

VIETNAM

Domain and company name regulations tested

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On January 12 2017, the Ho Chi Minh City Court rendered a ruling in favour of a major Silicon Valley high-tech company. This ended a lengthy dispute between the company and a Vietnamese entity over the latter's unauthorised use and registration of a company name and a domain name which incorporated the former's registered trade mark. To the delight of the US company, the court resolved the dispute in an expedient 55 days. The brand owner's course of action provided a useful test of new regulations on domain name and company name disputes.

Domain names

Until recent changes were made in the law, domain name disputes have been difficult to resolve efficiently in Vietnam due to a lack of cohesion between the IP administrative enforcement bodies and the domain name registry. Enforcement bodies such as the Ministry of Science and Technology (MOST) regularly ordered domain names to be withdrawn in their final rulings on IP infringements, but the domain name registry would refuse to enforce the decision. In August 2015, the Ministry of Information and Communication (the parent authority of the registry) introduced Circular Number 24/2015/TT-BTTTT (Circular 24) with guidance on domain name violations. However, the gap between the IP authorities and the registry persisted until the issuance of Joint Circular Number 14/2016/TTLT-BTTTT-BKHCN in June 2016, which codified a mechanism to cancel disputed domain names based on IP authorities' rulings.

At the end of 2016, this new mechanism had yet to be tested. Despite the uncertainties involved, the US company decided to petition the MOST Inspectorate for an administrative action to combat

this blatant cyber-squatting, and at the same time sued the infringer before the Ho Chi Minh City Court, to take advantage of benefits that an administrative action could not bring forth.

In the course of a domain name dispute settlement, it is critical to freeze the disputed domain name, or run the risk that the infringer might transfer it to another entity, forcing the brand owner to restart the proceedings with the new registrant as the infringer. However, under current regulations, there is no system to do so. Circular 24 removed the automatic system of freezing domain names upon the commencement of court action.

Fortunately, the US company convinced MOST to call on the domain name registry to freeze the domain names. After multiple discussions, the registry agreed to freeze the domain names not only at MOST's request but also due to the commencement of a civil suit. The registry's move could mark a good precedent for further cases, especially in civil actions, freezing disputed domain names upon the filing of a civil suit, without waiting for preliminary injunctions.

While this administrative action was in progress, the court ruled on the dispute. As such, the brand owner did not fully test the new regulation on administrative action, but saw that the new regulations could indeed help to effectively facilitate enforcement.

Company names

IP-infringing company names are another headache for brand owners, as there has not been an effective mechanism in place to enforce administrative bodies' final rulings on IP infringement. Per Decree 99/2013/ND-CP, if a brand owner wins an administrative action, the IP authority's final ruling can order the removal of an infringing word mark from a company's name, or require the infringer to abandon any identical/similar business lines. Failure to comply with this order can lead to revocation of the infringer's business licence.

However, the Law on Enterprises does not recognise such revocation based on a ruling from an IP administrative body. To deal with this gap in the law, MOST

and the Ministry of Planning and Investment introduced Joint Circular 05/2016/TTLT-BKHCN-BKHDT, shifting the legal basis for the licence cancellation from the IP body's ruling on infringement to a new basis concerning the failure of the infringer to provide a requested justification for infringement. Per the Law on Enterprises, such failure to deliver a justification for certain violations can result in a cancellation of the business licence. Under the new regulation, the business registry will request the infringer to justify its IP violation, failing which the registry will withdraw its business licence. This regulation is somewhat convoluted, but now provides hope to rights-holder plaintiffs.

In this case, the US company believed that the infringer would lodge an explanation if requested, which would put it at risk of losing the battle for the company name. Thus, the company focused on a civil suit instead of an administrative action. Following a civil action, the business registry would be required to enforce the court's judgment on the name change as well as the business licence revocation. In fact, given the conclusive evidence submitted to the court, the defendant had to admit to infringement in its company name and agreed to settle the dispute.

The brand owner's harmonious combination of administrative action and civil action allowed it to reap the advantages of both systems and mitigate the associated risks. These legal proceedings provide useful information for the company and other IP owners in dealing with future infringement, and the swift civil suit could encourage other owners to rely on the courts more in coming years.