

TRADEMARK, DESIGN, COPYRIGHT

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Punitive damages are now available for willful infringement of trademark and design rights (October 20, 2020)

The court may now award damages up to three (3) times the amount of damages

In addition to the enforcement of treble damages against the willful infringement on patents and trade secrets in 2019, as of October 20, 2020, **treble damages** have also been adopted under the Korean Trademark Act (KTA) and Korean Design Protection Act (KDA).

The factors for determining punitive damage set forth below are quite similar to those considered in the US courts, *i.e.*, Read Factor.

- **For design**, whether the infringer has a dominant position; and **for trademark**, the degree of damage as to the distinctiveness/reputation of infringed mark
- Whether the infringer knew the act of infringement would cause harm
- The seriousness of damages
- The economic benefits to the infringer from the infringement
- How frequently and how long the infringing activity was committed
- The criminal penalty for the infringing activity
- The infringer's financial status; and
- What efforts the infringer have made to reduce the harm

Furthermore, mixed awarding of damages for "lost profit and reasonable royalty beyond manufacturing capacity" will become effective from June 23, 2021.

An amount of statutory damages for trademark infringement has also significantly increased

The KTA has stipulated the statutory damages for trademark cases in 2011. Under this system, if the right holder proves that he/she suffered damages, the Court is allowed to calculate the amount of damages within the maximum statutory limit *without* the right holder's proof as to the exact amount of damages.

Since October 20, 2020, this maximum limit of statutory damages was raised from KRW 50 million (approximately USD 45,000) to KRW 100 million (approximately USD 90,000), and KRW 300 million (approximately USD 270,000) for *willful* infringement.

With such increase in the amount of statutory damages, it is expected that the owners of trademarks or exclusive licensees will be able to seek more reasonable compensation effectively.

Design rights may now be obtained within 10 days for more categories of trendy items (December 1, 2020)

Subject to items, different examination system is applied to design applications in Korea

Design applications for the most items are examined under the Substantive Examination System (SES) in Korea. It generally takes about *one year or so* to complete registration from the filing date under SES.

Certain group of items are examined under the Partial-substantive Examination System (PES); under this system, the design was registered within around *two months* from the filing date of the application.

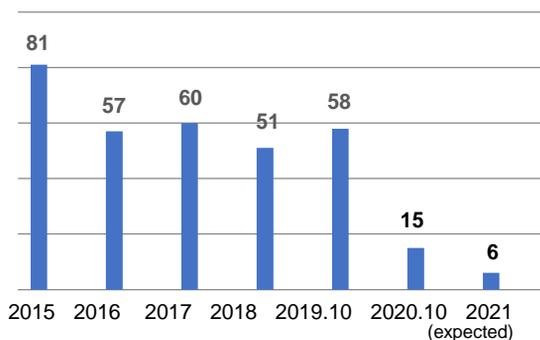
PES was applied only to items which belong to Locarno Class 2 (clothing), Class 5 (textiles), and Class 19 (stationery/office supplies). About 20% of design applications in Korea belonged to these categories.

Newly included items are food, bags, packaging containers, and jewelry

Since December 1, 2019, the examination period for PES has been significantly shortened to receive the examination results around *only 10 days*.

Furthermore, since December 1, 2020, in addition to the existing items under PES, the items subject to PES have been expanded to Locarno Class 1 (food), Class 3 (bags), Class 9 (packaging containers), and Class 11 (jewelry, accessories).

It is expected that about 35% of the design applications for the items which are sensitive to trends with short product life-cycles in Korea now fall within the categories of PES. If an item that does not belong to PES is filed for PES, it shall be amended to an item for SES.



[Average examination period under PES (days)]



[number & ratio of design applications under PES]

Design rights under PES are the same as those registered under SES

Under PES, the Examiner will issue a registration decision *without* examination for some of the substantial requirements, such as novelty, the first-to-file rule, and creativity over publicly known designs.

Nonetheless, design rights registered under PES are the same as those registered under SES. Namely, they have the same exclusive right as design rights registered under SES, and the duration of rights is the same at *20 years* from the filing date. There is no need to go through a separate design right evaluation/decision process for the exercise of rights.

Back-up systems for PES are in place

- **Post-grant opposition is available**

Since design registration is acquired without substantive examination under PES, to prevent enforcing the design rights based on the defective designs which do not meet the substantial requirements of registration, filing an opposition against the designs registered under PES is available.

An opposition can be filed until *three (3) months* from the date of publication of registration. *Any parties* can file an opposition on the ground that the registered design under PES violates the entire substantive requirements for the registration.

- **Secret Design can be requested to defer the disclosure of the design**

If a design is registered and thus published to the public within only 10 days under PES, applicants preparing to apply for the same design in multiple jurisdictions could face loss of novelty due to the disclosure of the design by its publication in Korea. In such cases, an unexpected ground for rejection may arise where the applications have not yet been filed.

In that case, it is worth requesting a Secret Design (Deferment of Publication). The request for a secret design can be made at the time of filing an application until the date of payment of the design registration fee.

If a secret design is requested, the drawings of the design are *not disclosed* in the publication gazette. The maximum period of a secret design is *three (3) years* from the date of registration. The applicant can request extension or reduction of the period of the secret design within the maximum of three years.

- **Accelerated Examination can also be requested for all items**

Separately from the PES, an applicant may request for Accelerated Examination of all items. If the request is approved, the examination result can be received within about *1 to 2 months* from the date of the request.

The Accelerated Examination may be requested in the following events;

- When the applicant's design is being practiced or is being prepared to be implemented
- When the design is being applied by the third party
- When the design application is a basic application for claiming priority
- When it is an application in a new technology-related field (Artificial Intelligence, Internet of Things, *etc.*)

The request can be made at the time of filing the application or, if necessary, after the filing date, along with the submission of supporting documents.

The PES has led to an increase in design applications

After the shortening of the period of examination under PES at the end of 2019, despite the challenging situation surrounding COVID-19, the number of design applications under PES in 2020 sharply increased by 24% compared to the previous year. The recent expansion of the items will see this trend spreading to more diverse industries.

For software trademarks, “usage” of software is now required to be clearly described (January 1, 2021)

Comprehensive descriptions of software-related goods in Class 9 could be registered in Korea until the end of 2020. However, since January 1, 2021, by the revision of Examination Guidelines, such broader descriptions are *no longer* to be registered.

Under the revised 2021 Examination Guidelines, the followings are some examples of *non-acceptable descriptions* now, which were accepted until 2020.

- Recorded computer software
- Software for Internet access
- Application software for smartphone
- Computer software for business purpose
- Integrated software package

Accordingly, even if the applicant files a new trademark for the identical descriptions that have been registered so far, an office action can be issued on the basis of *unclear descriptions*. Thus, in order to cover an identical scope of protection for software, it may be required to file for more goods in an application than before.

Previously, all software-related goods were basically deemed to be similar

The similarity between the goods would be *uniformly* determined according to the

“similar group code (subclass)” at the examination stage.

All software-related goods are given a *single similar group code of G390802*, and they were all treated as similar goods regardless of their specific uses and fields of industry at the examination stage.

Such examination practice has been pointed out that the options of selecting a trademark for software-related goods in a different field of business were excessively limited.

That said, before the recent revision of the examination guidelines, the Intellectual Property Trial and Appeal Board (IPTAB) of KIPO recognized that "computer software for inter-company conference call" is *dissimilar* to "operating software for IC card" (IPTAB Decision No. 2018Won2339).

Now, the similarity of software products is determined by the "specific usages" thereof

In the examination guidelines, software products are largely categorized as i) system software, ii) application software, and iii) game software.

Even though there are not yet explicit criteria as to the similarity of the software products within the same category, it is now expected to be deemed as *dissimilar* goods as long as they have different usages in view of the industries.

For pending applications, citations may now be overcome by differentiating or limiting the usage of software

In the *examination stage*, if there is a prior trademark registered for “medical software”, the applicant may now overcome the citation by limiting the goods to “software, *except* medical purpose”.

Furthermore, if there is a prior trademark for “software” (comprehensive description), and if this mark is actually used only for “medical software”, whereas the designated goods item of the applied-for mark is “software, *except* medical purpose”, the applicant may have an opportunity to overcome the citation by clarifying the actual dissimilarity of its goods in view of specifically differentiated usages.

After registration, limitation only for a portion of goods is not allowed

For a trademark registered as a local trademark in Korea, it is *not* possible to limit or exclude “some portion” out of the registered goods, such as “software, *except* medical purpose”. It is only possible to “delete” the registered goods on an item-by-item basis.

In contrast, in the case of an International Trademark Registration under the Madrid Protocol, even *after* the trademark is registered, it is possible to limit the descriptions only for a portion of goods.

For a non-use cancellation trial, the registrant may defend “software” with the use of “medical software”

Where the registered goods of the existing mark are “software” (comprehensive description), and this mark has never been used for “educational software”, the registrant may still defend a non-use cancellation action with the use evidence only for “medical software”.

In addition, if a third party requests a non-use cancellation action for “educational software” or for “software, *except* medical purpose”, which is not a registered item, such request for a cancellation trial would likely be dismissed on the ground that the subject of the claim is *incorrectly* specified.

However, in order to more freely use and register the trademark by non-competitive businesses for software with different uses, the regulations on limitation of the goods *after* the registration and non-use cancellation trials for the comprehensive description of software products should also be re-adjusted.

Recent updates in filing new type of trademarks in Korea (January 1, 2021 and February 1, 2021)

A shape of interior and exterior of a building can be registered as a 3D trademark (January 1, 2021)

KIPO revised its Examination Guidelines to protect **trade dress** such as interior or exterior of shops. Accordingly, a three-dimensional (3D) shape or any color(s) in a specific position of the interior or exterior of buildings, where goods are sold or services provided, could be recognized as a new type of trademark.

Before the revision of the examination guidelines, the 3D shape of the interior or exterior of the shop or building had been applied as a device mark or a 3D trademark.

However, registration was allowed *only* if the mark was fully distinctive to enable consumers to identify the source of goods and services.

Thus, until recently, most applications for the exterior or interior shapes of buildings without any distinctive words or devices were rejected on the basis of lack of distinctiveness.

This revision does not mean that the examination standard as to the level of distinctiveness has been lowered.

Nevertheless, it is significant that the examination criteria now stipulate that the interior or exterior of the building or the unique shape of the store, that is, the trade dress, can be protected as a trademark as long as it has sufficient distinctiveness.

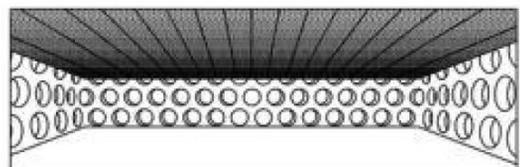
In the meantime, if a 3D shape of the interior or exterior of shops and buildings is *essential to secure the function* of goods or services, it would be rejected on the basis of **functionality** which cannot be monopolized.

Registered example *with* distinctive element



- **Owner:** SK Telecom (Reg. No. 41-0298098)
- **Services:** Telephone communication in Class 38

Rejected example *without* distinctive element



- **Patent Court Decision No.** 2019Heo6990
- **Applicant:** Urban Hive (Appln. No. 40-2017-0039122)
- **Services:** Real estate management in Class 36

Only one drawing can be submitted for 3D trademark or position mark (February 1, 2021)

When filing a device mark, one specimen is required to submit. In contrast, previously, when applying for a 3D trademark or a position mark, it was required to submit two to five drawings.

Therefore, when a foreign applicant filed a 3D trademark or a position mark in Korea on the basis of applications filed in major trademark filing countries, such as the U.S.A., the EU, or Japan, an office action was issued due to the formality requirements.

Under the revised Enforcement Regulations of the KTA, since February 1, 2021, it is possible to submit only **one drawing** that can clearly express the characteristics of a trademark when filing 3D trademarks and position marks.

Therefore, it is now possible to utilize the same specimen submitted to the country where the priority application was filed when applying for a 3D trademark or a position mark in Korea, which is particularly expected to improve the convenience of foreign applicants.

| Country | Number of drawings |
|---------|--|
| Korea | Previously 2 to 5 Currently 5 or fewer |
| U.S.A. | 1 |
| Europe | 6 or fewer |
| Japan | No limitation |
| China | 3 or more |

[Number of required specimens for 3D mark or Position mark]

Specimens for sound marks and scent marks can now be submitted within three (3) months (February 1, 2021)

According to the revised Enforcement Regulations of the KTA, the due date for submission of specimens for a sound mark or a scent mark (olfactory mark) application has been extended from one month to three months.

Accordingly, since February 1, 2021, when international trademark applicants submit specimens for a sound mark or a scent mark application *by post* in Korea, convenience has been improved by allowing applicants to have more time.

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