INTELLECTUAL PROPERTY HIGH COURT OF KOREA

THIRD DIVISION

DECISION

Case No.	2021Heo2007 Invalidation of Registration (Trademark)
Plaintiff	A
	USA
	Representative B (Donna M. Ruggiero)
	Attorney for Plaintiff Attorney Min Jeong Park
Defendant	Corporation C
	Representative Director American D
	Attorney for Defendant Lee & Ko LLC.
	Attorney in Charge Woon Ho Kim, Hyo Eun Shin
Date of Closing Argument	Aug. 26, 2021
Decision Date	Oct. 21, 2021

ORDER

1. The Plaintiff's claim is dismissed.
2. The cost arising from this litigation shall be borne by the Plaintiff.

PLAINTIFF'S DEMAND

The IPTAB Decision 2019Dang3520, decided on Dec. 28, 2020, shall be revoked.

OPINION

1. Background

A. Defendant's Registered Trademark (Plaintiff's Exhibits 1 and 2)

1) Registration Number/ Filing Date of Application/ Date of Registration/ Decision Date of Registration: Trademark Registration No. 1188459/ Nov. 9, 2015/ Jul. 5, 2016/ Jun. 9, 2016

2) Mark at Issue: born this way

3) Designated Goods: Category of goods (Class 3): food flavorings (essential oils), fabric softeners for laundry use, starch cosmetics for laundry use, eyeshadow, lipstick, nail varnish for cosmetic purposes, mascara, eyeliners, flower perfumes, nail art stickers, false eyelashes, adhesives for affixing false hair, soaps for household use, beauty soap, toothpastes, shoe polish, waxes for leather, cosmetics for animals, abrasives for household use

B. Plaintiff's Prior-used Mark (Plaintiff's Exhibit 3)

1) Mark at Issue: BORN THIS WAY

2) Goods Bearing the Trademark: Cosmetics, such as foundation, concealers, cosmetic powder, etc.

3) Use Period: From May 2015 up to date

C. IPTAB Decision (Plaintiff's Exhibit 4)

1) On Nov. 7, 2019, the Plaintiff filed a petition for a trial to invalidate the registration of the Registered Trademark against the Defendant with the IPTAB, arguing that "since the Registered Trademark falls under Article 7(1)12 of the former Trademark Act (what was amended in its entirety with Act No. 14033 on Feb. 29, 2016; hereafter the same shall apply) in relation to its relationship with the Prior-used Mark, its registration shall be invalidated".

2) After hearing the case as 2019Dang520, the IPTAB, on Dec. 28, 2020, rendered its decision to dismiss the Plaintiff's petition for trial (hereinafter, the "IPTAB Decision") on the ground that "it is difficult to admit that the Prior-used Mark was known, on Nov. 9, 2015, around which the application for the Registered Trademark was filed, to ordinary consumers or traders as indicating goods of a specific party domestically and abroad. Also, it may not be deemed that the application was filed for unjust purposes, such as obtaining unjust profits by imitating the Prior-used Mark. Thus, the Registered Trademark does not fall under Article 7(1)12 of the former Trademark Act".

[Factual Basis] Undisputed facts, statements and image in Plaintiff's Exhibits 1 through 4, purport of the overall argument.

2. Parties' Arguments

A. Summary of Plaintiff's Arguments

1) The Registered Trademark falls under Article 7(1)12 of the former Trademark Act

in terms of its relationship with the Prior-used Mark on the following grounds:

a) It may be deemed that the Prior-used Mark was widely recognized as indicating a particular source by ordinary consumers or traders in the U.S., on Nov. 9, 2015, when the application for the Registered Trademark was filed, in light of the following: the sales or marketing of the Plaintiff's articles to which the Prior-used Mark was applied (hereinafter, the "Goods Bearing the Prior-used Mark"); in particular, the fact that the Goods Bearing the Prior-used Mark became popular in a relatively short period of time, such as 6 months, among consumers.

b) It may be deemed that the application for the Registered Trademark was filed for unjust purposes, such as taking advantage of good will and reputation of the Prior-used Mark, etc., in light of the following: the fact that the Registered Trademark " born this way " is almost identical to " BORN THIS WAY", which is the Prior-used Mark and which is unique and had never before been used in the world; the fact that the designated goods are similar to the Goods Bearing the Prior-used Mark; and the time, etc. of filing the application for the Registered Trademark, etc.

2) However, the IPTAB decision is inconsistent with the above analysis and shall not be upheld.

B. Summary of Defendant's Arguments

1) The Registered Trademark does not fall under Article 7(1)12 of the former Trademark Act in its relationship with the Prior-used Mark on the following grounds:

a) It may not be deemed that the Prior-used Mark was widely recognized as indicating the goods of a particular person among the ordinary consumers and traders in the U.S. as of Nov. 9, 2015, on which date the application for the Registered Trademark was filed, in light of the following facts: the Goods Bearing the Prior-used Mark accounted for only a very small portion of the sales in the U.S. cosmetics market as of the date on which the application for the Registered Trademark was filed; and a use period of the Prior-used Trademark was also very short, etc.

b) Also, it may not be deemed that the application for the Registered Trademark was filed for unjust purposes in light of the following facts: the phrase ("born this way") of the Registered Trademark is an expression commonly used in the English-speaking world; and the phrase is the title of an album of the famous person "E" and the title of a song.

2) Thus, the IPTAB decision is consistent with the above analysis and shall be upheld.

3. Whether the Registered Trademark falls under Article 7(1)12 of the former Trademark Act

A. Relevant Law

The purpose of Article 7(1)12 of the former Trademark Act is to disallow the registration of a trademark identical or similar to a trademark which is recognized as indicating the goods of a particular person by consumers within or outside the Republic of Korea, with unjust purposes of such as obtaining unjust profits or inflicting harm on the prior trademark holder through the loss of intangible value (e.g., good will associated with the well-known trademark) or obstructing business within Korea. Thus, for a registered trademark to fall under this provision, a trademark to be imitated shall be recognized as a trademark of a specific person by consumers domestically or abroad, and an applicant of the registered trademark shall use a trademark identical or similar to the trademark to be imitated for unjust purposes.

Whether a trademark to be imitated is recognized as a trademark of a specific person by consumers domestically or abroad shall be determined based on the following: the method, period, type, and scope under which the trademark is used; and how widely the trademark is known when objectively viewed in light of social norms or in the course of trade.

In determining whether there are unjust purposes, the following shall be considered: how recognizable or creative a trademark to be imitated is; how identical or similar a registered trademark and the trademark to be imitated are; the existence and contents of negotiations as to the trademark between the applicant for the registered trademark and the holder of a right to the trademark to be imitated; other relationships between the two parties; whether the applicant of the registered trademark specifically prepared for business using the registered trademark; whether the designated goods of the registered trademark and the trademark to be imitated are identical or similar; economic relationships; the course of trade; etc.

Such determination shall be made based on the time when the application for the registered trademark is filed (Supreme Court Decision 2010Hu807, decided Jul. 15, 2010; Supreme Court Decision 2012Hu672, decided Jun. 28, 2012).

B. How well the Prior-used Mark is known

1) The following facts could be recognized in light of the following: facts undisputed by parties; statements and images in Plaintiff's Exhibits 3 through 6, 10 through 12, and 15 through 17 (including hyphenated numbers, if any; hereinafter the same shall apply), and the purport of the overall argument.

   a) The Plaintiff, as a corporation that manufactures and sells cosmetics, has used the Prior-used Mark for foundation products in the U.S. since around May 21, 2015, after its establishment in 1998, and has released in earnest the Goods Bearing the Prior-used Mark around Jun. 15, 2015 (Plaintiff's Exhibits 3, 4, 6, and 17).

   b) 348,649 units of the Goods Bearing the Prior-used Mark have been sold in the U.S., and sales of around 13 million dollars have been recorded from May 2015 to November 2015, when the application for the Registered Trademark was filed. The details of the sales are as follows: 29 million dollars in 2016;

49 million dollars in 2017; 72 million dollars in 2018; and 82 million dollars in 2019 (from January to November 2019) (Plaintiff's Exhibit 5).

c) The Plaintiff has held a number of events to promote the Goods Bearing the Prior-used Mark in the U.S. since their release. Of these, the following events were held around November 2015 when the application for the Registered Trademark was filed (Plaintiff's Exhibit 5):

[Details of events related to the promotion of the Prior-used Mark until November 2015]

Event name	Date	Participant
Press Dinner	May 13, 2015	The press
Gen Beauty	May 2015	Ordinary consumers
International Influencer Summit	October 2015	Influencer
Retail Store Popup Event (excluding H in G, J.C. Penny)	June 2015	Ordinary consumers

942 posts related to the Goods Bearing the Prior-used Mark were disclosed on social media, such as Facebook, Youtube, Twitter, Instagram, etc. from May 20–15 to around Nov. 30, 2015 (Plaintiff's Exhibits 10 and 11).

d) The Goods Bearing the Prior-used Mark were sold from "www.F.com", which is an official online mall of the petitioner and "G", "H", etc., which are cosmetics shops around Nov. 9, 2015, the date when the application for the Registered Trademark was filed (Plaintiff's Exhibit 5). Of these, about 860 comments as to the Goods Bearing the Prior-used Mark were posted on "www.H.com" from Jun. 22, 2015 to Nov. 9, 2015 (Plaintiff's Exhibit 12).

e) From June to October 2015, the Plaintiff provided celebrities, such as I (I), J (J), K (K), etc., in the U.S. with the Goods Bearing the Prior-used Mark and issued promotion articles thereon (Plaintiff's Exhibits 15-1 through 3). Meanwhile, the Plaintiff also conducted marketing using review of beauty bloggers (Plaintiff's Exhibits 16-1 through 7).

2) However, in light of the following facts that are recognized based on the established facts above, statements in Plaintiff's Exhibits 14 and 34, and the purport of the overall argument, it is difficult to conclude, only from the facts established 1) above or evidence produced by the Plaintiff, that the Goods Bearing the Prior-used Mark were known to the ordinary consumers or traders such that they could perceive the Goods Bearing the Prior-used Mark as indicating the goods of a specific person in the U.S. as of Nov. 9, 2015, when the application for the Registered Trademark was filed. Also, there is no other evidence to admit the same.

a) As examined above, the Plaintiff began to use the Prior-used Mark in the U.S.

on or around May 21, 2015 and released in earnest the Goods Bearing the Prior-used Mark on or around Jun. 15, 2015. Then, as of Nov. 9, 2015, when the application for the Registered Trademark was filed, the Prior-used Mark was used for about five months, and the Goods Bearing the Prior-used Mark were released in earnest for only about four months.

b) Meanwhile, the Goods Bearing the Prior-used Mark recorded sales of 13 million dollars (15.5753 billion won)[1] in the U.S. from May 2015 to November 2015, when the application for the Registered Trademark was filed. However, in light of the fact that the scale of the cosmetics market in the U.S. in 2014 was about 38.8 billion dollars (Plaintiff's Exhibit 14-2), the Goods Bearing the Prior-used Mark accounted for 0.0335% (rounding down five decimal places and below; hereinafter the same shall apply of the U.S. market, based on the sales).[2]

In this regard, in light of the characteristics, etc. of the cosmetics industry, where a great variety of goods exist with different purposes, functionalities, uses, etc., the Plaintiff argues that the U.S. market share of the Goods Bearing the Prior-used Mark shall be assessed based on foundation only, and the Goods Bearing the Prior-used Mark recorded a meaningful market share in a short period of time.

However, it is difficult to conclude that, among cosmetics, only the foundation products are specifically restricted in terms of consumers and traders or have a market specifically separated from other types of cosmetics, in light of the following facts: (1) the cosmetics including foundation are mainly consumed by adult females; (2) manufacturers produce a variety of cosmetics including foundation; and (3) a variety of cosmetics are sold in online or offline stores.

Even if the Plaintiff's arguments are accepted in part and the scope of the cosmetics is limited, the market share of the Goods Bearing the Prior-used Mark was only 0.1811%[3] based on 76 million dollars, which is the total sales of "makeup-related products", or 0.5048%[4] based on 2.575 billion dollars, which is the total sales of "face makeup–related products" (Plaintiff's Exhibit 34). So, it could not be easily concluded that the Prior-used Mark was known by ordinary consumers or traders as of Nov. 9, 2015 as indicating the goods of a specific person.[5] Thus, the Plaintiff's arguments cannot be accepted.

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1 13 million dollars × 1,198.10 won (Won–Dollar exchange rate on Dec. 31, 2015).

2 13 million dollars / 38.8 billion dollars × 100%. Meanwhile, it seems that the scale of the U.S. cosmetics market in 2015 was expanded compared to the preceding year. Accordingly, the market share of the Prior-used Mark might have been lower than 0.0335% in 2015.

3 13 million dollars / 7.176 billion dollars × 100%.

4 13 million dollars / 2.575 billion dollars × 100%.

5 In this case, Plaintiff's Exhibit 7 is the only evidence that shows the market share of the Good Bearing the Prior-used Mark based only on the foundation product market among U.S. cosmetics markets. In this regard, the Plaintiff argues that Plaintiff's Exhibit 7 is a report prepared by L Group Inc., which is a prestigious market survey institution. However, there is no material at all with

c) Furthermore, even if the Plaintiff sold, in the U.S., the Goods Bearing the Prior-used Mark in online stores and offline stores, such as department stores or famous stores, like "G", "H", etc., the large-scale offline stores, such as "G", "H", etc. or online stores other than what the Plaintiff operates by itself handle or sell hundreds of cosmetics brands at the same time. Thus, it seems to be difficult to widely publicize a specific brand in a short period of time only with the sales conducted as stated above.

d) The Plaintiff argues that a variety of promotional events have been held for the Goods Bearing the Prior-used Mark since 2015. As examined above, the Plaintiff held only four promotional events by the date on which the application for the Registered Trademark was filed. Also, even if 900 promotional posts for the Goods Bearing the Prior-used Mark were disclosed in social media from May to November 2015, or celebrities or beauty bloggers in the U.S. promoted the Goods Bearing the Prior-used Mark, there is no material concerning the promotion by media, such as newspapers, magazines, broadcasting, etc. Also, in light of the scale of the U.S. cosmetics market, population,[6] etc., it cannot be concluded that the Prior-used Mark was perceived by ordinary consumers in the U.S.

3) Ultimately, the Plaintiff's argument that the Prior-used Mark was perceived, as of Nov. 9, 2015, on which date the application for the Registered Trademark was filed, as an identifier of goods of a specific person by ordinary consumers or traders in the U.S. shall not be accepted.

C. Existence of unjust purpose

1) Even if, as the Plaintiff argues, it is presumed that the Prior-used Mark was perceived in the U.S. as an identifier of goods of a specific person as of the date on which the application for the Registered Trademark was filed, it shall be admitted that the application was filed for unjust purposes in order for the Registered Trademark to fall under Article 7(1)12 of the former Trademark Act.

2) The Registered Trademark ("born this way") and the Prior-used Mark ("BORN THIS WAY") are marks composed only of English alphabet without separate figures. The only difference is the use of uppercase and lowercase letters. Further, they are very similar in terms of appearance, and their title and concept ("inborn", "inherently", etc.) are identical. Furthermore, as examined above, the designated goods of the Registered Trademark include "cosmetics, eyeshadow, lipstick, nail varnish for cosmetic purposes, mascara, eyeliners", etc. Since the designated goods are similar to "foundation", which is the Goods Bearing the Prior-used Mark, the economic relationship between them is acknowledged.

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which a source of Plaintiff's Exhibit 7 could be identified. Thus, it is difficult to acknowledge its reliability. Even if it is assumed that Plaintiff's Exhibit 7 is a part of L report, it is still difficult to conclude that since the Goods Bearing the Prior-used Mark took 25th place based on the sales and accounted for only 0.9% of the U.S. foundation market in 2015, ordinary consumers or traders in the U.S. perceived, on or around Nov. 9, 2015, the Goods Bearing the Prior-used Mark as a source of goods of a specific person.

[6] The U.S. population in 2015 was 321,442,000 (see Wikipedia).

3) However, in light of the following facts that are recognized based on the established facts above, statements and images in Plaintiff's Exhibit 17-1, Defendant's Exhibits 2 through 4 and 6 through 10, and the purport of the overall argument, it is difficult to recognize, only with facts established 2) above or evidence submitted by the Plaintiff, that the application for the Registered Trademark was filed for unjust purposes to obtain unjust profits by taking advantage of good will, etc. embodied in the Prior-used Mark perceived in the U.S. as a trademark of a specific person before the date on which the application for the Registered Trademark was filed. Further, there is no evidence to recognize otherwise.

a) As examined above, as of Nov. 9, 2015, when the application for the Registered Trademark was filed, the Prior-used Mark had been used only for five months, and the Goods Bearing the Prior-used Mark had been released in earnest for only four months.

b) Also, in light of the following facts, it is difficult to deem that the Prior-used Mark, which was applied to foundation products, is a highly creative mark:

(1) The phrase "born this way" is an English expression that could be translated as "inborn", "inherently", etc.,[7] which are phrases widely used in English-speaking countries.

(2) Meanwhile, "E (E)", who is an internationally famous singer, released, on or around May 20, 2011, his/her second regular album titled "Born This Way", which is also the title of a song contained therein. More than 8 million copies were sold in the world in September 2011, which is around four months after the release of the album (Defendant's Exhibit 2). Also, Internet portals, such as Google, Naver, etc., return the album as the top result if the phrase "born this way" is searched for (Defendant's Exhibits 3 and 4). Thus, it would be reasonable to deem that the mark "Born This Way" was widely known by the public through the album even before the Prior-used Mark was used.

The Plaintiff argues the following: the song has lyrics that support "living with confidence as one is born, irrespective of race or gender identity", and its context is completely different from the fact that the Prior-used Mark is used on the foundation products to mean they "complete a skin tone that is as natural as if it were inborn".

However, in light of the ordinary meaning of the English expression "born this way", the phrase "born this way" in the Prior-used Mark or the song stated above was used in the song or foundation products for respective purpose of use. Furthermore, even an article on the release of the Goods Bearing the Prior-used Mark, submitted by the Plaintiff, describes that "as could be guessed from the title (inspired by E), the

[7] According to the Naver dictionary, the result of searching for "born this way" shows the following: the title of a new album of "E (E)"; the phrase "I was born this way"; and "inborn", which is a translation thereof.

Goods Bearing the Prior-used Mark were designed for you to feel as if you're wearing no makeup at all" (Plaintiff's Exhibit 17-1). Thus, it may not be deemed, unlike the Plaintiff's argument, that the two are completely different in their context or that the Plaintiff used the Prior-used Mark in a highly distinctive manner. Thus, the Plaintiff's argument in this respect shall not be accepted, either.

(3) Moreover, as to the mark, such as "born this way" or "BORN THIS WAY", an application was filed for class 3 cosmetics under the category of goods on or around Aug. 4, 2011, which is prior to the initial use of the Prior-used Mark in the U.S., or filed and registered as a service mark for classes other than class 3 under the category of goods on or around May 1, 2012.

c) The Defendant manufactures and sells products, such as sun cushions, shampoo, etc., to which the Registered Trademark is applied, after having filed an application therefor and registering the same (Defendant's Exhibits 7 through 10). Also, the Defendant prepares or conducts business with the Registered Trademark after having filed a number of applications for the trademark "BORN THIS WAY" in China from September 2018 (Defendant's Exhibit 6). Furthermore, it seems that in August 2018, the Plaintiff made a proposal for discussion regarding the Registered Trademark to the Defendant. However, there is no material at all to indicate that the Defendant held the Registered Trademark superficially before and after the filing of the application and promoted the same to obtain profits from the Plaintiff.

4) Ultimately, the Plaintiff's arguments that the application for the Registered Trademark was filed to obtain unjust profits by taking advantage of good will, etc. embodied in the Prior-used Mark shall not be accepted, either.

D. Summary of Analysis

Ultimately, it may not be deemed that the Prior-used Mark was widely perceived as an identifier of the Plaintiff's goods in the U.S. as of the date when the application for the Registered Trademark was filed. Also, it may not be regarded that the application for the Registered Trademark was filed for unjust purposes. Thus, the Registered Trademark does not fall under Article 7(1)12 of the former Trademark Act.

4. Conclusion

The IPTAB decision is consistent with the above analysis and shall be upheld. Thus, the Plaintiff's claim to revoke the IPTAB decision is without merit and is therefore dismissed. It is decided as ordered.

Presiding	Judge	Kyu Hong LEE
	Judge	Eun Hee Park
	Judge	Yeong Eun Sohn