

Implications of the KORUS FTA on Trademark Law in Korea



By Michael McDaniel

The Republic of Korea and the United States signed the Korea-United States Free Trade Agreement (the KORUS FTA) on June 30, 2007. The agreement came into force on March 15, 2012.

The KORUS FTA is the first FTA the US has entered into with a North Asian country, and is expected to be a model for future trade agreements in the region.

The Korean Trademark Act (the Act) has been amended to, inter alia, satisfy the requirements of the KORUS FTA. The amendment became effective in March 2012. Some of the most significant amendments are discussed below.

Sound and scent marks; certification marks

Under the amended Act, it is now possible to register sound and scent marks in Korea. Such marks must be capable of visual representation by means of symbols, characters, figurative designs, etc. According to the examination guidelines of the Korean Intellectual Property Office (KIPO), an applicant must demonstrate that the sound or scent has acquired distinctiveness or secondary meaning on the basis of extensive use in Korea for a sustained period of time. However, sound and scent marks are subject to the same scrutiny as other marks, in that they must function as source identifiers and must be distinctive. Such marks cannot be merely descriptive or functional with respect to the inherent nature of the designated goods or services. Approximately 60 sound mark applications were filed within two months after the effective date of the revised Act, the first of which are expected to be registered in Korea in late 2012.

Also, certification marks, which are used to certify a particular quality, origin, method of production or other characteristic of goods and services, can now be registered.

Statutory damages

The amended Act also introduces a system whereby a trademark owner can claim statutory damages against an infringing party of up to 50 million Korean won (approximately US\$43,500) instead of claiming on the basis of actual quantifiable damages.

However, the statutory damages option is only available in cases where the infringing mark is identical or virtually indistinguishable from the injured party's registered mark, and used in connection with goods that are identical or virtually indistinguishable from the goods associated with the registered mark.

This system will alleviate the often difficult exercise of having to prove and quantify actual damages. When the statutory damages option is available, the trademark owner can still elect to seek actual damages instead.

Exclusive trademark licenses

The amended Act eliminates the requirement that exclusive trademark licenses be recorded with the KIPO in order to be valid and fully enforceable. Previously, an exclusive licensee could not claim trademark infringement against an infringer if its license was not recorded. An exclusive licensee can now claim trademark infringement and seek damages even if its license has not been recorded.

Prior to this amendment, the Korean courts had ruled that trademark use by a sub-licensee pursuant to an unregistered exclusive license arrangement was not considered valid, actual use of the mark, thus subjecting the owner of the mark to cancellation on the basis of non-use, which has been a serious problem in Korea for foreign trademark owners.

Intent to use a mark

The amended Act permits the rejection of a trademark application for a perceived lack of intent to use the mark. Thus, the examiner might conclude that there is a doubt as to the intent to use if, for example, an application is filed in more than five International Classes, or if numerous unrelated goods/services are claimed, in which case the examiner may require evidence of use or a declaration regarding the applicant's intent to use the mark. Such evidence might include photographs, invoices, a declaration setting out plans for use of the mark, etc.

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