



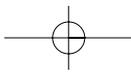
Use of a Mark ‘As a Mark’ as a Legal Requirement in Respect of Acquisition, Maintenance and Infringement of Rights in Koera¹⁾

1. Is there any requirement for use of a mark ‘as a mark’?

1.1 acquiring a mark (if rights may be acquired by use according to national law)

The ‘use of a mark’ is not a prerequisite to registrability under the Korean trademark laws. However, as an exception, even a descriptive mark is registrable when it is recognized as having obtained a secondary meaning among consumers as a result of being consistent and exclusive use on the relevant goods or services (Paragraph 2, Article 6 of the Trademark Act). The Trademark Examination Standard (TES) of the Korean Industrial Property Office (KIPO) required, for recognizing the secondary meaning, the use of more than three (3) years in the past. However, it has lifted such a requirement in light of the fact that a descriptive mark may be able to obtain a secondary meaning even in a morning thanks to the development of mass media.

1) This report was prepared by the writer on behalf of AIPPI Korea National Group for the submission to AIPPI.



On the other hand, the Trademark Act and TES strictly require that the registrable mark should be restricted to an identical mark as having obtained a secondary meaning in respect of identical goods or services, which it was used.

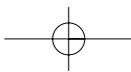
1.2 maintaining a trademark registration (e.g. against an application for cancellation on grounds of non-use)

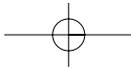
A trademark registration is subject to cancellation by a cancellation action which can be brought by an interested party where the registered trademark, without justification, has remained unused for a continuous period of not less than three (3) years (Item 3, Paragraph 1, Article 73 of the Trademark Act). The use of a registered trademark by a licensee is regarded as use by the owner of the trademark.

The fact of use must be established by the owner of the trademark in the cancellation action. A registered mark is required to be used as registered on identical goods or services. In other words, neither the use of a similar mark on the goods specified in the trademark register nor the use of identical mark on similar goods constitutes a proper use to defend a non-use cancellation action. The scope of identity is not much flexible. A partial cancellation action in terms of goods is available. A nominal use or a token use of a trademark is not considered as being a proper use.

The use of a trademark without obtaining a legitimate license to manufacture or sell the goods concerned pursuant to other pertinent laws, e.g., the Pharmaceutical Affairs Act, if required, does not constitute a proper use of the mark (89hu 1240 & 1257, July 10, 1990, the Supreme Court; 74 hu 16, January 28, 1975, the Supreme Court).

A commercial advertisement may constitute a proper use. There is a Supreme Court precedent, which recognized a commercial advertisement placed in a foreign magazine, which was duly distributed in Korea (91 hu 356, December 13, 1991, Supreme Court).





The use by a contract manufacturer only for the purpose of exporting the pertinent goods (OEM) is also recognized as being a use in Korea for both maintaining of a trademark registration and establishing infringement (90 hangwon 1159, April 30, 1992, the Appellate Trial Board of KIPO).

1.3 establishing infringement

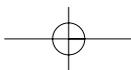
The use of a mark identical with or similar to a registered mark in respect of the goods identical with or similar to those as specified in the pertinent trademark registration, without the authorization of the trademark owner, constitutes infringement of the trademark right.

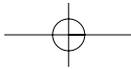
The use of a registered mark on the part of the registrant is not a prerequisite to establishing infringement under the Trademark Act. According to court precedents, however, the petition for the preliminary injunction and · or the claiming for damage compensation on the basis of non-use trademark registration should be dismissed on the ground that i) there is no urgent need to grant a preliminary injunction; ii) such a legal action is considered as being abuse of trademark right; or iii) there is no actual damage incurred.

2. Is there any definition of what is use ‘as a mark’ either in statute or case law?

Yes, there is definition of what is use ‘as a mark’ under the Trademark Act. According to Item No. (vi), Paragraph (1), Article 2 of the Trademark Act, ‘use of a trademark’ means any of the following acts:

- (a) applying trademarks on goods or their packaging;
- (b) selling or delivering goods or their packing on which trademarks have been applied or displaying exporting or importing such goods or their packaging for the purpose of selling or delivering;
- (c) indicating the trademark on advertisements, price lists, business papers, signboards or labels or displaying or distributing them.





Acts of using a trademark on goods, packaging of goods, advertisements, signboards of labels as stipulated above shall include using goods, packaging of goods, advertisement, signboards or labels as shapes of marks (Paragraph (2), Article 2 of the Trademark Act).

3. Is there any difference in the assessment of use ‘as a mark’ between the acquisition, maintenance and infringement of rights?

There is no difference in the assessment of use ‘as a mark’ in terms of definition of ‘use of a trademark’ between the acquisition, maintenance and infringement of rights. However, the legitimate scope of use in terms of similarity of mark and goods varies depending on the purpose. The use for the acquisition (on the basis of secondary meaning) and the maintenance should relate to identical mark in respect of identical goods while even the use of similar mark in respect of similar goods may constitute infringement of a trademark right.

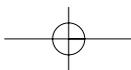
4. Is any of the following considered to be use ‘as a mark’:

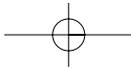
4.1 use on the Internet, as a metatag, in linking or framing:

1) In General

To date, there has been neither explicit statutory law nor reported decision regarding claims by trademark owners against a third party’s use of his trademark on the internet as a metatag, in linking or framing.

A trademark as used in metatags, linking, or framing serves to indicate the source of one’s goods or services. As such, if a person were to use a trademark in metatags, linking, or framing 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.





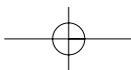
In a case where a person advertises certain goods by using a trademark in metatags, linking, or framing which is identical with or similar to a registered trademark owned by another person and the goods so advertised are identical with or similar to those of said registered trademark, there should be no reason to deny the finding of infringement in this case since advertisement constitutes a use of a trademark.

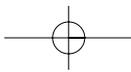
While it can be said that advertising goods in such fashion is not an active distribution of an advertisement to a customer since it can only be retrieved when a computer user enters the particular website. However, it should not be difficult to find that the elements for a trademark infringement have 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 if it was done by the trademark owner himself or its licensee. As a matter of course, there should be 'commercial effect' in the extent of use.

2) Use of A Mark in Metatags

A metatag is a software parameter of the HTML code in which web pages are written. It is possible to view the metatags used in a site clicking on View, then clicking on Page Source. It is known that metatags have been improperly used around the world by listings the names of well-known businesses that unrelated to the web site or the marks of direct competitor's goods or services. We are of the opinion that the use of another person's trademark in metatags to pass off one's goods or services as those of another; or to mislead consumers regarding the source of goods or services will constitute infringement so long as the goods · services concerned are considered as being similar to those of the pertinent trademark pursuant to the provisions of infringement of the Trademark Act.





3) Use of A Mark in Linking

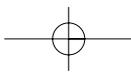
Very recently (December 7, 2001), the Seoul District Court favored the plaintiff in a damage compensation suit in the matter of unauthorized linking to its homepage. The plaintiff 'G' developed Geography Information Service ('GIS') and made a contract permitting a company 'N' to operate the map searching service, which subsequently arranged for linking the 'map searching corner' in the site of the defendant 'S Telecommunication' without the authorization of the plaintiff 'G.' The plaintiff 'G' sued the defendant 'S Telecommunication' who linked to the home page of the plaintiff 'G' claiming that the plaintiff got damaged due to the defendant's unauthorized linking to the service of electronic map service. The defendant asserted that only users utilized the map services in the linked site.

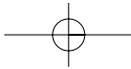
The court reasoned to the effect that the defendant neglected efforts to prevent infringing a copyright. The court did not recognize the defendant's refuting to the effect that 'linking' is generally and customarily conducted for the convenience and efficiency in searching information on the Internet for the reasons that the linking resulted in damage so that the defendant could not sell the products which it developed with the big investment any longer.

Although not a trademark case, it is likely to extend the court's reasoning to apply to future trademark linking cases.

4) Use of A Mark in Framing

In a framing situation, a web page is split into parts, which contain the content from another site while the frame around it from the original site remains the same. If such an unauthorized display of other sites involves the use of a trademark on the relevant goods · services, we are of the opinion that it will constitute infringement under the Trademark Act for the same reasons as in the use of a trademark in metatags and linking as discussed above.





4.2 Use by fan clubs or supporters

To date, there has been no reported decision regarding claims by trademark owners against a use of his trademark by fan clubs or supporters. When fan clubs or supporters use a trademark in relation to the goods · services of the trademark owner and/or its licensee, such a use will constitute a legitimate use. As such, the use in this fashion may be utilized as evidence of use for acquisition of a trademark registration on the basis of the secondary meaning, for establishing the notoriety of the trademark, and for maintenance of a trademark right.

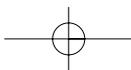
Problems may arise when fan clubs or supporters use a trademark in relation to the goods · services not being of the trademark owner and · or its licensee. If the trademark owner approves or authorizes such a use, then the consequence of the use of a trademark will be the same as discussed above. On the other hand, if the trademark owner disapproves such a use or remains silent, the use of a trademark by fan clubs or supporters will not constitute a proper use of the trademark for the acquisition of a trademark or maintenance of a trademark right. It may constitute even infringement of a trademark right.

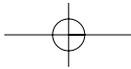
4.3 Parody

We wish to understand the term ‘parody’ in this report as referring to a ‘literary or artistic work that imitates the characteristic style of an author for comic effect or ridicule.’ To date, there has been no reported decision regarding claims by trademark owners against a parody of his trademark either.

The traditional infringement under the Trademark Act requires the existence of the element of ‘likelihood of confusion’ in terms of similarity of marks as well as goods concerned. As such, in the event that the parody does not refer to any goods · services or refers to irrelevant goods · services, there should be no finding of infringement.

If the parody is found as being confusingly similar to the trademark in respect of identical or similar goods, then the parody will constitute infringement. However, in cases of successful





parody, consumers are not likely to be confused or misled in that such a successful parody should necessarily make distinction between the original and the parody, not funny otherwise.

On November 2, 2001, the Seoul District Court granted a famous singer 'Seo, Tae Ji' the preliminary injunction prohibiting the defendant's selling and broadcasting of the parody, which changed the lyrics and music of his song. The court reasoned that such a change of lyrics and music constituted infringement of copyright, specifically the right to maintain the identity of copyright matters.

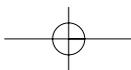
On the other hand, in another case the Supreme Court upheld the Seoul High Court's decision, which did not recognize the finding of damaging a person's reputation in a comic cartoon parody placed in a daily newspaper (99 da 6203; July 28, 2000).

Again although not trademark cases, they may be referenced to future trademark parody cases.

4.4 comparative advertising

If a comparative advertising using an indication identical with or similar to another person's registered trademark in respect of similar goods · services is likely to mislead consumers on the quality of goods · services or to cause confusion on the source of goods · services among consumers, then such a comparative advertising will constitute infringement of trademark right by applying the traditional infringement of the Trademark Act.

On the other hand, even if a comparative advertising involved an indication identical with or similar to another person's registered trademark in respect of relevant goods · services, it would not constitute the infringement of the trademark right if it provided correct information to consumers. More discussion on comparative advertising will be presented below.



5. If, under the Group's national regime, use as a mark is confined to the traditional indications of origin or identity, are unconventional uses nevertheless objectionable under trademark or other laws (e.g. unfair competition or trade practice laws)?

Yes, they maybe objectionable under the Unfair Competition Prevention and Trade Secret Protection Act ('UCPTSPA'), the Monopoly Regulation and Fair Trade Act ('MRFTA'), or the Fair Indication Advertisement Act ('FIAA').

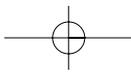
(1) Under the Unfair Competition Prevention and Trade Secret Protection Act ('UCPTSPA')

Because a mark as used in metatags, linking, framing or parody may serve to indicate the source of goods · services, if a person were to use a mark in such fashion at a website to deal in transactions for goods · services, which 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 a mark in metatags, linking, framing or parody, irrespective of the well-known status of the trademark concerned.

The unfair competition act involving a use of well-known mark was determined in terms of the existence of likelihood of confusion. However, according to the Amendment to UCPTSPA, which took effect as of July 1, 2001, the following act is regarded as being an act of unfair competition, subject to civil and criminal sanctions (Article 2(1)(c)).

<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>

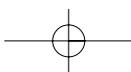
In this regard, other acts of unfair competition require a person's intentional or negligent act in order for such person to be subject to the civil or criminal liabilities. However, in unfairly damaging, confusion or similarity in goods · services is not required, and accordingly, punishing a person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

The provision relating to protection against 'unfairly damaging' is expected to play an important role in combating unconventional uses of a domain name or a mark in metatag, linking or framing which damage the image, advertising and purchasing power of a well-known trademark, irrespective of the similarity of the relevant goods or services.

In view of the purpose of UCPTSPA, however, it is most likely that the domain name or a mark in metatag, linking or framing must be 'used' in some form, as opposed to only maintaining its registration, in order for UCPTSPA to apply against such unconventional uses.

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 deregistration.

However, where the court did not find any likelihood of confusion, as measured by the scope and extent of use, no such remedy was granted. However, as the Amendment to UCPTSPA took effect as of July 1, 2001, which recognizes the 'act of unfairly damaging' as being an act of unfair competition, the legal issues



relating to the conflict between well-known trademarks and unconventional uses of a mark should enter a new and different era.

**(2) Under the Fair Indication · Advertisement Act (FIAA)-
comparative advertising**

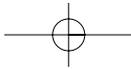
Comparative advertising was treated in terms of whether it falls within the scope of unfair trade as stipulated in the ‘Types and Criteria of Unfair Trade Acts’ (Regulation No. 90-7) based on the ‘Monopoly Regulation and Fair Trade Act’ under which fair and objective comparative advertising was not subject to regulation.

As of July 1, 1999 the Fair Indication · Advertisement Act (FIAA) took into enforcement which prohibits unfair comparative advertising (indication advertisement stating superiority or advantages of advertiser’s own goods · services in comparison with those of another person without specifying object criteria of comparison or without objective ground (Article 3 of the FIAA; Item 3, Article 3 of the Enforcement Decree of the same Act).

The Examination Guideline on the Comparative Indication Advertisement took effect as of September 1, 2001 (Rule No. 52 of the Fair Trade Commission). This guideline applies to anyone of the followings:

- i) comparative indication · advertisement which directly refers to another business entity, tradename, trademark, inherent name of goods, other symbols indicating goods/services of another business entity; and
- ii) comparative indication · advertisement using metaphoric expression, or similar pronunciation symbol through which general consumers are likely to recognize another business entity or goods · services of another business entity.

According to this guideline, comparative advertising, which is unlikely to deceive or mislead consumers, is not prohibited even if the comparison were made only on the basis of object and criteria advantageous to the advertiser himself.



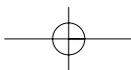
Criticizing advertising even on the basis of correct fact is not allowed if it prominently highlights only shortcomings of the goods of another business entity thereby causing misunderstanding among consumers as if the goods concerned of another business entity were far inferior or disadvantageous.

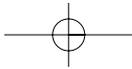
In the case IBM vs. COMPAQ of 1998, the Seoul District Court recognized the need of comparative advertising in that it enables consumers to get easily access to comparative materials and business entities to inform consumers of the advantages of their own goods or services while reasoning that the expression ‘sinking of a certain company’ exceeds the legitimately allowable scope of comparative advertising.

6. If use ‘as a mark’ in the traditional sense is required to establish infringement, are ‘well-known’, ‘famous’, ‘notorious’, ‘reputed’ marks used on dissimilar goods and services protected?

Yes, they are protected although it varies depending on the extent of the well-known status. The act of unfair competition does not necessarily require the similarity of goods. A Supreme Court 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 (HENNESSY case; 88 Hu 226, October 10, 1990, Supreme Court). However, in most of the cases the Supreme Court held the position that there should be an economical dependent relationship between the respective goods of the mark although not similar in order to recognize the likelihood of confusion.

According to the UCPTSPA, 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.





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.

