

## **Protect and Survive: Managing Intellectual Property in the Far East — The Case of South Korea**

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*In this second article of our three-part series focusing on IP in the Far East, we consider South Korea, where intellectual property law continues to be considered perilous, but shows some signs of improvement.*

### **Protecting and enforcing IP in South Korea**

The Republic of South Korea was once known as the Hermit Kingdom for its introverted tendencies, and the “Land of the Morning Calm” is a country of contradictions. To the north lies North Korea, one of the last outposts of a brutal communism that is a global vestige. Its economic stagnation and corruption contrasts with the prosperity of the South, whose people possess an unparalleled energy for growth, business and invention.

However, despite great efforts to comply with the TRIPS Agreement (on Trade-Related Aspects of Intellectual Property Rights) and the World Trade Organization rules, there have been problems with a lack of protection and enforcement of IP in South Korea. A business attempting to operate successfully there needs to protect their intellectual property in two ways: one is through understanding the current copyright and other IPR laws, and the second is to understand how to register their IPR effectively. We provide examples of both here.

### **Copyright conflict**

In January, Korea was placed by the Office of the United States Trade Representative on the Priority Watch List because of the serious economic damage caused by its online music and film piracy. Such piracy has cost Korean, US and European copyright holders millions of dollars in lost revenue. South Korea still remains on the watch list but this will be reviewed at the end of 2004.

Major changes were enacted to the Korean Copyright Act in July 2003. For example, under the revised Act, criminal punishments now exist including a fine of up to 30 million Won, or imprisonment for up to three years, should a person be found to provide equipment, service or technology that undermines technical protection measures for preventing illegal reproductions. (Article 92(2) & (3) Article 98(5) & (6). With the state visit of South Korean President Roh to the United Kingdom this December, confirmation will be sought by UK businesses that South Korea will be making a special effort to protect and enforce these new laws.

## **Patent and trademark protection**

Major revisions have also been made recently to the Korean Patent Act including, for example, the allowance of additions or changes to a priority claim, the streamlining of opposition and trial procedures, and the reinforcement of patent right protection.

A number of forward-looking laws have also been enacted in the Korean Trade Act offering protection against trademark infringement. For example, a registered trademark can be invalidated if the trademark loses its distinctiveness and becomes a generic name for a good or service, or otherwise loses its significance as a trademark due to the trademark owner's conduct, or omission thereof.

## **Advice for protecting your business in South Korea**

Despite all these good intentions, the laws described above are not applied or enforced evenly, and it is important to protect business interests in a number of ways. These include the following:

1. Any company of any size that is conducting business in South Korea, or whose products are sold there through third parties, needs to register their products with the Korean Intellectual Property Office (KIPO). There are very clear instructions in English on the KIPO website, both for registration and for many other procedures such as appeal and trial. A patent attorney resident in Korea may also be used to register a patent or a trademark.
2. A "first to rule" registration for patents, trademarks and designs operates in South Korea. This means that if two applications are submitted for registration of the same patent/trademark/design, registration and exclusive rights will be granted to the first applicant, irrespective of who was the first user.
3. It is possible for the owner of a well known trademark to obtain protection in South Korea, although it is difficult to prove within the Korean system that a foreign trademark is well-known. In this land of contrasts there is also a possibility that the product is considered so well-known that it is classified as a generic Korean product by the Korean Courts. Therefore registering a trademark initially, from the very beginning, is a necessary procedure.

4. In Korean law a “design” is defined as the shape, pattern or colour of an article, or a combination thereof, which creates an aesthetic feeling through the sense of sight. For a design to be registered, it should not be publicly known or described in any publication distributed in Korea, or in any foreign country, prior to filing the design application. Designs should not contravene public order or morality, nor contain state emblems or official hallmarks.
5. To register patents and utility models, the invention must be a highly advanced creation of technical ideas, using the laws of nature and satisfying the usual tests for novelty and originality. Patents may be awarded both for products and for processes. There is a definite benefit in attempting to obtain a product patent. However process patents, which define the method of manufacture, are often undermined by Korean companies making the same product by a different route. Even if the new route is less efficient, it is difficult to be an overseas competitor because of the double burdens of freight and duty.
6. Original scientific, literary or artistic works that are not of a commercial nature are protected by the Copyright Act. Derivative works (e.g.) translations and compilations of a creative nature, musical works, sound recordings or films are also protected. Copyright exists for the life of the author plus fifty years, and in the revised law was extended retroactively to works published between 1957 and 1987.

## **Conclusion**

Overall, the importance of the protection of IPR is well recognised by the Korean Government, who has actually been making efforts to promote development in industry through fair competition. There are two basic grounds for the legal protection of IPR – the Trademark Act and Unfair Competition Prevention and Trade Secrets Protection. It is advisable for companies to familiarize themselves with both these Acts before embarking on business ventures in South Korea.

## **About the author**

Dr Ruth Taplin is Director of The Centre for Japanese and East Asian Studies. The Centre won Exporter of the Year for the Partnership in Trading/Pathfinder category for the UK in 2000. She received her doctorate from the London School of Economics and is the author/editor of nine books. The most recent are, *Exploiting Patent Rights and a New Climate for Innovation in Japan* (2003 Intellectual Property Institute) and *Valuing Intellectual Property in Japan, Britain and the United States* (2004 Routledge Curzon). She is currently working on two new books; one is Emerging Risk Management and Innovation in Japan, Britain and the United States and Japanese Telecommunication Markets in Transition.

Dr. Taplin has been Editor of the Journal of Interdisciplinary Economics and the East Asian Focus Features for The Times Newspaper (UK) for nearly 10 years. She has been on television and radio around the world speaking on topics dealing with economics, law and cross-cultural matters in relation to East Asia. You can contact her by email: [Ruth.Taplin@btinternet.com](mailto:Ruth.Taplin@btinternet.com)