

In-depth Exploration 8

Protection and Enforcement of Well-Known Trademarks · Service Marks and Domain Names in Korea¹⁾

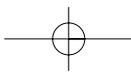
1. Introduction

Well-known trademarks, service marks, and domain names are intimately related to one another. While a domain name acts as an address or nameplate in the cyber space known as the Internet, in reality, it actually functions as an indicator of the source of goods. As a result, domain names will inevitably come into conflict with trademarks.

To this extent, the Trademark Act, which provides protection to a registered trademark with respect to identical or similar marks used on identical or similar goods · services, does not offer adequate means with which to effectively resolve domain name disputes. As such, much reliance on the settlement of conflicts involving domain name disputes has been placed on the unfair competition laws of Korea, which laws exist to provide protection to unregistered but well-known indications.

Well-known mark is a term not directly used under the Trademark

1) Writer's speech at the AIPPI Intellectual Property Rights Seminar between Chinese, Korean and Japanese Groups, Tokyo October 2000



Act or the Unfair Competition Prevention and Trade Secret Protection Act (UCPTSPA) in Korea, but a term which does possess a critical, legal significance. Currently, the international trend seeks to strengthen the legal protection for well-known marks in order to prevent confusion and misleading of consumers as to the source and the quality of goods and to extend such protection to include protection against dilution even where there is no likelihood of confusion as to the source and the quality of goods. This presentation will review the requirements for protection of well-known trademarks and the available measures of protection in case a certain mark is not recognized as a well-known trademark. The writer's comments on the prospects for the protection of well-known marks in Korea will follow that discussion.

On the topic of the service marks, this presentation will focus on the scope of protection for a service mark in Korea and discuss issues which arise from a conflict between a trademark and a service mark where the respective goods and services are closely related to one another.

Legal issues relating to domain name disputes are likely to be one of the most prominent and complex issues faced by today's legal community in most jurisdictions throughout the world. This presentation will also briefly review such issues as the authorities, the procedures and standards for registration of domain names, the measures to resolve conflicts involving domain name disputes and to decrease risks on the Internet and the recognition of the need to register domain names as trademarks.

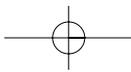
2. Protection and Enforcement of Well-Known Trademarks

1) The Trademark Act

(1) Requirements for Protection

① Relevant provisions

A trademark which is likely to cause confusion with goods or services of another person because it is recognized by consumers as designating the goods or services of such other person are



stipulated as one of the types of trademarks which cannot be registered under the Trademark Act.²⁾ This is in fact the provision relating to the protection of so-called famous trademarks. Consumers as used under the Trademark Act refer to consumers in Korea, and the standard of time is the filing date of the application for the trademark concerned.³⁾ Unfortunately, the Trademark Act does not have any other provisions that provide a more explicit or concrete guidance on the issue of famous trademarks, and accordingly, the authorities, such as the courts and KIPO, are left with this provision to interpret and enforce the laws on this subject.

In this regard, a trademark prominently recognized among consumers, as stipulated under Article 7(1)-10 of the Trademark Act, actually refers to a famous trademark which is distinguished from a well-known trademark⁴⁾, defined as a trademark which is identical or similar to another person's trademark which is well-known among consumers as indicating the goods of such other person or goods similar thereto, and which are used on goods that are identical with or similar to such goods. It can be said that there must be similarity of goods in order for a conflict to exist between an applied-for-trademark and a well-known trademark. On the contrary, however, similarity of goods is not a prerequisite for a conflict with a famous trademark. As such, the level of well-known status for a famous trademark is generally considered to be far greater than that for a well-known trademark.

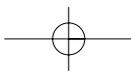
② The Trademark Examination Standard

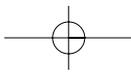
The expression, trademarks which are liable to cause confusion with goods or services of another person, refers to a situation where consumers are likely to be confused as to the source of goods or services. In this regard, the scope of confusion can include misunderstanding among consumers as to the source of

2) Article 7(1)-10, Korean Trademark Act (KTA)

3) Id, Article 7(3)

4) Id, Article 7(1)-9





goods, which in the case of a famous trademark, may be dissimilar, as well as confusion arising from the goods which are identical with or similar to each other in the case of a well-known trademark.⁵⁾

In the case of a combination mark in which one of the element is identical or similar to another person's famous trademark, such combination mark is deemed to conflict with the famous trademark even if the famous trademark comprises only a part of the combination trademark, regardless of whether said part constitutes an essential or non-essential part, as long as there is a likelihood of causing confusion with such other person's goods or services.⁶⁾

Further, determination of whether a trademark is likely to cause confusion with another person's goods or services requires a careful and comprehensive evaluation of various factors, such as the degree of well-known status (scope of advertisement, annual sales, market share, etc.), creativity placed in the creation of the mark, category of business and whether the mark is a company name.⁷⁾

The term, consumers, include consumers of intermediary materials such as raw materials, machinery and parts for manufacture of products, or wholesaler or retailer for sale of the goods as well as final consumers.⁸⁾

(2) Protection for the owner of a famous trademark

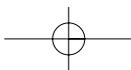
The Trademark Act does not provide any real remedies to the owner of a famous or well-known trademark. It merely prohibits a third party from registering a mark which is likely to cause confusion with goods or services in relation to a famous or well-known trademark. In other words, the Trademark Act does not

5) Article 22(2) Trademark Examination Standard (TES), Korean Industrial Property Office (KIPO)

6) Id, Article 22(3)

7) Id, Article 22(4)

8) Id, Article 21(1), which is applied mutatis mutandis to Article 22(1)



recognize infringement of a famous or well-known trademark if such trademark remains unregistered, which is different from the trademark infringement regime in Japan. Therefore, an owner of a famous or well-known trademark may only take actions to prevent others from registering a trademark · service mark that is likely to cause confusion with his · her trademark · service mark if such famous or well-known trademark is not registered with respect to the relevant goods or services.

In principle, the conflict between an applied-for-trademark and a famous trademark, which is unregistered, can arise even if the respective goods are not similar. However, due to the strict standards placed by the courts and the Korean Industrial Property Office (KIPO) on the recognition of a famous trademark for this purpose, there are only a small number of cases which were in fact recognized as a famous trademark.

(3) Protective measures for a mark not recognized as a famous trademark under the Trademark Act

① Protection of similar goods · services - so-called Protection of Well- Known Trademark under Article 7(1)-9

In case a certain trademark does not satisfy the level of well-known status required for a famous mark, and thus, can only receive protection within the scope of its designated goods, the owner of such mark may still rely on the concept of a well-known trademark, which at least can prevent a third party from registering a similar trademark on similar goods. In other words, a trademark⁹⁾ which is identical with or similar to another person's trademark that is well-known among consumers as indicating the goods of such other person or goods similar thereto is not registrable under the Trademark Act.

② Trademarks which are likely to cause confusion or deceive consumers as to the quality of goods (Article 7(1)-11)

9) Article 7(1)-9,KTA

However, there are cases where a trademark, which falls short of qualifying as a famous trademark pursuant to Article 7(1)-10 in view of the time and place of use, scope of advertisements, sales, etc., but which still warrants protection against similar marks used on dissimilar goods. This discussion particularly applies to those trademarks which are not well-known in Korea, but is considered a well-known mark overseas, or which has been registered in a number of countries with respect to other goods.

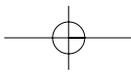
For that reason, there has been a concerted effort to broadly interpret the provision¹⁰⁾ in the Trademark Act which provides that a trademark which is likely to cause confusion or deceive consumers as to the quality of goods is unregistrable. This has in fact been acknowledged as an established examination or trial practice of KIPO and the courts. However, in order for a trademark to be protected by this provision, the trademark in question must have been used and · or advertised to a certain degree in Korea even if said mark has not achieved the status of a well-known trademark.

On the other hand, the well-known trademark as stipulated in Article 7(1)-9 receives extended protection beyond identical or similar goods under the above provision. However, said protection does not extend to all goods, as is the case for a famous trademark, and this extension must be justified by a certain degree of mutual economic dependency between the goods.

③ Trademarks which are contrary to public order or morality (Article 7(1)-4)

As a new approach to protect those trademarks which are well-known overseas, but not well-known among consumers in Korea, there is a growing support for the application of Article 7(1)-4. This position prevents allowing registration of an applied-for-trademark which is identical with or similar to a person's trademark that is widely recognized by consumers in Korea or ab-

¹⁰⁾ Article 7(1)-11,KTA



road as designating the goods or services of such person by categorizing such applied-for-trademark as a trademark which is contrary to public order or morality.

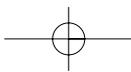
According to the Trademark Examination Standard of KIPO, an applied-for-trademark may be deemed a trademark which may create disorder in the fair and trustful order of business if, by way of an opposition or other means, it can be reasonably shown that such mark has copied or imitated another person's trademark in respect of similar goods. In this regard, the scope of goods to which the above standard may apply will vary depending on the extent of use of such person's trademark in Korea and • or abroad.¹¹⁾

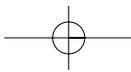
The courts also share the view that Article 7(1)-4 should be used to prevent such imitation marks from registration. It is recognized that public order or morality are fundamental public principles critical to fair and reliable commercial transaction, including international transactions, inviting application of not only trademark law, but also unfair competition law, copyright law as well as tort law.¹²⁾ As such, if a mark has imitated a trademark that is well-known and prominently recognized as a certain person's trademark among domestic or overseas dealers or consumers, and which mark has accumulated intangible value such as good will or consumer power through continuous use of said trademark by its original owner for a considerable period, the imitation mark may not free-ride on the fame of said mark. Accordingly, under such circumstances, the imitation mark will not be registered.

In this regard, for an applied-for-trademark to be regarded as a trademark likely to violate public order or morality, the original trademark needs to be widely recognized as referring to the original owner's trademark among general consumers or

11) Article 16(4), TES, KIPO

12) A number of decisions of the Korean Patent Court, including 98 Heo 379 dated 18 June 1998





dealers at least in foreign countries.¹³⁾

④ Trademarks containing another person's name, title or trade name or an abbreviation thereof (Article 7(1)-6)

This provision provides protection for well-known names or titles, company name, etc. as it renders unregistrable any trademark containing the name, title or trade name, portrait, signature or seal, famous pseudonym, professional name or pen name of well-known persons or an abbreviation thereof unless the consent of the relevant person or company is obtained. In this regard, names include names of natural persons and corporations (non-corporate organization included), and can apply to Korean nationals as well as foreigners.¹⁴⁾ In case that one's name or title is the same as the name or title of a well-known person, such a well-known person's consent is required in order to register the name or title.

⑤ Trademarks filed with the intention of unfair competition (Article 7(1)-12)

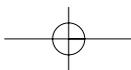
A trademark which is identical with or similar to another person's trademark which is prominently recognized among consumers in Korea or abroad as indicating goods of such other person, to be used with intention of taking unfair advantages or causing damages to that other person, is not registrable.¹⁵⁾

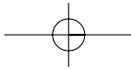
This provision was introduced from the revised Trademark Act of Korea (Law No. 5355 August 22, 1997), which took effect as of March 1, 1998, and as such, this provision is applicable to trademark applications filed after March 1, 1998. The legislative intent in enacting this provision, among others, was to expand the scope of protection of well-known trademarks. Such intent can be readily appreciated in view of the fact that well-known status in Korea was required to receive protection either as a famous trademark (Article 7(1)-10) or a well-known trademark

13) 98 Heo7639, 15 January 1999, the Korean Patent Court (KPC)

14) Article 18, TES, KIPO

15) Article 7(1)-12, KTA





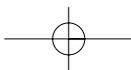
(Article 7(1)-9), and accordingly, a trademark well-known in foreign countries but not in Korea did not receive protection under the Trademark Act. Due to the practical problems associated with the need to protect such marks in Korea, Articles 7(1)-4 and 7(1)-11 had been interpreted broadly to confer some protection. However, broad interpretation of such provisions was partly criticized for lack of proper legal grounds for such interpretation.

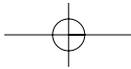
With respect to the above provision, the Trademark Examination Standard of KIPO provides as follows:¹⁶⁾

<With respect to a trademark, which is identical with or similar to another person's trademark that is prominently recognized among foreign consumers, the phrase foreign consumers does not necessarily refer to consumers of more than one country. Intention of unfair competition, such as seeking undue profit or attempting to cause injury to a specific person refers to any one of the following:

- In case of filing an application for registration of a trademark which is identical with or similar to an unregistered trademark with intention of hindering the owner of said unregistered trademark right from entering into the domestic market or forcing him to enter into an agency contract;
- In case of filing an application for registration of a trademark which is identical with or similar to a famous trademark with intention of diluting said mark's ability to indicate the source of its goods, even if there is no possibility of causing confusion with the goods or business of the owner of that famous trademark;
- In determining as to whether there exists unfair intention, the provisions of the Trademark Examination Standard concerning the recognition of famous trademarks, well-known marks, and trademarks of secondary meaning shall apply, *mutatis mutandis*.

¹⁶⁾ Article 23(2)-2, TES, KIPO





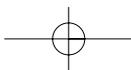
Further, the examination shall comprehensively take into considering any materials on the trademark owner's detailed plans for market entry to Korea, demand for transfer or agency contract made by the trademark applicant, concrete evidence of likely damage to the quality of image or purchasing power of the famous trademark.

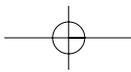
There are two points to note in these provisions of the Trademark Act and the guidelines to the Trademark Examination Standard. One, an application for a trademark, which conflicts with a foreign mark which is famous in any one foreign country but not famous in Korea, is subject to rejection. Two, an application for a trademark which is likely to dilute the image of a famous trademark, even if there is no possibility of confusion with the goods or business of the owner of said famous trademark, is also subject to rejection.

With respect to the adoption of the dilution theory in the examination procedures, there have been questions raised as to whether such adoption may be premature in light of the fact that there is no express provision for such theory in the Trademark Act. As such, there still remains the possibility that a decision to reject an application for trademark based on dilution theory may be reversed in a subsequent level of review or in litigation.

2) Unfair Competition Prevention and Trade Secrets Protection Act

The Trademark Act offers protection for famous trademarks and well-known trademarks to the extent that an application for a trademark by a third party which is identical with or similar to such famous · well-known mark or which contains such famous · well-known trademark as its component is prevented from maturing to registration. However, there are no actual, positive remedies such as civil or criminal actions afforded to the owners of such famous · well-known trademarks under the Trademark Act, and this is where the limitation of the Trademark Act lies. On the other hand, the protection of famous · well-known trade-





marks is available under the UCPTSPA.

(1) Requirements for Protection

① Confusion regarding source of goods

An act of causing confusion with another person's goods by using any indication identical with or similar to another person's name, trade name, trademark, container or package of goods or any other mark which is widely known in Korea, or by selling, distributing, importing or exporting the goods with such marks constitutes an act of unfair competition which is subject to civil and criminal sanctions.¹⁷⁾

First, the indication used must be widely known in Korea. Therefore, a trademark, which is not widely known among consumers in Korea even though it is well-known overseas, cannot be protected under the UCPTSPA.

Secondly, the subject matter protected not only includes trademarks, but also containers, packages, etc. which serves as an indicator of the source of one's goods. As such, in addition to such traditional subject matters as containers, etc., the external appearance of a good or service, also known as trade dress, a relatively recent controversial issue, may also be protected.¹⁸⁾

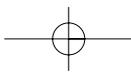
Thirdly, there must exist an act of causing confusion with another person's goods. As such, an act of dilution of another person's mark without causing confusion cannot suffice as an act of unfair competition.

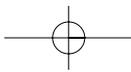
② Confusion regarding source of business

An act of causing confusion with another person's commercial facilities or activities by using indications identical with or similar to another person's name, trade name, emblem or any other mark which is widely known in Korea also constitutes an

17) Article 2 (1)(a), UCPTSPA

18) Preliminary injunction order against production and sale of similar packing materials in 99 Kahap 2225, 9 December 1999, Seoul District Court (Southern Branch)





act of unfair competition for which there are civil and criminal sanctions.¹⁹⁾ While Article 2(1)(a) of the UCPTSPA relates to the confusion regarding the source of goods, this provision relates to the confusion regarding the source of business or services.

(2) Dealing with conflicts between a prior registered mark and unregistered mark which is well known

Where a conflict exists between a prior registered mark under the Trademark Act and an unregistered, but a well-known mark, there arises the issue of which mark will be protected as a priority. To resolve this dilemma, Korea employs a priority system for registered marks. This system mandates that any of the Patent Act, the Utility Model Act, the Industrial Design Act or the Trademark Act shall take priority if any matters governed under such Act is inconsistent with that governed under the UCPTSPA.²⁰⁾

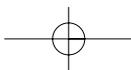
However, there remains the question of how to deal with a case where a person has registered a mark pursuant to the Trademark Act which is another person's well-known mark in Korea for unfair competition purposes? In fact, there are cases where a person registers another person's well-known trademark as his own trademark and pursues legal action against the very owner of the unregistered but well-known trademark in the form of a preliminary injunctive action or a criminal complaint. While the law in its technical sense appears to mandate that the registered mark must be protected over the unregistered but well-known mark, that however does trigger some notion of legal injustice.

On this issue, it is priority conferred on registered marks does not apply where the registration is obtained for the unfair competition purposes since the act of registering such a mark in itself constitutes an act of unfair competition.²¹⁾ Moreover, any

19) Article 2 (1)(b), UCPTSPA

20) Id, Article 15

21) Preliminary injunction order against trademark use, 98 Da 49142, 12 May 2000, Korean Supreme Court



attempt to exercise the rights of such registered mark by an assignee of said registered mark will be denied as the act of assignment is also deemed to constitute an act of unfair competition.²²⁾

(3) Remedies against infringement of well-known trademark

① Criminal remedies

A party causing confusion as to the goods or business by use of an indication identical with or similar to another person's well-known indication in Korea is liable either to imprisonment of up to three years or to a fine not exceeding thirty million Korean Won.²³⁾ Due to its public interest nature, this crime can be punished, ex officio, without the filing of a criminal complaint by an injured party.

② Civil Remedies

The owner of a well-known trademark whose business interest is likely to be damaged by another person's act of unfair competition may file with the court seeking suspension of acts of unfair competition.²⁴⁾ A claim for the destruction of the goods involved in the act of unfair competition and removal of facilities used for such act may be filed as well.²⁵⁾ Further, a person whose business interest has been damaged by another person's intentional or negligent act of unfair competition may file with the court a claim for compensation for damages incurred and a claim seeking measures necessary for the restoration of da-

22) 92 Do 2054, 19 January 1993, Korean Supreme Court; in case a trademark registration or its assignment is obtained for the purpose of unjust benefit from confusion with other party's product or business equipment or activities by using a same or similar trademark, business name, or indication with the knowledge that such other party's well-known trademark is not registered, and not for the purpose of distinguishing his product from other products constitutes an act of unfair competition, and in this event, the grant of trademark registration cannot be considered as a proper legal exercise under the Trademark Act, and is an abuse and misuse of the Trademark Act. Accordingly, Article 9 of UCPTSPA applies and cannot be excluded from the application of Article 2 of the same act.

23) Article 18(3), UCPTSPA

24) Id, Article 4

25) Id, Article 5

amaged business reputation.²⁶⁾

(4) Investigatory rights and rights to order corrective measures of the Commissioner of KIPO against an act of unfair competition

If deemed necessary to confirm an act of unfair competition, the Commissioner of KIPO may instruct the relevant public officials to enter the business or manufacturing premises and examine related documents or books, products, etc. or collect only the minimum quantity of relevant products necessary for testing and inspecting them. If an act of unfair competition is deemed to have occurred, KIPO Commissioner may issue an order against the person committing such act to either cease such act, or remove or destroy relevant marks within a specific period, not exceeding thirty days²⁷⁾ For this purpose, KIPO has installed the Industrial Property Protection Division which engages in such tasks as investigation upon report of infringement, issuance of orders for corrective measures, etc., and there is generally recognition that this division has enjoyed substantial success.²⁸⁾ The Industrial Property Protection Division of KIPO has also endeavored to provide protection to well-known trademarks by publishing and distributing the annual A Collection of Trademarks Frequently Misappropriated to the relevant law enforcement authorities. Additionally, the authority of the Commissioner of KIPO, such as the right of investigation, the right of issuing corrective orders, etc. may be delegated to the Mayor of the City of Seoul, Mayors of the Metropolitan Cities or the Governors of Provinces.²⁹⁾

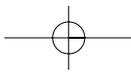
3) Disparity in the concepts between a famous mark in the

26) Id, Article 6

27) Id, Articles 7 thru 9

28) According to KIPO's published data, a total of 1,068 cases were handled in 1999, including 441 cases which were criminally prosecuted and 627 cases for which a recommendation for correction were issued. Also, the number of items seized was 1,981,636 in 1997; 363,769 in 1998 and 63,851 in 1999.

29) Article 17, UCPTSPA



Trademark Act and a well-known mark under the UCPTSPA

The Trademark Act confers protection to a famous trademark even without the likelihood of confusion as long as there is a likelihood of dilution, and it also protects a mark which is well-known in a foreign country even though it is not well-known in Korea.³⁰⁾ In contrast, however, the UCPTSPA provides protection only against an act causing confusion with another person's goods · services by using an indication which is identical with or similar to such person's indication recognized widely in Korea, and as a result, the requirements for protection under the UCPTSPA are much more strict.

4) Prospects for expansion of protection of well-known trademarks

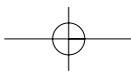
(1) Draft amendment to the Trademark Act

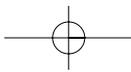
KIPO has prepared a draft amendment to the Trademark Act which was proposed before the 2000 Autumn Regular Session of the National Assembly. According to this draft, Article 7(1)-10 of the Trademark Act concerning famous trademarks is to be revised as follows:

<A mark which is identical with or similar to another person's trademark that is prominently recognized as indicating another person's goods and which is likely to unfairly use, damage or dilute the distinctiveness or reputation of such other person's mark is not registrable.>

A critical element to this draft is that a mark, which is likely to dilute the image of a well-known trademark, cannot be registered even if there is no likelihood of confusion. As discussed above, the current Trademark Act, via Article 7(1)-12, does not expressly adopt the theory of dilution, although the Trademark Examination Standard interprets said provision as the ground for application of the dilution theory. As such, the supporters of

³⁰⁾ Article 7(1)-12, KTA and Article 23(2)-2, TES, KIPO





this draft appears to have considered it necessary to clearly provide for the protection against dilution directly in the text of the Trademark Act, which is a higher body of law than the Trademark Examination Standard.

(2) Draft amendment to the UCPTSPA

In line with the draft amendment to the Trademark Act which includes the adoption of the theory of dilution, the draft amendment to the UCPTSPA has also been prepared and proposed before the 2000 Autumn Regular Session of the National Assembly.

According to the draft, the following act is regarded as an act of unfair competition, subject to civil and criminal sanctions.³¹⁾

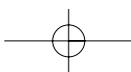
<An act of unfairly damaging or diluting the distinctiveness or reputation of another person's indication, even without causing confusion, by using marks identical with or similar to another person's name, trade name, trademark, container or package of goods or any other mark which is widely recognized in Korea, or by selling, distributing, importing or exporting the goods bearing such marks>

In this regard, other acts of unfair competition require a person's intentional or negligent act in order for such person to be subject to the civil or criminal liabilities. However, in dilution, confusion or similarity in goods · services is not required, and accordingly, punishing a person for a negligent act was considered too severe. Thus, the draft contemplates civil and criminal liabilities only against intentional act of dilution.³²⁾

The provision relating to protection against dilution, if indeed introduced, is expected to play an important role in combating domain names which damage or dilute the image, advertising and purchasing power of a well-known trademark, irrespective

31) Article 2(1)(iii), A draft bill for amendment to UCPTSPA

32) Page 4, a KIPO booklet on the draft bill for amendment to UCPTSPA, June 14, 2000



of the similarity of the relevant goods or services.³³⁾

5) Review of prior cases involving well-known trademarks

(1) Prior cases recognizing well-known status

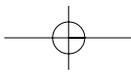
① VIGEVANO case³⁴⁾

The Supreme Court held that the registered trademark VIGEVANO designating shoes had acquired well-known status, and as a result, the use of an identical or similar mark thereto constituted an act of unfair competition pursuant to Article 2(1) of the old Unfair Competition Prevention Act. This case presents a standard for determining well-known status of a mark, i.e. whether a mark is objectively recognized widely, through actual transactional records or general perception of the public, by way of the scope of use of the mark, supply of relevant goods, period and method of use, the manner in such use was made and the scope of business. The court reasoned that the defendant engaged in the use of an indication that was identical with or similar to a well-known mark and that, even if such indication was used on goods dissimilar to shoes, general consumers were likely to be misled into understanding that the defendant's goods were produced and sold by the original owner of such well-known indication or someone having a special dependent relationship with such owner, especially considering the current industrial structure where one company can readily engage in production · sale of a various range of dissimilar products.

One point to note in this case is that a preliminary injunction was issued against the defendant even though the mark used by the defendant was his own registered trademark with respect to watches.

³³⁾ Id at page 3

³⁴⁾ 98 Da 49142, 12 May 2000, Korean Supreme Court (KSC): The defendant argued that VIGEVANO lacks distinctiveness as a trademark since it is an Italian word indicating a place of manufacture for shoes, which argument however was not accepted.



② **POLO case**³⁵⁾

In this case, the court found that the registered trademark, POLO with device, was widely recognized in the local clothing industry and that, considering the recent trend of total fashion espoused in this industry which seeks not only to engage in sale of clothes but also to deal in bags, shoes, accessories, watches, etc., it was likely to cause confusion among the dealers and consumers even if the subject mark was used on watches, which is not one of the designated goods of the owner of the above mark. As such, the court held that the dealers and consumers were likely to understand that said watches were made by someone having a certain dependent relationship with the owner of the above mark, which would in fact constitute an act of unfair competition.

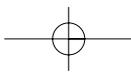
This decision is considered to have rejected the adoption of the theory of dilution in interpreting the current provisions under the UCPTSPA by stating that the scope of protection for well-known marks does not extend to any and all dissimilar goods and that there would be no likelihood of confusion as to the source of the goods, i.e. no act of unfair competition, if it is reasonably determined that the goods of the respective marks are neither competitive nor economically-related in view of the level of well-known status of the well-known mark and the reputation of the products bearing said mark.

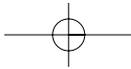
③ **Mickey Mouse vs. Mickey & Minnie**³⁶⁾

In this case, the Supreme Court recognized that the trademarks, such as Mickey Mouse and the cartoon characters, Mickey Mouse and Minnie Mouse, have been well-known throughout the world through animation films which were broadcasted on television for several decades. The Supreme Court further recognized that the cartoon features containing such characters were widely ex-

35) 97 Da 36262, 22 May 1998, KSC: The point to be noted here is that this decision was recognized the distinctiveness of POLO because there was no possibility that said mark, when used on a shirt, would be understood as a shirt to be worn for POLO game in view of the fact that there has been no such game played and no training of such game in Korea or any broadcast or media coverage of such games in Korea.

36) 95 Hu 576, 12 October 1995, KSC





posed in Korea and throughout the world through television broadcasts, and as such, it was found that they were well-known marks in Korea among the consumers.

It is noteworthy that, although an applied-for-trademark may not be deemed similar to a well-known mark, it still would be refused for likelihood of confusion if the composition of the respective trademarks in terms of concepts or ideas are likely to remind consumers as to the well-known mark or to lead them to understand that there is a dependent relationship between the two.

④ **HENNESSY case**³⁷⁾

In the appeal from an Invalidation Action against a trademark registration in respect of men's clothing, dress shirts, sports shirts, etc., the application for which was filed on November 20, 1982, the Supreme Court held that said trademark registration was invalid on the basis of the reputation of the cited mark, HENNESSY, a well-known French mark used on alcoholic beverages. The Appellate Trial Board of KIPO had ruled that it was difficult to acknowledge the well-known status of the cited mark as of the filing date of the subject trademark. However, the Supreme Court reversed this decision and remanded the case to the Appellate Trial Board of KIPO.

This decision recognized the likelihood of confusion among consumers notwithstanding the absence of any economical dependent relationship between the respective goods of the marks, i.e. clothing vs. alcoholic beverages.

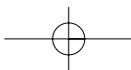
⑤ **NIKE**³⁸⁾ and **CHANEL cases**³⁹⁾

These cases involve the finding of well-known status for trademarks, NIKE and CHANEL, by the Supreme Court. In both cases, the renewal of registration of the registered trademark was invalidated on the basis of the well-known status of such trademarks. Under the old Tra-

37) 88 Hu 226, 10 October 1990, KSC

38) 88 Hu 219, 27 June 1989, KSC

39) 83 Hu 77, 14 October 1986, KSC



demark Act (in effect prior to the promulgation of the Law No. 4210 on January 13,1990), the renewal registration of a mark which was identical with or similar to a well-known trademark was rejected and a mark which was registered in violation of this provision was subject to the invalidation action. However, under the revised Trademark Act of January 13,1990, this provision was repealed and excluded as one of the grounds of rejection of a renewal application.⁴⁰⁾

(2) Prior cases not recognizing well-known status

① TOM & JERRY case⁴¹⁾

In this case, the Supreme Court held that an animation character which is well-known does not automatically render a trademark for such character well-known for the reason that a trademark for an animation character does not generally serve the basic trademark function, i.e. indicating the source of goods, since it is used to induce purchasing power for the purposes of character merchandising. In so doing, the Supreme Court neither recognized the trademark, TOM & JERRY, as a well-known trademark nor regarded it as a mark entitled to receive protection against a similar mark to prevent misleading of consumers pursuant to Article 7(1)-11 of the Trademark Act.

This case teaches that an indication using the name of a well-known animation character is not automatically recognized as a well-known trademark. However, this case has been subject to some criticism as it is difficult to deny that likelihood of confusion as to the quality and source of goods would arise if a product bore a trademark which was identical with or similar to a well-known character, even if there has not been any active character

40) Under the new Law enacted on January 13,1990, the only grounds for rejection of a renewal application were based on each of the items under Article 6(1) (lack of distinctiveness), Article 7(1)-1 thru 5 (marks belonging to a government agency or which fall under the public-interest purpose) and Article 7(1)-11 (marks likely to confuse or deceive consumers as to the quality of goods). Thereafter, the current Trademark Act was revised as Law No. 5355 on August 22, 1997 and became effective on March 1,1998, which law repealed the substantive examination of a renewal application, effectively eliminating all of the above cited grounds for rejection of renewal.

41) 98 Hu 843, 30 May 2000, KSC

merchandising with respect to said character. In any event, this case further highlights the importance of obtaining a trademark registration for the relevant goods even if the mark relates to a well-known character so as to receive due protection.

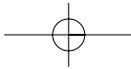
② **The case involving the name of a movie star, JAMES DEAN⁴²⁾**

A Korean individual had filed a trademark application for the mark JAMES DEAN, but said application was rejected on the ground that it is the name of a world famous American movie star JAMES DEAN who passed away on September 30, 1955. The applicant filed an appeal against the examiner's final rejection.

In the appeal, the Appellate Trial Board at that time affirmed the examiner's original decision, reasoning that the applied-for-mark would taint the fair and just transactional order and to undermine the international trust as it seeks to free ride on the deceased's well-known status without any valid authority. Moreover, the Appellate Trial Board further found that there was a likelihood of confusion as to the source and quality of the goods. This decision was thus rendered on the ground of Article 7(1)-2 (false indication of relation with a well-known deceased), Article 7(1)-4 (trademark which is contrary to public order or morality) and Article 7(1)-11 (trademark which is liable to mislead or deceive the consumers as to the quality of the goods).

However, the Supreme Court found that this mark simply uses a name of a deceased without any representation as to the relationship with said deceased, and as such, there can be no specific reason to find a violation of morality or international trust from the mark itself. Moreover, the Supreme Court found that there was no adequate evidence in the record to indicate that any goods were distributed bearing the indication as the subject mark in Korea to the extent that it is more or less recognized by consumers in Korea. As a result, the Supreme Court reversed the

42) 96 Hu 2173, 11 July 1997, KSC



original decision and remanded the case back to the Appellate Trial Board.

This case teaches that even the name of a famous foreign deceased may not be protected under the Trademark Act unless it is widely recognized among the consumers by being used as an indication on the goods bearing said name of the deceased.

(3) Prior cases where well-known status was not recognized, but other protective measures were granted

In the case involving the trademark, MARZO⁴³⁾, the Supreme Court held that a mark receiving protection under Article 9(1)-11 of the old Trademark Act, which protection was granted based on deception of consumers, need not necessarily be famous or well-known; it was sufficient for a mark or its product to be associated with a specific person's mark or product in ordinary transactions in Korea. In this event, the Supreme Court found that a mark which was identical with or similar to such reasonably-known mark and used on identical or similar goods was likely to deceive consumers as to the source of the related products.

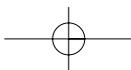
A point to be noted from this decision is that the court recognized that there is likelihood of deception of consumers where a trademark is known to some extent among consumers although such recognition has not reached the well-known status and the respective goods of two marks are economically-related to each other, e.g. as in the case of women's handbags and women's clothing, even though they may not readily be considered similar.

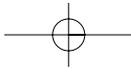
Decided similarly as the above case include cases involving trademarks, JOINUS⁴⁴⁾ and UNIONBAY.⁴⁵⁾

43) 96 Hu 412, 14 March 1997, KSC

44) 97 Hu 1153, Invalidation action against a trademark registration, 12 December 1997, KSC

45) 97 Hu 3975, 3982, Invalidation actions against trademark registrations, 26 February 1999, KSC





3. Protection and enforcement of service marks

1) Definition of a service mark and the history of the service mark system

Under the Trademark Act, a service mark refers to a mark used by a person engaged in a service business to distinguish such business from those of others.⁴⁶⁾ Unless otherwise expressly provided for in the Trademark Act, the provisions relating to trademarks in the Trademark Act also apply to service marks.⁴⁷⁾

Korea has long granted protection to service marks by adopting the service mark registration system. The Trademark Act, which came into force on November 28, 1949 as Legislation No.71, recognized the service mark registration system using the term business marks at the time with the same registration requirements and same rights. Pursuant to Korea's accession to the Paris Convention on May 4, 1980, however, the term used was simply changed from business marks to service marks during the 6th amendment to the Trademark Act (Dec.31, 1980, Act No. 3326).

2) Subject matters of service mark registration

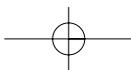
Until Korea adopted the international goods · service classification system on March 1, 1998, the classes of service were classified into 12 classes, i.e., advertising(101), financing(102), insurance(103), engineering and architecture(104), repair(105), telecommunications(106), broadcasting(107), transportation (108), warehousing (109), special processing (110), entertainment (111), and others (112).

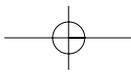
Under the Trademark Examination Standard of KIPO, the requirements for a service to obtain a service mark registration are the following:⁴⁸⁾

46) Article 2(1)-2, KTA

47) Id, Article 2(3)

48) Article 42(1), TES, KIPO





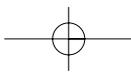
<- The services must be independently subject to commercial transaction. A manufacturer of products, farmer, fisherman or forester who seeks to provide services in order to sell his goods are not considered to be included.

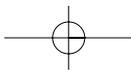
- The services must be furnished for the benefit of the other party. Any transportation, communication and other services within the same company are not considered to be included.

- The services must not be supplementary to the sale of goods or provision of other services. If a person engaged in a provision of services seeks to use a trademark on his goods which are supplementary to his services, he must obtain a separate trademark registration.>

Manufacturing and sales businesses cannot be the subjects of the service mark registration since they engage in manufacturing and sales of products which traditionally bear trademarks. However, there is a need for sales business and distribution business to be recognized as subjects of the service mark registration as the sales activities themselves can be an independent subject of commercial transaction, which is over and beyond the concept of direct sales by the manufacturer of the products.

Under the current Trademark Examination Standard of KIPO, designating a manufacturing business or a sales business in a service mark application would invite rejection. However, while a sales business would be rejected, sales agency business should be accepted as a service mark. In this case, sales agency business should further be specified into such areas as cosmetics sales agency business, automobile sales agency business, toy sales agency business, etc. I think that the sales or distribution business should be allowed for the service marks, since that such business activities have become a completely independent commercial transaction apart from the direct selling by the manufacturers themselves.





3) Conflicts between goods and services (trademark and service mark)

(1) Determining similarity between goods and service

Let's say that a person has registered a trademark in respect of cars. Would another person be permitted to register a mark identical with or similar to that trademark in respect of car sales agency business? In a case where the goods and services are related in terms of their purposes or means or use of raw materials, they are generally considered to be similar to each other, and registration of similar trademark · service mark in respect of such goods · services by different persons is not allowed.

In the past, KIPO examined and determined the similarity of the goods · service only when an opposition was filed. However, KIPO now routinely crosschecks the conflict between the goods and services on their own initiative. Some of the examples of marks in this regard are: bread and bakery; telephones and telecommunications. As the examiner of KIPO conducts a cross-check only where similarity of the goods · services is recognized, it is necessary to carefully monitor applications in respect of similar goods · service which may be considered to be conflicting and taking appropriate actions against it by filing the relevant opposition.

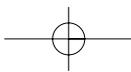
(2) Relevant cases

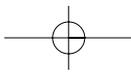
① Prior cases recognizing similarity between goods and services

(i) Private institute for government examinations and school information businesses are similar to books, auxiliary texts, recorded audio · video tapes.⁴⁹⁾

The reasoning of this case by the Supreme Court is that there exists sufficient likelihood that general consumers would be confused between the service provider and the manufacturer · distributor of the goods if an identical or similar mark to a trademark in respect of certain goods is used on services which

49) 98 Hu 2887, 9 July 1999, KSC





are closely related to such goods. As such, such a trademark · service mark registration should be denied, and if registered, it must be invalidated.

(ii) Use of another person's trademark as a service mark constitutes a trademark infringement⁵⁰⁾

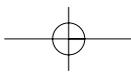
In this case, the Supreme Court recognized that electric · electronic manufacturers and sellers have been expanding their business activities into other service areas such as distribution, strategic sales, repairs, etc. through their distributors. Given this trend, the Supreme Court found that the defendant's sale of similar electric · electronic goods under the name of Samsung Suwon Wholesale Center was likely to mislead consumers into believing that Samsung Suwon Wholesale Center is a sales agency of the Samsung Electronics Co., Ltd., the owner of the registered trademark in respect of electronic goods, and that there was a likelihood of confusion and misunderstanding among consumers concerning the source and the quality of the goods. In so finding, the Supreme Court held that the use of another person's trademark as one's service mark constitutes an act violating rights of that other person's registered trademark.

(iii) Electric and electronic goods and brokerage business for consignment production or sales of electric and electronic goods are similar.⁵¹⁾

In this case, the Supreme Court found that electric and electronic goods (class 39 of the old classification of goods system) and brokerage business for consignment production or sales of electric and electronic goods are intimately related to one another and that given the recent trend of diversifying business activities from manufacturing · sales of electric and electronic goods to the service business areas, such as distribution or strategic sales, there clearly exists high likelihood of confusion as to the source.

50) 95 Hu 1770, 11 June 1996, KSC

51) 93 Hu 1421, 1438 Consolidated invalidation action, 8 February 1994, KSC



Further, the Supreme Court held that use of a mark identical with or similar to a mark in respect of goods relevant to the services concerned is likely to mislead general consumers into believing that the service provider and the manufacturer · sales company are the same and that in light of the popular general conception that services are provided by the same source who engaged in the manufacture or sales, the confusion is more likely to be amplified. For these reasons, the Supreme Court declared that the application for the subject mark must be rejected pursuant to Article 9(1)-7 of the former Trademark Act (the one before revision as Legislation No. 4210 on Jan. 13, 1990), or if registered, invalidated.

(iv) Bread is similar to Restaurant and snack bar business; Ham and bacon are similar to Restaurant business.⁵²⁾

In this case, the designated services of the subject service mark were restaurant, snack bar, coffee shop and hotel businesses and that the goods of the first cited trademark were bread while those of the second cited trademark were ham, bacon, beef jerky and canned products. Although they can be distinguished, if the restaurant, which is one of the designated services of the subject service mark, were to sell goods, such as bread, a designated good of the first cited trademark, and ham, bacon, beef jerky and sausage, the designated goods of the second cited trademark, or sell processed foods of such items, general consumers might be misled or confused into believing that the restaurant is owned and operated by the same owner of the first and second cited trademarks. For these reasons, the Supreme Court declared that the subject service mark must be invalidated.

(v) Woolen fabrics and silk fabrics are similar to the business of dyeing and processing of fabrics.⁵³⁾

The designated services of the subject service mark in this case

52) 86 Hu 167, Invalidation action against a service mark registration, 21 July 1987, KSC

53) 85 Hu 20, Invalidation action against a service mark registration, 25 March 1986, KSC

was dying and processing of fabrics whereas the designated goods of the cited trademark were woolen fabrics, cotton fabrics and silk fabrics. While the Supreme Court found that such services and goods were not identical, they held that it was reasonable to find that they fall under the similar types of goods since fabrics tend to be dyed and processed in various colors before they are sold in the market. As such, the registration of the subject service mark was subject to rejection or invalidation, as the case may be, pursuant to Article 9(1)-7 or Article 46(1) of the former Trademark Act, respectively.

② Prior cases denying similarity between goods and services

(i) Physical therapy business and health diagnosis businesses are not similar to medical instruments.⁵⁴⁾

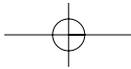
In this case, the Supreme Court questioned whether the commonly accepted trade notions would find that the medical instrument manufacturer · sales companies would naturally expand their business into the physical therapy or health diagnosis businesses. Without the tendency or trend for the physical therapy or health diagnosis businesses to share the same business location where medical instruments are sold, the Supreme Court found that the two did not share in the similar scope of consumers. The Supreme Court also found that the use of the trademark as a service mark should not present any likelihood of confusion with those of the cited subject marks, and accordingly, that the goods and the service in question are not similar to one another.

4. Protection and Enforcement of Domain Names

1) Status of the current issues involving the Internet domain names.

The emergence of the Internet made it possible to sell and provide goods and services on-line, in real time, from any place in the world. It has quickly brought down market barriers of time and space, but on the other hand, brought to light complex and difficult issues relating to the conflicts between the domain names

⁵⁴⁾ 98 Hu 1587, 23 February 1999, KSC



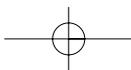
on the Internet and various intellectual property rights of each country, such as tradenames · trademarks, which are based on the principle of independence of patent · trademark in terms of country and the principle of territoriality. Because the transactions of goods and services conducted on the Internet are carried out above and beyond the physical territorial boundaries, however, they raise legal issues involving local and international jurisdiction.

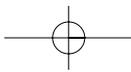
Functionally, a domain name serves as a contacting address for a computer user. However, it is composed of alphanumeric, and as such, it serves as an indicator of a certain address in the cyberspace. In its nature, one can say that it has the characteristics of a distinctive company name or trademark, and it is at this point, the conflict between domain names and company names · trademarks inevitably arises. For instance, if a person were to engage in the sale of products or provision of services on the Internet at a domain name of samsung.co.kr, there will arise a concern that computer user would buy goods or service under the mistaken assumption that the goods or services are provided by a Samsung company. Moreover, because domain names are registered on first-come-first-serve bases, without regard to possible conflict with the registered company names or trademarks, there are cybersquatters who register well-known trademarks or tradenames as domain names. This results in an absurd situation where the actual owners are effectively prevented from using their own trademarks or tradenames as domain names.

The following section will discuss the registration standards and dispute resolution methods of domain names in Korea as well as the strategy to legally protect domain names in light of the current substantive and procedural law.

2) Registration authority and standard for ccTLD domain names in Korea.

The host authority controlling the country level domain names (ccTLD) in Korea is KRNIC (Korea Network Information Center). KRNIC is entitled to reserve specific domain names on its





own for the purpose of public interest.⁵⁵⁾ KRNIC may also refuse registration of domain names which offend public morals or disturb public order.⁵⁶⁾ Additionally, a foreign person, company or organization without an address in Korea is not allowed to apply for registration of domain names.⁵⁷⁾

3) Method of dispute resolution and prospects

① Current state of issues

As domain names and trademarks perform similar functions, they inevitably come in conflict with one another because they differ in terms of competent authority, purpose, relationship with goods, scope and effect of protection, registration principles, etc. In other words, while a trademark undergoes rigorous examination procedures in order to eliminate registration of an identical or similar trademark on identical or similar designated goods, a domain name is permitted to be registered as long as it is not identical to a prior registered domain name, regardless of how similar the two may be. Moreover, a trademark is registered with respect to specifically designated goods while a domain name is registered without regard to any specific goods. These factors inevitably lead to inconsistency and conflict between a domain name and a trademark.

② Standpoint of procedural law - Discussion on arbitration procedure

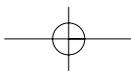
The arbitration procedures of the Uniform Dispute Resolution Policy⁵⁸⁾ (UDRP), which was established by ICANN (Internet Corporation for Assigned Names and Numbers) in early 2000, has shown to be a speedy and effective resolution tool in dealing with disputes on domain names.

As is well-known, UDRP has been adopted by all of the gTLD (global top level domain name) authorities. For ccTLD (country code top level domain name) authorities, however, UDRP does

55) Article 8, Guidelines for Registration of Domain Names, KRNIC

56) Id, Article 12(2)

57) Id, Article 12(1)



not apply unless the registration authority of each country adopts it. Korea has yet to adopt UDRP, and accordingly, domain name disputes in Korea are not subject to UDRP's application.

In Korea, a so-called Regulations on Resolution of Domain Name Disputes, which is similar to UDRP or Japan's Guidelines on Resolution of Domain Name Disputes⁵⁹⁾, which became effective as of October 19, 2000, was scheduled to be published around the end of November 2000 and was expected to take effect in early 2001 after undergoing public hearings thereon. As far as is known, the basic

58) UDRP was adopted by ICANN council in May 1999, and WIPO was officially approved as the first dispute resolution provider in Nov. 1999. Since that time, the first case <worldwrestlingfederation.com> was commenced by UDRP on Dec.9,1999, and the decision thereon was rendered on Jan. 14, 2000. As of May 19, 2000, a total of 759 cases were processed, involving 1,111 domain names. Among them, 359 cases remain pending, 13 cases suspended, 353 cases decided and 34 cases settled or dismissed. In addition to WIPO, there are other dispute resolution providers, including the National Arbitration Forum, e-Resolution and CPR Institute for Dispute Resolution. Under UDRP, an applicant is required to prove the following three elements: (a) The Respondent's domain name is identical or confusingly similar to a trademark/service mark in which the Applicant has rights; (b) The Respondent has no rights or legitimate interest in respect of the domain name; and (c) The Respondent registered and is using the domain name in bad faith. Given that the meaning of the use of a domain name is widely interpreted to include the registration and attempt to sell the domain name, there appears to be a tendency to apply the rules more in favor of the original domain name owners. The remedies under UDRP are limited to the cancellation of the registration of the domain name or its transfer to the applicant, and they do not include civil or criminal remedies. Unless a trial is instituted within 10 days from the receipt of the arbitration decision, the judgment will become effective as a final judgment. Under UDRP, each party is permitted one opportunity to make the allegations and to respond thereto, and the final arbitration decision is rendered within two weeks. The costs of such arbitration is relatively inexpensive (US\$1,000 for one arbitrator, US\$2,500 for 3 arbitrators). Accordingly, this is fast becoming a widely-recognized effective and inexpensive tool for resolving domain name disputes.

59) The key structure of the Japanese Guidelines of Resolution of Domain Name Disputes, which became effective as of Oct. 19, 2000, is quite similar to UDRP of ICANN. For example, the applicant is required to prove that: (a) The Respondent's domain name is identical or confusingly similar to a trademark/service mark in which the Applicant has rights; (b) The Respondent has no rights or legitimate interest in respect of the domain name; and (c) The Respondent registered and is using the domain name in bad faith. (Guidelines, Article 4-a); Further, an applicant may be entitled to the cancellation of the registration of the domain name or its transfer. (Guidelines, Article 4-i)

structure of Korea's Regulations on Resolution of Domain Name Disputes is expected to be more or less similar to that of UDRP or its Japanese counterpart. However, it is understood that there are some differing views on such matters as the specific scope of a domain name which is identical with or similar to a trademark · service mark rightfully held by another party and the effect of an arbitral award. As such, the sole method of resolution presently available for parties to a domain name dispute is the filing of a lawsuit with the court.

③ Standpoint of substantive law

(i) Trademark Act

Use of a mark which is identical with or similar to a registered trademark · service mark of another party constitutes a trademark infringement, and accordingly, if a use of a domain name in this fashion will also constitute a trademark infringement. The essential question here will be whether a use of a domain name can constitute a use of a trademark as contemplated under the Trademark Act.

In reality, a domain name serves to indicate the source of one's goods or services. As such, if a person were to use a domain name which is identical with or similar to another person's trademark or service mark and sells or provides consumers with the same or similar goods or services, such conduct would constitute use of a trademark under the Trademark Act, and accordingly, would be subject to the liabilities thereunder.

However, if a person were to register and maintain a domain name, but not use it with respect to any goods or services, or uses the domain name to operate a website without dealing in any goods or services, a common view would find it not to constitute a trademark infringement since there has been no use of a trademark on any identical or similar goods.

In a case where a person advertises certain goods on the Internet at a domain name which is identical with or similar to a registered trademark owned by another person and the goods so advertised are identical with or similar to those of said registered tra-

demark, there should be no reason to deny the finding of infringement in this case since advertisement constitutes a use of a trademark. While it can be said that advertising goods on the Internet is not an active distribution of an advertisement to a customer since it can only be retrieved when a computer user enters the particular website. However, it should not be difficult to find that the elements for a trademark infringement have been satisfied in this case. Conversely, it should be possible for the trademark owner to submit such use of a trademark on the Internet as an evidence of use in a cancellation action filed against said owner's trademark based on non-use.

(ii) UCPTSPA

Because an Internet domain name serves to indicate the source of goods · services, if a person were to use a domain name for a website to deal in transactions for goods · services, which domain name is identical with or similar to a trademark · service mark widely recognized in Korea, said person would be subject to the liabilities under UCPTSPA (Article 2(1)(a) and (b)).

According to Article 2(1)(e), an act of advertising or indicating which is likely to confuse as to the quality or content of the goods is defined as an act of unfair competition, regardless of the well-known status of the indication used. As such, this provision may be utilized to regulate unfair or illicit use of any domain name, irrespective of the well-known status of the trademark concerned.

A discussion on a Supreme Court case relating to the use of the service mark, Samsung Suwon Wholesale Center (96 Do 1770, 11 June 1996), showed that the use of the above service mark by a company not affiliated with Samsung Electronic was an infringement of Samsung Electronic's trademark rights. Some take the view that said decision increased the likelihood that the use of a domain name under a similar circumstance would result in the same finding of infringement.⁶⁰⁾ In view of the purpose of UCPTSPA, however, it is most likely

⁶⁰⁾ Introduction of the Internet and the Response by the Trademark Act, Chung, Sang-Jo, AIPPI Journal (January 1997, AIPPI Korea)

that the domain name must be used in some form, as opposed to only maintaining its registration, in order for UCPTSPA to apply against a domain name.

4) Domain name disputes

(i) mastercard.co.kr case⁶¹⁾

① Facts

An individual in Korea obtained a registration for a domain name, mastercard.co.kr, and opened a website by directly transferring the contents of his previous homepage webmail.co.kr, which had contained pictures and prices, etc. of various products which were for sale on line. Immediately after the lawsuit was filed, the defendant deleted the webmail shop section from the above website. During litigation, the defendant linked the above website to a different address of mailhosting.net · webhosting · index.html so that the mastercard.co.kr website, when visited on line, did not produce the name mastercard anywhere on the computer screen.

② Decision of the court

The court recognized that Mastercard International, Inc., as the registrant of the domain name mastercard.com, was engaged in the on-line home shopping business in relation to its credit card business on the Internet. The court also acknowledged the well-known status of MasterCard as a mark indicating said company's business and goods which was well-known in Korea and throughout the world. The court found that, although the defendant immediately deleted the contents which may mislead users to understand that the subject website is an on-line home shopping site, it was not too difficult for the Internet specialists to change the connection method and content of the homepage. Moreover, the court recognized that there was an actual likelihood of infringing on the business interests of the above company since the defendant, as an expert in homepage construction and management program developer, was in position to readily supply his webmail card services at his homepage whenever he wished to

61) 2000 GaHap 6471, 8 September 2000, Seoul District Court

do so. As such, the court ordered the defendant to de-register his domain name pursuant to Article 4(1) of UCPTSPA, which provision permits the court to issue an order suspending or preventing a defendant from engaging in any act of unfair competition as stipulated in Article 2(1)(b).

③ Commentary

This case is noteworthy in that the court found an act of unfair competition under UCPTSPA in the defendant's registration and use of a domain name and that the court issued an order for de-registration of a domain name even though the defendant deleted the contents which were likely to mislead users into believing that said website was an on-line home shopping site.

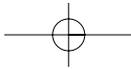
(2) chanel.co.kr case⁶²⁾

① Facts

An individual in Korea registered the Internet domain name, chanel.co.kr on December 30, 1998 at the KRNIC, which was under the control of the National Computerization Agency, the registration authority of domain names ending with .kr. He placed the company name Chanel International in a number of locations on the homepage (even indicated the name of the company as Chanel International on the company introduction section of the homepage) and sold sex-related products like Fermon perfumes, condoms, etc., and lingerie products (functional underwear for women). Especially, there was an indication of directly imported from France with respect to the Fermon perfumes.

Upon filing of the lawsuit, the defendant immediately changed the company name to Da-In Korea from Chanel International, and also deleted all indications of Chanel International or replaced it with Da-In Korea. He also removed lingerie items from the list of goods sold, and removed the indication of directly imported from France with respect to Fermon perfumes. Moreover, the defendant indicated at the cover page of the homepage the follo-

62) Action for preliminary injunction against trademark infringement, etc. 99 Ga Hap 41812, 8 October 1999, Seoul District Court



wing: This site is currently under litigation with Chanel company of France, and we would like to notify that we have no connection with said company.

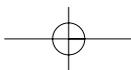
② Decision of the court

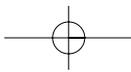
In this case, the court found that:the defendant's use of the domain name and tradename in its on-line sales activities, which names are similar to plaintiff Chanel's tradename that is well-known in Korea, is an act which free rides on the well-known status of Chanel and seeks to obtain unjust benefit, and thus, causes confusion as to the source of the goods; even if the defendant modified the content of his homepage after the filing of the subject lawsuit, the defendant could always readily return to the original contents; as long as the defendant, who engaged in the use of Chanel International and even conducted advertisements and business activities using said mark, maintains the use of the domain name, chanel.co.kr, there will always remain the likelihood that he would use said marks in his homepage, and thereby, infringe the rights of Chanel; and that Chanel has recognized such risks in seeking to enjoin the defendant from continuing to use Chanel marks as a cautionary measure again an act of unfair competition. In light of the above, the court ordered the defendant to refrain from using Chanel marks in general and in his homepage or as his domain name and to de-register the domain name chanel.co.kr which was registered on December 30, 1998 at the KRNIC.

③ Commentary

In this case, the court recognized that the registration of a domain name and on-line sales of goods by using a well-known trademark of another party was an act of unfair competition. Further, the court maintained its position that the domain name must be de-registered, even though the defendant made changes to the homepage after the lawsuit was filed which eliminated the likelihood of confusion, since the defendant was in position to resume the same act at any time.

(3) himart.co.kr case⁶³⁾





① Facts

The defendant registered the Internet domain name www.himart.co.kr on June 5, 1998 in the name of its representative director and began selling electronic home appliances (along with such items as food products, adult items and women-related goods, although electronic home appliances were the main features of the website) on-line at said website. Later, the ownership of the domain name was transferred to the defendant. On the other hand, the plaintiff had engaged in the sale of electronic home appliances under the registered tradename of HI-MART since 1989, and by October 1999, the total number of the stores under the plaintiff's control reached about 200. Further, the plaintiff's turnover from January to October 1999 reached over 500 Billion Korean won (app. US\$ 400 Million), enjoying 16.1% of the market share in the local electronic home appliances market.

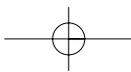
② Decision of the court

The court found that the general consumers who visit the defendant's website are likely to be misled into believing that the sales of the home appliances at said website is either conducted by the plaintiff or someone connected to the plaintiff. Accordingly, the defendant's registration of the above domain name and sale of electronic home appliances at said website are acts which cause confusion among the consumers as to the source of the goods, i.e. an act of unfair competition. In so doing, the court held that the plaintiff was entitled to seek an injunction against the defendant's registration of a domain name or use of an e-mail address containing himart as its essential element or any other indication of said name on its website.

③ Commentary

This case recognized the well-known status of a tradename which was widely recognized among the consumers in Korea in the area of distribution, and by holding that the defendant's registration of a domain name comprising said well-known trade-

63) Action for preliminary injunction against use of domain name, etc. 99 KaHap 2819, 24 November 1999, Seoul District Court



name and use of the same in engaging in e-commerce transactions constitute an act of unfair competition, the court properly reached the decision to issue an injunction against said defendant pursuant to UCPTSPA.

(4) viagra.co.kr case⁶⁴⁾

① Facts

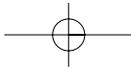
The defendants opened a homepage having the domain name of viagra.co.kr in which health food, such as arrowroot juice, were sold on-line. In opening the homepage, they misappropriated the actual homepage screens developed by plaintiff, Pfizer Products, Inc., and used in its own homepage opened in the United States. The defendants also offered Viagra-related information and used phrases such as “according to the manufacturer Pfizer, Viagra is ...” as well as the plaintiff’s registered trademarks Pfizer, Viagra in English and in Korean. The defendants, however, indicated on the homepage that the source of their products, such as arrowroot juice, were Hanil General Food Co., Ltd.

Upon receiving a demand letter from the plaintiff, the defendants deleted all contents and references relating to Viagra-related information as well as expressions, such as Viagra and Pfizer from the homepage. However, the defendants continued to sell health food products on the same homepage with the same domain name.

② Decision of the court

The court did not find infringement of the trademark right for the main reason that the pharmaceutical products, the designated goods of the plaintiff’s trademark, could not be considered similar to the health food products, such as arrowroot juice, sold by the defendant. The court recognized that Viagra and Pfizer were well-known indications associated with a drug for treating erectile dysfunction and pharmaceutical products produced by the plaintiff, respectively, for the purpose of the application of UCPTSPA.

⁶⁴⁾ Action for preliminary injunction against trademark infringement, etc. 99 GaHap 8863, 18 November 1999, Seoul District Court



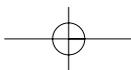
However, in view of the facts that the indication, viagra, was only used in the homepage as a secondary feature, that relevant expressions and indications were deleted upon receipt of the plaintiff's complaint and that viagra was not used as an indication on the health food products as well as the differences in terms of the sales locations and the distinctive function of a trademark, the court found no reasonable likelihood of confusion, and therefore, dismissed the plaintiff's claim under UCPTSPA.

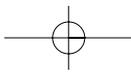
③ Commentary

One can accept the position that a trademark infringement will not be acknowledged if the relevant goods are dissimilar. However, it is difficult to agree that the defendants' conduct in this case do not constitute an act of unfair competition. First, the cited marks are acknowledged to be well-known throughout the world, and this decision is inconsistent with the past Supreme Court decisions which have held found likelihood of confusion for well-known marks even on dissimilar goods. Secondly, while the court in this case finds the use of viagra to be secondary, the facts are clear that the defendants registered the same mark as the domain name and used said domain name in operating its website, which renders the use of said mark to be primary in view of the traditional functions of a trademark.

5) Registration of a domain name as a trademark

As long as a domain name satisfies the requirements for a trademark registration, there should be no reason to deny its registrability as a trademark. We may consider two approaches in registering a domain name as a trademark · service mark. One, it can be registered as a service mark by designating the services in Class 38 which relates to Internet communication services. Two, a domain name can be registered as a trademark or service mark by designating the goods or services to be sold or provided on the website. Unless goods or services are sold or provided on the website, the former alternative should suffice. However, if goods or services are to be sold or provided on the website, it would be necessary to undertake the latter approach or register the service mark by designating at least the services sales agency or sales brokerage on the Internet in Classes 35 and 36.





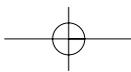
6) Alternatives to reducing risks on the Internet

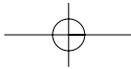
One of the most important features of a domain name is that there is no barrier based on the traditional territorial boundaries of each country. In contrast, however, the trademark right is limited to the individual country in which it is registered. In order to avoid any unnecessary legal conflicts with a third party in other countries where the domain name owner has not obtained any registration of identical or similar trade marks, the domain name owner should place a notice on the website which clearly indicate that certain goods are not available for sale in certain countries. Moreover, if the domain name owner does not have any immediate plans to expand the business to a neighboring country, he may wish to consider eliminating the visit count function from the website.⁶⁵⁾

5. Conclusion

The legal protection of well-known trademarks in Korea has continued to be strengthened. The Trademark Act prohibits the registration of a trademark which is likely to cause confusion with a well-known trademark, and further, offers protection to those marks which may not be well-known in Korea, but is well-known in any foreign country. However, such protection under the Trademark Act is limited to the prevention of registration for the relevant mark as filed by a third party if such mark is likely to cause confusion with a well-known mark. Only UCPTSPA provides civil and criminal relief against a person who misappropriates such well-known marks. However, the civil and criminal remedies under UCPTSPA offered to protect the well-known marks are premised on likelihood of confusion of consumers in Korea, and not on the dilution theory, as is somewhat reflected in the Trademark Act. Be that as it may, the dilution theory is expected to be adopted in the proposed amendments to the Trademark Act and UCPTSPA, and accordingly, the legal environment in which legal protection is afforded to well-known

65) Michael A. Farber, Advertising and Marketing in Cyberspace A U.S Law Perspective, INTA 119th Annual Meeting (New York, International Trademark Assoc., 1997) at p.599





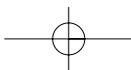
marks will significantly improve in Korea.

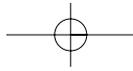
Service marks are registered at KIPO in the same manner as trademarks, and thus, receive the same protection in Korea as trademarks. However, manufacturing and sales businesses, which primarily engage in the use of trademarks, are excluded from the scope of services that are subject to service mark registration. Moreover, if there exists an intimate dependent relationship between a good and a service, concurrent registration of similar marks for such good and service will not be permitted.

For domain names, registration of country level domain names in Korea has been granted on the first-come-first-serve basis, as is the case for most other countries. As there is no consideration for conflicts with existing registered trademarks, there undoubtedly are a number of conflicts and legal issues with trademarks, and especially, well-known trademarks. Although Korea does not presently have any arbitration procedures such as UDRP with respect to domain name disputes, a draft has already been prepared which is expected to become effective in early 2001.

The prior cases dealing with conflicts between well-known trademarks and domain names, as decided by the lower courts, have recognized acts of unfair competition based on UCPTSPA and issued injunctions against the use of domain names and orders for de-registration. However, where the court did not find any likelihood of confusion, as measured by the scope and extent of

66) Updating : The amendment to the Trademark Act and the amendment to the UCPTSPA passed the National Assembly as of January 9, 2001 with some modification. It will take effect from July 1, 2001 with reserving a part of provision of the UCPTSPA until January 1, 2002. The draft amendment in relation to Article 7-1-10 of the Trademark Act has been dropped while the draft amendment to the UCPTSPA in relation to Article 2(1)(c) has been modified to delete the terminology 'diluting' instead using the term 'unfairly damaging.' In other words, it constitutes an unfair competition to conduct an act of unfairly damaging the distinctiveness or reputation of another person's indication, even without causing confusion, by using marks identical with or similar to another person's name, trade name, trademark, container or package of goods or any other mark which is widely recognized in Korea, or by selling, distributing, importing or exporting the goods bearing such marks.





use, no such remedy was granted.⁶⁶⁾

However, once the proposed amendment to UCPTSPA, which adopts the dilution theory, passes the National Assembly, the legal issues relating to the conflict between well-known trademarks and domain names should enter a new and different era.

