

How did KENFOX successfully defend a pharmaceutical trademark in a recent lawsuit in Vietnam?

The lawsuit, spanning nearly 4 years and centered around the protection of a pharmaceutical trademark, recently reached a favorable resolution for LC Pharmaceutical Company – a client represented by KENFOX in the Ho Chi Minh City People's Court. Pursuing justice and combating [trademark squatting in Vietnam](#) has consistently proven to be a complex undertaking. We take great joy and pride in standing alongside the trademark owner throughout this arduous journey, offering guidance from initial advice to courtroom representation in this challenging dispute. The significance of this victory is heightened as we approach the conclusion of the year 2023.

Background

[Purchasing a business]: At the end of 2016, LC Pharmaceutical Company acquired a series of 04 pharmacies in Ho Chi Minh City, aiming to establish a comprehensive pharmacy ecosystem to meet the growing healthcare needs in Vietnam. Despite the long-standing reputation and recognition of the pharmacy series, the name serving as both the trademark and [trade name](#) for the previous owner had not been formally registered for protection in Vietnam.

[Filing a trademark application & conflict]: In 2017, LC Pharmaceutical Company sought to register the trademark corresponding to the acquired pharmacy series. To their surprise, their application was denied protection by the Intellectual Property Office of Vietnam (“IP VIETNAM”). The refusal was based on the alleged confusing similarity with a trademark registered by an individual (“Ms. B”) residing in Ho Chi Minh City in early 2016. This particular trademark was granted a Registration Certificate in December 2017, leading to the legal challenge faced by LC Pharmaceutical Company in their pursuit of trademark protection.

[Trademark cancellation]: This poses a significant challenge as Vietnam operates on the "first-to-file" principle in establishing intellectual property rights. In addressing this issue, LC Pharmaceutical Company took proactive measures in 2018 by commencing procedures to petition IP VIETNAM for the cancellation of Ms. B's trademark. The basis for this request was the alleged confusing similarity with the trademark and trade name extensively utilized by the previous owner, from whom LC Pharmaceutical Company acquired the pharmacy series. After a thorough examination of the existing records, IP VIETNAM, in July 2019, rendered a Decision to invalidate Ms. B's trademark and subsequently awarded a protection certificate to LC Pharmaceutical Company.

[Warning & dispute]: The story appeared to conclude at this juncture, yet it marked the initiation of a protracted dispute spanning nearly 4 years. Recognizing instances where some pharmacies in Ho Chi Minh City, Vietnam were employing names identical to their legally protected trademarks, KENFOX's client took action in January 2020. They dispatched warning letters to these alleged infringers, urging them to voluntarily eliminate infringing signage. Ironically, one of the recipients happened to be Ms. B - the owner of the trademark that had previously been invalidated.

Initiate Legal Proceedings Against IP VIETNAM's Decision

[Filing a lawsuit]: In March 2020, the proprietor of the invalidated trademark filed a lawsuit with the People's Court of Ho Chi Minh City, seeking the annulment of the entire invalidation decision by IP VIETNAM and the restoration of the granted protection title.

[Grounds of the lawsuit]: The plaintiff presented comprehensive analyses and cited relevant legal provisions, including: **(i)** Non-receipt of notice from IP VIETNAM regarding invalidation, constituting a violation of Point 21.3 of Circular 01/2007/TT-BKHCHN; **(ii)** IP VIETNAM's infringement of the time limit for processing invalidation requests, violating Point 21.3 of Circular 01/2007/TT-BKHCHN; **(iii)** Lack of grounds to establish the widespread use and reputation of LC Pharmaceutical Company's trademark, as stipulated in Article 74.2(g) of the Intellectual Property Law; **(iv)** Error on the part of IP VIETNAM in assessing the trademark in relation to the trade name, in violation of Point 39.7 of Circular 01/2007/TT-BKHCHN; and **(v)** Unlawful establishment of rights to trade names in the pharmaceutical field,

contravening Articles 11 and 25 of the 2005 Pharmacy Law and Article 23 of Decree 79/2006/ND-CP. Consequently, the use of the trade name was deemed illegal and lacked probative value.

Case Approach Strategy

[Observations]: With nearly two decades of practical experience in handling intellectual property disputes, Mr. Nguyen Vu Quan, Partner & IP Attorney of KENFOX, noted that this dispute presents a high level of complexity. It transcends a conventional intellectual property battle, delving into the intricacies of pharmaceutical law. The case is intertwined with various sub-law documents such as decrees and circulars that guide implementation, resulting in a complex framework of legal documents and regulations. In the context of court proceedings, the demands for the legality of documents and evidence presented to the Court are considerably more stringent than when providing evidence to administrative agencies. Failure to adhere strictly to these requirements could be exploited as a vulnerability by opposing lawyers, thereby compromising the legal standing of the other party. Moreover, the arguments presented in writing and during the trial must be sharp, logically sound, and compelling to bolster the case effectively.

[Nature of the lawsuit]: In this case, the plaintiff challenged not only IP VIETNAM's decision but fundamentally contested the 2018 request for trademark invalidation filed by our client. Hence, it is evident that KENFOX's client not only needs to substantiate the correctness of the IP VIETNAM decision invalidating the trademark but also must comprehensively analyze pertinent aspects within the realms of intellectual property and pharmaceuticals. This analysis should be presented in a compelling manner to persuade the Trial Panel to rule in their favor.

[Strategy]: A prudent strategic approach was meticulously outlined and presented by us to our client. The lawsuit, self-declarations, and documents from from the plaintiff, Ms. B, were subjected to a thorough analysis to discern the strengths and weaknesses inherent therein. Consequently, a comprehensive petition, spanning nearly 100 pages and featuring analyses, proofs, and reference opinions, accompanied by thousands of documents, was compiled and subsequently submitted to the People's Court of Ho Chi Minh City. Throughout the trial, which unfolded over several outreach sessions involving the disclosure of evidence and attempts at mediation, both parties maintained steadfast positions without wavering. The intensity of the lawsuit escalated notably during the question-and-answer session, with litigants responding with harsh and fierce exchanges. This heightened tension prompted the chairman to seek consultation, leading to a temporary postponement of the trial. Subsequently, the trial was reconvened after a hiatus of nearly a month.

Court ruling

In its December 2023 verdict, the Court concluded that both the documents and arguments presented by KENFOX's client and IP VIETNAM were persuasive and adequate. Consequently, the Court dismissed the lawsuit requests, bringing an end to the case that endured for nearly 4 years with a favorable verdict for KENFOX's client.

Final thoughts

What will happen if this lawsuit is decided in favor of the plaintiff? The pharmacy chain, comprising nearly 2,000 stores nationwide, which our client has diligently invested in developing since 2017, is at risk of closure, cessation of operations, rebranding, and altering brand identity. Such consequences would result in a severe and irreparable loss, impacting the economic, reputational, and trademark value of the client.

The ruling in the aforementioned lawsuit marks a significant triumph for the client and is equally a commendable achievement for the unwavering efforts, dedication, and innovative problem-solving approaches employed by the KENFOX team. This victory holds paramount importance, particularly amidst the rising and evolving challenges associated with [intellectual property squatting](#) and abuse. It guarantees legal security and lays the groundwork for the client's long-term investment activities in Vietnam.

The conflict between trademarks and trade names transcends mere paperwork; it is a direct confrontation with no indications of concessions from either party. This becomes particularly evident as the involved entities actively conduct business and expand their network of stores and agents in Vietnam. The crux of this dispute lies in the fact that ceasing the use of a trade name or trademark equates to dismantling all associated business and investment activities. The heightened stakes increase the pressure and present significant challenges for both parties, plunging them into prolonged, ongoing, and costly disputes.

Choose a professional intellectual property service provider to assist you in developing your business in the right direction!

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