

PATENT COURT OF KOREA
SECOND DIVISION
DECISION

Case No. 2019Heo6747 Invalidation of Registration
(Trademark)

Plaintiff A
CEO B
Counsel for Plaintiff
Attorney Jongseok KIM
Patent Attorney Hongseok Jang

Defendant C
CEO D
Counsel for Defendant
Patent Attorney Changsik SOHN

Date of Closing Argument May 21, 2020

Decision Date June 4, 2020

ORDER

1. The Intellectual Property Trial And Appeal Board (IPTAB) Decision (2017Dang2862) dated July 30, 2019, is revoked.
2. The Defendant shall bear the cost arising from this litigation.

PLAINTIFF'S DEMAND

As ordered.

OPINION

1. Background

A. Registered Trademark at Issue (hereinafter the “Subject Trademark”)

- 1) Registration No./ Filing Date of Application/ Registration Date:
No. 934783/ August 24, 2011/ September 19, 2012
- 2) Mark at Issue: **GSHOBBY**
- 3) Designated Goods: Pet toys, ski wax, toys, playthings, dolls, amusement items, apparatus for playing games, electronic amusement items (excluding those exclusive for TV), sports equipment, exercise equipment, bodybuilding equipment, fishing gear, and collapsible pools for sports in Class 28
- 4) Right holder: Defendant

B. Prior-Used Mark

- 1) Mark: **GS**
- 2) Designated Goods (Services): Operation of a professional sports team, operation of teleshopping programs, operation of convenience shops, operation of holding companies, power generation business, construction business, among others
- 3) Period of Use: From July 2004 to present
- 4) User: Plaintiff

C. IPTAB Decision

1) On September 6, 2017, the Plaintiff filed a petition with the IPTAB against the Defendant, seeking to revoke the Subject Trademark's registration for the following reasons: ① There are reasons for invalidating the Subject Trademark's registration under Article 7(1)(vi) of the previous Trade Act (the Act that was replaced by Act No. 14033 on February 29, 2016, hereinafter the "old Trademark Act.") because it contains the abbreviated title or trade name of the well-known Prior-Used Mark; ② there are reasons for invalidating the Subject Trademark's registration under Article 7(1)(x) of the old Trademark Act because the Subject Trademark is similar to the well-known Prior-Used Mark and will likely cause a mistake or confusion as to the source of the goods to consumers or traders; and ③ there are reasons for invalidating the Subject Trademark's registration under Article 7(1)(xii) of the old Trademark Act because the Subject Trademark is used for fraudulent purposes, such as unjust enrichment by taking advantage of the credibility and reputation embodied in the Prior-Used Mark.

2) The IPTAB assessed the petition as Case 2017Dang2862 (hereinafter the "Case") and dismissed the Plaintiff's petition on July 30, 2019, stating that: "① It is difficult to accept that the Subject Trademark contains the trade name or abbreviated title of the Prior-Used Mark and that it violates Article 7(1)(vi) of the old Trademark Act; ② The Case does not fall under Article 7(1)(x) of the old Trademark Act because the Prior-Used Mark is not similar to the Subject Trademark. The Subject Trademark is unlikely to cause a mistake or confusion as to the source of goods because it is known, to some extent, as the source of goods in the toys, playthings, and amusement apparatus industries; and ③ The Case does not fall under Article 7(1)(xii) of the old Trademark Act because the Subject Trademark cannot be deemed identical or similar to the Prior-Used Mark."

PATENT COURT DECISIONS

[Factual Basis] Undisputed facts; statements in Plaintiff's Exhibits 1, 2, and 3; and purports for the overall argument

2. Plaintiff's Argument

The IPTAB erred in its decision for the following reasons. Therefore, the decision shall be revoked.

① The Subject Trademark is similar to the Prior-Used Mark because it combines "HOBBY," with little to no distinctiveness, to "GS," which is a well-known Prior-Used Trademark that pertains to the goods or services provided by GS Group, a well-known large corporation. There are reasons for invalidating the trademark registration under Article 7(1)(x) of the old Trademark Act, as the Subject Trademark is likely to cause confusion as if the designated goods are produced and sold by GS Group's affiliates or those with special relations with GS Group.

② The Subject Trademark is subject to the reasons for invalidating the trademark registration under Article 7(1)(vi) of the old Trademark Act because it contains the well-known Prior-Used Mark as it is.

③ The Subject Trademark is subject to the reasons for invalidating the trademark registration under Article 7(1)(xii) of the old Trademark Act because it was registered for fraudulent purposes, such as unjust enrichment by taking advantage of the credibility and reputation embodied in the Prior-Used Mark or by diluting the Prior-Used Mark's function as a source indicator.

3. Discussion

A. Applicability of Article 7(1)(x) of the Old Trademark Act

1) Standard

Article 7(1)(x) of the old Trademark Act provides that a trademark

likely to cause confusion with the goods or business of another that is conspicuously recognized by consumers may not be registered. A mark is refused registration under the above provision when there is a likelihood of confusion as to the source because the consumers in regards with the mark at issue would easily envisage a famous trademark or service mark of another, or its goods or business, in consideration of overall assessment and comparison of the fame of another person's prior-used trademark or service mark, the composition of the trademark concerned and another person's prior-used trademark or service mark, the degree of similarities or closeness between the two entities' goods or businesses, the degree of business diversification by the person holding the prior-used trademark or service mark, and the degree of overlap in customer bases (see e.g., Supreme Court Decision, 2008Hu2510, decided on May 27, 2010).

2) Established facts

① The Plaintiff had used the Prior-Used Mark since July 1, 2004, when it was separated from the LG Group as an entity named "GS Holding." The Plaintiff uses the Prior-Used Mark in the trade names of its affiliates, including GS Energy, GS Caltex, GS EPS, and GS E&R in the energy sector; GS Retail and GS Homeshopping in the distribution section; GS ENC in the construction sector; and GS Sports.

② The Plaintiff has used and promoted the Prior-Used Mark since July 2004. In 2005, the marketing cost spent by the Plaintiff's major affiliates amounted to KRW 112 billion, and the Plaintiff published 2,193 advertisements on TV, 2,201 on radio, 123 on newspapers, and 210 on cable TV.

③ According to the Korea Fair Trade Commission records, the Plaintiff was the 8th largest business group in Korea, with 76 affiliates and total assets amounting to KRW 46 trillion when the application for registration of the Subject Trademark was filed in 2011. The

PATENT COURT DECISIONS

Plaintiff's sales approximately amounted to KRW 23 trillion in 2005, 27.6 trillion in 2006, 31 trillion in 2007, 34.5 trillion in 2008, and 49.7 trillion in 2009. In a brand awareness survey in September 2005, 99.4% of 500 male and female adults recognized GS Group.

④ The Defendant was established on March 30, 2000, and added “manufacturing and sales of toys and playthings, character goods, and plastic models and figures” to its business purposes on September 8, 2009. It began to use the domain “gshobby.co.kr” on May 10, 2010, and filed an application to register the Subject Trademark on August 24, 2011, which was approved on September 19, 2012.

⑤ Toys and playthings, which are the Designated Goods bearing the Subject Trademark, are sold on the Defendant's domain (gshobby.co.kr), its websites (gundamshop.co.kr and thunder-man.com), and other e-commerce sites, including Amazon, eBay, Naver Shopping, G Market, and Auction.

[Factual Basis] Undisputed facts; statements or images in the Plaintiff's Exhibits 4 through 9, 24, 26, 31, 32, 33, 36, 38, 40 through 50, and 53; statements or images in the Defendant's Exhibits 1 through 28, 43, 44, and 45; and purports of the overall argument

3) Prior-used mark's fame

According to the established facts above, the Prior-Used Mark obtained fame from around 2005. On August 24, 2011, which is the Subject Trademark's filing date for registration, the Prior-Use Mark was widely known not only to the general consumers or traders but also to the general consuming public in Korea.

4) Whether Source of the Goods are Mistaken or Confused

The confusion referred to in Article 7(1)(x) of the old Trademark Act has a broad meaning in that the source of goods is mistaken for

having a business, contractual, organizational, or other special relationship with the corporate owner of a well-known trademark. Given the following circumstances as presented in the established facts above, the Subject Trademark is likely to confuse the audience with the Prior-Used Mark's business. Therefore, it is reasonable to deem that the Subject Trademark falls under the grounds for invalidating the trademark registration under Article 7(1)(x) of the old Trademark Act.

① The Plaintiff argues that the Subject Trademark is a composite trademark of "GS" and "HOBBY." Moreover, the Defendant seems to acknowledge that the Subject Trademark is a composite mark of "G," "S," and "HOBBY," as it argues that the Subject Trademark is an abbreviation of "Gundam Shop HOBBY." The Plaintiff names its affiliates in the form of combining "GS" with following individual company name.

② The Prior-Used Mark and the Subject Trademark have different appearances as they use different letters. However, the first two letters are the same, i.e., "GS." Neither the Subject Trademark, which is a coined trademark, nor the Prior-Used Mark form any particular concept for comparison between the two. The first three syllables are the same between the Prior-Used Mark, called "GS," and the Subject Trademark, called "GSHOBBY." Given the linguistic practices of the general Korean trading society where the first syllable is stressed and carries stronger impression in a word comprising several syllables, general consumers or traders who have encountered the Subject Trademark can easily associate it with "GS," a well-known Prior-Used Mark.

③ Toys and playthings, which are the Designated Goods bearing the Subject Trademark, are sold on the Defendant's websites and other e-commerce sites, among other goods. GS Homeshopping, one of the Plaintiff's affiliates, provides sale services through teleshopping channels, the Internet, and mobile applications and can sell toys and plastic model goods at any time. (It seems that it sells

PATENT COURT DECISIONS

plastic models at present.) As such, both the Subject Trademark and the Prior-Used Mark share the same customer base.

④ The Defendant's gundamshop.co.kr site has nearly 550,000 members, and the term "Gundam Shop GSHOBBY" is used in Gundam Shop stores near Hapjeong Station and Samsong Station. Moreover, the Defendant used the term "Gundam Shop GSHOBBY" while hosting online contests in 2016 and 2017. The Defendant used the Subject Trademark in Amazon, eBay, and thunder-man.com sites and ranked first in the online shopping mall (kidult shop) category in the 2017 Korea Brand Preference survey. The Defendant used the Subject Trademark at the UK EXPO and on the SBS soap operas it sponsored. The Defendant argues that there is little overlap in customer bases and that the Subject Trademark did not cause confusion among consumers. However, the statements in the Defendant's Exhibits 1 and 2 are insufficient to support the Defendant's claim that it had been using the Subject Trademark before the Prior-Used Mark gained fame. There is no evidence to prove that the Subject Trademark was known as a source indicator of the Defendant's goods among the consumers or in the trade of toys, playthings, and amusement apparatus, among others, when the application for the Subject Trademark was filed. The circumstances above claimed by the Defendant came around only after the Plaintiff's Prior-Used Mark obtained fame. Having established the foregoing, it is concluded that the Subject Trademark is likely to confuse consumers with the Prior-Used Mark and the Defendant's argument is without merit.

B. Applicability of Article 7(1)(vi) of the Old Trademark Act

Article 7(1)(vi) of the old Trademark Act is not intended to prevent mistakes or confusion with the source of goods or services but to protect others' moral rights. The provision concerns a trademark that

“includes” a well-known name of another party, and not formulated in a way regulating a mark that is identical or similar to a particular trademark (e.g., Article 7(1)(ix)). Furthermore, Article 7 does not require the likelihood of consumers being mistaken or confused as to the source of goods (e.g., Articles 7(1)(x) and (xi)) as the criteria.

The Subject Trademark contains a well-known trade name or abbreviated title of the Plaintiff, as it has the English letters “GS” in “GSHOBBY,” where the former is a well-known Prior-Used Mark. Therefore, the Subject Trademark falls under the ground for invalidating the trademark registration under Article 7(1)(vi) of the old Trademark Act.

C. Summary of Discussion

The Subject Trademark’s registration shall be invalidated without having to further examine the Plaintiff’s remaining claims because it falls under Article 7(1)(vi) and (x) of the old Trademark Act. The IPTAB, whose decision is inconsistent with the analysis above, erred in its decision.

4. Conclusion

The Plaintiff’s claim to revoke the IPTAB Decision is well-grounded, and therefore, shall be granted.

Presiding Judge	Kyungran KIM
Judge	Hyejin LEE
Judge	Seongjin KOO