How to Protect A Trademark In Korea

Jay Young-June Yang

I am very pleased to have this opportunity to present this session on how to protect trade marks in Korea. Our discussion topics that I will go over in detail are the following:

- Trade mark Application Flow Chart
- Basics of Korean Trade mark Practice
- Recent Trade mark Cases
- Parallel Importations
- Anti-Counterfeiting Activities
- Recent Counterfeiting Cases

Basics of Korean Trade mark Practice

Korean Trade mark Practice in General

In Korea, a trade mark right generally arises upon registration. Further, the Korean Trade mark Act uses a “first-to-file” system instead of a “first-to-use” system. Actual use of a mark is neither a necessary condition for obtaining trade mark registration, nor does it provide any priority or advantage for registration in most cases. The only unregistered marks accorded some degree of protection under the Trade mark Act and the Unfair Competition Prevention and Trade Secret Protection Act (UCPA) are those that are recognized as being well-known marks in Korea.

All trade mark applications are subject to substantive examination by the Korean Intellectual Property Office (KIPO). It usually takes a minimum of eleven to twelve (11-12) months from when the application is filed to obtain a registration, as long as
there is no preliminary rejection or opposition. A flow chart demonstrating the trade mark examination process in Korea follows.

**Trade mark Application Flow Chart**

```
Application → Examination → Publication → Grant of registration → Registered → Trade mark Right

↑  ↓  ↑  ↓
Opposition  Payment of registration fee
```

**Rules of Trade mark Registration**

- **Registrable Marks**
Under the Korean Trade mark Act, conventional trade marks such as words, devices, 3D shapes, colors, and non-conventional marks such as holograms and marks in motion, may be registered as a trade mark so long as the mark is visible. In this regard, please be advised that “color marks” are technically registrable, but should be distinctive (i.e. gaining secondary meaning) and should not be functional. Scents and sounds alone, however, are not currently registrable in Korea, although the U.S. and Korea are discussing the issue in the FTA discussions.

- **First-to-File**
Since Korea adopts the “first-to-file” system, it is critical to first lodge an application for a mark that is important to one’s business. Further, because the KIPO strictly reviews goods descriptions, broad descriptions allowed in other countries are sometimes not allowed in Korea.

- **Member of Madrid Protocol**
Korea is a member of the Madrid Protocol Concerning the International Registration of Marks ("Madrid Protocol"). The Korean Trade mark Act includes provisions that
further harmonize Korean trade mark law with international conventions to which Korea is a signatory, such as, the Paris Convention, WTO Agreement on Trips, Nice Agreement, WIPO and Trade mark Law Treaty. Particularly, under the Madrid Protocol, we have adopted the international trade mark application system in Korea. This allows a non-Korean trade mark owner to include Korea as one of the designated countries when filing an international application. Again, as the KIPO strictly reviews goods descriptions, they should be carefully prepared when filing an international trade mark application designating Korea.

- **Consent by a senior registrant is insufficient to overcome a rejection**
  Under Korean trade mark law, a trade mark application that is similar to a senior mark will not be granted registration. It is not possible to overcome the similarity issue by submitting a letter or statement of consent by the senior registration. Instead, if the owner of the senior mark consents to the co-existence of the two conflicting marks, the trade mark application can be assigned to the owner of the senior mark during the prosecution stage and assigned back to the original applicant after the trade mark is granted registration. This assign/reassign strategy causes the owner of the applied-for mark and the registered marks to be one, so the similar mark can be registered. It is also possible to have the applicant acquire the senior mark and then assign it back to the original owner after the application is granted registration.

- **No disclaimer system for non-distinctive portion**
  The Korean trade mark law does not allow disclaimers for non-distinctive portions. Thus, as the difference between non-distinctive and distinctive portions can be ambiguous, it may be worthwhile to actively file a trade mark application for a somewhat non-distinctive mark by adding a distinctive portion.

- **Effect of Cancellation Action**
  If a senior mark is blocking the registration of a trade mark, one may consider filing a non-use cancellation action against the senior mark in order to eliminate it. The mark will be cancelled if it has not been used for at least three consecutive years. However, even if successful in a non-use cancellation action, the rejection of the previous application cannot be overcome, and thus, a new application should be filed. In this regard, anyone who brings a successful cancellation action will be given an exclusive priority period in which to file a new application for the same or similar mark within six months after the cancellation decision becomes final. Even if one does not proceed
with a cancellation action to the end, the mere filing of it could give considerable leverage in obtaining a desirable outcome in an assignment or settlement negotiations.

**Basics of Korean Trade mark Practice**

**Protection of Unregistered Mark**

Although Korea adopted the “registration” system, Korean trade mark law also grants certain protection to the owners of unregistered marks.

---

- **Unfair Competition Prevention and Trade Secret Protection Act (“UCPA”)**
  Most typically, the owner of an unregistered trade mark may seek protection under the UCPA. In order to prevail in a UCPA claim, the owner must prove the following:

  (i) Fame in Korea: The mark at issue must be famous or well-known in Korea; fame nationwide is not necessary, as one specific area is sufficient

  (ii) Similarity: The mark at issue and the compared mark should be similar

  (iii) Likelihood of confusion or dilution: There must be a likelihood of confusion or dilution

---

- **Right based on prior Use**
  The most recent amendments to the Korean Trademark Act provide that the trade mark owner can enforce its trade mark right against a third party even before his trade mark application is granted registration. Since the amendments are not retroactive, this only applies to trade mark applications filed on or after July 1, 2007. The trade mark owner must prove the following:

  (i) Continuous use of the mark: The trade mark owner must have continuously used the mark at issue before registration of the other party’s trade mark application

  (ii) Without bad faith: The use must not have been made in bad faith

  (iii) Well-known before the registered mark was filed: The mark must have been well-known before the third party’s mark was filed.

---

- **Prevent a third party’s obtaining of registration**
  The Korean Trade mark Act also provides for a bona fide trade mark owner to invalidate a senior registered mark if the owner can prove:

  (i) Fame abroad or in Korea: The subject mark must have been famous in or outside Korea, such as, at least one foreign country, at the time the senior
mark was registered.

(ii) Similarity: The two marks must be similar, although the similarity of the goods is not required *per se* under the law

(iii) Bad faith: The owner of the senior registered mark must have acted in bad faith, for example, to gain leverage in potential negotiations to acquire a distributorship or to sell the trade mark for monetary compensation

The threshold for showing fame or well-known status of a mark under this provision used to be quite high. However, in view of the new amendments to the Korean Trade mark Act, a more lenient standard is applied to the trade mark applications filed on or after July 1, 2007.

**Recent Trade mark Cases**

Traditionally, the trade mark owner’s ability to prevent third party from registering similar marks, whether based on a senior registration or fame of a mark, was limited to the situation where the owner could establish the similarity of marks and the similarity of goods. Still, Korean trade mark law and courts have been constantly evolving, and the following court decisions indicate that the scope of trade mark protection can be significantly broadened by establishing the fame of the mark or showing that the consumers or sales locations of the compared marks overlap. Regarding fame, Korean courts require a trade mark owner to submit a substantial amount of fame evidence including sales volumes, advertising expenditures, market shares, brand rankings, worldwide trade mark registrations, promotional materials. A registrant’s bad faith in registering or using an imitation mark is also be weighed by the court.

**Heineken**
- This well known beer company filed an invalidation action against another party’s registration of “Heineken” in connection with bags in Korea. Given the international fame of the mark, the court held that, although beer and bags are not closely related, the defendant’s trade mark registration should be invalidated because there was a likelihood of consumer confusion. The court found the defendant’s bad faith in his failure to submit any evidence showing actual use of the mark on bags.
**VOGUE**
This magazine’s famous mark was registered by another individual for stationery goods. The magazine company filed an invalidation action and easily proved its fame. The court found that although there is no close relationship between magazines and stationery goods, there is a likelihood of consumer confusion because the consumers and sales locations could overlap. Thus, the court invalidated the registration.

**GNC**
Given the fame of this well known health supplement company, the court invalidated a registration for “GNC FITNESS” in connection with fitness club services by reasoning that the health supplement business and fitness club services are closely related. The court observed that health supplements are often sold in fitness clubs.

**Peter Rabbit Character**
This character mark was registered by another person for water purifiers. The court accepted the fame of the character mark at least in Japan where a court previously acknowledged its fame, and found the mark was registered for the purpose of free-riding on consumers’ goodwill which was built by the original owner.

**Estee Lauder**
This famous brand name for cosmetics was registered by another person for eye glasses and sunglasses. The court found that the registrant’s bad faith was shown by the close relation between cosmetics and glasses as fashion products and consumer-overlap.

**J’adore**
The owner of this perfume trade mark filed an invalidation action against another person’s registration of “J’adore” for clothing products. The court found that the registration was made in bad faith for the purposes of free-riding as to closely related goods such as t-shirts, and for diluting the fame of the original trade mark as to dissimilar goods such as socks.
OCC
This highly stylized mark pronounced “O-C-C” is famous in connection with customized motorcycles in the U.S. Another party filed an application for the mark below covering clothing. The court noted that the stylization of the applicant’s mark is extremely similar to the original mark which is highly creative and distinctive, and famous in the U.S. The court rejected the application adding that the applicant’s filing of multiple applications for OCC-related marks, and a license agreement with third parties for the trade mark, showed the applicant’s bad faith.

- Secondary meaning
It is quite difficult in Korea to register a descriptive mark by arguing that it attained a secondary meaning through use. This is because the court applies a narrow view towards allowing descriptive marks to be registered.

Clean & Clear
For more than 20 years, Johnson & Johnson has made several attempts to obtain a trade mark registration for the “Clean & Clear” mark in connection with skin care cosmetics and soaps. The KIPO and courts, however, have continuously rejected the attempts due to the general descriptiveness of “Clean & Clear.” In 2004, Johnson & Johnson filed a new application for “Clean & Clear” designating cosmetics and argued that it should be registered despite any non-distinctiveness because the mark had obtained secondary meaning among Korean consumers though long and extensive use in Korea. Still, the KIPO and Patent Court rejected the application because the marks actually used by Johnson & Johnson were different from the applied-for mark. The decision severely limits the scope of an applied-for mark which can be registered based on secondary meaning by requiring it to be nearly identical to the mark actually used.
Parallel Importation

Parallel importation is generally permitted in Korea provided that:

(i) The rightful trade mark owner in a foreign country uses the mark on the imported products
(ii) There is close legal or economic relationship between the foreign trade mark owner and the Korean trade mark owner
(iii) There is no substantial difference in quality between the imported products and those of the Korean trade mark right holder

However, even though the above conditions are met, parallel importation is prohibited if:

(i) There is an exclusive licensee registered at the KIPO
(ii) The registered exclusive licensee manufactures its own goods and does not import the trade mark owner's goods
(iii) The registered exclusive licensee is not the trade mark owner’s agent or related company

Further, parallel importation may still be unfair competition by causing consumer confusion with respect to the source/sponsorship of the product.

Anti-Counterfeiting Activities

Every owner of a trade mark or copyright hopes to stop or prevent counterfeiting activities. It seems, however, that counterfeiters are becoming more sophisticated and prolific due to internet sales and minimally-restrictive, cross-border transactions. In light of this, we suggest taking the following steps in Korea in order to achieve the most desirable outcome in an efficient manner:

1. Send a Warning Letter
2. Take Criminal Action - Prosecutor and Police with IP expertise (Cyber Crime Investigation Squad)
3. Take Civil Action
4. Utilize Korean Customs Enforcement - for trade marks and copyrights only
5. Urge Trade Commission Action - Import/Export
6. Take action against websites that sell counterfeit goods online (contact website
operator, take IDRC action, etc.)

**Recent Counterfeiting Cases**

In addition to claims based on the Korean Trade mark Act, a trade mark owner can also rely on unfair competition law to prevent others from free-riding on the fame of his trade mark. Under the unfair competition law claims, the courts take a flexible view of similarity and consumer confusion by considering circumstantial factors.

**CASS**
The beer on the right side marked “Cass” is one of the most popular beers in Korea, and the one on the left marked “Cash” was produced by unrelated party. Cass brought an unfair competition claim, but the court found in favor of the defendant, reasoning that “Cash” is not confusingly similar to “Cass.” Reversing, the Supreme Court held that even though the trade marks were not similar in sound or meaning, their appearances were substantially similar since they shared the first three letters, distinctive font, color, shape, and placement of the mark.

**Mattel Shoes**
Under the UCPA is a so-called dead copy provision which prohibits making imitation products within three years after the original product was made as long as the original product’s shape is not commonly used for like products. Unlike other actions under the UCPA, there dead copy provision does not require the original product to have fame or be a source identifier. Since this provision was introduced in 2004 there have only been a few relevant cases. One example is this case, where the court held found for shoe maker Mattel because the main features of one of their shoes were substantially identical in design, color, and light function to the defendant’s shoes.

**Hermes Bags**
A product shape with distinctive and unique features which is exclusively and vigorously used or advertised for a long period can attain a source identifying function. In this case, not only did the court find that the defendant infringed Hermes’ H logo mark, but also defendant’s producing and selling of bags imitating Hermes’ product shape was unfair competition.
Famous marks are often exposed to a risk of becoming genericide due to their wide use. The court decision below finds that Botox is not generic.

**Botox**

The maker of the famous cosmetic treatment “BOTOX” brought an unfair competition claim against an individual who was producing and selling women’s hair prostheses under the name “HAIR VOTOX.” The defendant argued that botox was a generic name. The court, however, ruled against the defendant, holding that its manufacture and sale of the hair prostheses under the ‘HAIR VOTOX’ constituted unfair competition because there was a likelihood of consumer confusion considering the fame of the mark, the similarity of marks, the overlap of consumers, and the modern corporate structure where it is common a single company to produce and sell various products in a number of related fields. This decision was the first in the world recognizing “BOTOX” mark as being a famous source identifier.

Lastly, the interesting court decision below shows how much alteration of goods would fall outside the scope of the first sale doctrine.

**FUJIFILM**

An individual in the business of selling disposable cameras, collected empty disposable camera casings bearing the famous Japanese photo-film maker’s trademark “FUJIFILM”, and reloaded them with new film and put them in new packaging. The defendant also put its trademark “MIRACLE” in small font on the casing, but did not entirely remove the “FUJIFILM” mark. Fuji Film brought a claim of trademark infringement, and the court ruled that the defendant had infringed Fuji Film’s trade mark rights because the replacing of film, repackaging, and reselling of the disposable cameras is a new act of production, which falls outside of the scope of the first sale doctrine.