


Korean Patent Court Finds: Use of Outback motel mark unfairly competes with mark for restaurant services

BY KURT GERSTNER OF LEE INTERNATIONAL IP & LAW GROUP AND SO-JUNG BAE OF LEE INTERNATIONAL IP & LAW GROUP ON NOVEMBER 14, 2017


POSTED IN ASIA PACIFIC, CASE STUDIES, FAMOUS MARKS, PATENT INFRINGEMENT, PATENTS, TRADEMARKS

In a suit alleging trademark infringement and unfair competition, the Korean Patent Court concluded



that the use of the mark “” in connection with “unmanned lodging services” used for so-called love motels with an image of a naked woman, did not infringe Outback Steakhouse’s trademark. But it did constitute unfair competition because that use harmed the good image and fame of




the well-known mark “” owned by Outback Steakhouse (Case No. 2016 Na 1691, decided on June 29, 2017).


Facts

Outback Steakhouse has been doing business in over 20 countries (including South Korea) under the



names “OUTBACK”, “아웃백” (“OUTBACK” in Korean) and “” since its founding in 1988 in the U.S. Recently it discovered that the defendants were operating unmanned lodging



facilities under the names “아웃백” (“OUTBACK” in Korean), “OUTBACK”, “”, or “아웃백 무인텔” (“OUTBACK UNMANNED LODGING TEL” in Korean). Outback Steakhouse filed suit against the hotel operator, based on trademark infringement and under the Unfair Competition Prevention Act.

A comparison of the marks is shown below.

Plaintiff's mark



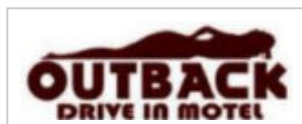
Defendant's mark

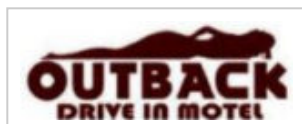


Decision

The Patent Court concluded that the compared services being provided by each party (face-to-face services vs. unmanned services) are dissimilar in terms of the method of providing the services and in the basic character of the services provided. Moreover, the target consumers for the services are different, distinguished between people seeking food and people seeking lodging. Finally, the Patent Court found that the services are not provided by the same type of business entity in actual trade and general consumers are not misled into believing that the services are provided by the same business entity. On this basis, the claim for trademark infringement and possible confusion of the public was rejected by the Patent Court.

However, the Patent Court noted that the plaintiff's marks are well known in Korea, and it found that the




use of the mark “” by the defendants diluted the distinctiveness/fame of the plaintiff's well-known mark, in violation of the Unfair Competition Prevention Act. Specifically, the Patent Court concluded that in connection with the unmanned lodging services, the defendants used marks that



are confusingly similar to the plaintiff's representative brand “”. They



transformed the shape of the mountain on the top of the mark brand “” into “



” which is a sexual image intended to depict a reclining nude woman, thereby using the well-known business marks of the plaintiff for services that present a negative image. Furthermore, the Patent Court concluded that the defendants damaged the business marks’ ability to serve as source indicators.

On that basis, the Patent Court decided that the defendant should pay the plaintiff damages in the amount of KRW 90 million. This case is now pending appeal at the Korea Supreme Court.

The case is noteworthy because it demonstrates that well-known marks may be protected against the use of marks which are likely to dilute the distinctiveness/fame of other well-known marks under Unfair Competition Prevention Laws, even if there is not actually a trademark infringement.

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ILN IP Insider

Executive Offices
179 Kinderkamack Road
Westwood, NJ 07675
Tel: 201.594.9985/ Fax: 201.740.9765

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