

January 2012

[The Amendment of the Korean Intellectual Property Rights reflecting the Free Trade Agreement signed between South Korea and the U.S.]

The American Congress passed the bill on executing the Free Trade Agreement (FTA) signed between the Republic of Korea and the United States in October, 2011, and the Korean National Assembly ratified the motion regarding the Free Trade Agreement signed between the Republic of Korea and the United States in November, 2011.

Accordingly, the Korean Intellectual Property Office (KIPO) proclaimed the amended Intellectual Property Law reflecting the FTA signed between Korea and the U.S. on December 2, 2011.

The amendments in the Korean Intellectual Property Rights reflecting the changes stemming from the recent FTA signed between the two nations are as follows.

[Introduction of the Policy for Extending the Term of a Patent Right in Case of a 'Delay in Registration']

The KIPO newly established Article 92-2 and 92-5 in the Korea Patent Act and decided to extend the term of a patent right (commencing upon registration of the patent right and ending twenty years after the filing date of the patent application) for the duration of the delay in case the patent right is registered after 'the basic date' (4 years from the date of filing the application or 3 years from the date of filing the request for examination, whichever date is later) for reasons that do not arise from the applicant himself, such as the delay in the examination process.

Because of the introduction of this policy, the owner of a patent right can now reasonably control the term of existence for a patent right, which may vary depending on the period of examination, so that he/she can be guaranteed of the sufficient period of time for exercising his/her patent rights.

This regulation will start applying from the very first patent application filed on/after the effective date of the Korea-U.S. Free Trade Agreement.

[Extension of the Grace Period of Article 30 of Korea Patent Act from 6 Months to 12 Months]

Originally, in South Korea, in order for a patent application to be registered as a patent, there should not be any invention identical or similar to the subject invention published domestically/overseas. However, in this case, there can be situations where an applicant can be denied of registration of his application because of another invention of his own, which he has previously filed.

Accordingly, the KIPO has been using a policy, which allows for the exception of such cases where if an applicant voluntarily laid open his invention and files for another invention within 6 months from the date he laid open his earlier invention, the laid-open invention will not be considered as a prior art (Article 30, Korea Patent Act).

The KIPO amended this Article 30-1 of Korea Patent Act and extended the period (grace period) from 6 months to 12 months.

This regulation too will start applying from the very first patent application filed on/after the effective date of the Korea-U.S. Free Trade Agreement.

[Abolition of the Policy of Cancelling a Patent Right for Not Being Worked]

According to the existing Article 116, if a patented invention has not been worked for more than 3 consecutive years in South Korea, a person who intends to work the patented invention may request the Commissioner of the Korean Intellectual Property Office to adjudicate (referred to as “an adjudication”) for the authorization of a non-exclusive license, and if the patented invention still has not been worked in South Korea for two years or more since the date of the adjudication, the patent right is subject to cancellation (Article 116, Korea Patent Act).

However, cancelling a patent right just because the patented invention has not been worked for a certain period of time in Korea may result in an act of infringement upon property rights so this Article of the Act was deleted in its entirety.

This regulation will start taking effect from the very first patent application of which a reason for cancellation arises on/after the effective date of the Korea-U.S. Free Trade Agreement.

[Background Skills Must Be Indicated on the Patent (Utility Model) Specifications]

Pursuant to the amendments in the regulations of Article 42-2-3 of Korea Patent Act, the KIPO made it mandatory for applicants to indicate the background art on the patent specifications for all patent applications filed at the KIPO, effective July 1, 2011, in efforts to harmonize with the international standards.

According to the amended Patent Act, an applicant is now required to indicate the background art which can be regarded as useful for the understanding, searching and examination of the invention. In addition, the applicant is required to cite the reference reflecting such art.

Also, when the indication of the background art on the patent specification is considered

as insufficient during examination, the examiner may issue it as a ground of rejection and notify the applicant thereof. In response to the rejection, the applicant can resolve the ground of rejection by submitting an amendment which cites the reference of the prior art. However, if such an amendment contains newly added, detailed description of the background art, it may not be accepted as an amendment since it is perceived as an addition of new matters.

[Introduction of the ‘Sound and Scent Trademark’ Policy]

The KIPO amended Article 2-1-1 of the Korea Trademark Act and started protecting a mark which cannot be recognized visually, such as a sound or a scent, but is described expressly by a visual method, such as symbols, letters or figures.

However, since a sound or a scent mark is not recognized by the consumers as a source of goods but rather merely as a sound, smell or scent itself, unless the distinctiveness by the actual use is acquired, the mark should be judged as having no distinctiveness.

With the introduction of this policy, the corporations now have much more choices when choosing their marks, and Korea is now able to run a trademark system that reflects the international trends.

This policy will take effect from the very first trademark application filed on/after the effective date of the Korea-U.S. Free Trade Agreement.

[Introduction of the ‘Certification Mark’ Policy]

The KIPO newly established Article 2-1-4 and 2-1-4-ii in the Korea Trademark Act and decided to introduce the ‘Certification Mark’ system.

A ‘certification mark’ is a mark used by a person, who makes his living by certifying a quality, a place of origin, a producing method or other special properties, to certify that a good produced by a producer, who produces, manufactures, processes or sells goods, or a service by a service manager fulfills the quality, place of origin, producing method or other special properties that are pre-determined.

In order to register a ‘certification mark’, one needs to submit the articles of association, which summarize the particulars of the use of the ‘certification mark’, and the abstract as well as the documents that certify that he/she is able to prove and supervise the quality, the place of origin, the producing method and other properties of the goods or services he/she is to certify.

With the introduction of this system, it is now possible to strengthen the quality guarantee function of a mark and consequently to provide the consumers with the accurate information of the goods or services, and therefore, the consumers are able to make the optimal consumption choices.

This policy will start applying from the very first application of a ‘certification mark’ filed on/after the effective date of the Korea-U.S. Free Trade Agreement.

[Abolishment of Stipulation on the Registration of an Exclusive License]

The KIPO deleted Article 56-1-2 of Korea Trademark Act and deleted from the effectuation requirement of the exclusive right the registration of the grant, transfer, modification or extinguishment by abandonment of an exclusive license, or restriction on the disposal of these so that the exclusive right takes effect even without its registration.

This policy will start applying from the very first registration of an exclusive right registered on/after the effective date of the Korea-U.S. Free Trade Agreement.

[Introduction of the “Additional Official Fees” of a Trademark]

The KIPO decided to levy an additional official fee of 2,000 KRW (approximately 1.50 USD as of January 4, 2012) per each additional designated good once the number of designated goods exceeds the basic number of goods (20) when an applicant files a trademark application, registers a new application or renews a registration of a trademark.

This system is implemented to solve the problems of applicants designating too many goods, which results in others having limited choices when designating goods and also in the delay in the examination process. It will start taking effect from the very first trademark application filed on/after April 1, 2012.

[Introduction of ‘Statutory Compensation for Damage’ Policy]

The KIPO introduced a new system which allows the owner of a trademark right (or exclusive licensee) to claim compensation from a person who has intentionally or negligently infringed a trademark right (or exclusive license) for damages under 50,000,000 KRW (approximately 43,524.00 USD) after estimating the value of the damages, instead of claiming the compensation of damages solely based on Article 67 of Korea Trademark Act. In this case, the court may recognize a certain amount of money as the compensation for damages after considering the intent of the whole argument and the result of the investigation on the evidence.

With the introduction of this system, the owner of a trademark right now has an option of choosing between claiming for the compensation of the actual amount of damages and claiming for the amount of damages set by the court in case the compensation amount does not exceed 50,000,000 KRW.

[Introduction of an ‘Enforced Confidentiality Order’ in Litigations]

The KIPO newly added Article 224-3 to 224-5 and 229-2 to Korea Patent Act so that the Court can issue an ‘enforced confidentiality order’ in a patent (or trademark) right infringement case. If one violates the order, the Court can sentence the violator to an imprisonment of 5 years or less, or impose a fine of 50,000,000 KRW or less on the violator.

This system was designed to prohibit the litigators or representatives from using the

information generated or exchanged in the course of the litigation for the purposes other than the ones necessary for carrying out the litigation, and also from making it public. It will start applying from the very first infringement case filed on/after the effective date of the Korea-U.S. Free Trade Agreement.

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