INTELLECUAL PROPERTY HIGH COURT OF KOREA

FIFTH - FIRST DIVISION

DECISION

Case No. 2021Heo3215 Scope of Rights Confirmation (Trademark)

Plaintiff A

Switzerland

CEO B

Attorney for Plaintiff

Attorney Min Jeong Park

Defendant C

Place of Service

Date of Closing Argument Oct. 14, 2021

Decision Date Dec. 2, 2021

ORDER

- 1. The IPTAB Decision 2020Dang2751, decided on Apr. 14, 2021, shall be revoked.
- 2. The cost arising from this litigation shall be borne by the Defendant.

PLAINTIFF'S DEMAND

As ordered.

OPINION

1. Background

A. Plaintiff's Registered Trademark and Service Mark (Plaintiff's Exhibit 1)

Oct. 29, 2013/ Nov. 24, 2014/ Jan. 6, 2015

) Mark at Issue:

Designated Goods

- Category of Goods: Class 14 (jewels, accessories of jewelry)

- Category of Goods: Class 16 (brochures, catalogues, leaflets)

- Category of Services: Class 35 (retail store services in the field of jewelry)

B. Mark Subject to Confirmation (hereinafter, the "Mark for Review")

Mark at Issue



Goods bearing the mark: Pendants

O Users: Defendant

C. IPTAB Decision

On Sep. 8, 2020, the Defendant filed a petition for a defensive trial to confirm the scope of rights against the Plaintiff, who is a holder of the right of the Registered Trademark and Service Mark at Issue, as IPTAB 2020Dang2751, arguing that the Mark for Review does not fall within the scope of the right of the Registered Trademark and Service Mark at Issue.

In this regard, on Apr. 14, 2021, the IPTAB rendered its decision to admit the Plaintiff's petition for a trial in that "since it may not be said that the Mark for Review was used as a trademark, the Mark for Review does not fall within the scope of rights of the Registered Trademark and Service Mark at Issue without the need to further examine the Plaintiff's remaining arguments, such as the similarity of the Mark for Review and the Registered Trademark and Service Mark at Issue".

[Factual Basis] Undisputed facts, statements in Plaintiff's Exhibits 1 and 3, purport of the overall argument.

2. Whether IPTAB Erred

A. Summary of Parties' Arguments and Questions Presented

1) Summary of Plaintiff's Arguments

The Mark for Review was used as a trademark and is very similar to the Registered Trademark and Service Mark at Issue in terms of the mark and goods bearing the trademark. Further, it is highly likely that the Mark for Review would be misunderstood or cause confusion as to its source, because the Registered Trademark and Service Mark at Issue are well known and famous. Thus, the Mark for Review falls within the scope of rights of the Registered Trademark and Service Mark at Issue. Therefore, the IPTAB decision is inconsistent with the above analysis and shall not be upheld.

2) Summary of Defendant's Arguments

The Mark for Review was used not as a trademark but as a design. Also, the Mark for Review is different from and not similar to the Registered Trademark and Service Mark at Issue in terms of appearance. Thus, the Mark for Review does not fall within the scope of rights of the Registered Trademark and Service Mark at Issue. Therefore, the IPTAB decision is consistent with the above analysis and shall be upheld.

3) Questions Presented

Questions presented were whether the Mark for Review was used as a trademark and whether the Mark for Review is similar to the Registered Trademark and Service Mark at Issue. Hereinafter, the following will be examined: whether the Mark for Review was used as a trademark; and furthermore, whether the Mark for Review is similar to the Registered Trademark and Service Mark at Issue.

B. Whether the Mark for Review was used as a trademark

1) Relevant Law

A mark subject to a trial to confirm the scope of trademark rights shall be used as a trademark to fall within the scope of rights of a registered trademark. Thus, where it may be deemed that a mark is used to identify goods or indicate a source thereof, which may be an essential function of a trademark, the mark shall be regarded to be used as a trademark (Supreme Court Decision 2006Hu2295, decided Jul. 10, 2008).

Since a design and a trademark are not exclusive or selective, even a form or a pattern which could become a design shall be regarded to be used as a trademark, provided that it is used to identify the source of goods. Also, it shall be determined whether a mark indicated in actual business is being used as an identifier of goods in light of its relationship with goods to which the mark is applied as a trademark, manner of use of the mark (location, size, etc. indicated on goods, etc.), well-known status and fame of the registered trademark, intention and course of use of a user, etc. (Supreme Court Decision 2010Da58261, decided Mar. 28, 2013).

2) Established Facts

The following facts are recognized in light of statements and images in Plaintiff's Exhibits 4 through 10, 12 through 16, 19, and 20 (including hyphenated numbers,

if any; hereinafter the same shall apply), and the purport of the overall argument:

- a) Since the Plaintiff, as an enterprise specialized in jewelry, watches, and perfume established in France in 1906, released in 1968 the "Alhambra" collection necklace in which the Registered Trademark and Service Mark at Issue were used, where four round petals made of jewelry and their edges are decorated with small golden beads with a four-leaf clover, the Plaintiff has continued to use the Registered Trademark and Service Mark at Issue in rings, bracelets, earrings, pendants, watches, etc. (the group of goods to which the Registered Trademark and Service Mark at Issue are applied are referred to as the "Alhambra Collection"). The Alhambra Collection has been displayed, advertised, and marketed in Korea since April 2002.
- b) The Plaintiff's sales of the Alhambra Collection in Korea from 2013 to 2019 and the advertising expenses for the Alhambra Collection in Korea from 2012 to 2019 (those from 2015 to 2018 are excluded) are as follows:

Fiscal year	Sales (in billion won)	Advertising expenses (in million won)
2012	-	80
2013	10.8	94
2014	13.9	154
2015	12.7	-
2016	14.2	150
2017	21.7	97
2018	28.7	-
2019	36.3	684
Total	138.3	1,259

- c) The Alhambra Collection has been worn by the following: prominent political figures, such as the first lady of France, the wife of the Vice President of the U.S.A., etc.; famous actresses, such as D, E, F, G, H, I, J, etc.; and famous singers, such as L, etc. The Plaintiff has also continued to post advertisements in various fashion magazines in Korea as specified in [Attached Form 1].
- d) The Alhambra Collection was introduced from 2011 to 2019 through articles in various press media in Korea, such as N, O, P, Q, R, S, T, U, etc., as follows: "W, ... necklaces or earrings with four-leaf clover pendant are selected as a

favorite design even by females in Korea"; "fake Alhambra Collection is observed on the streets from time to time. This shows that it is becoming popular and that the demand therefor is increasing"; "Alhambra (...), one of the typical jewelry lines with popularity"; "Many celebrities wear the Alhambra lines of A, such as necklaces or earrings with a four-leaf clover pattern"; and "the Alhambra Collection, one of the best sellers first produced in 1968, has continued to be loved for more than 50 years".

e) In the consumer perception survey conducted on May 10, 2019 as to the Plaintiff's Registered Trademark and Service Mark at Issue and 3D mark "

"(Trademark Reg. No. 40-1522518) with identical plane view type

for females at the ages of 25 through 54 who have purchased luxury jewelry in the last two years or would purchase luxury jewelry in two years, 92.4% of the respondents answered that they had seen the trademarks, and 74.0% of the respondents perceived the trademarks as goods of the specific brand. Also, 48.2% of the respondents answered that they knew the brand of goods with the presented image. Further, of the respondents who answered that they knew the brand of goods with the presented image, 60.6% (29.2% of the respondents as a whole)¹ directly answered without choice that the name of brand is "W".

f) Also, as illustrated in [Attached Form 1], on or around the date of the IPTAB Decision, pendant necklaces, earrings, and bracelets with shapes very similar to those of the Registered Trademark and Service Mark at Issue were sold in Korea under the name of "A, "A Cl", etc.

Also, as to the Defendant's products to which the Mark at Issue was applied (14 K four-leaf clover necklaces), consumers commented on the website X as follows: "they are too expensive to purchase"; "A Cl" necklaces are so beautiful but way too expensive to purchase. In the meantime, I finally found goods similar thereto! Furthermore, these are affordable"; and "I am fascinated with the A style".

Even in the Q&A of the website X for the Defendant's goods to which the Design for Review was applied, the Defendant answered "do you mean clover earrings?" regarding a customer's question of "do you have "A" design earrings?" Also, the Defendant answered that "our goods are substantially different from "A" products. If the rear side is filled, a price would rise by 200–300 thousand won. Thus, we had to make a choice to make them lighter and more affordable" in response to a customer's question, noting that "the rear side is empty and this product is too different from genuine goods".

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 $^{48.2\% \}times 60.6\% = \text{about } 29.2\%.$

g) The Plaintiff sent a warning requesting that the display and sales of the imitating goods be stopped to businesses that sold necklaces, etc. whose forms are similar to the Alhambra Collection to which the Registered Trademark and Service Mark at Issue are applied. Further, the imitating businesses admitted that the following acts infringe the Plaintiff's Registered Trademark and Service Mark at Issue: (a) the Plaintiff is a lawful holder of a right to the Registered Trademark and Service Mark at Issue; (b) the Registered Trademark and Service Mark at Issue are well known to consumers at home and abroad; and (c) goods, such as bracelets, necklaces, etc. whose forms are identical or similar to the Registered Trademark and Service Mark at Issue are sold. Also, the imitating businesses committed to stopping acts of selling imitating goods, etc. without delay and acts of infringing the Registered Trademark and Service Mark at Issue.

3) Analysis

In light of the facts established above, the purport of the overall argument, and the legal principles examined above, it would be reasonable to regard the Mark for Review as acting as an indicator of source and thus being used as a trademark. It is difficult to regard otherwise, even if the Defendant indicated "Y", its own trademark, on its website, product package, guarantee, etc. Thus, the Defendant's arguments premised otherwise are without merit.

- a) It would be reasonable to deem that the Registered Trademark and Service Mark at Issue were widely known on or around Apr. 14, 2021, which is the date of the IPTAB Decision, as an indicator of source to domestic consumers and traders of the designated goods, such as jewelry, jewelry accessories, etc. in light of the facts established above and, in particular, the following: a period of time during which the Registered Trademark and Service Mark at Issue were used in Korea (for about 19 years); domestic sales (about 20 billion won every year); advertising expenses (about 0.2 billion won every year); press releases and promotion; consumer perception surveys; and the fact that consumers perceive the Defendant's products as imitations of the Plaintiff's products to which a form identical to the Registered Trademark and Service Mark at Issue are applied.
- b) The Mark for Review forms an overall shape, such as decoration, etc. of necklace pendants, earrings, and bracelets, and attracts consumers' attention. However, in the marketplace, the decoration, etc. of necklace pendants, earrings, and bracelets are not perceived only as a simple design but often recognized as an identifier in which a pattern of the relevant pendent or decoration is distinguished from products of others. Such a tendency is often more prominent in expensive jewelry.
- c) Consumers associate the Defendant's necklaces, etc. to which the Mark for Review is applied directly with the Plaintiff's Alhambra Collection or the Registered Trademark and Service Mark at Issue. Also, it seems that the

Defendant knowingly imitated the Plaintiff's Alhambra Collection and produced its own products by imitating the same.

C. Similarity of the Registered Trademark and Service Mark at Issue and the Mark for Review

1) Standards for Judgement

The similarity of trademarks shall be determined based on the apprehension of misunderstanding and/or confusion in transactions by comparing their appearance, names, and concepts in objective, comprehensive, and recollective manner. In particular, if the dominant impression of figurative marks is so identical or similar that the ordinary consumers would be misunderstood or confused as to the source of goods, the figurative marks shall be regarded as similar. Also, the similarity of marks shall be determined by looking at whether an ordinary consumer who sees the two marks at different times and places would confuse one mark with the other, rather than comparing them side by side. Where two marks would cause ordinary consumers to misunderstand or confuse the source of goods in light of the impression, recollection, association, etc. imparted by their appearance, title, concept, etc., they shall be regarded as similar (Supreme Court Decision, 2015Hu134, decided Jul. 14, 2016). This legal principle is applied to 3D marks without change. However, 3D marks could be perceived differently depending on a direction of viewing. Thus, where an appearance of a 3D mark perceived from a certain direction is relatively distinctive, if the appearance from the direction is similar to that of a plane mark or other 3D mark, the 3D mark may be regarded as similar.

2) Analysis

In light of the circumstances stated below, the dominant impressions imparted by the appearance of the Registered Trademark and Service Mark at Issue and that of the Mark for Review are identical or similar. Thus, it would be reasonable to deem that if the two marks are used together on identical or similar goods, ordinary consumers and traders would misunderstand or confuse the source of the goods. Thus, the two marks are similar. Therefore, the Defendant's argument, premised otherwise, that the two marks are not similar is without merit.

Registered Trademark and Service Mark at Issue	Plane Shape of the Mark for Review

a) It would be reasonable to deem that a plane shape of the Mark for Review is more distinctive than other parts, in light of the following facts: the plane

shape consists a significant part of the overall shape of the Mark for Review; the plane shape is more conspicuous than other parts; and the plane shape contributes to the formation of the concept of a "simplified four-leaf clover".

With these premises, in terms of the plane shapes in the Registered Trademark and Service Mark at Issue and the Mark for Review, both marks have the four-leaf clover as their motif and simplify and abstract the same. More specifically, the two marks have the following commonalities: (1) the lower parts of four leaves are not separated but combined; (2) the four leaves are simply expressed in a shape of circle or semi-circle; (3) the four leaves do not have veins; and (4) a number of small beads fill the edges of the figure, and these parts are conspicuous in both marks.

- b) Meanwhile, the two marks have the following differences: (1) a small bead at a vertex at which the leaves meet one another; and (2) nine or ten beads fill an edge of each leaf. However, these differences are so minor that they could not be perceived without close examination. Thus, these differences would almost not be perceived if the two marks are examined in a comprehensive, objective, and recollective manner. In particular, this would be the case even more in light of the fact that the size of the decoration in necklace pendants, earrings, bracelets, etc. to which both marks are applied is only about 1 cm.
- c) The Defendant argues to the effect that the two marks are not similar in terms of appearance in that in the Mark for Review, ten small beads are connected in a form of cylinder at the top and bottom thereof, whereas, in the Registered Trademark and Service Mark at Issue, the small beads are not connected to one another.

However, it is difficult to deem that the two marks are not similar in terms of appearance, as argued by the Defendant, in light of the following: as examined above, a plane shape of the Mark for Review is more distinctive than any other parts; the plane shapes in the Registered Trademark and Service Mark at Issue and the Mark for Review have commonalities as examined in a) above; thus, it seems that ordinary consumers and traders would feel that the two marks are similar in terms of appearance; and the circumstances argued by the Defendant could be known only if a side of the Mark of Review is examined closely and thus would contribute less to the distinctiveness of appearance compared to the plane shape.

d) As examined in the facts established above, even ordinary consumers of the Defendant's goods directly associated the Defendant's goods with the Plaintiff's Alhambra Collection or the Registered Trademark and Service Mark at Issue. Thus, it would be reasonable to deem that the Registered Trademark and Service Mark at Issue and the Mark for Review are very similar in terms of appearance.

D. Identity or Similarity of the Designated Goods and the Goods to which designs are applied

The "pendant" to which the Mark at Issue is applied means the jewelry accessory used in necklaces, bracelets, etc. or the "necklaces hanging down over the chest with jewelry decoration at the center" in itself. Further, the "pendant" falls within the scope of "jewelry", an "accessory of jewelry", etc., which are the goods designated for the Registered Trademark and Service Mark at Issue. Thus, the goods to which the Mark for Review is applied and the designated goods of the Registered Trademark and Service Mark at Issue are identical.

E. Summary of Discussion

As examined above, the Mark for Review was used not only as a design but also as a trademark in the Defendant's goods. Further, its mark is similar to the Registered Trademark and Service Mark at Issue. Also, goods to which the mark is applied are identical to the designated goods of the Registered Trademark and Service Mark at Issue. Thus, the Mark for Review falls within the scope of rights of the Registered Trademark and Service Mark at Issue. Therefore, the IPTAB decision is not consistent with the above analysis and shall not be upheld.

3. Conclusion

The Plaintiff's claim to revoke the IPTAB decision is with merit and is therefore upheld. It is decided as ordered.

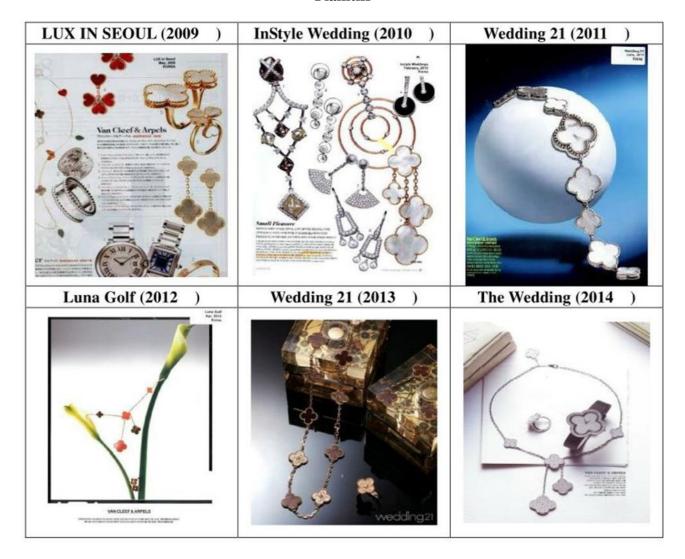
Presiding Judge Hyeong Geun Lee

Judge Donggyu Kim

Judge Sungyop Woo

[Attached Form 1]

Advertisements of the Alhambra product lines posted in domestic fashion magazines by the Plaintiff



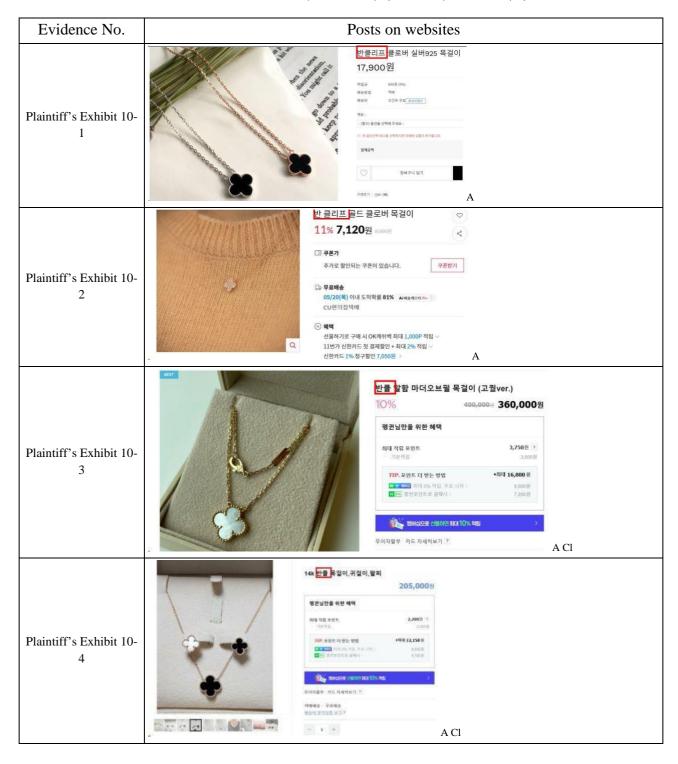
[Margin to insert figures]

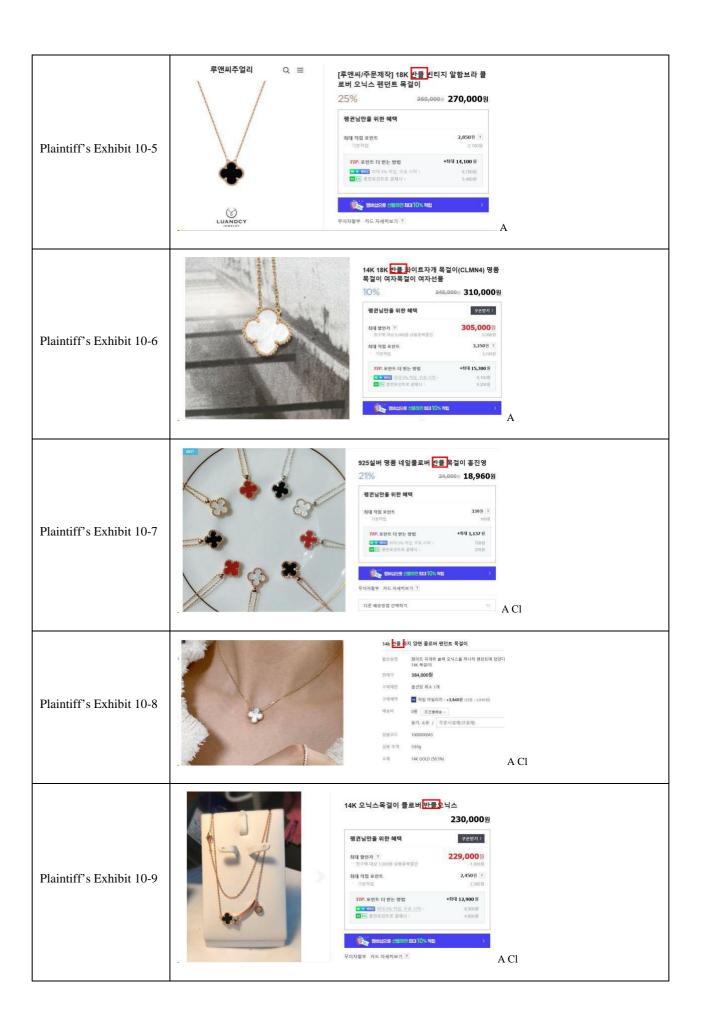


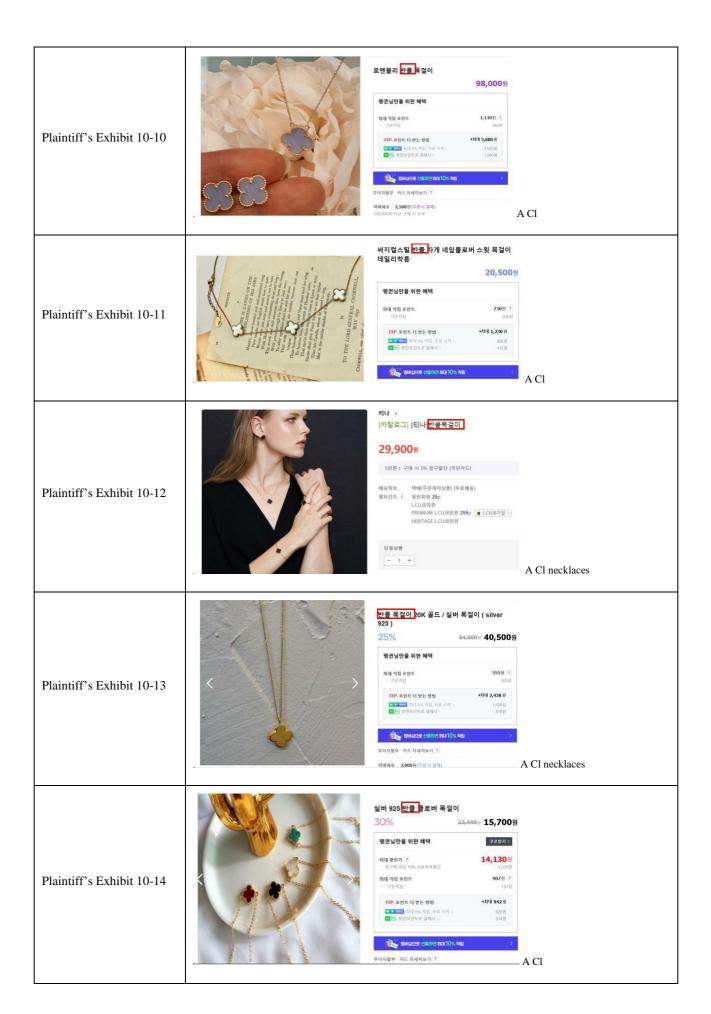
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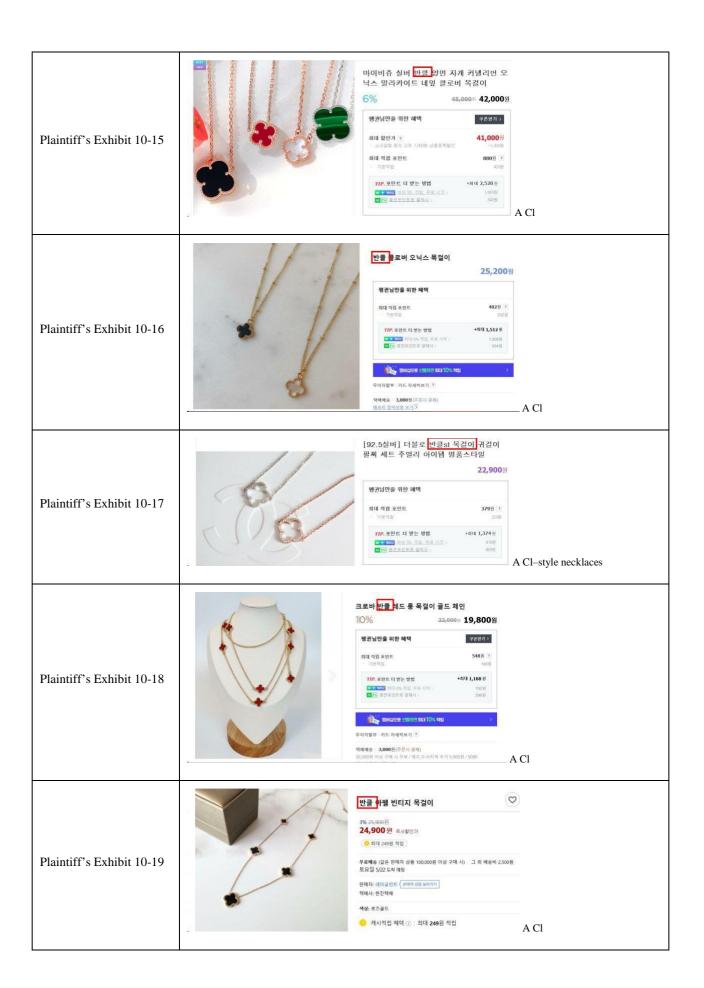
[Attached Form 2]

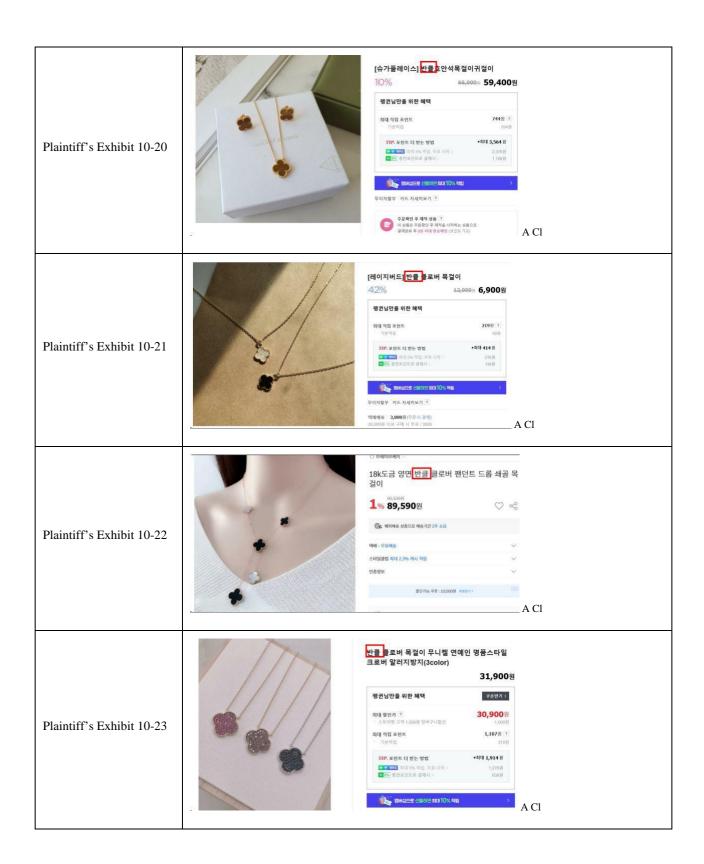
Sales under the title of "A(necklaces)", "A Cl (necklaces)", etc.













End.