

Provisions regarding the expropriation and implementation of the patent right

[Enforcement Date 28. Jul, 2010.] [Presidential Decree No.22306, 26. Jul, 2010., Partial Amendment]

특허청(산업재산진흥과) 042-481-5807

Article 1 (Purpose)

The purpose of this decree is to provide for matters regarding Patent Act Article 41(2), 41(4), Article 106, 106bis, Article 107, Article 110, Article 111bis, Article 114, and Article 116. (Amended, November 30, 2005, July 26, 2010)

[Wholly amended August 28, 1990]

Article 2 (Application for Disposition)(1) When a Competent Minister recognizes that a patent-pending invention falls under the "Patent Act"(hereinafter the "Act") Paragraph (2) of Article 41 or a patented invention falls under Paragraph (1) of Article 106 or Paragraph (1) of Article 106bis of the Act, a Competent Minister may request to the Commissioner of the Korean Intellectual Property Office(KIPO) to expropriate the patent right in accordance with the applicable provisions.

(2) A competent Minister requesting an expropriation under Paragraph (1) to the Commissioner of the Korean Intellectual Property Office (KIPO) may request patent investigation regarding related invention.

[Wholly amended, July 26, 2010]

Article 2-2 (Request for Award for import of medicine)

In case of request for awards to import a patented medicine that is produced through compulsory implementation on the patented invention in order to treat diseases that threaten the health of the majority of its citizens pursuant to Subparagraph (iii) of Paragraph (1) of Article, the following requirements shall be fulfilled:

- (i) Insufficient or no manufacturing capability to produce the medicine concerned in this country
- (ii) In time of war, uprising, or other similar emergency, or declaration of a state of disaster under Article 36 of "Disaster and Safety Management Act"

[This Article Newly Added, November 30, 2005]

Article 2-3 (Qualification of the importing country)

In paragraph (7) of Article 107, the term "a non-WTO member country listed in a Presidential Decree" refers to the poorest developing country defined by the United Nations General Assembly Resolution.

[This Article Newly Added, November 30, 2005]

Article 3 (Petition etc.)(1) A person who requests application pursuant to Paragraph (1) of Article 2 or Request or an Application under Article 114 or Article 116 shall submit a petition or a written request stating the following: <Amended July 1, 1987; August 28, 1990; November 30, 2005; July 26, 2010>

- (i) Application number or patent number
- (ii) Title of Invention
- (iii) The name and address of the applicant (and, if the applicant is a juridical person, the name, business address, and the name of the representative)
- (iv) The name, address or business address of patent applicant, patentee, exclusive licensee, non-exclusive licensee, or pledgee
- (v) Indication of requested information
- (vi) The purpose and grounds of the request
- (vii) The amount of compensation or remuneration for the license and the method and time of payment
- (viii) The scope of non-exclusive licenses (except for the request pursuant to Paragraph (2) of Article 41 or Paragraph 1 of Article 106 of the Act)

(2) Any petition or written request pursuant to Paragraph (1) shall contain the following documents:<Amended November 30, 2005>

- (i) Documents stating basis for calculating the Amount of compensation or remuneration
- (ii) Documents to prove the grounds for the application or request
- (iii) Documents to prove that no agreement is reached despite having a consultation under reasonable conditions with the patentee or exclusive licensee on the grant of a non-exclusive license for the patented invention or a consultation is impossible to arrange (limited to the request pursuant to Article 107). However, this shall not apply to the proviso of Paragraph (1) of Article 107 of the Act.

(3) Anyone who intends to apply for award pursuant to Article 2bis shall submit documents to prove the cases corresponding to subparagraphs of Article 2bis in addition to the documents pursuant to Paragraphs (1) and (2).<Newly added November 30, 2005>

(4) Anyone who intends to apply for award pursuant to Subparagraph (v) of Paragraph (1) of Article 107 of the Act shall state the country that intends to import the medicine, the name and quantity of the medicine required on the written request, and submit the following documents in addition to the documents as described in Paragraphs (1) and (2). If the number of the countries that intend to import the medicine (hereinafter, referred to as "importing country") is 2 or more, each country should be separated and filed accordingly.<Newly added November 30, 2005>

- (i) Document proving that the importing medicines are used to treat diseases that threaten the health of

the majority of its citizens

- (ii) Document showing that the importing country intends to import the medicines from the requester for the award
 - (iii) Proper assessment of the economic value of medicines in the importing country
 - (iv) Copy of the document notified pursuant to Paragraph (7) of Article 107 of the Act or a documentary evidence thereof
 - (v) Pursuant to Subparagraph (iii) of Paragraph (2) of Article 110 of the Act, the address of a Web site that publishes packaging and markings that are distinguishable from the medicines supplied by the patentee, exclusive licensee or non-exclusive licensee (unless the license is granted by an award. The same shall be applied hereinafter), a document that states clearly the characteristics thereof, and the matters determined in the Award. However, if the packaging and markings that are distinguishable from the medicine supplied by the patentee, exclusive licensee, or non-exclusive licensee are not possible, or the distinguishable packaging and markings impact significantly on the price of the medicines, one shall provide the documentary evidence.
- (5) Where any change is required in the Award document pursuant to Paragraph (1) of Article 111bis, the written request shall include the followings:<Newly added, November 30, 2005>
- (i) Patent number for approved award
 - (ii) Title of the invention for approved award
 - (iii) Name and address of the applicant (and, if the applicant is a juridical person, the name, business address, and the name of the representative)
 - (iv) The name, address or business address of patent applicant, patentee, exclusive licensee, or non-exclusive licensee
 - (v) Indication of requested information
 - (vi) The purpose and grounds of the request
 - (vii) Reason for the changes in award document and the documentary evidence supporting the reason
- (6) The Commissioner of the Korean Intellectual Property Office may request to submit any additional information as it deems necessary as related to Paragraphs 1 to 5.<Newly added November 30, 2005: July 26, 2010>

Article 4 (Delivery of Copy of Petition and Announcement of Application)(1) Where the Petition pursuant to Article 3 has been received, the Commissioner of the Korean Intellectual Property Office shall deliver the copy of petition to the patent applicant, patentee, exclusive licensee, non-exclusive licensee, or pledgee unless the Act provides another provision and give an opportunity to submit an argument within a designated period. <Amended July 1, 1987>

(2) Where the Argument has been submitted pursuant to the Paragraph (1), the Commissioner of the

Korean Intellectual Property Office shall deliver a copy of the argument to the applicant.

(3) Where the Petition pursuant to Article 3 has been received, or the Commissioner of the Korean Intellectual Property Office intends to cancel the patent right on his authority pursuant to Article 116 of the Act, the Commissioner of the Korean Intellectual Property Office shall notify his intention in the Patent Gazette. However, if it is required to be kept secret in the interest of national defense, the intention will not be published. <Amended July 1, 1987: August 28, 1990>

(4) Deleted <July 1, 1987>

Article 5 (Ruling on the amount of compensation etc.)(1) The Commissioner of the Korean Intellectual Property Office (KIPO) shall execute the processing pursuant to Paragraph (1) of Article 2 and Article 3 after the period designated by Paragraph (1) of Article 4. <Amend July 1, 1987: August 28, 1990: July 26, 2010>

(2) When the Commissioner of the KIPO executes the processing pursuant to Paragraph (1), the Commissioner of the KIPO shall also decide the compensation or remuneration for the processing on the criteria for calculation of the amount of compensation pursuant to Article 2bis. <Amended July 26, 2010>

(3) the Commissioner of the KIPO shall take the opinions of the applicant, patent applicant, patentee, exclusive licensee, non-exclusive licensee, or pledgee into consideration in determining the compensation or remuneration pursuant to Paragraph (2).<Amended July 1, 1987: August 28, 1990: November 30, 2005>

(4) If necessary to determine the amount of compensation or remuneration pursuant to Paragraph (2), the Commissioner of the KIPO may hear an opinion of the Intellectual Property Rights Depute Resolution Committee established pursuant to Article 41 of the Invention Promotion Act and the heads of relevant authorities and take the opinions into consideration in determining the compensation or remuneration. <Amended July 26, 2010>

[Title amended July 26, 2010]

Article 5-2 (Criteria for Calculation for the amount of compensation etc.)(1) The compensation pursuant to Paragraph (3) of Article 106 of the Act is calculated based on the following:

- (i) Estimated total royalty during the duration of patent
- (ii) Market price of a comparable patent unless the amount of compensation is determined pursuant to Paragraph (1)

(2) The amount of compensation pursuant to Paragraph (3) of Article 106bis of the Act or the remuneration pursuant to Paragraph (5) of Article 107 of the Act is calculated based on the following

equation:

Amount of compensation or remuneration = total estimated unit sales of the product × unit price of the product × market share × base rate

(3) As stated in the equation of Paragraph (2), the scheduled quantity of the product, the unit price of the product, the market share and the base rate are defined as follows.

- (i) Total estimated unit sales of the product: total estimated number of products sold per year during the working period
- (ii) Unit price of the product: average of annual factory price of the product during the working period
- (iii) Market share: Percentage of utilization of patent in producing products in its unit
- (iv) Base Rate: 3%. However, depending on the practical value of the patents and industrial applicability, a rate of more than 2 percent to less than 4 percent can be considered.

(4) If the amount of the compensation or remuneration is not determinable pursuant to Paragraphs (1) to (3), the amount may be determined depending on a separate criteria announced by the Commissioner of the Korean Intellectual Property.

(5) The amount of compensation or remuneration pursuant to Paragraphs (2) to (4) shall be the sum during all working period. However, when the exclusive license and non-exclusive license is granted where total estimated unit sales cannot be predicted, the amount of compensation or remuneration per unit product may be determined using the following formula:

amount of compensation or remuneration per unit product = sales price of the product × market share × base rate

[This Article Newly Added July 26, 2010]

Article 6 (Failure to work patented invention)(1) The terms "Justifiable reasons prescribed by Presidential Decree" of Paragraph (1) of Article 107 are as follows: <Amended July 1, 1987: August 28, 1990>

- (i) No-working of patented invention due to mental and physical inability of patentee. However, it shall be limited to be proved by the head of medical institutions
 - (ii) Where working of the patented invention is contingent upon government agency or individual permission, approval, or agreement and patentee fails to resolve these issues
 - (iii) Where working of patented invention is prohibited or restricted by enactment of law
 - (iv) Where working of the patented invention is unable to carry out due to the lack of raw materials or facilities therefor in the country or import prohibition of pertaining material
 - (v) Where there is no demand for goods for working patented invention or the patented invention has not been worked commercially on a substantial scale
- (2) Where the patented invention has not been worked for more than three consecutive years after

registration of patent or the patented invention has not been launched more than two consecutive years, it is deemed to non-working of patented invention.

Article 7 (Decision of Execution)

Decision of execution pursuant to Article 5 shall be served with following matters in writing<Amended July 1, 1987: August 28, 1990: November 30, 2005>

- (i) The number of the decision
- (ii) The name and address of the applicant (and, if the applicant is a juridical person, the name, business address, and name of representative)
- (iii) The name, address or business address of Patent applicant or patentee, exclusive licensee, non-exclusive licensee, or pledgee
- (iv) The indication on application or request information
- (v) The text of the decision (including compensation and consideration)
- (vi) The reasons for decision (including the purpose of request or demand and the grounds thereof)
- (vii) The date of decision
- (viii) The matters pursuant to Subparagraphs (iii) and (iv) of Paragraph 2 of Article

Article 8 (Delivery of Certified Copies of Decision and announcement)

Where the decision for execution is made pursuant to Article 5 and Article 7, the Commissioner of the Korean Intellectual Property Office shall deliver a certified copy of the decision to a patent applicant or patentee, exclusive licensee, non-exclusive licensee, or pledgee. Also, its decision shall be published in the Patent Gazette. However, if it is required to be kept secret in the interest of national defense, the decision may not be published.

Article 9 (Exception to Petition Etc.)(1) Pursuant to Paragraph (1) of Article 6 or Paragraph (1) of Article

6bis of the Act, when the Commissioner of the KIPO considers that some of items for the petition or attachment (hereinafter, referred to as "documents" in this Article) pursuant to Paragraphs (1) and (2) of Article 3 cannot be contained or attached without acknowledging the existence of patent right due to an extremely emergency circumstances or inevitable matter at the time the petition is submitted pursuant to Paragraph 1 of Article 2, notwithstanding Paragraphs (1) and (2) of Article 3, the petition can be accepted on the condition that the documents shall be supplemented as soon as the presence of the patent right is confirmed. In this case, the petition is deemed to have been received pursuant to Paragraphs (1) and (3) of Article 4 when the documents are supplemented.

(2) Upon receiving the Petition pursuant to Paragraph (1), if considered necessary for disposition for the

application before the documents are supplemented, the Commissioner of the KIPO may dispose notwithstanding Article 4 and Article 5. In this case, Decision of execution pursuant to Article 7 may contain matters as subscribed in each Subparagraph of the same Article unless the Commissioner of the KIPO considers that some matters cannot be contained as subscribed in Paragraph (1), and announces pursuant to Article 8.

(3) As soon as the documents are supplemented after the disposition pursuant to Paragraph (2), the Commissioner of the KIPO shall execute the supplemental measurement pursuant to Article 4, Article 5, Article 7 and Article 8 for the disposition.

[This Article Newly Added, July 26, 2010]

Article 10 Deleted <June 27, 2001>

Article 11 Deleted <June 27, 2001>

Article 12 Deleted <June 27, 2001>

Article 13 Deleted <June 27, 2001>

Article 14 Deleted <June 27, 2001>

Article 15 Deleted <June 27, 2001>

Article 16 Deleted <June 27, 2001>

Article 17 Deleted <June 27, 2001>

Article 18 Deleted <June 27, 2001>

Article 19 (Mutatis mutandis)

The provisions of this decree shall apply mutatis mutandis to utility model and design. <Amended June 27, 2001, June 30, 2005>

ADDENDA <No. 4216, 10. Nov, 1969>

This Decree enters into force on the date of its promulgation.

ADDENDA <No. 7002, 04. Jan, 1974>

- (1) (Date of Entry into Force) This Decree enters into force on January 1, 1974.
- (2) (Abolition decree) Presidential Decree No. 4192, Patent Compensation Committee Charter is abolished.
- (3) (Transitional Measures on Pending Cases) Any limitation on no-issuance of the patent for the invention of the patent application that is pending at the KIPO when this Provision enters into force, the expropriation of a right to obtain a patent, and any limitation, expropriation, revocation of the patent right or disposition on the working of a patented invention are subject to the previous provisions.

ADDENDA <No. 9101, 26. Jul, 1978>

- (1) (Date of Entry into Force) This Decree enters into force on the date of its promulgation.
- (2) Omitted
- (3) (Amendment of Other Acts)
 - (i) and (ii) Omitted
 - (iii) The following articles of the Provisions regarding expropriation and implementation of patent right

are amended as follows.

"Patent Bureau" in Article 9 reads "KIPO," and the term "Managing Director of Patent Bureau" in Paragraph (2) of Article 10 reads "Managing Director of KIPO." "Public Officials of Patent Bureau" in Paragraph (2) of Article 17 reads "Public Officials of KIPO." "Director of Patent Bureau" in this Decree reads "Commissioner of KIPO."

ADDENDA <No. 12202, 01. Jul, 1987>

This Decree enters into force on July 1, 1987.

ADDENDA <No. 13087, 28. Aug, 1990>

This Decree enters into force on September 1, 1990.

ADDENDA <No. 15009, 03. Jun, 1996>

Article 1 (Date of Entry into Force) This Decree enters into force on July 1, 1996. However, the amended provisions of Subparagraph (ii) of Article 7 enter into force on December 7, 1996.

Article 2 (Amendment of Other Acts) (1) and (2) Omitted

(3) The following articles of the Provisions regarding expropriation and implementation of patent right are amended as follows.

Title of Article 9 "(Industrial Property Rights Review Committee)" reads "(Industrial Property Review Committee)," and "Industrial Property Rights Review Committee" in the same Article reads "Industrial Property Review Committee." "Paragraph (3) of Article 107 of the Act" in Subparagraph (iii) of the same Article reads "Paragraph (1) of Article 107."

ADDENDA <No. 17256, 27. Jun, 2001>

This Decree enters into force on July 1, 2001.

ADDENDA <No. 18903, 30. Jun, 2005>

Article 1 (Date of Entry into Force)This Decree enters into force on July 1, 2005.

Article 2 (Amendment of Other Acts) (1) to <18> Omitted.

<19> Some provisions of the Provisions regarding expropriation and implementation of patent right are amended as follows:

"Design" [uijang] in Article 19 reads "design"[dizain]

<20> Omitted

ADDENDA <No. 19153, 30. Nov. 2005>

This Decree enters into force on December 1, 2005.

ADDENDA <No. 22306, 26. Jul, 2010>

This Decree enters into force on 28 July 2010.