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OVERVIEW OF A PROPOSED BILL FOR THE KOREAN PATENT ACT

The Korean Intellectual Property Office (KIPO) recently proposed a bill for the Korean Patent Act to be submitted to the Korean National Assembly coming this September. KIPO announced that this bill has been proposed to improve the current patent practice in a way to satisfy the customers' needs and to integrate the agreements in the Korea-U.S. FTA into Korean patent practice. It is expected that changes according to this bill will be effective from July 1, 2008. Let's check

representative changes according to this bill one by one from now on.

Alleviation of restrictions on the scope of an Amendment

Restrictions on the scope of an amendment have been introduced into Korean patent practice to speed up examination procedures but they have been a big burden both on applicants and examiners.

Further, due to the strict restrictions on the scope of an amendment when responding to

an office action to refuse an amendment made in response to a prior office action (“a final office action”), there have been many side-effects: For example, the applicant would fail to obtain a patent right even with an invention which was originally disclosed in a description or drawings at the time of filing the application just because of the severe restrictions on the scope of an amendment that deleting new matters from the claims at the stage of responding to the final office action is considered to be modifying or expanding the claims. Accordingly, there have been many requests to resolve such problems caused by the restrictions on the scope of an amendment. KIPO prepared and suggested this bill to improve those drawbacks in the following manner:

1) Removal of restrictions on the scope of an amendment to the claims in response to a final office action

There have been restrictions that (i) an amendment to a description or drawings should not substantially expand or modify the scope of the claims, when responding to a final office action and (ii) matters described in the claims after an amendment in response to a final office action should be patentable.

According to this bill, those two restrictions would be removed from the Korean Patent Act. Instead, the corresponding provision will be changed into “such amendment should not cause a new office action.”

Also, according to this bill, it is expected that the applicant will be allowed to add items described in the description or drawings to the claims when responding to the final office

action provided that the amendment is considered to narrow the scope of the claims. For example, an amendment that adds D which was described not in the claims but in the description into a claim comprising A, B and C against a final office action has not been allowed so far but will be allowed once the bill is passed. Changes regarding the second restriction will be discussed in detail with the next topic ‘rejection of an amendment.’

2) Rejection of an amendment

When an amendment made against a final office action can not be considered to have solved the grounds of a refusal (that is, matters described in the claims after an amendment in response to a final office action are not patentable), it has been general procedure that the amendment is to be rejected and thus the application also ends up with a decision of refusal. It was a big burden both on the applicant and the trial examiner. Specifically, the applicant had to argue against both a decision to reject an amendment and a decision to refuse an application and the applicant had difficulties in determining a subject of a trial to be argued, while the trial examiner had to determine both on the decision to reject an amendment and the decision to refuse an application.

According to this bill, an examiner just needs to give a decision to refuse an application without giving a decision to reject an amendment when the amendment cannot be considered to have solved the grounds of refusal. Accordingly, it will be able to prevent an increase of work for examining applications caused by unnecessary decisions

to reject amendments and it will be possible for the applicant to clearly recognize a subject of a trial to be argued. For example, if there was an amendment that amended the claim comprising A, B and C into the new claim comprising a, b and C and the amendment could not be considered to have solved the grounds of refusal, the application itself will be refused without the applicant's receiving a decision to reject an amendment. Thus, it is expected that the applicant will need to argue against the decision to refuse an application only.

3) Amendment regarding new matters previously added to claims

In response to a final office action that a prior amendment against a first office action is considered to have included new matter, in a case where an applicant amended the claims in a way of deleting the new matter, such amendment has not been allowed on the grounds that the amended claim was considered to have been substantially expanded or modified the scope of the claim comparing with the scope of the claim just before the amendment. Due to this, when the applicant added new matter into a claim by amending the claim in response to a first office action by mistakes or based on the applicant's determination that such amendment will not be considered to add new matter, the applicant was forced to delete the claim in order to avoid getting a decision to refuse the whole application.

According to this bill, an applicant may delete the new matter to return to the original claim. For example, an applicant can amend the claim comprising A, B, C and E (E is a new matter which was not included in the

original specification) into the original claim comprising A, B and C, in response to a final office action indicating that E is a new matter.

Thanks to this alleviation of restrictions on the scope of an amendment, it is expected that an applicant will be able to freely amend the specification within the scope of the features originally disclosed in a description and drawings.

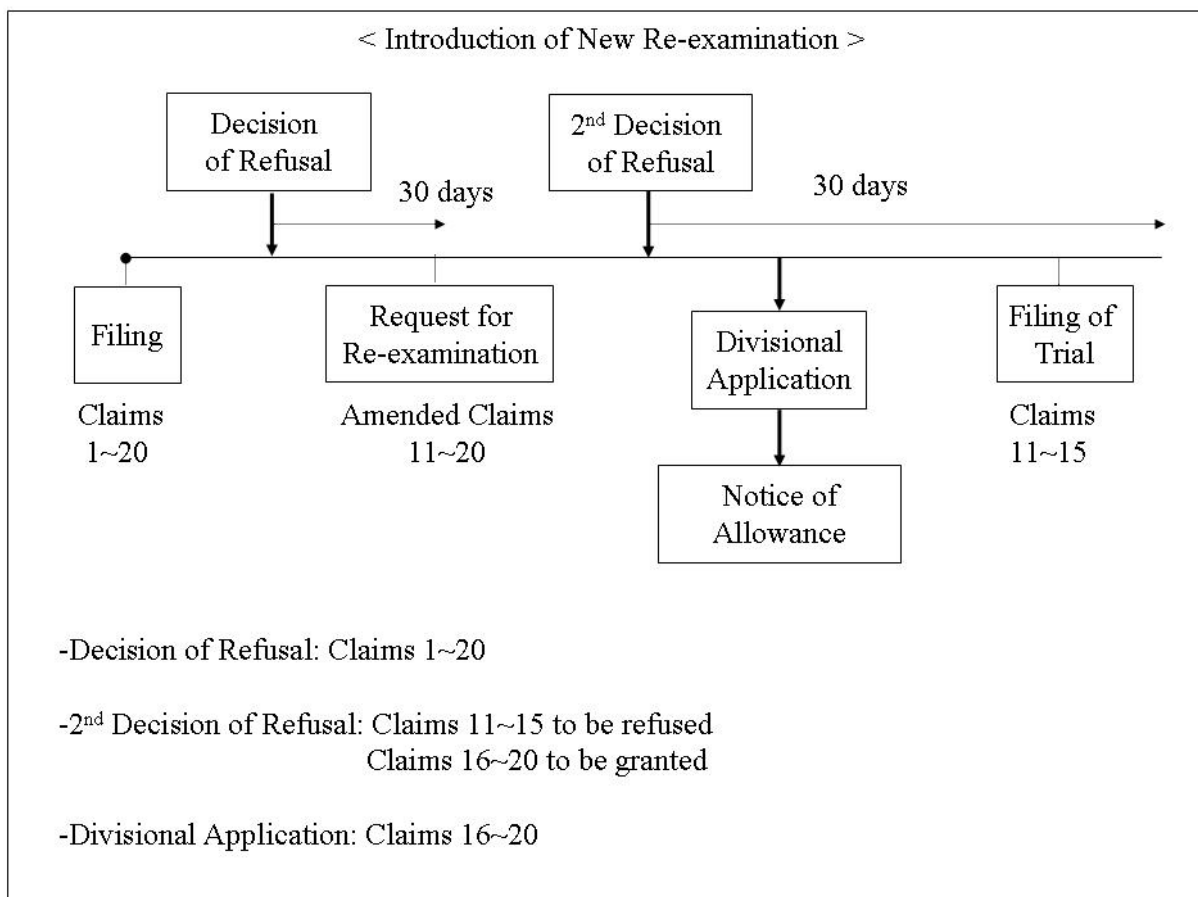
Effective Date : July 1, 2008

Subject : patent applications of which amendment will be made after the effective date

Introduction of New Re-examination

So far, re-examination has been made such that the original examiner re-examines the patent application when there is a request for a trial against a decision of refusal and an amendment to a specification within 30 days from the filing date of the trial.

However, if the original examiner maintains his/her determination on patentability of some claims in the patent application after the re-examination, there has been no way to get inventions of the other patentable claims granted. This deteriorates the recently introduced system of examination per each claim. Further, it caused unnecessary filing of a trial against a decision of refusal (Practically, cases that a trial against a decision of refusal is processed after the current re-examination amounts to less than 32%). Furthermore, current re-examination requires the applicant to amend a specification after filing a trial against a decision to refuse a patent application so that a subject of the trial is uncertain.



New re-examination according to this bill can be made if the applicant simply files a request for a re-examination without filing a trial against a decision of refusal. The applicant can file a request for the trial when an examiner maintains his/her determination on the patentability of the patent application even after the re-examination. Further, with this change regarding the notion of the re-examination, terms to amend a specification will be changed. In other words, until now an amendment to a specification after receiving a decision of refusal has been allowed only after filing the trial against a decision of refusal, however, according to this bill, it will be **possible to amend the specification while requesting re-examination**. Further, it will be possible to file a divisional application with the claims that are determined to be patentable as a result of the re-examination.

Accordingly, it will **no longer be necessary to request a trial** against a decision of refusal nor to amend the specification, in order to get re-examination by the original examiner.

Thus, it is expected that a subject of the trial against a decision of refusal will be clearer and it will be possible to reduce the number of trials unnecessarily filed against decisions of refusal. Further, it will guarantee the applicant to file a divisional application after receiving the original examiner's final determinations on patentability so that it will increase the chances for the applicant to have his/her patent application granted.

Effective Date : July 1, 2008

Subject : patent applications which will be filed after the effective date

Expansion of the scope of invention regarding computer programs

According to the current manual of examining computer related inventions, only a “medium” which stores computer-readable programs and a “method” regarding computer programs can be patented so that there have been drawbacks that even substantially the same invention can not be granted just because a category of the invention is neither medium nor method. Further, although a new distribution structure has been appeared as the relevant technologies develop, there are no regulations on whether such procedures of distribution can be regarded as infringing activities of “assigning or leasing” defined in the Korean Patent Act.

According to this bill, **computer programs** will be included in the definition of “an invented product” and **transferring via information communication network** will be included in the definition of activities of “assigning or leasing.”

It is expected that it will be possible to effectively protect the invention regarding computer programs distributed via a network such as the Internet from infringement and it will resolve problems that those patent applications could not be granted just because of the category thereof.

Effective Date : July 1, 2008

Subject : patent applications which will be filed after the effective date

Introduction of correction ex officio

In a case where an examiner determines that a patent application with mere typographical errors is entitle to a patent grant, the

examiner has to issue an office action requiring the applicant to correct them. The patent application can not be patented without correcting the typographical errors so that it took an unnecessarily long time to get the patent application granted.

According to the bill, an examiner may correct clear formal errors or omissions, which is not a subject of refusal, in a description, drawings or an abstract. In connection with this, when an examiner finds that a patent application with mere typographical errors is entitled to a patent grant, the examiner should send to the applicant “**a notice of correction ex officio**” **as well as a notice of allowance**. The applicant who receives the notice of correction ex officio has to file an argument by the deadline to pay the registration fees if he thinks that the corrections can not be accepted. Without any submission of such argument against the corrections, the corrections will be considered to have been accepted by the applicant. Further, if the corrections are later recognized as the ones that are not clear to the ordinary skilled in the art, the corrections will be considered to have not been made from the beginning.

Accordingly, it is expected that it will be possible to prevent a delay in the procedure to grant a patent because it will no longer require an issuance of unnecessary office action. Moreover, it is expected that it will be possible to improve third parties’ understanding regarding the patent.

Effective Date : July 1, 2008

Subject : patent applications of which a notice of allowance will be given after the effective date

Introduction of agreements in the Korea-U.S. FTA

In order to integrate the agreements in the Korea-U.S. FTA into Korean patent practice, the proposed bill includes an extension of the duration of patents, an extension of the grace period for a patent application disclosed by the applicant, an abolishment of a cancellation system against non-working patents and a secrecy order system.

1) An extension of the duration of patents

If a patent application is granted after both 4 years from the filing date and 3 years from the date of requesting a substantive examination, **due to KIPO's delay in examination procedures**, the duration of the patent can be extended as much as the delayed period at the applicant's request. In connection with this, it will be possible for an interested party to file a trial for invalidating the extension.

2) An extension of the grace period

The grace period for filing a patent application disclosed by the applicant will be extended **from the current six (6) months to 12 months**. Thus, the invention disclosed by the applicant in both parties' territories would be excluded from the range of information necessary to consider the inventive step or novelty of the patent application.

3) Abolishment of the cancellation system

According to the current Korean Patent Act, if the patented invention has not been worked for three consecutive years without any rightful reasons or working the patented invention can not satisfy the domestic demand without allowing a third party to

work the invention as a non-exclusive licensee, a third party can obtain non-exclusive license through adjudication. In connection with this, there is a cancellation system that a patent can be cancelled if the third party who was given such non-exclusive license through adjudication also has not worked the invention for more than two (2) years. However, there was no precedent of such cancellation. According to this bill, this cancellation system will be abolished.

4) A secrecy order system

Lastly, there is one more thing to be introduced in connection with the agreements in the Korea-U.S. FTA. It is about a secrecy order system. According to this bill, the court can order the parties to keep the information obtained during the suit secret. Any party who fails to comply with the court's order will be punished based on Criminal law.

Effective Date : July 1, 2008

Subject : patent applications which will be filed after January 1, 2008

(Abolishment of the cancellation will be applied to cases of which reason of cancellation will be occurred after the effective date)

Further to the above-mentioned changes, punishment against KIPO's or IPT's employees' offenses of divulging secrets will be increased from imprisonment with labor not exceeding two (2) years and a fine not exceeding three (3) million won (3,000 USD) to **imprisonment with labor not exceeding five (5) years and a fine not exceeding 50 million won (50,000 USD)**.

OVERVIEW OF A PROPOSED BILL FOR THE TRADEMARK ACT

A bill for the Korean Trademark Act has been proposed this month. KIPO announced that the bill is to integrate the agreements in the Korea-U.S. FTA into Korean trademark practice reflecting the realities in Korean markets and to improve the way of describing all the regulations in order to increase trademark practitioner's convenience in understanding the regulations.

Introduction of Invisible Marks such as Sound, Smell, etc.

The Korean Trademark Act currently protects as a trademark either of the following that is used on goods related to the business of a person who conducts business activities, such as producing, processing, certifying or selling such goods, to distinguish them from other person's goods: a sign, a character, a figure, a three dimensional shape, color, holograms, motion or any combination of these; and things that can be visually recognized other than the above-mentioned things.

The proposed bill is to integrate the agreements in the Korea-U.S. FTA into Korean trademark practice and thus to change the definition of a trademark in the Korean Trademark Act. According to this bill, the Korean Trademark Act will protect as a trademark one of the following that is used on goods related to the business of a person who produces or sells such goods, to distinguish them from other person's goods: a sign, a character, a figure, a three dimensional shape or one of these with color; a color or a combination of colors, holograms, motion or things that can be visually

recognized other than the aforementioned things; and **things that can be expressed with a sign, a drawing, a character etc. among things that can not be visually recognized such as sound, smell, etc.**

Accordingly, it is expected that it will be possible to protect as many types of trademarks as possible in response to the rapid changes in real markets and thus make sound circumstances for developing much more competitive trademarks.

Introduction of the Certification Mark

As one of the measures to reflect the agreements in the Korea-U.S. FTA, a certification mark will be introduced. A certification mark will be defined as a mark used for proving **quality, origin, raw material, manufacturing method or providing method, quantity, precision or other features of the mark owner's products or service**. With this introduction of the certification mark, it is expected that it will activate a quality authentication system that can provide consumers with precise information on goods or services.

Statutory Damage for Trademark Infringement

The bill is to introduce a system of statutory damage for trademark infringement and a secrecy order system to Korean trademark practice.

According to the bill, the trademark owner can choose and claim **either practical damages or statutory damages** and the court can order that parties of the lawsuit

should keep secrecy to utilize a trade secret necessary for the lawsuit.

It is expected that the system of statutory damages will resolve problems that it was difficult for the right holder to prove practical damages caused by trademark infringement and it was not possible to utilize information from an alleged infringer side in a case where the information is considered as a trade secret.

Abolishment of the Requirements to register an Exclusive License

Currently, the exclusive licensee has to register the grant, transfer, modification or extinguishment by abandonment of an exclusive license with KIPO and otherwise those activities have no effect. In addition, the Korean Trademark Act regulates that the following have no effect on any third parties unless they are registered: (i) the grant, transfer, modification, extinguishment by abandonment of a non-exclusive license or restriction on the disposal of these; (ii) the establishment, transfer, modification, extinguishment by abandonment of a pledge of a non-exclusive license or any restriction

on the disposal of these.

However, according to the bill, the regulation that the effect of the grant, transfer, modification or extinguishment by abandonment of an exclusive license requires an exclusive licensee's registration will be removed from the Korean Trademark Act.

Instead, it regulates that the following have no effect on any third parties unless they are registered: (i) the grant, transfer, modification, extinguishment by abandonment of a non-exclusive license and an exclusive license or restriction on the disposal of these; (ii) the establishment, transfer, modification, extinguishment by abandonment of a pledge of a non-exclusive license and an exclusive license or any restriction on the disposal of these.

Accordingly, it is expected that an exclusive licensee can claim his/her right based on an exclusive license **not on third parties but on an alleged infringer**, in a case where the aforementioned legal activities regarding the exclusive license were not registered.



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