

Korean Contract Law II

6 December 2025

- Completed answers must be uploaded at <https://lawlec.korea.ac.kr/essay> by 23:00 on 6 December 2025.
- Answer to Question 1 should be uploaded as **written work No. 3.**
- Answer to Question 2 should be uploaded as **written work No. 4.**
- There is no length limit to your answers.

[1] Question 1 (50 points)

Alumni from KU Computer Science Department developed a mobile game called Dungeon Tiger (the “works”) in 2000. Mr Kim and Mr Lee played a leading role in the software development and artwork creation. Mr Kim set up Anam Co. (“Anam”), a joint stock company, and Mr Lee set up Beta Co. (“Beta”), also a joint stock company.

Anam and Beta executed an agreement in 2001 (Software Development and Sales Agreement) where the two companies agreed as follows:

- The copyright in the works shall be equally shared between Anam and Beta.
- Either company may grant license to a third party authorising the use of the entirety of the works. But the revenues, including royalty payments, must be distributed at the ratio of 70% for Anam and 30% for Beta.
- If, however, the license agreement is concluded by Beta with a licensee located or recruited by Beta, the revenue sharing ratio shall be 60% for Anam and 40% for Beta.

In accordance with this agreement, Anam and Beta, respectively, concluded several license agreements with a variety of licensees in China, Taiwan, Italy and the U.S.

In 2004, however, Beta and its licensee Victory Games (“Victory”) invited Anam to join as a co-Licenser in the existing license agreement between Beta and Victory. The reason was that Victory wished to have a direct contractual relationship with Anam, who has the software development expertise, in order to ensure smooth maintenance and support (including bug fix and timely upgrade) for the Dungeon Tiger games. Anam agreed to become a co-Licenser and to provide technical assistance necessary for the user support and software maintenance of the works. The parties have agreed as follows:

- Beta and Victory agree to accept Anam as the co-Licenser.
- Anam irrevocably entrust Beta with the exercise of Anam’s rights as co-Licenser for the duration of the license agreement.

In June 2017, Beta informed Anam that the license agreement with Victory would be renewed for 5 more years. Anam replied that the license agreement must not be renewed because Victory has been condoning serious violations of copyright which Anam considers to be a big problem. Beta wrote to Anam that the copyright infringement issues can be dealt with by seeking money damages from Victory and that it is more advantageous to renew the

license agreement with Victory who has a good standing in the game industry in China. Anam and Beta disagreed.

In December 2017, in spite of Anam's protest, Beta concluded a renewed license agreement with Victory. Anam, as it was opposed to the renewal of the license, refused to be a party to the renewed license agreement.

Anam asserts that as long as the license agreement with Victory is concerned, Anam is in the position of a mandator and Beta is the mandatarius and that Beta must look after Anam's interest rather than his own interest. Anam further argued that since Beta acted against Anam's interests in renewing the license agreement with Victory (ignoring Anam's clear protest and opposition), the renewal of the license agreement with Victory is invalid.

Discuss how this dispute should be resolved. [Modified from 2022 end-term exam question]

[2] Question 2 (50 points)

K Steel Co concluded a voyage charter with Marine Co in order to transport iron ores from the port of Vancouver in Canada to the port of Gwangyang in South Korea. The charter-party contract stipulated, under Article 19 of the contract, that the charterer (K Steel Co) may terminate the contract

- in the event of Marine Co's bankruptcy (Article 19(i));
- in the event any bankruptcy proceedings are initiated with regard to Marine Co or any of its affiliates (Article 19(ii)); or
- in the event Marine Co or any of its affiliates are in serious financial difficulties (Article 19(iii)).

The parties agreed that the ship shall be ready to load the cargo at the port of Vancouver between 1 May – 10 May 2020. The agreed freight for transporting the cargo from Vancouver to Gwangyang was 2 million USD. The governing law of the contract is Korean law.

Lakefield Co, which is a wholly-owned subsidiary of Marine Co, filed for bankruptcy in the district court of Tokyo, Japan on 25 April 2020. But Marine Co's fleet of ships all over the world were operating normally at that time. Marine Co had the agreed vessel ready to load the cargo at the port of Vancouver on 1 May 2020. Marine Co informed that the vessel was ready. However, on 5 May 2020, K Steel Co terminated the charter-party pursuant to Article 19(ii) of the contract.

Marine Co accepted the termination but argued that K Steel Co must pay damage pursuant to Article 673 of the Korean Civil Code and that the amount of damage shall be one half of the agreed freight pursuant to Article 832 of the Korean Commercial Code.

K Steel argued that as the parties have expressly agreed upon a contractual right of termination, the party who exercises its contractual right should not be held liable to pay damage to the other party. Also, Article 674(2) of the Civil Code stipulates that where a work contract is terminated on the ground of bankruptcy, neither party shall be entitled to seek damage from the other party. The present case should be similarly treated and neither party should be entitled to seek damage from the other party.

Discuss how this dispute should be resolved. [2023 end-term examination question]