

Overview of 2008

Dynamic IP Korea

Open Innovation and Regional Capacity Building

Toward IP-friendly society

Highlighting Figures of 2008

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Dynamic IP Korea

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Paradigm shift in patent examination

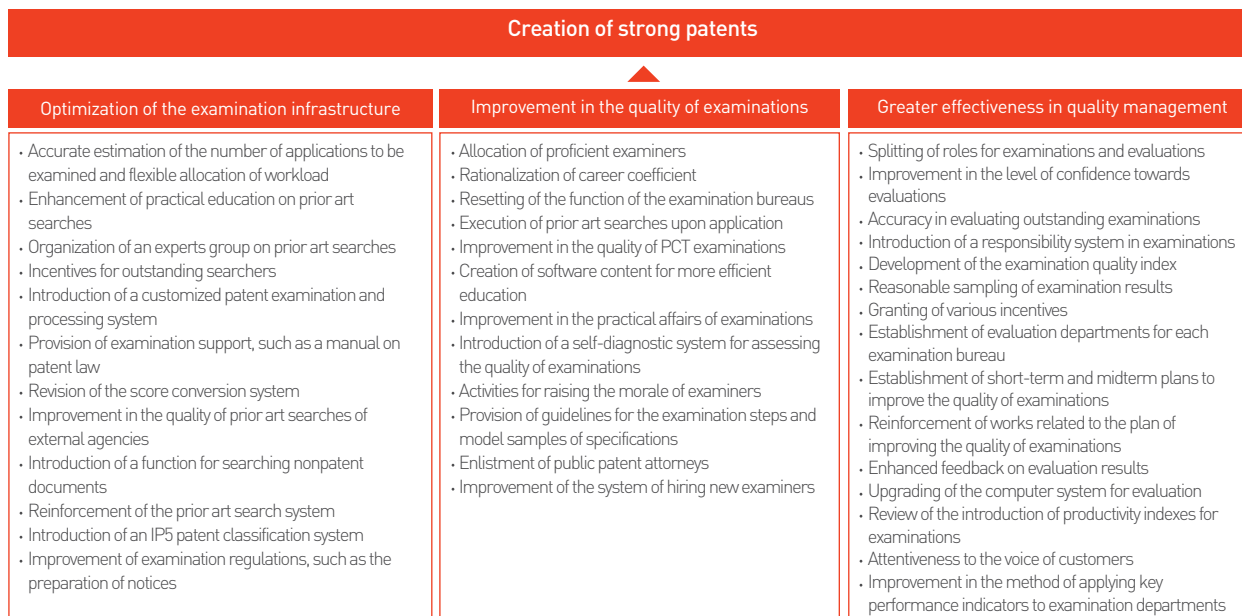
Changes in IP policies

Establishment of an IP Vision and Strategy



Paradigm shift in patent examination

The quality of a patent has two different meanings. From an economic perspective, it refers to the patent's technological value or profitability. From a legal perspective it refers to the soundness of the decision to grant a patent and exclusion of any reasons for invalidation. Since becoming a self-financing executive agency in May 2008, we have established and promoted the Examination Excellence (EXCEL) Plan. The plan has three strategic goals: optimization of the examination infrastructure, improvement of the quality of examinations, and enhancement of the

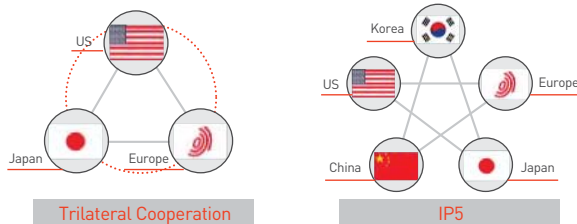


effectiveness of quality management. It also includes 39 specific tasks.

Paradigm shift to high-quality patent examinations

Customers have recently shown a preference for high-quality examinations over speedy examinations. There is also a new international grouping of major IP offices. The trilateral cooperation among the US, Japan and Europe have been expanded to include Korea and China. These five major offices, known as IP5, are undertaking 10 foundation projects that are designed to improve the quality of examinations and promote the creation of high-quality patents. The requests we receive from global companies for PCT international searches are rising rapidly. Our 2,853 requests in 2007 quadrupled to 11,657 in 2008. This increase in global demand is another reason for improving the quality of examinations.

To respond appropriately to changes in the domestic and international environment, we recognize the urgency of establishing a policy of improving the quality of examinations and we are now preparing and actively promoting innovative measures to improve the quality of examinations.



Customer-tailored three-track IP administration

1. Three-track patent examination system

On October 1, 2008, we introduced the world's first customer-oriented three-track patent examination system. Under this system, applicants are no longer obliged to accept a uniform examination period but, depending on their patent strategy, can choose one of the following three examination tracks: accelerated, regular, or customer-deferred.

Limits on a uniform reduction of the patent examination period

In recent years our top priority was to reduce the patent examination period. As a result, we reduced the examination period to the world record time of 9.8 months in 2006 and 2007. However, not all patents are the same: some technological fields have different life cycles and different time frames for commercialization. Accordingly, we came to the realization that a uniform reduction in the examination period would not fulfill the various demands of our customers.

Accelerated, regular and customer-deferred examination services

The three-track patent examination system enables applicants to directly choose either an accelerated, regular, or customer-deferred examination in accordance with their patent strategy. For an example, applicants who wish to acquire a patent right as soon as possible to secure an exclusive position in the market can do so by applying for an accelerated examination; in contrast, applicants who need

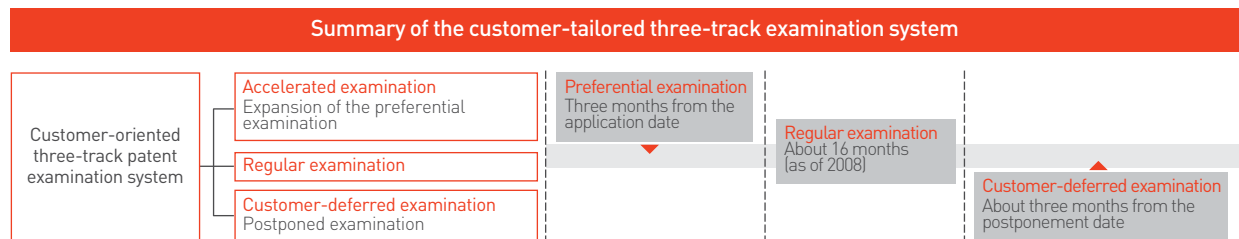
Customer-tailored three-track IP administration



The Second IP5 Heads Meeting



Customer-tailored three-track IP administration



more time for commercialization can apply for a customer-deferred examination.

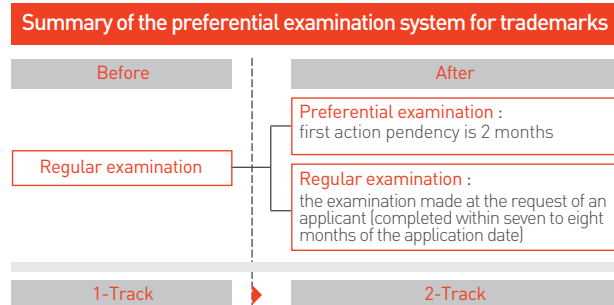
Anyone can use the fast examination via the expanded preferential examination and it usually takes two to three months. Regular examinations take an average of 16 months. For customer-deferred examinations, applicants nominate when they want their applications to be examined and the examinations are started within three months of the request. The customer-deferred examination service is for applicants who wish to postpone the examination for reasons related to commercialization, marketing research and so on. Efficient use of the customer-deferred track can prevent the invention from being disclosed too early due to early patent decisions; it can also reduce the cost of maintaining a patent.

Status of the customer-tailored three-track patent examination system

| Type | October | November | December | Average |
|--------------------------------------|----------|-----------|-----------|-----------|
| Expanded preferential examination | 54 cases | 82 cases | 80 cases | 72 cases |
| Customer-deferred examination system | 8 cases | 155 cases | 695 cases | 286 cases |

2. Fast-track trademark examination

On April 1, 2009, we introduced a preferential examination system to expedite the acquisition of trademarks. Applicants can choose a regular examination (where applications are examined on a first-come, first-served basis) or a preferential examination (where applications are examined on a preferential basis for the early acquisition of rights).



Examination results within two months of the filing date

A decision on the eligibility of an applicant who requests the preferential examination service for a trademark will be made

within 10 days of the request. If the request is approved, the first action will be made within 45 days. Applicants get the results of the examination within two months of the application filing date. Note, however, that the preferential examination system for trademarks is limited to cases where someone is using a similar or identical trademark to the applicant's trademark without the applicant's consent, or where the applicant is already using or planning to use the trademark. There is also an extra fee for a preferential examination.

3. Three-track administrative trial system

To ensure the proper use of trial results as a means of dispute settlement, we introduced a customized trial process system in November 2008. The new trial process is designed for cases that require swift results.

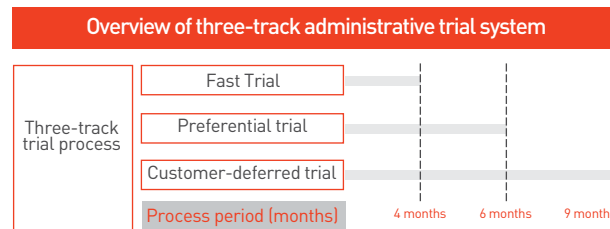
Swift administrative patent trial service

Our administrative patent trial period was 14 months in 2003 but was reduced to the world record time of 5.9 months in 2007. In spite of the swiftness of our trial, we introduced a three-track trial system in response to the needs of various customers.

Introduction of the three-track trial system

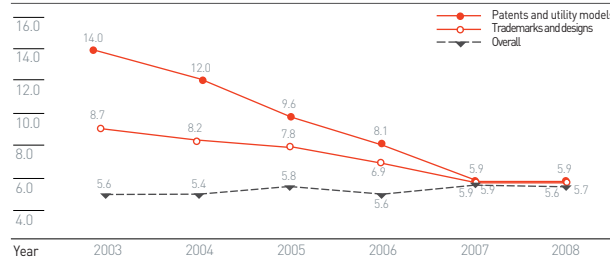
Previously we used a preferential trial system to expedite certain types of trial. However, in November 2008 we introduced a fast trial that is faster than the preferential trial and established a new trial system based on the three tracks of fast, preferential, and regular trials.

Under the new system, a petitioner who requests a fast trial can have an oral hearing within a month of the deadline for submitting a written reply. A decision will then be made within two months of the start of the oral hearing. That means the applicant will receive a written decision within four months of requesting the fast trial. On the other hand, the trial period under the old system was six months for a preferential trial and nine months for a regular trial.



From the second half of 2009, trials to confirm the scope of a right (regarding infringement lawsuits) will also be processed under the fast trial track. The results will be provided in a timely manner to help resolve disputes.

Trial period



Patent administrative trial at the Intellectual Property Tribunal

International cooperation under the new IP5 framework



Sixteenth PCT Meeting of International Authorities

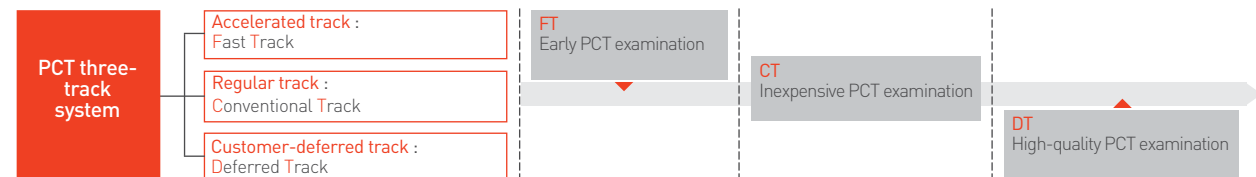


The Second IP5 Heads Meeting

4. Three track examination as suggestion for the PCT

Owing to the diverse demands of international patent applicants, we made a suggestion at the PCT Working Group Meeting to improve the PCT system. The suggestion was tentatively called the PCT three-track system. As with our own three-track system, the suggested procedure for PCT international applications would be divided into an accelerated, regular or customer-deferred track. When filing an application, applicants may choose one of the three tracks.

Under the PCT three-track system, applicants who wish to obtain rights in a swift manner can choose the accelerated track, while those who wish to go through the PCT procedure at minimal expense can choose the regular track. Applicants can also choose the customer-deferred track if they wish to obtain quality results from an international search and then take some time to consider the possibility of acquiring patent rights in the domestic environment. At the PCT Working Group meeting in May 2009, this suggestion won the favor of many offices, including those of Europe, Russia and Denmark. Along with the PCT Innovation Roadmap, the suggested PCT three-track system will continue to be discussed in the future.



International cooperation under the new IP5 framework

Work-sharing among the IP5 offices

In May 2007, the heads of IP5 offices (from the US, Japan, China, Korea and Europe) gathered in Hawaii and acknowledged the necessity of moving forward with work-sharing among the five offices. The IP5 offices handle an aggregate of approximately 1.35 million patent applications, which represents 76 percent of all the patent applications filed throughout the world. Consequently, the IP5 offices began to promote a more inclusive and broad-ranged cooperation with each other in the area of examinations. Moreover, because the IP5 offices handle the lion's share of patent applications, they also handle about 23 percent of the world's duplicated applications. The work-sharing of the IP5 offices is expected to be hugely beneficial.

Second IP5 Heads Meeting

At the IP5 Working Level Meeting in Washington, DC, USA, in May 2008, KIPO proposed to host the Second IP5 Heads

Meeting in Korea. At the WIPO General Assembly in September 2008, the heads of the IP5 offices confirmed that the next IP5 heads meeting would be held in Korea. Thus, the Second IP5 Heads Meeting was held at Jeju Island, Korea, from October 27 to 28, 2008. Korea chaired the meeting, and the heads of the five offices agreed to actively promote work-sharing through ten foundation projects. They also agreed on the future roadmap and promotional system.

Innovation of the global IPR system

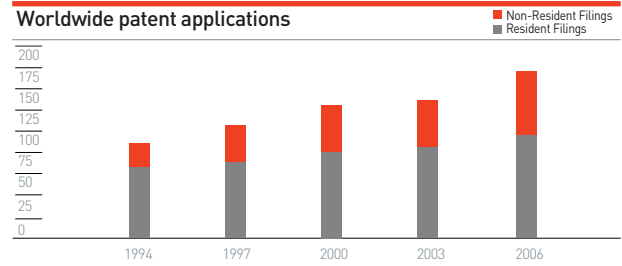
The Jeju agreement has ushered in a new era of cooperation among the IP5 offices. The Jeju meeting launched a new framework of international cooperation on patent examinations a framework that enables the five offices to share and use each other's examination results. This new form of cooperation is expected to greatly increase the efficiency of patent administration at the IP5 offices.

Bilateral cooperation and the PPH

Bilateral cooperation

Besides our IP5 collaboration, we were busy in 2008 developing bilateral ties with various patent offices from around the world. On August 1 2008, the ninth Korea-Australia Heads Meeting was held in Canberra, where agreement was reached on the mutual appointment of each other as a PCT International Searching Authority, the exchange of trademark personnel, support for small and medium-sized enterprises (SMEs), and the establishment of an experts meeting. The

20th Korea-Japan Commissioners Meeting was held in Tokyo on August 4 2008, and the two commissioners agreed to exchange staff from their respective IP educational institutes. At the 45th WIPO General Assembly in September 2008, we participated in bilateral meetings with the heads of ten offices and two organizations: namely the IP offices of South Africa, China, Mongolia, Japan, Indonesia, the USA, the UK, Russia, Denmark, and Germany, as well as the European Patent Office (EPO) and the Eurasian Patent Organization. In our meeting with South Africa, we agreed to launch cooperative projects on patent information and IPR education. And in our meeting with China, we agreed to execute a joint priority search program to build mutual confidence in the quality of each other's examinations. We also agreed with China to cooperate in the field of computerization and to exchange liaison officers. In our meeting with Japan, we discussed follow-up measures on various bilateral cooperation projects. In our respective meetings with Mongolia and Indonesia, we discussed the establishment of a patent information system and cooperation on IPR education. And in our respective meetings with Russia and the Eurasian Patent Organization, we agreed to exchange



Bilateral cooperation and the PPH



Signing minutes of the IP5 Heads Meeting



Trilateral meeting among Korea-China-Japan

Developing country support using IP



Heads meeting between KIPO and UK Intellectual Property Office



KIPO Commissioner's keynote speech at the 45th General Assembly of WIPO

IPR statistics and to cooperate on examiner education. With the European countries of England, Denmark and Germany, we discussed the exchange of examiners. Finally, with the EPO, we discussed cooperative projects such as the dispatch of KIPO computer experts to the EPO.

Cooperation on work-sharing: the PPH

The number of patent applications around the world has increased drastically in recent years, causing an examination backlog for major countries. The drastic increase of patent applications is also undermining the patent system's original purpose of promoting the development of new technologies. Accordingly, the PPH, which involves the sharing of examination results between countries, has become a suitable means of reducing the examination backlog. Korea introduced its first PPH with Japan in 2006 and another with the US in January 2008. In March 2009, we launched a pilot PPH project with Denmark, and we have agreed in principle to start one with Denmark, Germany, the UK, Canada and Russia.

Developing country support using IP

In 2004, KIPO established the Korea Funds-in-Trust at WIPO to support the developing and low income countries to reinforce their capacities in IP. In addition, the office is promoting development projects for local economies using IP, focusing on supporting the products of developing countries to acquire IP and providing technology for survival. Such support is directly helping the people of developing countries to improve their quality of life.

Actions taken by the international society to support developing countries

The global economy of these days is very much based on mutual cooperation between countries. In other words, a country can't develop the economy by itself without cooperating with other countries. The UN is recommending, thus, that each country shall contribute 0.7 percent of their GNI to the development of the developing countries. WIPO, which focuses on the creation and protection of IPR, has also decided to follow the global trend of supporting developing countries, and at the General Assembly held in October 2004, WIPO announced a Development Agenda to be included in the organization's official activities. The main focus of the Development Agenda is to support developing countries. To properly practice the agenda, the member countries of WIPO drew up 45 practical tasks in six major fields. In 2008, WIPO also established the Committee on Development and Intellectual Property to discuss about specific means of supporting developing countries.

Cooperating with WIPO and established the Korea Funds-in-Trust to support developing countries

In 2001, KIPO signed a Framework Agreement of Cooperation with WIPO. In this agreement, KIPO made a commitment with WIPO regarding nine fields, including the support for developing countries so that they will use information technology in the field of IPR. To actively participate in the projects of supporting developing countries through WIPO, KIPO also signed an agreement between KIPO and WIPO

regarding the establishment of a Funds-in-Trust, which formed the legal basis for establishing the Korea Funds-in-Trust at WIPO. The fund is used to operate projects for the developing countries every year together with WIPO. The Korea Funds-in-Trust project was first started in July 2004, and between July 2007 and June 2008, the project is executing its fourth term. From the first project to the forth project, about 2.5 billion KRW (2 million USD) was used in 22 fields, including consultations for computerization, support on patent information search service, on-site consulting made by dispatched experts, supporting the construction of an IP information center for low-income countries, and so on. The fifth term of the project, which continues to work on

various fields to support developing countries, started in July 2008. In the fifth term of the project, the subjects which benefited from the Korea Funds-in-Trust will be expanded from the governmental officials of the developing countries (who were provided with IP systems and user education) to the industrial and R&D personnel of the developing countries. The subjects will receive practical support by going through educational programs on the use of IPR, technology transfer, and so on.

IP-based support programs for developing countries

The developing country support programs have been expanded



Fair Trade logo for East Timorese coffee

Activities of the Korea Funds-in-Trust: fourth year (July 2007-June 2008) and fifth year (July 2008-June 2009)

| Classification | Project name | Experiences (up to early 2009) |
|----------------|--|--|
| 1 | Regional and national support project | Equipment support and dispatch of experts to Mongolia and Cote d'Ivoire |
| 2 | Visit to research centers | Azerbaijan, Thailand, Peru and Uruguay |
| 3 | Consultations | (a) Consultations for IP offices in Indonesia and Tunis (b) Education on IP utilization for SMEs in Mongolia and Vietnam |
| 4 | Equipment support and translation and distribution of publications | (a) Equipment support in Papua New Guinea, Congo, Honduras and Paraguay (b) Distribution of IP educational material in Uruguay and Ecuador |
| 5 | Workshop on the program for the promotion of sustainable development | (a) WIPO workshop for least developed countries (Daejeon, July 2008) (b) Regional forum on branding (Vietnam, April 2008) (c) Workshop on licensing and technology transfers (Indonesia and Malaysia, June 2008) (d) East Europe forum on utilization of IP Panorama (Poland, April 2009), with participants from 12 eastern Europe countries, including Azerbaijan, Kazakhstan, Bulgaria, and Poland |
| 6 | Development of a patent mapping module | Support for the development of a module on water treatment technology |
| 7 | Utilization of the PCT system | (a) Assessment of the level of utilization of the PCT system in Indonesia, Vietnam, and Sri Lanka (b) WIPO area workshop on effective utilization of the PCT system (Singapore, April 2008) (c) In-depth education on the PCT electronic application system (International Intellectual Property Training Center, Daejeon, from February 2 to 6, 2009), with 10 participants from Egypt, Malaysia, Mexico, the Philippines, and the Republic of South Africa |

Developing country support using IP

in 2008 to programs that are designed, launched, and operated by KIPO. They have two main objectives: to support local communities to increase income by utilization of IP; and to provide technological solutions for life essentials. Through these programs, we ultimately aim to help local communities in developing countries use IP to establish sustainable economic development.



One Village One Brand

One Village One Brand program aims to help developing countries increase the volume of product sales through the creation of brands for local products. In its 2008 pilot project, we offered administrative support to the Korea YMCA with regard to designing a brand and securing a trademark for coffee from East Timor. The brand name that the Korea YMCA developed will be used to promote fair trade. A trademark application for the brand was filed in March 2009. In the programs to be promoted in 2009 and on, consulting and assistance will be provided for creating trademarks and building brands for local producers of the developing countries.



Training KOICA's World Friends Korea on branding



Technological Solutions for Basic Needs

In an effort to provide technological solutions for life essentials we run another program called Technological Solutions for Basic Needs. This program aims to provide the least developed countries with technological solutions utilizing technological information including patents to solve issues related to water, agriculture, habitation, and energy. A joint pilot project under the Korea Funds-in-Trust was conducted in Laos in collaboration with WIPO to determine the fields of technology that are most needed and the forms of delivering data that are most efficient for the recipient communities. In 2009, we plan to use the results of the pilot project to select the fields of technologies that are urgently needed in developing countries and gather essential technological information in these fields from domestic patent database and WIPO's PCT database. We are establishing the IP and Development Online Center for distributing the collected technological information for use as technological source for the products.

Collaboration for the developing country support programs

To successfully promote the developing country support program, cooperation with various organizations are essential. Identifying the needs of the recipient communities of developing countries is a prerequisite in conducting the branding support and technological solution provision. The Korea International Cooperation Agency (KOICA) is cooperating with us in this regard and its World Friends Korea corps will conduct the task of identifying local needs. To equip them with necessary knowledge before dispatch, we are educating them with necessary IP knowledge and how our programs run. We have also established cooperative ties with NGOs so that they can offer helping hands in finding local needs and providing information for better support local communities.

In particular, under One Village One Brand program, the task of securing a distribution network in the international market is important. To this end, active participation of fair trade agencies and businesses is needed, and KIPO plans to establish a network of mutual support through public relations activities and relevant conferences.

In the Technological Solutions for Basic Needs program, we are promoting diverse programs that aim to attract the participation of university students from developing countries and expand the idea pool of locally optimized technological solutions. For communities that lack the necessary technology or resources to produce products, we plan an associated program to link social enterprises and NGOs to provide products for such communities.

In addition to building ties with social enterprises and NGOs, we are endeavoring to build cooperative relations with diverse international organizations such as WIPO and the Asia-Pacific Economic Cooperation (APEC) to spread these programs internationally. At the third meeting of the WIPO Committee on Development and Intellectual Property (CDIP) held in April 2009, our IP-based support programs for developing countries was adopted as an agenda. At the July 2009 meeting of the APEC Intellectual Property Right Experts Group (IPEG), we have proposed the One Village One Brand program. We hope to see active participation and support of the international community so that IP based developing country support programs can be promoted by international agencies and become a good example that IP can be a tool for to enhancing the quality of life for developing countries.

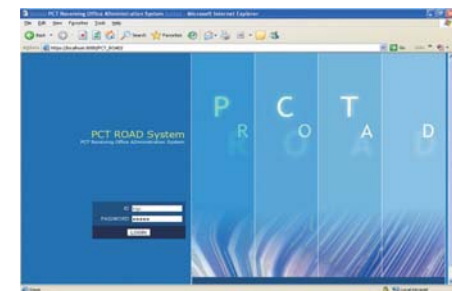
IP administration and information system

Since providing the world's first Internet based e-filing service in 1999, we operate a IP automation system by consistently improving the system and automating the IP related administrative work. We are providing a high quality automation service by jointly developing and delivering IP e-learning contents and international patent receipt system of PCT-ROAD with WIPO.

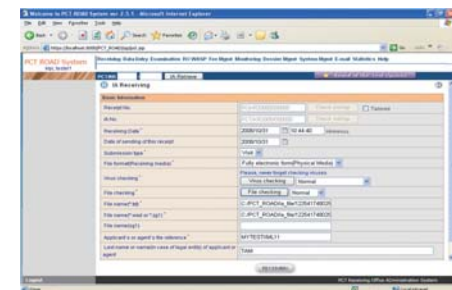
Advancing the KIPOnet system

Since introducing the KIPOnet System in 1999, we opened the internet e-filing system and consistently expanded and

IP administration and information system



PCT-ROAD login screen



PCT-ROAD user interface

IP administration and information system

upgraded the system, realizing a paperless patent administration system in 2002.

We promoted KIPOnet II project since 2003, which was completed in 2005 and started providing the e-filing service 24/7 and work-at-home examination.

In 2008, we improved and upgraded the patent examination system by introducing a customer-tailored three-track examination system and upgraded the KIPOnet to enhance the patent examination error protection system. In addition, we have consistently been building a global patent information system by expanding the patent information sharing system so that patent examination information and priority documents can be exchanged online with the USPTO, EPO and JPO.

G-KIPOnet (3rd Generation KIPOnet)

Customers' needs for high quality examination and administrative trial call for an unceasing improvement of the IP administration and information system. Furthermore, the prospect of closer cooperation among five IP offices under the framework of IP5 Heads Meeting requires us to upgrade the

current KIPOnet system. G-KIPOnet, the third generation KIPOnet is our answer to such demands. G-KIPOnet, scheduled to be completed in 2012, will provide an environment for customer-oriented high quality examination and trial and enable improved access to patent documents and IP information for applicants and the public.

Application Expert System

An analysis of the applications revealed that the rate of error in applications remained steadily at about 4 percent. In order to prevent errors that are frequently committed, we introduced an Application Expert System. The Application Expert System provides easy-to-understand information for applicants at points where errors are frequently committed. The System comes with functionalities that effectively reduce errors at the application stage: (1) enhanced error detection function, (2) error and help messages in plain language, (3) interconnection with the call center, and (4) customized error detection and prevention. A pilot test of the Application Expert System was implemented in December 2008 and an official version



KIPRIS <<http://www.kipris.or.kr/>>

Status of Korean Patent English Abstracts

| Type | '79 ~ '99 | '00 ~ '01 | '02 ~ '03 | '04 ~ '05 | '06 | '07 | '08 | Total |
|--------------------|-----------|-----------|-----------|-----------|---------|---------|---------|-----------|
| registered patents | 82,086 | 94,966 | 16,032 | 7,907 | 16,859 | 41,693 | 36,679 | 296,222 |
| published patents | - | 127,702 | 167,177 | 141,082 | 165,606 | 301,111 | 111,411 | 1,014,089 |
| total | 82,086 | 222,668 | 183,209 | 148,989 | 182,465 | 342,804 | 148,090 | 1,310,311 |

launched in January 2009. The System helped correct 132 applications per month on average and 89 percent of applicants who used the System showed satisfaction.

Expanding IP search database and promoting patent technology information

We have operated the IP search database since 1999 and, according to the patent technology information sharing policy, uploaded a total of 85 patent technology databases from 21 countries and five IP offices and continuously updated them. We have also been offering them online on <http://www.kipris.or.kr/> since 2000.

There are about 173 million pieces of patent information on the data base as of 2008 and the quantity of information is in increase, up by 14 million pieces from 2007 to 2008.

Developing and distributing an English version of the Korean Patent Abstracts

In line with the trend of mutual exploitation of examination results, we have been publishing the Korean Patent Abstracts since 1979 and established a database of Korean Patent English Abstracts comprising 1,310,311 cases.

The CD-ROM versions of the Korean Patent Abstracts is distributed to 39 Patent Offices including the USPTO and JPO and seven relevant agencies such as WIPO and the EPO. Free service is also available at <http://www.kipris.or.kr/>.

Advancement of patent information systems

By jointly developing a multimedia type IP education contents called IP Panorama (12 fields including patent information, technology trade, M&A, e-commerce and patent dispute), WIPO and KIPO are distributing the contents to be used widely.

Under the financial support of APEC from 2006 to 2007, we also developed an IP e-learning contents named IP Xpedite (eight modules for patent information utilization, and six modules for patent document creation/interpretation method by main countries) with the cooperation of IP powerhouses including Japan and Australia and distributed it to the APEC member economies.

In 2009, with a 130,000-dollar matching fund from the APEC, we are conducting a human resources development program utilizing IP Xpedite with primary target recipient of APEC member economies.

In the field of IP automation, we have distributed the PCT-ROAD (PCT-Receiving Office Administration), an international patent receipt system, co-developed with WIPO in 2005 to 24 countries including Malaysia, the Republic of South Africa, and Mexico. A new version of PCT-ROAD was released in December 2008.

As the Korean became a publication language under the PCT (effective January 2009), a Korean version of PCT-SAFE was developed and distributed to support PCT filing in Korea.



In-depth training of PCT E-Processing System