

BACKGROUND READING MATERIAL
ON THE
INTELLECTUAL PROPERTY SYSTEM
OF
THE REPUBLIC OF KOREA



WORLD INTELLECTUAL PROPERTY ORGANIZATION

1996

PREFACE

The World Intellectual Property Organization (WIPO) is a specialized agency of the United Nations system of organizations. It is responsible for the promotion of the protection of intellectual property throughout the world through cooperation among States. To this end, WIPO cooperates with the developing countries of Asia and the Pacific in a comprehensive program of activities to facilitate the establishment and strengthening of intellectual property systems in the region. One component of this program is the preparation and publication of guides, manuals and other training and information aids in the field of intellectual property.

In 1988, under a development cooperation project funded by the United Nations Development Programme (UNDP) for countries of Asia and the Pacific, WIPO issued a publication entitled "Background Reading Material on Intellectual Property." It consisted of a collection of reading materials on various aspects of intellectual property law, administration and practice, intended as a reference work for university students, government officials, lawyers and business people. This publication was reissued in a revised form in 1995 as "Intellectual Property Reading Material."

WIPO has also commissioned leading intellectual property specialists in several Asian countries to write commentaries on the intellectual property laws of their countries as "national supplements" to this basic reference work. The present publication, prepared by Mrs. Young Kim, is the most recent in this series.

Mrs. Young Kim is an eminent practitioner of intellectual property law in the Republic of Korea. In addition to an extensive private practice, she is a past Director of the Korean Patent Attorneys Association, and serves on the Industrial Property-Related Dispute Resolution Committee of the Korean Industrial Property Office and the Korean Patent Bar Examination Committee. She has advised the Government of the Republic of Korea on a wide range of intellectual property issues. She frequently lectures at the International Intellectual Property Training Institute at Daeduk in the Republic of Korea, and at seminars elsewhere. WIPO wishes to record its deep appreciation to Mrs. Kim for her contribution to this publication, which should significantly increase understanding of the intellectual property system in the Republic of Korea, at a time when this system is undergoing rapid and substantial change and development.

While primarily intended for students and teachers of law, this book may also be of use as a reference work for government officials, legal professionals and business people with an interest in intellectual property law and its administration and enforcement in the Republic of Korea. Following a recent series of changes to legislation in the field of intellectual property in that country, the book reflects the legal situation as on July 1, 1996.

The publication of this book has been financed by funds made available by UNDP, for which WIPO records its gratitude, especially to UNDP's Regional Bureau for Asia and the Pacific.

Geneva, November 1996



Arpad Bogsch
Director General

World Intellectual Property Organization

TABLE OF CONTENTS

1.	STATUTORY REGIME FOR PROTECTION OF INTELLECTUAL PROPERTY	
1.1	The Changing Attitude Toward Intellectual Property.....	3
1.2	Legislative History of Korean Intellectual Property Laws	4
1.2.1	<i>Industrial Property</i>	4
1.2.2	<i>Copyright</i>	4
1.2.3	<i>New Forms of Intellectual Property</i>	4
1.3	Protection of Intellectual Property in the Republic of Korea	4
1.3.1	<i>Introduction</i>	4
1.3.2	<i>Inventions</i>	5
1.3.3	<i>Designs</i>	5
1.3.4	<i>Trademarks and Service Marks</i>	6
1.3.5	<i>Literary, Scientific and Artistic Works</i>	6
1.3.6	<i>Computer Programs</i>	7
1.3.7	<i>Semiconductor Chip Layout Designs</i>	7
1.3.8	<i>Trade Secrets</i>	7
1.3.9	<i>Protection Against Unfair Competition</i>	8
2.	INTERNATIONAL COOPERATION IN INTELLECTUAL PROPERTY	
2.1	Introduction	11
2.2	WIPO	11
2.3	The Paris Convention.....	11
2.4	Patent Cooperation Treaty.....	12
2.5	Budapest Treaty.....	13
2.6	Other Treaties for the Protection of Industrial Property.....	13
2.7	Berne Convention.....	14
2.8	TRIPS Agreement.....	15
3.	PATENTS	
3.1	Introduction	21
3.2	Patentable Subject Matter	21
3.2.1	<i>Inventions</i>	21
3.2.2	<i>Non-patentable Subject Matter under the Statute</i>	21
3.2.3	<i>Plant Inventions</i>	22
3.2.4	<i>Biological Inventions</i>	22

3.3	Conditions for Patentability	22
3.3.1	<i>In General</i>	23
3.3.2	<i>Industrial Applicability</i>	23
3.3.3	<i>Novelty.....</i>	23
3.3.4	<i>Presumption of Novelty - Grace Period</i>	24
3.3.5	<i>Inventive Step</i>	24
3.4	Patent Application.....	25
3.4.1	<i>Patent Applicant.....</i>	25
3.4.2	<i>Documents Required</i>	27
3.4.3	<i>International Application under the Patent Cooperation Treaty</i>	28
3.4.4	<i>Specification and Claims.....</i>	29
3.4.5	<i>Drawings</i>	30
3.4.6	<i>Deposit of Microorganisms</i>	30
3.5	Claim of Priority	31
3.5.1	<i>Priority under the Paris Convention</i>	31
3.5.2	<i>Domestic Priority System</i>	31
3.6	First-to-File Rule.....	32
3.6.1	<i>In General</i>	32
3.6.2	<i>Filing Date</i>	32
3.6.3	<i>Determination of Same Invention.....</i>	33
3.7	Procedure for the Granting of Patents.....	33
3.7.1	<i>Formality Examination: The Filing Date</i>	33
3.7.2	<i>Laid-open Publication for Public Inspection</i>	34
3.7.3	<i>Request for Examination</i>	35
3.7.4	<i>Substantive Examination.....</i>	35
3.7.5	<i>Expedited Examination</i>	36
3.7.6	<i>Publication and Opposition</i>	37
3.7.7	<i>Rejection and Appeals.....</i>	38
3.7.8	<i>Registration</i>	39
3.8	Amendment to Specification and Claims	40
3.8.1	<i>Timing of Amendment.....</i>	40
3.8.2	<i>Scope of Amendment</i>	40
3.8.3	<i>Dismissal of Amendment</i>	41
3.8.4	<i>Amendment to International Application</i>	41
3.9	Division of Patent Application.....	41
3.9.1	<i>Unity of Invention.....</i>	41
3.9.2	<i>Divisional Application.....</i>	42
3.9.3	<i>Effects of Division</i>	42
3.10	Conversion of Application	43
3.10.1	<i>In General</i>	43
3.10.2	<i>Conversion to Patent Application</i>	43
3.10.3	<i>Effects of Conversion.....</i>	43
3.11	Duration of Protection	44
3.12	Extension of Term of Patent.....	44
3.12.1	<i>In General</i>	44
3.12.2	<i>Patents Amenable to Extension</i>	44

3.12.3	<i>Extension Period</i>	45
3.12.4	<i>Application for Extension</i>	46
3.12.5	<i>Approval Procedure</i>	46
3.12.6	<i>Scope and Effects of Extension</i>	47
3.13	Scope of Exclusive Rights	48
3.13.1	<i>In General</i>	48
3.13.2	<i>Right to Exclusively Practice the Patented Invention</i>	48
3.13.3	<i>Right to Exclude Others</i>	49
3.13.4	<i>Exceptions to Exclusive Rights</i>	49
3.14	Compulsory Licenses	53
3.14.1	<i>In General</i>	53
3.14.2	<i>Non-Practice of Patented Invention</i>	53
3.14.3	<i>Compulsory License for Public Interests</i>	55
3.14.4	<i>Compulsory License to Correct Unfair Trade Practices</i>	55
3.14.5	<i>Compulsory License for National Defense</i>	55
3.14.6	<i>Use of Another Person's Senior Patent: Trial for Granting License</i>	56
3.15	Infringement	56
3.15.1	<i>Acts of Infringement</i>	56
3.15.2	<i>Interpretation of Patent Claims</i>	57
3.15.3	<i>Kinds of Infringement</i>	58
3.15.4	<i>Presumption of Identical Process</i>	59
3.15.5	<i>Civil Remedies</i>	59
3.15.6	<i>Infringement Action</i>	60
3.15.7	<i>Criminal Sanctions</i>	60
3.15.8	<i>Defenses</i>	60
3.16	Trial to Confirm the Scope of Patent	61
3.16.1	<i>In General</i>	61
3.16.2	<i>Nature of Trial</i>	61
3.16.3	<i>Demand for Trial</i>	62
3.16.4	<i>Procedure of Trial</i>	63
3.16.5	<i>Effects of Trial Decision</i>	65
3.17	Invalidation of Patents	66
3.17.1	<i>In General</i>	66
3.17.2	<i>Demand for Invalidation Trial</i>	66
3.17.3	<i>Partial Invalidation</i>	67
3.17.4	<i>Grounds for Invalidation</i>	67
3.17.5	<i>Statute of Limitation</i>	67
3.17.6	<i>Procedure of Trial</i>	67
3.17.7	<i>Effects of Invalidation Decision</i>	68
3.18	Correction of Patents	68
3.18.1	<i>In General</i>	68
3.18.2	<i>Scope of Correction</i>	69
3.18.3	<i>Demand for Trial</i>	69
3.18.4	<i>Procedure of Trial</i>	69
3.18.5	<i>Effects of Correction</i>	70
3.18.6	<i>Invalidation Trial on Correction</i>	70
3.19	Transfer of Patents	70
3.19.1	<i>In General</i>	70
3.19.2	<i>Recordation of Transfer</i>	70

3.20	Licensing of Patents	71
3.20.1	<i>In General</i>	71
3.20.2	<i>Exclusive License</i>	71
3.20.3	<i>Non-exclusive License</i>	72
4.	UTILITY MODELS	
4.1	Introduction.....	75
4.2	Protectable Subject Matter.....	75
4.2.1	<i>Devices</i>	75
4.2.2	<i>Non-registrable Devices under the Statute.....</i>	76
4.3	Conditions for Registrability	76
4.3.1	<i>In General.....</i>	76
4.3.2	<i>Industrial Applicability.....</i>	76
4.3.3	<i>Novelty.....</i>	77
4.3.4	<i>Inventive Step.....</i>	77
4.4	Utility Model Application	78
4.4.1	<i>Applicant.....</i>	78
4.4.2	<i>Documents Required.....</i>	78
4.4.3	<i>Specification and Claims.....</i>	79
4.5	First-to-File Rule.....	79
4.6	Registration Procedure.....	80
4.7	Amendment to Utility Model Application.....	81
4.8	Division of Application.....	81
4.9	Conversion of Application	81
4.10	Duration of Protection.....	82
4.11	Scope of Exclusive Rights	83
4.11.1	<i>Exclusive Rights.....</i>	83
4.11.2	<i>Exceptions to Exclusive Rights.....</i>	83
4.12	Compulsory Licenses	85
4.13	Infringement.....	86
4.13.1	<i>In General.....</i>	86
4.13.2	<i>Acts of Infringement</i>	86
4.13.3	<i>Civil Remedies</i>	86
4.13.4	<i>Criminal Sanctions.....</i>	86
4.14	Trial to Confirm the Scope of Utility Model Right.....	87
4.15	Invalidation of Utility Model Registration.....	87
4.15.1	<i>Mutatis Mutandis Application of the Patent Act.....</i>	87
4.15.2	<i>Grounds for Invalidation.....</i>	88

4.15.3	<i>Statute of Limitation</i>	88
4.16	Correction of Utility Model Registration	88
4.17	Transfer and Licensing of Utility Model Registration	89
5.	TRADEMARKS	
5.1	Introduction	95
5.2	Registrable Marks	95
5.2.1	<i>Trademarks</i>	95
5.2.2	<i>Service Marks, Collective Marks and Business Emblems</i>	96
5.3	Requirements for Registration	96
5.3.1	<i>In General</i>	96
5.3.2	<i>Distinctiveness</i>	97
5.3.3	<i>Unregistrable Marks</i>	98
5.4	Trademark Application	101
5.4.1	<i>Applicant</i>	101
5.4.2	<i>One Application for One Class of Goods</i>	101
5.4.3	<i>First-to-File Rule</i>	101
5.4.4	<i>Claim of Priority</i>	102
5.4.5	<i>Documents Required</i>	103
5.5	Designation of Goods	103
5.5.1	<i>Korean Classification</i>	103
5.5.2	<i>Description of Designated Goods</i>	104
5.5.3	<i>Wrong Designation of Goods</i>	104
5.5.4	<i>Addition of Designated Goods</i>	105
5.6	Registration Procedure	105
5.6.1	<i>Formality Examination: The Filing Date</i>	105
5.6.2	<i>Substantive Examination</i>	106
5.6.3	<i>Publication and Opposition</i>	106
5.6.4	<i>Rejection and Appeals</i>	107
5.6.5	<i>Registration</i>	107
5.7	Amendment to Trademark Application	108
5.7.1	<i>Timing of Amendment</i>	108
5.7.2	<i>Scope of Amendment</i>	108
5.8	Division of Application	109
5.9	Conversion of Application	109
5.10	Associated Trademark	109
5.10.1	<i>Application for Registration of Associated Trademark</i>	109
5.10.2	<i>Effects of Trademark Association</i>	110
5.10.3	<i>Transfer of an Associated Trademark</i>	110

5.11	Renewal of Trademark Registration.....	111
5.11.1	<i>In General.....</i>	111
5.11.2	<i>Renewal Application.....</i>	111
5.11.3	<i>Evidence of Use No Longer Required.....</i>	112
5.11.4	<i>Designated Goods in Renewal Application.....</i>	112
5.11.5	<i>Effects of Renewal.....</i>	113
5.12	Scope of Exclusive Rights.....	113
5.12.1	<i>In General.....</i>	113
5.12.2	<i>Right to Exclusively Use Registered Mark.....</i>	113
5.12.3	<i>Right to Exclude Others.....</i>	114
5.12.4	<i>Exceptions to Exclusive Rights.....</i>	114
5.13	Trademark Infringement.....	115
5.13.1	<i>In General.....</i>	115
5.13.2	<i>Acts of Infringement.....</i>	115
5.13.3	<i>Determination of Similarity of Trademarks.....</i>	116
5.13.4	<i>Determination of Similarity of Goods.....</i>	116
5.13.5	<i>Infringement Action.....</i>	116
5.13.6	<i>Defenses.....</i>	117
5.14	Invalidation of Trademark Registration.....	118
5.14.1	<i>In General.....</i>	118
5.14.2	<i>Grounds for Invalidation.....</i>	118
5.14.3	<i>Statute of Limitation.....</i>	119
5.14.4	<i>Procedure.....</i>	119
5.14.5	<i>Effects of Invalidation Decision.....</i>	119
5.15	Cancellation of Trademark Registration.....	119
5.15.1	<i>In General.....</i>	119
5.15.2	<i>Grounds for Cancellation.....</i>	120
5.15.3	<i>Demand for Trial.....</i>	121
5.15.4	<i>Statute of Limitation.....</i>	121
5.15.5	<i>Local Use Requirement.....</i>	121
5.15.6	<i>Procedure.....</i>	123
5.15.7	<i>Effects of Cancellation Decision.....</i>	123
5.16	Trial to Confirm the Scope of Trademark Right.....	123
5.16.1	<i>In General.....</i>	123
5.16.2	<i>Demand for Trial.....</i>	123
5.16.3	<i>Procedure.....</i>	124
5.16.4	<i>Effects of Trial Decision.....</i>	124
5.17	Protection of Well-known or Famous Marks.....	124
5.17.1	<i>In General.....</i>	124
5.17.2	<i>Qualification for Well-known or Famous Marks.....</i>	125
5.17.3	<i>Protection under the Trademark Act.....</i>	125
5.17.4	<i>Protection under the Unfair Competition Prevention Act.....</i>	126
5.17.5	<i>Protection under the Paris Convention.....</i>	127
5.18	Parallel Importation.....	127
5.18.1	<i>In General.....</i>	127
5.18.2	<i>Relevant Provisions of the Trademark Act.....</i>	128
5.18.3	<i>Border Enforcement Regulation.....</i>	128
5.18.4	<i>Regulation Revised to Allow Parallel Importation.....</i>	128

5.19	Transfer of Trademark	129
5.19.1	<i>In General</i>	129
5.19.2	<i>Transfer of Underlying Business No Longer Required</i>	130
5.19.3	<i>Limitations on Transfer of Trademark</i>	130
5.19.4	<i>Recordal of Transfer</i>	130
5.20	Licensing of Trademark	131
5.20.1	<i>In General</i>	131
5.20.2	<i>Changes in Recordal of License</i>	131
5.20.3	<i>Exclusive License</i>	131
5.20.4	<i>Non-exclusive License</i>	132
5.20.5	<i>Recordal of Trademark License</i>	132
5.20.6	<i>Cancellation of License</i>	133
5.21	Product Piracy and Counterfeiting	133
5.21.1	<i>Actionable under the Intellectual Property Laws</i>	133
5.21.2	<i>Actionable under the Unfair Competition Prevention Act</i>	134
5.21.3	<i>Suspension under the Border Enforcement Regulation</i>	134
6.	DESIGNS	
6.1	Introduction	137
6.2	Concept of Design	137
6.2.1	<i>In General</i>	137
6.2.2	<i>Articles</i>	138
6.2.3	<i>Shape, Pattern, Color or Their Combination</i>	138
6.2.4	<i>Letters</i>	138
6.2.5	<i>Sense of Sight</i>	138
6.2.6	<i>Aesthetic Impression</i>	139
6.3	Requirements for Registration	139
6.3.1	<i>In General</i>	139
6.3.2	<i>Industrial Applicability</i>	139
6.3.3	<i>Novelty</i>	139
6.3.4	<i>Creativity (or Nonobviousness)</i>	140
6.3.5	<i>Unregistrable Designs</i>	141
6.4	Identical or Similar Designs	141
6.4.1	<i>In General</i>	141
6.4.2	<i>Identical Designs</i>	142
6.4.3	<i>Similar Designs</i>	142
6.5	Unique Aspects of Design Registration	143
6.5.1	<i>In General</i>	143
6.5.2	<i>Similar Design System</i>	143
6.5.3	<i>Set Design System</i>	144
6.5.4	<i>Secret Design System</i>	145
6.6	Design Application	146
6.6.1	<i>Applicant</i>	146
6.6.2	<i>Documents Required</i>	146
6.6.3	<i>Claim of Priority</i>	146

6.6.4	<i>Drawings</i>	147
6.6.5	<i>First-to-File Rule</i>	148
6.7	Registration Procedure	149
6.7.1	<i>Formality Examination: The Filing Date</i>	149
6.7.2	<i>Early Publication per Request</i>	150
6.7.3	<i>Examination, Rejection and Registration</i>	150
6.8	Amendment to Design Application	151
6.9	Division of Design Application	151
6.10	Conversion of Application	152
6.11	Scope of Exclusive Rights	152
6.11.1	<i>Duration of Protection</i>	152
6.11.2	<i>Exclusive Rights</i>	153
6.11.3	<i>Exceptions to Exclusive Rights</i>	153
6.12	Infringement	155
6.12.1	<i>Acts of Infringement</i>	155
6.12.2	<i>Civil Remedies</i>	155
6.12.3	<i>Criminal Sanctions</i>	155
6.12.4	<i>Defenses</i>	156
6.13	Trial to Confirm the Scope of Design Right	156
6.14	Invalidation of Design Registration	156
6.15	Transfer and Licensing of Designs	157
7.	COPYRIGHT AND NEIGHBORING RIGHTS	
7.1	Introduction	161
7.2	Subject Matter of Copyright Protection	161
7.2.1	<i>In General</i>	161
7.2.2	<i>Derivative Works</i>	162
7.2.3	<i>Compilations</i>	162
7.2.4	<i>Unprotectable Works</i>	162
7.3	Protection of Foreigners' Works	163
7.3.1	<i>In General</i>	163
7.3.2	<i>Retroactive Protection</i>	163
7.4	Registration of Works	164
7.4.1	<i>In General</i>	164
7.4.2	<i>Effects of Registration</i>	164
7.4.3	<i>Registration Procedure</i>	164
7.5	Exclusive Rights of Copyright Holder	165
7.5.1	<i>In General</i>	165
7.5.2	<i>Moral Rights</i>	165
7.5.3	<i>Economic Rights</i>	167

7.5.4	<i>Fair Use Limitations</i>	168
7.5.5	<i>Term of Protection of Economic Rights</i>	172
7.5.6	<i>Transfer of Economic Rights</i>	172
7.5.7	<i>Licensing of Economic Rights</i>	173
7.5.8	<i>Pledge over Economic Rights</i>	173
7.6	Works of Joint Authorship	173
7.7	Compulsory Licenses	174
7.7.1	<i>In General</i>	174
7.7.2	<i>Instances Where Compulsory License is Granted</i>	174
7.7.3	<i>Procedure for Obtaining Compulsory License</i>	175
7.8	Special Provisions on Publishing Right	175
7.8.1	<i>Establishment of Publishing Right</i>	175
7.8.2	<i>Duty of Publishing</i>	175
7.8.3	<i>Distribution of Publications After Extinguishment of Publishing Right</i>	176
7.8.4	<i>Transfer and Limitation of Publishing Right</i>	176
7.9	Neighboring Rights	176
7.9.1	<i>Subject Matter of Protection</i>	176
7.9.2	<i>Rights of Performers</i>	177
7.9.3	<i>Rights of Phonogram Producers</i>	178
7.9.4	<i>Rights of Broadcasters</i>	178
7.9.5	<i>Term of Protection</i>	178
7.9.6	<i>Application of Copyright Provisions</i>	179
7.10	Special Provisions for Audiovisual Works	179
7.10.1	<i>Audiovisual Work Producer</i>	179
7.10.2	<i>Rights in Audiovisual Works</i>	179
7.10.3	<i>Term of Protection</i>	180
7.11	Infringement	180
7.12	Copyright Deliberation and Mediation Committee	180
7.12.1	<i>Organization</i>	180
7.12.2	<i>Deliberation of Copyright Matters</i>	181
7.12.3	<i>Mediation of Disputes</i>	181
8.	COMPUTER PROGRAMS	
8.1	Introduction	185
8.2	Subject Matter of Protection	185
8.2.1	<i>Computer Programs and Derivative Programs</i>	185
8.2.2	<i>Unprotectable Subject Matter</i>	182
8.3	Protection of Foreigner's Programs	186
8.4	Authorship	186

8.5	Rights of Authors	187
8.5.1	<i>In General</i>	187
8.5.2	<i>Moral Rights</i>	187
8.5.3	<i>Economic Rights</i>	188
8.5.4	<i>Fair Use Limitations</i>	189
8.5.5	<i>Compulsory Licensing</i>	190
8.6	Registration of Computer Programs	190
8.6.1	<i>In General</i>	190
8.6.2	<i>Effects of Registration</i>	190
8.6.3	<i>Registration Procedure</i>	191
8.6.4	<i>Registration Activities</i>	191
8.7	Infringement of Program Copyright.....	191
8.7.1	<i>Acts of Infringement</i>	191
8.7.2	<i>Civil Remedies</i>	192
8.7.3	<i>Criminal Sanctions</i>	192
8.8	Computer Program Deliberation and Mediation Committee.....	193
8.8.1	<i>Organization</i>	193
8.8.2	<i>Mediation of Disputes</i>	193
8.8.3	<i>Deliberation of Computer Program Matters</i>	193
8.9	Transfer, Licensing and Pledge	194
8.10	Joint Ownership.....	194
9.	SEMICONDUCTOR CHIP LAYOUT DESIGNS	
9.1	Introduction.....	197
9.2	Subject Matter of Protection	197
9.3	Uniqueness of Layout Design Right	198
9.4	Protection of Foreigner's Layout Designs.....	198
9.5	Delegation of Authorities to KIPO	199
9.6	Registration Procedure	199
9.6.1	<i>In General</i>	199
9.6.2	<i>Applicant.....</i>	199
9.6.3	<i>Application.....</i>	200
9.6.4	<i>Rejection of Application and Registration</i>	201
9.7	Layout Design Right	201
9.7.1	<i>In General</i>	201
9.7.2	<i>Exclusive Rights</i>	202
9.7.3	<i>Transfer and Pledge</i>	202
9.7.4	<i>Licensing.....</i>	202
9.7.5	<i>Joint Ownership</i>	203
9.8	Limitations on Layout Design Right	203

9.9	Infringement.....	204
9.9.1	<i>In General.....</i>	204
9.9.2	<i>Civil Remedies</i>	204
9.9.3	<i>Criminal Sanctions.....</i>	205
9.10	Cancellation of Registration	205
9.11	Compulsory Licenses	206
9.11.1	<i>Request for Consultation</i>	206
9.11.2	<i>Application for Arbitration.....</i>	206
9.11.3	<i>Arbitration</i>	207
9.11.4	<i>Cancellation of Arbitration</i>	208
9.12	Layout Design Review and Mediation Committee.....	208
9.12.1	<i>Organization</i>	208
9.12.2	<i>Mediation of Disputes</i>	209
9.12.3	<i>Review of Layout Design Matters</i>	209
10.	PROTECTION AGAINST UNFAIR COMPETITION AND PROTECTION OF TRADE SECRETS	
10.1	Introduction.....	213
10.2	Protection of Foreigners	213
10.3	Acts of Unfair Competition.....	213
10.4	Prohibition of Use of Flags or Emblems.....	214
10.5	Remedies Against Unfair Competition.....	215
10.5.1	<i>Civil Remedies</i>	215
10.5.2	<i>Criminal Sanctions.....</i>	215
10.6	Unfair Competition Deliberation Committee of KIPO	216
10.6.1	<i>Organization.....</i>	216
10.6.2	<i>Functions</i>	216
10.7	Protection of Trade Secrets	216
10.7.1	<i>Trade Secrets</i>	216
10.7.2	<i>Acts of Infringement</i>	217
10.7.3	<i>Transitional Measures Against Infringement of Trade Secrets.....</i>	217
10.8	Remedies Against Infringement of Trade Secrets	218
10.8.1	<i>Civil Remedies</i>	218
10.8.2	<i>Innocent Acquirers of Trade Secrets.....</i>	218
10.8.3	<i>Criminal Sanctions.....</i>	218
10.9	Increasing Demand for Stronger Protection of Trade Secrets.....	219

11.	LICENSING AND TRANSFER OF TECHNOLOGY	
11.1	Introduction.....	223
11.2	Legislative History on the Transfer of Technology	223
11.3	Regulation under the Foreign Capital Inducement Act	224
11.3.1	<i>Scope of Technology Inducement Agreement</i>	224
11.3.2	<i>Agreements Required to Be Reported</i>	224
11.3.3	<i>Review of Reported Agreements</i>	225
11.3.4	<i>Request for Tax Exemption</i>	225
11.3.5	<i>Validation of Agreements</i>	226
11.4	Regulation under the Monopoly Regulation and Fair Trade Act.....	226
11.4.1	<i>Scope of Agreements</i>	226
11.4.2	<i>Voluntary Clearance Procedure</i>	227
11.4.3	<i>Lists of Allowable and Non-Allowable Practices</i>	227
11.4.4	<i>Prosecution of Violations</i>	229
11.4.5	<i>Violations Recently Found by FTC</i>	230
11.4.6	<i>Compensation for Damages</i>	230
11.5	Regulation on Technology Export.....	230
12.	ADMINISTRATION OF INTELLECTUAL PROPERTY	
12.1	Introduction.....	235
12.2	Korean Industrial Property Office.....	235
12.2.1	<i>History of KIPO</i>	235
12.2.2	<i>Organization</i>	235
12.2.3	<i>Activities on Industrial Property</i>	236
12.2.4	<i>Implementation of the Semiconductor Chip Layout Design Act</i>	237
12.2.5	<i>Computerization of Administration</i>	237
12.2.6	<i>Compilation of Industrial Property Information</i>	238
12.2.7	<i>Publication of Official Gazettes</i>	238
12.2.8	<i>International Cooperation</i>	238
12.2.9	<i>Encouragement of Inventive Activity</i>	239
12.2.10	<i>Prevention of Unfair Competition/Counterfeiting</i>	239
12.2.11	<i>Activities of the IIPTI</i>	239
13.	ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS	
13.1	Introduction.....	243
13.2	Civil Court Action.....	243
13.3	Criminal Sanctions.....	243
13.4	Action Before KIPO.....	244
13.4.1	<i>Kinds of Action</i>	244
13.4.2	<i>Suspension of Proceeding</i>	244

13.5	Border Enforcement Measures.....	245
13.5.1	<i>In General.....</i>	245
13.5.2	<i>Applicable Goods.....</i>	245
13.5.3	<i>Reporting of Trademark Right.....</i>	245
13.5.4	<i>Suspension of Export/Import License in Case of Infringement of Trademark Reported.....</i>	246
13.5.5	<i>Suspension of Export/Import License.....</i>	246
13.5.6	<i>Request for Granting Export/Import License.....</i>	246
14.	INTELLECTUAL PROPERTY LITIGATION	
14.1	Introduction.....	251
14.2	Review of KIPO's Decisions	251
14.2.1	<i>In General.....</i>	251
14.2.2	<i>Appeal Process under the Industrial Property Acts</i>	251
14.2.3	<i>Appeals under the Administrative Trial/Litigation Acts</i>	252
14.3	Review of Other Agencies' Decisions	253
14.4	Infringement Action - In General.....	254
14.4.1	<i>Introduction</i>	254
14.4.2	<i>Warning Letter</i>	254
14.4.3	<i>Court of Jurisdiction</i>	255
14.4.4	<i>Hearings</i>	255
14.4.5	<i>Preparation Brief.....</i>	255
14.4.6	<i>Discovery.....</i>	256
14.4.7	<i>Preliminary Injunctive Action.....</i>	257
14.4.8	<i>Main Action</i>	258
14.5	Patent Infringement Action	258
14.5.1	<i>In General.....</i>	258
14.5.2	<i>Plaintiff of Infringement Action</i>	259
14.5.3	<i>Proof of Patent Infringement</i>	259
14.5.4	<i>Injunctive Relief</i>	260
14.5.5	<i>Compensation for Damages</i>	260
14.5.6	<i>Restoration of Damaged Business Goodwill.....</i>	260
14.5.7	<i>Defenses.....</i>	260
14.5.8	<i>Utility Model or Design Infringement Action.....</i>	261
14.6	Trademark Infringement Action	261
14.6.1	<i>In General.....</i>	261
14.6.2	<i>Acts of Infringement under the Trademark Act</i>	261
14.6.3	<i>Acts of Infringement under the Unfair Competition Prevention Act</i>	262
14.6.4	<i>Plaintiff of Infringement Action</i>	262
14.6.5	<i>Procedure of Infringement Action</i>	262
14.6.6	<i>Proof of Trademark Infringement.....</i>	262
14.6.7	<i>Amount of Damages</i>	263
14.7	Copyright Infringement Action.....	263
14.7.1	<i>In General.....</i>	263
14.7.2	<i>Acts of Infringement</i>	264
14.7.3	<i>Mediation of Disputes</i>	265
14.7.4	<i>Injunctive Relief</i>	265

14.7.5	<i>Compensation for Damages</i>	266
14.7.6	<i>Restoration of Damaged Reputation</i>	266
14.7.7	<i>Remedies After Author's Death</i>	266
14.7.8	<i>Proof of Infringement</i>	266

CHAPTER 1: THE STATUTORY REGIME FOR THE PROTECTION OF INTELLECTUAL PROPERTY

- 1.1 The Changing Attitude Toward Intellectual Property**
- 1.2 Legislative History of Intellectual Property Laws in the Republic of Korea**
 - 1.2.1 Industrial Property**
 - 1.2.2 Copyright**
 - 1.2.3 New Forms of Intellectual Property**
- 1.3 Protection of Intellectual Property in the Republic of Korea**
 - 1.3.1 Introduction**
 - 1.3.2 Inventions**
 - 1.3.3 Designs**
 - 1.3.4 Trademarks and Service Marks**
 - 1.3.5 Literary, Scientific and Artistic Works**
 - 1.3.6 Computer Programs**
 - 1.3.7 Semiconductor Chip Layout Designs**
 - 1.3.8 Trade Secrets**
 - 1.3.9 Protection Against Unfair Competition**

1.1 The Changing Attitude Toward Intellectual Property

The concept of intellectual property as exclusive personal property has been alien to Korean culture until recent times. To some extent, this may be attributable to the Confucian ethic, which viewed intellectual creations as being in the public domain rather than belonging to their creators. To seek to profit from such creations, for instance, writing books for sale, was viewed as conduct unbecoming a learned person. On the other hand, copying a book written by another, far from constituting a moral or legal offense, was considered a praiseworthy exercise which showed a passion for learning and helped to foster it. There was little perception that this may be in fact a disincentive to intellectual output, and perhaps an inability even to think in such terms.

In some respects, the Confucian view persisted long after the enactment of the first Korean laws on the subject in 1908. Intellectual property rights of both domestic and foreign owners received little attention until the 1970s. Registered patents and trademarks were at times infringed without compunction. Protection for foreign copyrighted works was enacted only in the 1980s.

In recent years, however, the Republic of Korea has seen a number of improvements in its statutory protection and enforcement of intellectual property rights. The subject has received increasing public attention since the 1970s with the development of domestic industry, which also triggered an increased level of patent and other intellectual property infringement disputes with foreign owners of intellectual property rights, sometimes leading to an international trade issue. Between 1970 and 1990, total research and development (R & D) investments made in the Republic of Korea, both private and public, showed a five-fold increase from 0.46% of GNP to 2.24% of GNP. The need to protect the fruits of such extensive investment in R & D has naturally led the Korean companies that are making this investment to seek more effective protection of patent and other intellectual property rights at home.

The current intellectual property regime in the Republic of Korea, as in other countries, distinguishes two general categories of protectable matter: industrial property and copyright. Industrial property includes as its object of protection new and industrially useful creations of the human mind, including inventions, utility models and industrial designs, and also covers the symbols and names distinguishing goods and businesses, including trademarks, trade names, service marks, commercial names and the like. Copyright covers literary, artistic and musical works. Lying in between are the newly-emerging intellectual property rights with respect to such objects of protection as semiconductor chip layout designs and computer software.

Protection has been readily extended to additional objects of protection, consistent with the trend of rapid modernization. Trade secrets are treated as industrial property, and protection against unfair competition is recognized as a kind of intellectual property right. Computer programs are protected as copyrightable matter, and are also protected under a *sui generis* statute. Protection for semiconductor chip layout designs was recognized at a relatively early date, no doubt because of the prospects for the domestic semiconductor industry. Geographical indications have recently received attention as intellectual property rights as a result of the Agreement on Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement") concluded in the framework of the agreement establishing the World Trade Organization ("WTO").

1.2 Legislative History of Intellectual Property Laws in the Republic of Korea

1.2.1 *Industrial Property*

The earliest Korean law protecting intellectual property was enacted in 1908, during the closing chapter of the Yi Dynasty, with the promulgation of a Patent Decree, Design Decree, Trademark Decree and Copyright Decree. Although Royal Acts in form, these decrees were issued under a 1908 treaty between Japan and the U.S.A. relating to protection of intellectual property. Under the treaty, the Japanese Government was to enforce Japanese intellectual property laws in Korea and afford equal protection thereunder to U.S. citizens. In 1909, the Utility Model Decree was promulgated in similar terms. In 1910, these Royal Decrees were repealed and Japanese intellectual property laws were instituted, with little alteration. These laws remained in effect until 1945.

Between 1945 and 1948, the foundations were laid for the current system of protection for industrial property in the Republic of Korea. In 1946, the Patent Bureau was established within the Ministry of Trade and Industry. The Patent Act covering inventions, utility models and designs was passed later in 1946, and the Trademark Act was passed in 1949. These laws remained in effect until the Government of the Republic of Korea passed the Patent Act in 1961 and the Trademark Act in 1963, which are the precursors of the current Patent Act and Trademark Act.

1.2.2 *Copyright*

The Royal Decrees issued in 1908 included a Copyright Decree in accordance with the 1908 treaty on the subject between Japan and the U.S.A. This Decree was repealed in 1910, when Japanese copyright law went into effect in Korea. The substantive provisions of Japanese copyright law continued to be followed until 1957, when the Government of the Republic of Korea passed a new Copyright Act. The 1957 Copyright Act, however, was completely redrafted in 1986, and the 1986 law has itself to this date undergone a number of significant revisions.

1.2.3 *New Forms of Intellectual Property*

In view of its economic development and emergence of new forms of intellectual property, the Republic of Korea has with some alacrity amended its existing laws to accommodate them or, where deemed appropriate, enacted special laws to afford more comprehensive protection. In 1991, a statutory basis was provided for the protection of trade secrets, under an amendment to the Unfair Competition Prevention Act. In 1987, the Computer Program Protection Act was passed, providing *sui generis* protection for computer software. For the protection of layout designs of semiconductor chips, the Government passed the Semiconductor Chip Layout Design Act in 1992, which became effective in September 1993. Databases and certain neighboring rights of copyrighted works have been afforded protection by amendments to the Copyright Act in 1993 and 1995. In 1995, a special law, to become effective at the end of 1997, was passed to provide protection for new plant varieties.

1.3 Protection of Intellectual Property in the Republic of Korea

1.3.1 *Introduction*

The basic provision for the protection of intellectual property resides in Article 21(2) of the Constitution of the Republic of Korea, which provides that “the rights of authors, inventors and artists shall be protected by law.” The intellectual property system is rooted in this provision.

1.3.2 *Inventions*

An invention is protected in the Republic of Korea upon the grant of a patent pursuant to the Patent Act or the registration of a utility model pursuant to the Utility Model Act. For a patent or utility model registration, the invention must satisfy the basic criteria of industrial applicability, novelty and inventiveness.

To qualify for a patent, the invention must be “a high level creation of a technical idea utilizing the laws of nature.” To qualify for a utility model registration, the invention shall be “a creation of a technical idea utilizing the laws of nature.” Based on this wording, whether an invention qualifies for a patent or a utility model registration would depend on the degree of inventiveness of the invention. The statutes, however, do not specify any standard for determining the degree of inventiveness, and the question has not been resolved in a comprehensive manner by the courts. In many cases, it is difficult to draw the line between a patentable invention and a utility model.

In view of the similarity of the subject matter protectable respectively under the Patent Act and the Utility Model Act, the two statutes provide for conversion between a patent application and a utility model application.

The object of utility model registration is limited to the shape, structure or assembly of an article. Thus, inventions relating to production processes generally cannot be granted utility model registration.

The term of protection is different for patents and utility model registrations. For a patent, the term is 20 years from the filing date of the patent application. For a registered utility model, the term is 15 years from the filing date of the utility model application.

Patentable inventions include inventions involving asexually reproducible plant varieties. From 1998, inventions involving other plant varieties will be protected under the Plant Varieties Protection Act.

1.3.3 *Designs*

Designs are broadly protected under the Design Act. The Design Act defines a design as “the shape, pattern or color of an article or any combination thereof which produces an aesthetic impression on the sense of sight.” Thus, the Design Act is understood to protect only the superficial appearance of objects.

Designs, like utility models, relate to tangible objects, and often to mass-produced articles. Designs and utility models differ in their purposes. Whereas utility models are directed to technical problems, designs are directed to aesthetic objects. Designs represent creations of aesthetic value, which sometimes make it difficult to distinguish them from the expressive matter protected by copyright. Basically, however, the national system treats design rights similarly to patents rather than copyright, unlike the system in some other countries. The design must be examined and registered at the Korean Industrial Property Office (KIPO) in order to enjoy protection.

If a design is sufficiently well-known among consumers to be identified with a particular business, it may be protected under the Unfair Competition Prevention Act, even if it is not registered under the Design Act.

1.3.4 *Trademarks and Service Marks*

Trademarks are protected mainly under the Trademark Act. A trademark is defined in the Trademark Act as follows:

- (i) a sign, character or figure, or combination thereof which is used by a person who produces, manufactures, processes, certifies or sells goods for business, in order to distinguish his goods from those of others; or
- (ii) a combination of color with any one of the sign, character, figure or combination thereof mentioned in (i) above.

The Trademark Act also provides for registration of associated marks, service marks, collective marks and non-profit business emblems. A service mark is a mark used by a person conducting a service business in order to distinguish his business from those of others. A registrable collective mark is a mark intended to be used for goods or services of the members of a legal entity founded by and made up of persons who are in the same or a closely associated line of business. A business emblem used by a person carrying on a non-profit business is also registrable.

Technically, the Trademark Act protects, not the sign, character, figure, color or combination which constitutes the registered mark, but rather the function of the mark in indicating the source of goods, guaranteeing their quality, promoting sales and cultivating business goodwill. This principle underlies the criteria for determining similarity of marks and infringement of trademark registrations.

Unauthorized copying of a unregistered business indication, including a trademark or service mark, may be also prohibited under the Unfair Competition Prevention Act. For business indications which are unregistered or unregistrable, such as unregistered marks, packages, shapes of goods, and any business name used or indication of origin, protection under the Unfair Competition Prevention Act is available as long as the indications are widely known to consumers in the country.

1.3.5 *Literary, Scientific and Artistic Works*

Any work belonging to the literary, scientific or artistic domain may be eligible for protection under the Copyright Act.

Creative works made from original works by means of, e.g., translation, arrangement, modification or dramatization are called "derivative works." Both derivative works and compilations of works are protectable under the Copyright Act as original works, except to the extent of any prejudice to the rights of the authors of the original works upon which they are based.

Copyright to a work comes into being upon the creation of the work. No registration or other formality is required for the establishment of copyright. However, a copyrighted work can be registered with a government body, the Ministry of Culture and Sports. Such registration provides certain presumptive advantages to the copyright holder in the event he seeks to enforce the copyright against third parties.

The rights of an author consist of two separate sets of rights: moral rights and economic rights. Generally, the economic rights subsist for the life of the author plus a term of fifty years after death. Moral rights are understood to last until the death of the author's certain heirs, typically his grandchildren, who are entitled to sue against an infringer of the moral rights. The economic rights may

be transferred in whole or in part. The moral rights, however, belong exclusively to the author and may not be transferred.

1.3.6 *Computer Programs*

Before the Copyright Act of 1987, it was unclear whether computer programs could be protected under any of the existing laws of the Republic of Korea, in particular the Patent Act and the Copyright Act then in force. The Copyright Act of 1987 expressly included computer programs as protectable subject matter. However, the 1987 Copyright Act contemplated that a separate law would be enacted to provide additional details for the protection of computer programs. That special law, entitled the Computer Program Protection Act (the "CPPA"), was enacted and went into effect as of July 1, 1987. The CPPA provides the primary legal protection for computer programs in the Republic of Korea.

The CPPA defines computer programs as "works expressed in the form of a series of instructions or commands which are used directly or indirectly to obtain a specific result in a computer or other device having an information processing capability." Therefore, both source code and object code, and any other form in which a program is embodied, are protectable under the CPPA.

The rights to a computer program, like other copyright matters, come into existence upon the creation of the program.

1.3.7 *Semiconductor Chip Layout Designs*

For the protection of semiconductor chip layout designs, a special act entitled the "Semiconductor Chip Layout Design Act" (the "Layout Design Act") was enacted on December 8, 1992, becoming effective from September 1, 1993.

A "semiconductor chip" is defined in the Layout Design Act as a product containing transistors or other circuitry elements which are inseparately formed upon or inside a semiconductor material or inserting material, and designed to perform an electronic circuitry function. A "layout design" means a layout of circuitry elements and lead wires connecting such elements on a plane or in three dimensions.

A layout design right is established by the registration of a creative layout design with the Korean Industrial Property Office. The term of protection of a registered layout design is ten years from the date of its registration.

1.3.8 *Trade Secrets*

In theory, misappropriation of trade secrets has long been punishable under the Criminal Code. A more accessible legal basis for the protection of trade secrets, however, was provided with the addition of special provisions to the Unfair Competition Prevention Act (the "UCPA") which entered into effect on January 1, 1992.

The UCPA defines a trade secret as "technical or management information, not publicly known, that is useful to a manufacturing or marketing method or any other business activity, has an independent economic value, and has been kept secret by means of a substantial effort." Acquisition of a trade secret through larceny, embezzlement, coercion or other improper means, or use or disclosure of the trade secret so acquired, constitutes an act of infringement.

1.3.9 *Protection Against Unfair Competition*

Certain kinds of unfair competition are designated as unfair competition practices and are actionable under the Unfair Competition Prevention Act (the “UCPA”). They include, broadly, acts which cause confusion with another person’s goods or business, or acts which cause confusion as to the source of goods or identity of a business. Therefore, as noted above (1.3.4), it is generally understood that unregistered trademarks or unregistrable indications such as trade dress may be protected under the UCPA.

Chapter 2: International Cooperation in Intellectual Property

- 2.1 Introduction**
- 2.2 WIPO**
- 2.3 Paris Convention**
- 2.4 Patent Cooperation Treaty**
- 2.5 Budapest Treaty**
- 2.6 Other Treaties for the Protection of Industrial Property**
- 2.7 Berne Convention**
- 2.8 TRIPS Agreement**

2.1 Introduction

With the expansion of international trade and technology transfer, it has become increasingly important to secure global, harmonized protection for intellectual property. This has been hampered by two fundamental constraints, the territorial limitation of intellectual property rights and the considerable variances or differences among individual national systems. Notwithstanding these constraints, a number of multilateral efforts have been made to coordinate the law and practice among different countries, aimed at greater harmonization of laws and procedures and the reciprocal recognition of rights and duties.

2.2 WIPO

In 1979, the Republic of Korea joined the World Intellectual Property Organization (“WIPO”). WIPO was established in 1970 in accordance with the Convention Establishing the World Intellectual Property Organization (1967). WIPO has played a major role in fostering cooperation among member countries and greater harmonization of their intellectual property regimes. The Republic of Korea’s entry into WIPO marked its first participation in this multilateral process. Since that date, the intellectual property system of the Republic of Korea has undergone rapid development, and it has proceeded to join, or otherwise take measures to conform to, other treaties in this area, starting in 1980 with the Paris Convention for the Protection of Industrial Property (1883) (the “Paris Convention”).

2.3 The Paris Convention

The Republic of Korea became a party to the Paris Convention on May 4, 1980. The Convention applies to industrial property in the widest sense, including inventions, marks, industrial designs, utility models (a kind of “small patent” provided for by the laws of some countries), trade names (designations under which an industrial or commercial activity is carried on), geographical indications (indications of source and appellations of origin) and the repression of unfair competition. The Paris Convention provides for important principles and rules for the protection of industrial property rights on an international basis. Most important of these are the principle of national treatment and the right of priority.

The principle of national treatment means that each member country must extend the same protection of industrial property rights to nationals of other member countries as it extends to its own nationals. This principle, a cornerstone of the system of multilateral protection envisaged by the Paris Convention, is designed to guarantee non-discriminatory protection to foreign owners of intellectual property.

Perhaps encouraged by this commitment to extend the national treatment to foreigners, the Republic of Korea has, since 1980, seen a sharp increase in the number of applications for industrial property rights filed by foreign parties. In anticipation of this development, the Korean Patent Office was elevated, in 1977, from the status of a bureau within the Ministry of Commerce and Industry, to an independent office, and, in 1980, adopted its current English name, the Korean Industrial Property Office (“KIPO”). At the same time, the number of examiners and supporting staff of the office was greatly augmented, and expanded volumes of documents and information relating to the industrial property system were made available.

The right of priority under the Paris Convention provides that, on the basis of any filing that is equivalent to a regular national filing for an industrial property right filed by a person in any member country, the same applicant or a successor in title enjoys, for the purposes of filing in other member countries, a priority right during a specified period, either six months for a trademark or industrial design application or twelve months for a patent or utility model application filed in another member country. Subsequent applications entitled to such a priority right will be treated as if they had been filed on the same day as the first application. For an applicant seeking protection in more than one country, the right of priority obviates the perceived need to file simultaneously in order to avoid the adverse effect of any disclosure of the subject matter applied for in the intervening period between first filing and subsequent filings in other countries.

Like the principle of national treatment, the right of priority has facilitated and encouraged applications by foreign parties seeking protection in the Republic of Korea for their industrial property rights, and contributed to the sharp increase in the number of such filings after 1980. Before the Republic of Korea joined the Paris Convention, the right of priority was accorded to the nationals of a few countries based on bilateral agreements or on reciprocity. Those countries were Canada, Finland, Spain, Switzerland and the U.S.A.

2.4 Patent Cooperation Treaty

In 1984, the Republic of Korea became a party to the Patent Cooperation Treaty (the "PCT"). This multilateral treaty was concluded in Washington D.C. in 1970, with the purpose of streamlining and rendering more economical the procedures for obtaining protection for an invention in several countries. In the absence of the PCT, a patent applicant would need to file a separate patent application for the same invention in, or for, each desired country within the twelve-month priority period established by the Paris Convention. Under the PCT, however, the applicant can file a single international application, with the same effect as filing separate applications with the Patent Office of each of, or for, the member countries designated in the application.

When the Republic of Korea joined the PCT, it exercised its option to declare that it would not be bound by the provisions of Chapter II thereof, which provides for international preliminary examination; but it withdrew this reservation in 1990. Hence the applicant of a PCT application designating the Republic of Korea can take steps to enter the national phase either within twenty months (under Chapter I) or within thirty months (under Chapter II) after the international filing date, or after the priority date if the right of priority is claimed on the basis of an earlier national application. In addition, a PCT application can be filed with the KIPO as a receiving Office, with the entitlement to subsequent entry into the national phase in each other designated member country.

In the early period of the PCT system in the Republic of Korea, there was some doubt whether the filing of applications under the PCT would in fact be more advantageous than a country-by-country filing. In this period, among the total number of patent applications in (or designating) the Republic of Korea, the percentage of applications using the PCT procedure was quite small. In more recent years, however, the number of PCT applications filed in (or designating) the Republic of Korea has increased

steadily, reaching 19,771, or about 32 percent of the total number of patent applications filed in 1994 (60,594).¹

2.5 Budapest Treaty

On December 28, 1987, the Republic of Korea acceded to the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (1977) (the “Budapest Treaty”). This treaty came into full force and effect for the Republic of Korea three months thereafter.

The Budapest Treaty provides for the international recognition of the deposit of a microorganism for which a patent application has been filed. Specifically, contracting States of the Budapest Treaty recognize, for the purposes of patent procedure, the deposit of a microorganism with any one of the designated international depository authorities. Such recognition includes the recognition of the fact and date of the deposit as indicated by the international depository authority as well as the recognition that what is furnished as a sample is a sample of the deposited microorganism.

Prior to the effective date of the Budapest Treaty in the Republic of Korea, an applicant for a patent for an invention pertaining to a microorganism was required to deposit the microorganism at a depository in the Republic of Korea even if the microorganism had been already deposited with an international depository, such as ATCC (American Type Culture Collection) or NRRL (Agricultural Research Service Culture Collection). This redeposit requirement caused a significant inconvenience to foreign applicants, and a number of patent applications were rejected because of the failure to meet this requirement.

Such inconvenience and disadvantages were removed when the Republic of Korea became a party to the Budapest Treaty on March 28, 1988. Further, at the same time, two national depositories, the Korean Federation of Culture Collection (“KFCC”) and the Korea Advanced Institute of Science and Technology (“KAIST”), became international depository authorities recognized under the Budapest Treaty. These depositories later changed their names, and one more depository was added to the list of international depository authorities. The three Korean institutions currently bearing the status of international depository authorities under the Budapest Treaty are: the Korean Cell Line Research Foundation (“KCLRF”), the Korea Research Institute of Bioscience and Biotechnology (“KRIBB”) and the Korean Culture Center of Microorganisms (“KCCM”).

2.6 Other Treaties for the Protection of Industrial Property

In addition to the Paris Convention, the PCT and the Budapest Treaty, there are other international treaties and conventions related to the protection of patents, trademarks and designs.

The Strasbourg Agreement Concerning the International Patent Classification (1971) (the “Strasbourg Agreement”) establishes the International Patent Classification (“IPC”) which divides technology into eight main sections and approximately 67,000 subdivisions. Classification of patent documents is very important for efficient search and examination of patent applications, and the

¹ According to the WIPO Statistics issued in Publication IP/STAT/1994/A.

utilization of technological information contained in patent documents. The Republic of Korea had independently adopted the Korean Patent Classification (“KPC”), which was exclusively used until June of 1979. From July of 1979 until July of 1988, the International Patent Classification was used in the Republic of Korea in conjunction with the KPC. Thereafter, the IPC alone has been used in the Republic of Korea.

The Republic of Korea is not a party to the following trademark-related treaties: the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods, the Madrid Agreement Concerning the International Registration of Marks, the Lisbon Agreement for the Protection of Appellations of Origin, the Nice Agreement Concerning the International Classification of Goods or Services for the Purposes of Registration of Marks, the Vienna Agreement Establishing an International Classification on the Figurative Elements of Marks, the Madrid Protocol Concerning the International Registration of Marks, and the Trademark Law Treaty.

As for the classification of goods or services for the purpose of trademark registration, the Republic of Korea has adopted its own classification system. It is expected, however, to implement the International Classification of Goods or Services under the Nice Agreement as from 1998.

With regard to the protection of industrial designs, there are two international agreements: the Hague Agreement Concerning the International Deposit of Industrial Designs; and the Locarno Agreement Establishing an International Classification for Industrial Designs. The Republic of Korea is a party to neither of these.

2.7 Berne Convention

Copyright protection on an international level began around the mid-nineteenth century by way of bilateral agreements. The treaties which had been concluded, however, were neither sufficiently comprehensive nor of a uniform pattern. The need for a uniform regime led to the formation of the Berne Convention for the Protection of Literary and Artistic Works (the “Berne Convention”) on September 9, 1886. Any State can be a member of the Berne Convention by depositing with the WIPO an instrument of accession to the Berne Convention.

The Berne Convention provides a number of important principles for the protection of the rights of authors in respect of their literary and artistic works. They include, among others, the principle of national treatment which requires that works originating in one of the member States be given the same protection in each of the other member States as the latter grants to works of its own nationals; and that protection is granted automatically and is not subject to a registration, deposit or any formal notice in connection with publication.

The Republic of Korea deposited its instrument of accession to the Berne Convention on May 21, 1996. Hence the Berne Convention came into effect for the Republic of Korea on August 21, 1996. In preparation therefor, the Republic of Korea amended its Copyright Act and Computer Program Protection Act in 1995 so as to increase the level of protection to the international standards. In particular, under the old Copyright Act, protection of foreign works published prior to October 1, 1987 was practically impossible. However, the new Act, which came into effect as of July 1, 1996, provides for retroactive protection of such foreign works. Further, the old Computer Program Protection Act expressly excluded computer programs created prior to July 1, 1987 from among the protectable subject

matters. The new Act, following its 1995 amendment and effective as of June 6, 1996, extends protection to such programs as literary works under the Berne Convention.

2.8 TRIPS Agreement

The Uruguay Round multilateral trade negotiations held under the framework of the General Agreement on Tariffs and Trade ("GATT") included discussions on aspects of intellectual property rights which impacted on international trade. These discussions culminated in the Agreement on Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement"), forming a part of the Annex to the Agreement Establishing the World Trade Organization.

The TRIPS Agreement entered into force on January 1, 1995. In compliance with requirements under the TRIPS Agreement, the Republic of Korea amended most laws relating to intellectual property around the end of 1995. The new Patent Act, Utility Model Act and Design Act became effective as of July 1, 1996; the new Trademark Act as of January 1, 1996; the new Copyright Act as of July 1, 1996; and the new Computer Program Protection Act as of June 6, 1996.

For the protection of geographical indications, the Government of the Republic of Korea is studying how to set up a suitable legal framework, either by means of an amendment to existing laws such as the Trademark Act, or the enactment of a special law.

Chapter 3: Patents

3.1 Introduction

3.2 Patentable Subject Matter

- 3.2.1 Inventions**
- 3.2.2 Non-patentable Subject Matter under the Statute**
- 3.2.3 Plant Invention**
- 3.2.4 Biological Invention**

3.3 Conditions for Patentability

- 3.3.1 In General**
- 3.3.2 Industrial Applicability**
- 3.3.3 Novelty**
- 3.3.4 Presumption of Novelty - Grace Period**
- 3.3.5 Inventive Step**

3.4 Patent Application

- 3.4.1 Patent Applicant**
- 3.4.2 Documents Required**
- 3.4.3 International Application under the Patent Cooperation Treaty**
- 3.4.4 Specification and Claims**
- 3.4.5 Drawings**
- 3.4.6 Deposit of Microorganisms**

3.5 Claim of Priority

- 3.5.1 Priority under the Paris Convention**
- 3.5.2 Domestic Priority System**

3.6 First-to-File Rule

- 3.6.1 In General**
- 3.6.2 Filing Date**
- 3.6.3 Determination of Same Invention**

3.7 Procedure for the Granting of Patents

- 3.7.1 Formality Examination: The Filing Date**
- 3.7.2 Laid-open Publication for Public Inspection**
- 3.7.3 Request for Examination**
- 3.7.4 Substantive Examination**
- 3.7.5 Expedited Examination**

- 3.7.6 Publication and Opposition
- 3.7.7 Rejection and Appeals
- 3.7.8 Registration
- 3.8 Amendment to Specification and Claims
 - 3.8.1 Timing of Amendment
 - 3.8.2 Scope of Amendment
 - 3.8.3 Dismissal of Amendment
 - 3.8.4 Amendment to International Application
- 3.9 Division of Patent Application
 - 3.9.1 Unity of Invention
 - 3.9.2 Divisional Application
 - 3.9.3 Effects of Division
- 3.10 Conversion of Application
 - 3.10.1 In General
 - 3.10.2 Conversion to Patent Application
 - 3.10.3 Effects of Conversion
- 3.11 Duration of Protection
- 3.12 Extension of Term of Patent
 - 3.12.1 In General
 - 3.12.2 Patents Amenable to Extension
 - 3.12.3 Extension Period
 - 3.12.4 Application for Extension
 - 3.12.5 Approval Procedure
 - 3.12.6 Scope and Effects of Extension
- 3.13 Scope of Exclusive Rights
 - 3.13.1 In General
 - 3.13.2 Right to Exclusively Practice the Patented Invention
 - 3.13.3 Right to Exclude Others
 - 3.13.4 Exceptions to Exclusive Rights

3.14 Compulsory Licenses

- 3.14.1 In General
- 3.14.2 Non-practice of Patented Invention
- 3.14.3 Compulsory License for Public Interests
- 3.14.4 Compulsory License to Correct Unfair Trade Practices
- 3.14.5 Compulsory License for National Defense
- 3.14.6 Use of Another Person's Senior Patent:
Trial for Granting License

3.15 Infringement

- 3.15.1 Acts of Infringement
- 3.15.2 Interpretation of Patent Claims
- 3.15.3 Kinds of Infringement
- 3.15.4 Presumption of Identical Process
- 3.15.5 Civil Remedies
- 3.15.6 Infringement Action
- 3.15.7 Criminal Sanctions
- 3.15.8 Defenses

3.16 Trial to Confirm the Scope of Patent

- 3.16.1 In General
- 3.16.2 Nature of Trial
- 3.16.3 Demand for Trial
- 3.16.4 Procedure of Trial
- 3.16.5 Effects of Trial Decision

3.17 Invalidation of Patents

- 3.17.1 In General
- 3.17.2 Demand for Invalidation Trial
- 3.17.3 Partial Invalidation
- 3.17.4 Grounds for Invalidation
- 3.17.5 Statute of Limitation
- 3.17.6 Procedure of Trial
- 3.17.7 Effects of Invalidation Decision

3.18 Correction of Patents

- 3.18.1 In General
- 3.18.2 Scope of Correction
- 3.18.3 Demand for Trial
- 3.18.4 Procedure of Trial
- 3.18.5 Effects of Correction
- 3.18.6 Invalidation Trial on Correction

3.19 Transfer of Patents

- 3.19.1 In General
- 3.19.2 Recordation of Transfer

3.20 Licensing of Patents

- 3.20.1 In General
- 3.20.2 Exclusive License
- 3.20.3 Non-exclusive License

3.1 Introduction

The origin of legal protection for inventions in Korea dates back to 1908, when the Yi Dynasty, in its last years, promulgated a patent law as Royal Decree No. 196 on August 12, 1908. The Royal Decree was replaced by Japanese patent law in 1910. This, in turn, was replaced by the Patent Act enacted in 1946 as Military Administration Decree No. 91 under U.S. military administration. The 1946 Act remained in effect until the Government of the Republic of Korea enacted its own Patent Act on December 31, 1961.

The 1961 Patent Act is the ancestor of the current Patent Act and has been revised several times, including a complete redraft in 1990. The latest revision was made in 1995 to comply with the requirements under the TRIPS Agreement. The amendment was enacted on December 29, 1995, as Law No. 5,080, and the new Patent Act became effective as of July 1, 1996.

The Patent Act is intended to promote the development of technology and thereby contribute to the development of national industry by encouraging, protecting and fostering inventions.²

3.2 Patentable Subject Matter

3.2.1 Inventions

Under the national industrial property law system, patentable inventions are conceptually and categorically distinguished from utility models and designs. Article 2 of the Patent Act defines an invention as “a high level creation of a technical idea utilizing the laws of nature.”

Since an invention utilizes the laws of nature, such processes as mentally performing arithmetic calculations, displaying goods and the like cannot be considered as inventions. Also, any idea which is contrary to the laws of nature, such as a perpetual motion machine, is not qualified as an invention under the Patent Act. Further, since an invention is a creation of a technical idea, a simple discovery made without any effort or a natural phenomenon *per se* cannot be considered as an invention.

An invention is distinguished from a utility model only in that it is a creation of a higher degree than a utility model. In practice, however, there is no firm rule exhaustively distinguishing the two.

3.2.2 Non-patentable Subject Matter under the Statute

For public policy considerations, the Patent Act does not grant patents for certain inventions even if they otherwise satisfy the requirements for patentability.³ The scope of statutorily prescribed non-patentable subject matter was significantly reduced by amendments to the Patent Act made in 1987, 1990 and 1995.

The amendments to the Patent Act which went into effect as of July 1, 1987 deleted the following three categories of inventions from the list of non-patentable subject matter:

² Patent Act, Article 1

³ *Ibid.*, Article 32

- (i) inventions of pharmaceuticals or of processes for the preparation of a pharmaceutical by admixing two or more pharmaceuticals;
- (ii) inventions of substances manufactured by a chemical process; and
- (iii) new uses of known chemical substances.

Subsequently, under the amendments which went into effect on September 1, 1990, an invention of food, drink or luxury gustatory article became patentable subject matter. As a result, subject matter which remained unpatentable under the Patent Act of 1990 consisted of:

- (i) substances manufactured by the transformation of an atomic nucleus; and
- (ii) inventions liable to contravene public order or morality or to injure public health.

However, inventions relating to substances manufactured by nuclear transformation became patentable under the amended Patent Act which came into effect on July 1, 1996.

In this connection, retroactive protection for such inventions as became eligible for registration under the new Patent Act was possible for those patent applications which were pending as of the effective date of the new Patent Act. Specifically, in case an invention of substances manufactured by the transformation of atomic nucleus is described in the specification originally filed of a patent application which was pending as of July 1, 1996, the applicant may amend, if necessary, the application to add claims directed to such substances within six months from the effective date of the new Patent Act, namely by January 1, 1997.⁴ Once a notice of decision to grant a patent has been received by the applicant with respect to a patent application, however, such an amendment may not be made to that application.

3.2.3 *Plant Inventions*

According to Article 31 of the Patent Act, asexually reproducible plant varieties are patentable. Plants which are not asexually reproducible are not patentable subject matter, but instead may be protected under the Plant Varieties Protection Act which was newly enacted on December 6, 1995 and will go into effect on December 31, 1997.

3.2.4 *Biological Inventions*

Certain types of living organisms may be patentable in the Republic of Korea. New and useful microorganisms *per se* can be patented. Genetically-engineered microorganisms, such as those containing recombinant plasmids, transformants or cell lines are also patentable. It is questionable, however, whether a higher living organism such as a genetically-engineered animal is patentable in the Republic of Korea, although there is no statutory provision explicitly prohibiting patent protection for such an invention.

⁴ Patent Act of 1995 (Law No. 5,080), Addenda, Article 2

3.3 Conditions for Patentability

3.3.1 *In General*

To be patentable, an invention must meet the three universally-held requirements: that is, it should be industrially applicable, be novel, and involve an inventive step.⁵ It should not, of course, fall under the category of non-patentable subject matter prescribed in the statute.

3.3.2 *Industrial Applicability*

An invention may not be granted a patent unless it is industrially applicable. Most of the applications rejected for the failure to meet this requirement involve either incomplete inventions or those which violate the laws of nature, e.g. a perpetual motion machine.

Further, a method of treating animals or mammals is rejected on the ground that the invention is not industrially applicable, for such an invention is interpreted to involve a method of treating human beings, which is considered as inapplicable for industrial utilization. Such a rejection, however, may be overcome by amending the claim(s) to a method of treating animals or mammals *excluding human beings*.

3.3.3 *Novelty*

Article 29(1) of the Patent Act prescribes the novelty requirement in a negative way that a patent may be granted to any invention except for the following inventions:

- (i) an invention which was publicly known or worked in the Republic of Korea prior to the filing of the patent application therefor; and
- (ii) an invention which was described in a publication distributed in or outside the Republic of Korea prior to the filing of the patent application therefor.

Hence the standard of novelty is local with respect to the public use or knowledge, but universal or absolute with respect to a published reference.

It was held in *Jung-Ik Ahn vs. Sung-Ho Lee*⁶ that a “publicly known” invention is the one placed in a state exposed to a plurality of unspecified class of persons. It is not required that the invention be actually known to the public. Further, in *In re Song-Hyun Lee*,⁷ the term “distributed” as used in Item(ii) of Article 29(1) of the Patent Act is interpreted as a state which allows a plurality of unspecified persons to gain access to the publication concerned.

Further, a patent or utility model application which was filed prior to, but published after, the filing of another person’s patent application can be used as prior art for the purpose of defeating the novelty of the later-filed patent application in accordance with the “whole contents” rule. Therefore, a patent application may be rejected on the ground of lack of novelty if the invention claimed in the patent application is the same as the one disclosed in the specification and/or drawing(s) of an

⁵ Patent Act, Article 29, Paragraphs 1 and 2

⁶ Supreme Court Case 62 Hu 14; February 28, 1963

⁷ Supreme Court Case 70 Hu 64; December 29, 1970

earlier-filed but later-published patent or utility model application, unless the inventors or the applicants of two such applications are the same. However, an earlier-filed but later-published patent or utility model application cannot be used as a prior art reference for the purpose of determining the obviousness of a patent application (see 3.3.5 below).

3.3.4 *Presumption of Novelty - Grace Period*

Even if an invention was publicly known or worked in the Republic of Korea or described in a publication distributed in or outside the Republic of Korea prior to the filing of the patent application therefor, it is deemed to be novel in any of the following circumstances, provided that the patent application is filed within six months after the disclosure was made:⁸

- (i) where a person having the right to obtain a patent for the invention has conducted experiments or tests thereon, disclosed the invention in a publication, or presented it in writing at a research conference held by a scientific organization;
- (ii) where the invention comes to lose novelty against the will of a person having the right to obtain a patent therefor; and
- (iii) where a person who has the right to obtain a patent has displayed the invention at any of the following exhibitions:
 - (a) an exhibition held by the national Government or a local government;
 - (b) an exhibition held by a person who is authorized by the national Government or a local government;
 - (c) an exhibition held abroad under the approval of the national Government; and
 - (d) an exhibition held by the government of a nation which is a member of a relevant treaty, or a person who is authorized by such government, within the territory of the nation.

Any person who desires to invoke provision (i) or (iii) above must submit a written statement to that effect to the Korean Industrial Property Office (“KIPO”) at the time of filing the patent application for the invention. Any document substantiating such statement should be also submitted within 30 days from the filing date.⁹

If an invention comes to lose novelty against the will of the inventor as provided in provision (ii) above, the patent application therefor must be filed within six months from the date of disclosure. However, it is understood that a written statement to that effect and supporting evidence may be submitted at any time during the pendency of the patent application concerned.

3.3.5 *Inventive Step*

A patent may not be granted to an invention which could be easily conceived by a person having an ordinary skill in the relevant art from inventions which were publicly known or worked in

⁸ Patent Act, Article 30, Paragraph 1

⁹ *Ibid.*, Article 30, Paragraph 2

the Republic of Korea or were described in a publication distributed in or outside the Republic of Korea prior to the filing of the patent application therefor.

In determining the inventiveness of an invention, it is almost axiomatic to compare the purpose, technical constitution and resulting effect of the invention with those three elements of the prior art cited against it. When the invention covered in the patent application is found different from the prior teachings with respect to at least two of the above three elements, the Korean Supreme Court has overturned KIPO's rejections in a number of cases including *In re RCA Corporation*¹⁰ and *In re Hitachi*.¹¹

In the chemical field, the patentability of a process for preparing structurally similar chemical compounds has become a frequent source of controversy. As for this issue, the Korean Supreme Court has held in *In re Takeda Pharmaceutical Co., Ltd.*¹² and *In re F. Hoffmann-La Roche*¹³ that, in a chemical process invention, the superior effects or properties of the product produced by the inventive process over those of the reference product can be a material element in determining the inventiveness of the invention. Such superiority may be proven by way of an affidavit prepared by a technical expert including one of the inventors based on his comparative experiment.

A selection invention for chemical compounds may be patentable in the Republic of Korea. In *Ex parte Bayer A.G.*,¹⁴ an invention directed to a process for preparing a selected group of compounds which had been disclosed in a prior art reference was granted a patent. According to KIPO's Manual of Patent Examination, such an invention may be patentable if it satisfies the following requirements:

- (i) the prior art discloses a genus or broad scope of equivalents including that selected species or subgenus which is the subject matter of a later invention;
- (ii) the reference does not explicitly disclose the structure and method of preparing the selected compounds; and
- (iii) the selected compounds possess a new or unexpectedly superior property.

3.4 Patent Application

3.4.1 Patent Applicant

Either the inventor of an invention or his assignee can file a patent application for the invention with KIPO.¹⁵ The applicant may be either a natural person or a juridical person. An organization or foundation which is not a juridical person cannot file a patent application in its name, although it can file an opposition against the publication of a patent application or initiate a legal procedure, for example, to invalidate a patent or to confirm the scope of a patent right.¹⁶

¹⁰ Supreme Court Case 84 Hu 64; February 26, 1985

¹¹ Supreme Court Case 86 Hu 50; April 25, 1988

¹² Supreme Court Case 80 Hu 111; June 8, 1982

¹³ Supreme Court Case 82 Hu 72; April 26, 1983

¹⁴ Board of Appeals Case 85 Hang Won 16; March 31, 1986

¹⁵ Patent Act, Article 33, Paragraph 1

¹⁶ *Ibid.*, Article 4

An inventor, by completing his invention, normally acquires the right to obtain a patent for the invention. An employee of KIPO, however, is not allowed to file a patent application based on his invention or presumably based on an invention acquired during his employment at KIPO, except in the case of inheritance or bequest. If an invention has been made by two or more persons, the right to obtain a patent is jointly owned; and the patent application for the invention must be filed by all of the joint inventors.

In case of an invention which, by nature, falls within the scope of the business of an employer and which was made by an employee in the course of performing his present or past duties (the so-called "employment invention"), the right to obtain a patent belongs to the employee, and the employer is entitled to a non-exclusive license for the employment invention without any compensation. The right to a patent for the employment invention may be assigned to the employer. In contrast, in case of an employee's invention other than the employment invention, any employment contract or regulation which has the effect of ceding to the employer, in advance, the right to a patent or an exclusive license for any such invention, is considered null and void.

A right to a patent may be assigned. However, if such right is jointly owned by two or more persons, no owner may assign his share without obtaining the consent from the other joint owner(s). If the assignment of all of the right to a patent is made prior to the filing of the patent application concerned, the patent application is to be filed in the name of the assignee. In case the assignment is made after the filing of the patent application concerned, the assignment, excepting that arising out of inheritance or general succession, does not take legal effect unless and until the assignment is recorded at KIPO.¹⁷ To record the assignment of a patent application, a petition for the change of applicant should be submitted to KIPO together with the following documents:¹⁸

- (i) a deed of assignment executed by the assignor;
- (ii) a corporate/individual nationality certificate of the assignor, containing a statement that the person who has executed the deed of assignment is the one authorized to do so; and
- (iii) a power of attorney from the assignee, if necessary.

If a patent application is filed by an entity that has no right to file, it will be rejected or, if already patented, it will be invalidated upon an action brought by an interested party. In *Jaechul Chemical Co., Ltd. vs. Nippon Soda K.K.*,¹⁹ a patent owned by the Japanese agrochemical company was held invalid for the reason of a wrong statement of inventorship. At the time of filing an application for that patent, a Japanese inventor/applicant was not legally entitled to file a patent application as there was no diplomatic relationship between the Republic of Korea and Japan until 1974. Hence the Japanese company filed the application with its U.S. patent attorney disguised as the inventor and the applicant, and this false identification of the inventor was found to be a ground for invalidation of the patent.

If, in these circumstances, a patent application is filed later by the true inventor or his assignee, it is deemed to have been filed when the earlier rejected or invalidated application was filed.²⁰ The later-filed application, however, should be filed within 30 days after the earlier applicant is judged

¹⁷ *Ibid.*, Article 38, Paragraphs 1 and 4

¹⁸ Enforcement Regulation of the Patent Act, Article 77

¹⁹ Supreme Court Case 82 Hu 30; May, 29, 1984

²⁰ Patent Act, Article 34

not to have the right to obtain a patent, or 60 days after the earlier-filed patent application is laid-open or published; or in case the patent has been invalidated, within two years after the earlier patent application is published for opposition or 30 days after the invalidation decision becomes final and conclusive.²¹

Any person who has no address or business place in the Republic of Korea may not take a procedure for patent or bring an action against a determination made by an administrative or judicial body under the Patent Act without being represented by his attorney who has an address or business place in the Republic of Korea.²²

3.4.2 Documents Required

A person who desires to obtain a patent must submit to the Commissioner of KIPO the following documents:²³

- (i) an application stating the name and address of the inventor and the applicant (including the name of a representative, if the applicant is a juridical person), the date of submission, the title of the invention, and priority data (if the right of priority is claimed);
- (ii) a specification setting forth the following matters: (a) the title of the invention; (b) a brief description of drawings (if any); (c) a detailed description of the invention; and (d) claim(s);
- (iii) drawing(s), if any;
- (iv) an abstract;
- (v) if the right of priority is claimed, the priority document which is a certified copy of the priority application together with its Korean translation; and
- (vi) a power of attorney, if necessary.

Documents (i), (ii), (iii) and (iv) above must be submitted in triplicate at the time of filing the patent application. As the first step of the introduction of the electronic filing system, two copies of such documents may be submitted on the medium of floppy disc (FD) as of July 1, 1996. KIPO has announced a plan to promote such FD filing by differentiating the official filing fee as of January 1, 1997.

The priority document of item (v) above may be submitted within one year and four months from the priority date. If the priority document is not submitted within that period of time, the claim of priority will become null and void.²⁴ Where the contents of an application claiming priority in the Republic of Korea are exactly the same as those of the original foreign application, no Korean translation of the priority application need be submitted.

²¹ *Ibid.*, Article 35

²² *Ibid.*, Article 5

²³ *Ibid.*, Article 42

²⁴ *Ibid.*, Article 54, Paragraphs 4 and 5

It is no longer required to submit a deed of assignment of an invention for filing a patent application therefor. In addition, a nationality certificate of the applicant is normally not required unless the Commissioner of KIPO specifically requests the applicant to submit the document.²⁵

If a patent application relates to an invention pertaining to a microorganism, a certificate attesting that the microorganism has been deposited may have to be submitted at the time of filing the application.²⁶

3.4.3 *International Application under the Patent Cooperation Treaty*

The Republic of Korea joined the Patent Cooperation Treaty (“PCT”), Chapter I in 1984 and Chapter II in 1990. Therefore, an international application under the PCT can be filed directly with KIPO or the International Bureau of WIPO.

In designating the Republic of Korea, special attention needs to be paid to avoid an unintended designation of KP (Democratic People’s Republic of Korea, or North Korea), instead of KR (Republic of Korea, or South Korea), or *vice versa*. Although confirmation of precautionary designations may be made within 15 months from the priority date (pursuant to Rule 4.9(b) of the PCT Regulations), it still happens that such an erroneous designation is found too late to be corrected, as such discovery is often made when the national phase is about to be entered in the Republic of Korea. This is a very serious problem given that there is no recourse to file the patent application again in the Republic of Korea as a national application, since the application would have already been published by WIPO, destroying the novelty of the invention.

(1) *Filing of International Application in the Republic of Korea*

An international application can be filed with KIPO by a national of the Republic of Korea or a foreigner having an address or business place in the Republic of Korea.²⁷ The applicant must submit to the Commissioner of KIPO a request form, description, claims, drawings (if any) and abstract which are to be prepared either in English or Japanese. In the request form, the countries in which the patent protection for the invention is sought must be designated.

(2) *Entry into the National Phase for the Republic of Korea (KR)*

In order for an international application filed under the PCT designating the Republic of Korea (“KR”) to enter into the national phase, the following documents should be submitted to KIPO within 20 months (under PCT Chapter I), or 30 months (under Chapter II), from the priority date:²⁸

- (i) an application stating the name and address of the inventor and the applicant, the date of submission, the title of the invention and priority data (if the right of priority is claimed);
- (ii) a Korean translation of the description, claims, text matter of drawings and abstract of the international application as filed;
- (iii) drawing(s), if they contain translated text matter; and

²⁵ Enforcement Regulation of the Patent Act, Article 8

²⁶ Enforcement Decree of the Patent Act, Article 2

²⁷ Patent Act, Article 192

²⁸ *Ibid.*, Article 201, Paragraph 1

- (iv) a power of attorney, if necessary.

If any amendment to the international application has been effected with the International Bureau of WIPO or with the International Preliminary Examining Authority during the international phase, a Korean translation of the amendment should also be submitted at the time of entering into the national phase in the Republic of Korea.

According to patent practice in the Republic of Korea, the national phase must be entered with an exact Korean translation of the original international application as initially filed. Therefore, an amendment which has *not* been formally effected during the international phase cannot be filed at the time of entering into the national phase. It can, however, be submitted at a later time, after the national phase has commenced, e.g., after the official filing certificate has been received from KIPO.

If the right of priority is claimed in an international application, a Korean translation of the priority application should be submitted to KIPO within two months after KIPO has notified the applicant of receipt of a copy of the priority application forwarded from the International Bureau. Upon receipt of such notification, the applicant obtains the copy of the priority document, from which a Korean translation thereof is prepared and submitted to KIPO within two months from the date of notification.²⁹ Where the priority document is identical with the international application, a written statement confirming identity is sufficient.

3.4.4 *Specification and Claims*

A patent specification must contain: (i) the title of the invention; (ii) a brief description of drawings (if any); (iii) a detailed description of the invention; and (iv) claims.³⁰

The detailed description of the invention should indicate the purpose, construction and effect of the invention in such a manner that the invention can be easily put into practice by a person having an ordinary skill in the relevant art.³¹ As for the purpose of an invention, the field of technology to which the invention belongs and the technical problems to be solved should be explained. As of July 1, 1996, the list of relevant prior art literature, if any, should be further described in the specification.

The scope of protection of a patented invention is determined by the matter contained in the claims.³² Therefore, it is essential to describe in the claims all of the subject matter for which the patent applicant wishes to obtain protection. Claims should be supported by the detailed description of the invention.³³ Accordingly, in case where the claimed subject matter is not adequately supported by working examples in the description, such claims are often rejected. In order to overcome such rejection, they may be amended so as to restrict the subject matter in view of the detailed description of the invention, especially with reference to working examples.

Claims should be described clearly and concisely. Terms such as “about” and “substantially”, which make claimed subject matter vague, may not be used in the claims. Further, claims should include only matter requisite for the constitution of the invention for which protection is sought.

²⁹ Enforcement Regulation of the Patent Act, Article 113, Paragraph 1

³⁰ Patent Act, Article 42, Paragraph 2

³¹ *Ibid.*, Article 42, Paragraph 3

³² *Ibid.*, Article 97

³³ *Ibid.*, Article 42, Paragraph 4

Therefore, optional components or processes are not allowed in the claims inasmuch as they are not considered as essential to the constitution of the invention.

Claims can be made in either an independent or dependent form. As for the claim dependency format, Article 5(6) of the Enforcement Decree of the Patent Act mandates that, should a dependent claim recite two or more claims, any of such recited claims may not, in turn, depend on two or more claims. In case a multiple number of claims are recited in a dependent claim, the numbers of the recited claims should be described in an alternative manner by using "or."

Deficiencies present in a Korean-language patent specification may stem from the errors created in the process of translation or preparation of the Korean specification from its original text written in a foreign language. Such translation errors cannot be corrected based on the original text written in a foreign language or priority document, unless the correction is supported by what is already contained in the Korean specification. In *In re Western Electric Co., Inc.*,³⁴ the Court held that since the official document of a patent application is the one written in Korean, it should be determined only based on the Korean specification, not together with its English text appended to the Korean application, whether or not the invention is described in sufficient detail so as to be easily practiced by a person skilled in the art.

3.4.5 Drawings

The Patent Act requires to submit drawings only if they are necessary for the description of an invention, whereas drawings should always be submitted in case of a utility model application. Drawings are not only used to understand the invention concerned, but are also considered as a part of the specification. Therefore, a material change in any of the drawings may be considered as a change in the gist of the invention.

3.4.6 Deposit of Microorganisms

Any one who desires to file a patent application for an invention involving a microorganism must deposit the microorganism either at a local depository designated by the Commissioner of KIPO or at an international depository recognized under Article 7 of the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure. Deposit of a microorganism, however, may not be needed in case the microorganism can easily be obtained by a person having an ordinary skill in the art to which the invention belongs.³⁵

A microorganism must be deposited prior to the filing of the patent application concerned in the Republic of Korea. Then the deposit certificate should be attached to the patent application; and the name of depository, the accession number and the date of deposit must be stated in the specification. In cases where a microorganism need not be deposited, the place and method whereby the microorganism can be obtained must be described in the specification.³⁶

In connection with the exceptional cases where a microorganism need not be deposited, there have been numerous controversies. In one of the key decisions,³⁷ the Korean Supreme Court held that even if a microorganism is a novel one, it need not be deposited if the following conditions are

³⁴ Supreme Court Case 84 Hu 43; May 28, 1985

³⁵ Enforcement Decree of the Patent Act, Article 2, Paragraph 1

³⁶ *Ibid.*, Article 3

³⁷ *In re Miwon Co., Ltd.* (Supreme Court Case 87 Hu 45; October 13, 1987)

met:

- (i) the starting microorganism is readily available;
- (ii) the method of obtaining the novel microorganism from the starting microorganism is fully described in the specification; and
- (iii) the new microorganism can be obtained, with a high degree of certainty, from the starting microorganism by employing the method and information disclosed in the specification.

Further, a showing of commercial availability based on sales catalogue published by a commercial entity for the microorganism in question has been held sufficient to avoid the necessity of its deposition.

3.5 Claim of Priority

3.5.1 *Priority under the Paris Convention*

Since the Republic of Korea became party to the Paris Convention on May 4, 1980, it has become possible to claim a priority right based on an earlier application filed in any party of the Convention. Prior to that date, only nationals of a few countries, including Canada, Spain, Switzerland and the USA., were able to claim a priority right, on the basis of bilateral agreements or reciprocity.

In order to claim a priority right, a written statement to that effect, together with the information about the first application should be made at the time of filing the subsequent application in (or for) the Republic of Korea; and the latter application should be filed within one year from the filing date of the first application.³⁸

Priority documents, which are a certified copy of the application(s) on the basis of which priority is claimed and a Korean translation thereof, should be submitted within one year and four months from the filing date of the first application.³⁹ If the content of the first application is exactly the same (in a word-by-word manner) as that of the application in the Republic of Korea, a translation into Korean of the first application need not be submitted; however, a simple statement to that effect is required.

3.5.2 *Domestic Priority System*

In addition to the international priority claim under the Paris Convention, under bilateral agreements, or on the basis of reciprocity, a patent applicant may claim priority on the basis of his patent or utility model application previously filed with KIPO. Such previous application should be the first one filed in the Republic of Korea with respect to the subject matter.⁴⁰

In order to claim such a domestic priority, the patent application must be filed within one year

³⁸ Patent Act, Article 54, Paragraphs 2 and 3

³⁹ *Ibid.*, Article 54, Paragraph 4

⁴⁰ *Ibid.*, Article 55, Paragraph 1

from the filing date of the earlier application. Further, the earlier application should be pending, and should not have been abandoned, nullified or withdrawn at the time of filing the later application; nor should it be an application for which a patent has been granted or rejected. The right of such domestic priority cannot be claimed based on a divisional or converted application.

The earlier application on the basis of which priority is claimed in a later application is considered to be withdrawn after one year and three months from the filing date thereof. Therefore, the applicant of a patent application where a domestic priority is claimed based on an earlier application cannot revive his earlier application by withdrawing his claim of priority after the one-year-and-three-month period from the filing date of the earlier application.⁴¹

3.6 First-to-File Rule

3.6.1 *In General*

The Korean Patent Act establishes a first-to-file rule in determining which application is entitled to a patent between conflicting patent applications. Therefore, if two or more patent applications for a same invention are filed, only the application filed first may be granted a patent. This rule also applies between conflicting applications for a patent and a utility model.⁴² An application which has been nullified or withdrawn is considered never to have been filed.

If two or more patent or utility model applications for the same invention are filed on the same date, the applicants are first encouraged to reach an agreement between them. If no agreement is reached within the period designated by the Commissioner of KIPO, none of the applicants may obtain a patent for the invention.⁴³

3.6.2 *Filing Date*

The filing date, which is the basis for applying the first-to-file rule, is the filing date in the Republic of Korea or, in the case of an international application under the Patent Cooperation Treaty, the international filing date. The filing hour on a day is not taken into consideration; and, therefore, applications filed on the same day are considered to be filed at the same time. If the right of priority is claimed from an earlier foreign application, however, the priority date is deemed to be the filing date in the Republic of Korea for the purpose of the first-to-file rule.⁴⁴

A divisional application is deemed, in applying the first-to-file rule, to have been filed on the filing date of the parent application from which it was derived.⁴⁵ Further, in case of a patent application which has been converted from a utility model or design application, the patent application is deemed, in applying this rule, to have been filed on the filing date of the utility model or design application.⁴⁶

⁴¹ *Ibid.*, Article 56, Paragraphs 1 and 2

⁴² *Ibid.*, Article 36, Paragraphs 1 and 3

⁴³ *Ibid.*, Article 36, Paragraph 2

⁴⁴ *Ibid.*, Article 54, Paragraph 1

⁴⁵ *Ibid.*, Article 52, Paragraph 2

⁴⁶ *Ibid.*, Article 53, Paragraph 2

3.6.3 *Determination of Same Invention*

In applying the first-to-file rule, it must be determined whether or not the inventions at issue are the same. In connection with the meaning of “same invention,” the Supreme Court held that the first-to-file rule applies not only where the two inventions are entirely identical in the technical constitution, but also in a situation where they are identical in some part, unless the invention excluding the identical part constitutes a separate invention or the identical part is closely linked to the remaining part to form a new invention.⁴⁷

It is generally understood that the sameness or equivalence of two inventions is determined by comparing the claims only, not the entire specifications. There is an exception to this general rule: according to Article 29(3) of the Patent Act, if an invention claimed in a patent application is the same as an invention contained in the specification or the drawings originally appended to another patent or utility model application or a PCT international application which was filed prior to, but laid-open or published after, the filing of the patent application concerned, a patent may not be granted on such application.

The exception, however, does not apply to the case where the inventor(s) of the patent application concerned is the same as the inventor(s) of such other application, or where, at the time of filing the patent application concerned, its applicant is the same as that of such other application. In this connection, it should be noted that, for the purpose of Article 29(3), the filing date of a divisional or converted application is not that of the parent or original application, but the date on which the divisional or converted application was actually filed.

3.7 Procedure for the Granting of Patents

3.7.1 *Formality Examination: The Filing Date*

When a patent application is submitted to KIPO, it is checked to ensure that all the requirements necessary to accord the application a filing date have been satisfied. According to Article 11(1) of the Enforcement Regulation of the Patent Act, in any of the following instances, the application will be returned to the submitter without any application number being assigned thereto and will be treated as if it had never been submitted:

- (i) where the kind of the application is not clear;
- (ii) where the name or address of a person (or juridical person) who is initiating the application procedure (i.e. the applicant) is not described;
- (iii) where the application is not written in Korean;
- (iv) where the application is not accompanied by the specification/claims or drawings (only for inventions directed to articles); or
- (v) where the application is submitted, by a person who has no address or place of business in the Republic of Korea, without using an agent in the Republic of Korea.

⁴⁷ *Kyu-Hyung Park vs. Chu-Hyung Park* (Supreme Court Case 84 Hu 30; August 20, 1985)

Once the application has satisfied such requirements, KIPO assigns an application number and examines as to whether or not other formality requirements under the Patent Act have been met. If KIPO finds that any document or information is missing, such as a power of attorney or the name of the representative of the applicant corporation, it will issue a notice of amendment requesting the applicant to supplement the missing data, and specifying a time limit. The applicant may obtain an extension of the designated time period.

Under the Patent Act, extension is possible with respect to the terms of any time limit designated by KIPO; however, terms prescribed under the Patent Act are not extendible except for the purposes of supplementing the reasons for opposition, filing an appeal against the final rejection of an application, or filing an appeal against the refusal of an amendment.⁴⁸

If the applicant does not comply with such a request within the designated or any extended period, the patent application will be nullified and then considered as having never been filed. In case the failure to take the procedure within the designated period was due to a natural disaster or other unavoidable cause, the applicant may subsequently take the procedure within 14 days after the cause has been removed, but within one year after the expiration of the period.⁴⁹

3.7.2 *Laid-open Publication for Public Inspection*

Apart from patent applications subject to secrecy orders, all pending applications that have not yet been published will be automatically laid-open in the official gazette called "Patent Laid-open Gazette" after eighteen months from the filing date in the Republic of Korea or, if the right of priority is claimed from an earlier foreign filing, from the priority date.⁵⁰ For this purpose, a divisional or converted patent application is deemed to have been filed on the filing date of its parent or original application.

Once a patent application has been laid-open, any documents relating to the application are made available for public inspection. Further, anyone may submit to the Commissioner of KIPO information relevant to the patentability of the invention concerned together with any supporting evidence.⁵¹

The Patent Act offers a special legal effect upon a laid-open patent application: under Article 65(1), if the applicant sends a warning letter to an alleged infringer after his application has been laid-open, any subsequent computation or accumulation of a reasonable amount of compensation will be reckoned from the date when the infringer receives the warning letter. The compensation, however, can be collected only upon the publication (for opposition after the substantive examination) of the patent application.

Under the new Patent Act which came into effect as of July 1, 1996, such laid-open publication may be made, upon the request of the applicant, even before the eighteen month period arrives. This will provide an earlier protection to a patent application which is being infringed.

⁴⁸ Patent Act, Article 16, Paragraph 1

⁴⁹ *Ibid.*, Article 16, Paragraph 2

⁵⁰ *Ibid.*, Article 64, Paragraph 1

⁵¹ *Ibid.*, Article 64, Paragraph 2

3.7.3 *Request for Examination*

A patent application will be taken up for examination only upon a request for examination made either by the applicant or by any interested party within five years from the filing date of the application. If no request for examination is made within this five-year period, the patent application is deemed to have been withdrawn. Once a request for examination has been duly filed, it cannot be withdrawn.⁵²

Such a request can be made at any time until the expiration of the five-year period from the filing date of the application. The filing date for this purpose is the filing date in the Republic of Korea, not the priority date. In the case of a divisional or converted application, the filing date is that of its parent or original application. Therefore, if such division or conversion of application is made after the five-year period, a request for examination for the divisional or converted application must be made within 30 days from the date of division or conversion.⁵³

In case of an international application filed under the PCT, a request for examination must be made within five years from the international filing date, not from the date on which the national phase of the application is entered in the Republic of Korea. Such request, however, may not be filed unless and until the national phase has been duly entered in the Republic of Korea. Further, a person other than the applicant may file a request for examination of a PCT application only after 20 months from the priority date.⁵⁴

In case a request for examination is made by a person other than the patent applicant, KIPO must promptly notify the patent applicant of such fact.⁵⁵ Official fees for a request for examination must be paid by the person who makes the request.

3.7.4 *Substantive Examination*

A patent application is taken up for examination in the order of filing the request for examination thereof. Normally, examination of a patent application is carried out by KIPO's examiners qualified under the Enforcement Decree of the Patent Act.

However, if it is deemed necessary to facilitate the examination of a patent application, the Commissioner may make a request to a specialized searching institution to conduct a search for the relevant prior art. Further, if it is considered necessary for the examination of a patent application, the Commissioner may seek assistance from other governmental agencies, specialized institutions of the technical field concerned, or persons with considerable knowledge and experience of the patent's subject matter, for instance when an invention relates to biotechnology or advanced electronic fields.⁵⁶

To complete the examination of a patent application, it generally takes about two to four years (on average, about 37 months, according to the statistics published by KIPO in 1996) from the date of the request for examination thereof, although KIPO plans to reduce this period to about two years

⁵² *Ibid.*, Article 59, Paragraphs 1, 4 and 5

⁵³ *Ibid.*, Article 59, Paragraphs 2 and 3

⁵⁴ *Ibid.*, Article 210

⁵⁵ *Ibid.*, Article 60, Paragraph 3

⁵⁶ *Ibid.*, Article 58

within a few years.

Holding an interview with the examiner, either formal or informal, is possible. The interview may be requested by the examiner, applicant or opponent (if an opposition has been lodged). When a patent application is being opposed, the interview must, in principle, be held in the presence of both the applicant and the opponent. Interview records may be prepared by the examiner and kept in KIPO's file for the application.

3.7.5 Expedited Examination

According to Article 61 of the Patent Act, the Commissioner of KIPO may have a particular category of patent application examined ahead of other patent applications. KIPO's Regulation Concerning the Procedure for Handling Requests for Expedited Examination provides that applications eligible for such expedited examination are limited to the following categories:⁵⁷

- (1) in case it is considered that an invention has been commercially worked by a person who is not the applicant, after his application has been laid-open; and
- (2) in case an application has been laid-open *and*
 - (a) it relates to goods for defense industry and processes for the preparation thereof, as defined in the Special Measures Act Relating to Defense Industry,
 - (b) it relates to any of the following facilities for the prevention of environmental pollution or a process thereof:
 - (i) facilities for preventing noise and vibration, as defined in the Noise and Vibration Regulation Act;
 - (ii) facilities for preventing water pollution as defined in the Water Quality Preservation Act;
 - (iii) facilities for preventing air pollution as defined in the Atmospheric Environment Preservation Act;
 - (iv) facilities for disposing general and specific wastes as defined in the Waste Control Act;
 - (v) facilities for treating sewage, livestock waste water or excreta as defined in the Law Relating to the Treatment of Sewage, Excreta and Livestock Waste Water;
 - (vi) facilities for the treatment of waste oil as defined in the Sea Pollution Prevention Act; and
 - (vii) facilities for the reutilization as defined in the Law Relating to the Preservation and Reutilization of Resources,

⁵⁷ Enforcement Decree of the Patent Act, Article 9

- (c) it is directly involved in the promotion of export as evidenced by export records, a letter of credit and a request from the buyer of exported goods to show a patent right therefor, or
- (d) it is made by an employee of the central government, a local government, or a research institute sponsored by central or local government.

A person who desires an expedited examination of his application must submit a written request together with a statement explaining the necessity thereof in detail and any evidence supporting the statement.

Once a written request for expedited examination is filed with KIPO, the pertinent Examination Bureau must determine the allowability of the request within seven days from the date on which the request documents are transferred to the Examination Bureau. In case the director general of the pertinent Examination Bureau finds it difficult to determine the allowability of the request, he may make an inquiry to a relevant government authority for its opinion, or may refer the matter to the Expedited Examination Review Committee established within KIPO to decide on the request.

Where the expedited examination of an application is granted, the examiner in charge must promptly initiate the examination thereof. Once the examination has been initiated, the application will be examined in accordance with the ordinary examination procedure.

3.7.6 *Publication and Opposition*

If the examiner finds no ground for rejection of a patent application, he must issue a decision to publish the patent application unless the application must be kept secret under a secrecy order. The application is thereafter published for opposition in the official gazette entitled "Patent Publication Gazette."

From the date of publication of a patent application, an exclusive right almost identical to a patent right, the so-called "provisional protection right," is conferred to the patent application.⁵⁸ Therefore, the applicant of a patent application which has been published can file a court action seeking civil remedies such as injunctive relief, monetary damages and/or restoration of damaged business goodwill. An infringer of such provisional protection right may be criminally penalized.⁵⁹ The actual punishment, however, can be only imposed upon the registration of a patent. If a patent application which has been published is later abandoned, invalidated or finally rejected, such provisional protection right is deemed to have never been conferred; and the patent applicant may be held liable for the compensation of damages inflicted on others by the exercise of the provisional right.⁶⁰

Once a patent application has been published in the Patent Publication Gazette, anyone may file an opposition against the grant of the patent application within two months from the publication date, which period cannot be extended. The opponent may amend or supplement the grounds for opposition and submit evidence to support the opposition within 30 days from the expiration of the

⁵⁸ Patent Act, Article 68, Paragraph 1

⁵⁹ *Ibid.*, Article 225, Paragraph 1

⁶⁰ *Ibid.*, Article 68, Paragraph 4

two-month opposition period.⁶¹ It is, therefore, a general practice to file, within two months from the publication date, a notice of opposition containing a brief description of grounds for opposition, such as a mere citation of provisions under which the application should not be granted a patent, and then to submit an opposition brief containing detailed grounds and any supporting evidence within 30 days from the expiration of the two-month period.

An opposition is an *inter partes* proceeding, where both parties normally exchange their briefs several times before the opposition decision is rendered. It generally takes about six to twelve months from the date of opposition to obtain a decision. The opposition is reviewed and decided by the same examiner who has examined the application, but together with a chief examiner in charge of the pertinent section.

The opponent cannot appeal against the opposition decision which is unfavorable to him,⁶² whereas the applicant can appeal to the Board of Appeals against the final rejection rendered as a result of the opposition decision. However, the opponent may bring a separate invalidation trial before the Board of Trials within KIPO upon the registration of the patent.

3.7.7 Rejection and Appeals

(1) Rejection

If the examiner finds a ground for rejection of a patent application, a notice of preliminary rejection will be issued; and the applicant will be given an opportunity to submit a response to the preliminary rejection within a time limit designated by the examiner. Such a time limit is extendible upon the request for an extension by the applicant.

In responding to the preliminary rejection, the applicant may file an argument with or without an amendment to the specification and/or claims. If the examiner determines that the argument is without merit and the ground for rejection has not been overcome, he will issue a notice of final rejection of the patent application.

(2) Appeals

The applicant may lodge an appeal against the examiner's final rejection within 30 days from the date of receipt of the notice of final rejection. If the final rejection is rendered as a result of an opposition, KIPO should notify the opponent of the fact of lodging an appeal.⁶³

An appeal against the final rejection of the examiner may currently be filed with the Board of Appeals established within KIPO; if the examiner's rejection is affirmed by the Board of Appeals, the applicant may then appeal to the Supreme Court.

(3) Change of Appeal Procedure

This current appeal procedure, going firstly through the Board of Appeals, with a final appeal to the Supreme Court, is to be changed as of March 1, 1998. In addition to an appeal against the examiner's rejection of a patent, utility model, design or trademark application, the kinds of appeals

⁶¹ *Ibid.*, Article 71

⁶² *Ibid.*, Article 72, Paragraph 6

⁶³ *Ibid.*, Article 168, Paragraphs 1 and 2

that go through the current appeal procedure include appeals of various trials initiated before the Board of Trials, such as an invalidation trial, a trial to confirm the scope of a patent right, a trial for correction, a trial for granting non-exclusive license, a cancellation trial and the like with respect to the four industrial property rights.

There was raised an argument that the current appeal procedure is in violation of the Constitution of the Republic of Korea. Specifically, Article 27(1) of the Constitution mandates that: "Everyone shall have the right to be adjudicated in accordance with the laws by a judge authorized under the Constitution and the laws." Further, Article 101(1) of the Constitution defines that the power of adjudicate shall belong to a court comprised of judges. Therefore, the gist of the argument was that the current appeal procedure is unconstitutional because the task of adjudicating facts is entirely in the hands of the administrative tribunals within KIPO without any opportunity for a judicial review thereof, since the review by the Supreme Court is confined to questions of law.

Following long debates on the constitutionality of the current appeal procedure, the Patent Act was revised in 1994 to change the appeal procedure. Under the new procedure, an appeal against the examiner's final rejection will be lodged with the enlarged Board of Trials which will be newly established within KIPO by combining the Board of Trials and the Board of Appeals and will go into operation as of March 1, 1998. The enlarged Board's decision may be appealable to the Patent Court which is also to be newly established as an appellate level court and is to go into operation as of March 1, 1998. An appeal against the Patent Court's decision may be reviewed by the Supreme Court, if the highest court so agrees. Until the Patent Court commences operations, however, the Supreme Court will continue to hear all appeals against KIPO's decisions as long as there are questions of law involved. From March 1, 1998, however, the Supreme Court will decide whether or not it accepts the review of an appeal from a decision of the Patent Court.⁶⁴

3.7.8 Registration

When a patent applicant receives a notice of decision to grant a patent, he should pay, as a registration fee, the first three years' annuities within three months from the date of receipt of such notice.⁶⁵

In case he fails to pay the registration fee within the three-month period, the registration can still be made by paying twice the usual fee within six months after the expiration of the three-month period. Therefore, if the registration fee is not paid within nine months from the date of receipt of a notice of decision to grant a patent, the patent application will be deemed to have been abandoned.

It should be noted that once the period for the payment of annuities has lapsed, the application or patent cannot be revived at a later time even if the payment was not made for the reason unattributable to the applicant, e.g., the attorney's fault.⁶⁶

⁶⁴ Act for the Procedure of Appeal to the Supreme Court, Addenda, Article 1

⁶⁵ Patent Act, Article 81

⁶⁶ *In re E. R. Squibb & Sons, Inc.* (Supreme Court Case 82 Nu 264; December 14, 1982)

3.8 Amendment to Specification and Claims

3.8.1 *Timing of Amendment*

A patent application may be amended during its pendency. However, there are restrictions on the timing and the scope of amendment under the Patent Act. Specifically, an amendment to the specification and/or claims may only be filed in any of the following periods:⁶⁷

- (i) within 15 months from the filing date (or the priority date, if the right of priority is claimed);
- (ii) at the time of filing the request for examination;
- (iii) when a request for examination is made by a third party, within three months from the date of receipt of the notification of such a request;
- (iv) when responding to a notice of preliminary rejection issued by the examiner;
- (v) within 30 days from the date of filing an appeal against the final rejection; and
- (vi) when an opposition is filed, within the period designated by the examiner for the submission of a response against the opposition.

An amendment which is filed within 30 days from the date of filing an appeal against the final rejection will be reviewed by the examiner in charge; and if the reasons for rejection are found to be overcome by the amendment, the examiner will issue a notice of decision for publication without going through the entire appeal process.

3.8.2 *Scope of Amendment*

Before a notice of decision for publication of an application is received, the applicant may amend the specification including claims and drawings as long as the amendment does not change the gist of the invention originally disclosed.⁶⁸

In *In re RCA Corporation*,⁶⁹ the Court stated that it is wrong to conclude that the gist of invention has been changed simply because new claims have been added; and it should be decided by reviewing whether the new claimed matters are supported by the disclosures contained in the specification and drawings originally filed. Further, in *In re the Department of Defence of Great Britain*,⁷⁰ the Court held that it does not constitute a material change of the invention even if the description of prior art methods has been amended from a specific one to a general concept. However, addition of new working examples is considered as changing the gist of an invention and is, therefore, not allowed.

If an amendment to the specification, claims and/or drawings is found, subsequent to the

⁶⁷ Patent Act, Articles 47 and 50

⁶⁸ *Ibid.*, Article 48

⁶⁹ Supreme Court Case 83 Hu 11; June 14, 1983

⁷⁰ Supreme Court Case 93 Hu 800; September 27, 1994

registration of the patent, to have changed the gist of the invention, the application will be deemed to have been filed on the day when the amendment was submitted.

Once a notice of decision for publication of a patent application is received by the applicant, however, the amendments allowable can be restricted to: (i) narrowing the scope of claims; (ii) correction of clerical errors; or (iii) clarification of ambiguous descriptions.⁷¹

3.8.3 *Dismissal of Amendment*

In case an amendment to the specification or drawings changes the gist of the invention originally filed or is made beyond the allowable scope as explained above, the examiner must dismiss the amendment in a written decision.⁷²

Against the decision to dismiss his amendment, the applicant may file an appeal with the Board of Appeals within 30 days from the receipt of such decision.⁷³ Once an appeal is lodged, the examination of the patent application concerned should be suspended until the appellate decision becomes final and conclusive.

3.8.4 *Amendment to International Application*

When an international application filed under the Patent Cooperation Treaty (“PCT”) enters into the national phase in the Republic of Korea, no amendment to the specification and claims may be submitted unless the amendment has been formally made with the International Bureau of WIPO during the international phase. Such amendment, however, can be made at a later time, i.e. within any of the periods specified in 3.8.1 above.

3.9 **Division of Patent Application**

3.9.1 *Unity of Invention*

The Patent Act requires that one patent application be related to one invention only. However, a group of inventions so linked as to form a single inventive concept are considered as one invention and are allowed to be included in an application.⁷⁴

The Enforcement Decree of the Patent Act provides examples which fall within the concept of “one application for one invention” as follows:⁷⁵

- (i) one application containing one independent claim directed either to an article or to a process;
- (ii) one application containing one independent claim directed to an article and also containing one or more independent claims directed to a process for the production of that article, a method of using that article, a method of handling that article, a machine,

⁷¹ Patent Act, Article 50, Paragraph 1

⁷² *Ibid.*, Article 51, Paragraph 1

⁷³ *Ibid.*, Article 169, Paragraph 1

⁷⁴ *Ibid.*, Article 45, Paragraph 1

⁷⁵ Enforcement Decree of the Patent Act, Article 6, Paragraph 1

tool, apparatus or other article for the production of that article, an article utilizing the specific properties of that article and/or an article handling that article; and

- (iii) one application containing one independent claim directed to a process and further containing one independent claim directed to a machine, tool or apparatus directly used to practice that process.

A patent application which is made in violation of the unity of invention rule will be rejected. However, once such an application has been erroneously allowed as a patent, the patent registration cannot be invalidated on that ground.⁷⁶

3.9.2 *Divisional Application*

The applicant of a patent application containing two or more inventions may divide his application into two or more applications either on his own initiative or in response to a preliminary rejection rendered by the examiner.⁷⁷ The two or more inventions which are the subject to be divided must be described in the specification originally filed; but they need not be recited in the claims originally filed.

At the time of filing a divisional application, the parent application from which the divisional application is derived must be duly pending. Therefore, once a patent application has been withdrawn, abandoned or invalidated, no division therefrom may be made. However, if the parent application is withdrawn, abandoned or invalidated after the divisional application has been filed, it will not affect the status of the divisional application.

The applicant of a divisional application must be the same as the applicant of the parent application or his lawful assignee. If a divisional application is filed in the name of a new assignee, any document evidencing the assignment must be submitted.

Division of a patent application may be made only within the period during which an amendment to the specification and drawings is allowed. As for the timing of permissible amendments, the discussion in 3.8.1 above may be referred to.

In dividing a patent application, a question has been raised as to whether or not the specification should be amended so as to include only the invention claimed in the divisional application. In the cases *In re Reil Milton Dolby*⁷⁸ and *In re RCA Corporation*,⁷⁹ the Supreme Court held that even if the specification and drawings submitted are the same as those of the original application, the divisional application should be accepted if it is clearly related to a different invention from that claimed in the parent application.

3.9.3 *Effects of Division*

A divisional application is, in general, deemed to have been filed on the filing date of the parent application.⁸⁰ However, the period for submitting priority documents is calculated from the

⁷⁶ Patent Act, Article 133, Paragraph 1

⁷⁷ *Ibid.*, Article 52, Paragraph 1

⁷⁸ Supreme Court Case 83 Hu 23; July 26, 1983

⁷⁹ Supreme Court Case 84 Hu 71; September 9, 1986

⁸⁰ Patent Act, Article 52, Paragraph 2

date when the divisional application is actually filed.

3.10 Conversion of Application

3.10.1 *In General*

Conversion of an application is a change in the type of an application, but not in the contents thereof. Both an invention and a utility model are creations of a technical idea, differing only in the level of creation. Therefore, it is allowed to convert a patent application to a utility model application or *vice versa*. Further, a design is also a creation of a technical idea which produces an aesthetic impression through a sense of sight. Accordingly, the Patent Act, Utility Model Act and Design Act allow the conversion among patent, utility model and design applications.

3.10.2 *Conversion to Patent Application*

Specifically, the applicant for a utility model application or design application may convert his application to a patent application. The time limit for making such conversion has been changed by the amendment to the Patent Act made in 1995. Under the old Patent Act (which was effective until June 30, 1996), such conversion could be made at any time, other than after the lapse of thirty days from the receipt of a notice of first final rejection of the utility model or design application, or the lapse of five years from the filing date of the utility model or design application. Under the amendments to the Patent Act which came into force on July 1, 1996, conversion of a utility model or design application to a patent application is now possible at any time, as long as the 30-day period from the date of receipt of a first final rejection notice with respect to the utility model or design application has not lapsed.

An international application filed under the PCT may be entered into the national phase in the Republic of Korea as a utility model application pursuant to Article 36(2) of the Utility Model Act. Such a utility model application may be converted to a patent application.

The utility model or design application must be pending at the time of its conversion to a patent application. Further, the contents of the patent application must be the same as those of the utility model or design application. The sameness of the contents is determined with reference to the descriptions made in the entire specifications of the two applications including the claims and drawings.

3.10.3 *Effects of Conversion*

If a utility model or design application is converted to a patent application, it is deemed to have been withdrawn; and the patent application is, in general, deemed to have been filed on the filing date of the utility model or design application.⁸¹

As in the case of a divisional application, however, the period for submission of priority documents is reckoned from the date when the converted patent application is actually filed, not the filing date of the original utility model or design application.

⁸¹ *Ibid.*, Article 53, Paragraphs 2 and 3

3.11 Duration of Protection

Under the new Patent Act which has become effective as of July 1, 1996, the term of protection of a patent is twenty years from the filing date of the patent application concerned. Further, pursuant to the transitional measure of the new Patent Act, the new term has become applicable retroactively to those patents or patent applications which were alive or pending as of July 1, 1996. The term of a number of current patents has accordingly been extended as a result this retroactive provision.

The duration of patent terms in the Republic of Korea has progressively lengthened over the last fifteen years. Under the Patent Act which became effective as of January 1, 1981, the patent term was twelve years from the date of publication or fifteen years from the filing date, whichever is shorter. By the amendment to the Act made in 1987, the term of patents which were filed on or after July 1, 1987 was 15 years from the date of publication or, if no publication is made, from the date of registration. Another amendment to the Act which became applicable to those applications filed on or after September 1, 1990 extended the patent term as 15 years from the publication date or 20 years from the filing date, whichever is shorter. The term of a patent under the most recent version of the Patent Act (effective until June 30, 1996) was fifteen years from the date of publication (for opposition) of the patent application concerned or twenty years from the filing date of the application, whichever was shorter.⁸²

3.12 Extension of Term of Patent

3.12.1 *In General*

The Republic of Korea first introduced a system for extension of the term of a patent for pharmaceutical or agrochemical inventions on July 1, 1987. Therefore, an extension of the patent term may be conferred to those patents granted on the basis of patent applications filed on or after July 1, 1987.

However, in 1990, extensive changes were made to the 1987 Patent Act concerning extension of patent terms. As a result, those patent applications filed on or after September 1, 1990 are now governed by the amended Patent Act of 1990.

The term of a patent may be extended in case where, prior to the working of a patented invention, a manufacturing permit or registration under other laws or regulations is required and it has taken beyond a certain amount of time to obtain such manufacturing permit or registration.⁸³

3.12.2 *Patents Amenable to Extension*

According to Article 7 of the Enforcement Decree of the Patent Act, the form of a patent which may be entitled to an extension if the patent concerns:

- (i) an invention relating to a medicinal product which requires a manufacturing (or formulating) license under Article 26(1) of the Pharmaceutical Affairs Act; or

⁸² *Ibid.*, Article 88, Paragraph 1

⁸³ *Ibid.*, Article 89

- (ii) an invention relating to an agrochemical composition or raw material which is required to be registered under Article 14(1) or 15(1) of the Agrochemicals Control Act.

The KIPO regulation concerning the extension of patent term⁸⁴ further cites four types of patents amenable to term extension: (i) a product patent, (ii) a process patent, (iii) a use patent and (iv) a composition patent.

3.12.3 *Extension Period*

Extension of the term of a patent is possible only once. If more than one patent is covered by one manufacturing license or registration, the term of each patent may be extended independently. When there is more than one manufacturing license/registration involving one patent, only one extension with respect to the first license/registration is allowed.

Under the current Patent Act, the length of extension is the actual period of non-working caused by the statutory requirements under the Pharmaceutical Affairs Act or the Agrochemicals Control Act, up to a maximum of five years. Extension may not be possible if the period of non-working is less than two years. Under the 1987 Patent Act, in addition to the five-year maximum, the extension period was not allowed to extend beyond twelve years from the date of issuance of the manufacturing license or registration. The extension period may be reduced by a period of non-working attributable to the patentee.

According to KIPO's Regulation, the period of non-working will be one of the following:

- (i) the period from the date of approval by the Minister of Health and Welfare of a plan for the clinical test of a medicinal product, which is submitted after having obtained a license to manufacture the medicinal product for clinical test, or from the date of registration of the patent concerned, whichever is later, to the date on which a manufacturing license of the medicinal product is issued;
- (ii) the period of (i) above in case of a veterinary drug;
- (iii) the period from the date on which a request for testing an agrochemical finished product is accepted under the Agrochemicals Control Act, or from the date of registration of the patent concerned, whichever is later, to the date on which a manufacturing registration of the product is obtained; or
- (iv) the period from the date on which a request for testing an agrochemical raw product is made under the Agrochemicals Control Act, or from the date of registration of the patent concerned, whichever is later, to the date on which a manufacturing registration of the agrochemical raw product is obtained.

There has been a controversy surrounding the computation of the actual non-working period: that is, a question has arisen as to whether the time taken to carry out the clinical test in a foreign country should be taken into account in determining the period of non-working. In this connection, as of October 1, 1995, a local clinical test has become mandatory to obtain a manufacturing license

⁸⁴ Public Notice No. 95-14, December 22, 1995

of a medicinal product under the Pharmaceutical Affairs Act. There are, however, certain cases where medicinal products are exempt from the local test requirement, as provided in the regulation on Korean Good Clinical Practices (“KGCP”). Hence the KIPO regulation on patent term extension provides that if the local clinical test of a new medicine developed in a foreign country is exempted in accordance with the KGCP regulation, the date of approval of a plan for the clinical test of (i) above is the date of when the corresponding approval or license is obtained in the foreign country. It is accordingly understood that the time taken to conduct a clinical test in a foreign country will be included in the computation of the non-working period.

3.12.4 *Application for Extension*

An application for the extension of the term of a patent must be made in the name of the patentee concerned; otherwise, the application will be rejected. For a patent jointly owned by more than one person, the application must be filed by all of the joint owners.⁸⁵

A licensee of a patent (whether exclusive or non-exclusive) cannot file an application for extension of its term. Further, in case the licensee, not the patentee, is the one who must obtain a manufacturing license or registration from the relevant government authority, the application for extension may not be filed until the manufacturing license or registration has been issued.

Under the current Patent Act, an application for the extension of the term must be filed with KIPO within three months from the date of issuance of the manufacturing license or registration concerned. However, it cannot be made if less than six months remains before the expiration of the patent term.⁸⁶ In case of patents filed from July 1, 1987 to August 31, 1990 under the 1987 Patent Act, the application must be made within three years prior to the expiration of the patent term.

3.12.5 *Approval Procedure*

The procedure for approval of the extension of the patent term revised in 1990 and the procedure under the 1987 Patent Act is summarized below.

(1) Under the 1990 Patent Act

Upon receipt of an application for extension, the examiner shall review the application and may reject the application when it is found to fall under any of the following categories:

- (i) when it is judged that working of the patented invention does not require any manufacturing license under the Pharmaceutical Affairs Act or registration under the Agrochemicals Control Act;
- (ii) when the patentee or his exclusive licensee or non-exclusive licensee has failed to obtain a manufacturing license under the Pharmaceutical Affairs Act or registration under the Agrochemicals Control Act;
- (iii) when the non-working period is less than two years;
- (iv) when the requested period of extension exceeds the period of non-working;

⁸⁵ Patent Act, Article 90, Paragraph 3

⁸⁶ *Ibid.*, Article 90, Paragraph 2

- (v) when the applicant for a term extension is not the patentee of the patent concerned; or
- (vi) when the application for term extension is not made by all of the joint patentees, if applicable.

A notice of rejection should be served upon the applicant, who will then be given the opportunity to respond to the notice within a certain time limit designated by the examiner. The applicant may appeal to the Board of Appeals against a final rejection by the examiner.

On the other hand, an interested party may file with the Board of Trials a trial for invalidation of the examiner's approval of extension. The procedure of such trial will proceed as that of an invalidation trial against a patent registration.

(2) *Under the 1987 Patent Act*

Once an application for extension of the patent term is filed with KIPO, the Commissioner will determine whether or not to allow the term extension; and in doing so, he may consult with the competent government Ministry responsible for dealing with the matters concerning permission or registration necessary for the working of the patented invention. The competent Ministry may be the Ministry of Health and Welfare in case of pharmaceutical inventions and the Ministry of Agriculture, Forest and Fisheries in case of agrochemical inventions.

If the Commissioner of KIPO decides to grant an extension of the patent's term, he must publish such decision in the Official Gazette. Any person who wishes to oppose the decision granting an extension may, within two months from the publication date, submit to the Commissioner a written opinion together with relevant materials. If the Commissioner receives such opinion, he must send a copy thereof to the patentee concerned and also must give the patentee an opportunity, specifying a time limit, to submit a response thereto. On the basis of the opposition and the response thereto, the Commissioner must decide whether or not he will allow the extension, and inform the decision to the patentee and the opponent.

If a patented invention which is granted an extension of the term of protection remains unworked in the Republic of Korea, without justification, for one year from the date of grant of the extension, such extension may be revoked.

3.12.6 *Scope and Effects of Extension*

The benefit of extending the term of protection is confined to the product which could not be worked until the issuance of a manufacturing license or registration thereof. If the license or registration has been granted to a product for a specific use, the effect of the extension will be limited to that specific use.⁸⁷

Once an application for the extension of the term of a patent has been duly filed, the term is deemed to have been extended with respect to the product concerned, except where the application is finally and conclusively rejected.

⁸⁷ *Ibid.*, Article 95

3.13 Scope of Exclusive Rights

3.13.1 *In General*

A patent right is established by the registration thereof at KIPO upon the payment of a registration fee. Once a patent right is established, the patentee has the right exclusively to practice the patented invention for business and to exclude others from practicing the patented invention. However, the effects of such exclusive rights may be restricted by the public interest and certain statutory or compulsory licenses.

3.13.2 *Right to Exclusively Practice the Patented Invention*

The owner of a patent right has the right exclusively to practice the patented invention. The term “practice” is defined in the Patent Act as follows:⁸⁸

- (i) in case of an invention directed to an article, an act of producing, using, transferring, leasing, importing or, offering for the sale or lease (including displaying for the sale or lease) that article;
- (ii) in case of an invention directed to a process, an act of using that process; or
- (iii) in case of an invention directed to a process for the production of an article, an act of using such process, or using, transferring, leasing, importing or, offering for the sale or lease (including displaying for the sale or lease) an article produced by that process.

The definition of “practice” of a patented invention has been broadened by the amendment to the Patent Act made in 1995, so that an act of “offering for sale or lease” is now included in the definition which became effective as of July 1, 1996.

In certain circumstances, however, the patentee may not practice his patented invention. If the practice of a patented invention requires the use of another person’s patented invention, registered utility model or registered design which was filed prior to the filing date of the patent application concerned, or if a patent is in conflict with another person’s registered design which was filed prior to the filing date of the patent application concerned, then the patentee may not practice his patented invention for business unless he has obtained the consent from such other person.⁸⁹ If the patentee has failed to obtain the consent from such other person, he may bring a trial for the grant of a non-exclusive license.⁹⁰

Where a patent is owned by more than one person, any one of the joint owners may (unless the joint owners have agreed otherwise) practice the patented invention without the consent of the other joint owners. However, no one may assign his share, establish a pledge over it, or grant an exclusive or non-exclusive license for the patent without obtaining the consent from the other joint owner(s).⁹¹

⁸⁸ *Ibid.*, Article 2, Paragraph 1

⁸⁹ *Ibid.*, Article 98

⁹⁰ *Ibid.*, Article 138, Paragraph 1

⁹¹ *Ibid.*, Article 99

3.13.3 *Right to Exclude Others*

The patentee or his exclusive licensee has the right to exclude others from practicing his patented invention for business. Therefore, a patentee and/or exclusive licensee may bring a civil action with the court against a person who infringes this exclusive right.⁹² As civil remedies, the Patent Act provides injunctive relief, compensation for damages and/or restoration of injured reputation.

This exclusive right may be also exercised by the applicant of a patent application which has been published for opposition. If such patent application, however, is later finally rejected, the applicant may be held responsible for any injuries resulting from the premature enforcement.

3.13.4 *Exceptions to Exclusive Rights*

(1) *Public Interest*

The Patent Act imposes limitations on a patent right as follows:⁹³

- (i) practicing of the patented invention for the purpose of research or experiments;
- (ii) a vessel, aircraft or land vehicle merely in transit through or over the Republic of Korea, or a machine, instrument, equipment or other article used in respect thereof; and
- (iii) an article which was already in existence in the Republic of Korea at the time the patent application was filed.

Further, a patent right for an invention directed to a pharmaceutical prepared by mixing two or more pharmaceuticals or an invention directed to a process for preparing a pharmaceutical does not extend to the preparation of medicines in accordance with the Pharmaceutical Affairs Act or to the medicines thus prepared.⁹⁴

In addition, a patent right does not extend to an article which has been imported, produced or acquired in good faith after the decision on a relevant trial (such as an invalidation trial, a trial to confirm the scope of a patent right or an appeal against rejection of a patent application) became final and conclusive and before the request for reconsideration of the trial decision is recorded on the patent register at KIPO, in any of the following cases:⁹⁵

- (i) where the patent concerned, having been finally and conclusively invalidated, is reinstated in an action for reconsideration of the invalidation trial decision;
- (ii) where a decision of a trial to confirm the scope of a patent holding that a certain process or article does not fall within the scope of the patent is overturned in an action for reconsideration of such trial decision; or

⁹² *Ibid.*, Article 126, Paragraph 1

⁹³ *Ibid.*, Article 96, Paragraph 1

⁹⁴ *Ibid.*, Article 96, Paragraph 2

⁹⁵ *Ibid.*, Article 181

- (iii) where the application for the patent concerned, having been finally and conclusively rejected, has proceeded to registration in an action for re-consideration of the rejection.

(2) *Non-exclusive License of Employer for Employee's Invention*

If an invention made by an employee, officer of a juridical person or public official ("employee") falls within the scope of the business of the employer, juridical person or state or public entity ("employer") and it was made in the course of performing his present or past duties (the so-called "employment invention"), the employer is entitled to a non-exclusive license with respect to the patent for the employment invention without any compensation.⁹⁶ Any invention which is directly involved in the course of conducting a business is considered as falling within the scope of the business. The employer may, in a contract or employment regulations, have the employee transfer the right to a patent for the employment invention or grant an exclusive license for the patent. In such a case, the employee is entitled to a due compensation.

It is understood that the employer has also the right to a non-exclusive license for any invention made by employee other than the employment invention. However, any clause of a contract or employment regulation has the effect of ceding, in advance, the right to a patent or exclusive licence in respect of any such invention (i.e. other than an employment invention) is null and void.⁹⁷

(3) *Non-exclusive License of Prior User*

Anyone who has been engaged in the business of practicing a patented invention or has been preparing such business in the Republic of Korea, without knowing the contents of the invention, at the time of filing of the application for the patent concerned, has a non-exclusive license for the patent within the scope of that business.⁹⁸ The invention which has been practiced or has been prepared to be practiced by the prior user need not be the one which was invented by the prior user himself.

If the prior user has publicly practiced the invention, the novelty of the invention would have been destroyed and the patent will be subject to invalidation. Therefore, the prior user right is to be granted to a person whose mode of use did not entail a public disclosure of the invention.

Such a prior user is not required to pay any compensation and his license is effective against any third party even if it is not recorded. However, it may not be transferred without the consent of the patentee concerned.

(4) *Non-exclusive License for Working of Patented Invention Prior to Demand of Invalidation Trial*

If a patent has been invalidated on the ground that two or more patents were granted with respect to a same invention, the patentee of the invalidated patent has a non-exclusive license, within the scope of his business determined at the time of filing a demand of invalidation trial, for the patent which was the basis of the invalidation, if he was engaged in the business of practicing the patented invention or was preparing for such business prior to the recordation of the demand of invalidation

⁹⁶ *Ibid.*, Article 39, Paragraph 1

⁹⁷ *Ibid.*, Article 39, Paragraph 3

⁹⁸ *Ibid.*, Article 103

trial on the patent register.⁹⁹

The owner of a utility model registration, that has been invalidated on the ground that the utility model is the same as a patented invention, has the right to a non-exclusive license for the patent which was the basis of the invalidation, subject to the same terms and conditions mentioned above.

Further, such a non-exclusive license may be granted to a person who already acquired an exclusive or non-exclusive license for a patent or utility model registration which is later invalidated and had the license recorded on the patent register at KIPO prior to the recordation of the demand of invalidation trial. If a person had facilities to practice the patented invention for business, he is considered as having been preparing such business.

Such a non-exclusive license is effective against any third party even if it is not recorded. However, the licensee must pay a reasonable compensation, and he cannot transfer the license without the consent of the patentee concerned.

(5) *Non-exclusive License after Expiration of Design Right*

After the expiration of the term of a design right which is in conflict with a patent right and the application therefor was filed on or before the filing date of the patent application concerned, the owner of the design right has the right to a non-exclusive license for the patent within the scope of the design right. Further, such a non-exclusive license may also be granted to a person who has an exclusive or non-exclusive license for the design right at the time of expiration thereof. The owner of the design right or his exclusive or non-exclusive licensee must pay a reasonable compensation to the patentee.¹⁰⁰

(6) *Non-exclusive License of Prior User for Patent Reinstated by Action for Reconsideration*

A non-exclusive license for a patent may be granted to a person who was, in good faith, engaged in the business of practicing the patented invention or preparing such business between the time when the relevant trial decision became final and conclusive and the time when an action for reconsideration of the trial decision was recorded on the patent register at KIPO in any of the following cases:¹⁰¹

- (i) where the patent concerned, having been finally and conclusively invalidated, is reinstated in an action for reconsideration of the invalidation trial decision;
- (ii) where a final and conclusive decision of a trial to confirm the scope of a patent, holding that a certain process or article does not fall within the scope of the patent right, is finally and conclusively overturned in an action for reconsideration of such trial decision; or
- (iii) where an application for the patent, having been finally and conclusively rejected, has proceeded to registration in an action for reconsideration.

⁹⁹ *Ibid.*, Article 104, Paragraph 1

¹⁰⁰ *Ibid.*, Article 105

¹⁰¹ *Ibid.*, Article 182

Such a non-exclusive license is granted within the scope of the business that the licensee was engaged in or preparing for. It is understood that the licensee is not required to pay a reasonable compensation to the patentee.

(7) Non-exclusive License of Former Licensee Having Lost License by Action for Reconsideration

If one who was granted a non-exclusive license for a patent through a trial for granting non-exclusive license loses the license in an action for reconsideration of the trial decision granting the license, he has a non-exclusive license for the patent, within the scope of his business relative to the lost license, if he was, in good faith, engaged in the business or preparing such business prior to the recordation of the action for reconsideration on the patent register.¹⁰² In this case, the licensee must pay a reasonable compensation to the patentee.

(8) Non-exclusive License for Patents Whose Term Is Retroactively Extended

As discussed in 3.11 above, the patent term under the new Patent Act, which became effective as of July 1, 1996, is applicable retroactively to those patents or patent applications which were alive or pending on that date. Because of this retroactive provision, a transitional measure was provided in the new Patent Act to balance the interests of a third party who was preparing, prior to January 1, 1995 (i.e. when the TRIPS Agreement became effective in the Republic of Korea), the business of practicing a patented invention in the Republic of Korea with the expectation that the patent would shortly expire. Such third party is entitled to a non-exclusive license for the patent within the scope of the purpose of his business, after the date on which the patent would have expired otherwise. Such a licensee must pay a reasonable amount of compensation to the patentee or exclusive licensee. As this license is automatically granted by the operation of law, it is effective even if it is not recorded on the patent register.

(9) Non-exclusive License for Patents of Substances Manufactured by Transformation of Atomic Nucleus

As discussed in 3.2.2 above, inventions of substances manufactured by the transformation of atomic nucleus were unpatentable under the old Patent Act which was effective until June 30, 1996. However, patent applications for such inventions which were pending as of July 1, 1996 may be amended to include claims directed to such substances.

Under the new Patent Act, a person who was, prior to January 1, 1995, engaged in or preparing the business of practicing an invention for substances manufactured by the transformation of atomic nucleus in the Republic of Korea is entitled to a non-exclusive license to the patent concerned within the scope of his business purpose.¹⁰³ The licensee must pay a reasonable compensation to the patentee or exclusive licensee. The license is granted by the operation of law and, therefore, need not be recorded on the patent register.

¹⁰² *Ibid.*, Article 183

¹⁰³ Patent Act of 1995 (Law No. 5,080), Addenda, Article 4

3.14 Compulsory Licenses

3.14.1 *In General*

If a patented invention need be practiced for the public interests, a non-exclusive license may be granted to a third party by an administrative disposition or a decision of trial instituted before KIPO, irrespective of the opinion of the patentee. The Patent Act provides for several specific circumstances in which such a compulsory license may be granted.¹⁰⁴ This is because the purpose of the patent system is ultimately to contribute to the development of national industries.

3.14.2 *Non-Practice of Patented Invention*

In case a patented invention is neither practiced at all nor practiced in good faith in the Republic of Korea, a compulsory license may be granted.

(1) *Meaning of Non-Practice*

A patented invention is considered as not having been practiced in any of the following cases:

- (i) where the patented invention has not been practiced in the Republic of Korea consecutively for three or more years in the absence of any justifiable reason such as natural disaster; and
- (ii) where the patented invention has not been practiced on a considerable commercial scale or has not satisfied the domestic demand to an appropriate degree and conditions in the Republic of Korea consecutively for three or more years without any justification.

(2) *Justifiable Reasons*

If there is a justifiable reason for non-practice of a patented invention, a compulsory license may not be granted. Justifiable reasons for non-practice may include: (a) natural disaster and other *force majeure*; (b) failure to obtain the permission or consent from the Government or the like which is required to practice the patented invention; (c) prohibition by law of the production, use, sale, import or distribution of the patented article; (d) unavailability of raw materials and production equipment which are required to practice the patented invention, or prohibition of import of such raw materials or production equipment; and (e) absence or lack of demand for the product of the patent so that the patented invention could not be practiced economically.

(3) *Consultation with Patentee*

In case a patented invention has not been practiced in the Republic of Korea, prior to making a request for arbitration to the Commissioner of KIPO, the person who desires to practice the patented invention must request the patentee or exclusive licensee to hold a consultation for the grant of a license. Such a request for consultation may not be made unless four years have passed from the filing date of the patent application concerned.

¹⁰⁴ Patent Act, Article 107

(4) *Arbitration at KIPO*

If no consultation is possible or no agreement is reached, the interested party may request to the Commissioner of KIPO an arbitration decision on the establishment of a non-exclusive license. Once a request for arbitration is submitted, the Commissioner must serve a copy of the request to the relevant patentee, exclusive licensee and other interested party recorded on the patent register; and give them an opportunity, specifying a time limit, to submit a response.

In rendering an arbitration decision, the Commissioner must hear the opinion of the Industrial Property Rights Review Committee established within KIPO. The Commissioner must issue a written, reasoned decision. Further, in the decision, the scope of non-exclusive license and matters relating to the compensation including the method and time of payment thereof must be specified.

One who has obtained a compulsory license in this way must compensate the patentee in an amount determined by the arbitration decision. In case the patentee has refused, or is unable, to receive the compensation, the compulsory licensee must make a deposit of the amount. If the compulsory licensee has failed to pay or deposit the money within a fixed period of time, the arbitration decision will become null and void.

If the patentee or exclusive licensee is not satisfied with the Commissioner's arbitration decision, he may file for an administrative trial with the Ministry of Trade, Industry and Energy under the Administrative Trial Act. However, such an administrative trial may not be brought solely concerning the amount of compensation determined by the arbitration decision.¹⁰⁵

(5) *Cancellation of Arbitration Decision*

An arbitration decision granting a compulsory license may be canceled upon the request of an interested party or *ex officio*. Under the old Patent Act which was effective until June 30, 1996, it might be canceled when the compulsory licensee did not practice the patented invention. Under the new Patent Act which became effective as of July 1, 1996, the arbitration decision may be canceled in any of the following cases:¹⁰⁶

- (i) where the patented invention is not practiced in a manner to comply with the purpose of the arbitration decision; and
- (ii) where the ground for granting the compulsory license no longer exists and it is considered that such ground will not happen again (but, provided that the goodwill of the compulsory licensee can be protected).

If an arbitration decision granting a compulsory license is canceled, the license is extinguished from the date of cancellation.

(6) *Cancellation of Patent*

If the person, who has been granted a compulsory license by an arbitration decision on the ground that the patented invention had not been practiced at all in the Republic of Korea for three or

¹⁰⁵ *Ibid.*, Article 115

¹⁰⁶ *Ibid.*, Article 114, Paragraph 1

more consecutive years, does not practice the patented invention in the Republic of Korea for two or more consecutive years from the date of grant of the compulsory license, the Commissioner may, upon the request of any interested party or *ex officio*, cancel the patent right.¹⁰⁷ In such event, the patent right is extinguished from the date of cancellation thereof.

Once such request for cancellation of a patent right is filed, it will proceed in the same way as the request for arbitration. A copy of the request will be forwarded to the patentee and relevant interested party, giving them an opportunity to submit an argument. In rendering the decision on the request, the Commissioner must hear the opinion of the Industrial Property Rights Review Committee.

3.14.3 *Compulsory License for Public Interests*

Where a patented invention need be practiced for public interests on a non-business manner, anyone who has to practice the patented invention may request the patentee or exclusive licensee to hold a consultation for the grant of a license. Unlike the request based on non-practice of a patented invention, however, such a request may be made at any time, even before four years from the filing date of the patent application concerned.

If no consultation is possible or no agreement is reached, a request for arbitration may be made to the Commissioner of KIPO. The details of the arbitration process are the same as discussed in 3.14.2(4) and (5). Unlike the case of non-practice, the patent right may not be canceled for the reason that the compulsory licensee does not practice the patented invention in the Republic of Korea.

3.14.4 *Compulsory License to Correct Unfair Trade Practices*

Under the new Patent Act which has become effective as of July 1, 1996, a compulsory license may also be granted where a patented invention need be practiced to correct matters which have been found to constitute an unfair trade practice by a judicial or administrative procedure. The procedure for obtaining a compulsory license for this reason is the same as discussed in 3.14.2(4) and (5).

3.14.5 *Compulsory License for National Defense*

If a patented invention need be practiced for the purposes of national defense, the Government may either expropriate such patent right or practice it or have a person practice it.¹⁰⁸ In case the patent right is expropriated, any rights relative to the patented invention will be extinguished except the existence of the patent. A license may, upon a request from the relevant Minister, be granted by a decision of the Commissioner of KIPO. The Government or the third party who has been granted a license by the Government must pay a reasonable compensation to the patentee.

Unlike the other compulsory licenses, it is not specified in the Patent Act whether the license granted is non-exclusive. It is, therefore, understood that either exclusive or non-exclusive license may be granted if it is necessary for national defense. Further, a request for the grant of compulsory license for the purposes of national defense can only be made by the relevant Minister.

¹⁰⁷ *Ibid.*, Article 116, Paragraph 1

¹⁰⁸ *Ibid.*, Article 41

3.14.6 *Use of Another Person's Senior Patent: Trial for Granting License*

According to Article 98 of the Patent Act, if the practice of a patented invention requires the use of another person's patented invention which was filed prior to the filing date of the patent concerned, the patentee ("junior patentee") or his licensee may not practice his patented invention for business without the consent of such other person ("senior patentee") or, through a trial for granting non-exclusive license, a compulsory license for such senior patent.

If the senior patentee either refuses without any justifiable reason, or is unable, to grant a license, however, the junior patentee or his licensee may bring a trial seeking the grant of a non-exclusive license with respect to the senior patent. Such a non-exclusive license may be granted only within the scope necessary to practice the junior patent. Further, it may not be granted unless the junior invention has made a considerable technical improvement over the senior patented invention.¹⁰⁹

A trial for granting non-exclusive license is initiated at the Board of Trials of KIPO. The trial decision is appealable to the Board of Appeals and, then, to the Supreme Court. As discussed in 3.7.7(3) above, however, this appeal procedure is to be changed from March 1, 1998. According to the new appeal procedure, this trial will have to be filed with the Enlarged Board of Trials, whose decision is appealable to the Patent Court and then, if accepted, to the Supreme Court.

A person who has obtained a license by the trial must pay the patentee the compensation determined by the trial decision. If the payment of compensation to the patentee cannot be carried out, the licensee must deposit the compensation.

Although a trial decision is appealable, an appeal against the decision only on the amount of compensation may not be made. However, an action seeking an increase or decrease of the compensation may be filed with the court within 30 days from the date of receipt of the trial decision.

On the other hand, if a senior patentee who has granted a non-exclusive license to a junior patentee by a trial for granting non-exclusive license needs to practice the invention of the junior patent, the senior patentee can bring an action before the Board of Trials of KIPO seeking the granting a non-exclusive license for the junior patent.

3.15 Infringement

3.15.1 *Acts of Infringement*

To carry on the business of producing, using, transferring, leasing, importing or, offering for sale or lease (including displaying for sale or lease) an article covered by a patent, of using a patented process, or of using, transferring, leasing, importing or offering for sale or lease (including displaying for the sale or lease) an article manufactured by a patented process constitutes an infringement of the patent concerned.

Further, according to Article 127 of the Patent Act, any of the following acts is considered to constitute an infringement:

¹⁰⁹ *Ibid.*, Article 138, Paragraphs 1 and 2

- (i) if a patent is related to an invention for an article, an act of producing, transferring, leasing, importing or, offering for the sale or lease (including displaying for sale or lease), as a business, articles used *exclusively* for the production of the patented article; and
- (ii) if a patent is related to an invention for a process, an act of producing, transferring, leasing, importing or, offering for sale or lease (including displaying for sale or lease), as a business, articles used *exclusively* for the practice of the patented process.

An infringement by the act stipulated under Article 127 is generally called “an indirect infringement” which is somewhat similar to contributory infringement under the U.S. Patent Law. However, unlike the concept of contributory infringement, there is no requirement that the infringer have the knowledge that a particular component was especially made or adapted for the use in the infringement of a patent. Neither is there a restriction that no indirect infringement may be found in the absence of a direct infringement.

Further, the existence of an inducement to infringe a patent has no bearing on the finding of an indirect infringement. In fact, the Patent Act does not even use the expression of “indirect infringement”; and does not appear to differentiate an indirect infringement from a direct infringement in terms of hierarchy.

3.15.2 *Interpretation of Patent Claims*

Article 97 of the Patent Act provides that the scope of protection of a patented invention shall be defined by the matters described in the claim(s). One vexing problem that has hampered patent right holders in enforcing their patent rights in the Republic of Korea has been the courts’ tendency to narrowly interpret the claim, basically confining it to specific examples or preferred embodiments given in the specification. However, recent decisions rendered by the Supreme Court indicate a changing attitude toward the broadening of the scope of patent protection beyond the realm of working examples given in the specification.

Specifically, in *Aktiebolaget Haessle vs. Boryung Pharmaceutical Co., Ltd.*,¹¹⁰ the Court rejected the infringer’s argument to confine the scope of patent protection to the invention disclosed in working examples. The Supreme Court in *Haessle* declared the applicable law in interpreting patent claims as follows:

- (i) as a matter of principle, the scope of patent protection shall be determined by the matters described in the claim;
- (ii) when the claim wording alone does not render it possible to determine the technical constitution or scope, other disclosures contained in the specification can be used to complement the deficiency; however, in such event, such other disclosures cannot be used to expand the scope of protection beyond the claim language; and
- (iii) when it is possible to determine the technical scope based on the claim alone, the scope of patent coverage cannot be restricted or reduced by using other disclosures contained in the specification.

¹¹⁰ Supreme Court Case 91 Hu 1908; October 12, 1993

Further, as in some other countries, the doctrine of “file wrapper estoppel” is generally recognized in the Republic of Korea. Therefore, restrictions raised by the examiner and amendments or admissions made by the applicant during the prosecution of the patent application concerned may be later used against the patentee in the interpretation of patent claims.

3.15.3 *Kinds of Infringement*

(1) *Literal Infringement*

If a competing article or process reads on a patent claim, it is called a literal infringement. To constitute a literal infringement, all of the constituents of a claimed invention must be used in the competing article or process. A slight change made in the competing article or process, which affects neither the constitution nor the function or effect of the patented invention, does not avoid finding of a literal infringement.

(2) *Infringement under the Doctrine of Equivalents*

As in some other countries, a patent infringement may be found in the Republic of Korea under the doctrine of equivalents in addition to a literal infringement. The doctrine, however, has been recognized in a relatively small number of cases. Equivalency may be found if the difference made from a patented invention in an allegedly infringing article or process does not affect the mechanism or function of the patented invention and an ordinary person skilled in the relevant art would have known the interchangeability thereof from the prior art. That is, the equivalency should be taught by prior art references which were published prior to the filing date (or priority date) of the patent application concerned.

One of the representative cases which invoked the doctrine of equivalents in favor of the patentee is *Dong-Yang Chemical Industrial Co., Ltd. vs. Nihon Tokushu Noyaku K. K.*¹¹¹ The competing chemical process employed a different reactant (i.e., methylphenylcarbamate) from that of the patented process (i.e., phenylisocyanate). The court held that an ordinary person skilled in the art could easily conceive the idea of replacing the reactant in view of the prior art teaching that methylphenylcarbamate is decomposed into phenylisocyanate and methanol at an elevated temperature, which in turn react to form methylphenylcarbamate at room temperature. It was further noted that any of the differences between the two processes did not entail any material difference in the outcome; and the equivalency was disclosed in the references published prior to the filing date of the patent application.

(3) *Infringement by Improvement Invention*

In addition to the literally infringing and equivalent inventions, there may be a conflict between a senior (and basic) invention and a junior (and improvement) invention. In this connection, Article 98 of the Korean Patent Act provides that if a patented invention utilizes another person’s patented invention, registered utility model or registered design that was filed prior to the filing date of the patent application concerned, or is in conflict with another person’s registered design that was filed prior to the filing date of the patent application concerned, the patentee or his exclusive or non-exclusive licensee may not practice the patented invention without the consent of such other person, or obtaining a non-exclusive license through a trial for granting non-exclusive license. Therefore, the

¹¹¹ Supreme Court Case 89 Hu 773; March 23, 1990

Patent Act clearly recognizes the possibility of an infringement of a senior and basic patent by the practice of a junior and improvement invention.

However, there still exists some unease concerning the enforceability of a senior patent against its junior invention, as exemplified by the decision rendered in *Chevron Research Co. vs. Jinheung Fine Chemicals Co.*¹¹² In the *Chevron* case, the Court held that a competing process which only adds the use of a conventional catalyst to a patented process does not fall within the scope of the patent simply because the competing process makes a remarkable improvement in the yield and reaction speed over the patented process. Considerable debate ensued from the *Chevron* decision. A later case, *Bayer AG vs. Cheil Suger Co., Ltd.*,¹¹³ made a little progress on the issue wherein the Court recognized the possibility of infringement between a senior basic invention and a junior improvement invention.

3.15.4 *Presumption of Identical Process*

If a patent is directed to a process for manufacturing an article that was new at the time of filing the patent application, articles identical with such novel article are presumed to have been produced by the patented process.¹¹⁴ Therefore, in such case, the defendant will have to rebut the presumption that his process is the same as the patented process.

The novelty of an article produced by a patented process may be proven by submitting a copy of a patent (issued in a country where the patenting of a chemical substance was allowed at a time when such was not possible in the Republic of Korea, i.e. prior to July 1, 1987) containing claims directed to the article *per se*.

3.15.5 *Civil Remedies*

As civil remedies in case of infringement of a patent right, the Patent Act provides the following three types: (i) injunctive relief (preliminary and permanent); (ii) compensation for damages; and (iii) restoration of injured business goodwill or reputation.

Against one who has infringed or threatens to infringe a patent right, the patentee or his exclusive licensee may bring a court action seeking an injunctive relief. In the same action, he may further make a request for the seizure or destruction of the articles produced by an act of infringement.¹¹⁵

Further, if one has knowingly or negligently infringed a patent right, the patentee or his exclusive licensee may file an action seeking monetary damages that he has suffered as a result of the infringement.¹¹⁶ Such action for damages must be initiated within three years from the date on which the patentee learned of both the damages and the identity of infringer. However, an action seeking for the return of profit or unjust enrichment acquired by the infringement may be brought under the Civil Act within ten years from the date of infringement.

Against any one who has knowingly or negligently infringed a patent right, the patentee or his

¹¹² Supreme Court Case 83 Hu 85; April 9, 1985

¹¹³ Supreme Court Case 90 Hu 1499; November 26, 1991

¹¹⁴ Patent Act, Article 129

¹¹⁵ *Ibid.*, Article 126

¹¹⁶ *Ibid.*, Article 128, Paragraph 1

exclusive licensee may also bring an action requesting the court to order the infringer to take an appropriate measure for the restoration of the injured business goodwill or reputation.¹¹⁷ Advertisement of public apologies in a daily newspaper is a typical measure adopted for this purpose.

As stated above, for the claim of compensation for damages or restoration of injured business reputation, it should be proven that an infringer has acted knowingly or negligently. Because of the difficulty of proving such state of mind, the Patent Act provides that one who has infringed another person's patent is presumed to have done so with negligence.¹¹⁸

3.15.6 *Infringement Action*

An infringement action may be initiated at a district court; and any or all of the civil remedies may be sought in one action.

As for an action seeking injunctive relief, there are two proceedings: one for preliminary injunction and the other for permanent injunction. In an action for preliminary injunction, other civil remedies may not be sought together, whereas they can be claimed in a main action together with permanent injunction. Detailed discussions of patent infringement actions are presented in Chapter 14.

3.15.7 *Criminal Sanctions*

A person who has infringed a patent right or exclusive license may be criminally prosecuted and penalized irrespective of the filing of a civil action. However, the criminal prosecution of a patent infringer may not be initiated *ex officio* unless the patentee or his exclusive licensee files a criminal complaint.¹¹⁹ Depending on the severity of the infringement activities, the infringer can be arrested and incarcerated once the indictment decision is made, even before the sentencing.

The maximum penalty assessable is an imprisonment for up to five years and/or a fine of up to 20 million Korean Won (about US\$25,000). Further, a person who has infringed the so-called "provisional protection right" conferred upon the publication of a patent application may also be criminally penalized. The actual punishment, however, can only be imposed after the patent is registered.

3.15.8 *Defenses*

In contrast to some other countries, the invalidity of a patent is, in principle, not a defense in a patent infringement action in the Republic of Korea. Rather, the validity of a patent should be attacked by bringing a separate invalidation trial before the Board of Trials established within KIPO.¹²⁰ Therefore, the court which hears an infringement action must proceed with the presumption that the patent is valid until and unless a decision holding the patent invalid has become final and conclusive.

One exception to this general rule can be found in the Supreme Court decision of *Shindo*

¹¹⁷ *Ibid.*, Article 131

¹¹⁸ *Ibid.*, Article 130

¹¹⁹ *Ibid.*, Article 225, Paragraphs 1 and 2

¹²⁰ *Ibid.*, Article 133, Paragraph 1

Mulsan Co., Ltd. vs. Hanmi Silyup Co., Ltd.,¹²¹ wherein it was held that, if every single inventive element constituting a patented invention had been in the public domain prior to the filing date of the patent application, then such a patent is inherently defective; and, therefore, upon showing the complete lack of novelty of a patented invention, the court, without having to hold that the patent is invalid, can refuse to enforce the patent and dismiss the infringement action.

In a later case, *F. Hoffmann La-Roche vs. Cheil Sugar*,¹²² the alleged infringer tried to expand the scope of such exception to the case where a patented invention allegedly lacks inventiveness, not novelty. However, the Supreme Court rejected such expansion, holding that said exception should be strictly applied only when the patented invention lacks novelty; and, therefore, the court should hear the infringement action with the presumption that the patent is valid even if the patented invention allegedly lacks inventive step.

As a defense in a patent infringement action, the defendant may make an argument that his product or process does not fall within the scope of the patent concerned. Such argument may be supported by a written opinion of an expert witness who is often a patent attorney or a university professor having the expertise in the relevant technology. In this connection, the alleged infringer may, before or after the initiation of an infringement action, bring a trial to confirm the scope of patent before the Board of Trials of KIPO, seeking a decision that his product or process does not fall within the scope of the patent. Thereafter, he may request the court to stay the proceeding of the infringement action until KIPO's decision on the scope confirmation trial is rendered.¹²³

3.16 Trial to Confirm the Scope of Patent

3.16.1 *In General*

A trial to confirm the scope of patent is an administrative action which may be initially filed with the Board of Trials established within KIPO, seeking a decision on whether or not a certain article or process falls within the scope of a patent.¹²⁴ Therefore, the trial is normally instituted by an interested party who seeks a decision that his article or process does not fall within the scope of a patent right. In theory, a patentee may bring such trial. However, in order for the patentee to get a standing for filing such trial, he must prove that the article or process presented in the trial is or, at least, is likely to be actually used by a third party. Because of this high burden of proof, there have been much fewer cases brought by patentees.

3.16.2 *Nature of Trial*

In contrast with a court infringement action, a trial to confirm the scope of patent has a cost advantage, since its decision may be obtained in a shorter period and without going through a complicated process of defining technical matters. Despite this benefit, however, there are various potential pitfalls and limitations associated with this trial.

First of all, a court is not subsequently bound by a trial decision rendered by the Board of Trials or the Board of Appeals, whereas a Supreme Court decision is binding. An administrative

¹²¹ Supreme Court Case 81 Hu 56; July 26, 1983

¹²² Supreme Court Case 91 Ma 540; June 2, 1992

¹²³ Patent Act, Article 164, Paragraph 2

¹²⁴ *Ibid.*, Article 135, Paragraph 1

decision may be considered only as an advisory opinion or a piece of evidence for the court which hears an infringement case. Further, this trial decision is not in the nature of an enforceable judgment. Therefore, if the losing party, who happens to be the accused infringer, refuses to acknowledge the validity of the trial decision, there is not much the winning party (i.e. the patent right holder) can do, except to bring an infringement action and try to have the court accept, or, at least, take judicial notice, of the existence of the trial decision.

In addition, this trial system is designed to avoid or prevent a future dispute before it happens, by determining whether or not a particular process or article falls within the scope of a patent. Therefore, the particular process or article is not necessarily the one being actually used. It is sufficient if the process or article is likely to be used.

Accordingly, there is a likelihood or temptation on the part of an accused infringer to take advantage of this trial system in an effort to camouflage his act of infringement. That is, the accused infringer may present a fictitious process which is different from the one being actually used. In such a case, the trial decision may serve to glorify or legitimate the act of infringement. The patentee will then want to contest the admissibility of the accused party's fictitious process; but will find it only frustrating, because KIPO tribunals do not have the same discovery power that is possessed by a court. Therefore, such a contest has been rarely successful, excepting the case where the fictitious process did not work chemically at all as in the case of *Choongwae Pharm Co., Inc. vs. Janssen Pharm. N. V.*¹²⁵ Because of its inherent problems and limitations, there has been a controversy over the maintenance of the trial system, but it is not expected to be abolished in the near future.

3.16.3 *Demand for Trial*

A trial to confirm the scope of patent may be brought either by a patentee or by an interested party.¹²⁶ Any person who has received a warning letter from the patentee concerned or who is likely to be threatened or disadvantaged by the existence of the patent as valid is qualified as an interested party. Therefore, in *Chong-Hae Son vs. Taelim Agricultural Co., Ltd.*,¹²⁷ the Court held that anyone who is in the preparatory stage to start the business involving the article or process covered by the patent concerned may initiate a trial to confirm the scope of patent.

For the initiation of the trial, a written demand should be filed with the Board of Trials together with description of an article or process which will be compared with the patented invention to determine whether or not it falls within the scope of the patent. The article or process is, in practice, called the "(Ka)ho invention" and the description thereof is called the "(Ka)ho description."

In *Kongyoung Mulsan Co., Ltd. vs. Jung-Pal Park et al.*,¹²⁸ the Supreme Court held that although a demand for trial without a (Ka)ho description is improper, it may be later supplemented and, therefore, it is wrong to dismiss a demand unaccompanied by a (Ka)ho description without giving an opportunity to submit it.

Although the (Ka)ho description may be supplemented after the filing of a written demand for trial, it may not be freely amended or revised once it has been submitted. Any amendment thereto except for clerical errors is generally considered as a change in the gist of the demand, resulting in

¹²⁵ Board of Trials Case 88 Dang 616; March 31, 1989

¹²⁶ Patent Act, Article 135, Paragraph 1

¹²⁷ Supreme Court Case 85 Hu 51; July 23, 1985

¹²⁸ Supreme Court Case 64 Hu 20; March 7, 1967

the dismissal of the case. Further, the (Ka)ho invention should be described in a sufficient detail to allow its comparison with the patented invention. In case the (Ka)ho invention is unclear or not specific enough, the demand for trial may be dismissed. Therefore, it is generally required that the (Ka)ho description be prepared as detailed as typical working examples given in a patent specification.

A demand for trial can, in principle, be withdrawn before a decision becomes final. However, once the other party submits its response to the demand, it cannot be withdrawn without the consent of the respondent.

3.16.4 *Procedure of Trial*

All trials brought before the Board of Trials in KIPO proceed in almost the same manner. Therefore, the following description on the procedure of a trial to confirm the scope of patent should be largely applicable to other trials such as an invalidation trial, a trial for granting non-exclusive license, a trial for cancellation of trademark registration and the like.

(1) *Exchange of Trial Briefs*

Once a demand for trial is filed with the Board of Trials, a tribunal consisting of three trial examiners is appointed to the case. Then, the presiding trial examiner sends a copy of the trial document to the respondent and gives him an opportunity, specifying a time limit, to argue against the demand for trial. Thereafter, the petitioner and the respondent are allowed to exchange their written arguments until the case is ripe for decision.

(2) *Examination of Trial*

A trial to confirm the scope of patent should, in principle, be examined based on written documents exchanged between the parties and the references brought to the attention of the Board; however, upon the request of a party or *ex officio*, an oral examination (hearing) may be conducted. An invalidation trial is to be conducted, in principle, by an oral examination; however, in practice, most of the examination process is conducted based on written materials.

Examination of a trial case brought before the Board of Trials can be carried out *ex officio*. Therefore, the tribunal may consider any ground which has not been raised by a party to the case or an intervener. In such case, KIPO must give the parties and an intervener, if any, an opportunity to submit an opinion on such ground. Notwithstanding the above, however, KIPO tribunal cannot consider on its own motion any demand or purport of trial which has not been requested by the petitioner.¹²⁹

When a trial case has matured enough for the determination, the presiding trial examiner must notify the conclusion of the examination to the parties and, if any, the interveners. A trial decision must be rendered within 20 days from the issuance of such notification. In practice, however, the tribunal usually renders its decision at the same time as it concludes the procedure. The presiding trial examiner may also, upon the request of a party or *ex officio*, open the examination even after having issued a notification of the conclusion of examination. The KIPO tribunal may merge two or more trial cases, if this is considered appropriate.

¹²⁹ Patent Act, Article 159

It generally takes about one year from the filing date of a demand for trial to obtain a trial decision. However, it may be possible to have an expedited review of the trial.

(3) *Expedited Examination of Trial*

Although no basis for the expedited examination of a trial (and appellate trial) is provided in the Patent Act or other relevant Acts, KIPO Manual for Trials provides an expedited trial procedure for *inter partes* trial cases.

In order to formalize the procedure, KIPO's Guideline Concerning the Procedure Handling a Request for Expedited Trial, which is applicable to the requests for expedited trial made from January 1, 1996, provides that the following trials may be subject to expedited treatment:

- (i) a trial which falls under any of the following, for which a request for expedited trial has been submitted, and which has been recognized as needing an expedited treatment:
 - (a) a trial being linked to a lawsuit which is pending before a court, seeking a preliminary injunction or attachment, criminal imprisonment or the like, which may seriously affect the existence of the requester's business;
 - (b) a trial involving an invention which is made by an employee of the central Government, a local government, or a government research institute and is related to the public interest;
 - (c) a trial which has caused a public controversy;
 - (d) a trial being involved in an international dispute, and for which a request for expedited trial has been made by an agency of the Government to which one of the parties belongs; and
 - (e) a trial involving an invention capable of making a significant contribution to the public, such as pollution control, environment protection, national defense, promotion of export or the like;
- (ii) an invalidation trial lodged by an examiner of KIPO pursuant to the relevant industrial property law;
- (iii) a trial demanding the cancellation of a registered trademark having an application for the registration of associated trademark;
- (iv) a trial having a *prima facie* cause for dismissal, such as extinguishment of the requester's interest and expiration of the industrial property right involved;
- (v) a trial requiring a merger with another pending trial; and
- (vi) a trial remanded by the Board of Appeals or by the Supreme Court.

Once a request for expedited trial is submitted, a copy of the written request shall be forwarded to the other party. In due time, the trial examiners in charge of the case shall determine on the granting of the request. If the request has been made on the basis of any of the reasons stated in (i)(d) and (i)(e) above, such decision shall be made at a meeting attended by all the trial examiners of the

Board concerned. The decision on the request for expedited trial shall be promptly notified to the parties involved.

(4) *Intervention in Trial*

Any person who is entitled to initiate a trial may intervene in a trial brought by another person during the pendency of the trial. Once a request for intervention is submitted, the presiding trial examiner must notify it to the parties and other intervener(s), if any, and give them an opportunity to submit their opinion. The tribunal must decide in writing whether to accept the intervention request. A decision on intervention is not appealable.

The intervener can take any procedure of the trial, e.g., submit his own briefs, and continue procedures of the trial even after the petitioner has withdrawn his demand of trial.

(5) *Appeals*

A trial decision rendered by the Board of Trials is appealable to the Board of Appeals of KIPO and then to the Supreme Court. From March 1, 1998, however, a demand for trial should be filed with the Enlarged Board of Trials which will be established within KIPO. A trial decision of the Enlarged Board of Trials would be appealable to the Patent Court and then to the Supreme Court, subject to that court's approval.

A notice of appeal must be filed within 30 days from the date of receipt of the trial decision or the appellate trial decision. No appeal may be lodged only with respect to the award of consideration or expenses.¹³⁰

(6) *Stay of Proceedings*

If a patent infringement action is pending at the court while another action in respect of the patent concerned (e.g., an invalidation trial) is pending at KIPO, the court may, upon the request of the party, stay the infringement action until such another action pending at KIPO is finally determined. Likewise, KIPO may stay such action until the court action is finally decided.¹³¹ However, such motion for staying the court action or KIPO action has been rarely accepted in actual cases.

3.16.5 *Effects of Trial Decision*

Once a decision of the trial to confirm the scope of patent has become final, no one may bring another trial on the basis of the same facts and evidence, e.g., with the same (Ka)ho invention.¹³²

Although the courts are not legally bound by KIPO's decision on a trial to confirm the scope of patent, they tend to be influenced in complicated cases involving high technologies.

¹³⁰ *Ibid.*, Article 167

¹³¹ *Ibid.*, Article 164, Paragraphs 1 and 2

¹³² *Ibid.*, Article 163

3.17 Invalidation of Patents

3.17.1 *In General*

A patent is, in principle, presumed valid unless and until the patent has been invalidated through an invalidation trial. Therefore, the invalidity of a patent cannot be raised as a defense before the court in a patent infringement action unless the patented invention completely lacks novelty. Instead, the validity of a patent should be challenged by bringing an invalidation trial separately before the Board of Trials of KIPO.

3.17.2 *Demand for Invalidation Trial*

An invalidation trial may be initiated either by an interested party or by an examiner of KIPO at any time even after the patent concerned has expired.¹³³ This is because an infringer of a patent who had suffered from the patentee's enforcement efforts may still demand compensation for his losses after the patent has expired.

An interested party is interpreted as any person who is, or is likely to be, affected because he may be attacked by a patentee based on the patent. Therefore, any person who is in the business of manufacturing or selling products made by means of the patented invention or who, from the nature of his business, is suspected of using the patented invention is an interested party for the purpose of an invalidation trial. Further, any person who may be disadvantaged from the existence of the patent as valid, such as who is engaged in business or R & D related to the patented invention, may bring an invalidation trial.

Accordingly, the Supreme Court held in *Jong-Ahn Lee vs. Ki-Won Oh*¹³⁴ that the demandant of trial, a manufacturer of high pressure hoses, was an interested party even though his business was closed during the trial because of poor sales. However, in a later case,¹³⁵ it was held that a licensee of the patent concerned was not an interested party who can bring an invalidation trial against the licensed patent as long as the license agreement is valid.

A demand for invalidation trial made by a person who is not an interested party cannot be remedied; and, therefore, is dismissed. The issue of whether or not a demandant is an interested party is to be investigated *ex officio* and determined, prior to reviewing any substantive issues, even if the standing of the demandant was not questioned by the respondent. If the demandant is not an interested party but the intervener of the trial is, the demand for trial must still be dismissed.

The respondent in an invalidation trial is the patentee as shown on the patent register. Therefore, if the patent was assigned but the assignment has not yet been recorded on the patent register, a notice of a demand for trial together with copies of documents relevant to the trial will be forwarded directly to the previous owner unless a patent administrator of the patent has been appointed and recorded at KIPO. This means that the current patentee or owner who has a real stake in the trial may neither get the notice nor have a sufficient time to respond. In this connection, therefore, it is highly recommended to immediately record the transfer of the ownership, if any, or to appoint a patent administrator so that a notice of trial and relevant documents can be properly served.

¹³³ *Ibid.*, Article 133, Paragraph 2

¹³⁴ Supreme Court Case 80 Hu 72; January 1, 1981

¹³⁵ *GoldStar Co., Ltd. vs. Duk-Sul Kim* (Supreme Court Case 80 Hu 77; July 28, 1981)

3.17.3 *Partial Invalidation*

As one or more claims are allowed in a patent, an invalidation trial may be brought with respect to each of the claims. Accordingly, a patent may be partially invalidated.

3.17.4 *Grounds for Invalidation*

Grounds for invalidation of a patent are enumerated in the Patent Act as follows:

- (i) where the patent has been granted in violation of Articles 25 (Capacity of Foreigner), 29 (Requirements for Patentability), 31 (Plant Patent), 32 (Unpatentable Invention), 33 (Patent Application filed by a Person Having No Such Right), 36 (First-to-File Rule), 42 (Disclosure Requirements) or 44 (Joint Applicants);
- (ii) where the patent has been granted to a person who is not entitled to a patent with respect of the invention concerned;
- (iii) where the patent has been granted in violation of a treaty; or
- (iv) where, after the grant of the patent, the patentee loses the capacity to enjoy a patent right, or the patent comes to be in violation of a treaty.

3.17.5 *Statute of Limitation*

Under the current Patent Act, an invalidation trial of a patent may be initiated at any time, even after the term of the patent has expired.

However, under the old Patent Act which was effective until August 31, 1990, an invalidation trial may not be filed after five years from the date of registration of the patent for any of the following grounds:

- (i) where an invention was described in a publication distributed outside the Republic of Korea prior to the filing of the patent application therefor; or
- (ii) where an invention could easily be conceived by a person having an ordinary skill in the relevant art from the publication mentioned (i) above.

The old Patent Act is still applicable to invalidation trials brought against patents which were filed prior to September 1, 1990. Therefore, the above statute of limitation may be a bar to bringing an invalidation trial against these patents.

3.17.6 *Procedure of Trial*

An invalidation trial proceeds in almost the same manner as a trial to confirm the scope of patent. Therefore, the discussion made in 3.16.4 with respect to the procedure of a trial to confirm the scope of patent may be referenced.

Once an invalidation trial is initiated, the presiding trial examiner should notify such fact to the patentee concerned and, if any, his exclusive or non-exclusive licensee.¹³⁶

An invalidation trial must, in principle, be conducted by oral hearings; however, the presiding trial examiner may, upon the request of a party or *ex officio*, conduct it through the examination of briefs and written documents alone. However, in practice, an invalidation trial is normally conducted without an appearance or oral hearing. In case an oral hearing is being held, the presiding trial examiner will serve on the parties a summons specifying the date and place of the oral hearing. Oral hearings must be open to the public except where they involve a matter injurious to the public interest or morality.

A demand for invalidation trial may be withdrawn at any time prior to the conclusion of the case. However, once the respondent has submitted his response to the demand, the demandant must first obtain the consent of the respondent. If the demand has been duly withdrawn, it is considered as having never been filed.

3.17.7 *Effects of Invalidation Decision*

Once a trial decision holding a patent invalid has become final and conclusive, the patent is, in general, regarded as having never been granted.¹³⁷ However, if a patent is invalidated on the ground that the patentee became, after obtaining the patent, a person who is not entitled to the patent right, or the patent, upon having been registered, is in contravention of a treaty, the patent will be regarded as having been extinguished from the time when the patent came to fall under that ground of invalidation.

Further, once a decision of invalidation trial has become final, no one may initiate another invalidation trial on the basis of the same facts and evidence.

Since a patent, once being invalidated, is regarded as never having been granted, an action for reconsideration of a decision or judgment of patent infringement action may be brought before the court. Further, any person who suffered losses for the reason that he had infringed a patent which was later invalidated may file an action seeking the compensation for his losses. However, it is generally understood that royalties collected from licensees need not be returned.

3.18 Correction of Patents

3.18.1 *In General*

A patentee may bring a trial for correction to have amended the specification, claims and/or drawings of his patent.¹³⁸ This is to clarify the scope of patent protection by correcting an ambiguous or incomplete description. Further, in case claims of a patent are so broad that they may be invalidated as a whole, the patentee may have the scope of the claims narrowed through this trial. A trial for correction is brought before the Board of Trials and, from March 1, 1998, before the Enlarged Board of Trials of KIPO.

¹³⁶ Patent Act, Article 133, Paragraph 4

¹³⁷ *Ibid.*, Article 133, Paragraph 3

¹³⁸ *Ibid.*, Article 136

3.18.2 *Scope of Correction*

Correction may be made only for any of the following purposes:

- (i) to narrow the scope of claim(s);
- (ii) to correct clerical errors; and
- (iii) to clarify ambiguous descriptions.

No correction to broaden or alter the content of claim(s) is allowed. In case it is intended to narrow claims, the corrected claims must be the ones which would have been patentable at the time of filing the patent application concerned.

3.18.3 *Demand for Trial*

A trial for correction may be filed only by the patentee concerned. A written demand for trial should be accompanied by the corrected specification, claims and/or drawings. In case an exclusive licensee, pledgee or non-exclusive licensee has been recorded with respect to a patent, the patentee cannot file this trial without obtaining the consent from such an interested party.

Although a trial for correction may not be brought after the patent concerned has been invalidated, it may be lodged even after the patent has expired.

3.18.4 *Procedure of Trial*

The procedure of a trial for correction is somewhat different from that of a trial to confirm the scope of patent or an invalidation trial. Once a demand of a trial for correction is filed with the Board of Trials of KIPO, a tribunal consisting of three trial examiners is appointed. The trial examiners will review the demand to determine whether or not the demanded scope of correction is allowable under the Patent Act; and, if so, they must render a decision to publish the demand of correction in the official gazette.

Once the demand of a trial for correction is published, any one may file an opposition against the demand within two months from the publication date. The opposition procedure is almost the same as that for an opposition filed against the publication of a patent application after the substantive examination, as discussed in 3.7.6.

If it is considered that the demand does not satisfy the relevant requirements under the Patent Act, the trial examiners must issue a notice of preliminary rejection, stating the reasons therefor; and give the patentee an opportunity, specifying a time limit, to submit a response to the preliminary rejection.

Upon receipt of the patentee's response, the trial examiners may either render a decision to publish the demand or issue a notice of final rejection of the demand. The patentee may appeal to the Board of Appeals against the final rejection within 30 days from the date of receipt of the notice of final rejection. If the final rejection is upheld by the Board of Appeals, the patentee may appeal to the Supreme Court within 30 days from the date of receipt of the appellate trial decision, only on the grounds that the decision was made in violation of the applicable law.

This appeal procedure is to be changed from March 1, 1998. Under the new appeal system, a trial for correction will be initiated at the Enlarged Board of Trials of KIPO, and the Board's decision appealed to the Patent court and then to the Supreme Court, if that court accepts the case.

3.18.5 *Effects of Correction*

If a trial decision allowing the correction of the specification, claims and/or drawings of a patent becomes final and conclusive, it is considered that the patent application, laid-open publication, publication for opposition, decision for allowance thereof, and registration of the patent right have been made on the basis of the corrected specification, claims and/or drawings.¹³⁹

3.18.6 *Invalidation Trial on Correction*

If the correction of a patent is allowed in violation of the Patent Act, either an interested party or an examiner may bring an invalidation trial on the correction.¹⁴⁰ Such invalidation trial may be initiated even after the patent concerned has been extinguished. The procedure for such invalidation trial is the same as that of the invalidation trial against a patent, as discussed in 3.17.6.

3.19 Transfer of Patents

3.19.1 *In General*

As a patent right is a kind of property right, it is, of course, alienable.¹⁴¹ Therefore, a patent right can be an object of assignment, inheritance, investment and the like. Unlike a right to obtain a patent, a patent right can be also an object of pledge.¹⁴²

No transfer of a patent right, except for the case of inheritance or other general succession, becomes effective against third parties unless it is recorded on the patent register at KIPO.¹⁴³ In case of inheritance or other general succession, however, a report to that effect should be made, without delay, to the Commissioner of KIPO.

If a patent is jointly owned, no owner may transfer or allow a pledge over his share without obtaining the consent of all the other joint owners.

3.19.2 *Recordation of Transfer*

In order to record the transfer of a patent right, a petition for the recordation of transfer of a patent right should be filed with KIPO by both the assignor and the assignee; and the following documents are necessary:

- (i) any evidence showing the transfer, such as a deed of assignment;
- (ii) in case the consent of a third party (e.g. a joint owner, licensee or pledgee) is required, a

¹³⁹ *Ibid.*, Article 136, Paragraph 9

¹⁴⁰ *Ibid.*, Article 137, Paragraph 1

¹⁴¹ *Ibid.*, Article 99, Paragraph 1

¹⁴² *Ibid.*, Article 37, Paragraph 2

¹⁴³ *Ibid.*, Article 101, Paragraph 1

written consent of the third party;

- (iii) notarized nationality certificates of both the assignor and the assignee showing that the persons who have executed the relevant documents, such as the deed of assignment, have a lawful authority to do so; and
- (iv) a power of attorney, in case of using an agent.

3.20 Licensing of Patents

3.20.1 *In General*

A patentee may grant any one a license, whether exclusive or non-exclusive, with respect to his patent right by an agreement.¹⁴⁴ In general, the terms and conditions of the license may be freely determined by the licensor and the licensee.

If a patent right is jointly owned, however, no owner may grant a license without the consent of all the other joint owners, although each owner may freely practice the patented invention.

3.20.2 *Exclusive License*

A patentee may grant an exclusive license with respect to his patent. Once an exclusive license has been granted, in general, the patentee may neither work nor license his patent within the scope of the exclusive license. However, in the exclusive license agreement, the patentee may reserve the right to a non-exclusive license for himself so that he can practice the patented invention.

An exclusive license for a patent is established upon the recordation thereof on the patent register. It may not become effective against a third party unless it is recorded on the patent register, although it is effective between the parties.

An exclusive licensee is granted the same protection against infringement as that given to the patentee under the Patent Act. Therefore, an exclusive licensee may bring a civil action at the court against one who has infringed his exclusive license. All civil remedies available to a patentee, such as injunctive relief, compensation for damages and restoration of injured business goodwill or reputation, are also available to an exclusive licensee. In addition, criminal sanctions may also be imposed against the infringer of exclusive license.

In case a non-exclusive license has already been granted and recorded on the patent register prior to the establishment of an exclusive license, It is understood that the non-exclusive license is effective against the exclusive licensee. Further, licenses acquired by the operation of law or compulsory licenses are effective against the exclusive licensee even if they are established after the establishment of the exclusive license.

Except for the case of a transfer together with the underlying business or by inheritance or other general succession, no exclusive license may be transferred without the consent of the patentee. Further, no exclusive licensee may establish a pledge right over his exclusive license or grant a non-exclusive license, without obtaining the consent from the patentee.

¹⁴⁴ *Ibid.*, Article 100, Paragraph 1 and Article 102, Paragraph 1

If the recorded exclusive licensee has allowed a pledge over his exclusive license or has granted a non-exclusive license to a third party, he may not abandon his license without the consent from the pledgee or non-exclusive licensee.

If the patentee transfers to a third party his patent right for which an exclusive license has been granted, the recorded exclusive licensee (unlike non-recorded licensee) may assert his license against the third party assignee of the patent. Further, if the patentee has established a pledge over his patent, the recorded exclusive licensee (unlike non-recorded licensee) may assert his license against a new owner who acquires the patent as a result of an auction to satisfy the pledge.

No transfer, change of recorded particulars, extinction, or restrictions on the disposition, of the recorded exclusive license may become effective unless it has been recorded on the patent register.

3.20.3 *Non-exclusive License*

A patentee may grant a non-exclusive license with respect to his patent. Unlike an exclusive license, a non-exclusive license may be established by the license agreement although it is not yet recorded on the patent register. It has to be recorded, however, to be effective against a third party.

A non-exclusive licensee of a patent has the right to practice the patented invention for business within the scope granted by the license agreement. However, he may not bring an infringement action on behalf of the patentee or exclusive licensee.

A non-exclusive license may be transferred only with the licensed business, in case of inheritance or other general succession, or with the consent of the patentee. However, a compulsory license granted through an arbitration may not be transferred unless together with the underlying business or in case of inheritance or other general succession. Further, the non-exclusive licensee may not allow a pledge over his non-exclusive license without the consent of the patentee and, if any, the recorded exclusive licensee.¹⁴⁵

A non-exclusive license may be extinguished by the expiration of license period, release or cancellation of the license agreement, abandonment of the non-exclusive license, or extinguishment of the patent or exclusive license for which the non-exclusive license has been granted.

¹⁴⁵ *Ibid.*, Article 102, Paragraphs 3 and 6

Chapter 4: Utility Models

- 4.1 Introduction
- 4.2 Protectable Subject Matter
 - 4.2.1 Devices
 - 4.2.2 Non-registrable Devices under the Statute
- 4.3 Conditions for Registrability
 - 4.3.1 In General
 - 4.3.2 Industrial Applicability
 - 4.3.3 Novelty
 - 4.3.4 Inventive Step
- 4.4 Utility Model Application
 - 4.4.1 Applicant
 - 4.4.2 Documents Required
 - 4.4.3 Specification and Claims
- 4.5 First-to-File Rule
- 4.6 Registration Procedure
- 4.7 Amendment to Utility Model Application
- 4.8 Division of Application
- 4.9 Conversion of Application
- 4.10 Duration of Protection
- 4.11 Scope of Exclusive Rights
 - 4.11.1 Exclusive Rights
 - 4.11.2 Exceptions to Exclusive Rights
- 4.12 Compulsory Licenses

4.13 Infringement

- 4.13.1 In General
- 4.13.2 Acts of Infringement
- 4.13.3 Civil Remedies
- 4.13.4 Criminal Sanctions

4.14 Trial to Confirm the Scope of Utility Model Right

4.15 Invalidation of Utility Model Registration

- 4.15.1 *Mutatis Mutandis* Application of the Patent Act
- 4.15.2 Grounds for Invalidation
- 4.15.3 Statute of Limitation

4.16 Correction of Utility Model Registration

4.17 Transfer and Licensing of Utility Model Registration

4.1 Introduction

Today most of countries have a patent system for the protection of inventions. However, utility model protection is only available in relatively few countries such as Germany, Japan and the Republic of Korea. Utility models are also often called “petty patents.” Utility model protection generally covers only the shape or configuration of an object, and not a chemical compound or a chemical process.

The industrial sector in the Republic of Korea consists primarily of medium and small size companies, apart from a small number of major conglomerates. The utility model system has been regarded as a means of encouraging particularly these medium or small size companies to develop their technologies. While, recently, the necessity or desirability of maintaining the utility model protection system has been discussed, it does not appear likely that the Republic of Korea will abolish this system in the near future. It has, however, been suggested that the Republic of Korea might follow the Japanese or German practice and adopt a non-examination registration procedure.

The first legal protection of utility models in Korea was provided when the Yi Dynasty in its closing years promulgated a Utility Model Decree which became effective on November 1, 1909; this Decree was replaced by Japanese law in 1910. The Patent Act enacted as Military Administration Decree No. 91 under U.S. military administration became effective on October 15, 1946.

On December 31, 1961, the Government of the Republic of Korea enacted its own Utility Model Act. Revisions to the 1961 Act were made several times including a complete redraft in 1990. The latest revision, made in 1995 to comply with the requirements of the TRIPS Agreement, was enacted on December 29, 1995, as Law No. 5,081, and the new Utility Model Act became effective as of July 1, 1996.

Due to the similarity between patentable inventions under the Patent Act and devices protectable under the Utility Model Act, the contents of the Utility Model Act are very similar to those of the Patent Act. A number of provisions of the Patent Act apply *mutatis mutandis* to utility models.

The purpose of the Utility Model Act, like the Patent Act, is to promote technological progress and thereby contribute to the development of national industry by encouraging, protecting and fostering the creation of useful devices.¹⁴⁶

4.2 Protectable Subject Matter

4.2.1 Devices

According to Article 4(1) of the Utility Model Act, a device on the shape, structure or assembly of an article is eligible for registration as a utility model. A “device” is defined as “a creation of a technical idea utilizing the laws of nature.”¹⁴⁷

Since an invention patentable under the Patent Act is defined as “a high level creation of a technical idea utilizing the laws of nature,” a device can be considered as a kind of invention, although it depends on the inventive level of an invention whether an invention on the shape, structure or assembly

¹⁴⁶ Utility Model Act, Article 1

¹⁴⁷ *Ibid.*, Article 2

of an article is eligible for protection under the Patent Act or under the Utility Model Act. In practice, however, it is not easy to decide whether or not a creation of a technical idea is of a high level. Therefore, conversion between a utility model application and a patent application is allowed.

Further, while a device protectable as a utility model relates to the function of an article, a design is concerned with the outer appearance of an article. Although the function and the appearance of an article can be distinguished conceptually, they may in practice be inseparable in some cases. Therefore, conversion between a utility model application and a design application is also allowed.

4.2.2 *Non-registrable Devices under the Statute*

For public policy considerations, certain devices may not be registered even if they otherwise satisfy the requirements for utility model registration. Specifically, Article 6 of the Utility Model Act stipulates that the following may not be registered:

- (i) devices which are identical with, or similar to, the national flag or decorations; and
- (ii) devices which are liable to contravene public order or morality or to injure public health.

4.3 **Conditions for Registrability**

4.3.1 *In General*

To be registrable as a utility model, a device must be industrially applicable and novel and involve an inventive step. These requirements, except for the inventive step, are basically similar to those for patent.

In this connection, the Supreme Court held in *Shin Dong Machine Co. vs. Seung-Moon Kim et al.*¹⁴⁸ that, since the subject matter of protection under the Utility Model Act is a new device as to the shape, structure or assembly of an article, the issue of whether a registered utility model is identical with or similar to another device should be determined by comparing such shape, structure or assembly; however, it should also be determined by comparing the function and effect of the two devices, such as their respective use, value and the like. In the later case of *Chang-Woo Lee vs. Kana Co.*,¹⁴⁹ the Court clarified that the identicalness or similarity of the technical idea represented by the physical appearance of shape, structure or assembly of an article is more important than the function and effect thereof.

4.3.2 *Industrial Applicability*

Article 4(1) of the Utility Model Act requires a device to be industrially applicable because the purpose of the utility model registration system is to contribute to industrial development. The industrial applicability requirement is met by a showing of a possibility of industrial use.

¹⁴⁸ Supreme Court Case 86 Hu 22; December 9, 1986

¹⁴⁹ Supreme Court Case 87 Hu 83; June 28, 1988

4.3.3 Novelty

Under the Utility Model Act, a device is considered lacking novelty if it is either:¹⁵⁰

- (i) a device which was publicly known or worked in the Republic of Korea prior to the filing of the utility model application therefor; or
- (ii) a device which was described in a publication distributed in or outside the Republic of Korea prior to the filing of the utility model application therefor.

This novelty requirement for a utility model is completely the same as that for a patentable invention under the Patent Act. In *Choon-Suk Park vs. Won-Yul Hwang*,¹⁵¹ it was held that, since a registered utility model was directed to an apparatus for the manufacture of a painting roller, it is wrong to conclude that the device lost novelty only from the fact that the roller had been marketed prior to the filing date of the utility model application.

Further, it has been held by the Supreme Court that “publicly known” means the device has been in a state accessible by a plurality of unspecified people, and “distributed” means it has been in a state which allows a plurality of unspecified people to gain access to its publication. Therefore, in *Soon-Wha Kim vs. Duck-Sang Ko, et. al.*,¹⁵² the Court held that it was wrong to conclude, only from the fact that a device was described in a brochure of a certain company, that the device was publicly known or described in a publication distributed, without further reviewing whether or not the brochure was in a state in which a number of unspecified people were able to see it.

Further, a utility model application may be rejected on the ground that it lacks novelty, if the device claimed in the utility model application is the same as the one disclosed in the specification and/or drawings of another utility model or patent application which was filed prior to, but published after, the filing date of the utility model application concerned, unless the inventors or applicants of the two applications are the same.¹⁵³

Like an invention under the Patent Act, a device is presumed to be novel in certain circumstances even if the device was publicly known or practiced, or disclosed in a publication prior to the filing of the utility model application therefor.¹⁵⁴ Matters relating to the presumption of novelty of a device are exactly the same as those of an invention. Therefore, the discussion made in 3.3.4 is equally applicable here.

4.3.4 Inventive Step

A device may not be granted a utility model registration if the device could very easily have been made by a person skilled in the relevant art based on a device or devices which had been publicly known or worked in the Republic of Korea or which had been described in a publication distributed in or outside the Republic of Korea prior to the filing of the utility model application therefor.

¹⁵⁰ Utility Model Act, Article 4, Paragraph 1

¹⁵¹ Supreme Court Case 72 Hu 27; June 25, 1974

¹⁵² Supreme Court Case 82 Hu 84; April 26, 1983

¹⁵³ Utility Model Act, Article 4, Paragraph 3

¹⁵⁴ *Ibid.*, Article 5

This non-obviousness requirement under the Utility Model Act is almost the same as that of the Patent Act. The only difference is that the Utility Model Act contains the word “very,” thereby distinguishing the level of inventiveness required in the two Acts. In order to be patented, inventions must have a high degree of inventiveness over the prior art, whereas a lesser degree of inventiveness is required for devices to be registered as utility models. In this connection, the Supreme Court stated that, although a utility model does not require as high a degree of inventiveness as a patent, a device should constitute a technical progress by improving the function and effect of an article in order to be registered as a utility model.¹⁵⁵

The Manual of Utility Model Examination, published by the Korean Industrial Property Office (“KIPO”), illustrates that the following devices are not considered as registrable unless they produce new or unexpectedly superior effects:

- (i) a simple combination of known devices;
- (ii) a simple conversion, addition or deletion of conventional means;
- (iii) a simple change of design or material; and
- (iv) a simple limitation or change of numbers, shape, arrangement and the like.

4.4 Utility Model Application

4.4.1 Applicant

The inventor of a device has the right to obtain a utility model registration for the device. If a device has been made by more than one person, the right to obtain a utility model registration for the device is jointly owned and the utility model application must be filed by all of the joint owners.

An assignee of the right to a device can also file a utility model registration for the device with KIPO. The applicant of a utility model application must be either a natural person or a juridical person. As for the matters relating to assignment of the right to obtain a utility model registration, the discussion made in 3.4.1 may be referenced.

4.4.2 Documents Required

A person who desires to obtain a utility model registration must submit to KIPO the following documents:¹⁵⁶

- (i) an application stating the name and address of the inventor and the applicant (including the name of a representative, if the applicant is a juridical person), the date of submission, the title of the device and, if the right of priority is claimed, the country and filing date(s) of the priority application(s);
- (ii) a specification setting forth (a) the title of the device, (b) a brief description of drawings, (c) a detailed description of the device and (d) claim(s);

¹⁵⁵ *Dega Co., Ltd. vs. Nam-Pil Lim et. al.* (Supreme Court Case 82 Hu 17; December 27, 1983)

¹⁵⁶ Utility Model Act, Article 8, Paragraph 1

- (iii) drawing(s);
- (iv) an abstract;
- (v) if the right of priority is claimed, the priority document which is a certified copy of the priority application together with its Korean translation; and
- (vi) a power of attorney, if necessary.

Documents (i), (ii), (iii) and (iv) above must be submitted in triplicate at the time of filing the utility model application. Concerning the filing of two copies of such documents on floppy disc, the discussion made in 3.4.2 may be referenced. The priority document of item (v) above may be submitted within one year and four months from the priority date.

Unlike a patent application, drawing(s) must be always submitted with a utility model application. Since a utility model is directed to the shape, structure or assembly of an article, drawings are needed for the explanation and understanding of the device.

4.4.3 *Specification and Claims*

In the specification, the object, construction, function and effect of a device must be described in detail so as to allow it to be easily practiced by a person having an ordinary skill in the relevant art.

The scope of protection of a registered utility model is determined by the matter contained in the claims. Such matter may be described in one or more claims. According to Article 8(4) of the Utility Model Act, claims must be supported by the disclosures made in the specification. Further, the device must be described clearly and concisely in the claims.

Unlike the Patent Act, however, the Utility Model Act does not recognize the concept of a group of inventions so linked as to form a single invention. Therefore, only one independent claim is, in principle, to be allowed in a utility model application, unless it is inappropriate to describe the device in one independent claim. In practice, however, KIPO often allows a multiple number of independent claims in utility model applications.

4.5 **First-to-File Rule**

The first-to-file rule applies not only between conflicting utility model applications but also between a patent application and a utility model application.¹⁵⁷

In case one of the conflicting applications is invalidated or withdrawn, that application is deemed to have never been filed.¹⁵⁸ Therefore, in *GoldStar Co. Ltd. vs. Samsung Electronics*,¹⁵⁹ it was held that, in case two applications were filed for the same device on the same day and both were erroneously registered, if one of the two registrations was later invalidated finally and conclusively, it is wrong to invalidate the other registration simply because there were two conflicting applications.

¹⁵⁷ *Ibid.*, Article 7, Paragraph 3

¹⁵⁸ *Ibid.*, Article 7, Paragraph 4

¹⁵⁹ Supreme Court Case 89 Hu 1103; August 14, 1990

However, if one of the conflicting applications is finally rejected without having been laid-open or published, that application does not lose its status as an earlier-filed application.¹⁶⁰

Since the first-to-file rule under the Utility Model Act is the same as that of the Patent Act, the discussion in 3.6 above may be referenced.

4.6 Registration Procedure

Since the procedure for the granting of a utility model registration is almost the same as that for the granting of a patent, the discussion in 3.7 above may be referenced. The only difference is that the request for examination of a utility model application should be made within three years from the filing date of the application,¹⁶¹ whereas the request for examination of a patent application should be made within five years from its filing date.

The filing date from which the three-year period is counted is the filing date in the Republic of Korea, not the priority date. In case of a divisional application or converted application, the filing date for this purpose is that of the parent or original application from which the divisional or converted application is derived. If such division or conversion is made after the three-year period, a request for examination for the divisional or converted application must be made within 30 days from the filing date of the divisional or converted application.¹⁶²

In the case of an international application filed under the PCT, the three-year period is counted from the international filing date, not from the date of entry into the national phase in the Republic of Korea.

Examination of a utility model application is substantially the same as that of a patent application in both procedural and substantive aspects. Utility model applications will be taken up for examination in the order that their request for examination were filed. It generally takes about two to three years to complete the examination of a utility model application. Expedited examination may be requested for certain categories of utility model applications.

The procedures for the rejection of a utility model application and appeals against the rejection are the same as those of a patent application, since all of the relevant provisions of the Patent Act apply *mutatis mutandis* to a utility model application under Article 15 of the Utility Model Act. Therefore, the discussion in 3.7.4 above is equally applicable to a utility model application.

Accordingly, if the examiner finds no ground for rejection of a utility model application, he must issue a notice of decision to publish the utility model application. Once a utility model application has been published in the official gazette, called “the Utility Model Publication Gazette”, any person may file an opposition within two months from the publication date. As for the opposition to a utility model application, the discussion in 3.7.6 above may be referenced.

If no opposition is filed, or any opposition has been determined to have no merit, the examiner must issue a notice of decision to grant registration, after having reviewed again whether or not there is any reason for rejection. Then a registration fee, the first three years’ annuities, must be paid within

¹⁶⁰ *In re Je-Soon Song* (Supreme Court Case 90 Hu 2331; September 24, 1991)

¹⁶¹ Utility Model Act, Article 12, Paragraph 2

¹⁶² *Ibid.*, Article 12, Paragraph 3

three months from the date of receipt of such notice. In case he fails to pay the registration fee within the three-month period, the registration can still be made by paying twice the usual fee within six months after the expiration of the three-month period.

4.7 Amendment to Utility Model Application

As for the amendment to the specification and claims, the relevant provisions of the Patent Act are applicable to utility model applications. Therefore, as in the Patent Act, there are restrictions on the timing and scope of amendments. The discussion in 3.8 above with respect to the amendment of a patent application holds true here too.

Basically, an amendment to the specification and drawings can only be made before the applicant receives a notice of decision to publish the application, whereas claims may be further amended even after the publication. Therefore, a question was raised whether the specification and drawings can be amended during an appeal against the final rejection rendered as a result of an opposition filed upon the publication of the application. In the case of *In re Kabushiki Kaisha Nippon Banok Shokai*,¹⁶³ the Court held that the amendment to the specification and drawings is allowed because an amendment made during an appeal against the final rejection should be treated as the one made prior to the publication of application.

4.8 Division of Application

Under Article 9 of the Utility Model Act, it is required that one application for utility model registration be related to one device only. In this connection, the Enforcement Decree of the Utility Model Act provides that a utility model application having one independent claim directed to one device is considered as one application for one device. However, in case it is inappropriate to describe the device in one independent claim, the application may have two or more independent claims.¹⁶⁴

Article 52 of the Patent Act relative to the division of a patent application applies *mutatis mutandis* to a utility model application under Article 11 of the Utility Model Act. Therefore, the discussion made in 3.9 with respect to the division of a patent application may be used.

4.9 Conversion of Application

A patent application or a design application may be converted to a utility model application. Likewise, a utility model application may be converted to a patent or design application. According to Article 10 of the Utility Model Act, the applicant of a patent or design application may, on his own initiative or in response to a preliminary rejection of the examiner, convert his application to a utility model application.

Although conversion of an application may be made in response to a rejection thereof by the examiner, the Supreme Court held in *In re Uesudo Denki K. K.*¹⁶⁵ that it is not a violation of law that the examiner finally rejected an application without requiring that the application be converted.

¹⁶³ Supreme Court Case 83 Hu 50; July 7, 1987

¹⁶⁴ Enforcement Decree of the Utility Model Act, Article 2

¹⁶⁵ Supreme Court Case 83 Hu 63; September 11, 1984

Under the previous Utility Model Act, effective until June 30, 1996, such conversion should be made within 30 days from the date of receipt of a notice of the first final rejection with respect to the patent or design application or three years from the filing date of the patent or design application.¹⁶⁶ The time limit for the conversion of a patent or design application to a utility model application has been changed by the amendment to the Utility Model Act made in 1995. Under the new Utility Model Act, which became effective as of July 1, 1996, such conversion is possible at any time as long as the 30-day period from the date of receipt of the first final rejection with respect to the original patent or design application has not lapsed.

If a patent or design application has been duly converted to a utility model application, the patent or design application is considered to have been withdrawn. Further, a utility model application converted from a patent or design application is, in general, deemed to have been filed on the filing date of the patent or design application.¹⁶⁷

In case a patent application is converted to a utility model application, it should be noted that drawings, if they were not contained in the patent application, must be prepared and submitted at the time of conversion, provided, of course, that the drawings do not go beyond the scope of the original disclosure.

4.10 Duration of Protection

Under the new Utility Model Act, effective as of July 1, 1996, the term of a utility model right is 15 years from the filing date of the utility model application. Under the previous Utility Model Act, the term was 10 years from the publication date or 15 years from the filing date, whichever was shorter.¹⁶⁸ However, pursuant to the transitional measure of the new Utility Model Act, the new term became applicable retroactively to those utility model applications or registrations which were still pending or alive on July 1, 1996.

The term of a utility model right has been progressively lengthened. Under the Utility Model Act, which became effective as of January 1, 1981, the term of a utility model right was 10 years from the publication date or, if no publication is made, from the registration date; and the term could not extend beyond 12 years from the filing date of the utility model application. Under the Utility Model Act which became effective as of July 1, 1987, the term was 10 years from the publication date or, if no publication is made, from the registration date; however, unlike the previous Act, there was no such cap as 12 years from the filing date.

By the amendment to the Act made in 1990, the term of a utility model right for which an application was filed on or after September 1, 1990, became 10 years from the date of publication (for opposition) of the utility model application or, if no publication is made, from the date of registration of the utility model right. The term, however, could not exceed 15 years from the filing date of the utility model application.

It should be further noted that, unlike the Patent Act, the Utility Model Act does not provide a system for an extension of the term of utility model rights.

¹⁶⁶ Utility Model Act, Article 10, Paragraph 1

¹⁶⁷ *Ibid.*, Article 10, Paragraphs 2 and 3

¹⁶⁸ *Ibid.*, Article 22, Paragraph 1

4.11 Scope of Exclusive Rights

4.11.1 *Exclusive Rights*

A utility model right is established by the registration thereof at KIPO with the payment of a registration fee. Once a utility model is registered under the Utility Model Act, the owner of the registration has the right to exclusively practice the registered device for business and to exclude others from practicing the registered device.¹⁶⁹ The term “practice” is defined as an act of producing, using, transferring, leasing, importing or offering for sale or lease (including displaying for sale or lease) the articles related to the registered device.¹⁷⁰

However, if the practice of a registered utility model requires the use of another person’s registered utility model, patented invention or registered design for which application was filed prior to the filing date of the utility model application concerned, or if the utility model right is in conflict with another person’s design right for which an application was filed prior to the filing date of the utility model application concerned, the owner of the utility model registration or his exclusive or non-exclusive licensee may not practice his registered utility model for business unless he obtains the consent from such other person or a non-exclusive license for such other person’s patent, utility model registration or design registration.¹⁷¹

4.11.2 *Exceptions to Exclusive Rights*

(1) *Public Interest*

Pursuant to Article 24 of the Utility Model Act, a utility model right does not extend to any of the following matters:

- (i) practicing of the registered utility model for the purpose of research or experiments;
- (ii) a vessel, aircraft or land vehicle merely in transit through or over the Republic of Korea, or a machine, instrument, equipment or other article used in respect thereof; and
- (iii) an article which was already in existence in the Republic of Korea at the time the utility model application was filed.

(2) *Non-exclusive License of Employer for Employee’s Device*

Articles 39 and 40 of the Patent Act which allow a non-exclusive license for a certain invention of an employee to the employer are applicable to utility model registrations pursuant to Article 11 of the Utility Model Act. Therefore, the discussion in 3.13.4(2) above applies here equally.

(3) *Non-exclusive License of Prior User*

Article 103 of the Patent Act which grants a prior user a non-exclusive license for a patent applies *mutatis mutandis* to a utility model registration. Therefore, anyone who has been engaged in, or has

¹⁶⁹ *Ibid.*, Article 23

¹⁷⁰ *Ibid.*, Article 2

¹⁷¹ *Ibid.*, Article 25

been preparing for, the business of practicing a registered utility model in the Republic of Korea, without knowing the contents thereof, at the time of filing the utility model application concerned, has a non-exclusive license for the utility model registration within the scope of his business. The discussion in 3.13.4(3) above may be referred to.

(4) *Non-exclusive License for Working of Registered Utility Model Prior to Demand of Invalidation Trial*

If any of the following persons was, in good faith, engaged in the business of working a registered utility model, or ready to operate such business before a demand for invalidation trial against the utility model registration is recorded on the utility model register at KIPO, he may be entitled to a non-exclusive license for the utility model registration:¹⁷²

- (i) the owner of a utility model registration which is invalidated on the ground that two or more utility model registrations were granted as to a same device;
- (ii) the owner of a patent which is invalidated on the ground that the patented invention is identical with a registered utility model;
- (iii) the owner of a utility model registration which is invalidated for the reason that another utility model registration for a same device is granted to the duly entitled person;
- (iv) the owner of a patent which is invalidated on the ground that a utility model registration for the device which is the same as the patented invention is granted to the duly entitled person; and
- (v) a person who has already acquired an exclusive or non-exclusive license for a utility model registration which was later invalidated, and recorded the license on the utility model register before the demand for invalidation trial is recorded.

Such a non-exclusive licensee is allowed to practice the registered utility model within the scope of his business as it was at the time of recordation of the demand for invalidation trial on the utility model register. Further, the licensee must pay a reasonable compensation to the owner of the utility model registration.

(5) *Non-exclusive License after Expiration of Design Right*

If a design right which was filed on or prior to the filing date of a utility model application is in conflict with the utility model right, the owner of the design right has the right to a non-exclusive license for the utility model right within the scope of the design right, after the expiration of the term of the design right.¹⁷³

In addition, a person who was an exclusive or non-exclusive licensee of such design right at the time of expiration thereof is also entitled to a non-exclusive license for the utility model right within the scope of his original right.

¹⁷² *Ibid.*, Article 26, Paragraph 1

¹⁷³ *Ibid.*, Article 27, Paragraph 1

The owner of the design right or his exclusive or non-exclusive licensee must pay a reasonable compensation to the owner of the utility model right.¹⁷⁴ The discussion in 3.13.4(5) also applies in this context.

(6) *Non-exclusive License of Prior User for Utility Model Registration Reinstated by Action for Reconsideration*

Under Article 182 of the Patent Act, a non-exclusive license may be granted to a certain prior user for the patent which was invalidated and then reinstated by an action for reconsideration. This provision is also applicable to utility model rights pursuant to Article 35 of the Utility Model Act. Hence the discussion in 3.13.4(6) may be referred to.

(7) *Non-exclusive License of Former Licensee Having Lost License by Action for Reconsideration*

According to Article 183 of the Patent Act, a non-exclusive license may be granted to a certain licensee who has lost his license in an action for reconsideration. This provision is also applicable to utility model rights pursuant to Article 35 of the Utility Model Act. Hence, the discussion in 3.13.4(7) may be referred to.

(8) *Non-exclusive License for Utility Model Right Whose Term Is Retroactively Extended*

As discussed in 4.10 above, the protection term of a utility model right under the new Utility Model Act which became effective as of July 1, 1996, became applicable retroactively to those utility model applications or registrations which are pending or alive as of the effective date of the new Act.

Because of such retroactive application of the new term of utility model right, a transitional measure is provided in the new Utility Model Act to balance the interests of a third party who was preparing, prior to January 1, 1995, the business of practicing a registered utility model in the Republic of Korea with the expectation that the utility model registration would have expired otherwise. Such third party is entitled to a non-exclusive license for the utility model right within the scope of the purpose of his business, after the date on which the utility model registration would have expired according to the previous Utility Model Act.

Such a licensee must pay a reasonable amount of compensation to the owner of the utility model registration. This license is granted automatically by the operation of law; and, therefore, it is effective even if it is not recorded on the utility model register.

4.12 Compulsory Licenses

Articles 107 to 114 of the Patent Act relating to compulsory licenses for a patent are applicable to a utility model right under Article 29 of the Utility Model Act, so that the discussion in 3.14 may be referred to.

¹⁷⁴ *Ibid.*, Article 27, Paragraph 3

4.13 Infringement

4.13.1 *In General*

The owner of a utility model registration and/or his exclusive licensee may bring an infringement action at the court against an infringer of their rights. Details of a utility model infringement action are almost the same as those of a patent infringement action. Therefore, the discussion set out in 3.15 will not be repeated here.

4.13.2 *Acts of Infringement*

As the owner of a utility model right has the right to exclusively practice the registered utility model and the right to exclude others from practicing the registered utility model, any unauthorized act of practicing the registered utility model for business by others constitutes an act of infringement of the utility model right. The term “practice” means producing, using, transferring, leasing, importing or offering for sale or lease (including displaying for sale or lease) articles related to the registered device.

In addition, an act of producing, using, selling, importing or offering for sale or lease (including displaying for sale or lease), for business, of articles used exclusively for the production of the registered utility model also constitutes an infringement of the utility model right. Such an infringement is generally called “indirect infringement.”¹⁷⁵

4.13.3 *Civil Remedies*

Civil remedies provided under the Patent Act in case of a patent infringement are also available in case of a utility model infringement. Therefore, injunctive relief, compensation for damages and/or restoration of injured business reputation or goodwill may be sought in a court action against an infringer of a utility model right. The discussion in 3.15.5 and 3.15.6 with respect to a patent infringement may be referred to.

4.13.4 *Criminal Sanctions*

A person who has infringed a utility model right or its exclusive license may be criminally prosecuted and penalized irrespective of a civil infringement action. However, the criminal prosecution may not be initiated *ex officio* unless the utility model right owner or his exclusive licensee files a criminal complaint.¹⁷⁶

The maximum penalty assessable is an imprisonment for up to five years and/or a fine of not more than 20 million Korean Won (about US\$25,000).

Further, a person who has infringed the so-called “provisional protection right” conferred upon the publication of a utility model application may also be criminally penalized. In such event, however, the actual punishment can only be imposed after the utility model right is established by the registration.

¹⁷⁵ *Ibid.*, Article 30

¹⁷⁶ *Ibid.*, Article 48, Paragraphs 1 and 2

4.14 Trial to Confirm the Scope of Utility Model Right

As a means of avoiding a future dispute or settling a pending dispute on the scope of protection of a utility model registration, a trial to confirm the scope of the utility model right is provided. Either an interested party or the owner of a utility model registration may bring this trial before the Board of Trials within KIPO, seeking a decision on whether or not a certain device (called “the (Ka)ho device”) falls within the scope of the utility model registration. For details of this trial system, the discussion in 3.16 with respect to patent cases may be referred to.

As for the meaning of “an interested party” who can bring a scope confirmation trial, the Supreme Court of *Moon-Soon Lee vs. Byung-Suk Choi*¹⁷⁷ ruled that, even if the demandant of the trial assigned his business related to the (Ka)ho device, it was wrong to dismiss the demand for trial because the assignment does not vitiate the assignor’s status as an interested party under the Utility Model Act.

4.15 Invalidation of Utility Model Registration

4.15.1 *Mutatis Mutandis Application of the Patent Act*

Except for the grounds for invalidation, all matters discussed in 3.17 as to the invalidation of patents are applicable to the invalidation of utility model registrations.

Validity of a utility model registration should be challenged only by bringing an invalidation trial before the Board of Trials established within KIPO, which is a separate and independent action from an infringement action brought before the court. Therefore, the court which hears the infringement action must proceed as if the utility model right is valid unless and until a trial decision holding the utility model registration invalid becomes final and conclusive. According to the Supreme Court decision, however, if a registered utility model completely lacks novelty, the court may refuse the enforcement of such utility model right.

Further, either an interested party or an examiner of KIPO can institute an invalidation trial.¹⁷⁸ An interested party involves any person who is, or is likely to be, damaged by a possible attack from the owner of a utility model right based on the utility model registration, e.g., a person who is likely to be sued for infringement of the utility model right. In addition, any person who may be disadvantaged from the existence of the utility model registration is also interpreted as an interested party. Therefore, anyone who is engaged in the same or related business or R&D relative to the registered utility model may bring an invalidation trial.

As for the qualification of the examiner who can bring an invalidation trial, the Supreme Court held in *Nam-Kye Lee vs. Wan-Ku No*¹⁷⁹ that, in view of the purpose of such system, the examiner who brings an invalidation action need not be the one who issued the decision to grant the registration, but anyone who is in charge of the examination of utility model applications at the time of initiating the trial; and need not necessarily remain an examiner at the time of rendering the trial decision.

¹⁷⁷ Supreme Court Case 76 Hu 33; December 27, 1977

¹⁷⁸ Utility Model Act, Article 10, Paragraph 1., Article 32, Paragraph 1

¹⁷⁹ Supreme Court Case 86 Hu 171; March 14, 1989

4.15.2 *Grounds for Invalidation*

Grounds for invalidation of a utility model registration are enumerated in Article 32 of the Utility Model Act as follows:

- (i) where the utility model registration has been granted in violation of Article 4 (which requires industrial applicability, novelty and inventiveness of a device), Article 6 (which lists non-registrable devices), Articles 7(1) to (3) (which provide the first-to-file rule), Articles 8(3) and (4) (which provide the disclosure requirements) of the Utility Model Act or Article 25 (capacity of a foreigner to enjoy rights), Article 33 (person entitled to obtain patents) and Article 44 (which requires to jointly file an application in case of an invention of joint ownership) of the Patent Act which are applicable under Article 11 of the Utility Model Act;
- (ii) where the utility model registration has been granted to a person who is not entitled to a utility model registration with respect to the device concerned;
- (iii) where the utility model registration has been granted in violation of a treaty; and
- (iv) where, after the grant of the utility model registration, the owner of the right loses the capacity to enjoy the utility model right or the utility model registration comes to be in violation of a treaty.

4.15.3 *Statute of Limitation*

Under the Utility Model Act which became effective as of September 1, 1990, an invalidation trial against a utility model registration may be brought at any time and even after the utility model registration has been extinguished.¹⁸⁰ However, before that Utility Model Act, there was a time limit to bring an invalidation trial based on certain invalidation grounds. Specifically, an invalidation trial should be instituted within five years from the registration date if it is brought on any of the following grounds:

- (i) where a registered device was described in a publication distributed outside the Republic of Korea prior to the filing date (or priority date) of the utility model application therefor; and
- (ii) where a registered device could easily be invented by a person having an ordinary knowledge in the relevant art from the device mentioned in (i) above.

Such statute of limitation is still applicable to invalidation trials brought against utility model registrations for which applications were filed prior to September 1, 1990.

4.16 **Correction of Utility Model Registration**

The owner of a utility model registration may amend the specification, claims and/or drawings by bringing a trial for correction before the Board of Trials of KIPO. The provisions of the Patent Act

¹⁸⁰ Utility Model Act, Article 32, Paragraph 2

relating to the correction of patents apply *mutatis mutandis* to utility model registrations pursuant to Article 35 of the Utility Model Act. Therefore, the discussion made in 3.18 is applicable to the correction of utility model registrations.

4.17 Transfer and Licensing of Utility Model Registration

Article 99 of the Patent Act relating to the transfer of patents applies to utility model registrations pursuant to Article 29 of the Utility Model Act. Therefore, the discussion in 3.19 is applicable to the transfer of utility model registrations.

In addition, provisions of the Patent Act relating to the licensing of patents are applicable to the licensing of utility model registrations. Therefore, the discussion in 3.20 may be referenced.

Chapter 5: Trademarks

- 5.1 Introduction
- 5.2 Registrable Marks
 - 5.2.1 Trademarks
 - 5.2.2 Service Marks, Collective Marks and Business Emblems
- 5.3 Requirements for Registration
 - 5.3.1 In General
 - 5.3.2 Distinctiveness
 - 5.3.3 Unregistrable Marks
- 5.4 Trademark Application
 - 5.4.1 Applicant
 - 5.4.2 One Application for One Class of Goods
 - 5.4.3 First-to-File Rule
 - 5.4.4 Claim of Priority
 - 5.4.5 Documents Required
- 5.5 Designation of Goods
 - 5.5.1 Korean Classification
 - 5.5.2 Description of Designated Goods
 - 5.5.3 Wrong Designation of Goods
 - 5.5.4 Addition of Designated Goods
- 5.6 Registration Procedure
 - 5.6.1 Formality Examination: The Filing Date
 - 5.6.2 Substantive Examination
 - 5.6.3 Publication and Opposition
 - 5.6.4 Rejection and Appeals
 - 5.6.5 Registration
- 5.7 Amendment to Trademark Application
 - 5.7.1 Timing of Amendment
 - 5.7.2 Scope of Amendment
- 5.8 Division of Application

5.9 Conversion of Application**5.10 Associated Trademark**

- 5.10.1 Application for Registration of Associated Trademark
- 5.10.2 Effects of Associated Trademark
- 5.10.3 Transfer of Associated Trademark

5.11 Renewal of Trademark Registration

- 5.11.1 In General
- 5.11.2 Renewal Application
- 5.11.3 Evidence of Use No Longer Required
- 5.11.4 Designated Goods in Renewal Application
- 5.11.5 Effects of Renewal

5.12 Scope of Exclusive Rights

- 5.12.1 In General
- 5.12.2 Right to Exclusively Use Registered Mark
- 5.12.3 Right to Exclude Others
- 5.12.4 Exceptions to Exclusive Rights

5.13 Trademark Infringement

- 5.13.1 In General
- 5.13.2 Acts of Infringement
- 5.13.3 Determination of Similarity of Trademarks
- 5.13.4 Determination of Similarity of Goods
- 5.13.5 Infringement Action
- 5.13.6 Defenses

5.14 Invalidation of Trademark Registration

- 5.14.1 In General
- 5.14.2 Grounds for Invalidation
- 5.14.3 Statute of Limitation
- 5.14.4 Procedure
- 5.14.5 Effects of Invalidation Decision

5.15 Cancellation of Trademark Registration

- 5.15.1 In General
- 5.15.2 Grounds for Cancellation
- 5.15.3 Demand for Trial
- 5.15.4 Statute of Limitation
- 5.15.5 Local Use Requirement
- 5.15.6 Procedure
- 5.15.7 Effects of Cancellation Decision

5.16 Trial to Confirm the Scope of Trademark Right

- 5.16.1 In General
- 5.16.2 Demand for Trial
- 5.16.3 Procedure
- 5.16.4 Effects of Trial Decision

5.17 Protection of Well-known or Famous Marks

- 5.17.1 In General
- 5.17.2 Qualification for Well-known or Famous Marks
- 5.17.3 Protection under the Trademark Act
- 5.17.4 Protection under the Unfair Competition Prevention Act
- 5.17.5 Protection under the Paris Convention

5.18 Parallel Importation

- 5.18.1 In General
- 5.18.2 Relevant Provisions of the Trademark Act
- 5.18.3 Border Enforcement Regulation
- 5.18.4 Regulation Revised to Allow Parallel Importation

5.19 Transfer of Trademark

- 5.19.1 In General
- 5.19.2 Transfer of Underlying Business No Longer Required
- 5.19.3 Limitations on Transfer of Trademark
- 5.19.4 Recordal of Transfer

5.20 Licensing of Trademark

- 5.20.1 In General
- 5.20.2 Changes in Recordal of License
- 5.20.3 Exclusive License
- 5.20.4 Non-exclusive License
- 5.20.5 Recordal of Trademark License
- 5.20.6 Cancellation of License

5.21 Product Piracy and Counterfeiting

- 5.21.1 Actionable under the Intellectual Property Laws
- 5.21.2 Actionable under the Unfair Competition Prevention Act
- 5.21.3 Suspension under the Border Enforcement Regulation

5.1 Introduction

Trademarks, service marks and other marks may be protected in the Republic of Korea under the Trademark Act; and for such protection, marks should be registered with the Korean Industrial Property Office (“KIPO”). The use of a trademark is not a prerequisite for filing an application for the registration of a trademark. Unregistered marks are not protected under the Trademark Act, although the owner of a well-known or famous mark is given some protection under the Trademark Act by way of preventing others from obtaining a trademark registration for an identical or similar mark. There is no course of action against infringement of a well-known or famous unregistered trademark under the Trademark Act, an action may be brought under the Unfair Competition Prevention Act.

The first legal protection of trademarks in Korea was provided when the Yi Dynasty in its last years promulgated a Trademark Decree as Royal Decree No. 198 on August 12, 1908. This Decree was replaced by Japanese law in 1910. The Republic of Korea enacted a Trademark Act in 1949 which had been drafted under the military administration of the United States of America: this Act adopted the first-to-use system similar to U.S. trademark law. Since the system caused much confusion and dispute, however, the 1949 Trademark Act was amended in 1958 to adopt the first-to-file system.

The 1958 Trademark Act is the ancestor to the current Trademark Act and has been revised several times including a complete overhaul in 1990. The latest revision was made in 1995 to comply with the requirements of the TRIPS Agreement. This amendment was enacted on December 29, 1995 as Law No. 5,083, with the new Trademark Act becoming effective as of January 1, 1996.

The purpose of the Trademark Act is to ensure the maintenance of the business reputation of persons using trademarks by protecting those trademarks, and thereby to contribute to the development of national industry and to protect the interests of consumers by helping them identify the source of goods.¹⁸¹

5.2 Registrable Marks

5.2.1 Trademarks

Under the old Trademark Act, which remained effective until January 1, 1996, a trademark was defined as “a sign, character, figure or any combination thereof (‘mark’) which is used on goods by a person who produces, manufactures, processes, certifies or sells such goods in order to distinguish his goods from those of others.” Color was not recognized as a registrable element; and a trademark had to be depicted only in black and white in a trademark application.¹⁸²

Under the new Trademark Act, which became effective as of January 1, 1996, color is recognized as an element of a trademark. Specifically, the new Trademark Act has added, as a kind of registrable mark, a combination of color(s) with a mark which is a sign, character, figure or any combination thereof. It is, therefore, clear that, although trademarks can be depicted in color, a mark made of a color alone is still not registrable under the new Trademark Act.

¹⁸¹ Trademark Act, Article 1

¹⁸² *Ibid.*, Article 2, Paragraph 1

In some countries, including the U.S.A., a three-dimensional configuration of an article, such as the shape of a product or container, may be registrable as a trademark. In the Republic of Korea, however, such a three-dimensional shape is not registrable. Instead, they may be registered in the form of a two-dimensional rendition of the three-dimensional shape if it is distinctive enough to serve as a trademark.

The physical appearance of an article is primarily protected as a design in the Republic of Korea under the Design Act. However, to be registrable under the Design Act, the design must be novel at the time of filing a design application therefor. In addition, the shape of a product or container may be protected under the Unfair Competition Prevention Act if it is widely known in the Republic of Korea.

5.2.2 *Service Marks, Collective Marks and Business Emblems*

Service marks, collective marks and business emblems are also specifically mentioned as registrable marks under the Trademark Act.

A service mark is defined as “a mark used by a person carrying on a service business in order to distinguish his service business from those of others.” A collective mark is “a mark intended to be used with respect to goods or services of the members of a legal entity founded by and made up of persons who are in a same or closely associated line of business.” A business emblem represents “a mark used by a person carrying on a non-profit business in order to indicate his business.”

The provisions of the Trademark Act mainly address matters relating to trademarks. Pursuant to Article 2(2) of the Trademark Act, however, those provisions for trademarks also apply to service marks, collective marks and business emblems, unless otherwise provided.

In this connection, the Supreme Court stated in *Kumsung Chemical Industries vs. Doshi Industries*¹⁸³ that the provisions of the Trademark Act which relate to trademarks are also applicable to relationships between a trademark and a service mark, between trademarks or between service marks. Therefore, a service mark and a trademark may be cited against each other if the marks are identical with or similar to each other and if the business of the service mark is identical with or similar to the business involving the designated goods of the trademark.

5.3 Requirements for Registration

5.3.1 *In General*

For a trademark to be registered under the Trademark Act, it should meet the following requirements:¹⁸⁴

- (i) it should fall under the definition of a trademark given in the Trademark Act;
- (ii) it should be distinctive so as to serve as an indication of goods or services or, if it is not inherently distinctive, it should have acquired a secondary meaning; and

¹⁸³ Supreme Court Case 71 Hu 22; March 28, 1972

¹⁸⁴ Trademark Act, Article 6, Paragraph 1

-
- (iii) it should not fall into any of the categories of unregistrable trademarks proscribed in the Trademark Act.

5.3.2 *Distinctiveness*

The Trademark Act stipulates that a mark falling under any of the following seven categories is generally considered lacking distinctiveness:

- (i) a mark which consists solely of characters, signs, figures or a combination thereof, indicating the usual name of the goods concerned in a common way;
- (ii) a mark which is customarily or generically used on the goods concerned;
- (iii) a mark which consists solely of characters, signs, figures or a combination thereof, indicating, in a common way, the place of origin, quality, raw materials, effect, use, quantity, shape or price of the goods concerned, or the method or time of producing, processing or using the goods concerned;
- (iv) a mark which consists solely of characters, signs, figures or a combination thereof, indicating a well-known geographical name or an abbreviation thereof or a geographical location;
- (v) a mark which consists solely of characters, signs, figures or a combination thereof, indicating, in a common way, a commonplace surname or other name;
- (vi) a mark which consists solely of simple and commonplace characters, figures, signs or a combination thereof; and
- (vii) in addition to the marks enumerated above, a mark which does not have sufficient distinctiveness to enable consumers to distinguish the goods of the owner of the mark concerned from the goods of other persons.

Whether or not a trademark merely indicates the usual or generic name of goods should be determined in view of the dealings of the goods in the Republic of Korea. Therefore, in *In re Homaika Corporation*,¹⁸⁵ the Court stated that, even if a trademark has been registered in a number of foreign countries, it cannot be registered if it has become an indication of the generic name of the goods concerned in the Republic of Korea.

As mentioned in Item (iii) above, marks which are merely descriptive of the designated goods are not registrable. For example, trademark "Fluorine Toothpaste" (in Korean) in respect of a toothpaste was held to lack distinctiveness because "Fluorine" indicates the raw material and quality of the designated goods in a common way.¹⁸⁶ Further, the trademark "Bubble Up" (in English) for carbonated drinks was held a mere indication of the nature or quality of the designated goods.¹⁸⁷

¹⁸⁵ Supreme Court Case 86 Hu 93; July 7, 1987

¹⁸⁶ *Pyung Hwa Industries vs. Lucky Chemical Industries* (Supreme Court Case 69 Hu 10; May 27, 1969)

¹⁸⁷ *The Seven Up Company vs. Richard Rian* (Supreme Court Case 71 Hu 30; October 22, 1971)

In contrast, in *In re Suchard S. A.*,¹⁸⁸ the trademark “MILKA” for chocolates and milk chocolates was held not to be a mark merely indicating the quality or raw material of the goods since the mark had become a coined word having no meaning, formed by combining the word “MILK” with the letter “A.”

Even if a mark falls under any of the above Items (iii), (v) and (vi), it may be registered if, as a result of using the mark before the filing of a trademark application therefor, it has become well known among consumers as a mark representing the goods of a particular source.¹⁸⁹ Such well-known status of a trademark cannot be inferred solely from the fact that goods bearing the trademark have been advertised, and it should be proven specifically that the trademark *per se*, not the product, has been widely recognized by consumers, as held in *In re Hyundai Automobile Co. Ltd.*,¹⁹⁰ when the Supreme Court denied the well-known status of trademark “Excel” allegedly acquired through advertisement of the “Excel” brand of automobile for a few months prior to the filing date of the application.

5.3.3 Unregistrable Marks

(1) Article 7(1) of the Trademark Act

Pursuant to Article 7(1) of the Trademark Act, none of the following marks can be registered even if distinctive:

- (i) a mark which is identical with, or similar to, the flag, emblem, military colors, decorations, medals or badges of the Republic of Korea, flags or emblems of foreign countries, or names or marks of the Red Cross, the Olympics Committee or other well-known international organizations;
- (ii) a mark which falsely indicates a relation with any countries, races, public organizations, religions or famous deceased persons, or which is likely to insult or defame them;
- (iii) a mark which is identical with, or similar to, any mark well-known as an indication of a state or local public entity, or an agency thereof, a non-profit enterprise for public business, except where such state, etc. files an application for the registration of such mark as a business emblem;
- (iv) a mark which is likely to contravene public order or morality;
- (v) a mark which is identical with, or similar to, medals, certificates of merit or prizes awarded at an exhibition held by, or under the approval of the national Government or foreign government, except where the person who has been awarded such medal, etc. uses it as a part of his trademark;
- (vi) a mark which contains the name, trade name, portrait, signature, seal, pseudonym, professional name or pen name of a well-known person, or an abbreviation thereof, except where the trademark applicant has obtained the consent from that well-known person;

¹⁸⁸ Supreme Court Case 80 Hu 59; December 28, 1982

¹⁸⁹ Trademark Act, Article 6, Paragraph 2

¹⁹⁰ Supreme Court Case 89 Hu 438; December 22, 1989

- (vii) a mark which is identical with, or similar to, another person's registered trademark which was filed prior to the trademark application concerned and which is to be used on goods identical with, or similar to, the designated goods of such other person's registered trademark;
- (viii) a mark which is identical with, or similar to, another person's registered trademark for which one year has not passed from the date when the trademark registration was extinguished (if there is a decision invalidating the trademark registration, from the date when the decision becomes final and conclusive) and which is to be used on goods identical with, or similar to, the designated goods of such other person's mark;
- (ix) a mark which is identical with, or similar to, those well-known among consumers as indicating the goods of another person and which is to be used on goods identical with, or similar to, such other person's goods;
- (x) a mark which is likely to cause confusion with another person's business or goods which are well known among consumers; and
- (xi) a mark which is likely to mislead or deceive consumers with respect to the quality of the goods.

Those marks listed above are generally considered inappropriate for registration because of their misleading nature, or because of violation of public order or morality.

(2) *Limitations on Application of Article 7(1)*

A trademark falling under any of Items (vi), (ix) and (x) of Article 7(1) may be registered if it does not fall under the provision at the time of filing the trademark application.¹⁹¹ Article 7(1)(vii) or (viii) is also applicable to a trademark which falls under the provision at the time of filing the application, excepting, however, the instances where the owner of the cited trademark and the applicant of the trademark application, after the filing date of the application, have become the same person.¹⁹²

Further, in case a registered trademark is canceled on the ground that it falls under Article 73(1)(i), (ii), (iii), (v) or (vi) (which will be discussed in 5.15.2), the owner of the canceled trademark or his licensee may not obtain a registration for a mark identical with, or similar to, the canceled trademark, unless the three-year period from the effective date of cancellation has lapsed.

From January 1, 1994, Article 7(1)(viii) prohibiting the registration of a mark identical with or similar to another person's registered trademark which has been invalidated, canceled or expired, is not applicable to any of the following instances:

- (a) where another person's registered mark was not used during the period of one year or more prior to the date when the trademark right is extinguished;
- (b) where, after a final decision invalidating or canceling the trademark registration for violation of Article 7(1)(vi), (ix) or (x), Article 8 or Article 73(1)(vii) has become final, a

¹⁹¹ Trademark Act, Article 7, Paragraph 2

¹⁹² *Ibid.*, Article 7, Paragraph 3

trademark application is filed by the person entitled to the trademark under such provision; and

- (c) where the six-month period from the expiration of a trademark registration has lapsed, without an application for renewal of the trademark registration.

As provided in Articles 7(1)(vii) and (viii), a trademark application will be rejected if the trademark is identical with or similar to another person's registered trademark. However, if such other person's trademark registration is invalidated or canceled, the later-filed application may be granted registration. Once a trial decision holding a trademark registration invalid has become final, the trademark registration is deemed to have never been granted. Therefore, if another person's trademark registration is invalidated, the later-filed application may be granted registration even if it was filed prior to the finalization of the invalidation trial decision. In contrast, however, if a trademark registration is canceled, it is extinguished from the date when the cancellation trial decision has become final and conclusive. Therefore, the later-filed application may be rejected unless it is filed after the cancellation decision becomes final.

(3) Courts' Interpretation

As for the scope of "international organizations" mentioned in Item (i) of Article 7(1), the Supreme Court held that such organizations are not limited to those established by agreements among the governments of countries, but may include such international non-governmental organizations as IUCN (International Union for Conservation of Nature and Natural Resources) in view of the purport of the provision.¹⁹³ However, such an international organization should be in existence at the time of a final decision to grant or reject of the trademark application, and its structure and activities should be internationally well known. It does not include an organization which has been long closed and is inactive at the time of the final decision on registration, as held in *In re IRO AB*.¹⁹⁴

Item (ii) of Article 7(1) states that a mark which is libelous or insulting of a religion is unregistrable. In this connection, the Supreme Court held that trademark "CARDINAL" (in English) with a figure in respect of clothes such as men's suits is not likely to insult or mock Catholicism.¹⁹⁵ The Court reasoned that the meaning of the English word "Cardinal" as a Catholic priest is not normally understood as such by the Korean consumers and that it cannot be considered to insult Catholicism simply because the designated goods might be later used as a dustcloth or thrown into a trash box.

Further, in *In re Philip Morris Products Inc.*,¹⁹⁶ trademark "DE-NIC" in respect of cigarettes was held as a mark which is likely to mislead or deceive consumers with respect to the quality of the goods, because cigarette products of the applicant of the trademark application contain either 0.04 mg or 0.06 mg of nicotine, while consumers might consider from the mark that the products contain no nicotine.

¹⁹³ *World Wild Life Fund vs. Kyangyang Mulsan Co., Ltd.* (Supreme Court Case 85 Hu 11; April 28, 1987)

¹⁹⁴ Supreme Court Case 90 Hu 2263; August 9, 1991

¹⁹⁵ *In re Jeil Wool Fabric Co., Ltd.* (Supreme Court Case 89 Hu 711; September 28, 1990)

¹⁹⁶ Supreme Court Case 92 Hu 513; September 14, 1992

5.4 Trademark Application

5.4.1 Applicant

Any person who uses or intends to use a trademark in the Republic of Korea may file an application for the registration of the trademark.¹⁹⁷ Although the Korean Trademark Act adopts a registration system, not a use system, the applicant of a trademark application should have a *bona fide* intent to use his trademark in the Republic of Korea. Nonetheless, trademarks which will not actually be used are also registered. Such trademarks, however, will be subject to cancellation if they remain unused for three or more consecutive years after their registration.

5.4.2 One Application for One Class of Goods

A trademark application should be filed for each trademark with respect to the designated goods which fall under one class in accordance with the Korean Classification System.¹⁹⁸ This requirement is expressed as the principle of one application for one trademark or one application for one class of goods.

If designated goods of a trademark application fall under two or more classes of the Korean Classification, the trademark application will be rejected. Such rejection may be overcome by dividing the application into two or more applications, or reducing the designated goods to those which belong to only one class. Nevertheless, if a trademark registration has been erroneously granted in violation of this rule, it may not be invalidated for that reason; however, such an irregularity should be corrected when the registration is renewed.

5.4.3 First-to-File Rule

The Korean Trademark Act adopts the so-called first-to-file rule. Therefore, if there are two or more trademark applications which are identical with or similar to each other in terms of both the mark and the designated goods, only the earliest-filed application will be registered. However, if the earliest-filed application is abandoned, withdrawn or nullified, the registration will be granted to the next earliest application.¹⁹⁹ Further, if a trademark application was rejected and such rejection has become final, it will lose the status of an earlier-filed application, as held in *In re Roadstar Singapore Pte Ltd.*²⁰⁰

If two or more conflicting applications are filed on a same date, the registration will be granted only to one application, which is to be determined by an agreement among the applicants. If no such agreement is reached, the registration will be granted to one application determined by a drawing of lots conducted by the Commissioner of KIPO.

The filing date, which is the basis for applying the first-to-file rule, is generally the date on which the trademark application concerned is actually filed with KIPO. However, there are some exceptions to this general rule. Specifically, (i) in case the right of priority is claimed, the trademark application concerned is deemed to have been filed on the priority date; (ii) in case of a trademark in respect of

¹⁹⁷ Trademark Act, Article 3

¹⁹⁸ *Ibid.*, Article 10, Paragraph 1

¹⁹⁹ *Ibid.*, Article 8, Paragraph 3

²⁰⁰ Supreme Court Case 89 Hu 971; March 27, 1990

goods which were displayed at an official or officially recognized local or international exhibition, the trademark application is regarded as having been filed on the day of display at the exhibition; (iii) in case of a divisional application, it is generally deemed to have been filed on the filing date of its parent application; and (iv) in case of conversion between an independent trademark application and an associated trademark application, the converted application is considered to have been made on the filing date of its original application.

Further, as of January 1, 1994, the Trademark Act has granted the right of priority to file a trademark application to a certain person who has brought a cancellation trial and succeeded in the trial. Specifically, where a trademark registration is canceled on the basis of non-use, only the demandant of the cancellation trial has the right to file an application for the same or similar mark for a period of three months from the date when the cancellation decision has become final and conclusive.²⁰¹

5.4.4 *Claim of Priority*

The right of priority can be claimed in a trademark application under the Paris Convention or a bilateral agreement between two relevant governments or on a reciprocal basis. In order to enjoy the priority right, an application should be filed in the Republic of Korea within six months from the filing date of the priority application.²⁰²

In order to claim the right of priority, a written statement to that effect, together with the information on the priority application, should be made at the time of filing the trademark application concerned, and then the applicant must submit, within three months from the filing date in the Republic of Korea, the priority document, which is a certified copy of the priority application, together with its Korean translation.²⁰³ If the priority document is not submitted within the three-month period, the claim of priority will become null and void.

Further, if a person who used a trademark on certain goods displayed at any of the following exhibitions files an application for the registration of the trademark in respect of such goods, the trademark application is regarded as having been filed at the date of display as long as the application is filed with KIPO within six months from the date of display:²⁰⁴

- (i) an exhibition held by the Government or a local government;
- (ii) an exhibition held by a person who is authorized to do so by the Government or a local government;
- (iii) an exhibition held abroad with the approval of the Government; and
- (iv) an international exhibition held by the government of a member state of a relevant treaty or any person who is authorized to do so by such government.

²⁰¹ Trademark Act, Article 8, Paragraph 5

²⁰² *Ibid.*, Article 20, Paragraph 2

²⁰³ *Ibid.*, Article 20, Paragraph 4

²⁰⁴ *Ibid.*, Article 21, Paragraph 1

Any person who desires to invoke the above provision must submit a written statement to that effect to KIPO at the time of filing the trademark application. Any document substantiating such statement should be submitted within 30 days from the filing date.

5.4.5 Documents Required

For a trademark application, the following documents should be submitted to KIPO:

- (i) an application stating the following: (a) the name and address of the applicant (including the name of an executive officer, if the applicant is a juridical person); (b) the trademark; (c) the designated goods and class thereof; (d) the date of submission; and (e) the country and filing date of the priority application, if the right of priority is claimed;
- (ii) 10 specimens of the trademark (7cm x 7cm or smaller in size);
- (iii) if the right of priority is claimed, the priority document; and
- (iv) a power of attorney, if necessary.

Only document (i) must be submitted at the time of filing the trademark application. The name of an executive officer of the applicant may be added later on the applicant's own initiative or in response to a notice of amendment issued from KIPO.

If the applicant fails to submit specimens of the trademark or power of attorney at the time of filing the trademark application, KIPO will issue a notice of amendment requesting the applicant to submit them, designating a time limit therefor. The priority document must be submitted within 3 months from the filing date in the Republic of Korea of the trademark application. This time limit cannot be extended.

In case of a collective mark, the applicant must submit, in addition to documents (i) to (iv) mentioned above, a copy of the articles of incorporation thereof which govern the use of the collective mark.²⁰⁵ In case of an application for the registration of a business emblem, a document evidencing the existence of such business must be additionally submitted.²⁰⁶

5.5 Designation of Goods

5.5.1 Korean Classification

A person who desires to file a trademark application must designate goods on which the trademark is to be used from among those falling under a single class of the Korean Classification prescribed in the Enforcement Regulation of the Trademark Act.²⁰⁷

The Republic of Korea has not yet adopted the International Classification in accordance with the Nice Agreement Concerning the International Classification of Goods or Services for the Purposes of

²⁰⁵ *Ibid.*, Article 9, Paragraph 3

²⁰⁶ *Ibid.*, Article 9, Paragraph 4

²⁰⁷ *Ibid.*, Article 10, Paragraph 1

Registration of Marks ("the Nice Agreement"), but has used its own classification. It is expected that the Republic of Korea will join the Nice Agreement in 1998.

The Korean Classification consists of 53 classes for goods and 12 classes for services. Each class generally has several sub-classes. The list of goods and services in the Korean Classification is not exhaustive; and goods or services which are not specifically listed in the Korean Classification may also be designated.

The Trademark Act clearly declares in Article 10(2) that the Korean Classification should not be considered as the conclusive factor to determine the similarity of goods. It is said that the classification should be understood to be merely for the convenience of examination. Nonetheless, in practice, goods of a same class are very often determined to be similar and those falling under different classes are generally considered to be different.

5.5.2 *Description of Designated Goods*

Under the current practice, general or broad terms such as the title of a class (e.g. confectionery or machinery) or sub-class (e.g. bread or exercise machine) are not allowed in describing designated goods or services. They must be specified, e.g., in the terms or names illustrated under sub-classes. If the examiner of KIPO considers that designated goods are described in a general or broad term, the trademark application may be rejected.

In case the designated goods in a trademark application are not listed in the Korean Classification and the examiner does not understand what they are, he may issue a preliminary rejection, requesting the applicant to explain about the goods. In such event, evidence such as a catalog showing the nature of the goods is usually submitted to overcome the rejection.

If an applicant wants to cover all the items listed in a particular class, it is possible to simply set forth the title of that class instead of enumerating all such listed items. Such designation does not extend beyond the items actually listed in the class. Therefore, items which may fall under that class but are not listed therein are not covered by such designation.

5.5.3 *Wrong Designation of Goods*

If any of the designated goods in a trademark application does not fall under the class indicated in the application, the applicant may, on his own initiative or in response to a preliminary rejection issued by the examiner, amend the designated goods. However, once such a trademark application has been granted registration, the trademark registration may not be invalidated for that reason, although it should be corrected at the time of renewal of the trademark registration.

In case the designated goods in a trademark application fall under two or more classes of the Korean Classification, the applicant may, on his own initiative or in response to a preliminary rejection of the examiner, divide his application into two or more applications or amend the goods so that the remaining goods fall under only one class.²⁰⁸

²⁰⁸ *Ibid.*, Article 18, Paragraph 1

5.5.4 *Addition of Designated Goods*

Addition or expansion of designated goods in a pending trademark application is not allowed because it is considered as changing the gist of the trademark application originally filed. It is only possible to expand the coverage by way of filing a supplementary application for additional goods pursuant to Article 47 of the Trademark Act. Such a supplementary application can be also filed by the owner of a trademark registration. The additional goods in a supplementary application, however, must fall under the same class as that of its principal application or registration.

A supplementary application is examined independently of its principal application or registration; and the filing date thereof is the date when the supplementary application is actually filed with KIPO, not the filing date of the principal application or registration.

However, if the principal application or registration has been extinguished for any reason, the supplementary application will be rejected. Further, if the supplementary application is granted registration, it will be given the same registration number as that of the principal registration.

5.6 **Registration Procedure**

5.6.1 *Formality Examination: The Filing Date*

Once a trademark application is submitted to KIPO, it will be checked to ensure that all the requirements necessary to accord the application a filing date have been satisfied. According to Article 2(1) of the Enforcement Regulation of the Trademark Act, the application will be returned to the submitter without any application number being assigned thereto and will be treated as if it had never been submitted in any of the following circumstances:

- (i) where the kind of the application is not clear;
- (ii) where the name or address of a person (or juridical person) who takes the procedure (i.e. the applicant) is not described;
- (iii) where the application is not written in Korean;
- (iv) where a specimen of the trademark is not attached on the application paper;
- (v) where the designated goods are not described in the application paper; or
- (vi) where the application is submitted, by a person who has no address or place of business in the Republic of Korea, without coming through a patent agent in the Republic of Korea.

Once the application has satisfied such requirements, KIPO assigns an application number and examines as to whether other formality requirements under the Trademark Act have been met. If anything is found missing or wrong, the Commissioner of KIPO will issue a notice of amendment requesting the applicant to supplement or amend it, and specifying a time limit. If the applicant does not comply with such a request, the trademark application will be nullified. For more details, the discussion made in 3.7.1 may be referenced.

5.6.2 *Substantive Examination*

Unlike patent or utility model applications, trademark applications are automatically examined in order of their filing date. No request for examination is needed for the initiation of substantive examination. Further, the Trademark Act does not provide for the expedited examination system which is available for patent, utility model and design applications. Examination of a trademark application generally takes about one year from its filing date.

A trademark application is rejected in any of the following circumstances:²⁰⁹

- (i) where the application is unregistrable pursuant to Article 3 (Person Entitled to Have Trademark Registered), Article 6 (Requirements for Trademark Registration), Article 7 (Unregistrable Trademark), Article 8 (First-to-File Rule), Article 10 (Principle of One Application for One Class of Goods), Article 11 (Associated Trademark) or Article 12 (Transfer of Application) of the Trademark Act, or Article 25 (Capacity of Foreigner to Enjoy Rights) of the Patent Act;
- (ii) where the application is in violation of a relevant treaty; and
- (iii) where an opposition against the application is filed by the owner of a trademark registered in the territory of a member country of a treaty to which the Republic of Korea has acceded, (a) if both the trademark and the designated goods of the application are identical with, or similar to, those of the foreign trademark registration and (b) if the application is filed by a person who is, or used to be, an agent or a representative of the owner of the registered trademark within one year prior to the filing date of the application concerned without obtaining the authorization or consent from the owner of the registered trademark.

The above reason (iii) for rejection was introduced into the Trademark Act in 1981 pursuant to Article 6 *septies* of the Paris Convention. It should be noted that such rejection can be raised only if an opposition to the publication of the application has been lodged by the owner of the registered trademark.

5.6.3 *Publication and Opposition*

If the examiner finds no ground for rejection of a trademark application, or he considers that the rejection has been overcome by the applicant's response (argument and/or amendment), he must render a decision to publish the trademark application.

Once a trademark application is published in the official gazette, called the "Trademark Publication Gazette," anyone may file an opposition within 30 days from the publication date.²¹⁰ The thirty-day period cannot be extended. Therefore, a notice of opposition containing at least a brief statement on the grounds for opposition must be submitted within the thirty-day period; and then, the opponent may amend, add or supplement the grounds for opposition within another 30 days after the expiration of the thirty-day period.²¹¹

²⁰⁹ *Ibid.*, Article 23, Paragraph 1

²¹⁰ *Ibid.*, Article 25, Paragraph 1

²¹¹ *Ibid.*, Article 26

Once an opposition is filed, the examiner should send a copy of the opposition brief to the applicant of the trademark application and give him an opportunity, specifying a time limit, to respond to the opposition. Thereafter, the opponent and the applicant are normally allowed to exchange their briefs a few times before the examiner renders a decision on the opposition.

The opponent cannot file an appeal against the opposition decision;²¹² however, he may bring an invalidation trial upon the registration of the trademark. On the other hand, if the examiner sustains the opposition, he will issue a final rejection of the application together with the opposition decision. The applicant may file an appeal to the Board of Appeals if examiner sustains the opposition and finally rejects the application; in this event, KIPO must notify the opponent that an appeal has been filed.²¹³

5.6.4 *Rejection and Appeals*

If the examiner finds any ground for rejection, he must issue a notice of preliminary rejection, together with the reasons therefor, and give the applicant an opportunity to submit a response, specifying a time limit which may be extended upon the applicant's request.

Thereafter, if the applicant's argument is not persuasive, or if the applicant has failed to submit a response within the time limit, the examiner issues a notice of final rejection of the trademark application. Against the examiner's final rejection, the applicant may lodge an appeal with the Board of Appeals within 30 days from the date of receipt of the notice of final rejection.²¹⁴ If the Board of Appeals upholds the examiner's final rejection, the applicant may then appeal to the Supreme Court against the Board's decision within 30 days from his receipt of the decision.

This appeal procedure is to be changed as of March 1, 1998, as explained in 3.7.7(3). Under the new appeal procedure, the examiner's final rejection is appealable to the Enlarged Board of Trials which will be established within KIPO, and then to the Patent Court. An appeal against the decision of the Patent Court may be made to the Supreme Court, subject to the latter's discretion.

If the rejection of an application is overturned in an appeal, the application is normally remanded to the examiner for re-examination. If, on the re-examination, the examiner finds no other grounds for rejection, he must render a decision to publish the application, which will be then published for opposition in the Trademark Publication Gazette.

5.6.5 *Registration*

In case the applicant of a trademark application receives a notice of decision to grant registration of his trademark application, he should pay the registration fee within three months from the date of receipt of the decision. Even if the applicant has failed to pay the registration fee within the three-month period, the registration can still be made by paying twice the usual fee within six months of the expiration of the three-month period. Therefore, if the registration fee is not paid within nine months from the date of receipt of a notice of decision to grant registration, the trademark application is deemed to have been abandoned and, in general, cannot be revived at a later time.²¹⁵

²¹² *Ibid.*, Article 27, Paragraph 6

²¹³ *Ibid.*, Article 79, Paragraph 2

²¹⁴ *Ibid.*, Article 78

²¹⁵ *Ibid.*, Article 34

5.7 Amendment to Trademark Application

5.7.1 *Timing of Amendment*

The applicant of a trademark application may amend the designated goods and the trademark as long as the amendment does not change the gist of the application originally filed. Such an amendment can be made at any time before the applicant receives a notice of decision for publication of the application (for opposition). Once such notice has been received, however, an amendment to the application may only be made in any of the following periods:²¹⁶

- (i) when responding to a notice of preliminary rejection which is issued after the dispatch of the notice of decision for publication;
- (ii) when an opposition is filed, within the period designated by the examiner for the submission of a response to the opposition; and
- (iii) within 30 days from the date of appeal against the final rejection.

5.7.2 *Scope of Amendment*

Any of the following amendments is not considered as changing the gist of the application:²¹⁷

- (i) reduction of the scope of designated goods;
- (ii) clarification of any ambiguous description;
- (iii) correction of clerical errors; and
- (iv) deletion of any supplementary part of the trademark.

Generally it is not considered a change in the gist of an application to delete, from a trademark, the name of a product which is included in the designated goods. For example, it is allowed to delete “Candy” from the trademark “Rose Candy” if candy is included in the designated goods.

However, an addition to a trademark is generally not allowed even if it does not change substantially the appearance, pronunciation or concept of the trademark. For example, in the case of a trademark consisting of foreign letters, adding the Korean transliteration of the foreign letters is not allowed. Further, in *In re Tekwang Industries Co.*,²¹⁸ adding the applicant’s company name to a trademark was held to constitute a change in the gist of the trademark even though the source of goods had arguably become clearer by such addition.

Addition of designated goods is considered as changing the gist of an application; and, therefore, it may be possible only by filing a supplementary application for the additional goods. As for the supplementary application, the discussion made in 5.5.4 may be referenced.

²¹⁶ *Ibid.*, Article 15

²¹⁷ *Ibid.*, Article 16

²¹⁸ Supreme Court Case 75 Hu 30; June 8, 1976

5.8 Division of Application

Where the designated goods of a trademark application fall into two or more classes of the Korean Classification, the applicant may, on his own initiative or in response to a rejection by the examiner, divide his application into two or more applications.²¹⁹

Division of a trademark application should be made within the time period during which an amendment to the trademark application may be allowed (see 5.7.1). Such a divisional application is deemed to have been filed on the filing date of its parent application.

When applying to renew a trademark registration for which the designated goods fall into two or more classes of the Korean Classification, the applicant may, on his own initiative or in response to a rejection by the examiner, divide his renewal application into two or more applications.

5.9 Conversion of Application

According to Article 19(5) of the Trademark Act, no conversion is allowed between any two of the following: a trademark application, a service mark application, a collective mark application and a business emblem application.

However, an application for the registration of an associated trademark may, on the applicant's own initiative or in response to a rejection by the examiner, be converted to an independent trademark application and *vice versa*. Such conversion may be made at any time until a decision to grant or reject the original application has become final and conclusive.²²⁰

Once conversion has been made, the converted application is deemed to have been filed on the filing date of the original application; and the original application is deemed to have been withdrawn. Therefore, in *In re Cho-Young Park et al.*²²¹ the Court held that in case a trademark application has been converted to an associated trademark application during an appeal against the final rejection thereof, it is not an error to dismiss the appeal on the ground that the cause of appeal has ceased to exist.

5.10 Associated Trademark

5.10.1 *Application for Registration of Associated Trademark*

The applicant of a trademark application or the owner of a registered trademark in a certain class may obtain registration for a mark which is similar to his trademark filed or registered in the same class, by filing an application for the registration of an associated trademark.²²² This is to provide a trademark owner with extended protection of the trademark by reinforcing his trademark right and preventing a third party from imitating his trademark.

²¹⁹ Trademark Act, Article 18, Paragraph 1

²²⁰ *Ibid.*, Article 19, Paragraphs 1 and 3

²²¹ Supreme Court Case 83 Hu 7; April 26, 1983

²²² Trademark Act, Article 11, Paragraph 1

The designated goods of an associated trademark application need not be exactly the same as, or may be narrower than, those of the trademark application or registration to be associated with (generally called “the principal trademark application or registration”), as long as they fall under the same class.

The part of an associated trademark that is similar to the principal trademark is not necessarily the main part thereof, as held in *Lucky Co. vs. Pacific Chemical Industrial Co.*²²³

An application for the registration of an associated trademark must specify the application number(s) or registration number(s) of the principal trademark(s). Once an associated trademark application is allowed registration, the principal trademark(s) and the associated trademark will become associated trademarks to each other.

An associated trademark application is examined on its formality and substantive requirements independently of the principal trademark application/registration, as held in *In re Gerber Products Company.*²²⁴

Further, if the trademark in an associated application is similar to another person’s trademark which was filed prior to the associated trademark application, it cannot be registered even if such another person’s trademark application was filed after the filing date of the principal trademark application/registration.²²⁵

The applicant of an associated trademark application may, on his own initiative or in response to a rejection by the examiner, convert his application to an independent trademark application and *vice versa*. Such conversion can be made at any time until a decision to grant or reject the original application becomes final and conclusive.

5.10.2 *Effects of Trademark Association*

The rights of associated trademarks are independent from each other. Their protection terms, therefore, expire independently. Invalidation, cancellation or abandonment of one of the associated trademark registrations will not affect the validity of the other associated trademark registrations. However, if a trademark which should have been registered as an associated trademark is erroneously registered independently, it will be subject to invalidation.²²⁶

Use of one of the associated trademarks in relation to the designated goods is deemed to be use of all of them. Therefore, based on the use of one of the associated trademarks, all of the associated trademark registrations may avoid cancellation for the reason of non-use.

5.10.3 *Transfer of Associated Trademark*

An associated trademark may not be transferred separately and independently without all other associated trademarks related to goods identical with or similar to the goods of the trademark to be transferred.²²⁷ This is to prevent confusion among consumers as to the source of goods which may be

²²³ Supreme Court Case 83 Hu 66; February 28, 1984

²²⁴ Supreme Court Case 82 Hu 3; February 26, 1985

²²⁵ *Dongkuk Mulsan Co., Ltd. vs. Jegus Kabushikikaisha* (Supreme Court Case 89 Hu 1479; July 24, 1990)

²²⁶ Trademark Act, Article 71, Paragraph 1

²²⁷ *Ibid.*, Article 12, Paragraph 3 and Article 54, Paragraph 2

caused by the different ownership of associated trademarks. If an associated trademark application has been transferred in violation of such transfer requirement, but proceeded to registration, it will be subject to invalidation. An associated trademark registration which has been transferred in such violation will be subject to cancellation.

5.11 Renewal of Trademark Registration

5.11.1 *In General*

A trademark right is established by registration of the trademark at KIPO. The duration of the protection of a trademark right is 10 years from the date of registration of the trademark, which may be renewed every 10 years. For the renewal of a trademark registration, an application for the renewal should be filed with KIPO. Once a renewal application has been duly filed, the trademark registration is deemed to have been renewed on the expiration date of the original registration, regardless of when the renewal of registration is actually granted.²²⁸

5.11.2 *Renewal Application*

A person who desires to renew a trademark registration must submit an application for its renewal within the year prior to the expiration of the trademark registration. If the owner of a trademark registration has failed to file a renewal application within the one-year period, he can still file the renewal application within six months after that period lapses along with a late filing charge.²²⁹

A renewal application will be examined on its formality and substantive requirements. It may be rejected if it falls under any of the following instances:

- (i) where the trademark concerned lacks distinctiveness as specified in Article 6(1) of the Trademark Act or falls under the statutory unregistrable marks enumerated in Article 7(1) (i) to (v) or (xi) of the Trademark Act;
- (ii) where the applicant of the renewal application is not the owner of the original trademark registration to be renewed;
- (iii) where the renewal application was filed after the lapse of the period during which it should have been filed, specifically, after six months from the date of expiration of the original registration;
- (iv) where the designated goods of the renewal application fall into two or more classes of the Korean Classification;
- (v) where the trademark of the renewal application is not identical to the registered trademark; and
- (vi) where any of the designated goods in the renewal application is not listed in the original registration or does not fall within the same class of the Korean Classification.

²²⁸ *Ibid.*, Article 46, Paragraph 1

²²⁹ *Ibid.*, Article 43, Paragraph 2

If the examiner finds no ground for rejection of a renewal application, he must render a decision to grant renewal of the trademark registration. No publication of, or opposition against, the grant of such a renewal application is provided in the Trademark Act.

If the examiner finds any ground for rejection of the renewal application, he must issue a notice of preliminary rejection together with the reasons therefor and give the applicant an opportunity, specifying a time limit, to submit a response to the preliminary rejection.²³⁰ The procedure for the examination of a renewal application is the same as that of an ordinary trademark application.

5.11.3 *Evidence of Use No Longer Required*

Prior to 1994, a trademark registration could not be renewed if the trademark had not been used in the Republic of Korea, without any justifiable reason, during the three-year period preceding the filing date of the renewal application. In this connection, from September 1, 1984, to December 31, 1993, KIPO strictly required the applicant of a renewal application to submit evidence of use. The guidelines published by KIPO listed the following materials as proper examples of evidence of use:²³¹

- (i) samples or photocopies of the goods, packages, containers or the like;
- (ii) commercial papers (trading documents) such as commercial invoices, statements of delivery of the goods or certificates of customs clearance issued by the customs office or the like; and
- (iii) advertising materials including catalogs.

Such evidence of use is no longer required for the renewal of a trademark registration as of January 1, 1994; however, the above listed materials may be used as evidence in a cancellation trial brought based on the non-use of the registered trademark.

5.11.4 *Designated Goods in Renewal Application*

The goods designated in an application for the renewal of a trademark registration must be within the scope of the designated goods of the original registration.²³² That is, the goods designated in a renewal application should be identical with, or reduced from, those of the original trademark registration. Designated goods described in a general term in the original registration may be specified in detail in the renewal application. For example, “shoes” of the original registration may be amended to “running shoes, tennis shoes and leather shoes” in the renewal application, although this amendment results in an increase in the number of designated goods.

Should the applicant of a renewal application want to cover goods which fall under the same class as, but are not included in, the designated goods of the original registration, he should, after having filed the renewal application, file a supplementary application for those additional goods.

²³⁰ *Ibid.*, Article 45, Paragraph 2

²³¹ KIPO's Announcement No. 88-1 dated March 14, 1988

²³² Trademark Act, Article 45, Paragraph 1

If goods designated in the original registration have come to fall into two or more classes as a result of revision of the Korean Classification, two or more renewal applications may be filed. If a renewal application of such registration is filed without having been so divided, it will be rejected. Then, the applicant may divide the application or reduce the designated goods to those which fall under one class. Such division should be made within the time period during which an amendment to a trademark application can be made (see 5.7.1). Such a divisional application is deemed to have been filed on the filing date of the renewal application.

5.11.5 *Effects of Renewal*

The renewal of a trademark registration, if granted, carries the same registration number as the original registration. The term of protection of the renewed registration is 10 years from the expiration date of the original registration. Once a renewal application has been filed with KIPO, it is deemed that the trademark registration is renewed on the expiration date of the original registration, unless the renewal application is later rejected finally and conclusively.²³³

5.12 Scope of Exclusive Rights

5.12.1 *In General*

Once a trademark right is established by the registration of the trademark, the owner of the trademark registration has the right to exclusively use the registered trademark on the designated goods thereof and to exclude others from using a mark which is identical with, or similar to, the registered trademark in respect of goods which are identical with, or similar to, the designated goods of the registered trademark.

5.12.2 *Right to Exclusively Use Registered Mark*

The owner of a trademark registration has the right to exclusively use the registered trademark on the designated goods thereof. This right is limited to the use of a mark identical to the registered trademark in respect of goods identical to the designated goods listed in the registration, whereas the right to exclude others extends further to the use of marks and goods which are similar to the registered trademark and the designated goods thereof, respectively.

The term “use” of a trademark is defined in the Trademark Act as follows:²³⁴

- (i) an act of attaching the trademark to goods or packages;
- (ii) an act of transferring or delivering goods or packages bearing the trademark, or an act of displaying, exporting or importing such goods or packages for the purposes of transfer or delivery; and
- (iii) an act of displaying or distributing advertisements, price lists, transaction documents, signboards or labels which are related to goods bearing the trademark.

²³³ *Ibid.*, Article 46, Paragraph 1

²³⁴ *Ibid.*, Article 2, Paragraph 1

However, if a registered trademark is in conflict with either (a) another person's registered design, the application for which was filed prior to the filing date of the trademark application concerned, or (b) another person's copyright established prior to the filing date of the trademark application concerned, the owner of the registered trademark may not use his trademark unless he obtains permission from that other person.²³⁵ Unlike the Patent Act, the Trademark Act does not provide a trial for granting non-exclusive license for such owner of the registered trademark.

With the introduction of the color trademark system from January 1, 1996, the new Trademark Act explicitly prescribes the scope of protection of a color trademark. Specifically, the use of a mark which is identical, except for the color, with the registered color trademark is also considered as a proper use of the registered trademark for the purpose of renewal and cancellation of a trademark registration.²³⁶ Further, a color trademark right extends to the use of a mark which is identical with the registered trademark except for the color. Therefore, the owner of a color trademark does not need to file as many applications as the number of colors that he wants to cover.

5.12.3 *Right to Exclude Others*

The owner of a registered trademark has the right to exclude others from using a mark which is identical with, or similar to, the registered trademark in respect of goods which are identical with, or similar to, the designated goods thereof. Further, any act of preparation for a trademark infringement also constitutes an infringement.²³⁷ Therefore, the owner of a trademark registration can prevent others from conducting any preparatory act of infringement.

5.12.4 *Exceptions to Exclusive Rights*

Even if a trademark identical with, or similar to, any of the following marks has been registered, anyone may freely use it:²³⁸

- (i) a mark indicating, in a common way, the name, trade name, portrait, signature or seal of a certain person, or well-known pseudonym, professional name or pen name of a certain person, or well-known abbreviation thereof, provided that the trademark right would be enforceable against the use of such mark if it is used for the purposes of practicing unfair competition after the registration of the trademark concerned;
- (ii) a mark indicating, in a common way, the usual name, place of origin, place of sale, quality, raw material, effect, use, quantity, shape or price of the designated goods of the registered trademark or goods similar thereto, or a mark indicating, in a common way, the method or time of producing, processing or using those goods; and
- (iii) a mark which is customarily used on the designated goods of the registered trademark or goods similar thereto, or a mark which consists of a well-known geographical name or an abbreviation thereof or a map.

²³⁵ *Ibid.*, Article 53

²³⁶ Trademark Act of 1995 (Law No. 5,083), Article 91-2

²³⁷ Trademark Act, Article 66

²³⁸ *Ibid.*, Article 51

Unlike the Patent Act, however, the Trademark Act confers no protection for a prior user of a registered trademark. Therefore, a trademark right is generally enforceable against a person who has been using, prior to the filing date of the trademark application, a mark which is identical with, or similar to, the registered trademark. On the other hand, marks identical with, or similar to, another person's mark which has already become well-known in the Republic of Korea as a result of prior use cannot be registered.

5.13 Trademark Infringement

5.13.1 *In General*

The owner of a registered trademark or his exclusive licensee can bring a civil action against an infringer of the trademark right or exclusive license.²³⁹ As civil remedies, the Trademark Act provides injunctive relief (preliminary and permanent), monetary damages and restoration of injured business reputation. Further, criminal sanctions such as an imprisonment for up to five years and/or a fine not exceeding 20 million Korean Won may be imposed on the infringer under the Trademark Act. Unlike a patent infringement, criminal prosecution against an infringer of a trademark right may be initiated *ex officio* even if no complaint is filed by the injured party.²⁴⁰

5.13.2 *Acts of Infringement*

Under Article 66 of the Trademark Act, any of the following acts is deemed to constitute an infringement of a trademark right:

- (i) using a mark identical with, or similar to, the registered trademark on goods identical with, or similar to, the designated goods of the registered trademark;
- (ii) delivering, selling, counterfeiting, imitating or possessing a mark identical with, or similar to, the registered mark for the purposes of using, or having used, such mark on goods identical with, or similar to, the designated goods of the registered trademark; or
- (iii) making, delivering, selling or possessing instruments for the purposes of counterfeiting or imitating, or having counterfeited or imitated, the registered trademark.

Like other intellectual property rights, a trademark right is effective within the territory of the Republic of Korea under the principle of territoriality. Therefore, in principle, no trademark right for the Republic of Korea is infringed by acts which are only conducted outside the Republic of Korea. However, if goods bearing a trademark manufactured outside the Republic of Korea are imported into the Republic of Korea, the question of parallel importation may arise.

In this connection, if the owner of a trademark has registered his trademark in other country as well as in the Republic of Korea, it is questionable whether or not the owner of the trademark registration in the Republic of Korea or his exclusive licensee can prevent a third party from importing goods which bear the registered trademark and which have been lawfully sold in another country. This

²³⁹ *Ibid.*, Article 65

²⁴⁰ *Ibid.*, Article 93

question of whether or not parallel importation of genuine goods constitutes an infringement is discussed in 5.18.

5.13.3 *Determination of Similarity of Trademarks*

The issue of whether or not any two trademarks are similar to each other is very important in applying the first-to-file rule and determining the issue of infringement.

In this regard, the Supreme Court has consistently declared that the issue of similarity between two trademarks should be determined by an objective comparison of their appearances, pronunciations and concepts; and such comparison must be made based on the perception of the trademarks held by the consumers of the goods concerned.

Further, comparison of trademarks should be made separately in time and place since consumers normally purchase goods without having compared them closely and directly, but mostly relying on their memory of advertisements or images or the like.

As a trademark functions as an indication of the source of goods as a whole, the similarity of trademarks should be normally decided by comparing them in their entirety. However, in case a certain part of the trademark in particular gets more attention from consumers, it may be proper to isolate that part from the trademark and then compare it with the cited mark. Further, in case a trademark contains a part which is customarily used to indicate the quality, nature, effect or the like of the designated goods, such customary part ought to be excluded from the subject of comparison.

5.13.4 *Determination of Similarity of Goods*

The issue of similarity of goods is determined by reviewing whether or not the goods are so similar that they are likely to cause confusion as to the source thereof. In determining the issue, the raw material, quality, figure, manufacturer, use, consumers, distribution channel, seller and the like are generally taken into consideration, as held by the Supreme Court in numerous cases including *In re Rhoem Gesellschaft*.²⁴¹

Although the Trademark Act explicitly declares that the Korean Classification is not the one to determine the similarity of goods, in practice, those goods which fall under a same class are very often determined to be similar to each other and those falling under different classes are generally considered different from each other.

5.13.5 *Infringement Action*

The owner of a registered trademark and/or his exclusive licensee may bring an infringement action before the court. An infringement action may be in the form of a preliminary injunctive action or a main action. In the preliminary injunctive action, the plaintiff may also seek a court order for the sequestration of infringing articles in addition to a preliminary injunction. In the main action, monetary damages, permanent injunction and/or appropriate measures to be taken for the restoration of injured business goodwill may be sought.

²⁴¹ Supreme Court Case 90 Hu 1178; March 27, 1991

Unlike the Patent Act, the so-called “provisional protection right” is not conferred to the applicant of a trademark application which has been published upon the substantive examination. Therefore, a trademark infringement action can only be brought upon the registration of the trademark.

An action for injunctive relief can be brought against a person who has infringed, or is likely to infringe, a trademark right. However, an action for monetary damages can only be brought against a person who has knowingly or negligently infringed a trademark right. In this connection, it is presumed under the Trademark Act that an infringer of a trademark right has done so negligently.

As for the amount of damages, it is understood that lost profits of the plaintiff may be sought and, if proven, be awarded by the court. On the other hand, the Trademark Act provides that the amount of profits gained by the infringer as a result of infringement, if any, is presumed to be the amount of damages suffered by the trademark owner. Further, the Trademark Act recognizes a reasonable amount of royalty as a minimum amount of recoverable damages. As an appropriate measure to be taken for the restoration of damaged business reputation, a court order directing the infringer to publish a statement of apology in a daily newspaper is typically sought and often granted.

Chapter 14 covers trademark infringement actions in more detail.

5.13.6 *Defenses*

In a trademark infringement action, the defendant may argue that the trademark registration is invalid or should be canceled, and/or his trademark and designated goods are different from those of the trademark registration, and the like.

However, the invalidity of a trademark registration cannot be determined by the court; and an invalidation trial must be separately brought before the Board of Trials within KIPO. The court which hears an infringement action should, therefore, proceed with the presumption that the trademark registration is valid until and unless a decision holding the trademark registration invalid has become final and conclusive.²⁴² Likewise, if a trademark registration is subject to a cause for cancellation, a cancellation trial may be brought before the Board of Trials.

Although the issue of similarity of trademarks and goods at issue is to be ultimately decided by the court, the defendant may, prior to or subsequent to the initiation of the infringement action, file a trial to confirm the scope of a trademark right with the Board of Trials within KIPO, seeking a decision holding that the use of the mark on certain goods does not fall within the scope of the trademark registration.²⁴³

In case such an invalidation, cancellation or scope confirmation trial is lodged before KIPO, the defendant of the infringement action may request the court to stay the court proceeding until such trial is finally decided. While courts have accepted such request for the stay in a limited number of patent infringement cases involving high technology and very complicated issues, such motion is rarely accepted in trademark infringement actions.

²⁴² *Sun-Woo Park vs. East West Furniture Industrial* (Supreme Court Case 82 Hu 26; April 10, 1984)

²⁴³ Trademark Act, Article 75

5.14 Invalidation of Trademark Registration

5.14.1 *In General*

An interested party or an examiner of KIPO may bring an invalidation trial against a trademark registration before the Board of Trials in KIPO. Invalidation trials may be classified into two categories depending on the grounds for invalidation: (i) an invalidation trial against an original registration or a supplementary registration for additional goods; and (ii) an invalidation trial against a renewal registration.

An interested party is generally interpreted to mean a person who has been engaged in, or has made preparations for, the business of producing, selling or distributing goods identical with, or similar to, the designated goods of the trademark registration which is sought to be invalidated.²⁴⁴

An invalidation trial may be initiated at any time, even after the trademark right has been extinguished, as long as there is a merit or reason to invalidate the trademark registration. Further, it may also be brought with respect to a part of the designated goods of the trademark registration.

5.14.2 *Grounds for Invalidation*

An original trademark registration or a supplementary registration for additional goods may be invalidated for any of the following reasons:²⁴⁵

- (i) where the registration has been granted in violation of any of Article 3 (Person Entitled to Have Trademark Registered), Article 6 (Distinctiveness), Article 7 (Unregistrable Marks), Article 8 (First-to-File Rule), Article 11 (Associated Trademark) and Article 12 (Transfer of Application) of the Trademark Act and Article 25 (Capacity of Foreigner to Enjoy Rights) of the Patent Act;
- (ii) where the registration has been granted in contravention of a treaty;
- (iii) where the registration has been granted to a person who is not a successor in title to the trademark application concerned; and
- (iv) where, after the grant of the registration, the owner has lost the capacity to enjoy a trademark right or the registration has become in violation of a treaty.

A renewal registration may be invalidated:²⁴⁶

- (i) where the renewal registration has been granted in respect of a trademark which is unregistrable pursuant to Article 6 (Distinctiveness) or Items (i) to (v) or (xi) of Article 7(1) (Unregistrable Marks) of the Trademark Act;

²⁴⁴ *He-Soo Han vs. Koreadang Co.* (Supreme Court Case 85 Hu 59; March 22, 1988)

²⁴⁵ Trademark Act, Article 71, Paragraph 1

²⁴⁶ *Ibid.*, Article 72, Paragraph 1

- (ii) where the renewal registration has been granted even though the renewal application concerned was not filed within six months after the expiration of the original registration; and
- (iii) where the renewal registration has been granted in respect of a renewal application which was filed by a person other than the owner of the original trademark registration.

5.14.3 *Statute of Limitation*

While the Patent Act has removed the statute of limitation for a patent invalidation action since September 1, 1990, the Trademark Act retains such a limitation: hence an invalidation trial should be filed within five years from the date of original registration or renewal registration if it is brought on the ground that the registration has been granted in violation of any of the following provisions: Article 7(1) (vi) to (ix) stipulating unregistrable marks; Article 8 relative to the first-to-file rule; and Article 72(1)(ii) prescribing the instance where a renewal application was filed after six months from the expiration date of the original registration. In general, however, an invalidation trial brought for other grounds may be initiated at any time, even after the trademark right has been extinguished.

5.14.4 *Procedure*

The procedure of an invalidation trial against a trademark registration is exactly the same as that of an invalidation trial against a patent (see 3.17.6).

5.14.5 *Effects of Invalidation Decision*

Once a trial decision holding a trademark registration invalid has become final and conclusive, it is deemed that the registration had never been granted. In contrast, if a trademark registration is canceled through a cancellation trial, it will lose its effect only from the date when the cancellation decision becomes final and conclusive. Further, once an invalidation trial decision has become final and conclusive (and recorded on the trademark register), no one may file another invalidation trial based on the same facts and evidence.

5.15 Cancellation of Trademark Registration

5.15.1 *In General*

While the grounds for invalidation of a trademark registration are those which were already in existence prior to the registration, the grounds for cancellation are those which have occurred after the registration of the trademark.

In general, only an interested party may bring a trial for the cancellation of a trademark registration. In contrast to an invalidation trial, the KIPO examiner has no standing to file a cancellation trial. For certain public policy considerations, however, anyone can bring a cancellation trial on the ground that a registered trademark has been improperly used by the owner of the trademark or his licensee.

Once a trademark registration is canceled, it is extinguished from the date when the trial decision becomes final and conclusive.

5.15.2 *Grounds for Cancellation*

A trademark registration may be canceled if:²⁴⁷

- (i) the owner of a trademark registration has allowed another person to use a trademark identical with, or similar to, his registered trademark on goods identical with, or similar to, the designated goods for six or more months, without the recordal of such person as an exclusive or non-exclusive licensee on the trademark register concerned;
- (ii) the owner of a trademark registration has knowingly used either a trademark similar to his registered trademark on the designated goods or a trademark identical with, or similar to, the registered trademark on goods similar to the designated goods, thereby misleading consumers as to the quality of goods or causing confusion with goods related to another person's business;
- (iii) the owner of a trademark registration or his exclusive licensee or non-exclusive licensee has failed to use the registered trademark in the Republic of Korea on the designated goods, without any justifiable reason, for a consecutive period of three or more years before the cancellation trial is filed;
- (iv) any of the provisions relative to the transfer and joint ownership of a trademark registration is violated;
- (v) in case of a collective mark, a member of the organization has allowed another person to use the collective mark in contravention of the articles of association;
- (vi) there is a likelihood of misleading consumers as to the quality of goods or causing confusion with goods related to another person's business by modifying the articles of association after the registration of a collective mark;
- (vii) a trademark for which an application is filed by a person, who is an agent or representative, or was an agent or representative within one year before the filing date of the application, of the person having the right to register the trademark in a member country of the treaty, has been registered and the person having the right to the trademark files a cancellation trial within five years from the date of registration of the trademark; or
- (viii) an exclusive or non-exclusive licensee of a registered trademark has misled consumers as to the quality of goods or has caused confusion with goods related to another person's business by using a mark identical with, or similar to, the registered trademark on goods identical with, or similar to, the designated goods, excepting the instances where the owner of the trademark registration pays a considerable attention.

²⁴⁷ *Ibid.*, Article 73, Paragraph 1

5.15.3 *Demand for Trial*

In general, only an interested party may bring a cancellation trial on any of the grounds listed above. However, in if a registered trademark has been improperly used by the owner of the trademark or his licensee, as set forth in (ii), (vi) and (viii) above, anyone may bring a cancellation trial.²⁴⁸

If one of the associated trademarks has been transferred independently, not together with the other associated trademarks which are related to goods identical with, or similar to, the designated goods of the transferred trademark, a cancellation trial may also be brought against such other associated trademarks in addition to the transferred trademark.

Further, in case more than two goods are designated in a trademark registration, a cancellation trial may be brought with respect to each or a part of the designated goods. In this connection, under the old Trademark Act which was in effect until August 31, 1990, a trademark registration could avoid being canceled based on the use of the registered trademark on any of the designated goods. However, as of September 1, 1990, a partial cancellation system has been introduced so that a trademark registration may be canceled with respect to designated goods on which the registered trademark has not been actually used.

5.15.4 *Statute of Limitation*

A cancellation trial on the ground of paragraphs (i), (ii), (v), (vi) or (viii) of Article 73(1) may not be brought after three years from the date on which such ground has been purged.²⁴⁹

5.15.5 *Local Use Requirement*

(1) *Meaning of "Use"*

The trademark used should be identical with the registered trademark, not a mark which is merely similar to it. Further, a trademark should be used by the owner of the trademark or his exclusive or non-exclusive licensee who is recorded on the trademark register. In this connection, it was held by the Supreme Court that the use of a trademark by an independent contractor, who has used the mark in the delivery of goods and materials including those of the trademark owner, cannot be considered as a proper use under the Trademark Act.²⁵⁰

In addition to the use of a registered mark on the designated goods or packages physically, the use on advertisement materials, catalogs and the like also qualifies as a proper use of the mark. Although advertisement of goods bearing the mark has been recognized as satisfying the use requirement, it was required to be done within the territory of the Republic of Korea until the case of *Guess Incorporated vs. Nonno Co. Ltd.*²⁵¹ In *Guess*, the Supreme Court held that advertisement of a product bearing a registered trademark in a magazine published outside the Republic of Korea also satisfied the use requirement as long as the magazine was imported into and distributed within the Republic of Korea.

²⁴⁸ *Ibid.*, Article 73, Paragraph 6

²⁴⁹ *Ibid.*, Article 76, Paragraph 2

²⁵⁰ *Federal Express Corporation vs. In-Shik Oh* (Supreme Court Case 92 Hu 162; July 28, 1992)

²⁵¹ Supreme Court Case 91 Hu 356; December 13, 1991

On the other hand, the Supreme Court has ruled in *Pacific Chemical Industrial vs. Won-Chul Kim*²⁵² that a registered trademark cannot be considered to have been used from the mere fact that there was an order to print the registered trademark and to manufacture a mold which would be used in making the containers for the goods.

If one of the associated trademarks has been used on the designated goods, it is deemed that all of the associated trademarks have been used. As explained in 5.15 above, however, a trademark registration is still subject to cancellation with respect to those designated goods on which the trademark has not been actually used.

Even if a registered trademark is used immediately after the initiation of the cancellation trial concerned, it will not be able to cure the defect retroactively.²⁵³ In case a trademark right has been transferred, the period of non-use by the previous owner of the trademark is also included in the calculation, together with the non-use period by the current owner.

(2) *Justifiable Reasons*

Even if a registered trademark has not been used for more than three consecutive years, it may not be subject to cancellation if there is a justifiable reason for the non-use. It is generally understood that a justifiable reason in this context means any reason for which the use of a trademark cannot be expected objectively, such as a natural disaster, prohibition by law, suspension of an administrative procedure for granting the Government's permit, or the like, necessary to carry out the business leading to the use of the mark.

In this regard, the Supreme Court held in *Mrs. Kho Co., Ltd. vs. Canon Mills Company*²⁵⁴ that "a justifiable reason" is interpreted to include, in addition to an inability to do a relevant business due to *force majeure* or any reason unattributable to the owner of the trademark that makes impossible normal dealings of the designated goods, a sales ban by law or governmental measure to prohibit importation of raw materials or manufacturing equipment.

Even if it requires the Government's permission to import or consign the designated goods, however, it cannot be concluded, from the mere existence of such requirement, that there was a justifiable reason. In addition to the existence of such requirement, the owner of the trademark registration should prove that he has failed to obtain the permission without any reason attributable to himself.²⁵⁵

(3) *Burden of Proof*

Under the old Trademark Act which was in effect until August 31, 1990, the burden to prove the non-use of a registered trademark in a cancellation trial lay on the demandant of the cancellation trial. Specifically, the demandant had to establish, at least initially, that the registered trademark had not been used in the administrative district containing the address of the trademark owner (or his agent or

²⁵² Supreme Court Case 80 Hu 70; February 23, 1982

²⁵³ Trademark Act, Article 73, Paragraph 5

²⁵⁴ Supreme Court Case 86 Hu 14; July 7, 1987

²⁵⁵ *Brown & Williams Tobacco Corporation vs. Philip Morris Products Inc.* (Supreme Court Case 89 Hu 599; June 26, 1990)

administrator, if any, recorded on the trademark register), or (if the recorded address is not local) in the administrative district where KIPO is located.

Due to the difficulty of such negative proof, as of September 1, 1990, the Trademark Act has shifted the initial burden of proof to the owner of a trademark registration. Specifically, the owner of a trademark registration should prove that the trademark has been duly used in the Republic of Korea, on at least one of the designated goods involved in the cancellation trial, during the three-year period prior to the filing date of the cancellation trial.²⁵⁶

5.15.6 *Procedure*

The procedure for a cancellation trial is almost the same as that for an invalidation trial against a patent. Hence the above discussion in 3.17.6 refers.

5.15.7 *Effects of Cancellation Decision*

Once a decision canceling a trademark registration has become final and conclusive, the trademark right is extinguished from that time.

Further, a trademark identical with, or similar to, a registered trademark which has been canceled may not be applied for registration in respect of goods identical with, or similar to, the designated goods of the canceled trademark, during the period of three years from the date when the cancellation trial decision becomes final and conclusive.²⁵⁷

There is one exception to this general rule: where a trademark registration is canceled on the basis of non-use, the demandant of the cancellation trial has the exclusive right to file an application for a mark identical with, or similar to, the canceled trademark within three months from the date when the cancellation trial decision becomes final and conclusive.²⁵⁸

5.16 Trial to Confirm the Scope of Trademark Right

5.16.1 *In General*

A trial to confirm the scope of trademark right is an administrative action which is initially filed with the Board of Trials within KIPO, seeking a decision on whether or not the use of a certain mark (in practice, called “the (Ka)ho mark”) on certain goods (called “the (Ka)ho goods”) falls within the scope of a trademark registration.

5.16.2 *Demand for Trial*

Either the owner of a trademark registration or an interested party may bring a trial to confirm the scope of trademark right before KIPO. The owner of a registered trademark will seek a decision holding that the use of a particular mark of another person on certain goods falls within the scope of his

²⁵⁶ Trademark Act, Article 73, Paragraph 4

²⁵⁷ *Ibid.*, Article 7, Paragraph 5

²⁵⁸ *Ibid.*, Article 8, Paragraph 5

trademark right, while an interested party may seek a decision holding that the use of his particular mark on certain goods does not fall within the scope of another person's trademark right.

This trial may be initiated at any time as long as there is a merit to determine the issue, even after the trademark right has been extinguished. There is no statute of limitation applicable to the filing of this trial. In *The Singer Company vs. Pusan Precision Machine Co.*,²⁵⁹ the Court held that, even if the two trademarks at issue in a trial to confirm the scope were those against which invalidation trials might not be initiated because of the statute of limitation, there could still be a merit for seeking a decision holding that the mark of one person falls within the scope of the trademark right of the other person.

In general, it is not allowed to amend the (Ka)ho mark after the initiation of the trial. Therefore, the Supreme Court upheld the Examiner's rejection of the amendment of the (Ka)ho mark which consisted of a figure and letters to one consisting only of letters.²⁶⁰

5.16.3 *Procedure*

The procedure for a trial to confirm the scope of a trademark right is the same as that for a trial to confirm the scope of a patent, and 3.16.4 above refers.

5.16.4 *Effects of Trial Decision*

Once a decision of such trial has become final and conclusive, no-one may file another trial to confirm the scope based on the same facts and evidence. Further, although the court which hears an infringement action is not legally bound by the decision of a relevant trial to confirm the scope of trademark right, such decision may be presented to the court as an evidentiary material in the infringement action.

5.17 Protection of Well-known or Famous Marks

5.17.1 *In General*

Under the Trademark Act, marks which are widely recognized among consumers are classified into two categories: (i) well-known marks; and (ii) famous marks.

A well-known mark is one which is distinctly recognized among consumers as a mark indicating the goods or business of a specific person. A famous mark is one which is widely and distinctly recognized among consumers, as a result of its use for a long period of time as a mark indicating the business of a specific person. Therefore, a well-known mark is recognized in association with certain goods or services, while a famous mark is recognized beyond specific goods or services.

Accordingly, a well-known mark may defeat the registration of a mark identical with, or similar to, the well-known mark on goods identical with, or similar to, the goods on which the well-known mark is used. In contrast, a famous mark may invalidate the registration of a mark identical with, or similar to, the famous mark on any goods, even if the goods are not similar to those of the famous mark.

²⁵⁹ Supreme Court Case 70 Hu 9; December 22, 1970

²⁶⁰ *Keun-Ho Chung vs. Kwang-Pyo Hong et al.* (Supreme Court Case 89 Hu 1264; March 13, 1990)

5.17.2 *Qualification for Well-known or Famous Marks*

To be qualified as a well-known or a famous mark under the Korean Trademark Act, it should be recognized as such in at least some areas of the Republic of Korea. Therefore, a trademark which is well recognized in a foreign country may not be considered as a well-known or a famous mark if there is no such recognition in the Republic of Korea. However, even if the goods bearing a mark are not sold in the Republic of Korea, the mark may be considered as a well-known mark if it is widely recognized within the relevant local industry.

Whether or not a mark is famous should be determined by a number of factors such as the duration, method, type and amount of use or marketing, sales volume and the like, as held in *In re He-Syup Lee*.²⁶¹ It does not require that the mark be used directly on the goods. It may be qualified as a famous mark if it is widely recognized as a result of advertisements of the product bearing the mark on newspapers, magazines or television.

5.17.3 *Protection under the Trademark Act*

Regardless of whether or not they are registered under the Trademark Act, well-known or famous marks are protected by way of barring others' registration of a mark which is identical with, or similar to, such marks. Specifically, Article 7(1) of the Trademark Act stipulates that the following are unregistrable, even if distinctive:

- (ix) marks which are identical with or similar to a mark well-known among consumers as indicating the goods of another person and which are to be used on goods identical with or similar to such other person's goods; and
- (x) marks which are likely to cause confusion with another person's business or goods which are widely known among consumers.

An application for the registration of such mark filed by a person other than the owner of the famous mark will be rejected; and, if it is erroneously granted registration, it will be subject to invalidation.

As explained above, the Supreme Court has held that, to invoke Articles 7(1)(ix) or (x) prohibiting the registration of a mark identical with, or similar to, a well-known or famous mark, the mark must be widely known among the consumers in the Republic of Korea; and its fame outside the Republic of Korea is not relevant. As a result, in numerous instances, bitter arguments arose surrounding the question as to whether or not a famous foreign mark was also well known in the Republic of Korea or whether the level of fame was such that the status of the mark could be elevated to that of a well-known or famous mark.

Interestingly, Article 7(1)(xi), not Article 7(1)(ix) or (x) above, was invoked to protect a famous foreign mark which had not yet acquired the status of a famous or well-known mark in the Republic of Korea. Article 7(1)(xi) provides that a mark is not registrable if it is likely to mislead or deceive the consumers with respect to the quality of the goods bearing that mark. In *Advance Magazine Publishers*,

²⁶¹ Supreme Court Case 83 Hu 34; January 24, 1984

Inc. vs. Jun-Sang Kwon,²⁶² the publisher of “Vogue” magazine filed an invalidation trial against a trademark registered by a local clothier having various types of clothing items as the designated goods, which is written in Korean but has a phonetic resemblance to “vogue.” The main argument propounded by the “Vogue” publisher was that “Vogue” is a famous mark in view of the facts that, among other things, the magazine had been widely read in numerous countries over a period of 70 years; the mark had been registered in about 60 countries by the publisher; and there were some subscribers in the Republic of Korea as well.

The Supreme Court held that the trademark registered in the Korean language with a similar sound to the word “vogue” should be invalidated because there is a likelihood that consumers may be confused and misled to believe that the products carrying the registered mark may be related to the owner of the cited mark “Vogue,” to the extent the cited mark enjoys a certain level of recognition among Korean consumers even though it may not be regarded as a “famous” mark within the Republic of Korea. The Court reasoned that Article 7(1)(xi) is intended to prevent the consumers’ misconception or confusion with respect to the quality and source of the product carrying a mark recognized by the consumers as the mark of another person, thereby to protect the consumers’ reliance and confidence therein; and, accordingly, the statute does not require such mark necessarily to be well known or famous in the Republic of Korea.

5.17.4 *Protection under the Unfair Competition Prevention Act*

The Unfair Competition Prevention Act establishes the following two categories of acts relating to a well-known or famous mark which are considered as actionable unfair competition practices:²⁶³

- (i) acts causing confusion with another person’s goods by selling, distributing, importing or exporting the goods which use, or by using, an indication which is identical with, or similar to, another person’s name, tradename or trademark or, container or packaging for goods, or other indication representing another person’s goods, which is widely recognized in the Republic of Korea; and
- (ii) acts of causing confusion with another person’s business facilities or activity by using an indication which is identical with, or similar to, another person’s name, tradename or mark, or other indication representing another person’s business, which is widely recognized in the Republic of Korea.

Any person who is, or is likely to be, injured by such an act of unfair competition may bring a civil action before the court seeking an injunctive relief, monetary damages and/or restoration of injured business reputation or goodwill.²⁶⁴

Criminal sanctions may also be imposed against a person who has committed such acts of unfair competition. The criminal prosecution may be initiated *ex officio* even if no complaint has been filed by an injured party.²⁶⁵ The maximum penalty assessable is imprisonment of up to three years and/or a fine of up to 30 million Korean Won.

²⁶² Supreme Court Case 90 Hu 1802; June 11, 1991

²⁶³ Unfair Competition Prevention Act, Article 2, Paragraph 1

²⁶⁴ *Ibid.*, Articles 4, 5 and 6

²⁶⁵ *Ibid.*, Article 18, Paragraphs 1 and 2

5.17.5 *Protection under the Paris Convention*

In connection with the protection of well-known marks, Article 6 *bis* of the Paris Convention provides as follows:

- (1) The countries of the Union undertake, *ex officio* if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well-known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.
- (2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.
- (3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.

In compliance with the above provision of the Paris Convention, as of September 1, 1981, a provision was introduced into the Trademark Act, requiring that a trademark application be rejected in an opposition proceeding filed by the owner of a trademark registered in a foreign member country to the Paris Convention, if both the trademark and the designated goods of the application are identical with, or similar to, those of such registered trademark and if the application is filed by a person who is an agent or representative of the owner of the registered trademark or was such an agent or representative within one year prior to the filing date of the application.²⁶⁶

Further, the Trademark Act provides that a trademark application should be rejected if it is in contravention of a relevant treaty; and a trademark registration may be nullified if it has been granted in contravention of a relevant treaty or, upon the registration, has become in violation of a relevant treaty.

5.18 Parallel Importation

5.18.1 *In General*

As markets have grown internationally, there has been an increased need to register a trademark in a number of countries. Under such circumstances, it is questionable whether the owner of a trademark right in the Republic of Korea or his exclusive licensee can prevent a third party from importing goods which bear the registered trademark and have been lawfully sold in another country. Such goods are called “genuine goods” or “gray goods” in contrast to counterfeit goods.

Various national laws differ on whether importation of genuine goods constitutes an act of trademark infringement. The TRIPS Agreement has also left this issue to be decided by each country

²⁶⁶ Trademark Act, Article 23, Paragraph 1

by making a note on Article 51 (Suspension of Release by Customs Authorities) that “it is understood that there shall be no obligation to apply such [border enforcement] procedures to imports of goods put on the market in another country by or with the consent of the right holder, or to goods in transit.”

5.18.2 *Relevant Provisions of the Trademark Act*

Under the Trademark Act, “an act of transferring or delivering the goods or their packages bearing a trademark, or an act of displaying, exporting or importing such goods or packages for the purposes of transfer or delivery” is considered an act of using the trademark. In addition, the use of a mark identical with, or similar to, a registered trademark on goods identical with, or similar to, the designated goods of the registered trademark constitutes an infringement of the trademark right. In view of the principle of territoriality expressed in the Paris Convention, therefore, it may be held that importation even of genuine goods constitutes an infringement of a trademark registered in the Republic of Korea.

5.18.3 *Border Enforcement Regulation*

Article 146-2(1) of the Customs Act provides that any goods infringing an intellectual property right may not be imported or exported. Pursuant to this provision, Regulation Concerning the Export/Import Customs Clearance Procedure for the Protection of Intellectual Property Right (the so-called “border enforcement regulation”) was promulgated and the regulation went into effect as of January 17, 1994. Details of the border enforcement regulation are discussed in 13.5.

5.18.4 *Regulation Revised to Allow Parallel Importation*

After the adoption of the border enforcement regulation, a number of imported goods were suspended at the customs office on grounds of trademark infringements. Among those goods were genuine “Levi’s” jeans imported by a local company which was not an authorized distributor. The suspension of these “Levi’s” jeans was decided by the Seoul District Customs Office on May 8, 1995, upon the request of the exclusive licensee of the trademark “Levi’s” in the Republic of Korea. This triggered heated debates on the legality of parallel importation of genuine goods for the first time in the Republic of Korea. Following this debate, the Government decided to allow, in principle, parallel importation of genuine goods and accordingly amended the border enforcement regulation. The new regulation went into effect as of November 6, 1995.

(1) Instances Where Parallel Importation Is Allowed

Under the new regulation, importation by an unauthorized person of goods bearing a mark which is identical to a trademark reported to the customs office will not be considered as infringing the trademark right, provided that the trademark has been attached to the goods by a party having the right to use the trademark in a foreign country and the relationship between the foreign and the local holders of the trademark right is either of the following:

- (i) the foreign and the local holders are the same or are in a relationship making them essentially a same entity such as related companies (one company owning at least 30% equity of the other company and being the largest equity holder), an import agency relationship or the like; or

- (ii) a local exclusive license has been granted by the local holder of the trademark right who is in the relationship with the foreign holder as stated (i) above; excepting, however, the instances where the local exclusive licensee is engaged in the manufacture and marketing of the goods bearing the licensed trademark only.

In summary, parallel importation of genuine goods will be allowed unless the trademark right in the Republic of Korea is owned by a person who has no equity or business relationship with the holder of the trademark registered in a foreign country, or the local exclusive licensee does not import, but only manufactures and markets the goods locally, as further explained below.

(2) *Exception to the Allowance of Parallel Importation*

As the exception to the general principle to allow parallel importation, which is motivated by the rationale of protecting the goodwill of the local exclusive licensee, the revised border enforcement regulation provides specific guidelines as to when the local exclusive licensee may successfully prevent the parallel importation of gray goods.

For instance, in the case where the local exclusive licensee, who used to import the goods bearing the trademark concerned, has now stopped the importation and locally manufactures/sells the goods only, no parallel importation will be allowed from the following date:

- (i) when the fact of his manufacturing activity *sans* importation is reported to the head of the customs office where the trademark right has been reported, if the local licensee used to only import, but now only manufactures the goods in the Republic of Korea; or
- (ii) when the fact of his discontinuance of importation is reported to the head of the customs office where the trademark right has been reported, if the local licensee both imported and manufactured, but now only manufactures the goods in the Republic of Korea.

Further, goods will be considered to be manufactured locally by the exclusive licensee in any of the following instances:

- (i) where the local exclusive licensee supplies the goods through an OEM contract from inside or outside the Republic of Korea, i.e. through a foreign or a domestic subcontractor, excepting, however, the instances where the foreign OEM manufacturer is a licensee of the trademark concerned from the foreign trademark owner; and
- (ii) where the local exclusive licensee imports parts bearing the trademark and then manufactures finished goods by a simple assembly or partial processing of the imported parts, excepting, however, the instances where the imported parts and the finished goods have different low six-digit units in their respective HS numbers.

5.19 Transfer of Trademark

5.19.1 *In General*

Unlike the other intellectual property rights such as patents, utility models and designs, rights relating to trademarks are not freely transferable, for there may exist a danger of misleading the general

public as to the source of goods or services since a trademark is understood as a reference to a particular source from which goods or services are originated.

5.19.2 *Transfer of Underlying Business No Longer Required*

Under the old Trademark Act, a trademark application or registration could be transferred only together with the business related to the designated goods of the trademark. Therefore, for the recordal of the transfer of a trademark, it was required to submit a deed of assignment containing a statement to the effect that the trademark would be assigned together with the underlying business.

In the case of an assignment made between an entity of the Republic of Korea and a foreign entity, it was further required to submit an official document in which either the consulate-general of the Republic of Korea in the foreign country or the competent Minister of the Government of the Republic of Korea confirmed the transfer of the underlying business.

This cumbersome requirement to transfer a trademark only together with the underlying business was removed from the Trademark Act which became effective as of September 1, 1990, and the ownership of a registered trademark can now be changed without transferring the underlying business.

5.19.3 *Limitations on Transfer of Trademark*

A trademark application or registration may be transferred separately with regard to each of the designated goods thereof, although in this case, designated goods which are similar to each other must be transferred together.²⁶⁷ Further, if there are associated trademark application(s) and/or registration(s) in respect of goods which are identical with, or similar to, the designated goods of the trademark to be transferred, such associated trademark application(s) and/or registration(s) should be also transferred.²⁶⁸ In case of a trademark application or registration of joint ownership, no joint owner may transfer his right on the mark without the consent of the other joint owners.²⁶⁹

If a trademark application has been transferred in violation of any of the above restrictions and proceeded to registration, the trademark registration will be subject to the risk of invalidation. Also, if the transfer of a trademark registration is made in contravention of the above limitations, it will be a basis for the cancellation of the trademark registration.

An application for the registration of a business emblem or such registration cannot be transferred independently of the underlying business thereof. An application for the registration of a collective mark or such registration also cannot be transferred, unless the transfer is made due to a merger and there is permission from the Commissioner of KIPO.

5.19.4 *Recordal of Transfer*

Transfer of a trademark registration will not be effective against a third party unless it is recorded on the trademark register at KIPO.²⁷⁰ Prior to the recordal, the transfer should be notified to the general

²⁶⁷ *Ibid.*, Article 12, Paragraph 2 and Article 54, Paragraph 1

²⁶⁸ *Ibid.*, Article 12, Paragraph 3 and Article 54, Paragraph 2

²⁶⁹ *Ibid.*, Article 12, Paragraph 5 and Article 54, Paragraph 5

²⁷⁰ *Ibid.*, Article 56, Paragraph 1

public in a daily newspaper excepting the instances of inheritance or other general succession. No transfer may be recorded before 30 days from the publication in a newspaper.²⁷¹

Except for that arising from inheritance or other general succession, no transfer of a trademark application is effective unless the change of the applicant is reported to KIPO.²⁷² Until August 31, 1990, the Trademark Act also required the applicant of a pending trademark application to give a public notice of his transfer in a daily newspaper, but this requirement ceased to apply on September 1, 1990.

5.20 Licensing of Trademark

5.20.1 *In General*

The owner of a registered trademark may grant an exclusive or non-exclusive license for the trademark. The terms and conditions of a trademark license may be freely determined by an agreement between the licensor and the licensee. Unlike trademarks and service marks, no license may be established with respect to business emblems or collective marks. Further, in case a trademark or service mark is jointly owned, no owner can grant a license without the consent of all the other joint owners.

5.20.2 *Changes in Recordal of License*

If the owner of a registered trademark allows another person to use the trademark without having the license recorded on the trademark register at KIPO, the trademark registration is subject to the risk of cancellation upon a trial brought by any person, not limited to an interested party.²⁷³ Any trademark license should therefore be recorded on the trademark register.

To record a license, the old Trademark Act required a guarantee that the goods of the trademark owner and those of the licensee be of identical quality. In this connection, the Enforcement Decree of the Trademark Act illustrated specific forms of this guarantee, namely: (a) where there is a joint venture agreement between the parties; and (b) where there is a technology assistance agreement containing a provision relating to licensing of the trademark(s), both of which agreement required an approval from the national Government.

As of July 1, 1987, the requirement to submit evidence substantiating the identical quality of the licensee's goods was eliminated, and it is now possible to record a trademark license simply on the basis of an agreement between the licensor and the licensee. When the provision requiring a guarantee of identical quality was removed, a new provision was introduced into the Trademark Act requiring that a trademark registration be canceled if a licensee uses the licensed trademark in a manner likely to cause confusion as to the quality or origin of goods.

5.20.3 *Exclusive License*

Under the old Trademark Act, only non-exclusive licenses for a trademark registration were recognized. However, as of September 1, 1990, an exclusive license can also be established with

²⁷¹ *Ibid.*, Article 54, Paragraph 4

²⁷² *Ibid.*, Article 12, Paragraph 1

²⁷³ *Ibid.*, Article 73, Paragraph 1

respect to a trademark right.²⁷⁴ The owner of a trademark or service mark registration may grant anyone an exclusive license for the trademark or service mark. However, an exclusive license may not be granted in respect of a business emblem or a collective mark.

In order to avoid confusion among consumers as to the source of goods, an exclusive licensee is required to indicate his name or title on his licensed goods. No transfer of an exclusive license may be made without the consent of the owner of the trademark registration concerned, excepting the instances of inheritance or other general succession. Further, an exclusive licensee may neither establish a pledge over his right nor grant a non-exclusive license unless he obtains the consent from the owner of the trademark registration.

Like the owner of a trademark registration, an exclusive licensee may bring a civil action against an infringer of his exclusive license, seeking an injunctive relief, monetary damages and/or measure to be taken for the restoration of his injured business goodwill.²⁷⁵ Further, he may file a criminal complaint against the infringer.

While there is no provision in the Trademark Act which explicitly prohibits the establishment of a separate exclusive license on each of the associated trademarks, it is generally held that it is not possible to establish exclusive licenses separately with respect to the associated trademarks for which the goods are identical with, or similar to, each other, for it may cause confusion among the consumers as to the source or quality of the goods, which is a basis for the cancellation of associated trademark registrations.

5.20.4 *Non-exclusive License*

The owner of a trademark registration or his exclusive licensee may grant a non-exclusive license for the registered trademark. In order for an exclusive licensee to grant a non-exclusive license, however, he must obtain the consent from the owner of the trademark registration.

A non-exclusive licensee must indicate his name or title on his licensed goods. No transfer of a non-exclusive license may be made without the consent of the owner of the trademark registration (and the exclusive licensee, if the license has been granted by the exclusive licensee), excepting the instances of inheritance or other general succession.²⁷⁶ A non-exclusive licensee may not establish a pledge over his right unless he obtains the consent from the owner of the trademark registration (and, if applicable, from the exclusive licensee). Unlike an exclusive licensee, a non-exclusive licensee of a trademark has no right to seek any civil remedy against an infringer of the trademark right.

5.20.5 *Recordal of Trademark License*

An exclusive license of a trademark has no effect unless it is recorded on the trademark register. In contrast, a non-exclusive license, even if it is not recorded on the register, may take effect although it will not be effective against a conflicting claim asserted by a third party.²⁷⁷ Therefore, it is understood that the use of a trademark by a non-exclusive licensee is qualified as a proper use even if the licensee is not recorded on the trademark register.

²⁷⁴ *Ibid.*, Article 55

²⁷⁵ *Ibid.*, Article 65

²⁷⁶ *Ibid.*, Article 57, Paragraph 3

²⁷⁷ *Ibid.*, Article 58, Paragraph 1

This does not mean that it is entirely acceptable for a non-exclusive licensee to use the mark without the license being recorded. For if the owner of a registered trademark allows another person to use the trademark, without having the trademark license recorded on the trademark register, the trademark registration is subject to the risk of cancellation. It is consequently necessary to record a license, either exclusive or non-exclusive, on the trademark register at KIPO.

A copy of the relevant license agreement must be submitted to KIPO for the license to be recorded. The agreement need not be the original entire agreement, but may be in the form of a *pro forma* agreement as long as it contains descriptions on the identity of licensee, the period of grant, and the licensed goods and territory. Further, in the instance where the consent of a third party (e.g. joint owners) is required for licensing, a written consent from such person must be also submitted.

Recordal of a trademark license loses its effect when the trademark right expires. Therefore, the trademark license should be recorded again in case the trademark registration is renewed. In such an instance, if the license agreement previously filed covers the period beyond the expiration date of the trademark registration, a copy of the same agreement may be used for the new recordal of the license.

5.20.6 *Cancellation of License*

Any person may bring a trial for the cancellation of an exclusive or non-exclusive license if the licensee has misled consumers as to the quality of goods or has caused confusion with goods related to another person's business by using a mark identical with, or similar to, the registered trademark on identical or similar goods.²⁷⁸

Even if such ground for cancellation has been purged after initiation of a cancellation trial, it will not remedy the grounds for cancellation. However, such a cancellation trial may not be brought after three years from the date on which such ground for cancellation has ceased to exist.

Once a decision canceling a trademark license has become final, the license is extinguished from that time.

5.21 **Product Piracy and Counterfeiting**

5.21.1 *Actionable under the Intellectual Property Laws*

The object of counterfeiters is to deceive purchasers into believing that they are buying legitimately branded products. Commercial counterfeiting may, therefore, involve all kinds of intellectual property infringements, such as patent, utility model, design, trademark and/or copyright infringements. In response to such acts of commercial counterfeiting, a civil action seeking an injunctive relief, monetary damages and/or restoration of injured business reputation may be brought before the court. Further, criminal sanctions may be imposed on such infringers.

²⁷⁸ *Ibid.*, Article 74, Paragraph 1

5.21.2 *Actionable under the Unfair Competition Prevention Act*

Acts of passing off or palming off are included in unfair competitive practices which are actionable under the Unfair Competition Prevention Act. Specifically, acts causing confusion on the source of goods or business constitute unfair competitive practices. Civil remedies, such as injunctive relief, monetary damages and restoration of damaged business reputation, may be sought in a civil court action against a person who has committed such an act. It is notable that only a person whose business interest is, or is likely to be, injured by such an unfair competition act can bring such a civil action in the Republic of Korea, whereas, in some other countries, general consumers also have standing to bring an action for injunction.

5.21.3 *Suspension under the Border Enforcement Regulation*

As discussed in 13.5 above, any goods infringing an intellectual property right may not be imported or exported. Specifically, under the Regulation Concerning the Export/Import Customs Clearance Procedure for the Protection of Intellectual Property Right (the “border enforcement regulation”), counterfeit goods may be suspended at the customs office.

The border enforcement regulation has drawn a clear distinction between genuine goods and counterfeit goods. Specifically, unlike the case of genuine goods, where the goods declared are clearly counterfeit, their clearance may be suspended even if no request for suspension has been made by the right holder. Further, if the suspended goods are counterfeit, neither return of the goods nor withdrawal of import/export declaration thereof may be allowed, unless the trademark concerned has been removed by the importer/exporter or unless the holder of trademark right allows it.

In addition, a party requesting suspension may be required to submit to the customs office within 10 working days from the date of receipt of a suspension notice, evidence corroborating that the suspended goods are counterfeit goods (such as a written opinion of a patent attorney or other experts). If he fails to submit such evidence within the 10-day period, the suspended goods will not be treated as counterfeit goods. If such evidence is submitted, the customs office must give notice of it to the importer/exporter; then the importer/exporter may submit, within 10 days from the receipt of this notice, evidence substantiating that the goods are not counterfeit goods.

Chapter 6: Designs

6.1 Introduction

6.2 Concept of Design

- 6.2.1 In General**
- 6.2.2 Articles**
- 6.2.3 Shape, Pattern, Color or Their Combination**
- 6.2.4 Letters**
- 6.2.5 Sense of Sight**
- 6.2.6 Aesthetic Impression**

6.3 Requirements for Registration

- 6.3.1 In General**
- 6.3.2 Industrial Applicability**
- 6.3.3 Novelty**
- 6.3.4 Creativity (or Nonobviousness)**
- 6.3.5 Unregistrable Designs**

6.4 Identical or Similar Designs

- 6.4.1 In General**
- 6.4.2 Identical Designs**
- 6.4.3 Similar Designs**

6.5 Unique Aspects of Design Registration

- 6.5.1 In General**
- 6.5.2 Similar Design System**
- 6.5.3 Set Design System**
- 6.5.4 Secret Design System**

6.6 Design Application

- 6.6.1 Applicant**
- 6.6.2 Documents Required**
- 6.6.3 Claim of Priority**
- 6.6.4 Drawings**
- 6.6.5 First-to-File Rule**

- 6.7 Registration Procedure
 - 6.7.1 Formality Examination: The Filing Date
 - 6.7.2 Early Publication per Request
 - 6.7.3 Examination, Rejection and Registration
- 6.8 Amendment to Design Application
- 6.9 Division of Design Application
- 6.10 Conversion of Application
- 6.11 Scope of Exclusive Rights
 - 6.11.1 Duration of Protection
 - 6.11.2 Exclusive Rights
 - 6.11.3 Exceptions to Exclusive Rights
- 6.12 Infringement
 - 6.12.1 Acts of Infringement
 - 6.12.2 Civil Remedies
 - 6.12.3 Criminal Sanctions
 - 6.12.4 Defenses
- 6.13 Trial to Confirm the Scope of Design Right
- 6.14 Invalidation of Design Registration
- 6.15 Transfer and Licensing of Designs

6.1 Introduction

While the functional aspects of an article may be protected by a patent or as a utility model, the ornamental or aesthetic aspects may be protected by registration as an industrial design. In the Republic of Korea, designs are protected, separately and independently of patents, under the Design Act.

The first legal protection of designs in Korea was provided when the Yi Dynasty during its final years issued a design decree as Royal Decree No. 197 on August 12, 1908. The Royal Decree was replaced by the Japanese law in 1910. The Patent Act, enacted under U.S. military administration in 1946, covered designs in addition to inventions. Subsequently, the Government of the Republic of Korea enacted its own Design Act on December 31, 1961.

The 1961 Design Act is the ancestor to the current Design Act and has been revised several times including a complete redraft in 1990. The latest revision was made in 1995 to comply with the requirements of the TRIPS Agreement. The amendment was enacted on December 29, 1995 as Law No. 5,082 and the new Design Act has become effective as of July 1, 1996.

The purpose of the Design Act is to encourage the creation of designs and, as a result, to contribute to the development of national industry by ensuring protection and utilization of created designs.²⁷⁹

A design right under the Design Act is established upon registration of the design at the Korean Industrial Property Office (“KIPO”). In order to obtain registration, an application for registration of a design must be filed with KIPO and will be examined as to whether it satisfies the formal and substantive requirements under the Design Act.

Questions have been raised as to whether the current Design Act is adequate for the protection of modern industrial designs which tend to change rapidly, especially with the advent of modern computer technology. KIPO is therefore currently conducting a study with a view to making drastic changes in the Design Act.

6.2 Concept of Design

6.2.1 *In General*

A design which is eligible for protection under the Design Act is defined as “the shape, pattern, color or any combination thereof in an article which produces an aesthetic impression on the sense of sight.”²⁸⁰ Therefore, to be protectable under the Design Act, a design should be expressed on an article; it should be the shape, pattern or color of an article or any combination thereof; and it should produce an aesthetic impression on the sense of sight.

²⁷⁹ Design Act, Article 1

²⁸⁰ *Ibid.*, Article 2

6.2.2 Articles

A design *per se* such as a plaid pattern may not be registrable under the Design Act unless it is embodied in an article, e.g. a textile or a hat. It was held in *In re Daat Industries, Inc.*²⁸¹ that a design cannot be separated from the article embodying the design; and that, in consequence, two designs are not considered similar if the articles representing them are different from each other.

The term “article” is generally considered as a tangible, movable and independent thing. Therefore, intangibles such as light, electricity or gas cannot be the object of design, although a tube containing neon gas can be. Immovables such as land or buildings are generally not articles within the meaning of the Design Act, whereas some of the immovables which are capable of being mass-produced, such as prefabricated houses and public telephone boxes, are considered as articles under the Design Act. The article should be independent; and, therefore, parts of an article which lack independence cannot be the object of a registered design.

6.2.3 Shape, Pattern, Color or Their Combination

No article can exist without having a shape, whereas a pattern is not an essential element of all articles. The most natural form of a design may be a combination of shape, pattern and color, or a combination of shape and color. In the case of a design which consists only of shape or a combination of shape and pattern, an explanation on the unfilled space of the design may be required for clarification of the scope of the design right.

6.2.4 Letters

The Design Act does not recognize a letter as an element of design. Further, in order to be registrable under the Design Act, a design should be novel. Since letters are already known to or used by the general public, no protection is possible with respect to them. It was held in *In re Suk-Pyo Yoon*²⁸² that the English letters of “KOREA FORK” cannot be the object of design protection. However, letters may form as pattern if they are not used or recognized by the general public or if they are not written in a conventional way that the general public can recognize at a glance.

Accordingly, ordinary letters should be deleted from the drawings of a design application, unless they are indispensable for the use of the article, such as “On” and “Off” signs on a machine. In such a case, it should be declared in the design specification that “the letters indicated in the drawings are excluded from the scope of the registered design.”

6.2.5 Sense of Sight

A design under the Design Act should be able to be grasped by the sense of sight. Therefore, powders or granules of which shape can hardly be distinguished by eyes are not registrable as designs. Further, appearances which cannot be viewed from the outside without being disassembled do not form designs protectable under the Design Act. However, the inside of an article which is exposable, such as a piano or cigarette case, can be an object of design.

²⁸¹ Supreme Court Case 84 Hu 110; May 14, 1985

²⁸² Supreme Court Case 88 Hu 1021; July 25, 1989

6.2.6 *Aesthetic Impression*

A design under the Design Act must produce an aesthetic impression, but the nature of aesthetic impression of a design may differ depending on individuals. Hence what is required under the Design Act is merely the existence of an aesthetic impression; the kind or level of aesthetic impression is not specified.

According to the Manual of Examination of Design Application published by KIPO, an article which is mainly intended to provide a new function and effect with no significant change in the outer appearance is generally considered as producing no aesthetic impression. However, if the outer appearance of an article is changed, thereby improving the function of the article, it may be considered producing an aesthetic impression due to the change in the appearance.

6.3 Requirements for Registration

6.3.1 *In General*

To be registrable under the Design Act, a design should be novel, creative and industrially applicable.²⁸³ Further, it should not be any of the unregistrable designs categorized in Article 6 of the Design Act.

6.3.2 *Industrial Applicability*

Designs may not be registered if they are unable to be mass-produced in an industrial method (which may be either manual or mechanical). Therefore, in *Kap-Yeon Cho vs. Young-Shik Kwon*,²⁸⁴ the Court upheld the rejection of an application for registration of a design which could only be used for scientific and experimental purposes.

Examples of designs which are not industrially applicable are those which are expressed on natural substances or which cannot be reproduced with the same design, such as potted plants or stuffed birds.²⁸⁵ Further, a design is considered as not being industrially applicable if it is described in the specification in an abstract manner, or if its drawings are not in accord with each other.

6.3.3 *Novelty*

Under Article 5(1) of the Design Act, any of the following designs is considered lacking novelty:

- (i) a design which was publicly known or worked in the Republic of Korea prior to the filing of the design application therefor;
- (ii) a design which was described in a publication distributed in or outside the Republic of Korea prior to the filing of the design application therefor; and
- (iii) a design which is similar to the one stated in (i) or (ii) above.

²⁸³ Design Act, Article 5, Paragraphs 1 and 2

²⁸⁴ Supreme Court Case 63 Hu 32; May 12, 1964

²⁸⁵ Manual of Examination of Design Application

As for inventions and utility models, the standard of novelty of designs is local with respect to public use or knowledge, while the standard is universal or absolute with respect to a published reference.

In connection with the public use or knowledge which can destroy the novelty of a design, the Supreme Court ruled that such fact of public use or knowledge should, in principle, be proven by specific evidence, unlike certain indisputable facts which are not required to be proven under the Code of Civil Procedure.²⁸⁶

Unlike inventions and utility models, however, designs are also considered lacking novelty if they are similar to known designs. Designs which are similar to a design applied for, but may destroy the novelty of the applied design, are limited to those expressed on articles which are identical with, or similar to, the article of the design concerned. Identical articles mean those which are identical in their use and function, while similar articles mean those which are identical in use, but different in function. Further, articles which are not identical in the use may be considered similar if they are similar in the shape, pattern, color or a combination thereof and may be used together. Examples may be boxes for chopsticks and for pencils.

In *Saehan Media Co., Ltd. vs. Yong-Ho Uoo*,²⁸⁷ it was held that since the phrase “publicly known or worked” means to be in a state accessible by a plurality of unspecified people, a design lost its novelty when products having the shape and pattern identical to those of the design were, prior to the filing date of the design application, supplied to people engaged in the same business, even if employees of the supplier had a duty of confidentiality. Further, as catalogs are generally understood to be made in order to be distributed, the Court held that it could not be denied that the catalog had been distributed even if there was no specific evidence produced as to the scope of distribution, the place of display and the like.²⁸⁸ However, in *Hee-Joon Lee vs. Hong-Sun Kim, et. al.*²⁸⁹ wherein a prototype of an article representing the design at issue had been stolen prior to the filing date of the design application, the Court held that it was wrong to conclude only from such loss due to pilferage that the design was publicly known.

Like inventions under the Patent Act, certain designs are presumed novel by the operation of the Design Act, even if they have otherwise lost novelty.²⁹⁰ Matters relating to the presumption of novelty of a design are the same as those provided for in the Patent Act. Therefore, the discussion made in 3.3.4 is equally applicable here.

6.3.4 Creativity (or Nonobviousness)

A design may not be registered if it could have been easily created by a person having an ordinary skill in the relevant field from the shape, pattern, color or a combination thereof which was widely known in the Republic of Korea.

While the novelty of a design is determined in view of designs embodied in an article which is identical with, or similar to, the article of the design concerned, the creativity or non-obviousness is

²⁸⁶ *Chun-Soo Kwon vs. Dae-Sung Chun* (Supreme Court Case 85 Hu 26; November 26, 1985)

²⁸⁷ Supreme Court Case 81 Hu 74; July 13, 1982

²⁸⁸ *Jung-Shik Chun vs. Bongwoo Industrial* (Supreme Court Case 85 Hu 47; December 24, 1985)

²⁸⁹ Supreme Court Case 63 Hu 20; September 26, 1963

²⁹⁰ Design Act, Article 8

determined in view of widely-known designs expressed on any article even if such prior art article is not similar to the article of the design concerned.

The level of creativity required for the registration of designs is not as high as the level required for patents as declared by the Supreme Court in *Nongshim Co., Ltd. vs. Samyang Food Industrial Co., Ltd.*²⁹¹ However, it should reach the level of being able to produce a new aesthetic impression that is different from those of known designs, by the addition of the creator's new design to the known designs.

6.3.5 Unregistrable Designs

The Design Act does not allow registration of certain designs for reasons of public policy, even if they otherwise satisfy the requirements for design registration. Such designs are enumerated in the Design Act as follows:²⁹²

- (i) designs which are identical with, or similar to, the flag, emblem, military colors, decorations, medals or badges of the Republic of Korea, medals of a public organization in the Republic of Korea, the flag or emblem of a foreign country, or an indication of an international organization;
- (ii) designs which are liable to contravene the public order or morals; and
- (iii) designs which are liable to cause confusion with articles related to another person's business.

As an example of a design which contravenes the public order or morals, the KIPO Manual of Design Examination illustrates the one which contains a picture of a state president or which is derogatory of a specific country or its people.

Designs containing or using another person's famous or well-known trademark, service mark, collective mark or business emblem or designs which are widely known as an indication of another person's goods or business are considered as being liable to cause confusion with products related to another person's business.

Whether or not a design falls under the above Item (i) or (ii) of Article 6 is determined on the basis of the time when the examiner finally decides whether to grant or reject the design application concerned, whereas the question of Item (iii) is determined based on the filing date of the application.

6.4 Identical or Similar Designs

6.4.1 In General

Unlike the Patent Act or Utility Model Act, the Design Act has introduced the concept of similar designs in addition to identical designs for purposes of determining such issues as novelty of a design, the first-to-file rule, the scope of protection of a registered design and infringement of a design right.

²⁹¹ Supreme Court Case 90 Hu 1611; August 13, 1991

²⁹² Design Act, Article 6

Whether or not designs are identical with or similar to each other should be determined by comparing them in their entirety, not their individual components. Designs may be found identical or similar only if the articles representing the designs are identical to each other.

6.4.2 *Identical Designs*

Designs are considered identical if they produce an identical aesthetic impression on the sense of sight through the shape, pattern, color or any combination thereof in articles on which the designs are expressed. The scope of identical designs is generally understood to be much narrower than that of patents or utility models. Therefore, in order to be identical designs, articles on which the designs are expressed should be identical to each other and the shape, pattern, color or the combination constituting the designs should be also identical.

The kind or quality of the material used in making an article is, in principle, not considered in determining the identicalness of designs. However, it may need be considered in case the color or pattern is changed depending on the kind or quality of the material used.

6.4.3 *Similar Designs*

As a design is directed to the outer appearance of an article, it is very easy to copy it. Therefore, the scope of protection of a registered design extends to a design which is similar to, as well as identical with, the registered design.²⁹³

In determining the issue of similarity of designs, a number of rules may be used; the KIPO Manual of Design Examination sets out the following:

- (i) similarity of designs may be found only when the articles on which the designs are expressed are identical with or similar to each other;
- (ii) it should be determined from the standpoint of general consumers whether or not designs are so similar to cause confusion;
- (iii) designs should be compared in their entirety, not their individual elements, to determine their similarity;
- (iv) if neither shape nor pattern of designs is similar, they are generally not considered similar;
- (v) in case of a pioneer design, the scope of similarity is generally broader than that of a design in a crowded art;
- (vi) parts which are easily visible carry more weight in the determination;
- (vii) parts which are necessarily included in the article may get no or less attention in the determination, while parts which are changeable in various ways are likely to get more attention;
- (viii) difference in the size of articles is generally not considered;

²⁹³ *Ibid.*, Article 41

- (ix) the quality of materials used in making articles is considered only when the materials serve to express a pattern or color; and
- (x) molds and articles produced from the molds are not considered as similar.

6.5 Unique Aspects of Design Registration

6.5.1 *In General*

As a design is directed to the outer appearance of an article, it can be very easily copied or modified. Therefore, the Design Act adopts special systems in order to ensure the adequate protection of designs, which are not found in any other industrial property laws: they are the so-called (i) “similar design” system; (ii) “set design” system; and (iii) “secret design” system.

On the other hand, the Design Act does not have certain systems which are provided in the Patent Act and the Utility Model Act. Specifically, a design application is not automatically laid-open, although such laid-open publication has become possible, only upon the request of the applicant, under the new Design Act which came into effect on July 1, 1996. Further, there is no publication of a design application after the substantive examination; and, therefore, no opposition system is found in the Design Act. No request for examination is required for the substantive examination of a design application.

While a trial for correction may be brought in the instance where the specification, claims or drawings of a patent or utility model registration are defective, such trial is not available for a design registration. In addition, a patent, utility model registration or trademark registration may be canceled on certain grounds. However, no cancellation system is provided for in the Design Act.

6.5.2 *Similar Design System*

A design may be registered if it is similar to a design which is already the object of a registration or application therefor (“principal design”), provided that the applicant is also the owner of the principal design or his successor-in-title. Such a design is called a “similar design” and the application for its registration is called, and must be filed as, a “similar design application.”

However, there are certain exceptions or limitations to this rule. First, if a “similar design” is also similar to a design owned by another person, then it cannot be registered.²⁹⁴ Furthermore, a similar design application cannot be based on another similar design; it must be based only on a “principal design.”

It is generally understood that the article embodying a similar design may be similar to, as well as identical with, the article embodying the principal design.

A similar design application may be converted to an independent design application and *vice versa*. However, no conversion may be made after the rejection of the original application becomes

²⁹⁴ *Ibid.*, Article 7, Paragraphs 1 and 2

final and conclusive.²⁹⁵ Once such conversion has been made, the converted application is deemed, in general, to have been filed at the time of filing the original application.

Once a similar design application is granted registration, the similar design right is incorporated into the principal design right,²⁹⁶ and is dependent on it. Therefore, a similar design right expires together with its principal design right and, if the principal design right is extinguished for any reason, it will also be extinguished.

In contrast, a similar design right may be extinguished independently of the principal design right. Therefore, even if a similar design registration is invalidated, the principal design registration will not automatically be invalidated.

Further, if a principal design right is being transferred, any similar design right thereof must also be transferred with it.²⁹⁷ A pledge cannot be established over a similar design right alone, but only together with its principal design right.

6.5.3 Set Design System

The Design Act requires that an application only cover a single design.²⁹⁸ Two designs are considered different if the articles embodying them are different. Therefore, a design application should, in general, relate to a design embodied by a single kind of article. However, when two or more kinds of articles are customarily sold and used as a set, registration for the designs for the set of articles may be applied for as if they were one design, if the set has unity as a whole.²⁹⁹

Such a set design should be unified as a whole. The unified design may be expressed in shape, pattern and/or color. Each of the designs for the set of articles should individually satisfy the requirements for registration.³⁰⁰

The classification for sets of articles is provided in the Enforcement Regulation of the Design Act.³⁰¹ It exemplifies six sets of articles: a set of smoking tools; a set of tea cups; a set of bowls; a set of spoons and chopsticks; a set of knives, forks and spoons; and a set of dishes. Whether or not two or more articles constitute a set under the Design Act is determined by reviewing the use, sale, effects, manner of using, manufacturing process thereof and the like.

If two or more kinds of articles contained in a design application cannot be considered as a set, the design application will be rejected by the examiner. The applicant may, on his own initiative or in response to a rejection issued by the examiner, divide his set design application into two or more applications. Should an application, which contains two or more articles which cannot be considered as a set, proceed nonetheless to registration, the design registration will be subject to invalidation.³⁰²

Once a set design application is granted registration, a single design right is established. Therefore, in case there is a ground for invalidation with respect to the design expressed on any of the

²⁹⁵ *Ibid.*, Article 20, Paragraphs 1 and 3

²⁹⁶ *Ibid.*, Article 42

²⁹⁷ *Ibid.*, Article 46, Paragraph 1

²⁹⁸ *Ibid.*, Article 11, Paragraph 1

²⁹⁹ *Ibid.*, Article 12, Paragraph 1

³⁰⁰ *Ibid.*, Article 12, Paragraph 3

³⁰¹ Enforcement Regulation of the Design Act, Article 9, Paragraph 2

³⁰² Design Act, Article 68, Paragraph 1

articles within a set, the entire set design registration may be invalidated. The effects, transfer and extinguishment of a set design right are the same as those of an ordinary design right.

6.5.4 *Secret Design System*

The applicant of a design application may request that his application and resulting registration be kept undisclosed for a period of up to three years after the registration of the design.³⁰³ This is to prevent abusive practices conducted upon the publication of design registrations because designs not only can be easily copied or imitated but also they can be short-lived.

Such a request for secrecy should be made at the time of filing the design application concerned. The secret period originally requested may be later reduced or extended provided it does not go beyond the total period of three years.

Once an application for registration of a secret design is registered, only the registration particulars thereof, such as the name and address of the owner, the application number, the filing date, the registration number and date and the like, excluding the design itself, are published in the official gazette entitled "Design Registration Gazette." The design is then published after the lapse of the requested secret period.

A secret design may be inspected by others with the consent of its owner, and inspection may be permitted for the public interest. Specifically, a secret design may be inspected in any of the following cases:³⁰⁴

- (i) when requested by a person who has obtained the consent from the owner of the secret design;
- (ii) when requested by a party to, or an intervenor in, the examination, trial, appellate trial, action for re-consideration or court action relating to a design identical with, or similar to, the secret design;
- (iii) when requested by a person who has proven that he had been warned of an infringement of the secret design right; and
- (iv) when requested by the court.

If and as long as a design is being kept secret, presumption of negligence on the part of an infringer will not be applicable.³⁰⁵ Therefore, in an infringement action seeking monetary damages, the owner of a secret design has the burden to prove that the alleged infringer has knowingly or negligently infringed his design right.

³⁰³ *Ibid.*, Article 13, Paragraph 1

³⁰⁴ *Ibid.*, Article 13, Paragraph 4

³⁰⁵ *Ibid.*, Article 65

6.6 Design Application

6.6.1 Applicant

Like a patent or utility model application, the creator of a design or his assignee has the right to file an application for registration of the design. However, an employee of KIPO is not allowed to file a design application based on his design or presumably based on a design acquired during his employment at KIPO, except in case of inheritance or bequest. If a design has been created by two or more persons, the right to obtain a design registration is jointly owned and the design application should be made by all of the joint owners.³⁰⁶ As to the assignment of the right to obtain a design registration, the discussion made 3.4.1 may be referenced.

6.6.2 Documents Required

A person who desires to obtain a design registration must submit to the Commissioner of KIPO the following documents:

- (i) an application stating the name and address of the creator and the applicant (including the name of a representative, if the applicant is a juridical person), the date of submission, the name of the article on which the design is embodied, the claim and the priority data (if the right of priority is claimed);
- (ii) drawings of the design;
- (iii) if the right of priority is claimed, the priority document which is a certified copy of the priority application together with its Korean translation; and
- (iv) a power of attorney, if necessary.

Documents (i) and (ii) above must be submitted at the time of filing the design application. The name of a representative of the applicant may be supplemented at a later time. The priority document and power of attorney can be later submitted after the filing of the application.

6.6.3 Claim of Priority

The right of priority may be claimed for a design application under the Paris Convention or based on a bilateral agreement or reciprocity. A claim of priority in a design application can be made only if the design application is filed in the Republic of Korea within six months from the priority date claimed.³⁰⁷

The priority document of a design application should be submitted within three months from the filing date in the Republic of Korea, whereas such document should be submitted within one year and four months from the priority date in case of a patent or utility model application. If the priority document is not submitted within the three-month period, the claim of priority will become null and void.³⁰⁸

³⁰⁶ *Ibid.*, Article 3, Paragraphs 1 and 2

³⁰⁷ *Ibid.*, Article 23, Paragraph 2

³⁰⁸ *Ibid.*, Article 23, Paragraphs 4 and 5

6.6.4 Drawings

Drawings appended to a design application should contain:³⁰⁹

- (i) the name of the article embodying the design; and
- (ii) a description of the design and the gist of the design.

The description of a design is not as important as the specification of a patent or utility model application so long as drawings of the design are correctly and properly prepared. In lieu of drawings, photographs, models or samples of the design may be submitted.³¹⁰

Drawings should contain a perspective view, a front view, a rear view, a right side view, a left side view, a top view, a bottom view and other views (e.g. a sectional view), if necessary or useful in describing the design. Where the article representing the design is of a flat shape, only the top and the rear views need be included in the drawings.

In this connection, KIPO provides guidelines for the preparation of drawings in a design application,³¹¹ including the following:

- (1) Tracing paper, tracing cloth or carbon paper having A4 size of 210mm x 297mm should be used.
- (2) In the drawing, margins should be lined with the top margin of 25mm, the left margin of 20mm and the bottom and right margins of 15mm from the edges. All work shall be contained within the border lines.
- (3) The drawings representing a three-dimensional article should consist of a set of the front, rear, left and right sides, top and bottom views prepared to the same scale, except the following:
 - (i) in case the front view is identical or symmetrical to the rear view, the rear view may be omitted;
 - (ii) in case the left side view is identical or symmetrical to the right side view, either one of the side views may be omitted; and
 - (iii) in case the top view is identical or symmetrical to the bottom view, the bottom view may be omitted.

In any of the above omissions, such fact of omission should be stated at the right side of the description of the respective drawings by using parentheses.

- (4) The drawings representing a two-dimensional article should consist of a set of top and bottom views prepared to a same scale.

³⁰⁹ *Ibid.*, Article 9, Paragraph 2

³¹⁰ *Ibid.*, Article 9, Paragraph 3

³¹¹ Manual of Examination of Design Application .

- (5) In the perspective view which should be presented first, the article, if it is three-dimensional, should be depicted with shading from such direction and angle that the design can be easily comprehended. The view showing a working state, if it is difficult to understand the article through the perspective view, should be added to the drawings. In case the shading is included in the perspective view, it should be presented in the perspective view within a certain limited area in order to prevent confusion between a pattern of the design and the shading.
- (6) The drawing should be prepared clearly by using indian ink; and pencil; other ink or pigment may not be used.
- (7) Within a figure, it is not allowed to include legends, indication lines or symbols to explain such things as the center line, base line, horizontal line and shading.
- (8) In case the design can be clearly comprehended even though a portion of the article, e.g., mid section of the cord of a radio receiver, is not indicated or a portion of the article needs be omitted in preparing its drawings, such portion may be omitted. Such omitted portion shall be indicated by broken lines in the drawing as if it were cut out; and the scaled length of such omission shall be described in the "Description of Design."
- (9) In case the shape of design is in continuity along the length of a rod, wire, plate, tube and the like, or the pattern of design is repetitious on a two dimensional surface, such design of continuity or repetition should be indicated clearly in the drawing. Also, in the "Description of Design", it should be stated as to whether such continuity or repetition takes place in one direction or any other directions.
- (10) In case the design cannot be fully described by the drawings mentioned above, such additional drawings as exploded view, sectional view, cross-sectional partial view, enlarged view and the like may be additionally submitted.
- (11) In case the operating state article, consisting of various parts, of a combination cannot be fully shown by the drawings of respective parts thereof, a perspective view showing the combination process should be added.

Also, in case of an assembly article, if the disassembled parts cannot be fully described by the drawings of the assembled article, perspective views of the respective parts should be added.

- (12) In case the article of design is either dynamic (as opposed to static) or openable, the state before and after the motion should be indicated on the drawings, respectively.

6.6.5 *First-to-File Rule*

If two or more design applications are filed for the same design or similar designs, only the first application will be granted registration. In determining which is the first application, an application which has been invalidated or withdrawn would be deemed to have never been filed, and hence would lose its status as a first application.³¹² However, an application which has been finally rejected will not

³¹² Design Act, Article 16, Paragraph 3

lose its status as the first application, thus remaining capable of barring registration a later-filed application.

If two or more design applications in respect of the same or similar designs are filed on the same date, the applicants are first encouraged to reach an agreement between them. If no agreement is reached within a period designated by the Commissioner of KIPO, none of the applicants may obtain registration for the design.³¹³

The filing date of a design application, which is the basis for applying the first-to-file rule, is either the filing date in the Republic of Korea or the priority date in case the right of priority is claimed. A divisional application or a converted application is deemed to have been filed on the filing date of the parent or original application thereof.

As the first-to-file rule of the Design Act is almost the same as that of the Patent Act, the discussion above in 3.6 may be referenced. Unlike patents or utility models, however, the first-to-file rule also applies to designs which are similar to, as well as identical with, each other.

6.7 Registration Procedure

6.7.1 *Formality Examination: The Filing Date*

Once a design application is submitted to KIPO, it will be checked to ensure that all the requirements necessary to accord the application a filing date have been satisfied. According to Article 2(1) of the Enforcement Regulation of the Design Act, in any of the following instances, the application will be returned to the submitter without any application number being assigned thereto and will be treated as if it had never been submitted:

- (i) where the kind of application is not clear;
- (ii) where the name or address of a person (or juridical person) who takes the procedure (i.e., the applicant) is not described;
- (iii) where the application is not written in Korean;
- (iv) where the application is not accompanied by drawings;
- (v) where the article(s) in which the design is embodied is not described; or
- (vi) where the application is submitted by a person who has no address or place of business in the Republic of Korea, without coming/being submitted through a patent agent in the Republic of Korea.

Once the application has satisfied such requirements, KIPO assigns an application number and examines as to whether or not other formality requirements under the Design Act have been met.

The procedure dealing with the formality examination of a design application is the same as that of a patent application. Therefore, reference is made to 3.7.1.

³¹³ *Ibid.*, Article 16, Paragraph 2

6.7.2 *Early Publication per Request*

Under the former Design Act, a design application was neither laid-open nor published for opposition after the substantive examination, and was published in the official gazette called "Design Registration Gazette" only upon registration.

However, under the new Design Act, which has become effective as of July 1, 1996, a design application may, upon the request of the applicant, be published in the official gazette entitled "Design Laid-open Gazette." Such a request for publication may not be made once the applicant has received a copy of the first final decision to grant or reject the application.³¹⁴

Even if a request for publication is made, however, a design application may not be published in any of the following cases:³¹⁵

- (i) where it is liable to contravene public order or morality; and
- (ii) where it should be kept secret for reasons of national defense.

Once a design application has been laid-open, any person may submit to KIPO information relevant to the registrability of the design concerned together with any supporting evidence.

The new Design Act offers a special legal effect upon a laid-open design application: if the applicant sends a warning letter to an alleged infringer after his design application has been laid-open, it will mean that the relevant period for computation of a reasonable amount of compensation will commence from the date that letter is received. Such compensation, however, can only be secured upon the registration of the design.³¹⁶

Further, once a design application has been laid-open, the applicant may make a request for expedited examination thereof in case his design is being infringed by others or otherwise needs an expedited treatment.³¹⁷ As for the details of expedited examination of a design application, the discussion made in 3.7.5 may be referenced.

6.7.3 *Examination, Rejection and Registration*

Unlike a patent or utility model application, no request for examination of a design application is required for the initiation of substantive examination. Design applications are automatically taken up for examination in the order of the filing date thereof. It generally takes about one year or so (on average, about 11 months, according to the statistics published by KIPO in 1995) to complete the examination from the filing date. A request for expedited examination may be made once the design application has been laid-open upon the request of the applicant and upon a showing that it is presently infringed.

³¹⁴ Design Act of 1995 (Law No. 5,082), Article 23-2, Paragraphs 1 and 3

³¹⁵ *Ibid.*, Article 23-2, Paragraph 2

³¹⁶ *Ibid.*, Article 23-3

³¹⁷ *Ibid.*, Article 30

If a design application falls under any of the grounds for rejection enumerated in the Design Act,³¹⁸ the Examiner must issue a notice of preliminary rejection, stating the reasons for rejection, and give the applicant an opportunity, specifying a time limit therefor, to submit a written opinion.

If the examiner finds no ground for rejection or he is persuaded by the applicant's argument and/or amendment, he will render a decision to grant registration. There is no publication (for opposition) of a design application after the substantive examination. However, upon the registration, the design registration is published in the official gazette called "Design Registration Gazette."

If the examiner considers that the applicant's argument is without merit and the ground for rejection has not been overcome, the examiner will issue a notice of final rejection of the design application.

The applicant may then lodge an appeal with the Board of Appeals within 30 days from the date of receipt of the notice of final rejection. If the examiner's rejection is upheld by the Board of Appeals, the applicant may appeal to the Supreme Court within 30 days from the receipt of the Board's decision. As of March 1, 1998, an appeal against the examiner's final rejection should be filed with the Enlarged Board of Trials within KIPO and then to the Patent Court, as discussed in 3.7.7(3).

As for the details of the registration of a design application, the discussion made in 3.7.8 may be referenced.

6.8 Amendment to Design Application

The applicant of a design application may amend matters stated in his application and drawings as long as the gist of the design application originally filed is not changed. If it is ruled, subsequent to the registration of a design, that an amendment changed the gist of the design originally filed, the design application will be deemed to have been filed on the date of submission of the amendment.³¹⁹

An amendment may be made at any time until a notice of final decision to grant or reject the application reaches the applicant. However, in case an appeal to the final rejection of the examiner is lodged, an amendment may still be made within 30 days from the date of filing the appeal.

6.9 Division of Design Application

The Design Act requires that one design application be directed to one design only. Therefore, the applicant of an application which is directed to two or more designs or designs for a set of articles may, on his own initiative or in response to a rejection by the examiner, divide his application into two or more applications.

Division of a design application can be made at any time when an amendment to the application is allowed, that is, at any time prior to receiving a notice of final decision to grant or reject the application or, if an appeal against the final rejection of the examiner is lodged, within 30 days from the date of filing the notice of appeal.³²⁰

³¹⁸ Design Act, Article 26

³¹⁹ *Ibid.*, Article 18, Paragraphs 1 and 2

³²⁰ *Ibid.*, Article 19, Paragraph 3

A design application which is in violation of the unity of design rule will be rejected. However, once such application has been erroneously allowed, the design registration may not be invalidated for that reason.

In case a design application is divided into two or more applications, the divisional applications are, in general, deemed to have been filed on the filing date of the parent application. If an application relating to designs for a set of articles is divided into two or more applications, the set design application is deemed to have been withdrawn.

6.10 Conversion of Application

The Design Act allows (i) conversion between an independent design application and a similar design application; and (ii) conversion of a patent or utility model application to a design application. Conversion of an application may be made on the initiative of the applicant or in response to the rejection of the examiner.³²¹

It should be noted that time limits for the two types of conversion are different. The conversion between an independent design application and a similar design application may be made at any time until the final decision of the examiner or trial decision to grant or reject the application becomes final and conclusive.³²² However, the conversion from a patent or utility model application to a design application may be made at any time prior to 30 days from the date of receipt of the final rejection with respect to the patent or utility model application.³²³ If the applicant has obtained an extension of time for filing an appeal against the final rejection of a patent or utility model application, the 30-day period for requesting conversion to a design application shall be deemed also to have been extended.

Once conversion of an application has been made, the converted application is deemed to have been filed on the filing date of the original application, and the original application is deemed to have been withdrawn.

6.11 Scope of Exclusive Rights

6.11.1 *Duration of Protection*

Only when a design has been registered is the design right established. The term of a design right is 10 years from the registration date, which is neither renewable nor extendible.³²⁴

The right for a similar design registration is dependent on its principal design right, and therefore expires on the same date.

³²¹ *Ibid.*, Article 20, Paragraphs 1 and 2

³²² *Ibid.*, Article 20, Paragraph 3

³²³ *Ibid.*, Article 21, Paragraph 1

³²⁴ *Ibid.*, Article 39, Paragraph 1 and Article 40, Paragraph 1

6.11.2 *Exclusive Rights*

Once a design is registered, the owner of the design registration has the right to exclusively practice a design which is identical with, or similar to, the registered design for business and to exclude others from practicing such design. The term “practice” was defined in the old Design Act as producing, using, transferring, leasing, importing or displaying an article embodying the design. Under the new Design Act which became effective as of July 1, 1996, an act of offering for the sale or lease is also considered as practice.³²⁵

However, in case the practice of a registered design requires the use of, or is in conflict with, another person’s patented invention, registered utility model, registered design, registered trademark or copyright which was filed or established prior to the filing date of the design application concerned, the registered design cannot be practiced for business without the consent from such other person or, obtaining a non-exclusive license for such right through a trial for granting non-exclusive license.³²⁶ As for the details of such license, the discussion in 3.14.6 above may be referred to.

Unlike the Patent Act or Utility Model Act, it is explicitly prescribed in the Design Act that a design right extends to a design which is similar to, as well as identical with, the registered design.³²⁷

6.11.3 *Exceptions to Exclusive Rights*

(1) Public Interest

For certain public policy considerations, a design right does not extend to any of the following matters:³²⁸

- (i) practicing of the registered design for the purposes of research or experiments;
- (ii) a vessel, aircraft or land vehicle merely in transit through or over the Republic of Korea, or a machine, instrument, equipment or other article used in respect thereof; and
- (iii) an article which was already in existence in the Republic of Korea at the time the design application was filed.

In addition, a design right does not reach articles which were, in good faith, imported, produced or acquired after a decision on a relevant trial (such as an invalidation trial, a trial to confirm the scope of design right or an appeal against the rejection) became final and conclusive and before the request for reconsideration of the trial decision is recorded on the design register at KIPO, in any of the following cases:³²⁹

- (i) where the design registration, having been finally and conclusively invalidated, is reinstated in an action for reconsideration of the invalidation trial decision;

³²⁵ Design Act of 1995 (Law No. 5,082), Article 2

³²⁶ Design Act, Article 45, Paragraphs 1 and 2

³²⁷ *Ibid.*, Article 41

³²⁸ *Ibid.*, Article 44

³²⁹ *Ibid.*, Article 74

- (ii) where a decision holding that a certain design does not fall within the scope of the design right is overturned in an action for reconsideration of the trial decision; or
- (iii) where the application for the design concerned, having been finally and conclusively rejected, has proceeded to registration as a result of an action for reconsideration of the rejection.

(2) *Non-exclusive License of Employer for Employee's Design*

Article 39 of the Patent Act prescribing a non-exclusive license of an employer for certain invention of an employee applies to a design pursuant to Article 24 of the Design Act. Therefore, the discussion made in 3.13.4(2) may be referenced.

(3) *Non-exclusive License of Prior User*

Under Article 50 of the Design Act, anyone who has been engaged in the business of practicing a registered design or has been preparing such business in the Republic of Korea, without knowing the contents of the design, at the time of filing the application for the registration of the design, has a non-exclusive license for the design within the scope of that business.

Such a prior user is not required to pay any compensation; and his license is effective against any third party even if it is not recorded.

(4) *Non-exclusive License of Working Prior to Demand of Invalidation Trial*

In case any of the following persons was engaged in the business of practicing the registered design or was preparing for such business, without knowing that the design registration has grounds for invalidation, prior to the recordation of the demand of invalidation trial on the design register, he has a non-exclusive license within the scope of his business at that time:

- (i) the owner of the design registration which was invalidated for the reasons that two or more registrations were granted with respect to a same or similar design; and
- (ii) the owner of the design registration which was invalidated and a registration for a design identical with, or similar to, the invalidated design was granted to an entitled person.

Such a non-exclusive license may be granted to a person who already acquired an exclusive or non-exclusive license for the invalidated design registration and had the license recorded on the design register at KIPO prior to the recordation of the demand of invalidation trial.

The license is effective against any third party even if it is not recorded; however, the licensee must pay a reasonable compensation.

(5) *Non-exclusive License after Expiration of Patent*

After the expiration of the term of a patent or utility model right which is in conflict with a design identical with, or similar to, a registered design and the application therefor was filed on or before the filing date of the design application concerned, the owner of the patent or utility model right has a non-exclusive license for the design right within the scope of the patent or utility model right. Such a non-exclusive license may also be granted to a person who has an exclusive or non-exclusive license for the patent or utility model right at the time of its expiry.

The owner of the patent or utility model right or his exclusive or non-exclusive licensee must pay a reasonable compensation to the owner of the design right.

6.12 Infringement

6.12.1 *Acts of Infringement*

To carry on the business of producing, using, transferring, leasing, importing or offering for sale or lease (including displaying for sale or lease) of an article representing a design identical with, or similar to, a registered design constitutes an infringement of the design right. In addition, any act of producing, using, transferring, importing or offering for sale or lease (including displaying for sale or lease), as a business, of articles which are used exclusively for the production of the article representing a registered design is also considered as an infringement.³³⁰

As a design is directed to the outer appearance of an article, it can be easily copied by others. Further, as a design is embodied in an article, the scope of the design right tends to be narrowly interpreted, basically confined to the article. Therefore, the Design Act explicitly provides that a design right extends even to a design which is similar to the registered design.

As for the determination of similarity between designs, the discussion in 6.4 above may be referenced.

6.12.2 *Civil Remedies*

Civil remedies which are available for the owner of a design right in case of an infringement of his design right are the same as those provided in case of a patent infringement. Specifically, they are monetary damages, injunctive relief and non-monetary measures, such as advertisement of public apologies in a daily newspaper, to restore injured business goodwill or reputation.³³¹ The discussion in 3.15 concerning civil remedies and the infringement action for patent cases also applies to design infringement cases.

Unlike the Patent Act, there is no publication (for opposition) of a design application after the substantive examination. Hence the so-called “provisional protection right” granted to a patent application which has been published is not available for a design application.

As in the Patent Act, it is presumed under the Design Act that an infringer of a design right has done so negligently. However, in case of a secret design right, such presumption is not applicable.

6.12.3 *Criminal Sanctions*

A person who has infringed a design right or an exclusive license may be criminally prosecuted irrespective of the filing of a civil action. However, such prosecution may not be initiated *ex officio* unless a criminal complaint is filed by the injured party. The maximum penalty assessable is an imprisonment for up to five years and/or a fine of up to 20 million Korean Won (about US\$25,000).³³²

³³⁰ *Ibid.*, Article 63

³³¹ *Ibid.*, Articles 62, 64 and 66

³³² *Ibid.*, Article 82, Paragraphs 1 and 2

In *In re Ho-Sun Choi, et. al.*,³³³ the Court said that when a third party had practiced a registered design with the acquiescence of the owner of the design registration, it cannot be considered that the third person had a criminal intent to infringe the design right.

6.12.4 Defenses

Defenses available for the defendant in a design infringement action are almost the same as those in a patent infringement action, so that the discussion in 3.15.8 may be referenced.

Concerning whether the invalidity of a design registration can be raised as a defense in an infringement action, the Supreme Court declared that its finding (in a patent case) that the court can refuse to enforce a patent upon showing the complete lack of novelty of the patented invention is also applicable to a design infringement action. Therefore, the defendant may raise the invalidity of a design registration as a defense in a case where the design completely lacks novelty.

6.13 Trial to Confirm the Scope of Design Right

As a means of settling or preventing a dispute on the scope of protection of a design right, the Design Act also provides a trial to confirm the scope of the design right. Either the owner of a design registration or any interested party may bring such trial seeking a decision on whether or not a certain design (called, in practice, “the (Ka)ho design”) falls within the scope of the design registration.³³⁴ The details of this trial discussed in 3.16 in connection with patent cases are applicable to design cases.

Like other trial decisions, once a decision of this confirmation trial has become final, no-one can initiate another confirmation trial on the basis of the same facts and evidence. In this connection, when affirming a Board decision dismissing a demand for trial on the ground that it was based on the same (Ka)ho design with respect to the same design registration as in an earlier, conclusively decided trial, the Supreme Court commented that this rule does not require the evidence to be exactly the same, so long as the contents of evidence are considered the same; and, therefore, that this rule may apply even when an additional piece of evidence is presented, unless such evidence is such that the previous trial decision might be overturned.³³⁵

6.14 Invalidation of Design Registration

In general, the validity of a design registration can only be challenged by bringing an invalidation trial before the Board of Trials within KIPO. Either an interested party or an examiner of KIPO may bring an invalidation trial at any time, even after the term of protection of the design right has already expired.³³⁶ Much of the discussion in 3.17 relating to the invalidation of patents, except for the grounds for invalidation, applies to the invalidation of design registrations.

Grounds for invalidation of a design registration are enumerated in Article 68 of the Design Act as follows:

³³³ Supreme Court Case 82 Do 1799; December 26, 1984

³³⁴ Design Act, Article 69

³³⁵ *Do-Soon Chang vs. Jang-Shik Shin* (Supreme Court Case 86 Hu 107; July 7, 1987)

³³⁶ *Suk-Jo Kho vs. Sung-Keun Lee* (Supreme Court Case 79 Hu 96; September 9, 1980)

- (i) where the design registration has been granted in contravention of Article 3 (Person entitled to a design registration), Article 5 (Industrial applicability, novelty and creativity), Article 6 (Unregistrable designs), Article 7 (Similar designs), Article 10 (Joint applicants), Article 12 (Set design) or Article 16(1) (First-to-file rule) of the Design Act, or Article 25 (Legal capacity of a foreigner) of the Patent Act which applies *mutatis mutandis* pursuant to Article 4 of the Design Act;
- (ii) where the design registration has been granted to a person who is not entitled to a design registration with respect of the design concerned;
- (iii) where the design registration has been granted in violation of a treaty; or
- (iv) where, after the grant of the design registration, the owner of the registration loses the capacity to enjoy a design right or the design registration comes to be in violation of a treaty.

In rendering a decision holding a design registration invalid, the ground for the invalidation should be specifically mentioned in the decision. Otherwise, the trial decision may be overturned.³³⁷

It is noteworthy that if a principal design registration is invalidated, the similar design registration thereof will be also automatically invalidated.

6.15 Transfer and Licensing of Designs

Like other industrial property rights, a design right is freely alienable. However, a similar design right should be transferred together with its principal design right.³³⁸

If two or more persons own a design right, each of the joint owners may practice the registered design without the consent from the other joint owners, unless there is an agreement otherwise. However, no joint owner may, without the consent from all the other joint owners, transfer his portion, establish a pledge over his portion or grant a license.³³⁹

Other matters concerning the transfer and licensing of a design right are exactly the same as those of a patent, and the discussion in 3.19 and 3.20 above may be referred to.

³³⁷ *Yi-Soon Chae, et. al. vs. Duckshin Este PP Matt Industrial* (Supreme Court Case 85 Hu 28; December 24, 1985)

³³⁸ Design Act, Article 46, Paragraph 1

³³⁹ *Ibid.*, Article 46, Paragraphs 2, 3 and 4

Chapter 7: Copyright and Neighboring Rights

- 7.1 Introduction
- 7.2 Subject Matter of Copyright Protection
 - 7.2.1 In General
 - 7.2.2 Derivative Works
 - 7.2.3 Compilations
 - 7.2.4 Unprotectable Works
- 7.3 Protection of Foreigners' Works
 - 7.3.1 In General
 - 7.3.2 Retroactive Protection
- 7.4 Registration of Works
 - 7.4.1 In General
 - 7.4.2 Effects of Registration
 - 7.4.3 Registration Procedure
- 7.5 Exclusive Rights of Copyright Holder
 - 7.5.1 In General
 - 7.5.2 Moral Rights
 - 7.5.3 Economic Rights
 - 7.5.4 Fair Use Limitations
 - 7.5.5 Term of Protection of Economic Rights
 - 7.5.6 Transfer of Economic Rights
 - 7.5.7 Licensing of Economic Rights
 - 7.5.8 Pledge over Economic Rights
- 7.6 Works of Joint Authorship
- 7.7 Compulsory Licenses
 - 7.7.1 In General
 - 7.7.2 Instances Where Compulsory License is Granted
 - 7.7.3 Procedure for Obtaining Compulsory License

7.8 Special Provisions on Publishing Right

- 7.8.1 Establishment of Publishing Right
- 7.8.2 Duty of Publishing
- 7.8.3 Distribution of Publications After Extinguishment of Publishing Right
- 7.8.4 Transfer and Limitation of Publishing Right

7.9 Neighboring Rights

- 7.9.1 Subject Matter of Protection
- 7.9.2 Rights of Performer
- 7.9.3 Rights of Phonograph Producer
- 7.9.4 Rights of Broadcaster
- 7.9.5 Term of Protection
- 7.9.6 Application of Copyright Provisions

7.10 Special Provisions for Audiovisual Works

- 7.10.1 Audiovisual Work Producer
- 7.10.2 Rights in Audiovisual Works
- 7.10.3 Term of Protection

7.11 Infringement**7.12 Copyright Deliberation and Mediation Committee**

- 7.12.1 Organization
- 7.12.2 Deliberation of Copyright Matters
- 7.12.3 Mediation of Disputes

7.1 Introduction

Historically, due to the Confucian philosophy which dominated Korean history and culture until recently, seeking profit from writing books was considered as conduct unbecoming to a learned person. Copying a book written by others was not an offense but a recommended activity, reflecting a passion for learning. Public awareness of copyright as a private property has, as a result, developed relatively recently, and the protection afforded in the Republic of Korea to copyright has been less adequate than that for other intellectual properties.

The first legal protection of literary works in Korea was provided when the Yi Dynasty, during its final years, promulgated a Copyright Decree on August 12, 1908. This Decree was replaced by Japanese copyright law in 1910, which was in use until January 28, 1957, when the Government of the Republic of Korea enacted its own Copyright Act.

Prior to joining the Universal Copyright Convention (“UCC”) in 1987, the Government of the Republic of Korea completely revised the 1957 Copyright Act in 1986, the 1986 Copyright Act coming into effect as of July 1, 1987. This 1986 Copyright Act has since been revised several times, and is the predecessor to the current Copyright Act. A significant change was made in 1994 so as to extend the term of protection of neighboring rights from 20 years to 50 years. The Copyright Act of 1994 went into force from July 1, 1994.

In preparation for joining the Berne Convention, the Government proposed an amendment to the 1994 Act, which was enacted on December 6, 1995 as Law No. 5,015; and the new Copyright Act went into effect as of July 1, 1996. The Republic of Korea deposited its instrument of accession to the Berne Convention on May 21, 1996, and accordingly became party to the Convention on August 21, 1996.

7.2 Subject Matter of Copyright Protection

7.2.1 *In General*

Copyrightable works are defined in the Copyright Act as “creative productions in the literary, scientific or artistic domain.” Therefore, any creative production is protected under the Copyright Act only if it belongs to such domain. This includes virtually the entire domain of man’s intellectual and cultural activities. The following kinds of protectable works are illustrated as examples in the Copyright Act:³⁴⁰

- (i) oral or written literary works, including novels, poems, theses, lectures, narrations and scripts;
- (ii) musical works;
- (iii) theatrical works, including dramas and choreographic works and pantomime;
- (iv) works of fine art, including paintings, calligraphic works, drawings, sculptures, handicraft works and works of applied fine art;

³⁴⁰ Copyright Act, Article 4, Paragraph 1

- (v) architectural works, including architecture, architectural models and drawings;
- (vi) photographic works, including photographs and other works created by means similar to photography;
- (vii) motion picture works (audiovisual works);
- (viii) maps, charts, design drawings, sketches, models and other diagrammatic works; and
- (ix) computer programs.

Computer programs, although listed as a protectable subject matter under the Copyright Act, are separately protected under a special law called the Computer Program Protection Act.

7.2.2 *Derivative Works*

Creative works made from original works by means of translation, arrangement, modification, adaptation, visualization or any other similar means are known as “derivative works” and are protected as independent works from the original works. However, the protection of derivative works must not prejudice the rights of authors of the original works upon which they are based.³⁴¹

7.2.3 *Compilations*

A compilation which has intellectual creativeness in terms of selection and arrangement of its contents is protected as an independent work to the extent not to prejudice the rights of the authors of the works which form parts of such compilation.³⁴²

7.2.4 *Unprotectable Works*

For public policy considerations, the Copyright Act explicitly excludes from protection the following:³⁴³

- (i) the Constitution, laws or other decrees;
- (ii) public announcements or administrative guidelines issued by the Government or any local public entity;
- (iii) judgments, decisions, orders and decrees of courts, or resolutions or rulings rendered in administrative trial procedures or other similar procedures;
- (iv) compilations or translations of those materials mentioned in (i), (ii) or (iii) above, issued by the Government or any local public entity;
- (v) news reports which are intended to convey only facts; and
- (vi) speeches delivered at an open session of court, the National Assembly or a local council.

³⁴¹ *Ibid.*, Article 5

³⁴² *Ibid.*, Article 6

³⁴³ *Ibid.*, Article 7

7.3 Protection of Foreigners' Works

7.3.1 *In General*

Under the Copyright Act, there are three instances where works of foreigners can be protected in the Republic of Korea. First, foreign works are entitled to protection pursuant to any treaty to which the Republic of Korea has acceded. Second, a foreign work is protected if it is published in the Republic of Korea for the first time or published in the Republic of Korea within 30 days from the first publication in a foreign country. The third instance is where a foreign individual author resides in the Republic of Korea or a foreign corporation author has its main office in the Republic of Korea.

Among the three instances, the most practicable way is normally that provided pursuant to a treaty to which the Republic of Korea has acceded, but it is important to note the condition that such protection is only possible for works published on or after the effective date of such treaty.

7.3.2 *Retroactive Protection*

Up until 1996, the Republic of Korea had only acceded to the Universal Copyright Convention ("UCC") and the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms ("Geneva Convention"), effective as of October 1, 1987. Therefore, works published in any country by a citizen of a state member country to the UCC or the Geneva Convention, or first published in any member country by any person on or after October 1, 1987 are entitled to protection in the Republic of Korea. In contrast, foreigners' works first published in any country other than the Republic of Korea prior to October 1, 1987 were not protected under the Copyright Act, unless the foreign author resided in the Republic of Korea.

Accordingly, in practice, very limited protection had been available under the former Copyright Act for foreign works published prior to October 1, 1987. In preparation for joining the Berne Convention in 1996, the Government amended the Copyright Act in 1995, with the aim, among other matters, of providing retroactive protection for foreign works published prior to October 1, 1987. This amendment was enacted on December 6, 1995, and the new Copyright Act became effective as of July 1, 1996. Very recently, the Republic of Korea deposited its instrument of accession to the Berne Convention, which goes into effect for the Republic of Korea on August 21, 1996.

However, works of a foreign author who died before July 1, 1957 will not be retroactively protected, for the new Copyright Act expressly excludes its application to rights which would have already lapsed prior to July 1, 1996, if they were protected under the previous Act;³⁴⁴ and under the Copyright Act of 1986 which went into effect as of July 1, 1987, the copyright subsisted for a period of 30 years after the author's death.

In the case of foreign works or phonographs which are retroactively protected under the new Copyright Act, the term of copyright, performer's right or phonograph producer's right is the remainder period of the protection term which would have been recognized if such works or phonographs were protected under the former national law.

In order to alleviate the impact on domestic users of retroactively protection for foreign works, acts involving use of such works committed prior to the effective date of the new Copyright Act are not

³⁴⁴ Copyright Act of 1995 (Law No. 5,015), Addenda, Article 2

considered as infringing copyright. Moreover, reproductions of such foreign works made prior to January 1, 1995 may be distributed until December 31, 1996. If any derivative work was prepared from such foreign works prior to January 1, 1995, it may be used even after the enforcement of the new Copyright Act; in such an event, however, the copyright holder of the original works is entitled to a reasonable compensation with respect to any use of the derivative work after December 31, 1999.³⁴⁵

7.4 Registration of Works

7.4.1 *In General*

Copyright is established upon the creation of the work concerned. No formalities, such as registration, are required for copyright to be established. However, certain matters concerning copyright are not effective against a third party unless they are recorded on the copyright register, and the Copyright Act provides particular consequences of registration of certain matters at the Ministry of Culture and Sports ("MOCAS").

7.4.2 *Effects of Registration*

The holder of copyright may register his work at MOCAS. Although no registration of a work is required for the establishment of the copyright, the copyright registration is *prima facie* evidence of the existence of copyright from the registered date of creation. Further, unlike the author of a work, the assignee of the copyright may not bring an infringement action unless the transfer is recorded on the copyright register.

The author of an anonymous or pseudonymous work may register the authorship in his real name, regardless of whether or not he presently holds the economic rights to the work. In the case of a deceased author, his heir or anyone appointed in his last will may file an application for registration unless the author has expressly provided otherwise. Once such registration has been made, the registered author is presumed to be the author of the work concerned.³⁴⁶ Further, if the date of the first publication or the first disclosure is registered, the work concerned is presumed to have been first published or disclosed on the registered date.

Like other property rights, any of the following transactions concerning copyright will not be effective against third parties unless it is recorded on the copyright register:³⁴⁷

- (i) transfer (excluding that arising from inheritance or other general succession) or limitation on the disposition of the author's economic rights; and
- (ii) establishment, transfer, change, extinguishment or limitation on disposition of a pledge over the author's economic rights.

7.4.3 *Registration Procedure*

A person who desires to register a work and transactions involving the work under the Copyright Act must submit an application for registration to the Minister of Culture and Sports.³⁴⁸

³⁴⁵ *Ibid.*, Addenda, Article 4

³⁴⁶ Copyright Act, Article 51, Paragraph 4

³⁴⁷ *Ibid.*, Article 52

Such an application must be prepared in a prescribed form, which requires it to contain information concerning the name, address and nationality of the applicant, the title, kind, form and quantity of the work, the contents of registration, the subject of registration and, if any, previous registration date and registration number.

The application must be accompanied by the following materials:

- (i) a description of the work or, in the case of neighboring right, a description of the performance, phonogram or broadcast;
- (ii) a reproduction of the work or other materials explaining the contents of the work, such as a drawing, playbook or photograph;
- (iii) a document verifying the subject of registration;
- (iv) a document verifying a third party's consent or approval, if such consent or permission is required; and
- (v) a power of attorney, if necessary.

An application for registration of transfer of the copyright should be made jointly by both the transferor and the transferee. With the authorization or consent of the transferor, however, such an application can be filed only by the transferee.³⁴⁹

The copyright register is kept at MOCAS. After the registration of relevant matters on the copyright register, MOCAS issues a certificate of registration to the applicant.

7.5 Exclusive Rights of Copyright Holder

7.5.1 *In General*

The rights of an author consist of two separate categories of rights: moral (or personal) rights and economic (or property) rights. While economic rights may be transferred in whole or in part, moral rights belong exclusively to the author and, therefore, may not be transferred.

7.5.2 *Moral Rights*

The author of a work has the rights to disclose his work, to indicate his name on the work and to maintain the integrity of the work: these are collectively called "moral rights."

The moral rights in a work of joint authorship may not be exercised unless all the joint authors agree. However, no joint author may unreasonably refuse to reach an agreement. Joint authors may be represented by one representative elected among them in the exercise of their moral rights.³⁵⁰

[Footnote continued from previous page]

³⁴⁸ Enforcement Decree of the Copyright Act, Article 16

³⁴⁹ *Ibid.*, Article 17, Paragraph 1

³⁵⁰ Copyright Act, Article 15, Paragraph 1

No-one using a work of an author after his death may commit an act which would infringe the moral rights if the author were alive. However, if it is not deemed injurious, according to generally accepted standards, to the author's reputation in view of the nature and extent of the act, such act is permitted.³⁵¹

Unlike economic rights, the term of moral rights is not provided in the Copyright Act. It is, however, understood that the moral rights last until the death of the last surviving person among certain of the author's heirs who are entitled to bring a legal action against an infringer of the moral rights.³⁵²

(1) Right of Disclosure

The author of a work has the right to decide when and in what form the work will be presented to the public. This moral right is called "the right of disclosure." The term "disclosure" is defined in the Copyright Act as "presentation of a work to the public by means of public performance, broadcast, exhibition or the like, as well as publication of the work."

If the author has either transferred economic rights of his work which has not been disclosed, or granted a license for such work, it is presumed that he has consented to the disclosure of the work. Further, if the author has transferred his original work of fine art, architecture or photography which has not been disclosed, it is also presumed that he has consented to the disclosure of such work. Where a derivative work or a compilation created under the consent of the author(s) of relevant original work(s) has been disclosed, the original work(s) is also deemed to have been disclosed.³⁵³

(2) Right of Indicating Name

The author is entitled to indicate his name or pseudonym on his original work or its reproduction, or in disclosing the work.³⁵⁴ Anyone who has been permitted to use a work should indicate the author's name or pseudonym as indicated by the author himself, unless otherwise specifically instructed by the author.

(3) Right of Maintaining the Integrity of Work

The author of a work has the right to have maintained the integrity of the contents, format or title of his work. However, he may not raise any objection to modifications which fall under any of the following categories, unless such modifications are made to an essential part of the work:³⁵⁵

- (i) if the work is used for school education purposes under the fair use doctrine, modifications of expression made within the scope deemed unavoidable for such purposes;
- (ii) expansion, remodeling and other alteration of an architectural work; and
- (iii) any other modification made within the scope deemed inevitable in view of the nature of the work or the purpose or form of the use thereof.

³⁵¹ *Ibid.*, Article 14, Paragraph 2

³⁵² *Ibid.*, Article 96

³⁵³ *Ibid.*, Article 11

³⁵⁴ *Ibid.*, Article 12

³⁵⁵ *Ibid.*, Article 13, Paragraph 2

7.5.3 *Economic Rights*

The economic rights of an author include the rights to: reproduce his work; publicly perform his work; broadcast his work; exhibit the original of his work of fine arts, architecture or photography, or reproductions thereof; distribute the original of his work or reproductions thereof; and prepare any derivative work or compilation based on his original work.³⁵⁶

Unlike the moral rights, the economic rights may be transferred, pledged or licensed. The economic rights, in principle, subsist for the life of the author plus a term of 50 years after his death, unless specifically provided otherwise in the Copyright Act.³⁵⁷

(1) *Right of Reproduction*

The author of a work has the right to reproduce his work. The reproduction right is the most fundamental right given to the author. The term “reproduction” is defined in the Copyright Act as “reproduction of the work into a tangible medium of expression by printing, photographing, duplicating, sound recording, videotaping or any other means.” In the case of an architectural work, the term also means the construction of the work in accordance with construction models or drawings thereof. In the case of a play, musical score and any other similar work, the term further includes the recording or videotaping of public performances, broadcasts or stage performances of the work.

The exclusivity of the reproduction right is limited in a number of instances under the fair use doctrine, as discussed in 7.5.4.

(2) *Right of Public Performance*

The author of a work has the right to publicly perform his work. The public performance refers to an act of opening the work to the general public by staging, musical performance, singing, narrating, screening or by any other means. It also includes an act of playing or showing to the general public the sound recordings or videotapes of public performances, broadcasts and stage performances.

The exclusivity of this right is limited by a “for profit” requirement. A public performance is permitted if it is not for the purpose of making a profit and if nothing is received in return from listeners, viewers or any third parties, on any pretext. This limitation is not applicable to cases where the stage performer is paid normal compensation.

(3) *Right of Broadcasting*

The author of a work has the right to broadcast his work. Broadcasting is defined as “transmitting by methods of radio or wire communication for the purpose of enabling reception among the general public.” However, simply transmitting a message by amplification within an open area is not considered broadcasting.

The broadcasting right is limited in certain instances. If a public performance is not made for profit and if no compensation is received from listener, viewers or any third parties, the published work may be broadcast.

³⁵⁶ *Ibid.*, Articles 16, 17, 18, 19, 20 and 21

³⁵⁷ *Ibid.*, Article 36, Paragraph 1

Further, if a broadcaster intends to broadcast a published work in the interests of the general public and has made efforts, albeit unsuccessful, to negotiate the permission of the author or holder of the broadcasting right, the broadcaster may broadcast the work upon the approval of the Minister of Culture and Sports, after paying or depositing an amount of monetary compensation determined by the Minister.

(4) Right of Exhibition

The author of a work has the right to exhibit the original of his work or reproductions thereof. In case the work has been transferred, the author retains a right of exhibition only in instances where the work is permanently exhibited at a place open to the general public including in a street, in a park or on an outer wall of a building.

(5) Right of Distribution

The author of a work has the right to distribute the original of his work or reproductions thereof. Distribution is defined in the Copyright Act as transferring or renting the original of the work or its reproduction to the general public, whether for a price or free of charge.

The distribution right, however, is not absolute and is limited by the “first sale” doctrine. That is, if the original of a work or its reproduction is delivered to the general trade for sale with the consent of the author, it may be distributed successively without such consent.

(6) Right of Adaptation

The author of a work has the right to prepare derivative works based on his original work, or any compilations which include his original work and use the derivative works or compilations. Examples of derivative works are translations, musical arrangements and art prints affixed to tiles. Without some recognition, implicit or explicit, of such adaptation right, the copyright owner would have recourse only against verbatim forms of copying in the same medium.

7.5.4 Fair Use Limitations

In view of public policy considerations, a work may be used without the consent from the holder of the economic rights in certain instances. Such fair use limits the economic rights, but does not affect the moral rights.

(1) Use in Judicial Proceedings

Where a work is necessary either for judicial proceeding or as internal data for legislative or administrative purposes, it may be reproduced within the limited scope necessary for these purposes.³⁵⁸ However, such use will not be allowed if the reproduction unreasonably undermines the interests of the holder of the economic rights in view of the nature of the work and the number and form of the reproduction. One who is entitled to use a work according to this fair use doctrine may also use it by means of translation.

³⁵⁸ *Ibid.*, Article 22

(2) *Use for School Education Purposes*

A published work may be cited in textbooks needed for the purposes of education in high schools or other schools of a similar or lower level.³⁵⁹ Further, educational institutions established by the Education Law or other special law, or operated by the Government or a local public entity, may broadcast or reproduce the published works when they consider it necessary for educational purposes.

Anyone who intends to use a work for such educational purposes must pay compensation to the holder of the economic right in an amount to be determined and given notice by the Minister of Culture and Sports or, if the payment to the right holder cannot be made because of unknown address of the right holder, etc., must deposit such payment.

However, compensation need not be paid in any of the following cases: (i) if the economic right concerned is owned by the Minister of Education; (ii) if the textbook is the one approved by the Minister of Education; and (iii) if a high school or other school of a similar or lower level intends to broadcast or reproduce the published work.³⁶⁰

One who intends to use a work for such educational purposes may also use it by means of translation, arrangement or transformation.

(3) *Use for News Reporting*

In the process of news reporting by means of broadcasts, movies or newspapers, a work may be reproduced, distributed, performed or broadcast within a fair and reasonable scope for the news reporting purposes.³⁶¹ One who intends to use a work for these purposes may also use it by means of translation.

(4) *Quotation of Published Works*

A published work may be quoted in compliance with fair practices and within a reasonable scope for the purposes of reporting, criticism, education, research and the like.³⁶² One who intends to quote a work for such purposes may also use it by means of translation.

(5) *Non-profit Public Performance and Broadcasting*

A work may be freely performed or broadcast in a public place if such performance or broadcast is not intended to make any profit *and* if nothing is paid in return from the listeners, viewers or any third parties on any pretext. However, this does not apply to the instances where the performer is paid a normal performance fee.³⁶³

Also, unless any compensation is received in return from the listeners or viewers, phonograph records for sale or audiovisual works for sale may, in general, be freely reproduced and played back to

³⁵⁹ *Ibid.*, Article 23, Paragraph 1

³⁶⁰ *Ibid.*, Article 23, Paragraph 3

³⁶¹ *Ibid.*, Article 24

³⁶² *Ibid.*, Article 25

³⁶³ *Ibid.*, Article 26, Paragraph 1

the general public. There are exceptions to this general rule which are set forth in the Enforcement Decree of the Copyright Act as follows:³⁶⁴

- (i) performances conducted in certain entertainment places prescribed by the Food Hygiene Act; and
- (ii) performances conducted in a place of business with special equipment for carrying out as the main commercial activity the reproduction of music or audiovisual works for their appreciation by members of the public.

One who desires to use a work for such non-profit public purposes may also use it by means of translation, arrangement or transformation.

(6) *Reproduction for Private Use*

A published work may be reproduced for personal use or home use or within any other limited scope similar thereto for non-profit purposes.³⁶⁵ One who wants to use a work for such purposes may also use it by means of translation, arrangement or transformation.

(7) *Reproduction in Libraries*

Certain libraries which are established for the purposes of furnishing books, documents, records and other materials for public use, such as public libraries, school libraries and libraries established by the Government or a local public entity for public use, may reproduce a work from the material in their custody in any of the following instances:³⁶⁶

- (i) where, at the request of a user for the purpose of investigation or research, only one reproduction is furnished and the reproduction only relates to a part of the work;
- (ii) where it is necessary to reproduce the work for the libraries' own preservation of materials; and
- (iii) where, at the request of other libraries, the reproduction is furnished for the preservation of such other libraries because it is hard to obtain the work because of shortage of reproduction or for any other similar reasons.

(8) *Reproduction for the Preparation of Examination Questions*

A published work may be reproduced within a reasonable scope necessary for an examination for entrance into a school or for other examinations or tests concerning scholarly achievements and vocational skills.³⁶⁷ However, this does not apply to the instances where it is done for any profit-making purpose. One who desires to use a work for such school examination purposes may also use it by means of translation.

³⁶⁴ Enforcement Decree of the Copyright Act, Article 2

³⁶⁵ Copyright Act, Article 27

³⁶⁶ *Ibid.*, Article 28

³⁶⁷ *Ibid.*, Article 29

(9) Reproduction in Braille

Any published work may be reproduced in Braille for the blind. Further, certain organizations established for the purpose of, among others, promoting of the welfare of the blind, may make a sound recording of any released work to be used by the blind. One who intends to use a work for this purpose may also use it by means of translation.³⁶⁸

(10) Temporary Sound or Visual Recording by Broadcaster

A broadcaster may make, by his own means, a sound or visual recording of a work for the purposes of his own broadcasting. However, this will not be allowed if such recording is contrary to the intent of the holder of the right to broadcast the work.³⁶⁹

Such recording, however, may not be kept for a period exceeding one year from the date of recording unless it is preserved as a material for records at such archives as places established and operated by the Government or a local public entity or designated by the Minister of Culture and Sports.

(11) Exhibition or Reproduction of Fine Art Works

The owner of an original work of fine art, architecture or photography, or any one who has obtained the owner's consent, may exhibit the original work. However, in order to exhibit permanently in a public place such as in a street or park, or on the outer wall of a building, the exhibitor must obtain the consent from the holder of the economic rights in the work.³⁷⁰

The work exhibited permanently at such a public place may be reproduced in any manner except for the following:³⁷¹

- (i) reproduction of an architectural work in the form of an architectural structure;
- (ii) reproduction of a sculpture or painting in the form of a sculpture or painting;
- (iii) reproduction of a work for a permanent exhibition at a place open to the general public; and
- (iv) reproduction made for the purpose of sale.

Anyone who holds an exhibition as above or who intends to sell the exhibited original work, may reproduce the work in the form of a catalogue for the purpose of describing or introducing the work and may distribute the catalogue.

However, a portrait created by commission or any other photographic work similar thereto may be neither exhibited nor reproduced without the consent from the person who commissioned the work.

³⁶⁸ *Ibid.*, Article 30, Paragraphs 1 and 2

³⁶⁹ *Ibid.*, Article 31, Paragraph 1

³⁷⁰ *Ibid.*, Article 32, Paragraph 1

³⁷¹ *Ibid.*, Article 32, Paragraph 2

7.5.5 *Term of Protection of Economic Rights*

(1) *In General*

In general, the economic rights in a work subsist for a term of 50 years after the death of the author as well as during his life. However, if a work is published more than 40 years but less than 50 years after the author's death, the economic rights subsist for 10 years after the publication of the work.

In case of a work of joint authorship, the economic rights subsist for a term of 50 years after the death of the last surviving author.³⁷²

The above terms are calculated from the beginning of the year following the year when the author died or the work was created or published.

(2) *Anonymous or Pseudonymous Works*

The term of economic rights in an anonymous or pseudonymous work is 50 years after the publication of the work.³⁷³ However, if the real name or a widely known pseudonym of the author has been revealed during the protection term, or if the real name has been recorded on the copyright register at MOCAS during the protection term, the economic rights will subsist for 50 years after the death of the author.

Under the new Copyright Act, however, where a reasonable ground has been found to consider that the 50-year period had lapsed after death of the author, the economic rights in such work will be deemed to have already expired on the date of lapse of the 50-year period.

(3) *Works Published in Organization's Name*

The protection term of a work published in the name of an organization is 50 years after the publication of the work.³⁷⁴ However, in case the work has not been published within 50 years after its creation, the 50-year period is counted from the date of creation. Such 50-year deferral period of publication was 10 years under the former Copyright Act which was in force until June 30, 1996.

(4) *Work Published in Serial Form*

In calculating the term of copyright, a work published in a serial form is regarded as being published at the time of publishing the last part. If no continuing part is published within three years after the publication of the part immediately preceding that part, such preceding part will be considered as the last part.³⁷⁵

7.5.6 *Transfer of Economic Rights*

The economic rights of a work may be transferred in whole or in part. However, even if the entire economic rights are to be transferred, the right to prepare a derivative work or compilation from

³⁷² *Ibid.*, Article 36, Paragraph 2

³⁷³ *Ibid.*, Article 37, Paragraph 1

³⁷⁴ *Ibid.*, Article 38

³⁷⁵ *Ibid.*, Article 39, Paragraphs 1 and 2

the work is presumed not to be transferred, unless otherwise agreed upon.³⁷⁶ Transfer of the economic rights is not effective against a third party unless it is recorded on the copyright register at MOCAS.

7.5.7 *Licensing of Economic Rights*

The holder of the economic rights in a work may grant a license. The licensee may use the work in the licensed manner and under the licensed conditions. However, he may not transfer his license to a third party without the consent from the holder of the economic rights.³⁷⁷

7.5.8 *Pledge over Economic Rights*

The holder of the economic rights may establish a pledge over his rights. The pledge may be exercised against money or other things, including compensation for the granting of a publishing right, which the holder is entitled to receive in return for the transfer of the economic rights, or for licensing. However, such money or things should be attached prior to their payment or delivery.³⁷⁸

Such a pledge will not be effective against a third party unless it is recorded on the copyright register at MOCAS. Further, any transfer, change in the contents, extinguishment or restrictions on the disposition of the pledge should also be recorded on the copyright register in order to be effective against a third party.

7.6 **Works of Joint Authorship**

A work of joint authorship refers to a work created by two or more persons in which the contribution by each of these persons cannot be separately exploited.³⁷⁹

Moral rights in a work of joint authorship may not be exercised without an agreement among all the authors. However, no author may unreasonably interfere with reaching an agreement. Joint authors may be represented by one person elected out of them in the exercise of their moral rights.

Economic rights in a work of joint authorship subsist for a term of 50 years after the death of the last surviving author. Like moral rights, economic rights may not be exercised without unanimous consent by all the right holders.³⁸⁰ Further, no joint holder may transfer or establish a pledge over his share without the consent from the other joint holders; however, no holder may unreasonably obstruct the conclusion of an agreement or unreasonably refuse a consent thereto.

Profits acquired as a result of using a work of joint authorship should be distributed to each author in accordance with the extent of his contribution made to the creation of the work, unless otherwise agreed among the joint authors. If the extent of contribution made by each author is not clear, it is presumed to be equal.³⁸¹ If any of the joint holders either relinquishes his share or dies without an heir, his share will be distributed to the remaining holders in proportion to their existing shares.

³⁷⁶ *Ibid.*, Article 41, Paragraphs 1 and 2

³⁷⁷ *Ibid.*, Article 42, Paragraph 3

³⁷⁸ *Ibid.*, Article 44

³⁷⁹ *Ibid.*, Article 2

³⁸⁰ *Ibid.*, Article 45, Paragraph 1

³⁸¹ *Ibid.*, Article 45, Paragraph 2

7.7 Compulsory Licenses

7.7.1 *In General*

In certain instances, one who wants to use a copyrighted work may obtain a license through an approval from the Minister of Culture and Sports and upon the payment or deposit of compensation in the amount determined by the Minister.

7.7.2 *Instances Where Compulsory License is Granted*

Under the new Copyright Act which became effective as of July 1, 1996, there are three instances where a compulsory license may be granted, namely:

(1) *Use of Works of Unknown Holder of Economic Rights*

A person may obtain a compulsory license from the Minister of Culture and Sports if he has been unable to obtain a license because he could not identify or contact the holder of the economic rights, in spite of having made reasonable efforts.³⁸² In such a case, the licensee should indicate on the work such fact of compulsory licensing and the date of approval of the license.

(2) *Broadcasting of Published Work*

If a broadcaster, who wants to broadcast a published work for public interests, has negotiated with the holder of the economic rights but failed to reach an agreement, he may obtain a license from the Minister of Culture and Sports.³⁸³

(3) *Manufacture of Phonograph for Sale*

Once at least three years has passed since a phonograph was first put on sale in the Republic of Korea, anyone who wants to manufacture another phonograph for sale by recording the work which was recorded on the first phonograph may obtain a compulsory license from the Minister of Culture and Sports, if he has negotiated with the holder of the economic rights in the work but failed to reach an agreement.³⁸⁴

(4) *Translation of Published Work No Longer Available*

Under the old Copyright Act which was effective until June 30, 1996, a person who desires to translate a published work or to publish the translation might do so upon obtaining an approval from the Minister of Culture and Sports in any of the following cases:

- (i) where at least seven years has passed since the work was published and a Korean translation of the work has never been published or has gone out of print; and
- (ii) where the person desirous of using the work has negotiated with the holder of the right to translate the work but failed to reach an agreement with the right holder, or where no

³⁸² *Ibid.*, Article 47, Paragraph 1

³⁸³ *Ibid.*, Article 48

³⁸⁴ *Ibid.*, Article 50

consent could have been obtained because the right holder or his address has not been identified despite reasonable efforts.

In preparation for joining the Berne Convention, however, this compulsory licensing was abolished in the new Copyright Act which went into effect as of July 1, 1996.

7.7.3 Procedure for Obtaining Compulsory License

If a person wants to obtain a compulsory license for a work, he must submit a written request to the Minister of Culture and Sports.

In case the holder of the right to translate a work is a foreigner and his address is unknown, the requester of a compulsory license must forward a copy of the written request to the International Copyright Information Center established under Unesco, and then verify this step to the Minister of Culture and Sports.³⁸⁵

Once a written request for a compulsory license is filed, the Minister must give the holder of the relevant economic rights or his agent an opportunity to express his opinion, designating a time limit therefor.

In case such a request is approved, the Minister must notify such fact to the requester and the right holder. If the right holder or his address is unknown, such approval is published in the official gazette.³⁸⁶ Then, the compulsory licensee must pay to the right holder or deposit a certain amount of compensation determined by the Minister. The standards for determining compensation are set by the Copyright Deliberation and Mediation Committee established within MOCAS.

7.8 Special Provisions on Publishing Right

7.8.1 Establishment of Publishing Right

A holder of the right to reproduce and distribute a work may grant the right to publish the work (hereinafter referred to as "publishing right") to a person who intends to publish the work in print or in any other similar medium in the form of documents or drawings.³⁸⁷ If a pledge has been established over the right to reproduce a work, a publishing right may not be granted without the consent of the pledgee. A publishing right subsists for a term of three years from the first publication by the right holder, unless agreed upon otherwise.³⁸⁸

7.8.2 Duty of Publishing

The holder of a publishing right must publish the work concerned within nine months from the date of his receipt of the manuscript or corresponding materials necessary for the publication, unless agreed upon otherwise. Further, he must publish the work continuously in accordance with customary practices.³⁸⁹

³⁸⁵ Enforcement Decree of the Copyright Act, Article 7, Paragraph 2

³⁸⁶ *Ibid.*, Article 10

³⁸⁷ Copyright Act, Article 54, Paragraph 1

³⁸⁸ *Ibid.*, Article 57, Paragraph 1

³⁸⁹ *Ibid.*, Article 55, Paragraphs 1 and 2

If the holder of the publishing right violates such duty of publication, the reproduction right holder may demand the publishing right holder to fulfill his obligations within a designated period of at least six months. If the publishing right holder fails to fulfill his obligations within the designated period, the reproduction right holder may notify him the extinguishment of the publishing right. Once a notice of extinguishment has been served, the publishing right is deemed to have been extinguished at the time of receipt of the notice by the publishing right holder. In such an event, the holder of the reproduction right may make a claim for damages sustained as a result of suspending of the publication.³⁹⁰

Wherever the publishing right holder publishes a new edition of the work concerned, he must serve an advance notice on the author. Further, in case there is a plan to publish a new edition of the work, the author may make revisions or additions of the work within a reasonable scope.³⁹¹

7.8.3 *Distribution of Publications After Extinguishment of Publishing Right*

Once a publishing right has been extinguished for any reason, the holder of the publishing right may not distribute any publications made before the extinguishment, unless the parties concerned have agreed otherwise or compensation for such publications has already been paid to the reproduction right holder.

7.8.4 *Transfer and Limitation of Publishing Right*

A publishing right may not be transferred or pledged without the consent from the reproduction right holder.³⁹² The transfer or pledge of a publishing right will not be effective against third parties unless it is recorded on the copyright register at MOCAS.

7.9 Neighboring Rights

7.9.1 *Subject Matter of Protection*

Under the Copyright Act, performances, phonograms and broadcasts are also protected.³⁹³ The rights of performers, producers of phonograms and broadcasters are collectively called “neighboring rights.”

(1) Performances

Performances which are protected under the Copyright Act are the following four types:

- (i) a performance conducted by a national of the Republic of Korea (including a legal person established by the national law) or a foreign juridical person whose main office is located in the Republic of Korea;

³⁹⁰ *Ibid.*, Article 58

³⁹¹ *Ibid.*, Article 56

³⁹² *Ibid.*, Article 60, Paragraph 1

³⁹³ *Ibid.*, Article 61

- (ii) a performance fixed on phonograms which are produced by a national of the Republic of Korea, in which sound has been first fixed in the Republic of Korea or which are protected under any of the treaties to which the Republic of Korea has acceded;
- (iii) a performance transmitted by broadcast made by a Korean broadcaster or made from broadcasting facilities in the Republic of Korea; and
- (iv) a performance which is protected pursuant to a treaty to which the Republic of Korea has acceded.

The provision in item (iv) was added in 1995 into the new Copyright Act which became effective as of July 1, 1996.

(2) Phonograms

Phonograms which are entitled to protection under the Copyright Act are as follows:

- (i) a phonogram which is produced by a national of the Republic of Korea;
- (ii) a phonogram in which sound has been fixed initially in the Republic of Korea or in any country which is member of a relevant treaty; or
- (iii) a phonogram which is protected under a treaty to which the Republic of Korea has acceded.

(3) Broadcasts

The following three types of broadcast are protected:

- (i) a broadcast by a broadcaster who is a national of the Republic of Korea (including a juridical person established under the national law) or a foreign juridical person whose main office is located in the Republic of Korea;
- (ii) a broadcast made using broadcasting equipment in the Republic of Korea; or
- (iii) a broadcast protected under a treaty to which the Republic of Korea has acceded, which is made by a broadcaster who is a national of a member country to the treaty, using broadcasting equipment in that member country.

The provision in item (iii) was added into the scope of protection of the new Copyright Act which became effective as of July 1, 1996.

7.9.2 *Rights of Performers*

A performer has the right to a sound or visual recording of his performance and to take pictures thereof. Further, he has the right to broadcast his performance, unless it has been recorded with his consent.³⁹⁴

³⁹⁴ *Ibid.*, Articles 63 and 64

A person who broadcasts a recorded performance by using a phonograph for sale is required to pay the performer a reasonable amount of compensation. The performer's right to such compensation should be exercised by an organization appointed by the Minister of Culture and Sports.³⁹⁵ Under the new Copyright Act, however, such compensation need not be paid if the performer is a foreigner.

When the holder of the right to such compensation requests the organization to exercise the right on his behalf, the organization cannot refuse to do so, even if the holder is not a member thereof. In such an event, the organization has the authority to perform in its name any act which exercises the performer's right.

The amount of compensation is determined each year by an agreement between the organization and the broadcaster concerned. If no agreement is reached, either the organization or the broadcaster may apply for mediation to the Copyright Deliberation and Mediation Committee established within MOCAS.

In case of a joint performance, such as a chorus, concert or theatrical performance conducted by two or more persons, the performers' rights must be exercised by a representative elected from among the performers. If they fail to elect a representative, however, their rights may be exercised by the director or producer of the joint performance. Further, if a vocal or instrumental solo is performed together with a joint performance, the consent from the soloist must also be obtained.³⁹⁶

7.9.3 *Rights of Phonogram Producers*

A phonogram producer has the right to reproduce his phonogram record and distribute the reproductions.³⁹⁷

In case a broadcaster makes his broadcast using a commercial phonogram, he must pay a reasonable compensation to the phonogram producer. Under the new Copyright Act, however, such a broadcaster need not pay compensation if the phonogram producer is a foreigner.

The amount and the request procedure of compensation as discussed in 7.9.2 with respect to a performer is also applicable to a phonogram producer.

7.9.4 *Rights of Broadcasters*

A broadcaster has the right to reproduce his broadcast by means of a sound or visual recording, phonogram or other similar means. He also has the right to simultaneously transmit the broadcast by such means.³⁹⁸

7.9.5 *Term of Protection*

Neighboring rights, such as the rights of a performer, a phonogram producer or a broadcaster are established when the performance is conducted, when the sound is first fixed on a phonogram or when the broadcast is made, respectively.

³⁹⁵ *Ibid.*, Article 65, Paragraphs 1 and 2

³⁹⁶ *Ibid.*, Article 66, Paragraphs 1 and 2

³⁹⁷ *Ibid.*, Article 67

³⁹⁸ *Ibid.*, Article 69

Under the current Copyright Act, these neighboring rights subsist for a term of 50 years from the beginning of the year following the year when the neighboring rights concerned are established.³⁹⁹

7.9.6 *Application of Copyright Provisions*

The limitations on copyright under the fair use doctrine are also applicable to neighboring rights. Therefore, the discussion in 7.5.4 may be referenced.

Further, the provisions relating to the transfer, licensing, pledge and extinguishment of copyright apply *mutatis mutandis* to those matters of neighboring rights. The effects and the procedure for registering neighboring rights are the same as those of copyright. Therefore, the discussion in 7.5.6 to 7.5.8 is applicable here.

7.10 Special Provisions for Audiovisual Works

7.10.1 *Audiovisual Work Producer*

Under the Copyright Act, audiovisual works are defined as “creative works containing a series of images (regardless of whether they are accompanied by sound or not) which can be reproduced for viewing, or for both viewing and listening by means of mechanical or electronic devices.” An audiovisual work producer refers to a person who plans and is responsible for the overall production of the audiovisual work.

If the holder of the economic rights of a work has granted a license to produce an audiovisual work on the basis of his work, such license is deemed to include the following rights:⁴⁰⁰

- (i) to adapt the work for the production of the audiovisual work;
- (ii) to reproduce and distribute the audiovisual work;
- (iii) to publicly show the audiovisual work;
- (iv) to broadcast the audiovisual work made for the purpose of broadcasting; and
- (v) to use a translation of the audiovisual work in the same way as the audiovisual work.

Even if the holder of the economic rights in a work has granted one person a license to produce an audiovisual work, he may grant another person a license to produce another audiovisual work after five years or more has lapsed from the date of granting the earlier license.⁴⁰¹

7.10.2 *Rights in Audiovisual Works*

An audiovisual work producer has the right to reproduce, distribute, publicly screen or broadcast videotapes or videodiscs containing the audiovisual work. Further, he may transfer or establish a pledge over such right.

³⁹⁹ *Ibid.*, Article 70

⁴⁰⁰ *Ibid.*, Article 74, Paragraph 1

⁴⁰¹ *Ibid.*, Article 74, Paragraph 2

When a person has agreed to cooperate in the production of an audiovisual work and has acquired copyright in the audiovisual work, it is deemed that any right necessary for the use of the audiovisual work has been transferred to the audiovisual work producer. However, this should not affect the economic rights in a novel, script, work of fine art, musical work or the like used in the production of the audiovisual work.

If a performer has agreed to cooperate in the production of an audiovisual work of his performance, it is deemed that his right to reproduction or broadcasting has been transferred to the audiovisual work producer.

7.10.3 *Term of Protection*

The economic rights in an audiovisual work subsist for a term of 50 years from the publication of the work. If the work has not been published within 50 years from its creation, the 50-year term is counted from the date of creation. The current 50-year deferral period replaced that of ten years under the old Copyright Act, which had been in effect until June 30, 1996.

7.11 Infringement

An unauthorized act of reproduction, adaptation, performance, broadcast, translation, distribution or publication of a copyrighted work may constitute an infringement of the economic rights. Further, without a proper authorization, an act of alteration or cancellation of the real name or pseudonym of an author, or an act of alteration of the copyrighted work, may infringe the moral rights.

The holder of the rights protected under the Copyright Act may bring a civil action against an infringer of his rights. Three types of civil remedies are available: (i) injunctive relief; (ii) compensation for damages; and/or (iii) restoration of injured reputation. Section 14.7 below discusses copyright infringement actions in detail.

An infringer may be criminally prosecuted and penalized. The prosecution, however, may not be initiated *ex officio* unless a complaint has been filed by the injured party. The penalty assessable is an imprisonment for up to three years and/or a fine up to 30 million Korean Won.

7.12 Copyright Deliberation and Mediation Committee

7.12.1 *Organization*

A body called “the Copyright Deliberation and Mediation Committee” has been established within MOCAS in accordance with the Copyright Act. The Committee is intended to deliberate matters related to rights protected under the Copyright Act, and to mediate any dispute over such rights.⁴⁰² The Committee is composed of 15 to 20 members who are appointed by the Minister of Culture and Sports.

⁴⁰² *Ibid.*, Article 81, Paragraph 1

7.12.2 *Deliberation of Copyright Matters*

The Committee is commissioned to deliberate the following matters:⁴⁰³

- (i) matters as to standards for various compensation stipulated in the Copyright Act;
- (ii) matters as to the rate and amount of copyright agents' fees; and
- (iii) matters referred to the Committee by the Minister of Culture and Sports or proposed jointly by three or more members thereof.

7.12.3 *Mediation of Disputes*

One who desires mediation of a dispute over the right protected under the Copyright Act may file with the Committee a petition for mediation. Such a petition is reviewed by the Mediation Board of the Committee.

Such mediation has to be concluded within three months from the date of filing the petition.⁴⁰⁴ If necessary, parties concerned or any interested party may be requested by the Committee to appear at a hearing to make a testimony or to produce relevant documents. For an amicable settlement, the Committee may prepare a proposal and recommend it to both parties for the acceptance thereof.

Once parties to a dispute have reached an agreement which has been then executed into a mediation protocol, the effect of the protocol is the same as a settlement agreement executed before the court.⁴⁰⁵

If mediation is not accomplished within three months from the date of filing the petition, or if a party to the dispute does not, without justification, comply with the Mediation Board's summons, the mediation proceeding is concluded as a failure and closed.

If mediation has resulted in an agreement consented to by both parties, the expenses incurred in the mediation proceeding will be borne equally by the parties to the dispute, unless otherwise agreed upon. However, if the mediation proceeding has ended as a failure, the expenses will be borne by the party requesting the mediation.⁴⁰⁶

⁴⁰³ *Ibid.*, Article 82

⁴⁰⁴ *Ibid.*, Article 84, Paragraph 3

⁴⁰⁵ *Ibid.*, Article 86, Paragraphs 1 and 2

⁴⁰⁶ *Ibid.*, Article 88, Paragraph 1

Chapter 8: Computer Programs

- 8.1 Introduction**
- 8.2 Subject Matter of Protection**
 - 8.2.1 Computer Programs and Derivative Programs**
 - 8.2.2 Unprotectable Subject Matter**
- 8.3 Protection of Foreigner's Programs**
- 8.4 Authorship**
- 8.5 Rights of Author**
 - 8.5.1 In General**
 - 8.5.2 Moral Rights**
 - 8.5.3 Economic Rights**
 - 8.5.4 Fair Use Limitations**
 - 8.5.5 Compulsory Licensing**
- 8.6 Registration of Computer Programs**
 - 8.6.1 In General**
 - 8.6.2 Effects of Registration**
 - 8.6.3 Registration Procedure**
 - 8.6.4 Registration Activities**
- 8.7 Infringement of Program Copyright**
 - 8.7.1 Acts of Infringement**
 - 8.7.2 Civil Remedies**
 - 8.7.3 Criminal Sanctions**
- 8.8 Computer Program Deliberation and Mediation Committee**
 - 8.8.1 Organization**
 - 8.8.2 Mediation of Disputes**
 - 8.8.3 Deliberation of Computer Program Matters**
- 8.9 Transfer, Licensing and Pledge**
- 8.10 Joint Ownership**

8.1 Introduction

While computer programs are protected by the copyright law in most countries, they are protected in the Republic of Korea under a special law called the Computer Program Protection Act ("CPPA"). The approach of employing special legislation has been taken because computer programs are associated more with technology than with literary art. Moreover, this legislative regime is intended to establish a legal basis for the development of the computer program industry by way of stimulating the promotion of distribution, transfer of technology and the like, which may be difficult to accomplish through the Copyright Act.

It had not been clear whether computer programs could be protected in the Republic of Korea until they were expressly listed as works protectable the Copyright Act, which became effective as of July 1, 1987, although it was also planned to enact a separate law to provide the details of how computer programs would be protected.⁴⁰⁷

The first Computer Program Protection Act ("CPPA") was legislated on December 31, 1986, and went into effect as of July 1, 1987. It was amended in 1994 (going into effect on July 5, 1994); and the latest amendment was enacted on December 6, 1995, as Law No. 4,996 (going into effect on June 6, 1996).

The rights in a computer program, which are referred to in the CPPA as "program copyright," are established upon the creation of the program; and no formalities, such as registration of the program, are required.

The purpose of the CPPA is to promote the development of industry and technology related to computer programs by protecting the rights of authors of computer programs and by ensuring the fair use of computer programs.⁴⁰⁸

8.2 Subject Matter of Protection

8.2.1 *Computer Programs and Derivative Programs*

Under the CPPA, computer programs are defined as "works expressed in the form of a series of instructions or commands which are used directly or indirectly to obtain a specific result in a computer or similar device capable of performing information processing."⁴⁰⁹ Therefore, both source code and object code and any other form in which a program is embodied are protectable under the CPPA.

Further, derivative programs, which are the programs made by adapting an original computer program, may be also protected under the CPPA.⁴¹⁰ However, the right to adapt a program belongs to the author of the program.⁴¹¹ Therefore, an act of making a derivative program without the consent of the author of the program constitutes an infringement and may be criminally punished.

⁴⁰⁷ Copyright Act, Article 4, Paragraph 2

⁴⁰⁸ Computer Program Protection Act, Article 1

⁴⁰⁹ *Ibid.*, Article 2

⁴¹⁰ *Ibid.*, Article 5

⁴¹¹ *Ibid.*, Article 8, Paragraph 1

8.2.2 *Unprotectable Subject Matter*

Article 4 of the CPPA stipulates that protection will not be granted with respect to programming languages, programming rules or methods for combination used in making computer programs. These terms are defined in the CPPA as follows:⁴¹²

- (i) “Programming languages” means characters, signs and systems thereof used as a means of expressing a program.
- (ii) “Programming rules” means rules on how to use a programming language in a program.
- (iii) “Methods for combination” means methods for combining instructions or commands in a program.

8.3 Protection of Foreigner’s Programs

A foreigner’s program is protected under the CPPA in three instances: first, where it is created by a foreign juridical person having its principal place of business in the Republic of Korea; second, where it is first published in the Republic of Korea or within 30 days from the first publication made abroad; and third, and perhaps most significant, where foreigners’ programs are protected pursuant to a treaty to which the Republic of Korea has acceded.⁴¹³ In this connection, the Republic of Korea acceded to the Universal Copyright Convention, which became effective from October 1, 1987. Very recently, it deposited its instrument of accession to the Berne Convention, which entered into force with respect to the Republic of Korea on August 21, 1996.

The first CPPA of 1987 explicitly provided in its transitional provision that the Act did not apply to computer programs created prior to July 1, 1987. Since there were almost no computer programs created in the Republic of Korea at that time, this explicit exclusion was understood to be mainly intended to deny the protection of foreigners’ computer programs created before the effective date of the first CPPA.

This provision has been criticized by foreign countries. Therefore, the CPPA was amended in 1995 so as to allow retroactive protection of computer programs created prior to July 1, 1987. Specifically, the new CPPA that became effective as of June 6, 1996, declares that it is applicable to computer programs created prior to July 1, 1987, as prescribed in the TRIPS Agreement.⁴¹⁴

8.4 Authorship

A person whose name or generally-known pseudonym or abbreviation is indicated as the author on an original computer program or its reproductions, or in publishing the program, is presumed to be the author of the program.⁴¹⁵ If a computer program does not bear any indication of the author,

⁴¹² *Ibid.*, Article 4, Paragraph 2

⁴¹³ *Ibid.*, Article 3

⁴¹⁴ Computer Program Protection Act of 1995 (Law No. 4,996), Addenda, Article 2

⁴¹⁵ Computer Program Protection Act, Article 6, Paragraph 1

however, the person who disclosed or published the program is presumed to be the holder of the program copyright.

The authorship of a program created by a person who is employed by a corporation or other employer in the course of performing his duties for the employer belongs to the employer, unless otherwise specified in an agreement or employment contract.⁴¹⁶

In this connection, in order for the employer to claim the ownership and protection of the program created by his employee, the 1987 CPPA required that the program be published in the name of the employer. This requirement was removed in 1994 by amending the provision to simply state that a computer program created by an employee, while performing his duty, shall belong to the employer unless there is an employment contract or internal regulation that defines the ownership differently.

8.5 Rights of Authors

8.5.1 *In General*

The author of a computer program has both moral and economic rights with respect to the program, which are collectively referred to as “program copyright” in the CPPA. The program copyright is established at the time when the program is created. No formalities, such as registration of the program, are required for the establishment of the program copyright.⁴¹⁷

The term of program copyright under the old CPPA was 50 years from the date of creation. However, under the new CPPA which became effective as of June 6, 1996, it is 50 years from the end of the calendar year of publication. If no publication is made, the 50-year term will be counted from the end of the calendar year of creation.

Program copyright is extinguished, even before the 50-year period expires, if the right is escheated to the State in the event that the copyright holder dies without heirs in case of an individual, or is dissolved in case of a juridical person.⁴¹⁸

8.5.2 *Moral Rights*

The author of a computer program has the following three rights: (i) the right to disclose his program; (ii) the right to indicate his name on the program; and (iii) the right to maintain the integrity of the program. These rights are collectively called “moral rights.”

(1) *Right of Disclosure*

The author of a computer program has the right to determine when and in what form his program will be presented to the public. Such moral right is called “the right of disclosure.” The term “disclosure” is defined in the CPPA to mean “presentation of a program to the public by means of public performance, broadcast, exhibition or the like, as well as publication of the program.”

⁴¹⁶ *Ibid.*, Article 7

⁴¹⁷ *Ibid.*, Article 8, Paragraph 2

⁴¹⁸ *Ibid.*, Article 20

If the author has transferred or leased his program which has not been disclosed, or has granted a license for the use of such program, it is presumed that he has consented to the disclosure of the program.⁴¹⁹

If a derivative program has been created with the consent of the author of the original program and has been disclosed, the part of the original program used in the derivative program for the adaptation is presumed to have been disclosed.

(2) *Right of Indicating Author's Name*

The author of a computer program has the right to indicate his name or pseudonym on his program or reproduction thereof or in disclosing the program. Anyone who uses a program should indicate the author's name or pseudonym as indicated by the author, unless otherwise specifically instructed by the author.⁴²⁰

(3) *Right of Maintaining Integrity of Program*

The author of a computer program has the right to have the integrity of the title, contents or format of his program maintained. However, any of the following modifications may be made without the consent of the author:⁴²¹

- (i) modifications to a program, which cannot be used in a computer other than a specific computer, so as to be used on such other computer;
- (ii) modifications within the scope necessary for more efficient use on a specific computer; and
- (iii) modifications deemed unavoidable in view of the nature of the program or the purpose of the use thereof.

8.5.3 *Economic Rights*

The author of a computer program has the right to reproduce, adapt, translate, distribute and publish his program, which are collectively called "economic rights."

The economic rights in a computer program may be transferred in whole or in part.⁴²² Further, the holder of economic rights may grant to others a license to use the program. Then, the licensee may use the program in the licensed manner and under the licensed conditions, but may not transfer his right without the consent of the holder of the economic rights. As a security for his loan, the holder of the economic rights may establish a pledge over his rights.

⁴¹⁹ *Ibid.*, Article 9, Paragraphs 1 and 2

⁴²⁰ *Ibid.*, Article 10, Paragraphs 1 and 2

⁴²¹ *Ibid.*, Article 11

⁴²² *Ibid.*, Article 14

(1) *Right of Reproduction*

The author of a computer program has the right to reproduce his program. The reproduction right is the most fundamental right given to the author. The term “reproduction” is defined as “reproduction by fixing the program into a tangible medium of expression without adding creativity.”

The exclusivity of the reproduction right is limited in a number of instances under the fair use doctrine, as discussed in 8.5.4.

(2) *Right of Adaptation*

The author of a computer program has the right to prepare derivative programs based on his original program. Adaptation is defined as creation of a new program by making use of all or considerable part of a series of instructions or commands of the original program. Derivative programs are protected as independent programs.

(3) *Right of Distribution*

The author of a computer program has the right to distribute his original program or reproductions thereof. Distribution refers to an act of transferring or renting the original program or its reproduction to the general public.

(4) *Right of Publication*

The author of a computer program has the right to publish his program. Publication is defined as an act of distribution of a program reproduced in a quantity sufficient to meet the demand of the general public.

8.5.4 *Fair Use Limitations*

A published program may be used or reproduced, without the consent of the holder of the economic rights, in any of the following cases:⁴²³

- (i) where it is necessary for a judicial proceeding;
- (ii) where a person in charge of education at an educational institution established under the Education Act reproduces or uses the program in the course of teaching, within a limited scope not unfairly detrimental to the interest of the holder of the economic rights, in view of the type, use and number of reproductions and the nature of the program;
- (iii) where reciting the program in a textbook necessary for education in high schools or other schools of a similar or lower level; and
- (iv) where reproducing or using the program at a limited place such as a private home.

⁴²³ *Ibid.*, Article 12

An amendment to the CPPA was made in 1995 to expand the scope of such fair use limitations. As a result, under the new CPPA which became effective as of June 6, 1996, program copyright also does not extend to the following instance:

- (v) where a published program is used or reproduced for a school entrance examination or any other examination administered to test scholastic achievements or vocational skills.

In addition, the new CPPA explicitly provides that there should be no advantage taken for any commercial purpose of the educational fair use exception of (v) and the private home use exception of (iv) above.

In the course of amending the provision as to the scope of fair use exceptions in 1995, it was seriously discussed whether or not to include the so-called "reverse engineering" fair use. This proposal, however, was deleted from the final draft bill.

Further, anyone who lawfully possesses and uses a reproduction of a computer program may make a copy of the reproduction for the limited purposes of protection against loss, damage or deterioration thereof. However, the reproduction thus made should be destroyed when the right to possession and use of the reproduction of the program is lost or ceases, unless the holder of the program copyright allows otherwise.⁴²⁴

8.5.5 *Compulsory Licensing*

If anyone cannot obtain a license to use a published program because the holder of the program copyright or his address is unknown despite reasonable efforts to locate the holder, he may use the program after obtaining the approval from the Minister of Information and Communication and depositing compensation in an amount determined by the Minister.⁴²⁵ On the reproduction of such program, the existence of the approval from the Minister and the date of approval should be indicated.

8.6 Registration of Computer Programs

8.6.1 *In General*

As program copyright is established by the creation of the program, it is not required to register the program for the establishment of the program copyright. Further, unlike in some other countries, registration is not even a prerequisite for the filing of an infringement action in the Republic of Korea.

However, the author of a program may register his program with the Ministry of Information and Communication and such registration endows the copyright holder with some significant benefits.

8.6.2 *Effects of Registration*

Once a computer program has been registered with the Ministry of Information and Communication, it is presumed that the program was created on the registered date of creation.⁴²⁶ Therefore, such registration is *prima facie* evidence of the existence of a copyright on the program.

⁴²⁴ *Ibid.*, Article 13, Paragraphs 1 and 2

⁴²⁵ *Ibid.*, Article 17, Paragraph 1

⁴²⁶ *Ibid.*, Article 22, Paragraph 2

Further, if copyright for a registered program is infringed, the infringer is presumed to have done so with negligence.⁴²⁷ Therefore, in a civil action seeking compensation for damages against an infringer, the copyright holder of a program which has been registered does not have to initially prove such a state of mind of the infringer.

Although the registration of a program is not required for the initiation of a copyright infringement action, unlike the author of the program, an assignee of the program copyright cannot bring a civil action against an infringer unless the transfer of the program copyright has been registered, as no transfer of program copyright is effective against a third party unless it is recorded on the program register.⁴²⁸

8.6.3 *Registration Procedure*

For the registration of a computer program, an application for such registration should be made within one year from the date of creation of the program.⁴²⁹ Either the creator of a program or an assignee may file an application. The applicant must submit an application, together with a reproduction of the program, to the Korean Information Industry Association, to which the registration task was delegated by the Minister of Information and Communication as of November 1, 1988. The application must contain the following information: (a) the name of the program; (b) the name, address and nationality of the holder of the program copyright; (c) the date of creation; and (d) an abstract of the program.

Once such an application is filed, it will be examined as to the formalities and, if no document or information is found missing or defective, it will be recorded on the program register. A certificate of registration is normally issued within three days from the filing date of the application.

Once a program is recorded on the program register at the Korean Information Industry Association, the registered program (excluding the content of the source program) will be published in an official gazette for computer programs which is normally released every two months.

8.6.4 *Registration Activities*

From September 1, 1987, when the registration of computer programs began in the Republic of Korea, a total of 22,712 programs had been registered as at April 30, 1995. Among the registrations, those for applications programs for office automation, education, games and the like occupied about 61%, whereas those for systems programs for operating systems, language processing, utilities, data base management system (DBMS) and the like accounted for the remaining 39%. The proportion of programs registered by nationals of the Republic of Korea was about 99%.

8.7 **Infringement of Program Copyright**

8.7.1 *Acts of Infringement*

An unauthorized act of reproduction, adaptation, translation, distribution or publication of a computer program may constitute an infringement of the economic rights for the program. Further, an

⁴²⁷ *Ibid.*, Article 27, Paragraph 2

⁴²⁸ *Ibid.*, Article 24

⁴²⁹ *Ibid.*, Article 21, Paragraph 1

act of importing a computer program for distribution in the Republic of Korea, which would have infringed the program copyright if the program had been prepared in the Republic of Korea at the time of the importation, is also considered as an infringement of the program copyright. In addition, if a person acquires a reproduction of computer program (including such imported programs as above) with the knowledge that the program has been unlawfully made, his use of the program on business constitutes an infringement.⁴³⁰

8.7.2 *Civil Remedies*

The CPPA provides the following two types of civil remedies for infringement of program copyright: (i) cessation or prevention of infringement; and/or (ii) compensation for damages. Unlike the case of a patent, trademark or copyright infringement, the program copyright holder cannot seek any measures for the restoration of his damaged business reputation.

Specifically, the holder of a program copyright may bring a civil action before the court, seeking cessation or prevention of an infringement against a person who has infringed or has threatened to infringe the program copyright. In such an action, the holder may also seek destruction of infringing articles and other measures necessary to prevent future infringement.⁴³¹ This remedy is in the form of injunction, which may be sought through either a preliminary injunctive action or a main action.

The holder of the program copyright may bring a civil action seeking compensation for damages against anyone who has knowingly or negligently infringed a program copyright.⁴³² If a program has been registered at the Ministry of Information and Communication (in practice, with the Korean Information Industry Association established under the Ministry), the infringer is presumed to have done so negligently.

The amount of profits gained by the infringer from the infringement is presumed to be the amount of damages suffered by the holder of the program copyright. Further, as a minimum amount of damages, the CPPA provides a reasonable amount of royalty which would have been agreed to in a freely negotiated transaction.⁴³³

In the case of a program of joint authorship, each author or each holder of the economic right concerned may bring an action for injunction without the consent of the other joint authors or holders. Further, he may freely seek compensation for damages in proportion to his share.⁴³⁴

As for the details of an infringement action, the discussion in 14.4 may be referenced.

8.7.3 *Criminal Sanctions*

An infringer of program copyright may be criminally prosecuted and penalized independently of a civil court action. The prosecution of this offense, however, may not be initiated *ex officio* unless a complaint is filed by the injured party.⁴³⁵ The prescribed penalty is imprisonment for up to three years and/or a fine of up to 30 million Korean Won.⁴³⁶

⁴³⁰ *Ibid.*, Article 26

⁴³¹ *Ibid.*, Article 25, Paragraphs 1 and 2

⁴³² *Ibid.*, Article 27, Paragraph 1

⁴³³ *Ibid.*, Article 27, Paragraphs 3 and 4

⁴³⁴ *Ibid.*, Article 28

⁴³⁵ *Ibid.*, Article 36

⁴³⁶ *Ibid.*, Article 34, Paragraph 1

8.8 Computer Program Deliberation and Mediation Committee

8.8.1 Organization

Under the authority of the CPPA, the Computer Program Deliberation and Mediation Committee (hereinafter referred to as the "Committee") was established in October 1994 within the Ministry of Information and Communication and went into operation from January 1, 1995. The Committee is empowered to hear matters relating to computer programs and to mediate disputes over the rights concerning computer programs.⁴³⁷ The Committee is composed of 10 to 15 members appointed by the Minister of Information and Communication in consultation with the Minister of Culture and Sports.

8.8.2 Mediation of Disputes

One who desires mediation of a dispute may submit to the Committee a petition for mediation with a clear statement on the purport of the petition and reasons therefor. The Committee is required to mediate the dispute within three months from the date of the petition.⁴³⁸

Once a petition for mediation is submitted to the Committee, it is assigned to a Mediation Board consisting of three members of the Committee. The Mediation Board may summon the parties concerned, their attorneys and any interested party, or demand production of necessary documents, if any.⁴³⁹ Opinions from relevant experts, if necessary, may be heard. The Mediation Division may then prepare a mediation proposal and recommend the parties concerned to accept the proposal.

Mediation is accomplished by executing a protocol containing the matters agreed to by the parties concerned. Such mediation protocol has the same effect as a settlement agreement executed in a court action, except for those matters which are not under the authority of the parties concerned.⁴⁴⁰

In contrast, if a party to the dispute does not, without any justification, comply with the summons of the Mediation Board or if the three-month period from the date of the petition for mediation has lapsed, the mediation is considered as a failure.

Expenses incurred in a mediation proceeding are, in principle, borne by the party requesting the mediation. However, if the mediation is accomplished, they should be equally shared by both parties unless otherwise agreed.⁴⁴¹

8.8.3 Deliberation of Computer Program Matters

In addition to the mediation of disputes, the Committee is empowered to review:⁴⁴²

- (i) matters concerning the interpretation of provisions relative to program copyright;
- (ii) matters concerning the regulation necessary to maintain the conformity with the Copyright Act;

⁴³⁷ *Ibid.*, Article 29, Paragraph 1

⁴³⁸ *Ibid.*, Article 29-4, Paragraphs 1 and 3

⁴³⁹ *Ibid.*, Article 29-5, Paragraph 1

⁴⁴⁰ *Ibid.*, Article 29-6, Paragraphs 1 and 2

⁴⁴¹ *Ibid.*, Article 29-7, Paragraphs 1 and 2

⁴⁴² Enforcement Decree of the Computer Program Protection Act, Article 24

- (iii) matters as to deliberation of fair use limitations and promotion of utilization of computer programs;
- (iv) matters concerning registration of computer programs; and
- (v) other matters requested by the Minister of Information and Communication relating to program copyright.

8.9 Transfer, Licensing and Pledge

Like other intellectual property rights, program copyright may be transferred as a whole or in part. The transfer of program copyright, excluding that arising from inheritance or other general succession, is not effective against a third party unless it is recorded on the program register.

Further, the holder of program copyright may grant others a license to use the program. A licensee can use the program within the scope and conditions granted in the license agreement. However, a licensee may not transfer his right to a third party without the consent of the program copyright holder.⁴⁴³

In case a final user of a computer program makes a request, in good faith, to supply the program which has been published and distributed, the copyright holder may not reject such request without any justifiable reason.⁴⁴⁴ This is intended to promote efficient distribution and use of computer programs.

8.10 Joint Ownership

In case a computer program is created by more than one person and each portion thereof to which each of the creators has contributed cannot be independently used, the program copyright is owned by all of the creators. In such case, the share of each joint holder is deemed to be equal, unless agreed upon otherwise.⁴⁴⁵

Program copyright for a computer program of joint ownership may not be enforced against an infringer unless all the holders agree.⁴⁴⁶ Further, without the consent from the other joint holders, no holder may transfer or establish a pledge over his share. In this connection, however, no joint holder may interfere against reaching an agreement or unreasonably refuse to consent.

If one of the joint holders of program copyright abandons his share or dies without heirs, his share will be distributed to the other joint holders in proportion to their shares.

⁴⁴³ Computer Program Protection Act, Article 16, Paragraph 2

⁴⁴⁴ *Ibid.*, Article 18

⁴⁴⁵ *Ibid.*, Article 15, Paragraph 1

⁴⁴⁶ *Ibid.*, Article 15, Paragraph 2

Chapter 9: Semiconductor Chip Layout Designs

- 9.1 Introduction**
- 9.2 Subject Matter of Protection**
- 9.3 Uniqueness of Layout Design Right**
- 9.4 Protection of Foreigner's Layout Designs**
- 9.5 Delegation of Authorities to KIPO**
- 9.6 Registration Procedure**
 - 9.6.1 In General**
 - 9.6.2 Applicant**
 - 9.6.3 Application**
 - 9.6.4 Rejection of Application and Registration**
- 9.7 Layout Design Right**
 - 9.7.1 In General**
 - 9.7.2 Exclusive Rights**
 - 9.7.3 Transfer and Pledge**
 - 9.7.4 Licensing**
 - 9.7.5 Joint Ownership**
- 9.8 Limitations on Layout Design Right**
- 9.9 Infringement**
 - 9.9.1 In General**
 - 9.9.2 Civil Remedies**
 - 9.9.3 Criminal Sanctions**
- 9.10 Cancellation of Registration**
- 9.11 Compulsory Licenses**
 - 9.11.1 Request for Consultation**
 - 9.11.2 Application for Arbitration**
 - 9.11.3 Arbitration**
 - 9.11.4 Cancellation of Arbitration**

9.12 Layout Design Review and Mediation Committee**9.12.1 Organization****9.12.2 Mediation of Disputes****9.12.3 Review of Layout Design Matters**

9.1 Introduction

The creation of layout designs for semiconductor chips may require a considerable amount of investment of capital and time in R&D, as well as accumulated high technology in the field of integrated circuits. Layout designs may also run the risk of being copied without authorization from their designers.

Owing to the characteristics of layout designs, however, their protection by existing intellectual property laws, such as the Patent Act or the Copyright Act, is both difficult and inadequate. Accordingly, a new legislation for the protection of layout designs is required. Several industrialized countries, for example the U.S.A. and Japan, legislated special laws for the protection of semiconductor chips in 1985 and 1986, respectively.

In view of the global trend and given its increasing activities in semiconductor business, the Republic of Korea enacted a special act called the "Semiconductor Chip Layout Design Act" (hereinafter referred to as the "Layout Design Act") on December 8, 1992. The Layout Design Act went into effect as of September 1, 1993. The 1992 Act was revised once on December 31, 1994, and the new Layout Design Act became effective from July 1, 1995.

The purpose of the Layout Design Act is to promote the sound development of the national economy by protecting the rights of creators of layout designs for semiconductor integrated circuits, and to establish the concept of fair use of layout designs.⁴⁴⁷

Although the administration of the Layout Design Act is left to the Minister of Trade, Industry and Energy, some of the authorities given to the Minister under the Layout Design Act have been delegated to the Commissioner of the Korean Industrial Property Office ("KIPO").⁴⁴⁸ Therefore, most of the administrative matters including registration of layout design rights and arbitration for the establishment of compulsory licenses are handled by KIPO.

9.2 Subject Matter of Protection

The subject matter protectable under the Layout Design Act includes a layout design which is defined as "a plane or cubic design of the circuit elements and wires which connect the elements used in manufacturing a semiconductor integrated circuit." Further, a layout design right extends to a semiconductor integrated circuit manufactured based on the layout design and an article incorporating the semiconductor integrated circuit thus made.⁴⁴⁹ Therefore, they are also protected under the Layout Design Act.

A semiconductor integrated circuit is defined as "an *intermediate or final product* capable of functioning as an electronic circuit, which is simultaneously formed in a state where *one or more* circuit element including active elements and wires connecting the elements are inseparable from each other, on the surface of the semiconductor materials or inserting materials or inside the semiconductor materials."

⁴⁴⁷ Semiconductor Chip Layout Design Act, Article 1

⁴⁴⁸ *Ibid.*, Article 42, Paragraph 1

⁴⁴⁹ *Ibid.*, Article 2

Under the old Layout Design Act, a semiconductor integrated circuit was defined as “a *product* capable of functioning as an electronic circuit, which is simultaneously formed in a state where *two or more* circuit elements including active elements and wires connecting the elements are inseparable from each other, on the surface of the semiconductor materials or insulating materials or inside the semiconductor material.”

Therefore, the scope of subject matter under the current Layout Design Act has been broadened by the amendment in 1994 by way of including an intermediate product in addition to a final product, and also replacing the phrase of “two or more circuit elements” with “one or more circuit element.”

“Layout design,” the term used in the Korean Layout Design Act, is referred to as “mask work” in the U.S.A., “topography” in Europe, and “circuit layout” in Japan.

9.3 Uniqueness of Layout Design Right

The nature of a right to layout design can be understood to lie between those of a patent right and a copyright. A layout design right is similar to a patent right in view of the creation, effects and extinguishment thereof. A layout design right is established upon the registration of a creative layout design at KIPO,⁴⁵⁰ and the protection term thereof is 10 years from the date of registration.⁴⁵¹

On the other hand, a layout design right is similar to a copyright in that its subject matter of protection is the expression of ideas, i.e. circuitry, a substantive examination is not necessary for the registration, and the effect of a layout design right does not extend to the same layout design independently created by another person (i.e., the layout design right is the anti-copying right and not the exclusive right).

9.4 Protection of Foreigner’s Layout Designs

A layout design created by a foreign individual or foreign juridical person is protected under the Layout Design Act and under any relevant treaty to which the Republic of Korea has acceded. However, if the country of a foreigner does not bestow any protective benefits corresponding to those of the Korean Layout Design Act for a layout design created by a national of the Republic of Korea, the protection of the layout design by such foreigner may be similarly limited in the Republic of Korea.⁴⁵²

Further, a person who has no residence or business place in the Republic of Korea may neither initiate a procedure concerning layout designs nor bring a court action against any decision made, or orders issued, under the Layout Design Act by administrative agencies (e.g., KIPO), unless he is represented by an agent having a residence or place of business in the Republic of Korea (hereinafter referred to as “layout design administrator”).⁴⁵³ Therefore, a non-resident is required to appoint and maintain a layout design administrator recorded at the time of registration and throughout the life time of his layout design.

⁴⁵⁰ *Ibid.*, Article 6

⁴⁵¹ *Ibid.*, Article 7, Paragraph 1

⁴⁵² *Ibid.*, Article 3

⁴⁵³ *Ibid.*, Article 4, Paragraph 1

9.5 Delegation of Authorities to KIPO

The administrative body in charge of the enforcement of the Layout Design Act is the Minister of Trade, Industry and Energy. However, pursuant to Article 42 of the Layout Design Act, some of the authorities given to the Minister are delegated to the Commissioner of KIPO. Specifically, the Minister has delegated his authority concerning:⁴⁵⁴

- (i) restriction on foreigners' layout designs;
- (ii) arbitration to establish a non-exclusive license;
- (iii) cancellation of an arbitration;
- (iv) registration of layout designs;
- (v) matters to be reviewed by the Layout Design Review and Mediation Committee;
- (vi) hearings to be held in connection with the cancellation of an arbitration or a layout design registration;
- (vii) appointment of the executive secretary and other staff of the Layout Design Review and Mediation Committee; and
- (viii) matters concerning the public inspection of layout design registers.

To carry out the task of administering layout design registration, the Commissioner has established an office called the "Semiconductor Chip Layout Design Registration Office" within Examination Bureau IV of KIPO.

9.6 Registration Procedure

9.6.1 *In General*

A layout design should be registered to establish the layout design right. In order to obtain this registration, an application for registration of a layout design should be filed with KIPO.

Although no substantive examination is conducted with respect to the creativity of a layout design, formalities of an application are examined.

9.6.2 *Applicant*

A person who has created a layout design, or his successor, may file an application for registration of the layout design.

In case of a layout design created in the course of employment by a person employed by the Government, a juridical person, an organization or other employer, the employer is deemed to be the

⁴⁵⁴ Enforcement Decree of the Semiconductor Chip Layout Design Act, Article 38

creator of the layout design, unless otherwise provided for in the employment contract, working regulation or the like.⁴⁵⁵

9.6.3 Application

An application for registration of a layout design must be filed with KIPO within two years from the date of first commercial use of the layout design.⁴⁵⁶ The “use” of a layout design means reproduction of the layout design, manufacturing of a semiconductor integrated circuit by utilizing the layout design, or transfer, lease, display for the purpose of transfer or lease, or import of the layout design, a semiconductor integrated circuit manufactured based on the layout design, or an article incorporating the semiconductor integrated circuit.

In an application, bibliographical data of the applicant and the creator, the date of creation, the date of commercial use (if applicable) and technical matters concerning classification of integrated circuits should be described. In addition, the following materials should be appended to the application paper:⁴⁵⁷

- (i) drawings or photographs showing the layout design;
- (ii) documents evidencing that the applicant is the creator of the layout design; and
- (iii) four integrated circuit samples reproduced by using the layout design or drawing (magnified more than 20 times) of the integrated circuit surfaces.

If the applicant desires to keep this material (items (i), (ii) and (iii) above) confidential, he must request this in writing when filing the application.⁴⁵⁸

Documents evidencing that the applicant is the creator of the layout design have no fixed format; however, the documents must contain the following information: (a) the name of the semiconductor integrated circuit; (b) the duration of creation of the layout design; and (c) a description on the fact of creation, including the creation procedure, of the layout design.

Further, if necessary, any of the following documents may be required:

- (i) documents evidencing the fact of succession or assignment in case the application is filed by an assignee of the creator of the layout design;
- (ii) a notarized corporate or individual nationality certificate in case the applicant is a foreigner; or
- (iii) a power of attorney.

In case a layout design is owned by two or more persons, an application for registration of the layout design should be filed in the names of all of the joint owners. Otherwise, the application will be rejected.⁴⁵⁹

⁴⁵⁵ Semiconductor Chip Layout Design Act, Article 5

⁴⁵⁶ *Ibid.*, Article 19, Paragraph 1

⁴⁵⁷ Enforcement Decree of the Semiconductor Chip Layout Design Act, Article 11, Paragraph 2

⁴⁵⁸ *Ibid.*, Article 11, Paragraph 3

9.6.4 *Rejection of Application and Registration*

Once an application for registration of a layout design is submitted to KIPO, it will be examined with respect to formalities only. An application may be rejected if:

- (i) the applicant is not the creator;
- (ii) the application is not made in the name of all joint owners in a case where the layout design right is jointly owned;
- (iii) the application is filed after the lapse of the two-year period from the date of first commercial use of the layout design; or
- (iv) the application falls under any of the reasons for dismissal prescribed under the Enforcement Decree of the Layout Design Act, which are: (a) any of the matters to be described in an application paper is missing; (b) drawings or other accompanying materials are not in accord with the description made in the application paper; (c) drawings or other materials to accompany the application are not submitted; and (d) official fees are not paid.⁴⁶⁰

Since no appeal procedure against the rejection is provided in the Layout Design Act, such rejection may be appealable to the Minister of Trade, Industry and Energy through an administrative trial under the Administrative Trial Act (*see* Chapter 14).

If no reason for rejection is found, a notice of acceptance should be issued without delay. Once a layout design is registered, the registration particulars thereof will be published in the official gazette entitled "Patent Publication Gazette." The register of layout designs is prepared on magnetic tapes.

Anyone is entitled to apply either to obtain an official copy of an abstract copy of the layout design register, or to inspect or to make a copy of the layout design register, the written application paper and accompanying documents, but excluding the drawings or photographs appended to the application paper.⁴⁶¹ The inspection is allowed only in a designated place in the presence of a person who is in charge of the register.

9.7 **Layout Design Right**

9.7.1 *In General*

A layout design right is established only upon the registration of the layout design at KIPO. The term of protection of a layout design right is 10 years from the date of registration; however, it cannot exceed 10 years from the date of its first commercial use or 15 years from the date of its creation.⁴⁶²

[Footnote continued from previous page]

⁴⁵⁹ Semiconductor Chip Layout Design Act, Article 20, Paragraph 1

⁴⁶⁰ Enforcement Decree of the Semiconductor Chip Layout Design Act, Article 12

⁴⁶¹ *Ibid.*, Article 36, Paragraph 1

⁴⁶² Semiconductor Chip Layout Design Act, Article 7, Paragraph 2

A layout design right is extinguished, even before the 10-year protection period expires, if the right is escheated to the State because a juridical person or other employer which is the holder of the right is dissolved, or an individual who is the holder of the right dies without heirs.⁴⁶³

9.7.2 *Exclusive Rights*

The holder of a layout design right has the right to exclude others from copying or using the copied layout design without authorization. In case a layout design right is owned by two or more persons, a joint owner can freely use the layout design without the consent of the other joint owners, unless there is an agreement otherwise.⁴⁶⁴

The term “use” of a layout design means any of the following acts:

- (i) reproduction of the layout design;
- (ii) manufacturing of a semiconductor integrated circuit by utilizing the layout design; or
- (iii) transfer, lease, display (limited to display for the purposes of transfer or lease) or import of the layout design, a semiconductor integrated circuit manufactured based on the layout design, or an article incorporating the semiconductor integrated circuit.

9.7.3 *Transfer and Pledge*

Like other intellectual property rights, a layout design right may be freely transferred. Further, the holder of a layout design right may establish a pledge on his right. However, in case a layout design right is owned by more than one person, no joint owner may transfer or establish a pledge over his portion without the consent from all the other joint owners.⁴⁶⁵

Transfer (excluding the instances arising from inheritance or other general succession) of a layout design right or any restriction on its disposition may not be effective against a third party unless it is recorded on the layout design register. Further, establishment, transfer (excluding the instances arising from inheritance or other general succession), modification or extinguishment of a pledge, or any restriction on its disposition may not be effective against a third party unless it is recorded on the layout design register.

9.7.4 *Licensing*

The holder of a layout design right may grant to another person a license, either exclusive or non-exclusive, to use the layout design. If a layout design right is owned by more than one person, however, no joint owner may grant a license without the consent of all the other joint owners.

An exclusive license may not be transferred without the consent of the holder of the layout design right, except where it is transferred together with the underlying business or through inheritance or other general succession.⁴⁶⁶ Further, an exclusive licensee may not establish a pledge over his license or grant a non-exclusive license to another person without the consent of the holder of the layout design

⁴⁶³ *Ibid.*, Article 17

⁴⁶⁴ *Ibid.*, Article 10, Paragraph 4

⁴⁶⁵ *Ibid.*, Article 10, Paragraph 3

⁴⁶⁶ *Ibid.*, Article 11, Paragraph 3

right. In case an exclusive license is jointly owned, no exclusive licensee may grant a non-exclusive license without the consent of other exclusive licensee(s).

No establishment, transfer, modification, extinguishment or any limitation on disposition of an exclusive license may be effective against third parties unless it is recorded on the layout design register.⁴⁶⁷

A non-exclusive licensee has the right to use the layout design for business within the scope of the license agreement. However, he may not transfer his right, without the consent from the right holder (or exclusive licensee, if applicable), unless the license is transferred together with the underlying business or through inheritance or other general succession.⁴⁶⁸

Unlike an exclusive license, establishment of a non-exclusive license is effective even if it is not recorded on the layout design register. However, transfer, modification, extinguishment or any restriction on the disposition of a non-exclusive license may be effective against a third party only if it is recorded on the register.

9.7.5 Joint Ownership

Where a layout design is created by two or more persons, the layout design right is jointly owned by all creators; and the share of each joint owner is deemed to be equal unless agreed upon otherwise.⁴⁶⁹

Where a layout design right is jointly owned, each joint owner may use the layout design without the consent of the other joint owner(s). However, a joint owner may not transfer or establish a pledge over his share without the consent of the other joint owner(s). Further, a joint owner may not grant a license without the consent from the other joint owner(s).

9.8 Limitations on Layout Design Right

The effects of a layout design right do not extend to: (i) reproduction of the layout design for the purposes of education, research, analysis or evaluation, or for a non-commercial use by an individual; (ii) a layout design which is made as a result of research, analysis or evaluation and is creative; or (iii) a layout design independently created by another person, even if it is the same as the registered layout design.⁴⁷⁰

Further, pursuant to the so-called “first sale doctrine,” the effects of a layout design right do not extend to an act of transferring, leasing, displaying or importing, for business, the layout design, a semiconductor integrated circuit manufactured based on the layout design or an article incorporating the semiconductor integrated circuit (hereinafter referred to as “semiconductor integrated circuit, etc.”) by a person to whom a lawfully made semiconductor integrated circuit, etc. has been transferred.⁴⁷¹

A layout design right does not extend to the case where a person, to whom a semiconductor integrated circuit, etc. unlawfully reproduced from another person’s registered layout design has been

⁴⁶⁷ *Ibid.*, Article 23, Paragraph 1

⁴⁶⁸ *Ibid.*, Article 12, Paragraph 3

⁴⁶⁹ *Ibid.*, Article 10, Paragraph 2

⁴⁷⁰ *Ibid.*, Article 10, Paragraph 1

⁴⁷¹ *Ibid.*, Article 9, Paragraph 2

transferred in good faith and without negligence, transfers, leases, displays or imports the semiconductor integrated circuit, etc. for a commercial purpose.⁴⁷²

However, where the innocent purchaser is engaged in any of the above acts, or retains or moves the semiconductor integrated circuit, etc. for business, with the knowledge that the semiconductor integrated circuit, etc. is made by an unlawful reproduction of a registered layout design, the holder of the layout design right or his exclusive licensee may demand the innocent purchaser to pay compensation in an amount equivalent to a reasonable royalty.

9.9 Infringement

9.9.1 *In General*

The holder of a layout design right or his exclusive licensee may bring a civil action against an infringer of the layout design right or exclusive license. As civil remedies, the Layout Design Act provides injunctive relief and monetary damages. Unlike other intellectual property laws, the Layout Design Act does not recognize, as a civil remedy, a claim of measures to be taken for the restoration of injured business reputation. Further, criminal sanctions, such as imprisonment and/or a fine, may be imposed against the infringer.

9.9.2 *Civil Remedies*

The holder of a layout design right or his exclusive licensee may bring a civil action with the court seeking injunctive relief against someone who has infringed, or is likely to infringe, the layout design right or the exclusive license. In the same action for injunction, he may further make a request for the seizure or destruction of the semiconductor integrated circuit, etc. made by the act of infringement and for any measures to be taken for the prevention of the infringement.⁴⁷³

Unlike injunctive relief, monetary damages can be claimed only against a person who has knowingly or negligently infringed a layout design right or exclusive license.⁴⁷⁴ If the infringer has gained profits by the act of infringement, the amount of such profits is presumed to be the amount of damages suffered by the right holder.

Further, the Layout Design Act recognizes, as a minimum amount of damages, a reasonable amount of royalty which would have been agreed to between the parties in a freely negotiated transaction. If the damages exceed such royalty-based amount, the excess amount may be further sought. However, such excess amount may not be claimed against the so-called “innocent purchaser” who has acquired a semiconductor integrated circuit, etc. unlawfully reproduced from another person’s registered layout design in good faith and without negligence.⁴⁷⁵

A significant change was made in 1994 to the provisions relating to the computation of damages which may be recovered from an infringer. Under the old Layout Design Act, the court was given a discretion to differentiate a negligent act of infringement from a willful or grossly negligent act of

⁴⁷² *Ibid.*, Article 9, Paragraph 3

⁴⁷³ *Ibid.*, Article 35

⁴⁷⁴ *Ibid.*, Article 36, Paragraph 1

⁴⁷⁵ *Ibid.*, Article 36, Paragraphs 3 and 4

infringement for the purpose of determining the amount of damages. The amendment has removed such room for discretion or differentiation.

Further, under the old Layout Design Act, there was a cap on the amount of recovery collectable from a manufacturer of goods incorporating therein an unlawfully copied layout design: that is, the maximum recoverable amount could not exceed the profits directly derived from manufacturing the goods. This cap was removed from the Layout Design Act in 1994.

9.9.3 *Criminal Sanctions*

An infringer of a layout design right or an exclusive license may be criminally prosecuted and penalized. However, the prosecution of this offense will not be initiated *ex officio* unless a complaint is filed by the injured party. The penalty assessable is an imprisonment of up to three years and/or a fine not exceeding 10 million Korean Won.⁴⁷⁶

9.10 Cancellation of Registration

A layout design registration may be canceled if it falls under any of the following instances:⁴⁷⁷

- (i) where the registration is in violation of a treaty to which the Republic of Korea has acceded;
- (ii) where the registration was made by a fraud or other improper means;
- (iii) where the registered layout design is not creative; or
- (iv) where the registration is in violation of the Layout Design Act or orders or dispositions made under the Layout Design Act.

In case a layout design registration falls under the instance of (i), (iii) or (iv) above, the Commissioner of KIPO *may* cancel the registration. However, if the registration was made by a fraud or other improper means, it *should* be canceled.

In deciding the cancellation of a registration, the Commissioner must consult with the Layout Design Review and Mediation Committee established within KIPO in accordance with the Layout Design Act. A decision of cancellation of a registration must be made in writing and reasons therefor must be specified in the decision. Such fact of cancellation of a registration should be publicly notified in the official gazette.⁴⁷⁸

Under the old Layout Design Act, a layout design registration could be canceled if the layout design had not been used in the Republic of Korea for more than two consecutive years from the date of arbitration to grant a compulsory license. This provision had been criticized by foreign holders of layout design rights, and, therefore, was deleted by the amendment made in 1994.

⁴⁷⁶ *Ibid.*, Article 45

⁴⁷⁷ *Ibid.*, Article 24

⁴⁷⁸ Enforcement Decree of the Semiconductor Chip Layout Design Act, Article 27

9.11 Compulsory Licenses

9.11.1 *Request for Consultation*

A person who desires to use a registered layout design may request the holder of the layout design right or the exclusive licensee, if any, to hold a consultation for the granting of a non-exclusive license in any of the following cases:⁴⁷⁹

- (i) where the registered layout design has not been used in the Republic of Korea for two or more consecutive years without any natural disaster, other *force majeure* or any justifiable reasons as determined by the Enforcement Decree of the Layout Design Act; or
- (ii) where the registered layout design has not been used in the Republic of Korea on a substantial commercial scale or to satisfy the demand in the Republic of Korea or abroad for the layout design on an adequate level and condition for two or more consecutive years without any justifiable reasons.

As the justifiable reasons for non-use of a registered layout design, the Enforcement Decree illustrates as follows:⁴⁸⁰

- (i) where the layout design has not been used by the holder of the layout design right or exclusive licensee due to a mental or physical disorder, which is to be certified by the representative of a certain level of medical organization;
- (ii) where the layout design right holder or exclusive licensee could not obtain a license or permit from the Government, or other person's consent or permission, which is necessary for the use of the layout design;
- (iii) where importation of raw materials or facilities necessary for the use of the layout design is prohibited; and
- (iv) where it is impossible to use the layout design on a business scale due to the lack or shortage of demand for the layout design.

9.11.2 *Application for Arbitration*

If it has not been possible to hold a consultation with a layout design right holder, or such consultation has not been successful for a considerable period of time even though a reasonable offer has been made, the requester of consultation may submit to the Commissioner of KIPO an application for arbitration to establish a non-exclusive license.⁴⁸¹

⁴⁷⁹ Semiconductor Chip Layout Design Act, Article 13, Paragraph 1

⁴⁸⁰ Enforcement Decree of the Semiconductor Chip Layout Design Act, Article 3, Paragraph 1

⁴⁸¹ Semiconductor Chip Layout Design Act, Article 13, Paragraph 2

In making an application for such arbitration, the following matters should be presented:⁴⁸²

- (i) registration number of the layout design right;
- (ii) names and addresses of the holder of the layout design right and the applicant for arbitration;
- (iii) the scope of non-exclusive license;
- (iv) the purport and reasons for the application; and
- (v) the amount of compensation, and the method and time for making the compensation.

Once an application for arbitration is filed, a copy of the application should be sent to the holder of the layout design right, giving him an opportunity to submit a reply within a period of time designated between one to three months. If a reply is submitted, a copy of the reply should be delivered to the applicant for arbitration.⁴⁸³

In case of a state of national emergency or other emergency situation, a person who desires to use a registered layout design may directly file an application for arbitration without holding a consultation with the holder of the layout design right. This has been newly introduced to the new Layout Design Act which became effective as of July 1, 1995.

9.11.3 *Arbitration*

A non-exclusive license may be granted upon a review by the Layout Design Review and Mediation Committee if an application for arbitration falls under any of the following cases:⁴⁸⁴

- (i) where the use of a layout design is necessary to satisfy the domestic demand in order to achieve a non-commercial and public purpose; and
- (ii) where any of the causes, as provided in the Enforcement Decree of the Layout Design Act for securing a free competition or preventing an abuse of right by the holder of the layout design right or the exclusive licensee, has occurred.

A layout design right is considered to be abused in any of the following cases:

- (i) where a corrective measure has been ordered by the Fair Trade Commission against the non-use of a layout design because the non-use constitutes either “abusive practices” or “unfair practices” as prescribed in Articles 3 and 23, respectively, of the Monopoly Regulation and Fair Trade Act; and
- (ii) where the layout design has not been used in the Republic of Korea on a substantial commercial scale or to satisfy the local demand for the layout design on an adequate level and condition for two or more consecutive years.

⁴⁸² Enforcement Decree of the Semiconductor Chip Layout Design Act, Article 7

⁴⁸³ *Ibid.*, Article 5, Paragraphs 1 and 2

⁴⁸⁴ Semiconductor Chip Layout Design Act, Article 13, Paragraph 4

A decision on an application for arbitration must be made in writing and must specify (a) the scope of non-exclusive license and (b) the amount of compensation, and the method and time for making the compensation.

A person who is granted a non-exclusive license by the arbitration as above must pay the compensation decided by the arbitration decision to the holder of the layout design right. However, he may deposit the compensation in any of the following cases:

- (i) where the layout design right holder refuses, or is unable, to receive the compensation;
- (ii) where a lawsuit as to the compensation has been brought; or
- (iii) where a pledge has been established over the layout design right or exclusive license, unless the pledgee agrees.

An arbitration decision becomes null and void if the person to whom a license is granted has failed to pay or deposit the compensation (or the first payment in case the payment is to be made in installments) by the due date designated in the arbitration decision.⁴⁸⁵

9.11.4 *Cancellation of Arbitration*

The Commissioner of KIPO may, on the request of an interested party or *ex officio*, cancel an arbitration decision (i) if the person to whom a license has been granted does not use the layout design or (ii) if the cause for arbitration has been purged and is not likely to occur again.⁴⁸⁶

Once a request for cancellation of an arbitration is submitted, a copy of such request is sent to the person to whom a compulsory license has been granted by the arbitration. The Commissioner must give the compulsory licensee an opportunity, designating a time limit, to submit a reply to the request for cancellation. A decision to cancel the arbitration should be made in writing and the reasons therefor should be specified in the decision. Once the arbitration is canceled, the non-exclusive license is extinguished from the date of cancellation decision.

9.12 Layout Design Review and Mediation Committee

9.12.1 *Organization*

The Layout Design Review and Mediation Committee (hereinafter referred to as “the Committee”) is established within KIPO to review matters concerning layout design rights or exclusive or non-exclusive licenses, and to mediate any disputes over the rights protected under the Layout Design Act.⁴⁸⁷ The Committee is composed of from 10 to 15 members appointed by the Minister of Trade, Industry and Energy. The members have a term of three years which may be renewed. Meetings of the Committee require a quorum of at least two-thirds of the members, and decisions are to be made by a majority of those present.

⁴⁸⁵ *Ibid.*, Article 14

⁴⁸⁶ *Ibid.*, Article 15, Paragraph 1

⁴⁸⁷ *Ibid.*, Article 25, Paragraph 1

To conduct a mediation in an efficient and expedited manner, the Committee has established the Mediation Division within its structure. The Mediation Division is comprised of three members of the Committee, one of whom should be a general attorney or patent attorney.

9.12.2 *Mediation of Disputes*

One who desires mediation of a dispute may file with the Committee a request for mediation with a clear statement on the request and reasons therefor. The Committee must mediate the dispute within six months from the date of the request.⁴⁸⁸

Once a request for mediation is submitted to the Committee, it is forwarded to the Mediation Division. The Mediation Division must then send a copy of the request to each of the parties concerned, their attorneys and any interested party, giving them an opportunity to express their opinions. Opinions from relevant experts, if necessary, may be heard. The Mediation Division may then prepare a mediation proposal and recommend the parties concerned to accept the proposal.

A mediation is accomplished by executing a protocol containing the matters agreed to by the parties concerned. Such mediation protocol has the same effect as a settlement agreement executed in a court action, except for those matters which are not under the authority of the parties concerned.

In contrast, if a party to the dispute does not, without any justification, comply with the Mediation Division's summons twice or more or if the six-month period from the date of the request for mediation has lapsed, the mediation is considered to have failed.⁴⁸⁹

Expenses incurred in a mediation proceeding are, in principle, borne by a party requesting the mediation. However, if the mediation is accomplished, they should be equally shared by both parties, unless otherwise agreed.

Once a request for mediation is filed, the statute of limitations does not run and the bar is suspended. However, if the mediation is found as a failure, the suspension is not valid unless a lawsuit is commenced within one-month from the date when the mediation is determined as a failure.⁴⁹⁰

9.12.3 *Review of Layout Design Matters*

In addition to mediation of disputes, the Committee will review: (a) matters concerning arbitration and cancellation of arbitration; (b) matters concerning an appeal against the cancellation of a registration; and (c) matters requested by the Commissioner of KIPO or raised by more than three members of the Committee.⁴⁹¹

⁴⁸⁸ *Ibid.*, Article 27, Paragraphs 1 and 2

⁴⁸⁹ *Ibid.*, Article 30

⁴⁹⁰ *Ibid.*, Article 32, Paragraphs 1 and 2

⁴⁹¹ *Ibid.*, Article 26

Chapter 10: Protection Against Unfair Competition and Protection of Trade Secrets

10.1 Introduction

10.2 Protection of Foreigners

10.3 Acts of Unfair Competition

10.4 Prohibition of Use of Flags or Emblems

10.5 Remedies Against Unfair Competition

10.5.1 Civil Remedies

10.5.2 Criminal Sanctions

10.6 Unfair Competition Deliberation Committee of KIPO

10.6.1 Organization

10.6.2 Functions

10.7 Protection of Trade Secrets

10.7.1 Trade Secrets

10.7.2 Acts of Infringement

10.7.3 Transitional Measures Against Infringement of Trade Secrets

10.8 Remedies Against Infringement of Trade Secrets

10.8.1 Civil Remedies

10.8.2 Innocent Acquirers of Trade Secrets

10.8.3 Criminal Sanctions

10.9 Increasing Demand for Stronger Protection of Trade Secrets

10.1 Introduction

Certain types of unfair competitive acts are actionable under the Unfair Competition Prevention Act (the “UCPA”) in the Republic of Korea. The UCPA was first enacted on December 30, 1961 and was completely revised on December 31, 1986. The UCPA of 1986 went into effect as of January 1, 1987, and was intended to maintain a sound transactional order by regulating an act of unfair competition.

The UCPA of 1986 was substantially revised in 1991, so as to provide a legal basis for the protection of trade secrets. Until that time, there was virtually no legal protection on trade secrets in the Republic of Korea; and the Government decided to amend the UCPA, instead of writing a separate and special law, by way of incorporating therein a number of relevant provisions intended to recognize trade secrets as a protectable intellectual property right. The UCPA bill thus proposed passed the National Assembly on December 31, 1991, and the new UCPA became effective as of December 15, 1992.

The purpose of the current UCPA, therefore, is to maintain a sound transactional order by regulating acts of unfair competition including unfair use of other’s trademarks or trade names widely known, but unregistered, in the Republic of Korea and infringement of the trade secrets of others.⁴⁹²

Accordingly, it is understood that the UCPA provides a legal basis for the protection of, among others, unregistered trademarks, (unregistrable) trade dress and trade secrets.

10.2 Protection of Foreigners

Foreigners may not claim civil remedies, such as injunctive relief, monetary damages and/or restoration of damaged business reputation, against acts of unfair competition or infringement of trade secrets, unless they have a domicile or a place of business in a country which is a party to the Paris Convention.⁴⁹³

10.3 Acts of Unfair Competition

The UCPA provides that “an act of unfair competition” means an act that falls under any of the following five categories regardless of its intended purpose:

- (i) an act of causing confusion with another person’s goods by using such other person’s name, trade name, trademark, container, packaging or any other indication of such other person’s products, or one similar thereto, or by selling, distributing, exporting or importing products on which such an indication, or one similar thereto, is used, provided that such indication is widely known in the Republic of Korea;
- (ii) an act of causing confusion with another person’s business facilities or activities by the use of such other person’s name, trade name, mark or any other indication of such other

⁴⁹² Unfair Competition Prevention Act, Article 1

⁴⁹³ *Ibid.*, Article 16

person's business, or one similar thereto, provided that such other person's indication is widely known in the Republic of Korea;

- (iii) an act of causing misconception as to the source of origin by making a false indication of the source of origin on the goods or business documents, or correspondence by advertisement of the goods or any method perceived by the public, or by selling, distributing, importing or exporting the goods marked with such a false indication;
- (iv) an act of marking on goods or business documents, or communication by advertisement of the goods or any method directed to the public, an indication which causes misconception as if the goods have been produced, manufactured or processed in a place other than the actual place of production, manufacture or processing, or an act of selling, distributing, importing or exporting the goods marked with such an indication; or
- (v) an act of (a) misrepresenting another person's goods, (b) marking on goods or advertisement thereof a statement or an indication which causes confusion as to the quality, contents, manufacturing process, use or quantity of the goods, or (c) selling, distributing, importing or exporting the goods by such a manner or indication.

It is noteworthy that the above listed acts would be actionable under the UCPA even if such act was not conducted in bad faith or intentionally.⁴⁹⁴

In the case of acts (i) and (ii) above, it should be proven that the indication concerned is widely known in the Republic of Korea. The widely-known status of an indication will be upheld as long as the indication is well-known to consumers of the goods concerned although it is not well known to the general public, as held in *Steinway & Sons, Inc. vs. Korea Piano Manufacturing Co.*⁴⁹⁵

Further, it is understood that trade dress such as the shape of products, container or package, which is unregistrable under the Trademark Act, may be protected under the UCPA as long as it is widely recognized. In *Upjohn Korea vs. Whan-In Pharmaceutical*,⁴⁹⁶ while recognizing the shape and color of a pharmaceutical product as a subject matter protectable under the UCPA, the Court held that, to be actionable, there should be an actual confusion (beyond the likelihood of confusion) in the transactions. It is not easy to prove the existence of actual confusion. In addition, the UCPA is primarily designed to protect consumers. It is therefore doubtful whether the UCPA provides an adequate protection for the business goodwill acquired by the owner of trade dress through the use for an extended period of time.

10.4 Prohibition of Use of Flags or Emblems

The UCPA prohibits the use of a mark which is identical with, or similar to, (i) flags, emblems or other indication of a country which is a party to the Paris Convention, (ii) the flag or sign of an international organization or (iii) an indication for inspection or certification of the government of a country party to the Paris Convention, unless authorized by the country, international organization or

⁴⁹⁴ *Ibid.*, Article 2

⁴⁹⁵ Supreme Court Case 74 Da 1989; February 10, 1976

⁴⁹⁶ Supreme Court Case 94 Ma 33; May 9, 1994

the government.⁴⁹⁷ While the UCPA prohibits the use of such mark, the Trademark Act prohibits the registration thereof.

One who uses such a mark in violation of Article 3 of the UCPA may be criminally prosecuted and penalized. The criminal prosecution against such violator may be initiated *ex officio* even if no complaint is filed by the injured party, unlike the offense of infringement of patents. The maximum penalty assessable is imprisonment of up to three years and/or a fine not exceeding 30 million Korean Won.⁴⁹⁸

10.5 Remedies Against Unfair Competition

10.5.1 *Civil Remedies*

As civil remedies against acts of unfair competition, the UCPA provides for: (i) injunctive relief; (ii) compensation for damages; and/or (iii) restoration of damaged business reputation.

Any person who has reason to believe that his business interest is being, or is likely to be, injured by an act of unfair competition may request the court to enjoin a person who is committing, or is likely to commit, this act. In the same action seeking injunctive relief, he may also make a claim for the destruction of any articles connected with the act of unfair competition, for the removal of equipment provided for the commission of such act, or for other measures necessary for the prohibition or prevention of such act.⁴⁹⁹ Further, a person who has harmed the business interests of another through an intentional or negligent act of unfair competition is liable to pay damages.⁵⁰⁰

If one's business interest has been injured by an act of unfair competition, in lieu of or in addition to the request for damages, he may request the court to order the person who has injured the business goodwill of the former to take measures necessary to restore the injured business goodwill. Advertisement of a public apology in a daily newspaper is a typical means adopted by the court for this purpose.

10.5.2 *Criminal Sanctions*

One who has committed an act of unfair competition may be subject to a criminal sanction such as imprisonment of up to three years and/or a fine not exceeding 30 million Korean Won. Prosecution of this offense may be initiated *ex officio* even if no complaint is filed by the injured party.⁵⁰¹

⁴⁹⁷ Unfair Competition Prevention Act., Article 3

⁴⁹⁸ *Ibid.*, Article 18, Paragraph 1

⁴⁹⁹ *Ibid.*, Article 4

⁵⁰⁰ *Ibid.*, Article 5

⁵⁰¹ *Ibid.*, Article 18, Paragraph 1

10.6 Unfair Competition Deliberation Committee of KIPO

10.6.1 *Organization*

In order to provide the Commissioner of the Korean Industrial Property Office (“KIPO”) with advice on matters concerning the prevention of unfair competitive acts, the Unfair Competition Deliberation Committee has been established within KIPO.⁵⁰² The Committee is composed of 10 to 20 members including the chairman, who is the Deputy Commissioner of KIPO. The other members will be appointed by the Commissioner from government officers and experts having the relevant expertise.

10.6.2 *Functions*

The Enforcement Decree of the UCPA states that the Committee’s duties are:⁵⁰³

- (i) establishment of general measures for the prevention of unfair competition;
- (ii) *establishment of general guidelines for recommendations by KIPO concerning the suppression of unfair competition; or*
- (iii) other matters the Commissioner considers necessary to prevent unfair competition.

In case it is considered that a person has committed any of the unfair competitive acts enumerated in the UCPA, or has used a mark which is identical with, or similar to, the flag of a country and the like (see the discussion in 10.4), the Commissioner may issue a corrective recommendation to the violator to cease such an act or to remove or destroy such an indication within a certain time limit not exceeding 30 days.⁵⁰⁴ If it is considered necessary in formulating the recommendation, the Commissioner may hear the parties concerned, interested parties or informants. In rendering a corrective recommendation to a person who has committed unfair competitive acts, the recommendation should be made in writing, specifying the reasons therefor and the deadline for the correction. Further, if it is considered necessary to make a recommendation or to verify whether or not the recommendation has been carried out, the Commissioner may send a relevant government official to a place related to the act of unfair competition.⁵⁰⁵

10.7 Protection of Trade Secrets

10.7.1 *Trade Secrets*

“Trade secret” is defined under the UCPA as technical or business information that is useful in a manufacturing or marketing method or other business activity, is not publicly known, has an independent economic value, and has been kept secret through substantial efforts.⁵⁰⁶

⁵⁰² *Ibid.*, Article 7, Paragraph 1

⁵⁰³ Enforcement Decree of the Unfair Competition Prevention Act, Article 3

⁵⁰⁴ Unfair Competition Prevention Act, Article 8

⁵⁰⁵ Enforcement Decree of the Unfair Competition Prevention Act, Article 8, Paragraph 2

⁵⁰⁶ Unfair Competition Prevention Act, Article 2

10.7.2 *Acts of Infringement*

The UCPA enumerates in Article 2 the following six forms of infringement of trade secrets:

- (i) acquisition of a trade secret through larceny, embezzlement, coercion or other improper means, or use or disclosure (including the disclosure of such trade secret to a specific person while maintaining its secrecy) of the trade secret thus acquired;
- (ii) acquisition of a trade secret with the knowledge, or through gross negligence failing to know, that an act of improper acquisition was involved with respect to the trade secret, or use or disclosure of the trade secret;
- (iii) use or disclosure of a trade secret with the knowledge, or through gross negligence failing to know, subsequent to the acquisition of the trade secret, that an act of improper acquisition was involved with respect to the trade secret;
- (iv) use or disclosure of a trade secret by a person who is obligated to maintain the secrecy of the trade secret under a contractual (or similar) relationship, for the purpose of deriving an improper benefit or causing harm to the possessor of the trade secret;
- (v) acquisition of a trade secret with the knowledge, or through gross negligence failing to know, that the trade secret was disclosed in a manner referred to in item (iv) above or such an act of disclosure was involved with respect to the trade secret, or use or disclosure of the trade secret thus acquired; or
- (vi) use or disclosure of a trade secret with the knowledge, or through gross negligence failing to know, subsequent to the acquisition of the trade secret, that the trade secret was disclosed in a manner referred to in item (iv) above or such an act of disclosure was involved with respect to the trade secret.

10.7.3 *Transitional Measures Against Infringement of Trade Secrets*

The provisions introduced to the UCPA for the protection of trade secrets went into effect as of December 15, 1992. In order to eliminate any dispute on the possibility of retroactive protection of trade secrets, the UCPA of 1992 made it clear that provisions as to civil remedies and criminal sanctions against a trade secret infringement do not apply to infringements which had taken place prior to the effective date of the UCPA, i.e. December 15, 1992.⁵⁰⁷ The same holds true with respect to the use of a trade secret, after the effective date of the UCPA, by a person who either acquired or used the trade secret prior to the effective date.

⁵⁰⁷ *Ibid.*, Addenda (December 31, 1991)

10.8 Remedies Against Infringement of Trade Secrets

10.8.1 *Civil Remedies*

The UCPA also provides three types of civil remedy against trade secret infringement: (i) injunctive relief; (ii) compensation for damages; and/or (iii) restoration of injured business reputation or goodwill.

A possessor of a trade secret whose business interest is, or is likely to be, injured may request the court to enjoin or prevent a person who infringes, or intends to infringe, the trade secret from carrying out the act of infringement.⁵⁰⁸

The right to seek injunction or prevention of a trade secret infringement expires if the possessor of the trade secret does not exercise this right within one year from the date when the possessor obtained the knowledge of damages or likelihood of damages to his business interest caused by the act of infringement and came to know the identity of the infringer. The right also expires three years from the date when the act of infringement took place.⁵⁰⁹

Further, any person who has harmed the business interests of a possessor of a trade secret through an intentional or negligent act of infringement of the trade secret is liable for damages. In lieu of, or in addition to, the monetary damages, the court may, on a request by the possessor of the trade secret, order such infringer to take measures necessary to restore the business goodwill.⁵¹⁰

10.8.2 *Innocent Acquirers of Trade Secrets*

Civil remedies may not be claimed against a person who has, in good faith, acquired a trade secret through a transaction. Such an innocent acquirer may use or disclose the trade secret to the extent that such use or disclosure falls within the scope allowed under the transaction.⁵¹¹ An innocent acquirer of a trade secret means a person who has acquired the trade secret, without the knowledge and without failing to know through gross negligence, at the time of such acquisition, that the trade secret was disclosed improperly or that an act of improper acquisition or disclosure was involved with respect to the trade secret.⁵¹²

10.8.3 *Criminal Sanctions*

An employee or officer of a corporation, who has disclosed to a third party a trade secret concerning a production technology unique to the corporation for the purpose of deriving unjust profits or causing an injury to the corporation, is subject to imprisonment for a term of up to three years and/or a fine not exceeding 30 million Korean Won.⁵¹³ Unlike the offense of unfair competitive acts, criminal prosecution against such employee or officer may not be initiated unless a complaint has been filed by the injured party.⁵¹⁴

⁵⁰⁸ *Ibid.*, Article 10, Paragraph 1

⁵⁰⁹ *Ibid.*, Article 14

⁵¹⁰ *Ibid.*, Articles 11 and 12

⁵¹¹ *Ibid.*, Article 13, Paragraph 1

⁵¹² *Ibid.*, Article 13, Paragraph 2

⁵¹³ *Ibid.*, Article 18, Paragraph 1

⁵¹⁴ *Ibid.*, Article 18, Paragraph 2

10.9 Increasing Demand for Stronger Protection of Trade Secrets

A recent series of instances of industrial espionage has challenged the effectiveness of the UCPA of 1992 with respect to its ability to protect trade secrets, inviting the business sector's demand for stiffer penalties against such unlawful acts as industrial espionage and for a further amendment or revamping of the UCPA. Critics argue that the trade secret protection law should be severed from the UCPA and set up as an independent body of law in light of its significance and the growing need to protect trade secrets.

More importantly, the current scheme has been criticized for its limited efficacy to deal with the most common type of trade secret pilferage. Under the current UCPA, a criminal penalty may be assessed against an employee or officer of a corporation who has divulged a trade secret concerning a production technology unique to the corporation to a third party for the purpose of deriving an improper benefit or causing an injury to the corporation. This provision, therefore, has three specific limitations:

- (i) The disclosing party must be an employee or officer of the owner of a trade secret. Accordingly, it is understood that the current law cannot, for instance, be invoked against a former employee.
- (ii) The scope of actionable trade secrets is limited to the area of production technologies. As a result, designs, business information, management know-how and the like fall outside the scope of protection, in the case of a wrongful disclosure made by an employee.
- (iii) It must also be proven that the disclosure was made for the specific purpose of deriving an unjust enrichment or causing harm to the employer.

The above and other deficiencies in the present law as pointed out by the critics may lead to the creation of an independent trade secret protection law with higher standards of protection in the near future.

Chapter 11: Licensing and Transfer of Technology

11.1 Introduction

11.2 Legislative History on the Transfer of Technology

11.3 Regulation under the Foreign Capital Inducement Act

11.3.1 Scope of Technical Inducement Agreement

11.3.2 Agreements Needed to Be Reported

11.3.3 Review of Reported Agreements

11.3.4 Request for Tax Exemption

11.3.5 Validation of Agreements

11.4 Regulation under the Monopoly Regulation and Fair Trade Act

11.4.1 Scope of Agreements

11.4.2 Voluntary Clearance Procedure

11.4.3 Lists of Allowable and Non-Allowable Practices

11.4.4 Prosecution of Violations

11.4.5 Violations Recently Found by FTC

11.4.6 Compensation for Damages

11.5 Regulation on Technology Export

11.1 Introduction

Transfer of technology in the Republic of Korea takes various forms, including assignment, licensing, franchising, joint venture arrangements, technical assistance arrangements, turnkey projects, the sale and import of capital goods, consultancy arrangements and the like.

Technology transfer can be classified as: (i) the importation or introduction of technology, in which technology is received from foreign countries, and (ii) technology exports in which technology is supplied to foreign countries.

Technology imports are regulated in the Republic of Korea under the Foreign Capital Inducement Act ("FCIA") and the Monopoly Regulation and Fair Trade Act ("MRFTA"). Technology export is controlled by the Technology Development and Promotion Act ("TDPA").

11.2 Legislative History on the Transfer of Technology

The Republic of Korea was traditionally an agricultural country, and technology importation or inducement did not begin at a significant level until the 1950s. Technology inducement at that time was incidental to foreign aid and the purchase of capital goods. Therefore, it took place largely on a turnkey basis or as technical assistance needed to operate imported industrial plants. With that background, an attempt was made in 1960 to institute a system to induce foreign technology by enacting the Foreign Capital Inducement Act ("FCIA"). However, the FCIA only had provisions concerning technical assistance agreements.

When the first five-year economic development plan (1962-1966) was introduced, the Government began to realize the need to regulate technology importation; a new FCIA was accordingly promulgated in 1966. Thereafter, to keep abreast with changing economic circumstances, several revisions were made to this FCIA. The main tenor of the revisions was a gradual liberalization of the limitations placed on the importation of technology. From 1962 to 1978, all technology import contracts required government approval through an individual screening process. As industries in the Republic of Korea were gaining international competitiveness, the Government gradually relaxed its control over technology import agreements.

A first major liberalization measure was taken in April 1978 by introducing an automatic and semi-automatic approval system, in addition to the individual screening process. In the case of automatic approval, an applicant could obtain approval from the appropriate Minister upon request. Grant of semi-automatic approval rested finally with the Minister of Economic Planning Board ("EPB"), as it had in the case of individual screening, but the procedure was simpler. In April 1979, the semi-automatic approval system was discarded and the scope of automatic approval was expanded. Soon thereafter, in July 1980, another liberalization measure was taken to remove a further restriction on industrial sectors (atomic energy and defense industry), and initial payments and lump sum payments. In September 1982, the procedures for individual screening were simplified.

After this gradual relaxation of the scope of its control, the Government completely rewrote the FCIA in 1984 in order to shift its policy from an "approval" system to a "report" system. Under the FCIA of 1984 and its revisions, technology import agreements were required to be reported to the

Ministry of Finance. The report was deemed accepted if no request for amendment or supplement was issued from the Ministry within 20 days from the date of report.

There was no penalty for failure to report a technology import agreement to the Ministry of Finance; however, in order for the local party to remit the payments due under the agreement to the foreign technology transferor, it was necessary for the agreement to be reported to, and accepted by, the Government, in a process known as “validation.” There were two validation procedures: one under the FCIA requiring an approval from the relevant Ministry; and the other under the Foreign Exchange Control Act (“FECA”) which only requires an approval from a Korean foreign exchange bank of class A.

Effective April 6, 1995, the validation process of technology import agreements has become substantially simplified following a great reduction in the scope of agreements which should be reported to the Government.

11.3 Regulation under the Foreign Capital Inducement Act

11.3.1 *Scope of Technology Inducement Agreement*

A technology import agreement is defined in the Foreign Capital Inducement Act (“FCIA”) as “an agreement whereby a national of the Republic of Korea either acquires a license to use or purchases industrial property rights or any other technology from a foreigner in exchange for a consideration paid in a foreign currency.”⁵¹⁵ Therefore, assignments or license agreements involving patents, trademarks, utility models, designs or know-how fall within the category of technology import agreement under the FCIA.

11.3.2 *Agreements Required to Be Reported*

Under Article 23 of the FCIA, a national of the Republic of Korea who has executed a technology import agreement with a foreigner must submit a report to the Ministry of Finance and Economy, and should report any amendment to that agreement. With effect from April 6, 1995, the scope of technology import agreements to be reported to the Minister of Finance and Economy has been confined to an agreement whose contractual duration is one year or longer (inclusive of any extension of its term) and the agreement involves any of the following technologies:⁵¹⁶

- (i) technology relating to aircraft and space flights, and parts thereof;
- (ii) technology relating to research, development, manufacture and utilization of nuclear power;
- (iii) technology relating to defense industries; and
- (iv) high technology for which tax exemption is applied (only in case a request for tax exemption is submitted).

⁵¹⁵ Foreign Capital Inducement Act, Article 2

⁵¹⁶ Guidelines Concerning Foreign Investment of the Ministry of Finance and Economy (April 1995)

Accordingly, any agreement for the transfer of technology which is not listed above need not be reported or approved by any government agency at all.

11.3.3 *Review of Reported Agreements*

Once a report of technology import agreement is submitted, the Minister of Finance and Economy should decide whether or not to accept the report (i.e., whether or not to validate the agreement) and notify his decision to the reporter within 10 days (or 20 days if a request for tax exemption is also submitted together with the report) or, if it is deemed to take a longer period of time to review, within 15 days (or 30 days if a request for tax exemption is also submitted together with the report) from the date of the report.⁵¹⁷ If no such notice is given within such period of time, the report is deemed to have been accepted on the day that period expires.

The Minister of Finance and Economy may refuse to validate a technology import agreement if the agreement falls under any of the following instances:⁵¹⁸

- (i) when it is mainly aimed at the use of an exclusive sales right only;
- (ii) when it is mainly aimed at the sales of raw materials, parts or accessories only; and
- (iii) when it is in violation of any of laws and regulations of the Republic of Korea.

If it is considered difficult to review a report due to its lack of clarity, the Minister of Finance and Economy may request the reporter to amend the report, designating a time limit therefor within 60 days. The time limit may, upon a request of the reporter, be extended.⁵¹⁹

A technology import agreement for which a report is accepted should go into effect within six months from the date of its acceptance. This six-month period may be extended upon an approval from the Minister of Finance and Economy. Otherwise, the report is considered null and void, even if it had been accepted.⁵²⁰

11.3.4 *Request for Tax Exemption*

Where an agreement introduces a high technology which is necessary for the enhancement of international competitiveness of local industries, income or corporate tax on the compensation for the technology import to be paid to the foreign technology holder is exempted for five years from the day of the first payment of compensation in accordance with the agreement. For this tax exemption, the foreign technology holder must file a request for tax exemption to the Minister of Finance and Economy simultaneously with the filing of a report of the agreement.⁵²¹ The Minister of Finance and Economy has announced the list of such high technology, which comprises 7 fields, 94 items and 288 specific products and technology.

⁵¹⁷ Enforcement Decree of the Foreign Capital Inducement Act, Article 23, Paragraph 3

⁵¹⁸ *Ibid.*, Article 24

⁵¹⁹ *Ibid.*, Article 23, Paragraph 4

⁵²⁰ Foreign Capital Inducement Act, Article 23, Paragraphs 4 and 5

⁵²¹ *Ibid.*, Article 24, Paragraphs 1 and 2

11.3.5 *Validation of Agreements*

When a technology import agreement should be reported under the FCIA, payments can be remitted only upon the receipt of a confirmation from the head of a Korean foreign exchange bank that the report thereof has been submitted and accepted by the Minister of Finance and Economy.

Where an agreement need not be reported, in accordance with the Foreign Exchange Control Act, payments may be remitted without having to go through any formality involving any government agency.⁵²²

11.4 Regulation under the Monopoly Regulation and Fair Trade Act

11.4.1 *Scope of Agreements*

The Monopoly Regulation and Fair Trade Act (“MRFTA”) prohibits any person or business entity from entering into an international agreement which contains matters falling under unlawful acts of collusion, unfair trade practices and maintenance of resale price, excepting the instances where contents of such international agreement has an insignificant effect on the relevant transactions in the Republic of Korea, or the Fair Trade Commission (“FTC”) considers that there are unavoidable reasons therefor.⁵²³

Certain types of international agreements may, upon request by parties to the agreements, be reviewed by the FTC.⁵²⁴ Article 47 of the Enforcement Decree of the MRFTA specifies the scope of such international agreements to be reviewed by the FTC as follows:

- (1) An agreement involving intellectual property which is:
 - (i) an agreement introducing the right to practice or use a patent, utility model, design, trademark, trade secret or the like, with the contract period of three years or longer, inclusive of any extension of its term; or
 - (ii) a copyright import agreement (excepting that of a book, phonograph or audiovisual program) whose term is one year or longer.
- (2) An import agency agreement intended for the continuous transaction for one year or longer with respect to the importation of goods or introduction of services (excepting the case of an offer sheet issuance business).
- (3) A joint-venture agreement.

⁵²² Guidelines Concerning Foreign Investment of the Ministry of Finance and Economy (April 1995)

⁵²³ Monopoly Regulation and Fair Trade Act, Article 32, Paragraph 1

⁵²⁴ *Ibid.*, Article 33

11.4.2 *Voluntary Clearance Procedure*

A person who is about to enter into an international agreement may request the FTC to review the agreement. Also, a person who has already entered into an agreement may submit a request for review within 30 days from the date of contract. Upon receiving such request, the FTC must issue a written reply on the result of the review within 20 days from the date of receipt of the request. If the requesting party is notified by the FTC that his contract contains a provision which violates the MRFTA, he may request the FTC for a second review on the modified provision within 60 days from the date of receipt of the notice.⁵²⁵

11.4.3 *Lists of Allowable and Non-Allowable Practices*

According to the MRFTA,⁵²⁶ the FTC may announce the types and standards to be employed in determining the unfair trade practices and the like prohibited in international agreements. Under this authority, the FTC has promulgated the lists of allowable and non-allowable practices; the latest lists were published as its Announcement No. 95-3 dated March 31, 1995, which went into effect as of April 1, 1995. The Announcement offers the following guidelines:

(1) *Restriction on the source of purchase of raw materials, parts, equipment or the like:*

Undue restriction on the licensee's freedom to purchase raw materials, etc. from suppliers other than the licensor or licensor-designated supplier will not normally be permissible. However, such restriction may be allowed if it is necessary for the licensee to meet the licensor's quality standards or warranty obligations.

(2) *Restriction on Sales Territory:*

Undue restriction on export territories of the product, making exportation subject to the prior consent or approval of the licensor, complete ban on export by the licensee, and restriction on the export amount or price are highly likely to be considered as unfair practices. However, restriction on the export territory where the licensor has registered intellectual property, business activities or an exclusive licensee may be allowable. Further, it may be permissible if the licensee is required to have a prior consultation with the licensor about the exportation of the licensed product.

(3) *Restriction on Distribution Channel or Transaction Volume:*

Unfair trade practices may arise in cases where the licensee is forced to deal with a party designated by the licensor, where the maximum amount of sales volume is limited, or where the licensor retains an option to terminate the agreement if the licensee fails to meet the minimum sales amount. However, it may be acceptable if the licensor has an option to convert an exclusive agreement to a non-exclusive agreement in the event that the licensee fails to meet the minimum requirement.

⁵²⁵ FTC's Regulation Concerning the Request for Review of International Agreements
(FTC's Announcement No. 95-4 dated March 31, 1995)

⁵²⁶ Monopoly Regulation and Fair Trade Act, Article 32, Paragraph 2

(4) *Restriction on Sales Prices or Method of Transaction:*

Unfair practices may arise in the case where the licensor designates a certain method of transaction or sales price or resale price of the licensed product. However, the licensor may be allowed to designate the maximum sales price in case of an exclusive agreement.

(5) *Restriction on Use of Competing Technology or Products:*

If the licensee is prevented, during the term of the contract or after the expiration of the contract, from using competing technology or dealing with competing products, it is likely to be considered as an unfair practice.

(6) *Restriction on Use of Expired Patent:*

It may constitute a clearly unlawful act if the licensee is required to pay royalty or is prevented from using the licensed patent or trade secret even after the licensed patent has expired or the trade secret has fallen to the public domain through no fault of the licensee.

(7) *Requirement to Pay Royalty or Take Up License:*

Unfair trade practices may arise if the licensee is required to pay royalty on a non-licensed product, or to take up a license on a technology which is not needed to practice the licensed technology.

(8) *Restriction on Development of Improvements:*

It may constitute a clearly unlawful act if the licensee is prevented from developing improvements over the licensed technology by himself alone or together with a third party, or if the licensee is required to obtain prior consent or approval from the licensor to make an improvement over the licensed technology. However, it may be allowed to require the licensee to confer with the licensor in advance when the licensee develops improvements relating to the licensed technology.

(9) *Requirement to Transfer of Improvements:*

It may be considered as an unfair practice if the licensee is required to assign or license, free of charge, to the licensor an improvement developed by the licensee. However, it may be allowed if the licensee is required to grant back a license, on equivalent terms and conditions, to the licensor on the improvement developed by the licensee.

(10) *Demand to Pay Advertisement Expense:*

It will not be allowed if the licensor determines an excessive amount of expenses for the advertisement and promotional campaign and then requires the licensee to pay such expenses.

(11) *Unilateral Determination of Royalty:*

Unfair trade practices may arise if the method of calculating royalty is not specified in the agreement and the licensor unilaterally determines the royalty payment. However, it may be allowed to require the licensee to pay a specified minimum royalty.

(12) *Contract Termination or Arbitration Rules:*

Unfair trade practices may arise if such matters as contract termination, rules of arbitration, arbitration tribunal, applicable law and the like are determined unfairly to one party, or if the licensor has the right to terminate the agreement without a grace period for any reason other than the licensee's inability to make the royalty payment.

(13) *Covenant Not to Challenge:*

Unfair trade practices may arise if the licensor has the right to terminate the agreement in the event that the licensee challenges the validity or loss of secrecy of the licensed technology.

11.4.4 *Prosecution of Violations*

If it is considered that an unfair practice has been perpetrated in violation of the MRFTA, the FTC may, *ex officio*, conduct an investigation. Further, any person may report any suspected violative practice to the FTC.⁵²⁷

If it is deemed necessary for the investigation, the FTC may ask for the appearance of and hear the persons concerned, any interested party or a witness, or may have a public official inspect the business and operational situation, documents and other materials at the office or business place of the person concerned.⁵²⁸ A person who has not appeared at the hearing even upon the request from the FTC or who has not submitted documents as requested by the FTC may be subject to a penalty not exceeding 100 million Korean Won.⁵²⁹

In case a violation is found, the FTC may determine a corrective measure and direct the violator to comply with that measure.⁵³⁰ However, prior to issuing the corrective measure or imposing a penalty against the failure to appear at the hearing or the like, the FTC must give the person concerned an opportunity to be heard.⁵³¹

Any person who is dissatisfied with a disposition of the FTC may file an opposition with the FTC within 30 days from the date of receipt of the disposition.⁵³² If a decision on the opposition is unfavorable to him, he may file a suit against the disposition of the FTC with the Seoul High Court within 30 days from the date of receipt of the opposition decision.⁵³³

⁵²⁷ *Ibid.*, Article 49, Paragraphs 1 and 2

⁵²⁸ *Ibid.*, Article 50, Paragraphs 2 and 3

⁵²⁹ *Ibid.*, Article 69-2, Paragraph 1

⁵³⁰ *Ibid.*, Article 51, Paragraph 1

⁵³¹ *Ibid.*, Article 52, Paragraph 1

⁵³² *Ibid.*, Article 53

⁵³³ *Ibid.*, Article 54, Paragraph 1 and Article 55

11.4.5 *Violations Recently Found by FTC*

Since the voluntary clearance system for international agreements has been introduced as of April 1, 1995, the FTC has regularly been conducting investigations into suspected violative agreements. In January 1996, the FTC discovered three violations and directed the violators to correct violative provisions in the agreements within 60 days from the date of receipt of the notice. The types of violations found in the three cases are given below.

(1) Case 1:

A technology import agreement containing a provision that an improvement invention made by the Japanese technology transferor cannot be used by the Korean technology recipient unless an additional royalty is paid, whereas any improvement invention developed by the Korean recipient may be used by the Japanese transferor without any royalty.

(2) Case 2:

A technology import agreement containing a provision that the Korean technology recipient cannot, without prior permission from the German technology transferor, export the licensed products to any territory other than the Republic of Korea; and a provision that the Korean recipient is required not to cooperate with any third party in the manufacture and sale of products which are competing with the licensed products.

(3) Case 3:

A joint-venture agreement containing a provision that the marketing area of products of the joint-venture company is limited to the Republic of Korea unless agreed to in writing by the U.S. joint-venture partner.

11.4.6 *Compensation for Damages*

Any person who has suffered damages from a violative act has the right to claim compensation for damages.⁵³⁴ The violator may be liable for damages even if his violative act was done without intent or negligence. However, this cannot be claimed unless a corrective measure has been finally determined. Further, the right to claim compensation against the violator expires one year after the day on which it may be exercised.⁵³⁵

11.5 Regulation on Technology Export

Technology export is still in its infancy in the Republic of Korea. In contrast with technology import, there has been no substantial government control for technology export. Under the Technology Development Promotion Act ("TDPA"), any person who is willing to enter into a technology export

⁵³⁴ *Ibid.*, Article 56

⁵³⁵ *Ibid.*, Article 57, Paragraph 2

agreement should report, prior to entering into the agreement, to the Minister of Science and Technology the export plan including the following items:⁵³⁶

- (i) content of technology and means of supply thereof;
- (ii) compensation and means of its receipt;
- (iii) term of contract; and
- (iv) expected effects.

In case the technology to be exported is likely to be used in a way to injure international peace and to disturb maintenance of safety, the supplier of such strategic technology must obtain a prior approval from the Minister of Science and Technology. In such an event, the Minister of Science and Technology is required to consult with the Minister of Trade, Industry and Energy.⁵³⁷

⁵³⁶ Technology Development Promotion Act, Article 10-2

⁵³⁷ *Ibid.*, Article 10-3

Chapter 12: Administration of Intellectual Property

12.1 Introduction

12.2 Korean Industrial Property Office

- 12.2.1 History of KIPO**
- 12.2.2 Organization**
- 12.2.3 Activities on Industrial Property**
- 12.2.4 Implementation of the Semiconductor Chip Layout Design Act**
- 12.2.5 Computerization of Administration**
- 12.2.6 Compilation of Industrial Property Information**
- 12.2.7 Publication of Official Gazettes**
- 12.2.8 International Cooperation**
- 12.2.9 Encouragement of Inventive Activity**
- 12.2.10 Prevention of Unfair Competition/Counterfeiting**
- 12.2.11 Activities of the IIPTI**

12.1 Introduction

A number of governmental bodies have been established or assigned with a variety of responsibilities to implement intellectual property laws in the Republic of Korea. Such titles of protection as patents, utility models, designs and trademarks, have traditionally fallen under the competence of the Korean Industrial Property Office (“KIPO”). Semiconductor chip layout designs and trade secrets have also become the responsibility of KIPO. The Ministry of Culture and Sports is in charge of the registration of copyright and other matters necessary for the operation of the Copyright Act. Apart from copyright, registration of computer programs and other relevant matters under the Computer Program Protection Act are handled by the Ministry of Information and Communication. Transfer or licensing of intellectual property rights may be regulated by the Ministry of Finance and Economy, and the Fair Trade Commission.

12.2 Korean Industrial Property Office

12.2.1 *History of KIPO*

The origins of KIPO date back to 1908 when the Yi Dynasty enacted its first Patent and Trademark Decrees. However, the Republic of Korea’s modern industrial property administration did not begin until 1946 when the Patent Bureau was set up within the Ministry of Trade and Industry (whose name has recently been changed to the Ministry of Trade, Industry and Energy) to administer matters involving patents, utility models, designs and trademarks. In 1977, the Patent Bureau was upgraded to an independent office and was named the Office of Patent Administration. In 1988, KIPO adopted its current English name in order to better reflect the Office’s overall operations.

12.2.2 *Organization*

KIPO is structured along two functional lines: (i) the examination and trial operations and (ii) the supporting operations. KIPO is comprised of one Department, seven Bureaus, two Boards and, as an appended organization, the International Intellectual Property Training Institute (“IIPTI”). The IIPTI was established within KIPO in May 1987 to provide training programs for domestic and foreign trainees in the field of intellectual property rights.

The organizational chart is provided in Figure 1 attached to this Chapter. KIPO’s General Services Department is in charge of the general administration of the Office. The seven Bureaus are the Planning and Management Bureau, the Administration Bureau, the Information & Documentation Bureau, Examination Bureau I (for trademarks and designs), Examination Bureau II (for mechanical and metallurgical inventions), Examination Bureau III (for chemical, pharmaceutical, textile and biochemical inventions) and Examination Bureau IV (for electric and electronic inventions). The Board of Trials and the Board of Appeals have been established within KIPO to hear and decide invalidation trials, trials to confirm the scope of industrial property rights, trials for correction, trials for cancellation and the like.

KIPO has increased its staff in order to shorten the prosecution pendency of applications and trials and to improve the quality of service. When the Bureau of Patents was upgraded to its current status in March 1977, the number of total staff was 277. Effective August 9, 1994, six Divisions (Audit Division, System Division, Design III Division, Precision Machinery Division, Specialty Chemicals Division and Image Instrument Division) were newly established; and 87 people, including 55

examiners, were added to make its total staff 659. In 1996, it was announced that a significant additional number of examiners and trial examiners will be recruited.

12.2.3 *Activities on Industrial Property*

The main function of KIPO is to examine and grant registration or establishment of industrial property rights for patents, utility models, industrial designs and trademarks. Further, the Board of Trials and the Board of Appeals are handling various trials and appellate trials relating to the four industrial property rights.

(1) *Applications*

During 1995, a total of 240,195 applications for four industrial property rights (patents, utility models, designs and trademarks) were filed, representing a 28.4% increase from the 187,132 applications filed in 1994. Consistent with a general upward trend, applications filed by nationals of the Republic of Korea rose by 33.2% in 1995 to reach 33.2%, and those filed by foreigners numbered 37,997, representing a 7.5% increase over the previous year.

Of the 240,195 applications filed during 1995, applications for patents accounted for 78,499 (32.7%), followed by 71,852 (29.9%) for trademarks, 59,866 (24.9%) for utility models and 29,978 (12.5%) for designs. Notably, the number of applications for patents and utility models, which represent the key areas of technology development, increased by 61.8% in 1995.

Since the Republic of Korea joined the PCT in 1984, the number of international applications filed with KIPO as the receiving office has gradually increased, reaching 189 in 1995. The Republic of Korea was designated in 19,771 international applications filed under the PCT in 1994. 6,048 PCT applications entered into the national phase in the Republic of Korea in 1995, representing a 24.0% increase over the 4,908 applications of the previous year.

Nationals of the Republic of Korea filed 84.2% of all applications filed with KIPO; they filed 75.5% of patent applications, a 28.4% increase over the previous year, while foreigners filed 24.5%, a 7.5% increase.

(2) *Examination*

During 1995, a total of 126,502 applications was examined: 66.7% were registered, 31.4% rejected and 1.9% in invalidated, abandoned or withdrawn. The average period of pendency of applications in 1995 was 37 months in the case of patent and utility model applications, 13.9 months in the case of design applications, and 17.6 months in the case of trademark applications.

(3) *Registrations*

New registrations of patents, utility models, designs and trademarks numbered 67,458 in 1995, representing a 15.1% increase over the previous year. Among the registrations made in 1995, trademarks occupied the largest share (48.7%), followed by designs (26.1%), patents (12.6%) and utility models (12.6%).

The number of registrations made by foreigners in 1995 was 15,009, accounting for 22.2% of the total registrations. When registrations are classified by country, Japan led with 41.4%, followed by the United States with 26.6%, France with 6.1% and Germany with 5.8%.

There were 15,821 registrations of non-exclusive licenses for trademarks owned by foreigners in 1995.

(4) *Trials*

The number of trials lodged in 1995 for the areas of the four industrial property rights was 1,512, a 12.1% decrease over the previous year, whereas the number of trials disposed of increased by 7.4% to 1,325. The average period of pendency of trial cases in 1995 was approximately 16 months, five months longer than that of the year before, so that the backlog of trial cases grew.

Of the trials requested during 1995, the largest number was occupied by invalidation trials with 619 cases (41%), followed by 513 cancellation trials, 365 trials to confirm the scope of intellectual property rights, and other trials. The number of trials in which foreigners were involved was 506, accounting for 29% of the total trials, a 13% increase over the previous year.

During 1995, 1,325 trials were disposed of. Of these cases, 684 (52%) were decided in favor of the petitioners/demandants and the remainder were rejected, withdrawn or dismissed.

(5) *Appellate Trials*

Appellate trial cases include appeals against the examiner's final rejection of an application for patent, utility model, design or trademark in addition to appeals against trial decisions rendered by the Board of Trials. The number of appellate trials demanded during 1995 was 3,472, out of which 1,003 were for patents, 534 for utility models, 389 for designs and 1,546 for trademarks. During 1995, 3,192 appellate trial cases were disposed of. 4,181 appeal cases were pending as of the end of 1994.

12.2.4 *Implementation of the Semiconductor Chip Layout Design Act*

For the protection of layout designs, the Semiconductor Chip Layout Design Act ("Layout Design Act") has been in force since September 1, 1993. In implementing the Layout Design Act, KIPO established the Registration Office within the Semiconductor Examination Division of Examination Bureau IV. The Registration Office deals with the receipt of applications for layout designs and the registrations thereof and other related affairs.

Further, in March 1994, KIPO organized the Layout Design Review and Mediation Committee. Comprising 15 members, both government officials and civilians, it is authorized to review various matters involved in layout design rights and to mediate any disputes of rights protected under the Layout Design Act.

The number of registered layout designs has increased from 4 cases in 1993 and 45 cases in 1994 to 140 cases in 1995. Of the total 189 registrations, the number made by foreigners is 107.

12.2.5 *Computerization of Administration*

In addition to its existing collection of approximately 40 million documents on industrial property matters, over two million materials or documents arrive at KIPO annually, giving rise to an acute need for more efficient management of this massive influx of materials. Computerization of patent administration has been recognized as a matter of utmost urgency to cope with the situation.

As a result of KIPO's computerization efforts since 1980, basic office automation systems have been developed. In addition, a word mark search system and a figurative mark search system were introduced for trademark examination since 1989 and 1990, respectively. For patent and utility model searching, IFD (Inpadoc Family Data) search system has been in use since 1993.

KIPO plans to introduce an electronic filing system in the near future around 1998, and has completed a master plan to carry it out. From 1996, it is planned that a floppy disc may be submitted to KIPO in lieu of the second copy of an application for a patent or utility model.

12.2.6 *Compilation of Industrial Property Information*

Various kinds of official gazettes for patents, utility models, designs and trademarks constitute the main source of industrial property rights information. These resources are used not only for the examination of applications and trial cases but also as a source of information for the development of new technology by industries and for the prevention of overlap in R&D investment.

For these purposes, KIPO has collected a wide range of information resources from 20 countries and three international organizations. In 1995, KIPO purchased about 550,000 patent documents, including various official gazettes for patents and related publications such as abstracts and indices, from six countries (U.S.A., Japan, United Kingdom, Germany, France and Russia) and two international organizations (European Patent Office and WIPO). 1,348,000 patent documents were also collected through mutual exchanges with other countries. As of 1995, KIPO possessed 46,501,000 materials including 297,000 volumes of official gazettes (36,560,000 cases), 304,000 microfilms (6,650,000 cases) and 2,727 CD-ROMs (3,280,000 cases).

12.2.7 *Publication of Official Gazettes*

KIPO publishes official gazettes of examined applications for patents, utility models and trademarks and registered designs in accordance with the publication system of the Patent Act, and those of unexamined applications for patents and utility models in accordance with the laid-open publication system under the Patent Act and Utility Model Act. Further, KIPO publishes abstracts of Korean patents in English for the exchange of information with other countries.

The publication system of examined applications is intended to eliminate any improper granting of rights through the publication, for public examination over a fixed period, of those applications which have been considered registrable by the examiner. The laid-open publication system, established as of December 31, 1980, is to publish the contents of an application after 18 months from its filing date or the priority date if the right of priority is claimed.

12.2.8 *International Cooperation*

In the wake of the Uruguay Round negotiations which led to the TRIPS Agreement and the establishment of the World Trade Organization ("WTO"), international interest in intellectual property rights is steadily increasing. Further, in recognition of the increasing importance of protecting intellectual property rights in international trades, KIPO participated actively not only in the multilateral conferences organized by WIPO, but also in bilateral conferences with major industrialized countries.

12.2.9 *Encouragement of Inventive Activity*

In order to promote inventive activities, KIPO formulated the Invention Promotion Act. Its main purpose is to heighten public awareness of the importance of industrial property rights and to enhance the infrastructure available to support inventors, by such means as the promotion of students' inventive activities, and the establishment and operation of invention clubs nationwide at schools of all levels. Between 1987, when this program commenced, and December 31, 1994, 4,876 schools had set up invention clubs. KIPO has also been sponsoring the Korean Student's Invention Exhibition since 1990.

On May 19 every year, the anniversary of King Sejong's invention of a rainfall measurement device, KIPO holds a ceremony to mark Invention Day, when awards are granted to those people and organizations who made significant contributions to the promotion of inventive activities during the year. In addition, since 1982, KIPO has been providing inventors with financial assistance to produce prototypes of excellent inventions. KIPO has also been providing private industrial sectors with technical support services including a patent information service. Under a patent technology award program initiated in January 1992, awards are given every month for selected excellent patented inventions.

12.2.10 *Prevention of Unfair Competition/Counterfeiting*

On June 1, 1987, KIPO established the Investigation Division. It is responsible for the prevention of unfair competition or illegal activities, in order to stop counterfeiting activities that violate sound business orders and cause friction with trading partners, and for the promotion of public awareness of the industrial property rights system. It undertakes various surveillance, education and publicity activities in support of these goals.

Focusing primarily on the manufacturers and sellers of goods infringing famous trademarks in the Republic of Korea, extensive investigations were conducted by KIPO with the cooperation from mayors and governors, in addition to public prosecutors and police. As a result, a total of 686 cases were uncovered during 1994. Among them, 207 cases resulted in criminal convictions and for the remaining 479 cases, reprimands were issued.

A number of education programs have been carried out, focusing on customs officials, senior municipal and provincial officials, police and merchants, as well as publicity campaigns in the mass media and street campaigns.

As of July 16, 1987, KIPO established and operated the Counterfeit Goods Report Center within the Investigation Division to receive reports on counterfeit activities. Similar report centers have been established by the government agencies in charge of commercial and industrial matters in cities or provinces. These centers have been provided with information on counterfeiters; and have played a pivotal role in stopping the trafficking of counterfeit goods.

12.2.11 *Activities of the IIPTI*

The rapid increase in the number of industrial property applications in the Republic of Korea has raised the demand for qualified examiners and trial examiners. This in turn heightened the need for a training institute for the education of intellectual property experts. Similarly, other developing countries were experiencing an increased demand for training in this field. In view of both the domestic and the international demand, KIPO established the International Intellectual Property Training Institute (IIPTI), which went into operation as of July 15, 1987. The IIPTI provides a number of training programs for

government officials including KIPO examiners, customs officials and police, and civilians including corporate employees and R&D personnel. Further, to strengthen international cooperation, the IIPTI also provides programs for foreigners including government officials and intellectual property professionals from developing countries.

Chapter 13: Enforcement of Intellectual Property Rights

13.1 Introduction

13.2 Civil Court Action

13.3 Criminal Sanctions

13.4 Action Before KIPO

13.4.1 Kinds of Action

13.4.2 Suspension of Proceeding

13.5 Border Enforcement Measures

13.5.1 In General

13.5.2 Applicable Goods

13.5.3 Reporting of Trademark Right

13.5.4 Suspension of Export/Import License in Case of Infringement of Trademark
Reported

13.5.5 Suspension of Export/Import License

13.5.6 Request for Granting Export/Import License

13.1 Introduction

As in other jurisdictions, the main recourse for the enforcement of intellectual property rights in the Republic of Korea is to bring a civil action before a court. Criminal sanctions may also be imposed on the infringer of intellectual property rights.

As provided in the Patent Act, Utility Model Act, Design Act and Trademark Act, trials which are closely related to the enforcement of industrial property rights may be initiated before the Korean Industrial Property Office (“KIPO”). Such trials include an invalidation trial, a trial to confirm the scope of a patent, trademark or the like, and a trial to cancel a trademark registration. Either the owner of the industrial property right or the alleged infringer, and in many cases any other “interested party,” may file for such a trial in parallel with, or independent of, a court action.

In order to prohibit export or import activities of goods infringing intellectual property rights, a so-called “border enforcement regulation” has been promulgated. Such border enforcement measures, however, are applicable only to goods infringing trademarks or copyright.

13.2 Civil Court Action

A civil action may be brought before a court against an infringer of any intellectual property right. Typically in a civil action, injunctive relief (preliminary and/or permanent) and/or monetary damages are sought. Further, a claim may be brought for measures to restore damaged business goodwill in the case of infringements of certain intellectual property rights such as patents, trademarks and copyright. Such remedies, however, are not available in the case of semiconductor chip layout design rights and computer program copyright. Procedural and other details of infringement actions are discussed in Chapter 14.

13.3 Criminal Sanctions

An infringer of intellectual property rights may be criminally prosecuted and penalized regardless of a pending civil infringement action. Such criminal sanctions are applicable to any form of intellectual property rights, although they are more often imposed in cases of trademark or copyright infringement. Criminal prosecution for infringement generally may be initiated only upon a complaint filed by the injured party. In the case of trademark infringement or unfair competitive activities, however, criminal prosecution may be initiated *ex officio* even if no complaint is filed.

Depending on the severity of the infringement, an infringer may be arrested and incarcerated upon conviction, even before sentencing. The maximum penalty assessable in the case of infringements of patents, utility models, designs or trademarks is imprisonment of up to five years and/or a fine not exceeding 20 million Korean Won. For infringements involving other intellectual property rights, including copyrights, trade secrets and computer programs, and for unfair competition, the maximum penalty is imprisonment of up to three years and/or a fine not exceeding 30 million Korean Won.

13.4 Action Before KIPO

13.4.1 *Kinds of Action*

Prior or subsequent to initiation of an infringement action, either the owner of an industrial property right or the alleged infringer may file with KIPO any trial(s) which is relevant to the infringement action, such as, with respect to all four industrial property rights, an invalidation trial, a trial to confirm the scope of right or a trial for correction, and, for trademarks, a trial to cancel registration. In most cases, such trials can also be filed by an “interested party” other than an alleged infringer.

Of those trials, an invalidation trial is most often brought by the defendant in an infringement action or a prospective infringer. As explained in 3.15.8, the invalidity of the industrial property right is, in principle, not a defense in an infringement action. Rather, a challenge to validity can only be brought in a separate action called an “invalidation trial” before the Board of Trials constituted within KIPO. Thus, a court hearing an infringement action must proceed with the assumption that the industrial property right is valid, until and unless an invalidation trial decision holding it invalid has become final and conclusive. The only exception to this general rule is the case where the patent, utility model or design at issue has been found to be completely lacking in novelty. In such case, the court in the infringement action can refuse to enforce such right. Further discussion of the invalidation trial is set forth in 3.17, 4.15, 5.14 and 6.14.

Another trial which is often brought before KIPO in connection with enforcement is a trial to confirm the scope of right. As discussed in 3.16, this kind of trial is an administrative action seeking a decision on whether a certain article, process, design or mark falls within the scope of the industrial property right at issue. Confirmation trials are discussed in 3.16, 4.14, 5.16 and 6.13.

A court hearing an infringement action is not legally bound by KIPO’s decision in a confirmation trial. In practice, however, courts tend to feel obligated to respect KIPO’s decision in a confirmation trial or invalidation trial, even if it has not become final. Further, the courts tend to rely on KIPO’s opinion on any technical issues which are involved, especially in patent or utility model infringement actions. Thus, such trials brought before KIPO often have influence on the infringement action pending at the court.

13.4.2 *Suspension of Proceeding*

As provided in the Patent Act, Utility Model Act, Design Act and Trademark Act, where one of the above-mentioned trials is pending at KIPO, the court hearing an infringement action may suspend its proceeding until the KIPO trial is finally determined. Likewise, KIPO may suspend its own proceeding until the related court action is finally determined. This is to prevent conflict between the decisions in the two proceedings. Requests for such suspensions, however, have very rarely been accepted either by the court or by KIPO in the case of most industrial property rights, although generally courts tend to accept such requests in patent infringement actions involving highly complicated technical issues.

13.5 Border Enforcement Measures

13.5.1 *In General*

Article 146-2(1) of the Customs Act provides that any goods infringing an intellectual property right may not be imported or exported. Pursuant to such provision, the Regulation Concerning Export/Import Customs Clearance Procedure for the Protection of Intellectual Property Right (the so-called “border enforcement regulation”) was promulgated and went into effect as of January 17, 1994. It has since been amended twice, in 1994 and 1995. The first amendment was designed to make mandatory the customs office’s discretionary power to suspend the release of goods infringing a trademark right. As explained in 5.18, the second amendment was made to allow, in principle, parallel importation of genuine goods. The current amended regulation went into force as of November 6, 1995.

13.5.2 *Applicable Goods*

The border enforcement regulation applies to both:

- (i) exported or imported goods bearing a mark which infringes a trademark registered under the Trademark Act; and
- (ii) exported or imported goods which infringe copyright protected under the Copyright Act.

13.5.3 *Reporting of Trademark Right*

A trademark right need not be reported to the customs office for the application of the border enforcement regulation. If it is reported, however, the owner of the trademark will be notified by the customs office when goods declared for export/import are likely to infringe the trademark right. In order to make such a report, the holder of a trademark right must submit to the customs office a copy of the trademark register and three copies of a report stating:

- (i) the authorized user of the trademark;
- (ii) the content and scope of the trademark right;
- (iii) potential infringer(s), or originating country thereof, of the trademark right; and
- (iv) information necessary for the verification of the trademark infringement.

If such a report has been filed, the customs office must report this to the Commissioner of the Customs Office and, if requested by the trademark owner, to other customs offices, and send a notice to the reporter.

The report of a trademark right is effective for 10 years from the date of notification of filing from the customs office, or until the trademark right expires if that occurs within the 10-year period. The report of the trademark right is presumed invalid if the trademark right is revoked or invalidated pursuant to the Trademark Act.

13.5.4 *Suspension of Export/Import License in Case of Infringement of Trademark Reported*

If the goods declared for export/import are found to clearly infringe a trademark right reported to the customs office, the customs office must suspend the export/import license for the goods declared.

If the goods declared for export/import are likely to infringe a trademark right reported to the customs office, the customs office must notify the right holder of record and the exporter/importer concerned. Then, a written request for suspension must be submitted to the customs office by the owner of the trademark right or his exclusive licensee within 10 working days from the date of receipt of such notice. The exporter/importer concerned may submit to the customs office, within the 10-day period, evidence showing that the goods concerned do not infringe the trademark right.

13.5.5 *Suspension of Export/Import License*

An interested party of a trademark right or copyright who desires to request the suspension of export/import license must submit a written request for suspension to the customs office. The name and quantity of the goods, the exporter/importer, the content and scope of the trademark right or copyright must be stated in the request, and the following documents attached:

- (i) a copy of the original trademark register (in the case of copyright, any material verifying the establishment of the copyright);
- (ii) statement and evidentiary materials (such as pictures, catalogs, samples, etc.) capable of showing that the goods infringe the trademark right or copyright; and
- (iii) legal instrument for providing security.

Such request should be made between the granting of the export/import license and a date within 20 days from the date scheduled to carry the goods into the Republic of Korea (in the case of import) or the date scheduled to declare the exportation of the goods (in the case of export). Further, the requester of suspension should furnish as security an instrument in an amount equivalent to 120% of the customs duty to be imposed on the goods.

If the goods are considered to infringe a trademark right or copyright, the customs office should suspend the granting of the license. Then the customs office must promptly report same to the Commissioner of the Customs Office and notify same to the requester of the suspension and the exporter/importer concerned.

The period of suspension is 10 working days from the date of receipt of such notification. However, if the requester substantiates that an infringement action has been filed with a court within the 10-day period, the customs office may continue the suspension of license. In such event, the total period of suspension cannot exceed 30 days unless there is a court order requesting that it be extended further.

13.5.6 *Request for Granting Export/Import License*

If the exporter/importer of suspended goods desires to request the granting of export/import license, he must submit an application stating:

-
- (i) the declaration number, and name and quantity of goods;
 - (ii) the name of the exporter/importer;
 - (iii) the reason for the request; and
 - (iv) any relevant matters which show non-infringement.

In making such request, the exporter/importer must deposit security in an amount equivalent to the security deposited by the requester of suspension plus an additional 25% of the latter security.

The customs office may grant an export/import license for the suspended goods in any of the following instances:

- (i) where the Review Committee for the Customs Clearance of Goods Infringing Intellectual Property Right (“Review Committee”), organized under the Commissioner of the Customs Office, has determined that the goods do not infringe an intellectual property right;
- (ii) where a court has decided that the goods do not infringe an intellectual property right;
- (iii) where the court has rendered a decision to lift the suspension of the goods;
- (iv) where the requester of suspension has failed to institute a court action or to notify any preliminary injunctive decision of a court, within a prescribed period of time;
- (v) where the exporter/importer has made a request to the customs office for the grant of an export/import license based on a written consent from the requester of suspension;
- (vi) where the suspension period as prescribed in the border enforcement regulation has lapsed; and
- (vii) where the exporter/importer, while posting a security deposit, submits a written undertaking to the effects that the security deposit may be used as compensation for damages in accordance with a court decision rendered against him, in case it is not clear as to whether the intellectual property right has been infringed, and the suspension is likely to incur irreparable damages to the exporter/importer due to the deterioration of the suspended goods and the like.

Chapter 14: Intellectual Property Litigation

14.1 Introduction

14.2 Review of KIPO's Decisions

14.2.1 In General

14.2.2 Appeal Process under the Industrial Property Acts

14.2.3 Appeals under the Administrative Trial/Litigation Acts

14.3 Review of Other Agencies' Decisions

14.4 Infringement Action - In General

14.4.1 Introduction

14.4.2 Warning Letter

14.4.3 Courts of Jurisdiction

14.4.4 Hearings

14.4.5 Preparation Brief

14.4.6 Discovery

14.4.7 Preliminary Injunctive Action

14.4.8 Main Action

14.5 Patent Infringement Action

14.5.1 In General

14.5.2 Plaintiff of Infringement Action

14.5.3 Proof of Patent Infringement

14.5.4 Injunctive Relief

14.5.5 Compensation for Damages

14.5.6 Restoration of Damaged Business Goodwill

14.5.7 Defenses

14.5.8 Utility Model or Design Infringement Action

14.6 Trademark Infringement Action

14.6.1 In General

14.6.2 Acts of Infringement under the Trademark Act

14.6.3 Acts of Infringement under the Unfair Competition Prevention Act

14.6.4 Plaintiff of Infringement Action

14.6.5 Procedure of Infringement Action

14.6.6 Proof of Trademark Infringement

14.6.7 Amount of Damages

14.7 Copyright Infringement Action

- 14.7.1 In General
- 14.7.2 Acts of Infringement
- 14.7.3 Mediation of Disputes
- 14.7.4 Injunctive Relief
- 14.7.5 Compensation for Damages
- 14.7.6 Restoration of Damaged Reputation
- 14.7.7 Remedies After Author's Death
- 14.7.8 Proof of Infringement

14.1 Introduction

Intellectual property litigation may be classified as: (i) appeals against decisions rendered by government agencies such as the Korean Industrial Property Office (“KIPO”); and (ii) actions against infringement of intellectual property rights.

There are two routes for appeals against administrative decisions. If an appeal procedure is specifically provided in a relevant law such as the Patent Act or the Copyright Act, the appeal should be made in accordance with this procedure. If no appeal procedure is provided in any relevant law, however, the appeal may be made in the form of an administrative trial under the Administrative Trial Act, to an administrative body of a superior level to the government agency which has rendered the decision at issue; and then an appeal against the decision of the superior administrative body may be filed with a High Court (or Court of Appeals) in accordance with the Administrative Litigation Act.

An ordinary infringement action is initiated with a district court of first instance, whose decision may be appealed to a High Court and then to the Supreme Court (subject to the latter’s consent).

14.2 Review of KIPO’s Decisions

14.2.1 *In General*

The Korean Industrial Property Office (“KIPO”) is in charge of the implementation of the Patent Act, Utility Model Act, Design Act and Trademark Act. Further, KIPO handles matters concerning semiconductor chip layout designs, which are delegated from the Ministry of Trade, Industry and Energy (“MOTIE”) under the Semiconductor Chip Layout Design Act.

Appeals against decisions rendered by KIPO may be taken either in accordance with the procedure provided in the relevant laws such as the Patent Act, Trademark Act and the like, or, if no appeal procedure is provided, in the form of an administrative trial to MOTIE and then an administrative litigation to a High Court.

14.2.2 *Appeal Process under the Industrial Property Acts*

The Patent Act, Utility Model Act, Design Act and Trademark Act (hereinafter collectively referred to as “Industrial Property Acts”) specifically provide an appeal procedure for the following cases:

- (i) an appeal against a final rejection issued by the examiner with respect to an application for a patent, utility model, design or trademark; and
- (ii) an appeal against the decision of a trial brought before, and decided by, the Board of Trials of KIPO, such as an invalidation trial, trial to confirm the scope of industrial property right, trial for cancellation of a trademark registration, trial for granting non-exclusive license, trial for correction or the like.

Pursuant to the Industrial Property Acts, such appeal is to be made to the Board of Appeals established within KIPO; and an appeal against the decision rendered by the Board of Appeals is to be

made to the Supreme Court. An appeal to the Board of Appeals should be filed within 30 days from the date of receipt of the examiner's final rejection or the trial decision made by the Board of Trials. An appeal to the Supreme Court should be lodged within 30 days from the date of receipt of the decision of the Board of Appeals.

This appeal process has been amended and the new appeal procedure will go into effect as of March 1, 1998, as explained in 3.7.7(3). This change was made by way of amending the Industrial Property Acts in 1994, following long debates over the constitutionality of the current appeal procedure. According to the new procedure, a special High Court called "the Patent Court" is to be established; the Board of Trials and the Board of Appeals, both of which are established within KIPO, are to be combined to form the Enlarged Board of Trials, still within KIPO. From March 1, 1998, therefore, an examiner's final rejection of an application will be appealable to the Enlarged Board of Trials, and then to the Patent Court. Further, those trials which are currently brought before the Board of Trials will have to be filed with the Enlarged Board of Trials. Appeals against trial decisions rendered by the Enlarged Board of Trials will go to the Patent Court. Decisions of the Patent Court may be finally appealed to the Supreme Court, if accepted.

The Industrial Property Acts prohibit appeals against the following decisions rendered by KIPO:

- (i) a decision on the opposition against the publication of an application for patent, utility model or trademark;
- (ii) a decision on the request for disqualification of a trial examiner; and
- (iii) a decision on the request for intervention in a trial.

14.2.3 *Appeals under the Administrative Trial/Litigation Acts*

Appeals against KIPO's decisions or dispositions for which the Industrial Property Acts do not provide any specific appeal procedure should be made pursuant to the Administrative Trial Act and the Administrative Litigation Act. For example, decisions to reject documents submitted to KIPO (under Article 11 of the Enforcement Regulation of the Patent Act), invalidation of procedure (under Article 16 of the Patent Act), forfeiture of a patent right, arbitration to grant a compulsory license and the like may be appealed through this route. Appeals against KIPO's decisions or disposition as to the matters prescribed under the Semiconductor Chip Layout Design Act also go through this route since there is provided no appeal procedure in the Act.

Under the Administrative Trial Act, such decisions of KIPO may be appealed to MOTIE in the form of an administrative trial. MOTIE's decision on an administrative trial may be appealed to a High Court in accordance with the Administrative Litigation Act.

(1) Administrative Trial

A petition for an administrative trial against KIPO's decision should be filed with either MOTIE or KIPO within 90 days from the date of receipt of KIPO's decision. Until March 31, 1996, such a petition was required to be filed through KIPO, not directly with MOTIE; and the 90-day period was 60 days in general, or 90 days in case of a petition filed by foreigners.

Once a petition for administrative trial is filed with KIPO, the trial documents should be sent, within 10 days from the date of submission thereof, to MOTIE, together with its response to the petition. A copy of KIPO's response should be also forwarded to the petitioner, who may submit a rebuttal to the response. In case a petition is filed with MOTIE, a copy of the relevant trial documents should be immediately sent to KIPO; and KIPO must submit its response to MOTIE within 10 days from the date of receipt of the copy.

The review of an administrative trial is conducted either by a written examination or by oral hearings. If requested by a party, oral hearings must be held, unless it is considered that the case can only be decided by a written examination. Until March 31, 1996, trials were, in principle, conducted by a written examination.

An administrative trial should be decided within 60 days from the date of receipt of the petition, which may be extended for up to 30 days. The decision should be made in writing and the reasons therefor should be specified.

(2) Court Action under the Administrative Litigation Act

If a petitioner of an administrative trial is dissatisfied with MOTIE's decision, he may file an action for cancellation of the decision with a High Court within 60 days, or 90 days in case of foreigners, from the date of receipt of MOTIE's decision under the Administrative Litigation Act. From March 1, 1998, the 60-day period will become 90 days. Such a cancellation action may not be filed after one year from the date of making the decision unless there is any justifiable reason.

Pursuant to Article 18 of the Administrative Litigation Act, in case an administrative trial is available against a KIPO's decision, an action for cancellation of the decision cannot be instituted with a High Court unless such an administrative trial has been filed and decided. However, as of March 1, 1998, it will be open to file such an action without earlier going through an administrative trial, unless this is explicitly prohibited by another law.

14.3 Review of Other Agencies' Decisions

As explained above, in principle, an appeal against a decision rendered by a government agency may be brought in the form of an administrative trial before an administrative body which directly oversees the government agency, unless the appeal procedure is specifically provided in the relevant law.

The Copyright Act does not provide any appeal procedure against decisions or dispositions rendered by the Ministry of Culture and Sports or by the Copyright Deliberation and Mediation Committee. Accordingly, if anyone wishes to file an appeal against any such decisions or dispositions, a petition for administrative trial should be filed with the Ministry of Culture and Sports under Article 5 of the Administrative Trial Act. If the petitioner is dissatisfied with the Ministry's decision on the administrative trial, he may then initiate an action before a High Court in accordance with the Administrative Litigation Act.

Similarly, any decision or disposition rendered by the Ministry of Information and Communication or the Computer Program Deliberation and Mediation Committee under the Computer Program Protection Act may be appealed in the form of an administrative trial to the Ministry of

Information and Communication. Further, an appeal against the Ministry's decision of the administrative trial may be filed with a High Court under the Administrative Litigation Act. Against the High Court's decision, an appeal may be made to the Supreme Court, if accepted.

The Administrative Litigation Act was amended in 1994 and the new Act will become effective as of March 1, 1998. Under the new Act, an action for cancellation of a disposition or decision made by a government agency may be brought before a High Court, without going through an administrative trial, unless it is explicitly prohibited by another law.

14.4 Infringement Action - In General

14.4.1 *Introduction*

Where there is an on-going activity which infringes an intellectual property right, or such an activity is possible, the holder of the intellectual property right may bring an infringement action before a court seeking such civil remedies as injunctive relief (preliminary and permanent), monetary damages and/or restoration of damaged business goodwill.

There are two types of civil action available to stop the infringement, a preliminary injunctive action and a main action. A preliminary injunctive action may be brought where there exists an immediate or present danger of causing irreparable harm to the holder of an intellectual property right.

A permanent injunction, compensation for damages, and the restoration of damaged business goodwill may all be claimed in one main action. However, in an action for a preliminary injunction, no other remedies can be sought.

14.4.2 *Warning Letter*

It is customary and desirable to send a warning letter, although this is not a prerequisite for initiating an infringement action. This step may result in an amicable settlement, obviating the conduct of an expensive and time-consuming court action. A warning letter is normally sent via contents-certified mail and generally contains the following information: (i) identification of the sender who is normally the holder of an intellectual property right and/or his exclusive licensee; (ii) a brief explanation of the content of the intellectual property right; (iii) a description of the infringing product or process; (iv) a description of the infringing activities; and (v) demand of, e.g., immediate cessation of the infringement, compensation of damages and/or destruction of infringing articles and production facilities.

In general, it is unlikely that any civil liability would be imposed on the sender of a warning letter, even if it is later found that there was no infringement, as long as the sender had an intellectual property right at the time of sending the warning letter. This is also true even if the intellectual property right is later held invalid.

Further, once an application for the registration of a patent, utility model or design is laid-open in the official gazette, the applicant may send a warning letter to an infringer together with a copy of the laid-open publication of the application. The period for which a reasonable amount of compensation is later computed commences from the date on which the infringer receives the warning letter. The actual

collection of such compensation can be made only upon the publication (for opposition) of the application, or, in practice, upon the registration of the patent, utility model or design.

14.4.3 *Court of Jurisdiction*

An infringement action is initiated by filing a complaint with a district court seated in the jurisdiction (i) where the defendant has a place of residence or business or (ii) where an unlawful act has been committed. The action, either a preliminary injunctive action or a main action, is normally heard by a panel of three judges, one of whom is a senior to the other two judges.

In the Republic of Korea, there is one Supreme Court, five High Courts and 12 District Courts, each of District Courts having a number of branches. The Supreme Court and the Seoul High Court are located in Seoul. The Seoul District Court has five branches.

14.4.4 *Hearings*

Once a complaint is filed with the court, a first hearing date will be set by the court within about two weeks in the case of a preliminary injunctive action, or within about three to four weeks in the case of a main action, from the filing date of the action.

The court's review of the action is conducted by holding a series of hearings. Subsequent hearings will normally take place at two-week intervals in the case of a preliminary injunctive action, or at four-week intervals in the case of a main action, although this interval may be further shortened or lengthened depending on the nature of the dispute and other factors.

It normally takes about three to six months to reach a decision in the case of a preliminary injunctive action, or about one year in the case of a main action. It tends to take longer in case of a patent infringement, especially one involving high technology and complicated issues.

14.4.5 *Preparation Brief*

According to Section 245 of the Code of Civil Procedure, if a trial is being reviewed by a three-judge panel, the oral argument to be made at such a hearing must be prepared in writing. Therefore, each party submits to the court a legal brief or preparation brief prior to the hearing date of an infringement action.

The preparation brief basically contains the party's claims, contentions and/or defenses, and statements responding to the other party's claims, contentions and/or defenses. It may be accompanied by exhibits, especially those referred to in the preparation brief and possessed by the party submitting the preparation brief. A copy of the preparation brief of one party should be forwarded to the other party prior to the hearing date.

Under the national court practice, it is very important to prepare the preparation brief thoroughly. At the hearing, substantive issues are not presented in detail, and such procedural matters as the motion to call witnesses or to inspect documents are argued. Hence, unless there is testimony by a witness, the hearing is normally completed in several minutes. For this reason, judges rely heavily on the preparation briefs submitted by both parties when they decide a case.

14.4.6 *Discovery*

Various means of discovery are available before the courts in the Republic of Korea. The discovery is entirely conducted by, and in the presence of, the court or a judge appointed by the court.

(1) Witness Testimony

Any party to a court action may have the court call witnesses. Witness testimony and examination is normally taken during the hearing before the court, although the court or court-appointed judge may depose a witness outside a hearing, at which time the discovery judge must prepare a written transcript executed by the witness.

Prior to the witness testimony at a hearing, it is useful to have the witness prepare an affidavit narrative of the testimony; and, at the hearing, it is preferable to phrase questions so that the witness need only give very brief answers, e.g. 'yes' or 'no.' After the principal examination, the opposing party may cross-examine the witness. Although the questionnaire for the principal examination should be presented in advance to the court and the opposing party prior to the hearing date, questions for the cross examination are not presented in advance.

During the chief and cross-examinations, the court may direct any questions to the witness at any time for the sake of clarification and enhancing the court's understanding of the testimony. Although irrelevant questions are not allowed, there is a much lesser degree of restriction on the admissibility of, e.g. hearsay evidence than under the law of evidence in the United States of America.

(2) Production of Documents

A request for production of documents can be made in a court action. For such request, a motion should be made in writing to the court, which may order the holder of a requested document to produce it. In the following instances, the holder bears the duty to produce the document in question:

- (i) where he possesses the document referred to by a party in the course of the action;
- (ii) where the requesting party has the right to demand the possessor to transfer or allow the inspection of the document; and
- (iii) where the document has been prepared for the benefit of the requesting party or prepared out of, or in connection with, a legal relationship between the requesting party and the possessor.

In the event that the party who possesses the document refuses to comply with a court order to produce it, or the party who has the obligation to produce the document destroys it for the purpose of frustrating the other party's use thereof, the court has the discretion to find the contents of the document to be as the other party contends.

(3) Inspection of Documents or Premises

Inspection of documents or premises such as a production facility can be requested in writing; and, if necessary, the court may be moved to rule and issue an order to conduct the inspection. A

wrongful refusal to permit the inspection may entail the same effect as in the case of failed production of a document.

(4) *Expert Witness*

A party may request the court to appoint a certain independent expert; or, if necessary, the court may commission an official agency, university or research institute having the expertise to provide an expert opinion. A party may move to disqualify such an expert upon the showing of a reason why the expert may not give a fair and proper testimony, although the party forfeits such right in the event that the expert has already given his testimony and the cause of the objection was known to the objecting party at the time of the testimony.

14.4.7 *Preliminary Injunctive Action*

(1) *Immediate or Present Danger of Irreparable Harm*

Where there exists an immediate or present danger of causing irreparable harm to a right, an action for preliminary injunction may be brought before a district court. In an intellectual property infringement case, courts normally do not question the existence of such danger. However, if a preliminary injunctive action is brought a few years after the infringing activities were actually known to the right holder, the court may question it, rejecting the request for the issuance of preliminary injunction. In such a case, a main action should be brought instead of a preliminary injunctive action.

(2) *Procedure*

Court proceedings are very similar in a preliminary injunctive action and a main action, e.g., the way of presenting the case and conducting discovery, except for the hearing interval, which is normally two or three weeks in a preliminary injunctive action and four weeks in a main action. A preliminary injunctive action may be brought either alone or together with a main action. However, it is not wise to file both actions simultaneously because the court tends to combine both actions, rendering the preliminary injunctive action practically useless.

(3) *Execution of Preliminary Injunctive Order*

If a preliminary injunctive order is rendered by the court, a copy of the order is delivered only to the winning plaintiff, not to the defendant. The order must be executed within 14 days from the date of receipt thereof. Prior to the execution, the plaintiff must post a bond in the amount determined by the court. The amount of bond may vary with the magnitude of infringing activities, ranging for example from 4 million Korean Won (about US\$5,000) to 400 million Korean Won (about US\$500,000). It is normally determined by taking into account such factors as the annual sales volume of the infringing product, the amount of annual profits made by the infringer, and the like.

Execution of a preliminary injunctive order is normally conducted at the defendant's place of business by way of, e.g., attaching the infringing articles or the facilities used in the manufacture of infringing articles. It should be noted that, once executed, the attachment will remain in effect until a final court decision reversing the preliminary injunctive decision is firmed up, which may take a number of years. The defendant may file a request for releasing the attachment with the same court, which is very rarely accepted. Therefore, the result of a preliminary action may often end the entire dispute.

As explained above, a preliminary injunctive order automatically enters into immediate effect upon the posting of a bond by the plaintiff subsequent to the issuance of the court order and will remain in effect until the court order is finally reversed. In contrast, in case of a main action wherein a permanent injunction may be secured, unless the court expressly attaches a decree of immediate execution, the permanent injunctive order will not go into effect until the order becomes final upon the defendant's exhaustion of all the appeal processes available to him. Further, the level of proof levied upon the plaintiff is relatively low in a preliminary injunctive action: a showing of likelihood of success on the merits may be sufficient. Therefore, if an infringement occurs, it is normally recommended for the right holder to take a preliminary injunctive action rather than a main action; and then to file a main action after the success in the preliminary injunctive action.

(4) Appeal Process

In the event that a preliminary injunctive order is issued, the defendant may (i) file an opposition against the preliminary injunctive order with the same district court and/or (ii) ask the court to direct the plaintiff to file a main action. The plaintiff, if he lost the preliminary injunctive action, may (i) file an appeal to a High Court and/or (ii) file a main action with the same district court. There is no deadline for filing an opposition, appeal or main action, and a decision rendered by the district court or the High Court in connection with a preliminary injunctive action may be appealed at any time.

14.4.8 *Main Action*

Unlike a preliminary injunctive action, compensation of damages and other civil remedies available under the relevant law, such as restoration of damaged business goodwill, may be sought together with permanent injunction in a main action.

A main action is commenced by filing a complaint with a district court. Generally, the first hearing date is designated within about four weeks from the filing date of the complaint. The court will hold a series of hearings with the interval of four weeks; and it generally takes about one year to decide the case.

The district court decision in a main action is appealable to a High Court, and then, if accepted, to the Supreme Court. Unlike the case of preliminary injunctive action, an appeal in a main action should be filed within 30 days from the date of receipt of the decision rendered by the district court or High Court.

14.5 Patent Infringement Action

14.5.1 *In General*

The Patent Law allows basically three types of civil remedies: (i) injunctive relief (preliminary or permanent); (ii) compensation of damages; and (iii) restoration of damaged business goodwill or reputation as a result of infringement. Further, return of unjust profits acquired by an act of infringement may be also sought in an infringement action pursuant to Article 741 of the Civil Code.

14.5.2 *Plaintiff of Infringement Action*

A patent infringement action may be filed by the patentee and/or his exclusive licensee. Further, the applicant of a patent application may bring an infringement action if his patent application has been published for opposition, even before the patent is registered. However, unlike the patentee or exclusive licensee, the applicant is liable to compensation of damages suffered by the other party by bringing an infringement action if such patent application is later finally rejected or invalidated, abandoned or withdrawn.

14.5.3 *Proof of Patent Infringement*

In a patent infringement action, the plaintiff must prove the following elements: (i) he is the lawful right holder; (ii) the defendant is engaged in, or prepared for, the business of practicing (manufacturing, using or the like) of a certain product or process; and (iii) the product or process of the defendant infringes the plaintiff's patent.

The ownership of a patent can be easily verified from a copy of the patent register certified by KIPO and a copy of the application published in the Patent Publication Gazette. Since an exclusive license is established upon its entry on the patent register, the exclusive licensee must submit a copy of his entry as such on the register to establish his standing.

As for the defendant's activities, the initial burden of proof levied on the plaintiff may be normally met by presenting samples of the defendant's product, brochure or other promotional materials, product inserts or the like.

In case of a patent infringement action involving a pharmaceutical product or agricultural product which can only be manufactured and marketed upon obtaining a license or permit from the Ministry of Health and Welfare or the Ministry of Agriculture, Forestry and Fishery, discovery means, such as production of a document, are often used. Specifically, the plaintiff may request the court to have the relevant Ministry produce a copy of the documents submitted by the defendant to the Ministry when he made the application for manufacturing or formulating the license, for such documents contain descriptions concerning the manufacturing or formulating process or the specification of a composition of the defendant.

The plaintiff may also request inspection of the defendant's premises, such as a manufacturing plant or depot. The court may accept this request if persuaded of the necessity for inspection, on the basis of the evidence already produced. This is mainly intended to disclose the defendant's infringing activities. Therefore, a court-appointed expert and a judge together with attorneys for each party normally participate in the inspection.

It may be difficult to prove the fact of infringement of a patent and, in principle, the burden of proof lies on the plaintiff. However, where a patent is directed to a process for preparing an article which was not known at the time of filing the patent application, that new article is presumed to have been produced by the patented process in accordance with Article 129 of the Patent Act. Therefore, in such a case, the burden will be shifted to an accused infringer. The novelty of the article in a patented process may be easily corroborated by its corresponding foreign patent, if any, containing product patent claims.

A written opinion from an expert who may be a patent attorney, a university professor or a researcher is often used to prove the factual issue of infringement. Both parties may employ their own expert witnesses. However, the expert opinions submitted by both parties are normally contradictory to each other; and, therefore, it is useful to use an independent expert witness appointed by the court. Any party may ask the court to appoint an expert, and then both parties normally request the court to have the witness investigate and review certain matters raised by each of them.

14.5.4 *Injunctive Relief*

An action for cessation or prevention of an infringement may be brought against one who has infringed, or threatens to infringe, a patent right. In such an action, the plaintiff who is the patentee or exclusive licensee may also seek destruction of infringing articles and other measures necessary to prevent the infringement. This remedy is in the form of injunction, sought either by a preliminary injunctive action or by a main action. Detailed discussion of these two actions appears in 14.4.7 and 14.4.8 above.

14.5.5 *Compensation for Damages*

Against a person who has knowingly or negligently infringed a patent or exclusive license, the patentee or exclusive licensee may seek the compensation of damages sustained as a result of infringement. In this connection, under the Patent Act, an infringer is presumed to have done so with negligence. Since it is very difficult for a plaintiff to prove the amount of actual damages suffered by the infringing activities, the Patent Act has a provision under which a certain amount of damages may be presumed to have occurred. Specifically, if the infringer has gained profits from the infringement, the amount of such profits is presumed to be the amount of damages suffered by the patentee or exclusive licensee. Further, as a minimum amount of damages, the Patent Act recognizes a reasonable amount of royalty which the patentee would normally receive in a freely-negotiated transaction. Unlike some other countries such as the U.S.A., there is no provision allowing treble damages for willful infringement of a patent in the Republic of Korea.

14.5.6 *Restoration of Damaged Business Goodwill*

Where a person has knowingly or negligently infringed a patent right or exclusive license, the court may, upon the claim by the patentee or exclusive licensee, order the infringer to take appropriate measures to restore the damaged business reputation. A typical measure adopted by the court for this purpose is publication of public apologies in a daily newspaper.

14.5.7 *Defenses*

As in other jurisdictions, a variety of defenses may be presented in a patent infringement action. The defendant may argue that his act does not fall within the scope of the patent because his product or process is different from that of the patented invention. Further, it may be argued that his act is authorized under the Patent Act or other law, such as a prior user right, employer's right to the employment invention or innocent user of a patent which was invalidated, but later reinstated by an action for reconsideration of the invalidation decision.

However, invalidity of a patent is, in principle, not a defense in a patent infringement action. Under the Patent Act, validity of a patent should be challenged only by bringing a separate invalidation trial (*see* the discussion in 3.17) before the Board of Trials within KIPO. Therefore, the court which

hears an infringement action must proceed with the presumption that the patent is valid until a decision invalidating the patent has become final.

One exception to this general rule can be found in the decision of *Shindo Mulsan Co. Ltd. vs. Hanmi Silyup Co. Ltd.*⁵³⁸ in which the Supreme Court held that, if every single element constituting a patented invention had been in the public domain prior to the filing date of the patent application, then such a patent is inherently defective; and, therefore, once the complete lack of novelty of the patented invention had been demonstrated, the court can refuse to enforce the patent and dismiss the infringement action without having to invalidate the patent.

In addition, abuse of a patent right may, in theory, be a defense in a patent infringement action under Article 2 of the Civil Code; however, such an equitable defense is normally not accepted by the courts.

14.5.8 *Utility Model or Design Infringement Action*

With regard to an infringement of a utility model or design registration, the Utility Model Act and the Design Act apply *mutatis mutandis* the provisions of the Patent Act. Therefore, the discussion made above with respect to a patent infringement may be referenced.

14.6 Trademark Infringement Action

14.6.1 *In General*

A trademark infringement not only damages the business goodwill of the trademark owner but also disturbs a fair trade and market order and injures the interest of general consumers. Therefore, the Trademark Act broadens the scope of infringing acts to the use of a mark identical with, or similar to, a registered trademark in respect of goods identical with, or similar to, the designated goods of the registered trademark. However, the owner of a trademark which is not registered at KIPO has no right to bring an infringement action under the Trademark Act.

Trademarks or other indications of goods or services which are neither registered nor registrable under the Trademark Act may be protected under the Unfair Competition Prevention Act, if such trademarks or indications are widely known in the Republic of Korea.

Accordingly, in the case of a trademark infringement or an act of “passing off” or “palming off,” a civil action may be brought before the court under the Trademark Act (if registered) or the Unfair Competition Prevention Act (if not registered). These two Acts provide the same civil remedies, such as injunctive relief, compensation for damages and restoration of damaged business goodwill, against a trademark-related infringement.

14.6.2 *Acts of Infringement under the Trademark Act*

Under the Trademark Act, any of the following acts is deemed to constitute an infringement of a trademark right:

⁵³⁸ Supreme Court Case 81 Hu 56; July 26, 1983

- (i) using a mark identical with, or similar to, the registered trademark in respect of goods identical with, or similar to, the designated goods of the registered trademark;
- (ii) distributing, selling, counterfeiting, imitating or possessing a mark identical with, or similar to, the registered trademark for the purpose of using, or causing a third party to use, such mark on goods identical with, or similar to, the designated goods of the registered trademark; and
- (iii) making, distributing, selling or possessing instruments for the purpose of counterfeiting or imitating, or causing a third party to counterfeit or imitate the registered trademark.

14.6.3 *Acts of Infringement under the Unfair Competition Prevention Act*

The Unfair Competition Prevention Act stipulates that it is an unfair competitive act, among others, to use another person's name, trademark, trade name, container, packaging or any other indication of such other person's products, or one similar thereto, provided that such indication is widely known in the Republic of Korea. Accordingly, in the case of an infringement of an unregistered trademark or trade dress or passing off, an action seeking civil remedies may be brought before the court under the Unfair Competition Prevention Act. The discussion in 10.5.1 above provides details of the civil remedies.

14.6.4 *Plaintiff of Infringement Action*

A trademark infringement under the Trademark Act may be brought by the owner of a registered trademark or his exclusive licensee. Unlike for a patent infringement action, however, the applicant of a trademark application which has been published for opposition but has not yet been registered, has no standing to claim such civil remedies against an alleged infringer.

Under the Unfair Competition Prevention Act, an action for injunction may be brought by any person whose business interest is, or is likely to be, injured by an act of unfair competition. However, in order to bring an action for monetary damages or the restoration of damaged business goodwill, the plaintiff should have actually suffered a business loss as a result of an unfair competitive act. Therefore, the plaintiff should be the one who runs the business concerned, not a business organization nor consumers.

14.6.5 *Procedure of Infringement Action*

Procedurally, a trademark infringement action, either under the Trademark Act or under the Unfair Competition Prevention Act, is almost the same as a patent infringement action except that it proceeds more rapidly. Although the interval between hearings in a trademark infringement action is almost the same as that of a patent infringement action, e.g., two or three weeks for a preliminary injunctive action and four weeks for a main action, the trademark infringement action normally requires fewer hearings. Therefore, to get a court decision, it generally takes about three to four months in a preliminary injunctive action and about six to ten months in a main action.

14.6.6 *Proof of Trademark Infringement*

In a trademark infringement action, it should be proven that an alleged infringer is using a mark identical with, or similar to, the registered mark in respect of goods identical with, or similar to, the

designated goods of the registered trademark. For this proof, a survey result and the testimony of witnesses, in addition to samples of the goods bearing the marks, may be submitted.

The Supreme Court has consistently held that similarity of trademarks should be determined by an objective comparison of their appearances, pronunciations and concepts; and the comparison must be made from the view point of the consumers concerned. Therefore, similarity should be determined by firstly comparing the impression perceived from the trademarks by the consumers of the goods, and then judging whether or not those perceptions are so similar to cause confusion as to the source or quality of goods. The issue of similarity of goods should be determined by a comprehensive comparison of their nature, raw material, quality, form, use, selling place, consumers, distribution channel and the like, as held in *In re Rhoem Gesellschaft*.⁵³⁹

In an action brought under the Unfair Competition Prevention Act, it should be additionally proven that a trademark, trade name, container, package or other indication of the plaintiff has acquired a well-known status among consumers in the Republic of Korea. In this connection, it was held in Supreme Court Cases 74 Da 1989 and 80 Da 829, decided on February 10, 1976 and December 9, 1980 respectively, that the area where the indication is widely known need not be the entire territory of the Republic of Korea: it may be sufficient if the indication is known to relevant dealers or consumers within a certain geographical scope. To prove that a plaintiff's indication has such well-known status, it is normally required to submit evidence showing the duration of using the indication, the size of business including the number of business places, distribution area thereof, sales volumes and number of sellers, the method, kind and frequency of advertisement and the like.

14.6.7 *Amount of Damages*

The owner of a registered trademark or his exclusive licensee may claim compensation for damages against a person who has knowingly or negligently infringed his trademark right. He may get such monetary damages in the amount that he actually suffered from the act of infringement, if it can be proven. However, it is very difficult to prove the amount of damages actually resulting from an infringement. The Trademark Act, therefore, provides that the amount of profits gained by the infringer from the act of infringement is presumed to be the amount of damages suffered by the plaintiff. Further, the plaintiff is entitled to at least a reasonable amount of royalty which he would normally receive in a freely-negotiated transaction.

The Unfair Competition Prevention Act does not have such a provision specifying the presumption of a certain level of damages. It is generally understood, however, that the provision of the Trademark Act is also applicable to an action brought under the Unfair Competition Prevention Act.

14.7 Copyright Infringement Action

14.7.1 *In General*

There are four types of copyright infringement under the Copyright Act: (i) infringement of economic rights; (ii) infringement of moral rights; (iii) infringement of a publishing right; and (iv) infringement of neighboring rights. Further, to strengthen the level of protection of copyright,

⁵³⁹ Supreme Court Case 90 Hu 1178; March 27, 1991

Article 92 of the Copyright Act provides certain types of acts which are considered to constitute a copyright infringement.

Since public awareness of copyright as a private property has only recently developed in the Republic of Korea, an administrative body called the “Copyright Deliberation and Mediation Committee” has been established within the Ministry of Culture and Sports in accordance with the Copyright Act of 1986. One of the purposes of establishing the Committee is to mediate in disputes over rights protected under the Copyright Act. In the event that there is a dispute of copyright infringement, therefore, any party may request mediation to the Committee.

Injunctive relief, compensation for damages and/or restoration of damaged reputation are available as civil remedies for copyright infringement.

14.7.2 *Acts of Infringement*

(1) *Economic Rights*

An unauthorized reproduction, adaptation, performance, broadcast, translation, distribution or publication of a copyrighted work may constitute an infringement of the economic rights of the copyright holder. An “unauthorized” use means use without the consent of the right holders; however, even if there is no such consent, use under the fair use doctrine, or with a compulsory license stipulated in the Copyright Act, does not constitute an infringement. In contrast, even if there is an authorization from the copyright holder, an infringement may occur if the copyrighted work is used beyond the scope of such authorization.

(2) *Moral Rights*

The author of a copyrighted work has the right to disclose his work, the right to indicate his real name or pseudonym on his original work and the right to preserve the integrity of the content, format or title of his work; these are collectively called “moral rights.” Therefore, any alteration or cancellation of the real name or pseudonym of an author, or any alteration of a copyrighted work, without proper authorization, may constitute an infringement of the author’s moral rights.

Anyone using a work of an author after the death of the author is liable if he commits any act which would infringe upon the author’s moral rights if the author were alive. In addition, use of a work in a manner likely to damage the author’s reputation is considered as an infringement of his moral rights.

(3) *Publishing Right*

In case a person is granted a publishing right by the holder of the right to reproduce a work, an unauthorized publication of the work by others constitutes an infringement of his publishing right.

Even if a publishing right has not been recorded on the copyright register, an infringer may not invoke, as a defense, such failure of recordation. This is because recordation is only required to protect a person who recorded first his publishing right, in the case where two or more publishing rights have been granted.

(4) *Neighboring Rights*

An unauthorized use of performance, production of phonographs or broadcast constitutes an infringement of neighboring rights. Also, such act committed beyond the scope of authorization, if any, is considered as an infringement.

(5) *Acts Deemed to Constitute Infringement*

In addition to those acts mentioned in (1) to (4) above, any of the following also constitutes an infringement of economic, moral, publishing or neighboring rights under Article 92 of the Copyright Act:

- (i) acts of importing, for the purpose of distribution in the Republic of Korea, goods which would have infringed the right concerned if the goods had been made in the Republic of Korea at the time of their importation; and
- (ii) acts of knowingly distributing goods, including imported goods mentioned in (i) above, made by means of an act constituting an infringement of the right concerned.

(6) *Infringement of Work of Joint Authorship*

Any of the authors of a work of joint authorship or any of the holders of economic rights may, without the consent of other joint authors or holders, bring an action for injunction against an infringer. He may also seek monetary damages in proportion to his share.

14.7.3 *Mediation of Disputes*

If there is any dispute over copyright, publishing right or neighboring right or over the amount of compensation or royalty, prior to resorting to a court action, a party to the dispute may file a petition for mediation with the Copyright Deliberation and Mediation Committee established within the Ministry of Culture and Sports. A person who has allegedly infringed copyright, as well as the holder of the right, may make such a petition. This form of mediation is discussed in 7.13.3 above.

14.7.4 *Injunctive Relief*

One who holds a right protected under the Copyright Act may bring an injunctive action against a person who infringes, or is likely to infringe, his right. However, a stage performer or phonograph producer, who is entitled to be paid compensation by a broadcaster, cannot bring an action for injunctive relief.

In such an injunctive action, the right holder may also demand the destruction of articles made by the act of infringement, and other necessary measures.

Further, if a main action for permanent injunction has been filed with the court, or a criminal conviction has been made, the court may, upon the request of the plaintiff or complainant, issue a provisional order to stop the infringement or to seize the infringing articles (which is a separate order

from a preliminary injunctive order) and take the necessary measures, with or without the posting of a bond.

In the event where, after such a provisional injunctive order has been issued, it is finally and conclusively determined that there has been no infringement by the defendant, the plaintiff or complainant may be liable for damages suffered by the defendant from such provisional order.

14.7.5 *Compensation for Damages*

The right holder protected under the Copyright Act may claim compensation for damages against anyone who has knowingly or negligently infringed his rights.

As in the Patent Act, it is presumed under the Copyright Act that the amount of profits gained by the infringer from the act of infringement is the amount of damages sustained by the right holder. In addition to the amount of such profits, the right holder may further claim damages equivalent to the amount which would be normally earned by exercising his right.

If a work has been reproduced without the consent of the holder of the right to the work, and if it is difficult to calculate the number of such unauthorized reproductions, the number of reproductions is presumed to be as follows:

- (i) 5,000 copies in case of publications; and
- (ii) 10,000 copies in case of phonographs.

14.7.6 *Restoration of Damaged Reputation*

Against anyone who has knowingly or negligently infringed an author's moral rights, the author may bring an action seeking measures for the restoration of damaged reputation either in substitution for, or together with, compensation of damages. A public apology in a newspaper is a typical measure adopted by the court for this purpose.

14.7.7 *Remedies After Author's Death*

After the death of an author, his surviving family or his testamentary executor may bring an action for injunction against anyone who has infringed, or is likely to infringe, the moral rights of the author. Further, an action for the restoration of reputation may also be brought if the infringer has knowingly or negligently done so. The surviving estate of an author includes his or her spouse, children, parents, grandchildren, grandparents, brothers and sisters.

14.7.8 *Proof of Infringement*

In case of an exact copying of a copyrighted work without authorization, which is usually called copyright "piracy," no dispute may occur on whether there was an act of infringement. In case a work in question is similar to a copyrighted work, however, it should be determined whether the work was created independently or copied from the copyrighted work. For the determination of such issue, the following two factors are normally considered: (i) whether there was access to the copyrighted work; and (ii) whether there is a substantial similarity between the two works.