

IP HIGH COURT OF KOREA

THIRD DIVISION

DECISION

Case No. 2022Heo1216 Invalidity of Registration
(Trademark)

Plaintiff A Co. Ltd.

CEO B
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Defendant C

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Date of Closing Argument September 29, 2022

Decision Date December 15, 2022

ORDER

1. The IPTAB Decision 2020Dang3497 on December 21, 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. Registered Service Mark at Issue (Plaintiff's Exhibit 2)

1) Registration number/Filing date of application/Registration date: No. 1592311/June 7, 2019/April 1, 2019

2) Mark at issue: **JBC 종로서적 북카페**

3) Designated services

Classification of Services, Class 43: Book café services; salad bar services; brunch café services; franchise café services; self-service restaurant services; patisserie café services; coffee shop services; cafeteria services; study café operation services; snack bar services; guesthouse operation services; snack bar operation services; beverage dispenser rental services; venue rental services for gatherings, conferences, conventions, exhibitions, seminars, and meetings; and study space provision services.

B. A's Operations and Closure

1) A was the first modern bookstore in Korea, opened in 1907 on D Street in Seoul, and operated for approximately 95 years before closing in 2002. (A was initially established by E but was later acquired and operated by the late F and others. Subsequently, it was managed by A Co., Ltd., established by the late F and others. Hereinafter, regardless of the entity operating it, it will be referred to simply as "Former A.")

2) The plaintiff, established on October 26, 2016, is a company engaged in book sales (wholesale and retail), consignment, and bookstore operation. Since

the end of the same year, the plaintiff has been operating a bookstore under the trade name “A” (hereinafter, “New A”).

C. Prior-used Service Mark and Prior-registered Service Mark

1) Prior-used service mark

A) Mark at issue: A

B) Services where the mark used: Publishing business, book retail sales, and book wholesale

C) Users: Former A and the plaintiff (however, the plaintiff used the character string “A” in a blue font, as shown in “**종로서적**”)

2) Prior-registered service mark 1 (Plaintiff’s Exhibit 3)

A) Registration number / Filing date of application / Registration date: No. 1351822 / June 27, 2017 / April 18, 2018

B) Mark at issue:



C) Designated services: Classification of Services, Class 35: Marketing, market research, and market analysis services; business management, administration, and office administration processing services; internet comprehensive shopping mall services; telecommunication-based intermediary services for online sales; publication advertising services; distribution of advertisements and advertising materials (leaflets, brochures, printed materials, and samples); advertising agency services; advertising material publishing services; intermediary services for subscriptions to books, reviews, newspapers, or comic books; intermediary services for subscriptions to publications; intermediary services for the distribution of educational materials; wholesale of books; wholesale of downloadable digital books; retail of books; agency services for book sales; agency services for publication sales; intermediary services for book

sales; intermediary services for publication sales; agency services for book purchases; and agency services for publication purchases

D) Right holder: Plaintiff

3) Prior-registered service mark 2 (Plaintiff’s Exhibit 4)

A) Registration number / Filing date of application / Registration date: No. 1351823 / June 27, 2017 / April 18, 2018

B) Mark at issue:



C) Designated services: Classification of Services, Class 35: Marketing, market research, and market analysis services; business management, administration, and office administration processing services; internet comprehensive shopping mall services; telecommunication-based intermediary services for online sales; publication advertising services; distribution of advertisements and advertising materials (leaflets, brochures, printed materials, and samples); advertising agency services; advertising material publishing services; intermediary services for subscriptions to books, reviews, newspapers, or comic books; intermediary services for subscriptions to publications; intermediary services for the distribution of educational materials; wholesale of books; wholesale of downloadable digital books; retail of books; agency services for book sales; agency services for publication sales; intermediary services for book sales; intermediary services for publication sales; agency services for book purchases; and agency services for publication purchases

D) Right holder: Plaintiff

D. Procedural History

1) The plaintiff, on November 22, 2020, filed an administrative trial for invalidation of registration of the registered service mark at issue with the

Korean Intellectual Property Trial and Appeal Board (IPTAB) against the defendant, claiming that the registered service mark at issue should be invalidated as it falls under Article 34(1)12 or 13 of the Trademark Act.

2) The IPTAB reviewed the case under Case No. 2020Dang3497 and, on December 21, 2021, dismissed the plaintiff's request, issuing a decision (hereinafter, the "IPTAB Decision") on the grounds that the registered service mark at issue does not fall under Article 34(1)12 or 13 of the Trademark Act. [Factual basis] Undisputed facts, Plaintiff's Exhibits 1 through 9, and purport of the overall argument

2. Summary of Parties' Arguments

A. Plaintiff's Argument

The registered service mark at issue falls under Article 34(1)12 or 13 of the Trademark Act for the following reasons and should therefore be invalidated. The IPTAB Decision, which reached a different conclusion, is erroneous and should be revoked.

1) The registered service mark at issue evokes "Former A" or "New A" in general consumers, raising concerns about misleading them regarding its quality. Thus, it falls under the former part of Article 34(1)12 of the Trademark Act.

2) The registered service mark at issue was similar in its mark and designated goods to the prior-used service marks and prior-registered service marks which are known to domestic traders as indicating the source of goods of a specific party prior to its registration decision date. As a result, it may lead to deceiving consumers and causing confusion about the source of goods. Accordingly, the registered service mark at issue falls under the latter part of Article 34(1)12 of the Trademark Act.

3) The registered service mark at issue is identical or similar to the

prior-used marks and prior-registered service marks. The defendant filed the application for the registered service mark at issue with an improper intent to unfairly benefit from the goodwill or reputation embodied in the prior-used service marks and prior-registered service marks. Therefore, the registered service mark at issue falls under Article 34(1)13 of the Trademark Act.

B. Defendant

The registered service mark at issue does not fall under Article 34(1)12 and 13 of the Trademark Act for the following reasons. The IPTAB Decision is consistent with the above analysis and shall be upheld.

1) Consumers can recognize from the "book café" portion of the registered service mark at issue that it pertains to a book café rather than a bookstore. Therefore, the registered service mark at issue does not raise concerns about misleading consumers regarding its quality. Consequently, the registered service mark does not fall under the former part of Article 34(1)12 of the Trademark Act.

2) Even if the prior-used service mark is known to domestic consumers as the service mark of Former A, the plaintiff was established only after the closure of Former A. Therefore, the reputation of the prior-used service mark acquired by Former A cannot be considered to have been succeeded by the plaintiff. Furthermore, the prior-used service marks and prior-registered service marks cannot be regarded as having become known to domestic consumers to the extent that they are recognized as the plaintiff's service marks. Therefore, the registered service mark at issue does not fall under the latter part of Article 34(1)12 and 13 of the Trademark Act.

3. Whether IPTAB Erred

A. Whether the Registered Service Mark at Issue Falls Under Article 34(1)13

of the Trademark Act¹⁾

1) Relevant Law

For a registered service mark to fall under Article 34(1)13 of the Trademark Act, at the time of application, the prior-used trademark must be recognized by domestic or foreign consumers as indicating the goods or services of a specific party, and the applicant for the registered trademark must have used a mark identical or similar to the prior-used trademark with improper intent (refer to Supreme Court Decision 2013Hu2460 on February 13, 2014).

Whether the prior-used service mark is recognized among domestic or foreign consumers as the trademark of a specific party should be determined based on factors such as the period, method, manner, and scope of its use, as well as whether it has been objectively well-known to a significant extent in light of transactional circumstances or social norms (See Supreme Court Decisions 2017Hu752 on August 14, 2019; 2011Hu3896 on May 9, 2013; and 2012Hu672 on June 28, 2012). Recognition of a prior-used trademark as indicating the goods or services of a specific party refers to an objective state acknowledged under transactional circumstances, with general consumers as the standard. It is not necessary for the name of the rights holder of the prior-used trademark to be specifically known; it suffices if the source can be consistently perceived as an identical source, even if the identity of the rights holder is unknown (See Supreme Court Decision 2020Hu11431 on December 30, 2021).

Whether the applicant of the registered trademark had improper intent must be determined based on a comprehensive consideration of the following factors as of the time of the trademark application: the degree of recognition or originality of the specific party's trademark; the degree of similarity or identity between the specific party's trademark and the applicant's trademark; the

1) For the convenience of discussion, the invalidation grounds under Article 34(1)13 of the Trademark Act are examined first.

existence and details of negotiations over the trademark between the applicant and the specific party; other relationships between the parties; whether the applicant had specifically prepared a business utilizing the registered trademark; the identity or similarity of the goods or services, or the existence of an economic connection; and transactional circumstances (See Supreme Court Decisions 2017Hu752 on August 14, 2019; 2013Hu1108 on August 20, 2014; and 2012Hu672 on June 28, 2012).

2) The degree of how the prior-used service mark is well known

A) Established facts

Based on the statements of Plaintiff's Exhibits 10 and 13 (including Exhibits with branching numbers, hereinafter applies the same) and the purport of the overall arguments, the following facts can be acknowledged:

(1) Former A, established in 1907 in Seoul's D area, was the first modern bookstore in South Korea. It operated for approximately 95 years until its bankruptcy and closure in 2002.

(2) After the closure of Former A, there were opinions advocating for the revival of the bookstore that had a 95-year history. A proposal was made on a "Preparatory Committee for the Re-establishment of Former A," which included publishing industry officials, G Museum director, professors, and others.

(3) After the plaintiff's establishment on October 26, 2016, numerous domestic media articles were published with content such as "A has been revived." Excerpts from these articles regarding former A are as follows:

Date and Source	Excerpts
January 20, 2017, H (Plaintiff's Exhibit 13-3)	"A," a meeting place for university students in the 1980s and a symbol of the bookstore district in Jongno, has returned after 14 years. Back in a time without smartphones or even mobile phones, there was an implicit agreement to wait at "A" when hanging out together. To

	rekindle that nostalgia among younger generations, “A” has been reborn as a “place to meet.” Along with I and J, which opened in the 1980s, “A” was a symbol of Jongno.
January 8, 2017, K (Plaintiff’s Exhibit 13-4)	Established in 1907 in Seoul’s R area, “A” was a cultural and historical legacy that survived a century, making Jongno the top bookstore district, until it closed in 2002.
January 18, 2022, L (Plaintiff’s Exhibit 13-7)	Quietly disappearing amidst the excitement of Korea’s semifinal advancement in the 2002 World Cup, “A” returns. Originally opening as the small wooden Christian bookstore “E” in 1907 in R area, it grew into Korea’s largest bookstore, becoming a cultural space and a popular meeting spot. With its limited space stacked with an overwhelming number of books, “A” was once a destination for middle- and high-school student field trips. It pioneered “conversations with readers” programs, developed its own book brand, opened a branch in Daehakro, and launched Korea’s first online bookstore, playing a significant role in transforming local bookstores into modern enterprises. Nearby I is also known to have received substantial early support from people associated with “A.” However, with increasing competition from local and online bookstores and declining readership, “A” ultimately went bankrupt in 2002.
January 18, 2022, M (Plaintiff’s Exhibit 13-12)	Established in 1907 in Seoul’s R area, “Former A” served as a landmark, symbolizing “books and meetings” for nearly a century in Jongno. Before the advent of mobile phones and the internet, it grew into Korea’s largest bookstore, beloved as both a cultural space and a meeting place. However, intensified competition in the 2000s with online bookstores led to its closure in 2002.
December 22, 2016, N (Plaintiff’s Exhibit 13-13)	Originally opened by E in 1907 in R area, “A” closed in 2002 due to the emergence of J and I since the 1980s and the advent of online bookstores. Thanks to efforts in the publishing industry, the 95-year-old “A” has been revived as a cultural space and meeting place.

December 25, 2016, O (Plaintiff’s Exhibit 13-14)	<p>◆ Beloved by writers, “A” was a “spiritual buoy for youth.”</p> <p>◆ Although its location and owner have changed, the nostalgia evoked by the name “A” alone revives memories. Opened by E in 1907, “Former A” was the longest-standing bookstore and the first to implement fixed book pricing. It was a representative meeting place for youth and Korea’s first bookstore, standing in R area for 95 years. Even after other historic bookstores like “P” and “Q” that led the literary golden age closed, “A” endured as a literary beacon of D. However, it failed to adapt to the advent of online bookstores and changes in the industry, leading to its bankruptcy and disappearance into history.</p>
December 23, 2016, S (Plaintiff’s Exhibit 13-15)	After opening in 1907 in R area, “A” became a symbol of Jongno alongside I and J, which opened in the 1980s. However, it struggled in competition with online and other large bookstores, ultimately closing in 2002. Since then, calls to revive “A” have persisted in the publishing industry.

B) Analysis

The prior-used service mark consists of the character string “종로 (Jongno)” combined with the character string “서적 (Bookstore),” where “종로” is a geographical name and “서적” intuitively suggests publishing and book sales. Therefore, the mark “A” itself in the prior-used service mark is not considered distinctive. However, considering the duration and continuity of its use, domestic media articles, and the publishing industry’s reaction to the closure of Former A, it is reasonable to conclude that the prior-used service mark was widely recognized by domestic consumers as indicating the business of a specific entity with respect to its use by 2016, when New A opened, and continuing through 2019, when the registered service mark at issue was filed (this fact is undisputed between the parties).

C) Analysis on the defendant’s arguments

In this regard, the defendant argues that under Article 34(1)13 of the Trademark Act, as for “a trademark recognized as indicating the goods of a specific person”, the specific person must refer exclusively to the rights holder or user of the trademark. The defendant contends based on this premise that even though the prior-used service mark was recognized by domestic consumers as the service mark of Former A, the plaintiff was established only after the closure of Former A and did not succeed to the reputation of the prior-used service mark acquired by Former A. Additionally, the prior-used service mark is not recognized as indicating the plaintiff’s services. Consequently, the defendant claims that the prior-used service mark does not constitute to “a trademark recognized as indicating the goods of a specific person” to domestic consumers. However, under Article 34(1)13 of the Trademark Act, “a trademark recognized as indicating the goods of a specific person” is sufficiently established if it can be perceived as indicating a “consistent and identical source,” and it is not necessary for the name of the rights holder or user to be specifically known. Therefore, as long as the prior-used service mark is recognized by domestic consumers as the service mark of the consistent and identical source “Former A,” it qualifies as “a trademark recognized as indicating the goods of a specific person” under Article 34(1)(13) of the Trademark Act. The defendant’s argument on this cannot be accepted.

3) Whether the mark is similar

A) Primary part of the registered service mark at issue

Considering the following facts or circumstances, the ‘**종로서적**’ portion of the registered service mark at issue serves as the distinctive part, i.e., the primary part, by creating an impression, memory, or association in the minds of general consumers and independently performing the source identification of

the trademark:

(1) The registered service mark at issue consists of a combination of three elements: a graphicized portion representing the English letters “JBC,”

“**JBC**,” the character string “A” forming the “**종로서적**” portion,

and the string “북카페 (Bookcafé)” forming the “**북카페**” portion.

(2) In the composition of the registered service mark at issue, the “**JBC**” portion can only be perceived as representing the English initials of A 북카페 (A Bookcafé) that follow it, and thus lacks or has weak distinctiveness.

(3) The “**북카페**” portion intuitively conveys the nature of the designated services, such as book café services, franchise café services, and patisserie café services, and therefore lacks or has weak distinctiveness.

(4) As previously explained, the “**종로서적**” portion is widely recognized by domestic consumers as the service mark of a specific party,

demonstrating strong distinctiveness. Furthermore, the “**종로서적**” portion cannot be considered inseparably combined with the remaining string to the extent that observing it separately would seem unnatural in commercial transactions.

B) Analysis on the similarity of the two marks

The primary part of the registered service mark at issue is “A.” When compared to the prior-used service mark based on this primary part, the two

marks are identical in appearance, name, and concept, making them similar.

4) Whether the improper intent is recognized

Considering the facts previously acknowledged, the evidence mentioned earlier, and statements of Plaintiff's Exhibits 46 through 50, Defendant's Exhibits 2, 6, and 28 (including Exhibits with branching numbers, if any) and the purport of overall arguments, as well as the following facts and circumstances, it can be concluded that the plaintiff had an improper intent at the time of filing the application for the registered service mark at issue, specifically indenting to imitate the prior-used service mark, which was known among domestic consumers as indicating the source of goods of a specific party, thereby seeking to unjustly benefit from the business reputation embodied in the prior-used service mark.

(1) As previously explained, the registered service mark at issue is highly similar to the prior-used service mark, which was widely recognized by domestic consumers at the time of the application.

(2) A "book café" typically operates as a space within a bookstore where food and beverages are sold in a café-style setting. Therefore, when the registered service mark at issue is used for its designated services, such as "book café services," it is highly similar in form and style to the book sales services where the prior-used service mark was used.

(3) Considering the following facts in overall, it appears that the defendant, at the time of filing the application for the registered service mark at issue, could easily have obtained extensive information about Former A and New A established by the plaintiff. Accordingly, it aligns with common experience to conclude that the registered service mark at issue imitated the prior-used service mark in its process of application.

(a) The defendant, on April 10, 2016, entered into a contract with B

and others, under which the defendant was entrusted with the exclusive rights for the development of New A and its lifestyle store. The defendant was to carry out store development tasks and receive a commission equivalent to 2% of annual sales as compensation. In accordance with this contract, the defendant performed tasks such as store development for the "New A" stores opened by the plaintiff.

(b) The defendant was appointed as an internal director of the plaintiff on November 22, 2018, and served in this position until October 15, 2020. On June 7, 2019, when the defendant served its duty, the defendant filed the application for the registered service mark at issue under his/her own name.

(c) The plaintiff's CEO B emphasized in promotional activities that "New A" represented the restoration of "Former A," and such content was shared with the defendant through emails and other communications.

(d) Around the time the plaintiff opened "New A" in late 2016, numerous media articles were published reporting that "Former A" had been revived or that "New A" was succeeding "former A."

(e) Around November 2019, when the defendant was serving as its CEO, A D&C Co., Ltd., entered into contracts with T Co., Ltd., to grant the rights to operate "A Book Café" stores and receive a portion of net sales as a licensing fee, as a franchise business for "A Book Café."

5) Summary of Discussion

The registered trademark at issue is a mark similar to the prior-used service mark, which was recognized by domestic consumers at the time of application as indicating the goods of a specific party, leading to the conclusion that the registered trademark at issue is a mark used with improper intent to unjustly benefit from the business reputation embodied in the prior-used service mark. Accordingly, the registered trademark at issue falls under the invalidation grounds

stipulated in Article 34(1)13 of the Trademark Act.

B. Whether the Registered Trademark at Issue Falls Under the Former Part of Article 34(1)12 of the Trademark Act

1) As explained above, the prior-used service mark was recognized by domestic consumers at the time of the application for the registered service mark at issue as indicating the business of a specific party. Against this backdrop, it can be reasonably inferred that, as of the registration decision date for the registered service mark at issue, the prior-used service mark was still sufficiently known among domestic consumers to be recognized as indicating the business of a specific party.

2) Furthermore, the registered service mark at issue, at the time of its registration decision, was similar in its mark to the prior-used service mark, which was recognized among domestic consumers and traders as indicating the services of “Former A” in connection with “book café services” and similar businesses. The designated services of the registered service mark were also similar to, or economically connected with, the services of the prior-used service mark, leading to circumstances in which it could be mistaken as being used by “Former A,” the user of the prior-used service mark.

3) Accordingly, the registered service mark at issue is a service mark likely to deceive consumers by causing confusion regarding the source. It falls under the invalidation grounds stipulated in the latter part of Article 34(1)12 of the Trademark Act.

C. Summary of Discussion

Therefore, the registered service mark at issue falls under the latter part of Article 34(1)12 and Article 34(1)13 of the Trademark Act in relation to the prior-used service mark, and therefore its registration must be invalidated (having acknowledged the invalidation grounds under the latter part of Article 34(1)12

and Article 34(1)13 of the Trademark Act, it is unnecessary to further examine the invalidation grounds under the former part of Article 34(1)12, which is in an selective relationship).

4. Conclusion

The plaintiff’s petition to revoke the IPTAB decision is therefore well-grounded and shall be granted.

Presiding Judge	Hyeonggeun LEE
Judge	Eunhee PARK
Judge	Jiyeon HAN