

bearing the mark rather than naming specifically the trademark as such<sup>113</sup>. In practice, the authorities in EU had dealt with cases concerning the degeneration of trademark for several years. For instances, the *Jeep* case was resolved in 1967, or the *Dynamit* case in more than one hundred year ago.

According to the Vietnamese legislation, the degeneration has not been stated in neither the 2005 Law on Intellectual Property (as amended in 2009) nor lower documents. Turning back to a reality that in Vietnam many people use the word “Honda” to name all types of motorbikes regardless their origin, does it such use constitute an infringement? Has the trademark “HONDA” been degenerated in Vietnam because of that it has been being used as a generic term within the community? Obviously, from the legislative perspective, the answer is still pending. It seems not to be safe for foreign investors (like HONDA Corporation of Japan) when they desire to bring their well-known trademarks to Vietnam domestic market because their trademark may be lost due to the trademark degeneration theory. Therefore, the author believes that there should be at least a change in legal thinking in Vietnam whereby the laws should mention all relevant issues concerning the trademark protection in general and well-known trademark in particular where the theory of trademark degeneration would be investigated and provided officially and accordingly.

## 4.2. THE LEGAL GROUNDS FOR WELL-KNOWN TRADEMARK PROTECTION

Well-known or famous trademarks are first and foremost, trademarks. Therefore, they should be treated at least in common with other types of trademarks. This means that a well-known trademark, even if it is not successfully proven to be well-known or famous should be protected as an ordinary trademark under the provisions of the Community Trademark Regulation and the Trademark Directive. Because of the importance supplied by their “fame” or their “reputation”, well-known or famous trademarks can also be protected under a special legal mechanism that differs from those applying to ordinary trademarks. One of the special aspects of well-known trademark protection is that they can be protected even they are not registered. In analyzing EU legislation and judgments concerning trademarks and well-known trademarks, we distill a number of important principles that have frequently been applied to their registration and use including (i) the requirement of likelihood of confusion, (ii) the doctrine of dilution and (iii) the element of bad faith.

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<sup>113</sup> See Article 12(2) of the Trademark Directive.

## 4.2.1. The doctrine of likelihood of confusion

### An overview of likelihood of confusion

One of the main functions of trademark law is to protect trademark owners' legitimate rights and interests against unauthorized use by third parties. Trademark owners have the exclusive right to use their trademarks in commerce. This right includes the right to use the trademark itself on or in connection with identified goods or services as well as the right to license their rights to third parties. Such rights are injured by a third party's use of a similar trademark without permission.

In an action for infringement of a registered or common law trademark, or false designation of origin under unfair competition doctrine, the key inquiry is whether the defendant's false or misleading representation as to the origin of goods or services is likely to confuse the consuming public. More specifically, the likelihood of confusion test inquires whether "an appreciable number of ordinarily prudent consumers" are likely to be misled or confused into believing that the junior user's product or service either originated with the senior user, or had some connection (such as sponsorship, endorsement, or affiliation) to the senior user.<sup>114</sup>

There have been almost no specific statutory standards set out in the laws used to evaluate and determine whether a likelihood of confusion exists. Therefore, the courts will, depending on the facts of the case, consider and use factors which normally include:

- The similarity of the marks;
- The competitive proximity of the products;
- The strength of the plaintiff's mark;
- The sophistication of the typical consumer;
- Evidence of actual confusion;
- The likelihood of expansion in product lines (the factor of bridging the gap);
- The defendant's intention in using the mark;
- The relative quality of defendant's goods or services;<sup>115</sup>

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<sup>114</sup> Mary LaFrance, *Understanding Trademark Law*, Lexis Nexis group 2005, 3.02, page 127.

<sup>115</sup> See further: Mary LaFrance, *Understanding Trademark Law*, Lexis Nexis group 2005, 3.02, page 129 – 151.

Likelihood of confusion is a very traditional category of trademark law which is commonly applied in connection with ordinary trademarks. However, this does not mean that likelihood of confusion cannot be applied in the context of well-known trademarks. The requirement of proof of likelihood of confusion should be considered in most trademark infringement cases including those concerning well-known or famous trademarks, where a determination of a likelihood of confusion is sufficient by itself to protect these trademark rights without need for proof of any other issue. As observed by J. Thomas McCarthy:

A number of cases have held that after a traditional claim of infringement by a likelihood of confusion is found, the court should not go further to consider whether there is or is not dilution.<sup>116</sup>

### Likelihood of confusion in EU and Vietnamese law

Under Article 4 of the Trademark Directive, a trademark cannot be registered, or if registered, is liable to be declared invalid, if it is proved that it is identical with, or similar to, a registered one which is used for the similar goods and services, or that it creates a likelihood of confusion with the earlier trademark.<sup>117</sup> The “earlier trademark” includes trademarks which are considered “well-known” in conformity with article 6*bis* of the Paris Convention. This is repeated in the Trademark Regulation.<sup>118</sup> Accordingly, upon opposition by the proprietor of an earlier trademark within the meaning of paragraph 2 of Article 8 of the Trademark Regulation, a trademark application will not be granted where the mark is identical with the earlier trademark or if similar and creating a likelihood of confusion. The same applies where the earlier mark has a reputation and the applied for mark, irrespective of similarity, would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier mark.

The likelihood of confusion with an earlier trademark is an important ground for refusing a trademark’s registration. However determining the existence of “likelihood of confusion” is very difficult to achieve.<sup>119</sup> This was noted by the ECJ in the *Adidas* case:

According to the 10th recital in the preamble to the Trademark Directive, the appreciation of a likelihood of confusion “depends on numerous elements and, in particular, on the recognition of the trademark on the market, of the

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<sup>116</sup> J. Thomas McCarthy, “Intellectual Property – McCarthy on Trademarks and Unfair Competition”, (Thomson West 2006), 24:70, at 24-175.

<sup>117</sup> Article 4 – Paragraph 1 – The Trademark Directive.

<sup>118</sup> Article 8 – Paragraph 2 – The Community Trademark Regulation.

<sup>119</sup> See subchapter 4.3.1 *supra*.

association which can be made with the used or registered sign, of the degree of similarity between the trademark and the sign and between the goods or services identified”. The likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case.<sup>120</sup>

A likelihood of confusion is often considered together with a likelihood of association. As stated in the Trademark Directive:

A trademark shall not be registered or, if registered, shall be liable to be declared invalid... if because of its identity with, or similarity to, the earlier trademark and the identity or similarity of the goods or services covered by the trademarks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trademark.<sup>121</sup>

In *Sabel v. Puma AG*, the likelihood of confusion, “which includes the likelihood of association with the earlier trademark”, was interpreted as meaning that the mere association which the public might make between two trademarks as a result of their analogous semantic content is not in itself a sufficient ground for concluding that there is a likelihood of confusion within the meaning of Article 4(1) (b) of the Trademark Directive. The likelihood of association is not an alternative to a likelihood of confusion.<sup>122</sup> Because of this, and also because of proof through survey results proving that PUMA was not an especially well-known trademark in Europe, the court held that a competent authority could not refuse to register the plaintiff’s SABEL trademark.

Under Vietnamese law, the requirement of proof of likelihood of confusion is one of the most important methods for determining and assessing whether or not there is infringement of a trademark. According to the 2005 Law on Intellectual Property (as amended in 2009), likelihood of confusion will exist where “signs identical with or confusingly similar to another person’s mark.”<sup>123</sup> In Circular No. 01/2007, the requirement of the likelihood of confusion has been more specifically stated as:

The sign shall be deemed similar so as to cause confusion with the confronting mark for identical or similar or related goods if:

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<sup>120</sup> See 10th recital of the Preamble to the Trademark Directive 89/104. See Case C-102/07, *Adidas AG and Adidas Benelux BV v. Marca Mode CV and Others*, Judgement of the Court (First Chamber) dated April 10, 2008, paragraph 29.

<sup>121</sup> See Article 4(1) (b) – Trademark Directive 89/104.

See also Case C-251/95, *Sabel v. Puma AG*, Judgment of the court of November 11, 1997, paragraph 8.

<sup>122</sup> Case C-251/95, *Sabel v. Puma AG*, Judgment of the court of November 11, 1997, ECR 1997, page I-06191.

<sup>123</sup> Article 74(2) (i) – 2005 Law on Intellectual Property (as amended in 2009)

The sign is identical to the confronting mark and goods or services bearing that sign are identical or similar to goods or services bearing the confronting mark;

The sign is identical to the confronting mark and goods or services are identical to goods or services bearing the confronting mark of the same mark owner;

The sign is similar so as to cause confusion to the confronting mark and goods or services bearing a sign identical or similar to goods or services bearing the confronting mark, except when calculating such similarity it is not sufficient to cause misunderstanding when using such similar sign;

The sign which is identical or similar to the confronting mark is well-known and goods or services bearing such sign are not identical or similar to those with the confronting mark but could cause consumers to believe there is a relationship between them...<sup>124</sup>

Thus, if the owner of a well-known trademark can present evidence of an identity or similarity between the well-known trademark and the accused sign, regardless of the identity or similarity between the goods or services in question or consumer confusion regarding the origin of goods or services caused by such identity or similarity, then the likelihood of confusion has been proved in respect of the well-known trademark.

The requirement of proving a likelihood of confusion has been an issue in most Vietnamese trademark cases. For instance, in the COVERSYL case, the NOIP decided to cancel the registration of the trademark CARVESYL based on (i) the existence of the likelihood of confusion between the registered trademark CARVESYL and the well-known trademark COVERSYL, and the fact that (ii) both trademarks were used for similar lines of products.<sup>125</sup> In the CAMEL case, even though the products bearing the conflicting trademarks were not similar (CAMEL for cigarettes and M CAMEL used for electric devices), the NOIP still found a there was a likelihood of confusion between the two trademarks and canceled the certificate of registration for trademark M CAMEL.<sup>126</sup>

Thus, both European and Vietnamese law consider the likelihood of confusion as one of the most important issues concerned in the protection of both well-known and common trademarks.

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<sup>124</sup> Item 39.11 – Section 5 – Circular No. 01/2007.

<sup>125</sup> BIOFARMA Co. v. SHINPOONG DAEWOO VN Co. Concerning the trademark COVERSYL, Official Letter No. 956/SHTT-TTKN dated May 20, 2010 of the NOIP.

<sup>126</sup> JT Corporation v. C.A.M.E.L Co. concerning the registration and use of the trademark “M CAMEL” of C.A.M.E.L. Co. which is claimed to infringe the rights of the well-known trademark “CAMEL” of JT Corporation, Decision No. 2007/QĐ-SHTT of the NOIP dated October 14, 2009.

## 4.2.2. The doctrine of trademark dilution

### An overview of the dilution doctrine

The doctrine of trademark dilution is an important concept in modern trademark law. It can be understood as a special legal principle for the protection of well-known or famous trademarks where trademark owners may forbid other persons from using the trademark in ways that can lessen or dilute the unique quality or fame of that trademark. The dilution doctrine is set forth in many national trademark laws, especially in the United States.

However, the historical development of the concept of dilution as a separate doctrine for the protection of trademarks actually originated in German courts. The first and most typical example of the dilution doctrine is found in the 1924 German ODOL case<sup>127</sup> where the owner of the ODOL trademark for mouthwash prevailed in cancelling the registration of the same trademark for use with steel products. The concept was then introduced in the United States through the writings and congressional testimony of Frank Schechter.<sup>128</sup> Under the American perspective, the doctrine of trademark dilution is understood and applied in two main forms (i) dilution by blurring, and (ii) dilution by tarnishment.

#### *Dilution by blurring*

A historical review demonstrates that dilution by blurring is the most common type of dilution.<sup>129</sup> Frank Schechter described dilution by blurring as “the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods.”<sup>130</sup> J. Thomas McCarthy explained the rationale of dilution by blurring as:

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<sup>127</sup> Odol case: Reichsgericht (NJW 1925, 264). See more at: [http://www.ucl.ac.uk/laws/ibil/docs/INTA\\_clark\\_pp.pdf](http://www.ucl.ac.uk/laws/ibil/docs/INTA_clark_pp.pdf).

<sup>128</sup> Frank I. Schechter, “The Rational Basis of Trademark Protection”, 40 Harvard Law Review 813, 825 (1927), reprinted in 60 TMR 334 (1970). See also: J. Thomas McCarthy, “Intellectual Property – McCarthy on Trademarks and Unfair Competition”, (Thomson West 2006), 24:67, at 24-164.

<sup>129</sup> Elson Kaseke, “Trademark Dilution: A comparative analysis”, Doctoral Thesis, University of South Africa, March 2006, page 44.

<sup>130</sup> Frank I. Schechter, “The Rational Basis of Trademark Protection”, 40 Harvard Law Review 813, 825 (1927), reprinted in 60 TMR 334 (1970). According to Schechter: The more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used. See also: Nancy S. Greiwe, “Anti-dilution Status: A new attack on Comparative Advertising” [1982] 72 TRADEMARK REP, 178 at 180.

Customers or prospective customers will see the plaintiff's mark used by other persons to identify other sources on a plethora of different goods and services. This unique and distinctive significance of the mark to identify and distinguish one source may be diluted and weakened. But no confusion as to source, sponsorship, affiliation or connection has occurred. <sup>131</sup>

The concept of dilution by blurring was analyzed more specifically by Robert D. Litowitz and Douglas A. Rettew who gave practical examples of uses which cause such damage.

Classic examples of potentially diluting uses might include: Buick aspirin tablets, Schlitz varnish, and Kodak pianos. Blurring dilution was intended to encompass uses like these, where someone usurps (intentionally or unintentionally) the selling power of a famous mark but does so on goods or services that consumers would not ordinarily associate with the famous brand name. The uses eventually detract from the power of the famous mark to identify its goods and "whittle away" its distinctive value as a source identifier. <sup>132</sup>

Thus, the concept of dilution by blurring is used to express a situation where the use of a famous trademark by other persons diminishes or dilutes the distinctiveness, uniqueness, effectiveness and prestigious connotations of the mark when used by its owner. In the case of dilution by blurring, the positive association the owner trademark enjoys in relation to owner's goods is transferred to the infringer's goods. In this way, the advertising value of the owner's trademark is shared among two or more products, and its ability to exclusively focus on the owner's product becomes "blurred" or "eroded". <sup>133</sup> The application of dilution by blurring is normally associated with the advertising value of a trademark. Namely, a claim for dilution by blurring aims at protecting against the misappropriation of the advertising value of a trademark in the absence of the competition or a likelihood of confusion.

#### *Dilution by tarnishment*

The tarnishment of a trademark may be understood as a case where the trademark's reputation, quality and commercial value are diminished, degraded or tarnished by unauthorized use of that trademark by third parties. Therefore, the dilution by tarnishment doctrine may be applied where the distinctive quality

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<sup>131</sup> J. Thomas McCarthy, "Intellectual Property – McCarthy on Trademarks and Unfair Competition", (Thomson West 2006), 24:68, at 24-166.

<sup>132</sup> Robert D. Litowitz and Douglas A. Rettew, "What is "dilution" under the new Federal Trademark Act?" [1996] 11 European Intellectual Property Review 618 – 620, at 618-619. See also: Elson Kaseke, "Trademark Dilution: A comparative analysis", Doctoral Thesis, University of South Africa, March 2006, page 45.

<sup>133</sup> Elson Kaseke, "Trademark Dilution: A comparative analysis", Doctoral Thesis, University of South Africa, March 2006, page 46.

and commercial magnetism of a trademark which serves to evoke satisfaction and to focus attention in the public mind on the trademark owner's goods can be diluted and tarnished if the trademark is linked to products of inferior quality, or to products of an immoral or unwholesome character, or where the trademark is portrayed in an unsavory context likely to evoke negative thoughts about the trademark owner's goods.<sup>134</sup>

J. Thomas McCarthy observes that the best-known example of dilution by tarnishment is found in the ENJOY COCAINE case.<sup>135</sup> There, the court emphasized the damage to COCA-COLA's reputation caused by the unwholesome association with an illegal drug resulting from the defendant's use of posters reading ENJOY COCAINE in a script and color identical to that used by COCA-COLA despite the defendant's efforts to prove that its use was only a satirical spoof of COCA-COLA. Accordingly, the court held:

Plaintiff's good will and business reputation are likely to suffer in the eyes of those who, believing it responsible for defendant's poster, will refuse to deal with a company which could seek commercial advantage by treating a dangerous drug in such jocular fashion.<sup>136</sup>

Frederick Mostert expresses a similar approach to the concept of dilution by tarnishment, noting:

The unauthorized use of a trademark in an unsavoury context could tarnish the favourable association that it evokes with the purchasing public about a product. If a trademark is used without consent on non-competing goods in an offensive and unsavoury connotation, the favourable association which it creates with the purchasing public can be severely tarnished.<sup>137</sup>

Thus, a claim for dilution by tarnishment occurs where (i) there is a unauthorized use of a trademark, (ii) such a use is made in an "unsavoury context", and (iii) there is a tarnishment of the trademark resulted by that use. It should be noted that dilution by tarnishment does not apply to a use by an infringer on a product whose commercial status, reputation and quality is held in high esteem, or at least is of higher price and quality owner's product.<sup>138</sup> In other

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<sup>134</sup> *Idem*, page 49.

<sup>135</sup> *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 175 U.S.P.Q 56 (1972).

<sup>136</sup> *Idem*, 1190 – 91, 175 U.S.P.Q 56 (1972). See also: *Coca-Cola Co. Vv. Alma-Leo U.S.A., Inc.*, 719 F. Supp. 725, 12 U.S.P.Q. 2d 1487 (1989).

<sup>137</sup> See Frederick Mostert, "Trademark Dilution and Confusion of Sponsorship in the United States, German and English Law", [1986], Vol. 17 *international Review of Industrial Property and Copyright Law* 80 – 95, at 89.

<sup>138</sup> J. Thomas McCarthy, "Intellectual Property – McCarthy on Trademarks and Unfair Competition", (Thomson West 2006), 24:104, at 24-323

words, there would be no dilution by tarnishment if the infringer's use does not place owner's trademark in a degrading or jarring context.

Apart from the traditional categories of trademark dilution referred to above, there is a third type of dilution added by American case law decided prior to the 1999 enactment of the Anti-Cybersquatting Protection Act namely "dilution by cybersquatting."<sup>139</sup> In addition, some commentators refer to a fourth type of dilution, so-called "dilution by genericide" which is understood as a case where a trademark's uniqueness or distinctive quality is blurred by generic uses by other persons.<sup>140</sup> However, in my opinion, this case should be treated as the degeneration of trademark but not consider as trademark dilution because when a dilution occurs, the distinctiveness or the uniqueness of trademark shall be diluted, but in general, such trademark is still a trademark and it may remain the protection under trademark law. Conversely, if a trademark is degenerated, it will not be a trademark anymore and its protection should be theoretically expired.<sup>141</sup>

### Dilution doctrine in EU law and Vietnamese law

There is an important European legal principle relating to trademark protection which holds that the scope of protection is not limited to similar goods and services. The scope of protection is expanded for marks with reputation to cover the use of similar marks on dissimilar goods or services when such use damages, or takes unfair advantage of, the reputation of earlier mark.<sup>142</sup> This can be seen as an echo of the doctrine of trademark dilution.

In Europe, however, the term "trademark dilution" is not expressly stated in the legislation or in the case-law. Some commentators refer to Articles 4(4) (a) and 5(2) of the Trademark Directive as anti-dilution laws<sup>143</sup>, loosely modeled on

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<sup>139</sup> More may be found on dilution by cybersquatting in J. Thomas McCarthy, "Intellectual Property – McCarthy on Trademarks and Unfair Competition", (Thomson West 2006).

<sup>140</sup> Tony Martino, "Trademark Dilution" (1996), at 57 – 63; Neil J, Wilkoff, "Trademark and the Public Domain: Generic Marks and Generic Domain Names", [2000] European Intellectual Property Review 571, 572 – 573.

<sup>141</sup> As regards the degeneration of well-known trademarks, see subchapter 4.1.3 supra.

<sup>142</sup> See *Marca Mode v. Adidas* [2000] E.T.M.R. 561 for the Opinion of the Advocate General, and [2000] E.T.M.R 723 for the decision of the ECJ. See also: Spyros M. Maniatis (Senior Lecturer in IP, Queen Mary University of London) Article "Trademark Law and Domain Names: Back to Basics?", European Intellectual Property Review, 2002, page 398.

<sup>143</sup> Cornish & Llewelyn, "Intellectual Property", §17-99, third edition (2003). See also: Thomas McCarthy, "Dilution of a Trademark: European and United States law compared", the Trademark Reporter Vol. 94 TMR, page 1163.

those in place for many years in the Benelux and other European countries.<sup>144</sup> Before the Trademark Directive, these anti-dilution laws were in force in several European countries. These include national trademark laws, such as Benelux trademark law, or segments of unfair competition law, such as in Germany. However, the word “dilution” is absent from the Directive.<sup>145</sup>

Article 5(2) of the Trademark Directive indirectly references the dilution doctrine through the following wording:

Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trademark in relation to goods or services which are not similar to those for which the trademark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trademark.

It is understood that the Directive has focused on protection for trademarks when their reputation or distinctive character is diluted or lessened by the unauthorized use of third parties even though the goods or services which their trademarks bear are not similar to the latter trademark. This appears to be some kind of anti-dilution protection.

On the other hand, the European Court of Justice seems loathe to use the word “dilution” and is even more averse to referring to the theoretical, historical and logical foundations of the dilution concept.<sup>146</sup> The term for the most part, did not appear in any of the ECJ’s judgments or in the arguments presented. That is, until 2003, in the *Adidas* case<sup>147</sup> when Advocate General Jacobs attempted to investigate what the word “dilution” meant and took a look at its history and purpose. Accordingly, he defined the term “dilution” as “detriment to the distinctive character of a trademark and divided into two main categories (dilution by blurring and dilution by tarnishment) as in US practice. However, the definition of dilution given by Jacobs did not arise out of German or Benelux laws, but had an American ring.<sup>148</sup>

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<sup>144</sup> T. Martino, “Trademark Dilution”, (1996) page 100. See also: Case C-375/97, General Motors Corporation v. Yplon SA, [1999] 3 C.M.L.R. 427, paragraph 28.

<sup>145</sup> Thomas McCarthy, “Dilution of a Trademark: European and United States law compared”, the Trademark Reporter Vol. 94 TMR, page 1163.

<sup>146</sup> *Idem*, page 1165.

<sup>147</sup> *Adidas-Solomon AG and Adidas Benelux BV v. Fitnessworld Trading Ltd.*, [2003] 1 C.M.L.R. 14, paragraphs 37-40.

<sup>148</sup> Frank I. Schechter, “The Rational Basis of Trademark Protection”, 40 Harvard Law Review 813, 825 (1927), reprinted in 60 TMR 334 (1970). However, Schechter looked at back across the ocean to Europe to the 1924 German ODOL case as a basis for his theories.

In Vietnam, the concept of trademark dilution doctrine has not been set forth clearly in the statutes. The situation seems to be similar to that of the European legal system. However, through the wording of both the 2005 Law on Intellectual Property (as amended in 2009) and Circular No. 01/2007<sup>149</sup> it may be seen that the doctrine of trademark dilution has been indirectly applied in Vietnam. Accordingly, as long as the distinctiveness of the earlier trademark (well-known trademark) is diluted or is at risk of being diluted or is detrimental to the identity or creates the appearance of similarity between the trademarks, the applied for mark will not be considered as distinctive enough to be a trademark and its registration will be refused.<sup>150</sup>

However, Vietnamese authorities have not referred to anti-dilution as a requirement for well-known trademark protection. This differs not only from European law but also from the laws of other countries and especially that of the United States where the trademark dilution doctrine is an important tool for protecting well-known and famous marks. The question arising at this point is whether Vietnam needs to adopt and fully apply the doctrine of trademark dilution in its legislation and case law. The answer should be “yes” because the absence of a dilution doctrine makes the system less effective. That leads to other disadvantageous consequences for the economy because it deters owners of well-known or famous trademarks from investing their trademarks in the Vietnamese market.

### 4.2.3. The principle of bad faith

“Bad faith” is one of the most important and popularly used legal terms and is frequently applied in civil law world-wide. The term is understood as the fraudulent deception of another person, or the intentional or malicious refusal of one person to perform some duty or contractual obligation.<sup>151</sup>

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<sup>149</sup> The Article 74(2) (i) of the 2005 Law on Intellectual Property refers to the doctrine of trademark dilution through the wording of “the use of such trademark may affect the distinctiveness of the well-known trademark”. Circular No. 01/2007 refers to the doctrine of trademark dilution in stating that “The sign which is identical or similar to the confronting mark is well-known and goods and services bearing such sign are not identical or similar to those with the well-known trademark but the use of such the sign could cause consumers to believe there is a relationship between them, or likely dilute the distinctiveness of the well-known trademark or detriment to it’s prestige”. ( Section 5 – Paragraph 39.11 (iv) – Circular No. 01/2007-TT-BKHCN dated 14 February 2007 providing guidelines for implementation of Decree No. 103/2006-ND-CP dated 22 September 2006 implementing the law on intellectual property with respect to industrial property rights).

<sup>150</sup> See subchapter 3.3.2 *infra*.

<sup>151</sup> See: <http://legal-dictionary.thefreedictionary.com/bad+faith>.

As discussed in the second chapter<sup>152</sup>, trademark protection is based not only on principles of trademark law but is also concerned with the principles of unfair competition. Thus bad faith has always been considered as an important factor in trademark cases.

The principle not rewarding bad faith is recognized as a basic principle in civil law in the continental and common law systems. Roughly speaking it holds that one who acts in bad faith may not ask the courts or authorities for any help or assistance. In general, the principle of bad faith used within the trademark protection system is briefly explained by S. Ladas as follows:

Whether or not a registration was obtained in bad faith is a matter for decision by the administrative or judicial authority of the country concerned. Leaving aside the case where the defendant has been an agent or representative of the plaintiff, which case is covered by the Article 6septies Paris Convention, the defendant will usually be found to have engaged in fraud, if, as a customer of the proprietor, he had actual knowledge of the ownership of the trademark by the latter and without advising him or being authorized by him, the customer proceeds to register the trademark in his name. This would also be the case where a manufacturer or merchant, well knowing the trademark used by his foreign competitor, appropriates the mark for the purpose of preventing the latter from importing his goods into the country.<sup>153</sup>

As observed by Christopher Heath, from principles derived from case-law, the existence of bad faith has often tipped the balance in cases where the reputation or recognition of a mark could not be so unambiguously proven that a remedy could be granted.<sup>154</sup> The bad faith doctrine lies somewhere between the nexus of trademark law and unfair competition law.

Regarding the protection of well-known trademark, the principle of bad faith is set forth in the Paris Convention 1883 as follows:

No time limit shall be fixed for seeking the cancellation or the prohibition of the use of marks registered or used in bad faith.<sup>155</sup>

In Europe, the principle of bad faith is provided for both in trademark laws and in national laws against unfair competition in for example, section 3(6) of the UK Trademark Act 1994<sup>156</sup>, Article 9 of the 1991 Act (article L.712-6 of the

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<sup>152</sup> See subchapter 2.1.2.

<sup>153</sup> Christopher Heath and Kung-Chung Liu, "The Protection of Well-known Marks in Asia", Max Planck Series on Asian Intellectual Property Law, 2000, page 23.

<sup>154</sup> *Idem*, page 24.

<sup>155</sup> See Article 6bis (3) of the Paris Convention 1883.

<sup>156</sup> Section 3(6) of the UK Trademark Act 1994 provides: A trademark shall not be registered if or to the extent that the application is in bad faith

French Intellectual Property Code),<sup>157</sup> Article 34 of the Austrian Trademark Act,<sup>158</sup> and Article 1 of the Austrian Act against Unfair Competition<sup>159</sup>.

Under European Union legislation, the principle of bad faith has also been recognized in the Trademark Directive and the Trademark Regulation. The Trademark Directive stating:

The trademark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith.<sup>160</sup>

Likewise, the Trademark Regulation states:

A Trademark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings... where the applicant was acting in bad faith when he filed the application for the trademark.<sup>161</sup>

In Vietnam, the principle of bad faith is generally set forth in the 2005 Law on Intellectual Property. The statute of limitations for exercising the right to request invalidation of a protection title shall be the whole term of protection. For marks, such statute of limitations shall be five (5) years from the grant date, except where the protection title was granted as a result of dishonesty of the applicant.<sup>162</sup> The provision must be understood to mean that the time limit for an applicant to request cancellation or invalidation of a trademark registration is normally five (5) years. However, where the authorities or the appellant have persuasive evidence proving that the registration of the trademark was made as a result of dishonesty, then this time limit will not apply. This means that at any point in time if the applicant's dishonesty in registering the trademark is discovered, the registration will be invalidated.

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<sup>157</sup> Article 9 of the 1991 Act states that if a Trademark is fraudulently registered in violation of either the rights of a third party or of a legal or contractual obligation, anyone who considers himself having a right to the Mark may claim that right before the Court.

<sup>158</sup> Article 34 – Austrian Trademark Act states that: "Anybody may request the cancellation of a trademark, if the applicant was in bad faith at the time of the filing of the application.

<sup>159</sup> Article 1 of the Austrian Act against Unfair Competition is a blanket clause allowing injunctions and damages in cases of unfair competition in the course of trade. See more at: <http://oami.europa.eu/en/enlargement/private/pdf/INTA.pdf>.

<sup>160</sup> See Article 4(4) (g) of the Trademark Directive.

<sup>161</sup> See Article 51(1) (b) of the Community Trademark Regulation.

<sup>162</sup> See Article 96(3) of the 2005 Law on Intellectual Property (as amended in 2009).

In the SHANGRI-LA case<sup>163</sup> Shangri-La International Hotel Management Ltd. (Shangri-La) relied on the protection in Article 6*bis* of the Paris Convention and the principle of bad faith and proved that Phu Tho Joint Venture had made its application for registration of trademark “SHANGRI-LA” in bad faith. Shangri-La argued that Phu Tho Joint Venture’s foreign partner had been aware of the prior wide and continuous use of the SHANGRI-LA trademark by Shangri-La prior to the filing date of Phu Tho Joint Venture’s application for registration. The NOIP agreed with Shangri-La and canceled the registration.<sup>164</sup>

Thus, both European and Vietnamese law provide a doctrine of the bad faith consistent with the provisions of the Paris Convention. However, the details of the actual application of the principle in the two systems are somewhat different.

### 4.3. THE SCOPE OF PROTECTION

#### 4.3.1. Unregistered trademark

Under EU legislation, the international conventions to which EU member states have acceded, well-known trademarks will be accorded protection even if the trademarks have not been registered in a particular EU member country.<sup>165</sup> Thus trademark proprietors are merely required to prove, and the courts or authorities need only to consider the mark’s fame or reputation in determining the existence of these marks. Actual registration of a well-known trademark will, of course, be advantageous to their owner but registration has never been an express legal requirement.

In Vietnam, well-known trademarks are protected regardless of their registration or non-registration.<sup>166</sup> This principle is important to the protection of well-known trademarks. As long as an owner of a well-known trademark succeeds in proving the fame of its trademark, protection will be granted for it even though it has not been registered or used in Vietnam. For instance, in the

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<sup>163</sup> Shangri-La International Hotel Management Ltd, v. Phu Tho Joint Venture Co. concerning the registration of the trademark “Shangri-La”, in 1995.

<sup>164</sup> Christopher Heath, Kung-Chung Liu, The protection of well-known marks in Asia, Max Planck Series on Asian Intellectual Property Law, 2000 Christopher Heath, Kung-Chung Liu, The protection of well-known marks in Asia, Max Planck Series on Asian Intellectual Property Law 2000, page 144.

<sup>165</sup> Article 4(4) – the Trademark Directive.

<sup>166</sup> Section 5 – Paragraph 42.2 – The Circular No. 01/2007-TT-BKHHCN dated 14 February 2007 providing guidelines for implementation of Decree No. 103/2006-ND-CP dated 22 September 2006 implementing the law on intellectual property with respect to industrial property rights.

McDONALD case<sup>167</sup>, and in the PIZZA HUT case<sup>168</sup>, the Vietnamese authorities considered that these trademarks were well-known and granted them protection despite the fact that they had not been registered or used in Vietnam at that time. However, as discussed so far in subchapter 4.1.2, the current laws and practices of Vietnam has had an opposite viewpoint. This may be an unexpected result for foreign investors, who desire to bring their international well-known trademark to the Vietnamese domestic market. Therefore, in my opinion, the Vietnamese legislation should consider to clarify this issue in the process of improving the legal system of well-known trademark protection.

#### 4.3.2. Dissimilar goods and services

From a policy perspective as reflected in most statutory enactments, well-known trademarks should be protected from infringement by third parties use in commerce of trademarks where the goods or services are identical with, or similar to goods or services bearing the well-known trademark.<sup>169</sup>

However, as long as a trademark is defined as a well-known one, its protection is granted a greater scope of protection than that accorded an ordinary trademark. In some cases, a well-known trademark may be protected even if the goods or services connected to the third party's trademarks are not similar to those as to which the well-known trademarks are registered or connected.<sup>170</sup> Thus, under the provisions of the TRIPs Agreement, it can be shown that well-known or famous trademark protection will be extended to use in connection with dissimilar goods or services. Similarly, Article 8(5) of the Trademark Regulation provides that "the trademark applied for shall not be registered where it is identical with or similar to the earlier trademark and is to be registered for goods or services which are not similar to those for which the earlier trademark is registered..."<sup>171</sup> Identical language is set forth in Article 5(2) of the Trademark Directive.

Under Vietnamese law, well-known trademark protection is also extended to use in connection with dissimilar goods or services where the identity or similarity of the conflicting trademarks could cause consumers to believe there is a relationship between them or is likely to erode the distinctive character of well-

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<sup>167</sup> *McDonald's Corporation v. OPHIX GROUP (Australia)* relating to the registration of the trademark "McDonald's filed by the Australian Company, in 1992.

<sup>168</sup> *OPHIX GROUP (Australia) v. the Pizza Hut International, LLC (United States)* concerning the registration of the trademark "Pizza Hut", in 1993.

<sup>169</sup> Article 8(1) – Community Trademark Regulation.

<sup>170</sup> Article 16(3) – TRIPs Agreement.

<sup>171</sup> Article 8(5) – Community Trademark Regulation.

known trademark or is detrimental to the repute of the mark.<sup>172</sup> In the CAMEL case, because of the fame of the well-known trademark CAMEL, protection was granted to the trademark to prevent against its erosion through cancellation of the registration for the similar trademark M CAMEL even though there was no similarity between the two lines of products (one for cigarettes and the other for electric devices).<sup>173</sup>

### 4.3.3. Non-competing goods and services

The traditional approach of both intellectual property law and competition law with respect to trademark protection show that such protection shall be granted to a trademark owner when the goods or services of third parties are competing directly or indirectly with goods or services bearing the earlier trademark. However, the issue is different in the case of well-known or famous trademarks. Protection for well-known or famous trademarks can be granted even where there is no competition between the goods or services of the trademark owners.

As long as well-known or famous trademarks are protected in connection with dissimilar goods and services when there is likelihood of confusion, or by the anti-dilution doctrine, such protection will also be extended to non-competing goods or services. Whenever a trademark proprietor proves that a trademark's use by third parties constitutes an unfair advantage over the owner, or a detriment to the fame or the distinctiveness of the well-known or famous mark, that use should be prevented. Vietnamese legislation has no specific provisions concerning this nor have the courts ruled on this point. However, in so far as protection will be granted for dissimilar goods and services, such considerations should also logically extend to non-competing goods and services.

### 4.3.4. The duration of protection

How long should protection apply for well-known marks? Normally, it takes a long time to acquire this sort of fame even if in some cases fame can be

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<sup>172</sup> Section 5 – Paragraph 39.11(iv) – Circular No. 01/2007-TT-BKHCN dated 14 February 2007 providing guidelines for implementation of Decree No. 103/2006-ND-CP dated 22 September 2006 implementing the law on intellectual property with respect to industrial property rights.

<sup>173</sup> JT Corporation v. C.A.M.E.L Co. concerning the registration and use of the trademark “M CAMEL” of C.A.M.E.L. Co. which is claimed to infringe the rights of the well-known trademark “CAMEL” of JT Corporation, Decision No. 2007/QĐ-SHTT of the NOIP dated October 14, 2009.

established in a short time.<sup>174</sup> Is this status eternal or must it be proven afresh each time the trademark owner applies for protection or is involved in an infringement procedure?

Practitioners make various arguments on the issue. Some hold the view that if the fame of a trademark must be established before a judicial tribunal or trademark registry on the first occasion the owner seeks protection, he must also do so on every subsequent occasions since it is the mark's fame at the time it is threatened that determines the nature of the legal response to the threat.<sup>175</sup> Protection will extend continuously until as the mark has been proved to be no longer well-known or famous. This argument seems to persuade the courts or authorities in some cases.<sup>176</sup> However, another point of view maintains that the trademark's fame once established should be presumed<sup>177</sup>, or that where a trademark has been held not to be famous the matter is *res judicata* when the mark's fame is asserted in subsequent proceedings.<sup>178</sup> The latter argument spares trademark owners the inconvenience of presenting evidence of what, in the vast majority of cases, will already be obvious.<sup>179</sup>

In Vietnam, before enactment of the 2005 Law on Intellectual Property, Article 10 (1) of Decree No. 63/CP provided for the principle of "unlimited time" protection for well-known trademark.<sup>180</sup> Accordingly, well-known trademarks will be protected in Vietnam under this principle from the day the well-known trademark is recognized by the authorities. Such term of protection will not expire until the well-known trademark has lost its fame or the well-known trademark owner fails to establish the trademark's fame or reputation. This seems to be similar to the situation in European and other countries' laws.

However, the new Law on Intellectual Property in 2005 does not mention any time frame for the protection of well-known trademarks. There are also no

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<sup>174</sup> Plizer Ltd and Plizer Incorporated v. Eurofood Link (United Kingdom) Ltd [2000] ETMR 896 (HC). See also Jeremy Phillips, *Trademark Law – A Practical Anatomy*, (Oxford University Press 2003), page 407, paragraph 12.42.

<sup>175</sup> Jeremy Phillips, *Trademark Law – A Practical Anatomy*, Oxford University Press 2003, page 407, paragraph 12.42.

<sup>176</sup> This position was taken by the Peruvian Trademark Office when Mars (in the case Mars v. Miski in 2003 in Peru), sought to cancel a similar trademark granted in 1999.

<sup>177</sup> The decision of the Supreme Court of Peru in case Mars v. Miski in 2003.

<sup>178</sup> See *Enterprise Rent-a-car v. Advantage Rent-a-car Inc.* WTLR, July 18, 2003 (CAFC).

<sup>179</sup> Jeremy Phillips, *Trademark Law – A Practical Anatomy*, (Oxford University Press 2003), page 407, paragraph 12.43.

<sup>180</sup> Section 10.1 – Decree No. 63/CP of 24 October 1996 of the government On Detailed Regulations Concerning Industrial Property: Industrial property rights on a well-known mark are protected throughout the time period when the mark is recognized as a well-known one as stated in the Decision on the recognition of a well-known mark.

guidelines or instructions about this issue in other Vietnamese regulations. It could be helpful to establish the principle of “unlimited time” of protection in the statutory law.

#### 4.4. SUB-CONCLUDING REMARKS

Following the purpose of the thesis this chapter seeks to analyze well-known trademark protection under European and Vietnamese law through a comparative analysis. This comparison has been made concerning both the theoretical background and practices in well-known trademark protection in the two systems. Within the scope of the thesis as well as in this chapter, the author has no intention of comparing all legal matters embraced in well-known trademark protection but only to emphasize important and common issues. On that basis, and consistent with the given targets, I have reached the following conclusions:

First, as regards the definition of a well-known trademark, even though both European and Vietnamese law are derived from the legal regime of the protection of well-known trademark of Article *6bis* of the Paris Convention, there still remain some differences between the two systems in defining what a well-known trademark actually is. While European law seems to avoid using the term “well-known trademark” and focuses more on the concept of mark with a reputation, Vietnamese law is more faithful to the original concept of the Paris Convention. Vietnamese law unofficially recognizes the special term “widely used and recognized mark” (nhãn hi?u du?c s? d?ng và th?a nh?n r?ng rãi) to indicate trademarks which rank in between ordinary trademarks and well-known trademarks. This is different from the concept of mark with a reputation under European law.

Second, concerning the criteria for determining well-known trademarks, while Vietnamese law attempts to build up a set of criteria for determining well-known trademarks<sup>181</sup>, European legislation has made no specific references to such criteria. However, in the case law, European courts have applied similar criteria suitable to the circumstances of particular cases. Furthermore, because of the differences between these specific circumstances, there remain some gaps between the two systems in the application of criteria for determining well-known trademark.

Third, regarding the basic legal grounds for the protection of well-known trademarks, despite the differences in interpretation and application, both

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<sup>181</sup> As stated in Article 75 of the 2005 Law on Intellectual Property and in section 5 – paragraph 42.3 of Circular No. 01/2007.

European and Vietnamese law have established the requirement of likelihood of confusion as a very important element of well-known trademark protection. However, concerning the doctrine of trademark dilution, there remains a substantial difference between the two systems. Although there has been no official recognition in the statutes, the doctrine of trademark dilution has been applied quite frequently by European courts. Meanwhile, the doctrine of trademark dilution continues to be foreign to Vietnamese law-makers and practitioners.

Fourth, on the scope of protection for well-known trademarks, European and the Vietnamese law have a similar approach to expanding protection for well-known trademark to unregistered trademarks, dissimilar goods and services, non-competing goods and services within an unlimited time-frame. However, the specific reasoning and foundations for such expansions of the scope of protection are not quite identical.

This comparative investigation has presented a detailed picture of the European Union and Vietnamese legal systems regarding well-known trademark protection. However, it should be noted that another purpose for making such comparisons is to review the Vietnamese legal systems' current status in order to make suggestions for future improvements.