

Bad Faith Trademark Filings

I. Introduction

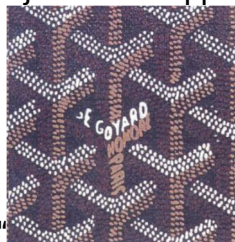
Introduced herein are holdings in which a trademark application is rejected or a registered trademark is invalidated by the Korean Patent Court on the grounds that those trademarks are applied with bad faith to imitate other's trademarks which are recognized among domestic or foreign consumers as indicating goods of a particular person.

II. Goyard Case

1. Background



The applicant filed the subject application " " on September 8, 2015 with the designated goods including "bags" in class 18. The Korean Intellectual Property Office (KIPO) rejected the application on the grounds that it was similar to prior



registered trademarks " " , " " , etc. and had bad faith. The applicant filed an appeal against the rejection, but it was rejected by the Intellectual Property Trial and Appeal Board (IPTAB). In response, the applicant filed a petition with the Patent Court, which upheld the decision in the IPTAB and ruled that the subject application had bad faith (Patent Court Decision 2018Heo9176 of June 13, 2019).

2. Court's Reasoning and Decision

The owner of the prior-registered trademark "Goyard St-Honore" is a French company that produces fashion-related goods. The trademark owner's products bear the prior-registered trademarks, where three V-shaped chevron figures are joined at a 120-degree angle to form a basic Y-shaped figure, which are continuously repeated. In light of the evidentiary materials submitted to the court, the prior-registered trademark is widely known as a trademark of the prior-registered trademark owner among the domestic consumers at the time of filing the subject application.

Meanwhile, the subject trademark has basic figures of "X" and "Y" while the basic figure of the prior-registered trademark is "Y" or "Y"; given this, the two marks are not identical to each other in the shape of the basic figures. However, they are similar in that the both trademarks are filled with two colored dots in each V-shape of 120 degrees, and the shape of each dot is an elongated ellipse that seems to be marked by hand.

In addition, the letters "CONCHHCNOC" of the subject trademark is a word composed of "CONCH" and "HCNOC" which is "CONCH" in reverse. Although the letters differ from the letters "GOYARD" of the prior-registered trademark, the letters are difficult to pronounce as a whole and do not have a particular meaning; thus, the letters lack a distinctive sound or meaning as letters.

Therefore, although the two trademarks are slightly different in the basic figures, the registered trademark is widely known to domestic and foreign consumers, both trademarks have a form in which the basic figures are repeated, and it is common for consumers to observe the whole motif or the prominent impression of a figure rather than fine details of the figure. Given this, the two trademarks have very similar prominent impressions of figures, which may cause misunderstanding or confusion as to the source.

Meanwhile, goods bearing the prior-registered trademark is also known as its unique materials that gives the impression of a vinyl-like material, and the actual goods (bags) that were produced by the applicant with the subject trademark is also made of similar materials and the letters "CONCHHCNOC" are not printed on the actual bag. In view of this, it is recognized that the subject trademark has bad faith of gaining an unfair benefit by taking advantage of the credibility embodied in the prior-registered trademark; accordingly, its registration shall be denied.

III. MATSUZAKI Case

1. Background

The trademark owner had the subject trademark registered on October 27, 2011 with the designated goods including "hand-operated hair clippers, hair cutting scissors, etc." in class 8. Kabushiki Kaisha Matteck Matsuzaki, who had rights based on prior use, filed an invalidation trial against the trademark registration with the IPTAB for the reason that the



subject trademark is similar to "  " and "MATSUZAKI", which are widely known as their trademarks in regard to hairdressing scissors and is an imitation of the trademarks. The IPTAB issued a trial decision in favor of the prior rights holder, and the trademark owner filed a petition with the Patent Court, which upheld the trial decision and found that the subject registration was recognized to have bad faith (Patent Court Decision 2018Heo8784 of June 21, 2019).

2. Court's Reasoning and Decision

The prior rights holder is a Japanese company that manufactures hairdressing scissors for more than 100 years over three generations. The prior-used trademark "MATSUZAKI" is derived from the family name of the representative of the prior rights holder. In view of the term (period) of use of the trademark, its domestic advertisement and the like, it can be recognized that the prior-used trademark was recognized as a mark indicating source of the prior rights holder among consumers in the domestic or Japanese beauty industry at the time of filling the application for the subject registration, and the both parties do not argue against this.

The prior rights holder had trademarks including the trademark " " registered in Korea in 1998, and the subject trademark owner entered an agreement in 1998 with the prior rights holder for exclusive import and sales. The subject trademark owner

subsequently imported goods using prior-used trademarks and distributed and sold the goods in Korea. Then, after the domestic trademark registrations of the prior rights holder expired in 2008, the subject trademark owner filed an application for the subject trademark registration and was granted the registration.

Given the above, it is clear that the subject trademark owner knew the existence of the prior-used trademark. And, the subject trademark owner sent a letter of apology to the prior rights holder for using "MATSUZAKI" for goods that were produced by the subject trademark owner after the filing of the application for the subject registration. After the registration of the subject trademark, the spouse of the subject trademark owner sent out a trademark infringement warning against a Korean seller of the prior rights holder's hairdressing scissors. In this light, it is recognized that the purpose of the subject registration by the subject trademark owner is to use the trademark for goods imitating the prior rights holder's goods or interfere with domestic sales thereof.

Meanwhile, the subject trademark owner argues that the prior rights holder has agreed to the application and registration of the subject trademark. However, the letter of apology that the subject trademark owner sent to the prior rights holder does not mention the filing of the application for the subject registration, and thus, it cannot be recognized, based on the letter, that the prior rights holder implicitly agreed with filing of the application for the subject registration. In addition, in consideration of the relationship between the two parties, business progress and the like, it can hardly be deemed that the subject trademark owner filed the application for the subject registration for the purpose of protecting the trademark of the prior rights holder.

Therefore, the subject registration shall be invalidated for the reason that the subject trademark is similar to the prior-used trademark in mark and goods and it is recognized that the applicant has bad faith.

IV. Comments

The Goyard case is meaningful in that the court recognized bad faith of the applicant of a trademark in view of the famousness of a prior-used trademark, and shape and texture of goods actually sold, despite difference in fine details of the basic figure, constitution and letters forming the mark. The MATSUZAKI case is also noteworthy in that, for a registered trademark that has expired, the court held that a trademark registered by a former importer was filed with bad faith.

The decisions mentioned above would serve as precedents that can be referred to when making an argument that an applicant of an imitated trademark has bad faith.