Trial to Confirm the Scope of a Patent in Korea

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A trial to confirm the scope of a patent against another in Korea is a trial to confirm whether the subject matter of a third party invention that is being worked or going to be worked falls within the scope of an existing patent right. Notwithstanding the legal limitation of such a trial in the enforcement of patent rights, the number of trial cases is substantial because it is cheaper and quicker than litigation in court and the decisions by technology experts possessing knowledge of intellectual property law convince the parties better. The trial is effective in resolving patent disputes especially between patented inventions that are in a ‘utilizing relationship’, because the trial may judge not only whether the second patented invention infringes the first patented invention, but also whether the two inventions are in a ‘utilizing relationship’.

However, the Korean Supreme Court has not coherently dealt with either the passive trials to confirm the scope of a patent in general or active trials to confirm the scope of one patent against another in a utilizing relationship, in particular. In order to secure consistency and enhance the lawsuit economy in these trials, it is necessary to regard the trials as legitimate regardless of whether they are active or passive trials. In addition, it is necessary to describe whether a utilizing relationship exists between patents. The notification of a utilizing relationship in passive trials would provide the plaintiff with the likelihood of obtaining a non-exclusive licence. Once the Court finds that the second patent falls within the scope of the first without a utilizing relationship, the Court may inform a patent examiner as to its decision, who then has an obligation to file immediately an invalidation trial for the second patent.

Keywords: Korean Supreme Court, scope of a patent, active trial, passive trial, utilizing relationship, invalidation trial

In Korea, a patentee, exclusive licensee or an interested person may demand a trial to confirm whether another invention being worked or going to be worked falls within the scope of an existing patent right.1 The trial that is carried out in the Tribunal of the Korean Intellectual Property Office (KIPO) functions as the first-instance trial in the Three-Instance Patent Litigation System and is independently operated within the KIPO. Only after the Tribunal makes a decision for a trial, an applicant can appeal to the Korean Patent Court (KPC)2 and the Korean Supreme Court (KSC). The Tribunal of the KIPO deals with the following: trial against ruling of refusal or revocation, trial against decision to reject amendment, trial for correction, invalidation trial of a patent, trial to confirm the scope of a patent, trial for granting non-exclusive license, etc.

The KPC has exclusive jurisdiction over all cancellation appeals from decisions rendered by the Tribunal of the KIPO relating to a patent, utility model, design or trademark. The KPC is an appellate court having 17 technical examiners, who have extensive experiences in various technical fields. Any appeal of the KPC’s decisions is brought to the KSC. The Court’s subject matter jurisdiction is limited to determining the validity and the scope of a patent and other registered rights. The KPC does not have jurisdiction over appeals from decisions rendered by district courts even if the disputes are related to industrial property.

The decision of a trial to confirm the scope of one patent against another held by a different party does not bind the court that is examining the related infringement case. In spite of the legal limitation of the trial in enforcement of patent rights, the importance of the trial cases continues to rise as can be seen from the substantial numbers:3 2,432 (1977 - 1986), 4,013 (1987 - 1996), 6,137 (1997 - 2006), 962 in 2007, 991 in 2008, 949 in 2009 and 805 in 2010 (ref. 4). The number of trial cases to confirm the scope of a patent was 5,510 during the last 6 years (2005-2010), which occupied 30 per cent of all 18,358 inter partes cases (consisting of mainly invalidation trials and trials to confirm the scope of a

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patent) during the same period. Only 5,092 cases (27.7 per cent) of the inter parte decisions by the Tribunal were taken to the KPC. This implies that the parties in patent disputes use the trial to confirm the scope of a patent in the Tribunal of the KIPO (before litigation in the KPC or instead of litigation in a district court) in order to resolve their disputes, and that such trials are indeed effective in resolving such disputes in Korea. This is believed to be due to the notion that choosing trials in the Tribunal as the first-instance trial lowers cost and that the parties are convinced by the decisions of the technology experts possessing knowledge of intellectual property law. In addition, the patent attorney fee for trials is cheaper than that for litigation in the district court.

Austria also has the trial to confirm the scope of a patent. The United Kingdom has a system similar to that of Korea and Austria. The US, Japan, Germany, France and China do not have this kind of trial. However, in the US and France, a person may sue a patentee for infringing on an established patent. Earlier, Japan too held trials to confirm the scope of patents, but later replaced the trials with a judgement system wherein the judgement is not an administrative measure but a valuation that cannot be appealed.

The trial to confirm the scope of a patent is effective in resolving disputes especially between patented inventions that are in a ‘utilizing relationship’, because the trial may judge not only whether the second patented invention infringes on the first patented invention, but also whether the two inventions are in a utilizing relationship. However, the KSC has not coherently dealt with such trials between patents when the patents are in utilizing relationship. In early cases of trial to confirm the scope of a patent, there are instances where the KSC ruled that a trial to confirm the scope between patents is illegitimate because it could result in invalidation of a patented invention outside of an ‘invalidation trial of a patent’. In 2002 (99hu2433), however, the KSC ruled that, even though an ‘active trial to confirm the scope of a patent’, where an existing patentee claims that their patent is infringed by the later invention, should not be allowed in principle; such a trial may be allowed when there exists a utilizing relationship between patents. In two cases filed in 1984, the KSC expressed its opinion on a ‘passive trial to confirm the scope of a patent’, which is a trial where a later inventor claims that his invention does not fall within the scope of an existing patent. According to the Court such a trial could be regarded as legitimate because, even when the ruling is in favour of the plaintiff, it may not result in invalidation of a patent outside an invalidation trial of a patent. However, this may not always be case, as in the 2007hu2766 passive trial between patents, the KSC decided that the second patent fell within the scope of the first patent.

Decisions made by the KSC in trial cases to confirm the scope of patents can be characterized as inconsistent and do not reflect the essential idea of patent law in general, and the utilizing relationship in particular. The purpose of this article is to trace the development of trial cases between patents in order to highlight the inconsistency of the cases of the KSC and to find out a more harmonious perspective in dealing with trial cases between patents.

In order to accomplish the purpose, firstly, this article investigates the development of active trials and passive trials involving patents and active trials involving patents in a utilizing relationship. Secondly, it criticizes the cases by highlighting the problems caused by the lack of understanding of the fundamental idea of the relevant KPA. Thirdly, this article provides suggestions to enhance clarity and consistency of the rulings on these cases.

Case Development of Active Trial between Patents

Active Trial to Confirm the Scope of One Patent against Another

According to the decisions of several cases, confirmation of the scope of a patent against another
is to confirm whether or not a patent includes the elements of another patent. When the two patents are the same or similar to each other, the first rightful person cannot file a trial to confirm a patent against the second rightful person, but can file a trial to invalidate the patent of the second rightful person. All the above cases to confirm the scope of a patent, regardless of whether they were passive or active, were dismissed by the KSC.

In 83hu107, the claimant filed a trial to confirm that the allegedly infringing device (i.e., ‘(Ga) Ho device’), namely, ‘compensation circuits for blackout in bending machines’ (Utility Model No. 21,159) fell within the scope of and was the same as his registered device (Utility Model No. 19,043).20 The Appeal Tribunal of KIPO dismissed the trial on the grounds that it was illegitimate, because the trial argued that the second right came within the scope of the first right.21 The KSC supported the decision of the Appeal Tribunal of KIPO. Furthermore, in 84hu5 and 84hu6, the KSC assumed that, because the device claimed to be infringing, i.e., ‘return signal circuits’ was an essential element of the second registered device (No. 21,159), the other part of the second device worked only as a supplementary element, and that without the ‘return signal circuits,’ the second device could not properly accomplish its purpose. For these reasons, the KSC decided that the trials were illegitimate because the trial failed to confirm that the device was covered by the ‘return signal circuits’ rule in fact confirming that the second registered device fell within the scope of the first registered device. The KSC overturned the decisions of the Appeal Tribunal of KIPO, which recognized the trials as legitimate. The KSC equated ‘return signal circuits’ which was only an element of the second device to the second device itself. In these two cases, the first registered devices were Utility Model No. 19,042 in 84hu5 and Utility Model No. 19,043 in 84hu6, respectively. The allegedly infringing device in both cases was the same one (‘return signal circuits’), which was an element of the second registered device (No. 21,159). However, in the original decision of 84hu5, the Appeal Tribunal considered the ‘return signal circuits’ as an element intimately combined with the technical effect of the second registered device (No. 21,159), and clearly distinguished the ‘return signal circuits’ from the second registered device. For this reason, the Appeal Tribunal reversed the decision of the Tribunal of KIPO, which dismissed the trial on the grounds that the trial is illegitimate because it is to confirm the scope of a patent right against another.

Passive Trial to Confirm that a Patent Falls Outside the Scope of another Patent

Even though the KSC dismissed active trials to confirm the scope of one patent against another, it recognized the legitimacy of passive trials between patents, e.g., 84hu18 (1985), 84hu19 (1985) and 96hu375 (1996).22 The Court explained that a passive trial between patents is legitimate because affirmation of the trial cannot invalidate the registered utility model.

On the other hand, in the 84hu18 and 84hu19 cases, it was noteworthy that the KSC rejected the decisions of the Appeal Tribunal of KIPO on the ground that even if affirmed, a passive trial confirms only that the patent of the claimant does not fall within the scope of the patent of the defendant, and the trial does not invalidate the patent of the defendant. The Appeal Tribunal dismissed the trials since the decision that the second registered device (Utility Model No. 25,162 in 84hu18 and 84hu19) fell within the scope of the first registered device (Utility Model No. 19,098 in 84hu18, Utility Model No. 15,188 in 84hu19), invalidated the second registered device outside of an invalidation trial of a patent. Thus, 84hu19 is the first case in which the KSC recognized a passive trial between patents as legitimate.

However, in 2007hu2766 (2007), the KSC decided that the second patented invention fell within the scope of the first, by dismissing the passive trial between patents, even though it virtually invalidated the second patent outside an invalidation trial. The KSC explained as follows:

‘A passive trial filed by the patentee of the second registered patent against the patentee of the first registered patent is legitimate because the patentee of the second patent (i.e. the claimant) filed the trial to confirm whether his patent fell within the scope of the first registered patent, risking the possibility of his patent being invalidated by himself.’

The KSC made it clear that a passive trial is legitimate whether it is affirmed or denied. According to the KSC, if affirmed, the trial does not invalidate the patent of the defendant. Even if a passive trial is denied, the trial is legitimate because the claimant has risked the possibility that his patent will be invalidated.
This is at odds with earlier cases of the KSC, where the Court dismissed trials to confirm the scope of a patent against another on the grounds that a ‘trial to confirm the scope of a patent’ is to confirm whether a non-patented invention falls within the scope of a patented invention and a trial to confirm the scope of one patent against another is illegitimate. It appears the Court mandates that a passive trial between patents should be recognized as legitimate regardless of whether it is affirmed or not.

**Utilizing Relationship and Active Trials to Confirm the Scope of a Patent**

A patent may be granted to both, an invention that utilizes a pioneer invention as well as the pioneer invention itself. The improvement invention utilizing an earlier patented invention is called as a ‘utilizing invention’. This relationship between a utilizing and a utilized invention is termed as a ‘utilizing relationship’. Working on a utilizing invention infringes on the utilized invention, and the utilizing invention falls within the scope of the utilized invention. This utilizing relationship exists when an improvement invention utilizes all elements of the utilized invention as a whole and adds any other element that is not obvious to a person skilled in the art. However, when a person commercializes a utilizing invention, he must have the inventor’s permission to work the utilized invention.

The first case in which the KSC directly mentioned a utilizing relationship was in 1991(ref. 26). The Court explained that a utilizing relationship may exist when a second patent utilizes the whole technical idea and all elements of the first patent, while simultaneously adding new technical elements to the first patent. The requirement for the utilizing relationship was strengthened in 2001hu393 (2001) by adding a further requirement that the second invention should include the ‘organic relationship between elements of the first invention while maintaining its integrity.’

The case 90hu1499 of the KSC is important because it clearly expressed that a patented utilizing invention may not be invalidated even if it falls within the scope of a utilized invention. In the same case however, the KSC denied a utilizing relationship between the two patented inventions on the grounds that one invention used a catalyst while the other did not; and held that the two inventions were different from each other, and the second invention did not fall within the scope of the first. In addition, the Court noted that a utilizing relationship can exist in inventions of machines or apparatus, but not in process inventions used to produce chemical substances. Thus, the patented invention that did not use a catalyst was held to be different from another patented invention using a catalyst even though the reactants and products of the two materials were the same. This was a very controversial decision and resulted from a misunderstanding of the functions of a catalyst in a chemical reaction. In another early case pertaining to the functions of a catalyst, 83hu85, the KSC ruled that ‘an invention using a catalyst and another invention not using said catalyst are different from each other as far as using a catalyst causes technical effect and is not a simple addition of a meaningless process.’ A similar ruling on a utilizing relationship can also be found in 92hu1660 and 92da8330 (ref. 28). These rulings are questionable since the Court adopted the requirement of an inventive step instead of the requirement of a utilizing relationship in deciding whether or not a utilizing relationship existed between the two inventions.

In 2003heo2270 (2004), although the KPC noted that an active trial between patents was legitimate when a utilizing relationship existed between the two related inventions, it dismissed the trial on the grounds that the trial was illegitimate. The KPC explained that a utilizing relationship did not exist between the two devices because the structure of the subject device to be confirmed was different from that of the registered utility model. On the other hand, the trial should have been regarded as legitimate because no registered device should be invalidated if the second device did not fall within the scope of the first, even where the two devices are not in a utilizing relationship. The reasoning of the KPC in 2003heo2270 can be seen as being similar to earlier rulings in which a passive trial to confirm that a patent did not fall within the scope of another was held legitimate because it did not result in the invalidation of any patent even if the trial was affirmed.

In 98hu522 (2001), the KSC ruled that a utilizing relationship can exist between chemical inventions in which the second invention uses the first invention and a catalyst. This decision is completely at odds with the earlier KSC cases (e.g. 90hu1499) and 83hu85 (1985) which denied the existence of a utilizing relationship between two chemical inventions, in which the second invention adds the use of a catalyst to the first. The KSC (98hu522) clearly...
explained that a catalyst does not change or disturb the integrity of a chemical process and the catalyst remains as it was, itself chemically unchanged, after the chemical process. The Court made it clear that when two patented inventions are in a utilizing relationship, the second invention falls within the scope of the first invention, and that a utilizing relationship can exist even when the second invention utilizes the equivalent invention. The Court rejected the decision \(^{31}\) of the Appeal Tribunal of KIPO on the grounds that the Appeal Tribunal did not examine whether the subject invention to be confirmed was equivalent to the first invention. Even so, the KSC did not directly clarify whether an active trial to confirm the scope of the patents was legitimate or not.

Therefore, because of the decision in 83hu85 (1985), until 98hu522 (2001), the Tribunal, the Appeal Tribunal of KIPO and the KPC failed to recognize the second invention as a utilizing invention in cases which used the first invention in its entirety and only used a catalyst in addition and hence did not determine the second invention to lie within the scope of the first invention. During this time period, because it could not be determined if a second invention was to be included in the scope of a previous invention, the first inventor lost market lead-time and was deprived of incentives to invest in further research and development. The second inventor in the meantime could work on his invention without receiving permission (licence) from the first inventor. The second inventor’s work on his utilizing invention, performed without permission from the inventor of the utilized invention, was obviously illegitimate and if the correct assessment had been made in the first place, it would have avoided great losses to the first inventor and to the society as well.

In the end, in 99hu2433 (2002) the KSC clearly noted that an active trial between patents was not allowed in principle, but allowed when it was possible to confirm the scope of a patent without invalidating the other through establishment of the existence of a utilizing relationship between the two inventions. In the instant case, however, the KSC ruled that the trial between the patents was illegitimate because, in a trial to confirm the scope of one patent against another, the claimant argued that the second registered device should be invalidated because it had no inventive step.

**Evaluation of the Decisions of the KSC**

Considering that modern technologies develop cumulatively and sequentially,\(^ {32}\) and that an improvement invention as well as a pioneer invention can be patented, utilizing relationships between patents exist naturally and legitimately. Therefore, it is inappropriate to assume that an active trial to confirm that a patent falls within the scope of another is illegitimate ‘in principle’, and that a utilizing relationship is treated as exceptional. On the contrary, an assessment of the cases of the KSC seems to indicate that all passive trials to confirm that a patent does not fall within the scope of another are legitimate. A study on the development of the cases of the KSC shows that the recent case judgments do not agree with those of the earlier cases.

**Legitimacy of an Active Trial to Confirm Scope of Patents**

The decisions of an active trial between patents can be the following: (A) the second patented invention does not fall within the scope of the first patented invention, (B) the second patented invention utilizes the first patented invention and falls within the scope of the first invention, and (C) the second patented invention does not utilize the first patented invention but falls within the scope of the first invention. In the case of (C), the second patented invention is actually at least equivalent to the first invention. Among (A), (B) and (C), only (C) can be illegitimate because it causes an invalidation of the second patent without conducting an actual invalidation trial.

In 73hu47, 83hu105, 83hu107, 84hu5, 84hu6 and 95hu1920, however, the KSC did not judge whether a utilizing relationship existed between the patents, but only ruled that, when two registered utility models are the same or similar to each other, the first rightful person cannot file a trial to confirm the scope of his registered device against the second rightful person. For example, in 84hu5 and 84hu6, the KSC equated the subject device that is ‘return signal circuits’ with the second registered device on the grounds that the other part of the second device except the ‘return signal circuits’ works only as a supplementary element and the device cannot accomplish its purpose without those ‘return signal circuits’.

Thus, as far as the other part of the device functions at least as a supplementary element to the ‘return signal circuits’ rather than a meaningless part having no technical effect, the subject device (i.e. ‘return signal circuits’) to be confirmed cannot be equivalent to the second registered device. In assessing the identity of invention, the invention as a whole, including complementary as well as essential element,
should be considered and as such it is obvious that the second device with a supplementary element having technical effects is not the same as the first device without the supplementary element. Accordingly, when a core part of the utilizing invention is the same as the first invention and the other part of the utilizing invention is auxiliary to the core part, and even though the utilizing invention cannot accomplish its purpose properly without the core part, the utilizing invention cannot be considered to be equivalent to the first invention as long as it has complementary elements resulting in differing technical effects. Furthermore, the utilizing invention can be patented if the complementary elements have technical effects that are not obvious to a person skilled in the art. Therefore, it is erroneous that, in 84hu5 and 84hu6, the KSC dismissed the trial, judging that the second device (Utility Model No 21,159) could be regarded as the same as the subject device to be confirmed (i.e. return signal circuits), which was actually the same as the first device (Utility Model No 19,042 and No 19,043).

From the perspective of patent law at that time, a utilizing invention included both the first invention as a whole with its integrity intact and other elements. The core invention (i.e. the first invention) included in the utilizing invention is essential to accomplish the purpose of the utilizing invention and other elements are secondary to the core part. In this case, the court should not decide that if the complementary part was excluded from the subject patent to be confirmed, the subject patent became the same as the first patent and thus the trial to confirm the scope of the first patent against the subject patent was illegitimate because it caused invalidation of the subject patent in the absence of an invalidation trial.

However, in 95hu1920 also, the KSC rejected the decision of the Appeal Tribunal of KIPO on the grounds that an active trial between patents was illegitimate. The KSC dismissed the trial without examining whether a utilizing relationship existed between the two patents in the trial. The KSC only reiterated that a trial to confirm the scope of a registered device was a trial to confirm whether a non-registered device fell within the scope of a registered device, and that a trial to confirm the scope of a registered device against another cannot be filed and is illegitimate. It further held that only an invalidation trial can be filed when there are two registered devices that are the same or similar. This is particularly strange because the decision of 95hu1920 was made after 90hu1499 where the KSC clearly noted that the second invention fell within the scope of the first invention if the second invention is an invention utilizing the first invention. This means that in 90hu1499 the KSC recognized that a patented invention can be valid even though it fell within the scope of another patented invention.

In effect, due to a lack of precise understanding of the utilizing relationship between patents (or utility models) since 73hu47, the Tribunal and the Appeal Tribunal of the KIPO dismissed all active trials between two patents (or utility models) regardless of whether a utilizing relationship existed.

Legitimacy of a Passive Trial between Patents

Consequences of a Passive Trial between Patents

The second patent holder or an alleged infringer may need to confirm that his invention does not fall within the scope of the other patented invention that is similar to his invention or that a utilizing relationship exists between his invention and the first invention. If the Tribunal (or the Court) recognizes that the second invention does not fall within the scope of the first invention, he can work on his invention freely. If the Tribunal (or the Court) judges that the second invention falls within the scope of the first invention because utilizing relationship exists between the two, the second patent holder can seek permission (licence) to carry out the invention from the rightful holder of the first patent. The second patent holder may request a trial for the grant of a non-exclusive licence to work on the first patented invention if he cannot receive permission without any justifiable reason on the part of the first patent holder or if it is impossible to obtain such permission.

Through a passive trial, the second patent holder aims to determine that his invention neither utilizes nor falls within the scope of the first invention, whereas, the first patent holder aims to confirm that a utilizing relationship exists between his invention and the second patented invention, and more preferably that the two inventions are the same. When the two inventions are deemed to be the same, he may file an invalidation trial to eliminate potential competitors from the market. When a utilizing relationship exists and the second patent holder requests a non-exclusive licence, the first patent holder confirms whether the second invention has an important technical improvement with substantial economic value before
he decides to allow a non-exclusive licence to be granted to the second patent holder. In these respects, it is obvious that a passive trial between patents is effective and necessary to confirm the patent relationship between market participants.

Legitimacy of a Passive Trial between Patents

When a passive trial between patents is affirmed, there is no difficulty in inferring that the trial is legitimate because the subject invention does not fall under the scope of the patent. However, when it is denied, problems arise because the decision may result in actual invalidation of a patent outside of an invalidation trial.\textsuperscript{39} In the worst case scenario for the claimant, his patent not only falls within the scope of the patent of the defendant, but also becomes invalid. In this respect, the trial can be seen as similar to an affirmed active trial between patents, even though the patent that is actually invalidated is the patent of the claimant rather than that of the defendant.

The denial of a passive trial does not always result in the invalidation of the second invention even if it falls within the scope of the first invention, for instance when a utilizing relationship exists between the patents. Nevertheless, a judgment as to whether the second patent falls within the scope of the first patent or whether a ‘utilizing relationship’ exists between the patents can be made during the substantial examination of a trial rather than during formality examination. Thus, dismissing a passive trial between patents just because of its formality is inappropriate.\textsuperscript{37}

Development of the Definition of Trial to Confirm the Scope of a Patent

In 83hu105, the KSC defined a trial to confirm the scope of a patent as ‘a trial to confirm whether or not an unpatented invention falls under the scope of a patented invention’. According to this definition, a trial between patents is not allowed. In 84hu18, 84hu19, and 96hu375, the Court defined a ‘trial to confirm the scope of a patent’ in the same way as in 83hu105, but the Court recognized a passive trial between patents as legitimate on the grounds that it did not result in the invalidation of the other patent. This meant that a trial between patents can be allowed and be legitimate. This resulted in a discrepancy between [83hu105] and [84hu18, 84hu19, 96hu375] in the definition of ‘trial to confirm the scope of a patent’.

Essentially, the definition of a ‘trial to confirm the scope of right’ should change because the subject to be confirmed now includes both a patented and an unpatented invention, and a patent can actually be invalidated by the result of a trial between patents. In 2007hu2766, the KSC defined the trial to confirm the scope of a patent as ‘a trial to confirm that a subject invention actively falls within the scope or passively does not fall within the scope of a patented invention.’\textsuperscript{38} As a subject invention has come to include both a patented and an unpatented invention by the decision of the KSC, the definition should reflect the decisions of the court.

In fact, in the original decisions of 84hu18 and 84hu19, the Appeal Tribunal of the KIPO dismissed the passive trial on the grounds that, when two registered devices are the same or similar to each other, deciding that the second registered device falls within the scope of the first registered device will actually invalidate the second utility model. The KSC however, later rejected the above decisions of the Appeal Tribunal. While the Appeal Tribunal considered a passive trial to be illegitimate because the claimant’s registered device could become invalid as the result of the trial, the KSC consistently acknowledged its legitimacy since the defendant’s device did not become invalid because of the trial. It is necessary to note that the KSC focused solely on whether the defendant’s right became invalid, not the claimant’s.

In 96hu375 (a passive trial), the KSC ruled that the subject device to be confirmed, which was registered during the lawsuit, fell within the scope of the defendant’s registered device because the devices’ purpose, technical structures and technical effects were similar each other. Furthermore, in 2007hu2766, the KSC judged that the second patented invention fell within the scope of the first patented invention and thus effectively invalidated the second patented invention on the grounds that the claimant himself filed the trial, thereby risking the possibility of his patent becoming invalid.\textsuperscript{39} This meant that the KSC recognized a trial to confirm the scope of a patent as being illegitimate only when the defendant’s right is invalidated when the claim of the claimant is affirmed in an active or passive trial.

According to the KSC, a passive trial is always legitimate because the claimant himself filed the trial, thereby risking invalidation of his patent when it is denied. Considering that a passive trial cannot invalidate a defendant’s right and that all passive trials are legitimate in principle, the omission of the
description regarding the legitimacy of the passive trial would have enhanced the efficiency of the Court in dealing with passive trials.

**Legitimacy of a Passive Trial between Patents in a Utilizing Relationship**

When a utilizing relationship exists between patents, the second patent is not invalidated even if it falls within the scope of the first invention. Therefore, when the second patented invention falls within the scope of the first invention, it will be to the claimant’s benefit if the Court decides that the two inventions are in a utilizing relationship. This is because, with the decision the claimant can request a non-exclusive licence from the first patent holder, and file a trial to request non-exclusive licence if he cannot acquire permission of a licence. Therefore, if the Court rejects a passive trial without a judgement of a utilizing relationship between the related two patents, the claimant with the second patented invention would have no choice even when his invention utilizes the first invention and is valid.

**Legitimacy of an Active Trial between Patents in a Utilizing Relationship**

**Development of Modern Technology and a Utilizing Relationship**

The patent system is designed to provide an inventor with a market lead-time in exchange for technological information about his invention. The market lead-time provided by a patent enables an inventor to recoup his investment and encourages inventions. Technology develops through the process of improvement of the prior art and develops at a cumulative rate on the basis of prior development.40 This is more conspicuous in the cutting-edge technologies. Because the earlier technologies are essential to current technologies, most cumulative innovations are sequential ones.41 Because of the cumulative and sequential characteristics of technological development, important and difficult issues exist in the relationships between first and second patentees whose patented invention utilizes the first.42 Strengthening the power of the first patentee may result in reduced profits for second patentees.43 Easier access of the first invention by second patentees may lead to inappropriate compensation to the first patentee. Thus, a balance between patentees of successive patented inventions is needed for a fair distribution of profits and the sustainable development of technology. This issue is distinctive between the two inventions in a utilizing relationship.

**Recognition of an Active Trial between Patents in a Utilizing Relationship**

As a result of the KSC decisions (e.g. 73hu47, 83hu105, 83hu107, 84hu5, 84hu6 and 95hu1920), the Tribunal, the Appeal Tribunal, the KPC and the KSC have long dismissed active trials between patents. Among the abovementioned Supreme Court decisions, 95hu1920 dismissed an active trial between patents even after 90hu1499 (1991), in which the KSC clearly explained that when a utilizing relationship exists between patented inventions, the second invention is not invalidated even if the second invention falls within the scope of the first patented invention.

These rulings of the Tribunal and the Court for active trials between patents in a utilizing relationship are contrary to the object of the regulations of the Korea Patent Act, i.e. Article 98 regulating a utilizing relationship and Article 138 that provides for the utilizing invention holder’s trial to request a non-exclusive licence. Recognizing the academic criticisms, in 99heo1720 (1999), the KPC ruled that an active trial between patents in a utilizing relationship may be the basis of the issue of non-exclusive licences and license fee; and will not always result in the invalidation of the second patented invention. As the appeal court (99hu2433) for the case, the KSC affirmed the decision of the KPC, stating that even though an active trial between patents is illegitimate in principle, such a trial can become legitimate under exceptional circumstances when a utilizing relationship exists between the patents.

**Active Trial between Patents and Logical Contradiction**

When a claimant files an active trial between patents arguing that a utilizing relationship exists between the patents, the court will affirm the trial when a utilizing relationship exists. When a utilizing relationship does not exist and the second patent falls within the scope of the first patent, the Court will dismiss the trial as illegitimate. In other words, the Court dismisses a trial when it finds the trial to be illegitimate at the formality examination stage itself, and only begins examination of a case that it recognizes as legitimate.

However, this is contradictory because the Court also confirmed that utilizing relationship exists between
the patents, and because the confirmation by the Court resulted from the court’s substantial examination of the case on the premise that the trial was legitimate even though the active trial is illegitimate in principle. After the substantial examination including whether a utilizing relationship exists, if the trial is proven to be illegitimate, the Court dismisses the trial due to the illegitimate formalities. This is a logical contradiction.

Utilizing Relationship: A Common not Exceptional Existence

A rightful holder of a patent has the right to prohibit others from working on his invention without his permission. The second patent holder cannot work on a second invention without the permission of the first patent holder when his invention utilizes the first patented invention and thus, work on the second invention constitutes infringement of the first patent. This is the utilizing relationship stipulated by KPA Article 98 and that usually exists between patented inventions in the same kind of technology. KPA Article 138 also describes a trial to request for non-exclusive license. Therefore a utilizing relationship between patented inventions should be regarded as a commonly existing one rather than an ‘exceptional’ one.

The results of an active trial between patents can be classified as follows: (A) the second patent does not fall within the scope of the first patent, (B) the second patent falls within the scope of the first patent, but the two inventions are in a utilizing relationship and (C) the second patent belongs within the scope of the first patent, but the two inventions are not in a utilizing relationship. Ideally, (A) and (B) should not be considered to be illegitimate because they do not cause invalidation of a patent.

It is therefore, inappropriate that the Court considers active trials to confirm the scope of a patent as illegitimate, in principle only, the grounds that they cause invalidation of a patent outside of an invalidation trial and exceptionally legitimate only when a utilizing relationship exists between the related patents.

For transparency, the KSC should make it evident that, when a utilizing relationship exists between patents in a trial, the Court may rule that a patent (i.e. utilizing patent) falls within the scope of the other patent (i.e. utilized patent). Such a ruling shall not invalidate a utilizing patent because the patent effectively exists even after such a ruling. Accordingly, it is inappropriate that active trials to confirm the scope of a patent are recognized as illegitimate in principle and as legitimate only under exceptional circumstances when the two patents are in a utilizing relationship. This is because, in case of active trials between two patents, only a very few trials where the patents are the same may be regarded as illegitimate, whereas the majority of active trials (i.e. when a utilizing relationship exists between the patents, and when the second patented invention does not fall within the scope of the first patented invention) are legitimate. In addition, a utilizing relationship is not only stipulated in the KPA and but also commonly exists due to the characteristics of the developments of modern technology and the patent system.

Conclusion

In spite of the effectiveness of the trials to confirm the scope of a patent in Korea, the KSC has not coherently dealt with the trials in general and active trials against the other patent in utilizing relationship in particular. Passive trials have become legitimate through cases in the KSC regardless of whether they are rejected or affirmed. It is unreasonable that, after substantial examination and confirming that a utilizing relationship does not exist between patents, the Court dismisses an active trial due to the illegitimate formalities. In order to secure consistency, it is necessary to regard both active and passive trials as legitimate. In accordance with the case development of trials to confirm the scope of a patent, the trial could be defined as ‘a trial to confirm whether a subject invention to be confirmed falls within the scope of a patent.’

Once the Court finds that the second patent falls within the scope of the first patent without a utilizing relationship, it is reasonable that the Court may inform a patent examiner as to its decision, who then has an obligation to file immediately an invalidation trial for the second patent.

In addition, it is necessary to decide whether a utilizing relationship exists between patents in a trial. With the decision that a utilizing relationship exists, the patent holder of a utilizing invention gets an opportunity to seek permission from the patent holder of the utilized invention or request a trial for the grant of a non-exclusive licence if he cannot receive permission.
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