

World Trademark Review Daily

Court rules for the first time that cybersquatting constitutes act of unfair competition

Cybersquatting

Vietnam - IPMAX Law Firm

June 06 2014

The Court of First Instance of the Da Nang City People's Court has ruled in favour of [Lafarge](#) (France), ordering the revocation of the domain name '[www.lafarge.com.vn](#)' and giving Lafarge priority to register the domain name within 10 days from the date of revocation (Case No 01/2014/TLST-KDTM, April 22 2014).

The plaintiff, Lafarge, a world leader in building materials, is the owner of International Registration No 406277 (dated March 25 1974) for LAFARGE (word) and International Registration No 648681 (dated December 18 1995) for L LAFARGE (device), protected in Vietnam for goods and services in various classes, including cement, lime, mortar, plaster, aggregates, gravel, sandstone or cement tubes and other construction materials.



The defendant, Pham Thi Ngoc Han, a resident in Da Nang, central Vietnam, registered the domain name '[www.lafarge.com.vn](#)' on November 23 2005. Users visiting the website at '[www.lafarge.com.vn](#)' were redirected to another site, at '[http://lafarge.jimdo.com](#)', which featured advertisements for the sale of "building materials" and the services of "consulting in the use use of building materials". The website also featured a sign confusingly similar to the L LAFARGE device mark.

The registration for '[www.lafarge.com.vn](#)' had been offered for sale on a number of auction sites. Meanwhile, Lafarge had made numerous unsuccessful attempts to contact Pham Thi Ngoc Han to resolve the dispute.

The court ruled in favour of Lafarge on the ground that the defendant's actions constituted unfair competition under Article 130(d) of the [Intellectual Property Law](#) (Law No 50/2005/QH11, amended in 2009). Article 130 (d) of the Intellectual Property Law provides that the act of "registering or possessing the right to use or using a domain name identical or confusingly similar to a protected trade name or mark of another person, or a geographical indication that one does not have the right to use, for the purpose of possessing the domain name, benefiting from, or prejudicing the reputation and goodwill of the respective mark, trade name and geographical indication" will be considered as an act of unfair competition.

In particular, the court found that:

1. the domain name '[www.lafarge.com.vn](#)' was confusingly similar to the mark LAFARGE protected under International Registration No 406277;
2. the defendant had no legitimate rights or interests with respect to the domain name; and
3. the domain name had been registered with the aim of "possessing the domain name and blocking Lafarge - the holder of legitimate rights and interests in the brand Lafarge - from registering and using it".

The court concluded that the defendant "used the domain name in bad faith" and that registration of the domain name constituted "an act of unfair competition and an infringement of the rights over the mark LAFARGE".

The court's decision is final because the defendant did not file any appeal within the given time limit.

This is the second time that a brand owner has successfully recovered a '.vn' domain name through civil litigation in Vietnam. Back in June 2010, the First Instance Court of the Hanoi People's Court revoked the domain name registration for '[www.samsungmobile.com.vn](#)' in the name of an individual and gave Samsung priority to register and use this domain name. In March 2011 the Appellate Court gave the same judgment with respect to the domain name '[www.samsungmobile.vn](#)'.

The present case, however, represents a step forward compared to the *Samsung* case. For the first time, the court's ruling was based on the ground that cybersquatting constitutes an act of unfair competition under Article 130(d) of the Intellectual Property Law. In the *Samsung* case, the court's ruling was based on the conditions set forth in the Law on Information and Technology (Law No 67-2006-QH1) and its guiding regulations. This is also the first domain name case in which the court has issued its judgment even though

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the defendant did not participate in the process.

In Vietnam, the [UDRP](#) procedure is not currently used to resolve domain name disputes. Alternative dispute resolution proceedings, such as conciliation, mediation or arbitration, are non-binding on the parties; therefore they will not work without agreement from the domain name registrants. There is also a procedure for sanctioning acts of cybersquatting administratively under Article 130(d) of the Intellectual Property Law. However, this procedure is not straightforward and it is not certain that [VNNIC](#), the '.vn' registry, will comply with the decision of the administrative enforcement authority to revoke the infringing domain names.

The present case is thus a breath of fresh air for domain name disputes in Vietnam. It sends an encouraging message that, although civil litigation remains costly and time-consuming, it can be a good option for brand owners seeking to take action against cybersquatting or malicious infringement. Civil litigation will certainly be more attractive to brand owners if it has a deterrent effect on parties acting in bad faith.

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