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Trademark Practice in Korea is Changing - What US Companies Should Know and Consider

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In October, 2023, Korea passed a new trademark law to add flexibility to its strict trademark registration requiring that later-filed marks need to be completely unique from existing senior marks. Under current trademark law in Korea, a later-filed mark that is similar to a senior mark already registered with the Korean Intellectual Property Office ("KIPO") would be rejected for registration. Parties then have to resort to what is called the "assign back" system. The "assign back" system assigns the later-filed-similar-mark ("Similar Mark") that is rejected by the KIPO to the existing senior mark owner. Then, the Similar Mark is re-assigned to the owner of the Similar Mark once the grounds for rejection due to similarity are overcome. In addition to its complications, the "assign back" system is inefficient in terms of cost and time for later applicants, existing senior mark owners, and the KIPO. The system is also inconsistent with the registration system in several other countries, including the United States and many European countries, which allow a Similar Mark to be registered upon the submission of a letter of consent issued by the owner of the senior mark.

A letter of consent is an agreement by the owner of a senior mark consenting to the coexistence of a Similar Mark. Korea's new trademark law, which will go into effect in April or May of 2024, allows for the submission of a letter of consent to the KIPO to overcome rejection of a Similar Mark based on similarity. The new law will apply retroactively to applications filed before the implementation of the law and applications for which registration has not been confirmed. The letter of consent will not be accepted, however, when the marks are identical, and both marks are used for identical goods or services. Moreover, as a protective measure, if the Similar Mark registered based on the letter of consent is later used for an unlawful purpose and causes confusion among consumers, the registration of such Similar Mark may be cancelled. If a mark is cancelled for either of these reasons, the KIPO will not approve the registration of another similar mark for three years from the date of cancellation.

The goal of the new law is to make the trademark registration process more efficient and encourage the coexistence of similar marks as long as they do not create consumer confusion. The aim is also to assist small to medium-sized enterprises and small business owners in utilizing their intellectual property.¹

¹ According to the KIPO, statistics show that in 2022, more than 40% of trademark registrations were rejected based on conflicts with a senior mark, and 82% of the rejected marks were filed by small to medium-sized enterprises and small business owners.

We anticipate a surge in new trademark registrations as well as cancellation proceedings against existing registrations due to the new law. This will impact both existing trademark owners and new applicants in Korea. Business owners with trademarks already registered in Korea will need to ensure that similar marks registered based on their letters of consent are not being used for unlawful purposes or causing confusion among consumers. If such activities are discovered, they could be grounds for cancellation of similar marks registered based on the letters of consent. Similarly, business owners planning to register trademarks in Korea, especially those facing conflicting senior marks, should ensure their marks will not be used unlawfully or create consumer confusion down the road.

However, most importantly, business owners who have trademark registrations in Korea that are not being used in commerce (they simply have a trademark registration but are not selling any goods/services under the mark or using the trademark), should prepare themselves for potential challenges to their registrations. A trademark registration is vulnerable to cancellation based on non-use if it is not used in commerce for three consecutive years. We anticipate a number of non-use cancellations to be filed as practitioners may do that in order to get current trademark holders' attention and give them leverage over getting a letter of consent.

What does this mean for businesses in the US? If you have a trademark registration in Korea, but are not using it, start using it and/or contact your trademark attorney so that we can assist you in auditing and planning your strategy in Korea.

Source (Korean):

<https://kipo.go.kr/ko/kpoBultnDetail.do?menuCd=SCD0200618&parntMenuCd2=SCD0200052&aprchId=BUT0000029&pgmSeq=19882&ntatcSeq=19882>

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