

Notable Changes to the Trademark Act

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An amendment to the Korean Trademark Act ("TMA") was announced on December 2, 2011 to reflect provisions of the recently ratified Free Trade Agreement ("FTA") between Korea and the U.S. The amendment will come into force on the effective date of the FTA. The FTA is expected to be effective as of February 1, 2012. However, this date could be delayed by several months because the procedures for implementing the FTA are not yet completed in the U.S.

The most notable changes which will be introduced in the TMA are as follows:

1. Protection of Sound and Scent Marks

Under the amended TMA, it will be possible to protect sound or scent marks as long as they are capable of graphical representation (for example by way of a sign, character or figure).

If an application for a sound or scent mark is filed with a priority claim based on a foreign application which filing date is earlier than the effective date of the amended TMA, in accordance with the "first-to-file" rule adopted by the Korean TMA, for the purpose of this application, the effective date of the amended TMA will be deemed to be the filing date of the foreign application.

2. Recognition of Certification Marks

Under the amended TMA, it will be possible to apply-for and obtain certification marks.

A "Certification Mark" is defined as a mark owned by a person who carries on business of certifying the characteristics of goods or services, such as quality, origin, method of production, etc. and which is used by business entities other than the owner for the purpose of certifying that their goods or services satisfy such characteristics.

The amended TMA also introduces a "Geographical Indication Certification Mark" which is defined as a geographical indication owned by a person who carries on business of certifying the characteristics of goods, such as quality, origin, method of production, etc and which is used by business entities other than the owner for the purpose of certifying that their goods satisfy such characteristics.

As a certification mark is used to certify characteristics of the goods or services of others, it cannot be registered if the owner plans to use the mark for its own goods or services. Further, a person who owns a registration or an application for a trademark/service mark/collective mark/business emblem is prohibited from registering a certification mark for an identical or similar mark designating identical or similar goods/services to the existing registration/application.

3. Abolishment of Recordation Requirement for Exclusive Licenses

Currently, the TMA requires an exclusive license to be recorded in order to establish the validity of said license. Such recordation requirement will be abolished under the amended TMA.

Under the current TMA, only an exclusive licensee may grant a sub-license to another party. In this regard, the Supreme Court has ruled that trademark use by a sub-licensee of a non-registered exclusive licensee is not deemed to be valid use in the context of a non-use cancellation action. Many foreign trademark owners had been struggling with recordation issues in respect of rebutting claims of non-use, when a non-recorded master licensee had granted a sub-license in Korea, and the sub-licensee had been the only party who had used the registered mark in Korea. The amended TMA resolves this problematic issue.

4. Statutory Damages for Trademark Infringement

The amended TMA implements a system of statutory damages, in which a trademark owner will be able to claim damages for up to KRW 50,000,000 (approximately USD 43,000 at the current exchange rate) instead of claiming actual damages. This new system will offer an alternative to the presumption dispositions already included in the current TMA according to which a trademark owner can claim as damages (i) number of sold articles multiplied by the profit per unit of the articles that the owner of the trademark might have sold in the absence of the infringement, (ii) infringer's profit, or (iii) reasonable royalties.

The provision concerning statutory damages will only apply in cases where the infringing party uses a mark that is identical with or substantially indistinguishable from (but not merely similar to) another party's registered mark in connection with goods that are identical with or substantially indistinguishable from (but not merely similar to) the goods designated under the registered mark.

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