South Korea

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1. Legal framework

Trademarks, service marks and other marks may be protected in Korea under the Trademark Act. Further, the international conventions to which Korea is a signatory – such as the Agreement Establishing the World Intellectual Property Organization, the Paris Convention for the Protection of Industrial Property, the Madrid Protocol on the International Registration of Marks and the Agreement on Trade-Related Aspects of Intellectual Property Rights – have the same legal effect as domestic laws.

Many procedural provisions of the Patent Act are applied to the Trademark Act. The protection of famous or well-known marks is governed by the Unfair Competition Prevention and Trade Secret Protection Act. The general provisions of the Criminal Act apply to the criminal sanction of trademark infringement, and the Criminal Procedure Act applies to the investigation, indictment and criminal court hearing of such cases. The Civil Procedure Act also sets out the civil remedies for trademark infringement. The Customs Tax Act provides for the protection of trademarks at national borders. As in other jurisdictions, the rights in a given trademark are limited under the Fair Trade Act and the Act on the Investigation of Unfair Trade Practices and Remedies against Injury of Domestic Industry. In addition, the Fair Trade Commission Guidelines establish permission standards for parallel imports.

2. Unregistered marks

Protection

The trademark regime is based on a first-to-file system rather than a first-to-use system. Therefore, the actual use of a mark is not a precondition for obtaining trademark registration; nor does it provide, in most cases, any priority or advantage for registration. The only unregistered marks that are accorded some degree of protection under the Trademark Act and the Unfair Competition Prevention and Trade Secret Protection Act are those recognized as well-known marks in Korea. If a trademark acquires well-known status, the owner is entitled to prevent others from registering or using similar or identical marks, and/or from causing consumer confusion with other goods or services.

The Trademark Act effectively protects well-known marks by prohibiting the registration of:

- trademarks that are identical or similar to another person's trademark which is well known among consumers as indicating the goods of that other person, and that are used for identical or similar goods (Article 7(1)(ix));
- trademarks that are likely to cause confusion among consumers as to the origin of the goods or services, since they are recognized as designating the goods or services of another person (Article 7(1)(x));
- trademarks that are likely to mislead or deceive consumers as to the quality of the goods (Article 7(1)(xi)); and
- trademarks that are identical or similar to another person's trademark which is well known among domestic or foreign consumers as indicating the goods of that other person, and that are used for the unfair competitive purpose of gaining improper profit or damaging that other person (Article 7(1)(xii)).

In addition to the Trademark Act, the Unfair Competition Prevention and Trade Secret Protection Act is available as a means to protect a well-known unregistered trademark from those seeking to misappropriate the goodwill associated with that mark.

The Unfair Competition Prevention and Trade Secret Protection Act defines an 'unfair competitive act' as the use of identifiers identical or similar to the name, trade name, trademark, container or packaging of another that is well known in Korea – or the sale, distribution, import or export of goods bearing such identifiers – so as to cause confusion with another's goods or to dilute another's identifier. There are three requirements under the act, as set forth below:

- The source identifier must be well known in Korea;
- The offending mark or trade dress must be similar or identical to the well-known source identifier; and
- The likelihood of confusion or dilution due to the similarity must be established.

Use requirements

The standard for establishing the well-known status of an unregistered mark, in order to benefit from protection under the Trademark Act and the Unfair Competition Prevention and Trade Secret Protection Act, is very high and requires a substantial amount of use evidence. In determining whether a mark is well known, the courts will generally review evidence relating to:

- the period of sales;
- the volume of sales;
- advertising volume and expenditure;
- the status of the trademark registration;
- the number of outlets; and
- any other evidence showing exposure of the trademark to local traders and consumers as a source indicator.

As it may be difficult to establish the well-known status of a mark, it is advisable to register trademarks in order to secure protection.

3. Registered marks

Ownership

In general, any individual or corporation with legal capacity is entitled to register a trademark. Therefore, a corporation without legal capacity cannot enjoy trademark or related rights.

Foreigners who have no residential or business address in Korea are entitled to enjoy trademark or related rights if:

- their country of residence allows Korean nationals to enjoy trademark or related rights under the same conditions as its own nationals;
- their country of residence allows Korean nationals to enjoy trademark or related rights under the same conditions as its own nationals when Korea allows its own nationals to enjoy trademark or other related rights; or
- they enjoy trademark or related rights under a treaty or equivalent.

Scope of protection

The Trademark Act defines a 'trademark' as any of the following which is used on goods relating to a person's commercial activities in order to distinguish its goods from those of others:

- a sign, character, figure, three-dimensional shape or any combination thereof; or
- any combination of colour with any of the above items.

Thus, under the current Trademark Act, sounds or smells (whether alone or as elements) cannot be protected as trademarks. In addition, colours in themselves cannot be protected as trademarks. Protection is available only where a colour is combined with another component such as a sign, character, figure or three-dimensional shape. However, in order to be registrable, the combination must be distinctive and not commonplace or simple.

To accommodate ongoing developments in technology and industry, the Trademark Act has been amended to expand the types of mark that may be registered. The amended Trademark Act, which will come into effect on July 1 2007, will provide trademark protection for non-conventional marks such as motion marks, hologram marks and colour marks. Under the amended act, colour in itself can be registered as a trademark if it is non-functional and obtains secondary meaning.

4. Procedures

Examination

All trademark applications are subject to substantive examination by the Korean Intellectual Property Office (KIPO) before a registration or rejection is issued. A decision on a trademark application is normally issued within about six to eight months of the filing date. If the examiner finds no reason to reject the application, a decision will be issued to publish the application in the official *Trademark Gazette* for public inspection and opposition. If no opposition to the registration is raised within a 30-day period, and if the examiner has no other reasons to reject the application, the mark will be granted registration. It generally takes eight to 10 months from the application date for a mark to be registered if no opposition is raised.

Opposition

Anyone may file an opposition to a trademark application within 30 days of its publication in the *Trademark Gazette*. This period cannot be extended, but if an initial notice of opposition is filed within the 30-day period, the opponent has an additional 30 days in which it may amend, add to or supplement the grounds for opposition.

Once an opposition has been filed, the examiner will send a copy of the opposition brief to the applicant, inviting it to respond to the opposition.

In addition, before the application is published, any person may submit information to KIPO during its review explaining why the requested mark should not be granted registration.

In order to provide additional time to trademark owners wishing to file an opposition against a published mark, the amended Trademark Act will lengthen the current opposition period of 30 days from the publication date to two months from the publication date.

Registration

If there is no opposition to the registration during the publication period, or if no successful opposition is lodged, the registration will be granted. The applicant must pay a registration fee to KIPO within two months of receiving notice of the grant. Within a few days of receiving payment, KIPO will issue a certificate of trademark registration.

Renewal: A trademark registration is for an initial term of 10 years which can be renewed perpetually upon filing a renewal application without having to prove use of the trademark. There is currently no substantive examination system for renewal applications, and thus it takes only approximately two to three months to complete a renewal procedure.

Removal from register

Cancellation/revocation: Trademarks that become illegal after registration will be cancelled under the Trademark Act (Article 73), which sets out several grounds for cancellation of a trademark registration. Anyone – not just the interested parties – can bring a cancellation action based on:

- the trademark owner's unfair use (Article 73(1)(ii));
- unauthorized registration by an agent or representative of the owner of a mark that is protected in a member country of international treaties (Article 73(1)(vii));
- unfair use by the licensee (Article 73(1)(viii)); or
- consumer confusion caused by the separate assignment of a similar mark (Article 73(1)(ix)).

Although there are many technical grounds for cancellation, there are four categories of improper or insufficient use of which trademark owners should be aware:

- Non-use – non-use of a trademark for a period of three years constitutes grounds for a cancellation action (Article 73(1)(iii)). A registered trademark may be cancelled if it is not used by its owner, or by an exclusive or non-exclusive licensee, in the three years immediately preceding the date of a cancellation action brought by an interested person, without justifiable reason (eg, a government prohibition of import).
  One important effect of winning a cancellation action is that the petitioner may obtain a registration for a trademark identical or similar to the cancelled mark within the three-month priority period (the amended Trademark Act will lengthen the priority period to six months).
- Unfair use by trademark owner – the trademark owner may not intentionally mislead or deceive consumers since this may cause consumer confusion as to the quality or origin of the goods. Unfair use occurs when the trademark owner intentionally uses a similar trademark on the designated goods, or intentionally uses the trademark or a similar trademark on goods similar to the designated goods (Article 73(1)(ii)).
- Unfair use by licensee – unfair use of a trademark by an exclusive or non-exclusive licensee constitutes grounds for a cancellation action, unless the trademark owner has exercised reasonable care in preventing such unfair use by the exclusive or non-exclusive licensee (Article 73(1)(viii)).
- Other circumstances – revocation of a registered trademark may also be requested in the case of consumer confusion caused by either the illegal use of a collective mark (Article 73(1)(v)) or amendment of the articles of association for a collective mark (Article 73(1)(vi)); or other types of illegal assignment, such as:
  - separate assignment of a mark designating similar goods or services;
  - partial assignment of a joint trademark right without the consent of other owners; or
  - assignment of a business emblem separately from its business.

Except for cancellation based on non-use or illegal assignments, a cancellation action must be brought within three years of the date on which the facts forming the basis for the cancellation action occur. Further, a cancellation action based on the unauthorized registration by a representative or agent of a trademark owned by a foreign trademark owner must be brought within five years of registration.

Invalidation: A mark can also be removed from the register on the grounds that it is invalid. Invalidation actions are substantially identical to the impediments to registration. These are outlined below.

Absolute impediments:

- generic name (Article 6(1)(i));
- a trademark conventionally used for the designated goods (Article 6(1)(ii));
- descriptiveness (Article 6(1)(iii));
- a trademark consisting only of a conspicuous geographical name or its abbreviation, or a map (Article 6(1)(iv));
- a trademark consisting only of a common surname or appellation that is indicated in the manner it is generally used (Article 6(1)(v));
- a trademark consisting only of a simple and common mark (Article 6(1)(vi)); or
- a trademark that might otherwise not be understood by consumers as indicating the goods of a certain owner (Article 6(1)(vi)).

Exceptions are available where the mark has acquired secondary meaning through use (Article 6(2)).

Relative impediments:

- a trademark similar to official indications of states or international organizations (Article 7(1)(i));
- a trademark that falsely represents a relationship with states, races, nationals, public organizations, religions or renowned deceased persons, or which is likely to libel or insult the above or to subject them to unfavourable criticism (Article 7(1)(ii));
- a trademark that is identical or similar to a well-known mark that indicates a state or public organization, a non-profit institution or an enterprise for the public interest (Article 7(1)(iii));
- a trademark that is contrary to public order or morality (Article 7(1)(iv));
- a trademark incorporating a mark that is identical or similar to medals or honorary certificates awarded at exhibitions held or authorized by the government (Article 7(1)(v));
- a trademark consisting of the name, appellation, trade name, portrait, signature, seal, pen name, professional name or pseudonym of a renowned person, or the abbreviation thereof (Article 7(1)(vi));
- a trademark that is identical or similar to a senior mark when the trademark is to be used on goods identical or similar to the designated goods of the senior mark (Article 7(1)(vii));
- a trademark that is identical or similar to a mark for which registration has expired or been invalidated, if:
  - one year has not elapsed since the date of expiration of the registration or the date on which the invalidation decision became final and conclusive; and
  - the trademark is to be used on goods which are identical or similar to those designated under the expired or invalidated trademark (Article 7(1)(viii));
- a trademark that is identical or similar to another person's trademark which is well known among consumers as indicating the goods of that other person, and which is used for identical or similar goods (Article 7(1)(ix));
- a trademark that is likely to cause confusion among consumers as to the origin of the goods or services, since it is recognized as designating the goods or services of another person (Article7(1)(x));
- a trademark that is likely to mislead or deceive consumers as to the quality of the goods (Article 7(1)(xi));
- a trademark that is identical or similar to another person's trademark which is well known among domestic or foreign consumers as indicating the goods of that other person, and that is used for the unfair competitive purpose of gaining improper profit or damaging that other person (Article 7(1)(xii));
- a three-dimensional trademark, such as a bottle or container, which serves a functional purpose only and lacks any distinctive element (Article 7(1)(xiii)); or
- a trademark designating wines, liquor or similar goods, if it is composed, partially or entirely, of a geographical indication relating to the product's origin and the geographical indication is located in a member country of the World Trade Organization (Article 7(1)(xiv)).

The first-to-file principle allows a party to register a mark that imitates another party's trademark if that mark is not well known domestically or overseas. Although the existing Trademark Act prohibits third parties from registering a trademark that is identical or similar to the well-known trademark of another, the standard of evidence required to prove the well-known status of a mark is extremely high. In order to address this properly, the amended Trademark Act will lower the standard of fame by deleting the word 'easily' from Article 7(1)(xii) of the Trademark Act: "Trademarks that are identical or similar to a trademark easily recognized in Korea or outside Korea as a source identifier of another person, and which are used to obtain unjust profits or to inflict harm on the person, shall not be registered." This is the most frequently used provision to seek protection of famous foreign marks.

In the case of a cancellation action, the trademark rights are revoked from the time the cancellation decision is finalized. In contrast, the trademark rights are considered never to have existed once an invalidation decision becomes final. An invalidation action may be brought by any interested person or examiner, and may be brought after the trademark registration has expired.

An invalidation action under Articles 7(1)(vi) to (ix), (xiv) and Article 8 (first-to-file rule) must be brought within five years of the date of registration or renewal.

Searches
KIPO does not perform any searches.

5. Enforcement

Complexity
The trademark owner has the exclusive right to use the registered trademark on the designated goods (Article 50), and is entitled to exclude others from using a mark that is identical or similar to the registered trademark in respect of goods which are identical or similar to the designated goods (Article 66(1)(i)).

The trademark owner can take the following courses of action in case of unauthorized use of the trademark (Article 65). Civil or criminal actions are handled by general courts, while the Patent Court is responsible for administrative actions such as, among others, invalidation and cancellation trials.

Preliminary and/or permanent injunction: Any trademark owner or exclusive licensee may request a court to order that a person who has infringed or might infringe the trademark cease such infringement (Article 65(1)). Where a trademark owner or exclusive licensee makes a request under Article 65(1), it may seek:

- the destruction of the infringing items;
- the removal of equipment used to manufacture the infringing items; and
- other acts necessary for the prevention of infringement (Article 65(2)).

Compensation for damages: In an action for damages, the plaintiff has the burden of proving the basis and the amount of damages. The Trademark Act does not recognize punitive damages. Under the act, the trademark owner may claim actual damages or seek forfeiture of the profits derived from the infringing activities or the payment of a standard royalty. Alternatively, the trademark owner could claim damages in an amount equal to the total sales of infringing goods multiplied by its own profits per product. The courts do not grant punitive damages for infringement of trademark rights.

Restoration of business reputation: If a person causes damage to the business reputation of a trademark owner or exclusive licensee by intentionally or negligently infringing the trademark or exclusive licence, the trademark owner or exclusive licensee may request the court to order any measures necessary to restore its business reputation instead of or in addition to compensation for damages (Article 69).

Criminal law: Under the Trademark Act, there are several key provisions that address criminal actions. In the case of trademark infringement, any person who has infringed a trademark right or exclusive licence may be liable to imprisonment for up to seven years or a fine of up to W100 million ($100,000) (Article 93). When the violation is committed by a representative, officer or employee of a legal entity, the legal entity will be liable for the same fine as the offender (Article 97).

However, under Article 51 of the Trademark Act, trademark rights are not extended to the following:

- trademarks indicating, in a common way, a person's name, title or trade name, portrait, signature, seal, famous pseudonym, professional name or pen name, or a famous abbreviation thereof (although this will not apply where a registered mark has been used with the intention of violating the rules of fair competition);
- trademarks indicating, in a common way, the generic name, place of origin, quality, raw materials, efficacy, usage, quantity, shape (including shape of packaging), price, method or time of manufacture, processing or use, or time of use of goods identical or similar to the designated goods of the registered trademark;
- trademarks customarily used on the designated goods of the registered trademark or similar goods, and marks consisting of famous geographical names or their abbreviations, or of a map;
- trademarks comprised solely of a three-dimensional shape to guarantee the function of the designated goods of the registered trademark or the packaging thereof; and
- trademarks identical or similar to a registered mark containing a three-dimensional shape, which is not sufficiently distinctive to function as a source identifier (this clause will be implemented by the amended Trademark Act on July 1 2007).

Even if another's use of an unregistered trademark is not actionable under the Trademark Act, it may be actionable under the Unfair Competition Prevention and Trade Secret Protection Act. In order to bring a successful action under the Unfair Competition Prevention and Trade Secret Protection Act, the following main elements should be proven:

- The source identifier must be well known in Korea;
- The offending mark must be similar or identical to the well-known source identifier; and
- There must be a likelihood of confusion or dilution due to the similarity.

As with the Trademark Act, the Unfair Competition Prevention and Trade Secret Protection Act provides for both civil and/or criminal relief.

Timeframe

Preliminary injunction: The average period from complaint to a decision is approximately four to six months, depending on the complexity of the issues presented by the case.

Permanent injunction: A permanent injunction generally takes between six months and one year to obtain.

Damages actions: The average time period from complaint to first instance district court judgment is between eight and 12 months.

6. Ownership changes – legalization requirements

Ownership changes

To change the status of the ownership of a trademark, the assignment must be registered with KIPO. Specific documents are necessary to register a change in assignment in any given case. Two common examples are outlined below.

If the ownership of a trademark is to be wholly assigned to another person, the following documents are required:

- a deed of assignment signed by the assignor;
- a notarized certificate of incorporation (nationality) of the assignor;
- power of attorney from the assignor; and
- power of attorney from the assignee.

If a trademark owner is to merge with another person to form a new successor entity, the following documents are required:
- a certificate proving the merger; and
- power of attorney signed by the new successor entity.

The recordation of the change of ownership (either by assignment or by merger) generally takes approximately 10 days.

Licensing

Licence recordation is not mandatory. However, there are certain statutory effects (or benefits conferred upon a recorded trademark licensee) when a trademark licence is recorded with KIPO.

For recorded exclusive licences, the benefits are as follows:
- The licensee is entitled to use the licensed mark exclusively, even against the trademark owner;
- The licensee can independently file an infringement action against a third party, without consent of the trademark owner; and
- The licensee can grant sub-licences to third parties, with the trademark owner's consent.

Recorded non-exclusive licences allow the licensee to claim the right to use the trademark against a new trademark owner who acquired the trademark after the recordation of the non-exclusive licence or against an exclusive licensee who later obtained the exclusive right.

Licence recordation requires the following documents to be submitted with the application:
- a notarized trademark licence agreement indicating exclusive or non-exclusive licence or a notarized authorization for exclusive or non-exclusive trademark use;
- a notarized certificate of incorporation (nationality) of the licensor (if KIPO deems it necessary to verify the licensor);
- power of attorney from the licensor; and
- power of attorney from the licensee.

The recordation of a licence generally takes approximately 10 days.

7. Areas of overlap with related rights

A device mark can be protected under the Design Act if it is the shape, pattern or colour, or a combination of these, of an article (or part thereof) that produces an aesthetic visual impression and is thus registered as a design with KIPO. A device mark can be protected under the Copyright Act if it is considered to be a work of fine art that has independent artistic value.

Where the use of a registered trademark on designated goods conflicts with another's patent right, utility model right or design right that was applied for prior to the date of filing of the trademark application, or with another's copyright that has been in effect since before that date, the trademark owner or the exclusive or non-exclusive licensee may not use the registered trademark on the portion of the designated goods that gives rise to the conflict without a licence from the owner of the earlier right.

8. Online issues

The amended Unfair Competition Prevention and Trade Secret Protection Act, which took effect on July 21 2004, contains a specific statutory provision barring cybersquatting of famous marks in Korea. Under the amendment, the registration, holding, transfer or use of a domain name incorporating an element that is identical or confusingly similar to another's famous trademark or trade name in Korea without legitimate purpose constitutes unfair competition.

Further, the Internet Address Resource Act, which took effect on July 30 2004, provides additional legal grounds for the prevention of cybersquatting involving domain names in the '.kr' domain. The act expressly prohibits the unlawful registration of a domain name incorporating another's trademark or trade name and enables the right holder to seek cancellation of the offending domain name registration in court.

A trademark or trade name owner that wishes to acquire a third-party registrant's domain name incorporating its trademark or trade name can also file an administrative proceeding with the Internet Address Dispute Resolution Committee (IDRC), a subdivision of the National Internet Development Agency, which is the local agency governing domain name matters in Korea. If the trademark or trade name owner prevails, it may request the registrar to implement the favourable IDRC decision (eg, through transfer of the domain name), unless the respondent (eg, the registrant) appeals within 14 days of receiving notice of the decision.