

Review Article

Provisions in Vietnamese law on bad-faith trademark registration: Analysis and recommendations for legal improvement

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The act of registering trademarks in bad faith is becoming a major challenge for trademark protection systems not only in Vietnam but also worldwide. The Vietnamese legal system has made significant adjustments to identify and address bad-faith trademark registration, as reflected in the amended intellectual property law of 2022 and circular no. 23/2023/TT-BKHCN. These regulations help create a clearer legal framework, allowing authorities to refuse the issuance of protection certificates or to invalidate trademark registrations if there are signs of bad faith. More importantly, the current legal framework has partly overcome the limitations of the “first-to-file” principle, which previously facilitated trademark hoarding practices. This change also enables Vietnam to better comply with its international commitments while protecting the legitimate rights and interests of both domestic and foreign businesses operating in the country. However, there remain certain shortcomings that need to be addressed in order to further enhance the effectiveness of trademark protection mechanisms. In this article, the author will discuss the issue of bad-faith trademark registration, examine the current legal framework in Vietnam regarding this matter and propose solutions for its improvement.

Key words: Intellectual property, Trademark registration, Bad faith.

INTRODUCTION

In the context of globalization and international economic integration, trademarks are increasingly becoming highly valuable assets for businesses, helping to identify commercial origin, protect brand reputation and create competitive advantages. However, some parties have begun seeking ways to “profit” from the intellectual property legal system, leading to a growing prevalence of bad-faith trademark registrations, which has attracted significant attention from researchers and law enforcement agencies around the world.

The International Trademark Association (INTA) has established a Bad Faith Task Force (CBFTF) to address this issue. The resolution on bad faith trademark applications and registrations was adopted by the INTA Board of Directors on November 11, 2020, marking an important step forward in combating bad-faith trademark registrations globally.

In 2021, the CBFTF published a survey titled “Bad faith trademark filing across the globe summary of survey responses”, which examined the situation of preventing and addressing bad-faith trademark registrations in over 90 jurisdictions, providing an overview of the prevalence of such filings. Several landmark cases involving bad-faith trademark registration have laid the foundation for enforcement and adjudication practices. Notable examples in the EU include T-2S1/0S (Pollo Tropical Chicken on the Grill), T-335/14 (Doggis) and C-320/12 (Malaysia Dairy). Prominent U.S. cases include Bayer Consumer Care AG v. Belmora LLC, 110 USPQ2d 1623, 1632 (TTAB 2014) and Buffett v. Chi-Chi’s, Inc., 226 USPQ 428, 429 (TTAB 1985). The phenomenon of bad-faith trademark registration has long been recognized in the intellectual property laws of countries with well-established IP protection systems, such as the United States and Japan.

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LITERATURE REVIEW

Regulating bad faith in trademark registrations in Vietnam

In Vietnam, provisions relating to bad faith in trademark registration were introduced in the amended intellectual property law of 2022 (effective from January 1, 2023) to enhance the effectiveness of the IP protection system and to fulfill Vietnam's obligations under international intellectual property treaties to which it is a party, such as CPTPP, EVFTA and RCEP. These amendments also respond to the practical need for measures to address this issue.

The ministry of science and technology issued circular No. 23/2023/TT-BKHCN, which details several provisions of the intellectual property law and implements decree no. 65/2023/NĐ-CP (dated August 23, 2023) of the government. This decree specifies provisions and implementation measures regarding industrial property, protection of industrial property rights, plant variety rights and state management of intellectual property, particularly concerning the procedures for establishing industrial property rights and ensuring IP information.

Importantly, clause 1, article 34 of the circular introduces criteria for determining bad-faith trademark registration. These new regulations have attracted significant attention not only from law enforcement authorities but also from intellectual property scholars, as they provide an important legal basis for addressing the shortcomings of the first-to-file system.

However, many challenges remain in identifying such acts in practice, as the current legal framework still contains ambiguities and the existing provisions are at a relatively early stage of development, not yet applied comprehensively or effectively. Therefore, studying the experiences of countries with advanced intellectual property systems will help Vietnam develop its legal framework to better identify and prevent bad-faith trademark registrations.

"Bad Faith" is a legal concept in intellectual property law. According to the 2020 Resolution of the International Trademark Association (INTA), bad faith refers to the abuse of the "first-to-file" principle and the exploitation of a brand's reputation to obtain trademark rights under one's own name. Such acts can cause significant consumer confusion, harm the legitimate rights of trademark owners, undermine the purpose and function of the global trademark registration system and negatively impact the ability of trademark owners to protect and enforce their lawful rights.

In the legal systems of most countries around the world, there is no explicit legal definition of "bad faith". However, legal instruments often describe factors that may indicate bad-faith conduct or the concept is defined through judicial decisions. For example, in the case C-529/07, *Lindt Goldhase*, EU:C:2009:148 (2009), Advocate General Sharpston defined bad faith as: "Conduct which departs from accepted principles of ethical behavior or from honest commercial and business practices" [1].

The 2020 INTA resolution compiled factors that are considered indicative of bad faith in trademark registration, drawing from the laws and case law of many countries worldwide. Identifying bad-faith trademark registration plays an important role in protecting intellectual property rights and maintaining a healthy business environment. The criteria

proposed by INTA consolidate practical experience from numerous jurisdictions, helping to build a comprehensive and effective legal framework to curb abuses of the trademark registration system.

However, for these criteria to be truly effective, each country must consider adapting its domestic legislation to fit its own legal system and practical context. Applying factors such as the relationship between the parties, the degree of similarity between marks, hoarding behavior, excessively broad trademark registrations and evidence of dishonest intent can help authorities more clearly identify cases involving bad faith.

In the past, Vietnam's intellectual property law did not establish "bad faith" as a legal ground for rejecting trademark applications or invalidating registrations. This posed certain risks: (1) The law might end up protecting the trademarks of "trademark squatters" rather than the rightful owners and (2) Applicants could register confusingly similar trademarks and use them on products to mislead consumers. A typical example is a case involving an individual in Ho Chi Minh City, who filed nearly 200 trademark applications, most of which were well known, long-established foreign brands. Many of these trademarks were successfully granted protection in that person's name. Clearly, the "first-to-file" principle has been and continues to be exploited by third parties to hijack trademarks from their legitimate owners, especially those that are famous or have a strong reputation [2].

DISCUSSION

The law amending and supplementing a number of articles of the intellectual property law (2022) introduced explicit provisions on "bad-faith trademark registration". In addition, circular no. 23/2023/TT-BKHCN issued by the ministry of science and technology on November 30, 2023, provides detailed guidance on certain provisions of the intellectual property law and implements decree no. 65/2023/NĐ-CP (August 23, 2023) of the government, which sets out specific provisions and enforcement measures related to industrial property, the protection of industrial property rights and related matters.

Despite these developments, the provisions on bad faith in the intellectual property law and related legal documents currently serve only as grounds for invalidating registered trademarks or rejecting trademark applications. Nevertheless, they address several urgent societal needs and key legal issues, as follows:

First, these provisions ensure Vietnam's compliance with international agreements and treaties to which it is a party, thereby creating a safer environment for foreign investment. Intellectual property laws in many countries recognize bad faith as a crucial ground for trademark invalidation or rejection of applications. This enables genuine trademark owners and users to oppose trademark applications and request the invalidation of registered trademarks in Vietnam. Additionally, examiners now have a clearer legal basis to reject trademark applications during the examination process.

Second, the first-to-file principle grants trademark rights to whoever files an application first, even if that party acts in bad faith or with dishonest intent. Some entities exploit this rule to block foreign companies from entering the Vietnamese market,

restrict competition or pressure foreign competitors into signing distribution agreements favorable to them.

Third, trademark squatting, a growing problem in emerging economies such as Vietnam, is addressed more effectively under the new framework. Certain individuals or entities have been filing large numbers of trademark applications for marks used by foreign entities primarily for resale, licensing or assignment purposes.

One year after the amended intellectual property law (2022) came into effect, statistics from the Intellectual Property Office of Vietnam (IP Vietnam) show encouraging results. In 2023, the number of national trademark applications processed reached 52,968, an increase of 17.15% compared to 45,071 in 2022 [3]. Thus, the introduction of legal provisions on bad-faith trademark registration has contributed to protecting the legitimate rights and interests of genuine trademark owners.

Limitations of Vietnamese law on bad-faith trademark registrations

However, these regulations remain rudimentary and not yet fully aligned with practical developments. As a result, several limitations, difficulties and challenges still exist.

First, there remains ambiguity surrounding the term “well-known trademarks in other countries”. That is, it is not clear whether such trademarks must be used in the Vietnamese market to be considered “well-known”. The 2022 amendment to the intellectual property law defines a well-known trademark as: “A trademark widely known to the relevant public within the territory of Vietnam.” The “relevant public” refers to the customer segment for the goods or services associated with the well-known trademark, including potential customers targeted by the product or service or existing loyal customers. This definition emphasizes the presence of the trademark in the Vietnamese market as perceived by the public, as reflected by the phrase “widely known”.

However, the concept of a “well-known trademark in another country” is vague and open to multiple interpretations. The first interpretation is that the focus is on the origin of the trademark, referring to trademarks that are well-known and originated abroad (e.g., Coca-Cola, KFC are foreign-origin well-known marks, while Vinamilk is a Vietnamese-origin well-known mark). These are owned by foreign entities and were initially used for goods or services outside Vietnam. The second interpretation is that the focus is on the market where the trademark is well known, referring to trademarks recognized as well-known outside Vietnam. Because of these differing interpretations, there is no universally accepted understanding of “well-known trademarks in other countries,” even though it is a critical concept in determining whether a trademark registration is made in bad faith.

Second, there is a lack of definition and criteria for “trademarks widely used in Vietnam”. Although “trademarks widely used in Vietnam” are often used as a benchmark for assessing bad-faith registrations, there is no legal definition or specific criteria for determining whether a trademark qualifies as such. Vietnamese IP law frequently refers to the term “widely used and recognized in Vietnam”, which is broader than “widely used trademark”. However, even this term lacks a precise legal

definition. In international law, the term “widely used” is rarely mentioned; instead, the term “widely recognized” is commonly used, referring to a trademark that is known by a large segment of the public within the protected territory. Consumer recognition of a well-known trademark is significantly higher than that of a “widely used trademark,” and thus, the scope of protection for a well-known mark is broader.

A “widely used trademark” enjoys greater protection and consumer recognition than an ordinary trademark, but it does not reach the level of a well-known trademark. There are currently no specific provisions on the protection mechanism or duration for widely used trademarks. However, it can be inferred that protection continues as long as sufficient evidence exists to prove that the trademark meets the criteria for being “widely used”.

Third, the criterion of “identical or similar goods/services to those of a well-known trademark in another country” is problematic. Requiring that the goods or services be identical or similar to those associated with a well-known foreign trademark as a condition for identifying bad-faith registration remains unreasonable and insufficient.

One of the primary objectives of applicants engaging in bad-faith trademark registration is to exploit the reputation and goodwill of established marks for commercial gain. A well-known trademark can create a strong impression on consumers that extends beyond the goods or services for which it is registered. Consumers often assume that other products bearing the same mark are of the same quality and originate from the same source.

The scope of protection afforded to well-known trademarks is articulated in Article 74.2(i) of the law on intellectual property, which provides that a trademark shall be deemed non-distinctive if it consists of: “Signs identical or confusingly similar to another person’s well-known trademark, registered for identical or similar goods or services to those for which the well-known trademark is registered or for dissimilar goods or services, if the use of such signs is likely to impair the distinctiveness of the well-known trademark or if the trademark is registered for the purpose of taking advantage of the reputation of the well-known trademark.”

Accordingly, the protection of a well-known mark extends not only to goods and services for which it is registered or used but also to dissimilar goods and services. As a result, the use of identical or confusingly similar signs for any goods or services, including those in unrelated classes, can lead to consumer confusion regarding the source of the goods and create a false impression of an association between the owner of the well-known trademark and the user or registrant of the infringing sign.

By contrast, widely used trademarks enjoy a narrower scope of protection, which is generally confined to the specific goods or services with which they are recognized and used. Consumers associate such marks exclusively with the products or services provided by the trademark owner and the use of the same mark for unrelated goods is less likely to cause confusion. Therefore, the requirement that infringing signs be used for “identical or similar goods or services” remains appropriate when assessing marks that are merely “widely used” in Vietnam.

Fourth, the reference trademarks in opposition or cancellation proceedings thus include only widely used trademarks in

Vietnam and well-known trademarks in other jurisdictions. The motivations of bad-faith applicants often include the intent to sell, license or assign the registered trademark back to the genuine owner or to block competitors from entering the Vietnamese market. In such cases, the targeted trademark does not necessarily have to be well known or widely used in Vietnam for its owner to suffer significant harm.

Bad-faith applicants frequently become aware of a trademark through commercial cooperation, such as employment, distributorship, agency or importation agreements. During such cooperation, they may learn of the mark's commercial potential or anticipate the trademark owner's plans to enter the Vietnamese market. They then proceed to file preemptive applications. When the legitimate owner attempts to enter the market, they encounter legal barriers created by the IP system itself, forcing them to negotiate and offer concessions to the bad-faith registrant.

If negotiation fails, the bad-faith registrant may resort to aggressive enforcement measures, including border control actions to block imports, requests for administrative penalties or even civil litigation, effectively preventing the legitimate owner from operating in Vietnam.

Fifth, there is shortcoming around the role of examiners and parties in opposition and invalidation proceedings. Bad faith serves as a crucial legal basis for the refusal of trademark registration or the invalidation of existing registrations. However, both procedures present substantial challenges for trademark owners and third parties who file oppositions or invalidation requests.

In invalidation proceedings, a third party may file a request if there are grounds to believe that the application was filed in bad faith. This third party could be the genuine trademark owner or any party with a legitimate interest. The request must be supported by evidence demonstrating the applicant's bad faith.

Under current Vietnamese IP law, two elements must be satisfied for a finding of bad faith:

(1) Subjective awareness the applicant knew or should have known that the mark they filed was identical or confusingly similar to a reference mark.

(2) Intent the purpose of the registration falls within one of the scenarios set out in clause 2, Article 34 of Circular No. 23/2023/TT-BKHCN.

Clarify the term “well-known trademark in other countries”

To better protect the rights of genuine trademark owners both within and outside Vietnam, the term “well-known trademark in other countries” should be defined as a trademark recognized as well known in markets outside the territory of Vietnam. This definition serves two key purposes:

First, it focuses on consumer recognition, not on the market of the goods or services themselves. For instance, Article 7(1)(xii) of the Korean Trademark Act [4] allows the refusal of a trademark application that is identical or similar to a mark recognized by consumers in Korea or abroad if it is filed for unfair profit or to harm the original owner, even if the marks are not directly competing. Similarly, in *Bayer Consumer Care AG v. Belmora LLC*, 110 USPQ2d 1623 (TTAB 2014), the U.S.

trademark trial and appeal board cancelled the registration of FLANAX a mark never used by Bayer in the United States because the registrant exploited the reputation and goodwill of the Mexican FLANAX mark, pursuant to Section 14(3) of the Lanham Act [5].

Second, this definition distinguishes between the requirements for trademark protection and the criteria for determining bad faith. For protection purposes, a mark must be distinctive and not confusingly similar to another's well-known mark in Vietnam. By contrast, a “well-known trademark in another country” need not have a presence in the Vietnamese market to be relevant to a bad-faith determination.

Define and establish criteria for “widely used trademarks in Vietnam” and expand the scope of protection

A widely used trademark enjoys a lower level of protection than a well-known mark, with consumer recognition limited to a specific group or context. Nevertheless, it is essential to define this concept and set objective criteria for its assessment, drawing on the existing criteria for well-known marks.

Given that the protection of well-known trademarks extends beyond their original goods and services to dissimilar ones and that consumers associate them with both the product and its source the scope of reference trademarks should be broadened. The author proposes amending point a, clause 2, Article 34 of circular No. 23/2023/TT-BKHCN to read as follows:

“There are grounds to believe that, at the time of filing, the applicant knew or had reason to know that the mark they applied for was identical or confusingly similar to a mark widely used in Vietnam for identical or similar goods or services or to a well-known mark in other countries”

Include ordinary registered trademarks as reference marks

To comprehensively protect the interests of businesses particularly foreign enterprises seeking to enter the Vietnamese market the registration of a mark identical or confusingly similar to a mark already registered and used abroad for identical or similar goods should be deemed bad-faith registration.

However, to avoid unduly restricting domestic commercial activities, this rule should be subject to strict conditions, specifically:

(1) Proof of prior commercial relationship: Evidence should show that the applicant had prior business dealings with the foreign trademark owner, implying that the applicant could not have been unaware of the existing use of the mark. In Case T-291/09 (*Pollo Tropical Chicken on the Grill*), the General Court of the EU found no bad faith despite name similarity because the plaintiff failed to prove the defendant knew of its use [6] and (2) Assessment of use prior to filing: Authorities should consider whether the applicant had used the mark before filing, the duration and frequency of such use, its public impact and any prior commercial relationship between the parties. In case C-320/12 (*Malaysia Dairy*), the court of justice of the EU examined the true purpose of the registration (whether to use the mark or to block a competitor), the parties' relationship and the trademark's use history (noting that Malaysia dairy had used “VITAGEN” in commerce since 1977, predating Friesland's EU registration) [7].

Enhance the role of examiners in identifying bad-faith applications

Examiners play a pivotal role in assessing trademark applications to ensure compliance with the law particularly by scrutinizing evidence of bad faith. The examination system should encourage proactive measures such as (1) Conducting independent searches on the applicant's background, the real-world use of the mark and any foreign filings and (2) Prioritizing quality over quantity in examination and increasing staffing levels to reduce workload pressure.

Additionally, examination guidelines such as the trademark examination regulations should explicitly authorize examiners to presume bad faith if there are reasonable grounds to suspect it. In such cases, examiners should issue a notification of intended refusal, clearly stating the reasons and evidence. The applicant would then bear the burden of proving that the application was filed in good faith before registration can proceed.

CONCLUSION

The burden of proof lies with the party requesting invalidation, who must gather sufficient evidence to demonstrate bad faith. This evidentiary burden can be challenging, particularly regarding proof that "the applicant knew or had reason to know" of the prior mark. Determining what constitutes adequate evidence of such knowledge remains a practical difficulty.

RECOMMENDATIONS

In light of the challenges discussed above, several recommendations can be made to improve the legal framework and enforcement mechanisms regarding bad-faith trademark registration.

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