



International Trademark Association

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To the Supreme Court of Korea:

Re: *Prefel SA v. Jae Ik Choi*

The International Trademark Association (INTA) respectfully submits this brief to the Korean Supreme Court to assist with issues of well-known mark registration and protection, one of the major points in this conflict. INTA respectfully asks this honorable Supreme Court to consider the content of this brief when taking its position on this case.

1- Identity and Expertise of INTA

INTA is a 124-year-old, not-for-profit organization dedicated to the support and advancement of trademarks and related intellectual property concepts as essential elements of trade and commerce. INTA has over 4000 members in 145 countries. The association is global and crosses all industry lines, including manufacturing and retailing in industries ranging from aerospace to consumer goods. INTA currently has 44 members in the Republic of Korea.

Since 1916, INTA has acted in the capacity of advisor and has appeared as *amicus curiae* (“friend of the Court”) in several jurisdictions.¹ INTA presents itself as a “friend of the Court” in this matter.

INTA members are interested in the development of clear and consistent principles of trademark and unfair competition laws around the world. INTA has been an official non-governmental observer to the World Intellectual Property Organization (WIPO) since 1979, and actively participates in all WIPO trademark-related proposals. INTA has

¹ *McDonald’s Corporation v. DAX Properties CC and JoBurgers Drive Inn Restaurants (PTY) Limited, Supreme Court of South Africa (Durban and Coast Local Division); Heublein Inc. v. Appeals Chamber of Rospatent, Moscow City Court, Russia; Glaxo Wellcome Limited v. Dowelhurst Limited and Swingward Limited, European Court of Justice; Ikea Inter-Systems Inc. v. Beijing Cinet co Ltd., Beijing High Court; and Libertel Groep B.V. v. Benelux Merkenbureau (The Netherlands); Playboy Enterprises Inc. v. Netscape Communications Corporation S.Ct. Case No 00-56648 and Playboy Enterprises Inc. v. Excite Inc. S.Ct. Case No 00-56662 (USA); Traffix Devices, Inc. v. Marketing Displays, Inc., S.Ct. Case No. 99-1571 (currently under consideration by the Supreme Court of the USA).*

influenced WIPO trademark initiatives such as the Trademark Law Treaty and is active in other international arenas including the Asia Pacific Economic Cooperation Forum (APEC), the Association of Southeast Asia Nations (ASEAN), the European Union (EU) and the World Trade Organization (WTO). INTA's membership is varied and extensive, helping to make it a balanced and reliable representative body. INTA's international membership enables it to bring a global approach to the disputed issues.

INTA respectfully submits this brief to help assist the Court by sharing the experience of this international group of trademark owners and practitioners. INTA believes that this case is significant to the development of international trademark law, particularly with regard to the issue of well-known trademark protection. INTA therefore respectfully requests this honourable Supreme Court to consider its comments and arguments below as those of an international expert.

2- INTA's expertise in relation to well-known marks

Since the first WIPO meeting in November of 1995 that discussed the need to clarify, consolidate, and supplement the existing international standards of the protection of well-known marks under the Paris Convention and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), INTA has played an important role in the development of the WIPO Model Provisions for the Protection of Well-Known Marks. INTA not only participated since 1995 in the deliberations of the WIPO Standing Committee on Trademarks, but also provided WIPO with criteria to be considered when determining what constitutes a well-known mark.

Thus, on September 18, 1996 INTA's Board of Directors adopted a resolution endorsing:

- (1) protection of well-known marks, whether or not a mark is used or registered in a jurisdiction, if such mark has sufficient local reputation; and
- (2) a list of fame factors as criteria for establishing a "well known" mark.

INTA also recommended that the element of bad faith be an important consideration in conjunction with remedies concerning infringement of well-known marks.

On September 1999, WIPO formally issued its *Joint Recommendation Concerning the Provisions for the Protection of Well-known Marks* (Exhibit A, annexed hereto.) This recommendation adopted by the WIPO General Assembly and the Assembly of the Paris Union was an attempt to provide a worldwide standard on how to implement the requirements under Article 6 *bis* of the Paris Convention and Article 16 of the TRIPS Agreement.

Given that the WIPO provisions were consistent with the INTA policy as set forth in the 1996 INTA Board Resolution mentioned above, and provided specific direction to countries needing to improve protection for well-known marks, INTA's Board of Directors adopted another resolution on well-known marks supporting the WIPO

provisions. INTA resolution endorses protection of well-known marks without requiring registration and/or actual use in the form of sales of goods and services bearing the mark in the jurisdiction in question if such mark has sufficient local reputation to be considered a well-known mark.

3- Summary of procedural and general history of the case

In February 1998 the defendant Jae Ik Choi filed three trademark applications for *Prada Café & Bakery* in service class 1, 2 and 3. Two of the Jae Ik Choi applications were filed after Prefel filed its application for the PRADA mark in Korea. The third application was filed before the Prefel application. Prefel's opposition to the Jae Ik Choi prior *Prada Café & Bakery* mark was rejected. Prefel proceeded to appeal the Korean Industrial Property Office's decision (KIPO).

In its response to the opposition, Jae Ik Choi contended that PRADA could not be considered well known because the Prefel marks were published in different forms and that Prefel never used its marks for café and bakery services.

In the fall of 1998, Prefel sent two cease and desist letters to advise Jae Ik Choi about the infringement and unauthorised use of its mark. In early 1999 Prefel received a settlement proposal, which they refused, from the defendant requesting, *inter alia*, an "assignment to Prefel SA of all pending service marks in exchange of a license of the service marks".

On February 1, 1999, KIPO ruled in favor of Prefel in its appeal against Jae Ik Choi, who opposed this decision by filing a "petition of trial." In response, KIPO revoked the examiner's decision and granted Jae Ik Choi a registration for *Prada Café & Bakery*.

On March 6, 2000, Prefel filed a "Petition for Invalidation Trial" against the defendant's registered service marks. KIPO confirmed its decision to repeal the examiner's decision on the grounds that the defendant's service marks "were not likely to mislead the consumers as to the quality of the goods or to deceive the consumer" and that the PRADA trademark was not well known.

On August 28, 2000, Prefel filed the last appeal against the KIPO Invalidation Trial Decision. The President of the Prefel Korean branch filed an affidavit to support the evidence of use of the trademark PRADA.

On March 9, 2001, the Korean Patent Court rendered its decision in favor of the defendant, dismissing the Prefel appeal. The reasons for dismissal were the same as those previously given by KIPO. The defendant denied the plaintiff's allegation of use.

On March 28, 2001, Prefel filed initially an appeal before the Korean Supreme Court and a month later filed the documents and grounds for appeal. The decision of this honorable Supreme Court is pending.

In a two-step process this brief will examine the international standards for well-known mark protection and consider the legal basis for well-known mark protection on dissimilar goods and services.

4- International principles on well-known marks

The main international standards on the protection of well-known marks are contained in the Paris Convention for the Protection of Industrial Property and in the TRIPS Agreement. The Paris Convention states in Article 6 *bis inter alia* that:

“The countries of the Union undertake...to cancel the registration....of a trademark which constitutes a reproduction...liable to create confusion, of a mark considered by the competent authority of the country of registration.... to be well known in that country....and used for identical or similar goods.”

Article 16(2) of the TRIPS Agreement, which later supplemented the above general statement, provided that:

“In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.”

Over the years, the following overriding standards for protection of well-known marks have arisen from the interpretation of treaties such as the Paris Convention and the TRIPS Agreement.

- **No need to show use or registration within a jurisdiction**
Protection of well-known marks is to be based on reputation alone and not on registration or use of the mark in the country in question. In the modern age of mass communications and marketing it is very common for a mark to develop a reputation before products have even been widely sold under a mark. Consumers who have access to international publications, the Internet, cable and satellite television are often familiar with well-known trademarks regardless of the actual volume of sales. Moreover, some well-known brands are sold in small quantities and in a limited number of countries in order to preserve the brand owners' exclusivity in specific markets. A clear example might be FERRARI, a trademark that many people have heard of through widespread promotion and long use, yet only a very small number of FERRARI cars is sold worldwide.
- **Reputation within the relevant trade and consumer groups**
When determining whether or not a trademark is well known, only the relevant sector of the public needs to be considered. Whether or not the general public is familiar with the mark is not determinative. The relevant sector of customers is determinative; it may include actual or potential consumers, those involved in the channels of distribution and business circles dealing with the products sold under

the mark. Marks may be very well known in a certain restricted field of trade and less known to the general public. It is therefore important in each case to initially identify the relevant sector of the public.

- **Bad Faith**

Bad faith is an important element to consider when assessing competing interests to a mark. Inconsistent application of standards for protection of well-known marks fosters harm to both the public and well-known trademark owners and consequently threatens investment and honest trade.

To comply with their international obligations, many countries, including Brazil and the United States of America, have developed a series of factors to determine whether or not a mark is well known. In countries such as India, Colombia, France, Mexico, Peru and the United Kingdom, case law has developed such rules. Other countries such as China and Japan have adopted regulations on well-known marks.

The 1999 WIPO *Joint Recommendation on Well-Known Marks* contains a series of agreed factors to be considered in determining whether a mark is well known.

- **The degree of knowledge or recognition of the mark in the relevant sectors of the public:**

Recognition by relevant customers² of a mark is a fundamental element of fame. This can be shown in a number of ways such as producing a consumer survey or opinion polls, producing media and press coverage about a brand, as well as sales figures and marketing data. However, the evidence cannot be restricted to sales and proof of use, since the purpose of well-known mark protection is to protect the fame and reputation, not local sales.

- **The duration, extent and geographical area of any use of the mark:**

Long historical use of the mark will increase the likelihood that it will become well known. Examples of advertising and promotion, going back a number of years, may show use. Also use in neighbouring countries with a close connection is relevant. However, it cannot be a requirement to prove use in the countries in question.

- **The duration, extent and geographical area of any promotion of the mark including any advertising or publicity and the presentation at fairs or the exhibition of the goods to which the marks apply:**

Copies of advertising and promotional material are examples. This factor is very important since a mark can become well known through advertising and promotion, even when it has not yet become known in a country. The Courts in

² A purpose of trademark law is to stop customer confusion accordingly, only knowledge by the customer in the relevant trade is important. It does not matter if consumers as a whole are not familiar with the mark, and the fact that the general public knows the mark cannot constitute a requirement. The relevant sector may include actual or potential customers, those involved in channels of distribution and business circles dealing in the products sold under the mark, among others.

India have developed for example a number of rules that cover the situation where evidence of reputation abroad may spill over into the country through advertisement or through other forms of commercial contact.³

- **The duration and geographical area of any registrations or applications to the extent that they reflect use:**
The number of registrations worldwide is certainly relevant, to the extent that it shows probable promotion and use of the mark.
- **The record of successful enforcement of rights in the mark, in particular the extent to which it was recognized as well known by the competent authorities:**
If other countries have declared the mark to be well known or Courts have defended it, then this may indicate that it is well known in other places.
- **Likelihood of confusion and bad faith are important elements to consider while assessing competing interests in a mark:**
Inconsistent application of rules for protection of well-known marks has fostered public deception and represents an obstacle for well-known mark holders. This threatens investment and honest trade.

The factors set forth above are not exhaustive; they are simply guidelines to assist the relevant authorities in determining whether a mark is well known. In some cases, all the factors may be relevant. In other cases, some or none of the factors may be relevant. In such circumstances, the determination of whether a mark is well known shall be based on additional factors that are not listed above. Any relevant circumstances may be taken into account and any information may be considered.

5- Legal basis for well-known mark protection on dissimilar goods or services

Once it is determined that a trademark is well known, it may be entitled to protection against “dilution.” Dilution is use of the trademark on dissimilar goods or services that tends to “dilute” the distinctiveness of the trademark.

Compared to other intellectual property laws, trademark law is unique in terms of its flexibility towards the scope of protection. Consequently, as the reputation of a trademark grows, the need for protection of that well-known mark against wrongful imitation also increases. The protection should not be limited to cases of confusion involving the same goods or same class of goods, related goods or services. On the contrary, well-known marks should also be protected for dissimilar goods and services if such use undermines the distinctiveness of the well-known marks.

³ N.R. Dongre v. Whirlpool Corpn. (1996) 5 SCC 714; and J.N. Nichol (Vinto) Ltd. v. Rose and Thistle, 1994 PTC 83 (Cal) (DB); and Caterpillar Inc. v. Jorange, AIR 1998 Mad 171 (DB).

Section 16(3) of the TRIPS Agreement⁴ provides a legal basis for protection of well-known marks for dissimilar goods or services, on the condition that the mark has been registered. Protection is guaranteed in relation to dissimilar goods and services under two conditions: the use of a mark on such dissimilar goods and services would indicate a connection with the owner of the registered trademark and the interests of the brand owner would likely be damaged by the use of such a mark.

The legal sanctions embodied in Article 6 *bis* of the Paris Convention are also to be applied in relation to dissimilar goods and services in accordance with the extended reach made possible by article 16(3) of the TRIPS Agreement.⁵ INTA fully supports the more defined and comprehensive protection for well-known marks on dissimilar goods and services as provided in the 1999 *WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks*.

The WIPO provisions that the INTA Board of Directors endorsed in 1999 recognize the need to protect well-known marks in the context of dissimilar goods or services. Article 4 of the *WIPO Joint Recommendation* stipulates the conditions under which a mark is deemed to be in conflict with a well-known mark in respect of identical or similar goods and/or services but also covers conflicts with regard to dissimilar goods and services:

(a) A mark shall be deemed to be in conflict with a well-known mark where that mark, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration, liable to create confusion, of the well-known mark, if the mark, or an essential part thereof, is used, is the subject of an application for registration, or is registered, in respect of goods and/or services which are identical or similar to the goods and/or services to which the well-known mark applies.

(b) Irrespective of the goods and/or services for which a mark is used, is the subject of an application for registration, or is registered, that mark shall be deemed to be in conflict with a well-known mark where the mark, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration of the well-known mark, and where at least one of the following conditions is fulfilled:

(i) The use of that mark would indicate a connection between the goods and/or services for which the mark is used, is the subject of an application for registration, or is registered, and the owner of the well-known mark, and would be likely to damage his interests;

(ii) The use of that mark is likely to impair or dilute in an unfair manner the distinctive character of the well-known mark;

(iii) The use of that mark would take unfair advantage of the distinctive character of the well-known mark.

⁴ Article 16(3) of the TRIPS Agreement states that “Article 6 *bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods and services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.”

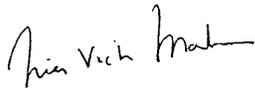
⁵ Frederick W. Mostert, *Famous and Well-Known Marks an International Analysis* p. 51, 1997

Therefore, INTA believes that the use of a well-known mark for dissimilar goods and services may harm both the public and trademark owners. Using the mark in the same form could create an illusion that the owner of the well-known mark is involved in the production of such dissimilar goods. This could damage the international reputation and distinctive position of owner of the well-known mark on the international and Korean markets.

6- Conclusion

INTA offers this brief to assist this honourable Court when considering and implementing the various accepted international standards of well-known marks protection. The WIPO guidelines offer the clearest set of factors to assess whether or not a mark is well known. Therefore, INTA believes that following the WIPO guidelines and the comments stated above will assist the Court in applying international standards on well-known marks to the present case.

Nils Montan

A handwritten signature in black ink that reads "Nils Montan". The signature is written in a cursive style with a long horizontal stroke at the end.

President