

## Question Q214

**National Group:** Korean Group

**Title:** Protection against the dilution of a trade mark

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### Questions

#### I. Analysis of current law and case law

The Groups are invited to answer the following questions under their national laws:

1. Do the laws of your country provide for protection against dilution of a trademark? If so, which laws?

Yes, the laws of South Korea (hereinafter referred to as 'Korea') provide for protection against dilution of a trademark. More specifically, the Trademark Act and the Unfair Competition Prevention and Trade Secret Protection Act (hereinafter referred to as 'UCPA') provide for protection.

2. Is there a legal definition of dilution in your legislation or case law?

Although there is no legal definition of dilution in our legislation, UCPA uses the term 'dilution.' According to UCPA, an act of unfairly damaging or diluting the distinctiveness or reputation of another person's indication of goods and services, 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 constitutes an act of unfair competition. In relation to this provision, our case law defines the phrase 'diluting the distinctiveness or reputation of another person's indication' as referring to 'damaging the function of source indication as to the goods or services.' (Supreme Court 2002 da 13782, May 14, 2004)

Unlike UCPA, our Trademark Act does not use the term 'dilution.' However, the Trademark Examination Standard of the Korean Intellectual Property Office (KIPO) uses the term 'dilution' in the exemplified instances of the provision of the Trademark

Act stipulating to the effect that 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 (Article 7(1)-12). According to the Trademark Examination Standard, the following instance is interpreted as falling under the scope of the provision of Article 7(1)-12 of the Trademark Act: 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.

- 3.1. Which trademarks are afforded protection against dilution? What are the eligibility criteria? (Please only briefly list the eligibility criteria here; more detailed explanations will be required below).

According to the provision of UCPA, only a well known mark in Korea is afforded protection against dilution. The Supreme Court precedent requires that the degree of being well known should be highly renowned. In other words, a highly renowned mark or famous mark in Korea is afforded protection against dilution for the cessation of another person's use of the mark. (Supreme Court 2002 da 13782, May 14, 2004)

The relevant provision of the Trademark Act (Article 7(1)-12) in relation to 'dilution' does not specifically stipulate on the degree of being well known. Instead, the unfair purpose of the applicant for a later mark registration is one of the requirements for the eligibility for protection against dilution. The owner of a famous mark may object to the registration or the filing for a third party's later mark under the Trademark Act.

The eligibility criteria are as follows:

- the degree of knowledge or recognition of the mark among the general public at large;
- the duration, extent and geographical area of any use of the mark;
- the duration, extent and geographical area of any promotion of the mark, including inter alia advertising or publicity;
- the duration and geographical area of any registrations and/or any applications for registration, of the mark; and/or
- the amount, volume, and geographic extent of sales of goods or services offered under the mark

- 3.2. To be eligible for protection against dilution, does a mark need to be distinctive? If so, does the protection depend upon the mark being inherently distinctive or are marks that have acquired distinctiveness through use also protected?

A mark needs to be distinctive to be eligible for protection against dilution. Marks that have acquired distinctiveness through use are also protected.

- 3.3.1 To be eligible for protection against dilution, does a mark need to have a reputation or be well-known or famous? If so, when does a mark have a reputation, when is it well-known or when is it famous? Are the factors mentioned in paragraph 15 and 22

above relevant for determining whether a mark has a reputation, is well known or famous? For what point in time does this have to be assessed?

To be eligible for protection against dilution, a mark needs to be famous or highly renowned according to a Supreme Court precedent (Supreme Court 2002 da 13782, May 14, 2004). The mark must be famous prior to the completion date of factual review of the case throughout the court instances under UCPA or prior to the filing date of a later mark for the protection against dilution under the Trademark Act. Yes, the factors mentioned in paragraph 15 and 22 in the Working Guidelines are relevant for determining whether a mark has a reputation, is well known or famous. More specifically, the factors as listed below are considered in determining the eligibility of being a famous mark:

- the degree of knowledge or recognition of the mark among the general public at large;
- the duration, extent and geographical area of any use of the mark;
- the duration, extent and geographical area of any promotion of the mark, including inter alia advertising or publicity;
- the duration and geographical area of any registrations and/or any applications for registration, of the mark; and/or
  - the amount, volume, and geographic extent of sales of goods or services offered under the mark

The eligibility for protection against dilution is assessed as of the completion date of factual review of the throughout the court instances under UCPA or as of the filing date of a later mark for the protection against dilution under the Trademark Act.

- 3.3.2 For a mark to have a reputation or to be considered well known or famous, must it meet a certain knowledge or recognition threshold? If so, what is that threshold? What percentage of population awareness is required? How widespread must the awareness be across the country? If a mark is well known or famous in one country, what effect, if any, does this have with regard to other countries?

As a matter of course, a mark to have a reputation or to be considered well known or famous, it must meet a certain knowledge or recognition threshold. However, no objective percentage of population awareness is known. Sometimes the outcome of an awareness research is used to establish the well-known status of the mark concerned. The research outcome is considered as one of the factors by taking various other factors into account comprehensively. The awareness of the mark must be widespread across the country for a famous mark protection. However, it is not always the case for the eligibility for being a well-known mark. More important factor to be considered is the awareness of consumers of the relevant goods and services for well known mark.

Under UCPA, it is required for the mark to be well known or famous in Korea. Being well known or famous in another country is not automatically considered as being well known or famous in Korea although it helps establish the well known status in Korea.

Under the Trademark Act, a mark must be well known or famous in Korea in most of the cases to prevent a third party from registering a similar trademark registration (Article 7-(1) 9, 10, and 11). If a mark is well known or famous in one country, it is not necessarily required to be well known or famous in Korea when the bad faith or unfair

competition purpose is established (Article 7(1)-12). Under the Trademark Act, the available protection for a well known or famous mark is to oppose a third party's similar mark application or to invalidate a third party's similar mark registration.

- 3.3.3 What is the relevant population in determining the knowledge, recognition or fame of the mark, the general public at large or the relevant sector of public? Is recognition or fame in a limited product market ("niche market") sufficient?

In determining the knowledge, recognition or fame of the mark, a famous mark must be aware among the general public at large. However, in case of well known mark the recognition or fame in the relevant sector of the public or a limited product market is sufficient. It should be noted that the protection against the dilution is afforded for a famous mark not well known mark.

- 3.4. To be eligible for protection against dilution, is it required that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country where protection is being sought?

To be eligible for protection against dilution, the registration of the mark or the filing for an application for registration is not required. Although it is not necessarily required for the mark to have been used in Korea, if there is no merchandising or use of the mark in Korea, normally it is difficult to establish the well known status in Korea.

- 3.5. Are there any other criteria a mark must comply with to be eligible for protection against dilution?

A mark must be famous as an indication of goods or services as a result of merchandising. A mere famous character name or a person's name per se not by way of merchandising is not eligible for protection against dilution under UCPA.

- 3.6. Is eligibility for protection against dilution a matter of law or an issue of fact? Who bears the burden of proof regarding the eligibility criteria? How does one prove that a mark meets the eligibility criteria? Are sales and advertising figures sufficient or is survey evidence required? Which evidential standard must this proof satisfy?

The eligibility for protection against dilution is a matter of law. In other words, it is to be established by the courts or authorities on the basis of various relevant factors. The petitioner for protection against dilution bears the burden of proof regarding the eligibility criteria. Sales and advertising figures are sufficient in most of cases. Although survey evidence is not necessarily required, it helps the case. There are no objective standard as to the volume of sales or advertising figures because they are considered comparatively in the sector of the relevant public or in the nature of the relevant market of goods and services.

- 3.7. Is there any registry of eligible marks in your country? If so, what is the evidentiary value of registration? Can it be challenged in litigation?

There is no registry of eligible marks in Korea. The Korean Intellectual Property Office once published 'A Directory of Marks Frequently Counterfeited.' The marks listed in the directory were virtually considered as being well known marks. However, it does

not have any evidentiary value of registration. Sometimes it helps establish the well known status as one of all relevant factors. It can be challenged in litigation.

4. Does your law require the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark? If so, in which circumstances does a 'mental association' or 'link' between the earlier trademark and the later trademark exist? Are the factors mentioned in paragraph 27 and 28 above relevant for assessing the existence of such a 'mental association' or 'link'? Are there other factors to take into account? Is the assessment of a link a question of fact (so something that can be established by market surveys), or is it a question of law to be established by the courts or authorities on the basis of such factors?

Our law (UCPA) does not specifically require the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark in terms of eligibility for protection against dilution. In contrast, the existence of a 'mental association' or 'link' is required for protection against the likelihood of confusion in case of a well known mark where the marks at issue must be used in respect of economically relevant goods and services to each other.

5. Does such 'mental association' or 'link' between the earlier trademark and the later trademark automatically result in detriment to the earlier trademark's repute or distinctive character? Or does detriment have to be proved over and above the existence of a 'mental association' or 'link'?

As the likelihood of dilution is sufficient, the actual detriment to the earlier trademark's repute or distinctive character is not required for injunctive relief. However, for a monetary relief, the actual occurrence of detriment or damage to the earlier trademark's repute or distinctive character must be proved.

6. Are the same factors taken into consideration to assess the existence of detriment as those already discussed for the link? Are there additional ones?

Actual loss of sales figures, profits, etc. must be taken into consideration and proven.

7. Must actual dilution be proved or is a showing of likelihood of dilution sufficient? Whose burden of proof is it? How does one prove dilution or likelihood of dilution? Does detriment require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely? If so, what is a change in the economic behaviour of the average consumer? Is reduced willingness to buy goods sold under the earlier mark a change in the economic behaviour? How do you prove a change in the economic behaviour of the average consumer or likelihood of such change in behaviour?

A showing of likelihood of dilution is sufficient. The petitioner for protection against dilution bears burden of proof. The petitioner may prove likelihood of dilution by establishing the famous status of the mark by submitting evidence showing; the degree of knowledge or recognition of the mark in the relevant sector of the public; the

duration, extent and geographical area of any use of the mark; the duration, extent and geographical area of any promotion of the mark, including inter alia advertising or publicity; the duration and geographical area of any registrations and/or any applications for registration, of the mark; the extent to which the mark was recognized as well known by competent authorities; the amount, volume, and geographic extent of sales of goods or services offered under the mark; and/or the duration, extent and geographic reach of advertising and publicity of the mark.

Our law does not directly require an actual change in the economic behavior of the average consumer for protection against dilution. The likelihood of change in the economic behavior of the average consumer is sufficient for injunctive relief. However, for a monetary relief an actual change in the economic behavior of the average consumer may be helpful as a means to prove the actual occurrence of detriment or damage.

8. What is the extent of protection afforded to marks which are eligible for dilution protection? May the owner of the earlier trademark object
- to the registration of a later trademark?
  - to the actual use of a later trademark?
  - in respect of dissimilar goods only or also in respect of similar goods?

The owner of the earlier trademark may object to the registration of a later trademark on the basis of dilution protection to the registration of a later trademark under the Trademark Act (Article 7-1-12). The owner of the earlier trademark may object to the actual use of a later trademark under the UCPA (Article 2-1-(da)). The protection is eligible for dilution in respect of dissimilar goods as well as in respect of similar goods.

9. What are the legal remedies? May the owner of the earlier trademark file an opposition and/or a cancellation action? May he ask for injunctive relief or preliminary injunctive relief? Does your trademark office refuse the registration of a later trademark on grounds of likelihood of dilution?

The owner of the earlier trademark may file an opposition and/or a cancellation action under the Trademark Act. She/he may ask for injunctive relief, preliminary injunctive relief, recovery of lost business goodwill, and/or monetary relief under UCPA. Korean Intellectual Property Office refuses the registration of a later trademark on grounds of likelihood of dilution (Article 7-1-12 of the Trademark Act).

## **II. Proposals for adoption of uniform rules**

The Groups are invited to put forward proposals for adoption of uniform rules with a view to protecting trademarks against dilution. More specifically, the Groups are invited to answer the following questions:

1. Which trademarks should be eligible for protection against dilution? What should the eligibility criteria be? Should recognition or fame in a limited product market (“niche market”) be sufficient?

A highly renowned mark should be eligible for protection against dilution. The mark must be well known in Korea across the country among the general public at large. The recognition or fame in a limited product market (“niche market”) should not be sufficient.

2. Should it be a criteria for being eligible for dilution protection that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country?

It should be criteria for being eligible for dilution protection that the mark has been used in the country.

3. Should there be a registry of eligible marks? If so, what should the evidentiary value of registration be? Should it be possible to challenge it in litigation?

There should not be a registry of eligible marks. This is because the eligibility of a mark for protection against dilution should be determined at the time of dispute resolution by taking various factors and circumstances into account. If any, it should be challenged in litigation.

4. Should the existence of a ‘mental association’ or ‘link’ between the earlier trademark and the later trademark be an independent requirement for a trademark dilution claim?

No, the existence of a ‘mental association’ or ‘link’ between the earlier trademark and the later trademark should not be an independent requirement for a trademark dilution claim.

5. Should detriment to the distinctive character or reputation of the earlier mark require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely?

A likelihood of change in the economic behavior of the average consumer should be sufficient for protection against dilution.

6. What should the remedies be for dilution of a mark?

The owner of the earlier trademark may object

- to the registration of a later trademark;
- to the actual use of a later trademark; and
  - in respect of dissimilar goods as well as in respect of similar goods

National Groups are invited to comment on any additional issue concerning the protection of a mark against dilution.

**Note:** It will be helpful and appreciated if the Groups follow the order of the questions in their Reports and use the questions and numbers for each answer.

## Summary

### I. Analysis of current law and case law

The laws of South Korea (hereinafter referred to as 'Korea') provide for protection against dilution of a trademark. More specifically, the Trademark Act and the Unfair Competition Prevention and Trade Secret Protection Act (hereinafter referred to as 'UCPA') provide for protection. Although there is no legal definition of dilution in our legislation, UCPA uses the term 'dilution.' According to UCPA, an act of unfairly damaging or diluting the distinctiveness or reputation of another person's indication of goods and services constitutes an act of unfair competition. In relation to this provision, our case law defines the phrase 'diluting the distinctiveness or reputation of another person's indication' as referring to 'damaging the function of source indication as to the goods or services.' (Supreme Court 2002 da 13782, May 14, 2004)

Unlike UCPA, our Trademark Act does not use the term 'dilution.' However, the Trademark Examination Standard of the Korean Intellectual Property Office (KIPO) uses the term 'dilution' in the exemplified instances of the provision of the Trademark Act stipulating to the effect that 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.

Under UCPA, only a well known mark in Korea is afforded protection against dilution. The Supreme Court precedent requires that the degree of being well known should be highly renowned (Supreme Court 2002 da 13782, May 14, 2004). The relevant provision of the Trademark Act (Article 7(1)-12) in relation to 'dilution' does not specifically stipulate on the degree of being well known. Instead, the unfair purpose of the applicant for a later mark registration is one of the requirements for the eligibility for protection against dilution. The owner of a famous mark may object to the registration or the filing for a third party's later mark under the Trademark Act.

A mark needs to be distinctive to be eligible for protection against dilution. Marks that have acquired distinctiveness through use are also protected. The eligibility for protection against dilution is assessed as of the completion date of factual review of the throughout the court instances under UCPA or as of the filing date of a later mark for the protection against dilution under the Trademark Act. Under UCPA, it is required for the mark to be well known or famous in Korea. Being well known or famous in another country is not automatically considered as being well known or famous in Korea although it helps establish the well known status in Korea. Under the Trademark Act, if a mark is well known or famous in one country, it is not necessarily required to be well known or famous in Korea when the bad faith or unfair competition purpose is established (Article 7(1)-12). Under the Trademark Act, the available protection for a well known or famous mark is to oppose a third party's similar mark application or to invalidate a third party's similar mark registration.

In determining the knowledge, recognition or fame of the mark, a famous mark must be aware among the general public at large. However, in case of well known mark the recognition or fame in the relevant sector of the public or a limited product market is sufficient. To be eligible for protection against dilution, the registration of the mark or the filing for an application for registration is not required. Although it is not necessarily required for the mark to have been used in Korea, if there is no



merchandising or use of the mark in Korea, normally it is difficult to establish the well known status in Korea. A mark must be famous as an indication of goods or services as a result of merchandising. A mere famous character name or a person's name per se not by way of merchandising is not eligible for protection against dilution under UCPA.

The eligibility for protection against dilution is a matter of law. There is no registry of eligible marks as well known marks in Korea. Our law (UCPA) does not specifically require the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark in terms of eligibility for protection against dilution. In contrast, the existence of a 'mental association' or 'link' is required for protection against the likelihood of confusion in case of a well known mark where the marks at issue must be used in respect of economically relevant goods and services to each other.

As the likelihood of dilution is sufficient, the actual detriment to the earlier trademark's repute or distinctive character is not required for injunctive relief. However, for a monetary relief, the actual occurrence of detriment or damage to the earlier trademark's repute or distinctive character must be proved. A showing of likelihood of dilution is sufficient. Our law does not directly require an actual change in the economic behavior of the average consumer for protection against dilution. The likelihood of change in the economic behavior of the average consumer is sufficient for injunctive relief.

The owner of the earlier trademark may object to the registration of a later trademark on the basis of dilution protection to the registration of a later trademark under the Trademark Act (Article 7-1-12). The owner of the earlier trademark may object to the actual use of a later trademark under the UCPA (Article 2-1-(da)). The protection is eligible for dilution in respect of dissimilar goods as well as in respect of similar goods.

## **II. Proposals for adoption of uniform rules**

A highly renowned mark should be eligible for protection against dilution. The mark must be well known in the jurisdiction concerned across the country among the general public at large. The recognition or fame in a limited product market ("niche market") should not be sufficient. It should be criteria for being eligible for dilution protection that the mark has been used in the country. There should not be a registry of eligible marks. This is because the eligibility of a mark for protection against dilution should be determined at the time of dispute resolution by taking various factors and circumstances into account. If any, it should be challenged in litigation. The existence of a 'mental association' or 'link' between the earlier trademark and the later trademark should not be an independent requirement for a trademark dilution claim. A likelihood of change in the economic behavior of the average consumer should be sufficient for protection against dilution.

The owner of the earlier trademark may object

- to the registration of a later trademark;
- to the actual use of a later trademark; and
  - in respect of dissimilar goods as well as in respect of similar goods