark license is effective when a trademark owner (Licensor) grants permission to another (Licensee) to use that trademark on mutually agreed terms and conditions under the laws of Vietnam?

KENFOX: Per Article 148.2 of IP Law 2005 “*an industrial property object license agreement shall be valid as agreed upon by the parties involved but shall be legally effective as against a third party upon registration with the State administrative body for industrial property rights*”.

Accordingly, license agreement takes effect as so agreed by the parties, however, to be effective against any third parties, such license agreement should be registered with the NOIP. The definition of a “third party” in this context is vague and could therefore be subject to differing interpretations. However, generally, it is agreed that a third party is a party other than the signatory parties, which can include banks, tax authorities, the Vietnam IP Office, courts and other competent authorities. Accordingly, licenses which are not registered with the Vietnam IP Office, would not bind such third parties.

2. Whether a trademark license is effective when the recordal of license is completed before the Vietnam IP Office?

KENFOX: Per Article 148.2 of IP Law 2005 “*an industrial property object license agreement shall be valid as agreed upon by the parties involved but shall be legally effective as against a third party upon registration with the State administrative body for industrial property rights*”.

In light of the said provision, it may be interpreted that a trademark license is effective when a trademark owner (Licensor) grants permission to another (Licensee) to use that trademark on mutually agreed terms and conditions. However, it is somehow controversial with the latter part of Article 148.2, which reads as “but [the IP license agreement] shall be legally effective as against a third party upon registration with the State administrative body for industrial property rights.” Since no further guidance or regulation in this issue is available, we strongly recommend IP license agreements to be recorded with the NOIP as to avoid a risk of not being recognized by any third party.

3. Whether recordal of trademark license is required to enforce its rights in Vietnam?

KENFOX: Per Article 148.2 of the IP Law 2005 “*an industrial property object license agreement shall be valid as agreed upon by the parties involved but shall be legally effective as against a third party upon registration with the State administrative body for industrial property rights*”.

In light of Article 148.2, the IP Law 2005, license agreement takes effect as so agreed by the parties, however, to be effective against any third parties, such license agreement should be registered with the NOIP. Accordingly, licenses which are not registered with the NOIP would not bind such third parties. As a result, to enforce its right, the trademark license should be recorded with the NOIP.

4. Is recordal of license obligatory in Vietnam? If so, please indicate possible disadvantages of not recording the trademark license.

KENFOX: Under Article 148.2 of IP Law 2005 that “*an industrial property object license agreement shall be valid as agreed upon by the parties involved but shall be legally effective as against a third party upon registration with the State administrative body for industrial property rights*”.

In light of Article 148.2, the IP Law 2005, recordal IP license agreement with the Vietnam IP Office is highly recommended though not compulsory. We think that one advantage of not recording the trademark license is that if the license is not recorded, there may be a downside risk that such a license is not recognized by a third party.

5. Does Licensee have personal jurisdiction to take actions upon detecting IPR infringement in Vietnam?

KENFOX: Per Article 203.2c, the IP Law 2005: “*The plaintiff must prove that the plaintiff is the intellectual property right holder by leading one of the following forms of evidence: [...] 2c. Copy of the license contract for an intellectual property object where the use right is licensed pursuant to a contract.*” In light of Article 203.2c, the IP Law 2005, the licensee has personal jurisdictions to take action. However, kindly note that the personal jurisdiction of the Licensee is restricted by scope of rights/ permission granted to such a Licensee under the license agreement. In the other words, in case the license agreement does not grant the Licensee with an authorization to take action on behalf of the Licensor, no action in enforcement can be taken by the Licensee.

6. Is recordal of license mandatory or arbitrary under the laws of Vietnam?

KENFOX: Article 148.2, the IP Law 2005: “[...] *an IP licence contract shall be valid as so agreed upon by the parties, but shall be legally effective as against a third party upon registration with the State administrative body for industrial property rights.*” Thus, registration of IP license agreement with the Vietnam IP Office is highly recommended though not compulsory.

7. Whether any penalty for not recording a trademark license in Vietnam?

KENFOX: The IP Law of Vietnam does not contain legislation on imposing a penalty on the licensee or licensor for not recording a trademark license.

8. Is evidence of use by a subsidiary (with capital involvement) without recordal of trademark license sufficient to overcome a non-use cancellation in Vietnam?

KENFOX: Article 148.2, the IP Law 2005: "[...] an IP licence contract shall be valid as so agreed upon by the parties, but shall be legally effective as against a third party upon registration with the State administrative body for industrial property rights.". Article 95.1d, the IP Law 2005: [A trademark registration shall be cancelled at request of a third party if] The mark has not been used by its owner or the licensee of the owner without justifiable reason for five (5) consecutive years prior to a request for cancellation, except where use is commenced or resumed at least three (3) months before the request for cancellation."

In our opinions, use of trademark by the licensee under a lawful license agreement is legitimate, even if the license is not recorded. Hence, evidence of use by a subsidiary (with or without capital involvement) without recordal of trademark license may be sufficient to overcome a non-use cancellation. However, in light of Article 148.2, the IP Law 2005, we opine that the evidence of use would be much stronger if the license is recorded.

9. Is evidence of use by a subsidiary (with no capital involvement) without recordal of trademark license sufficient to overcome a non-use cancellation in Vietnam?

KENFOX: Article 148.2, the IP Law 2005: "[...] an IP license contract shall be valid as so agreed upon by the parties, but shall be legally effective as against a third party upon registration with the State administrative body for industrial property rights.". Article 95.1d, the IP Law 2005: [A trademark registration shall be cancelled at request of a third party if] The mark has not been used by its owner or the licensee of the owner without justifiable reason for five (5) consecutive years prior to a request for cancellation, except where use is commenced or resumed at least three (3) months before the request for cancellation."

It is controversial to affirm whether evidence of use by a subsidiary (with no capital involvement) without recordal of trademark license sufficient to overcome a non-use cancellation. However, in our opinions, use of trademark by the licensee under a lawful license agreement is legitimate, even if the license is not recorded. Hence, evidence of use by a subsidiary (even with or without capital involvement) without recordal of trademark license may be sufficient to overcome a non-use cancellation. Despite the aforesaid, in light of Article 148.2, the IP Law 2005, we opine that the evidence of use would be much stronger if the license is recorded.

10. The 11-member Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP") officially came into force on December 30, 2018. The trade deal was signed by Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Việt Nam in Santiago in March 2018. The CPTPP took effect in Vietnam on 14 January 2019. Could you please advise if the CPTPP has any effects on the current IP Law of Vietnam, particularly on recordal of trademark licensing in Vietnam?

KENFOX: Yes, per Article 18.27 of the CPTPP which provides for "Non-Recordal of a Licence": [No Party shall require recordal of trademark licences:(a) to establish the validity of the licence; or (b) as a condition for use of a trademark by a licensee to be deemed to constitute use by the holder in a proceeding that relates to the acquisition, maintenance or enforcement of trademarks.]

Per Notification No. 1926/TB-SHTT dated 01 February 2019, issued by the IP Office of Vietnam, as from the effective date the CPTPP, all trademark licenses shall be valid for third parties regardless of their registration with the NOIP (*rather than as under Article 148.2 of the IP Law*).

The use of a trademark by a licensee under a license as stipulated in Article 124.5 of the IP Law shall be regarded as the use of the trademark by the owner in the procedures for acquisition, maintenance and enforcement of trademarks, regardless of the registration thereof with the IP Office of Vietnam.

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*Should your clients be interested in IP protection in the above-mentioned jurisdictions, please feel free to **contact us**.*