

Newsletter

A Quarterly Update of Korean IP Law & Policy

Fall 2017

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Original Drug Maker Obtains First Court Decision in Korea Finding Infringement of Patent for Second Medicinal Use

By Yu-Seog WON, Young KIM and In Hwan KIM

Pfizer successfully enforced its patent covering a secondary use of its Lyrica® product (active ingredient: pregabalin) against 13 generic drug manufacturers in Korea, and was awarded a total of about KRW 2.2 billion (approx. USD 2 million) in damages (Seoul Central District Court Decision Nos. 2016Gahap517156, 2016Gahap517163, 2016Gahap521919 and 2016Gahap521926 rendered on June 30, 2017).

Facts

Pregabalin was originally developed to treat epilepsy, but was later discovered also to relieve pain (such as neuropathic pain and fibromyalgia). Pfizer's subsidiary, Warner-Lambert, obtained a second medicinal use patent to cover the use for pain treatment. In Korea, Pfizer Korea obtained an exclusive license to said patent from Warner-Lambert. Pfizer Korea also obtained an approval for the Lyrica product in 2005 for the treatment of (1) epilepsy, (2) neuropathic pain, and (3) fibromyalgia. After launch, Lyrica became a blockbuster drug, achieving annual sales of over several million dollars in Korea. Over 90% of prescriptions for Lyrica are for the treatment of pain, while the proportion of prescriptions for epilepsy treatment is relatively insignificant.

Many generic drug manufacturers seeking to sell Lyrica generics in Korea filed invalidation actions against the subject patent beginning in 2011. Subsequently, the generic drug manufacturers began to sell and market generic versions of Lyrica in 2012, prior to the patent expiration. After five years of litigation, the Supreme Court confirmed the validity of the subject patent in 2016. Then, Warner-Lambert and Pfizer Korea (collectively, "Pfizer") pursued patent infringement and damages actions against selected generic drug manufacturers ("Defendants"). In the meantime, the Defendants obtained their generic Lyrica approvals with indications for both pain and epilepsy treatments, although they later carved out the pain indication from their product approvals.

In the infringement and damages actions, the Defendants argued that (i) the patent could not be enforced because of patent invalidity, (ii) there was no infringement after the patented pain indications were deleted from their product approvals, and (iii) the damages amounts alleged by Pfizer

were unreasonable. One of the Defendants filed another invalidation action for failure to meet all patent description requirements one day before the Supreme Court's decision concerning the first invalidation action was issued.

Court Decision

Regarding the invalidity issue, the district court rejected the generic's arguments for lack of data, and acknowledged the validity of the subject patent based on the following grounds: the specification sufficiently disclosed the pharmaceutical effect of treating neuropathic pain and fibromyalgia, meaning it sufficiently met description requirements for pharmacological data as a medicinal use invention.

As to the infringement issue, the district court found infringement with respect to the manufacture and sales of generic drugs that occurred prior to deleting the pain indication from the Defendants' product approvals.

Further, regarding the calculation of damages, the district court granted approximately 72% of the total amount of damages claimed by Pfizer. Proving actual damages was difficult because the Defendants did not produce any sales or profit data. The court therefore awarded damages amounts in accordance with Article 128, Paragraph 7 of the Patent Act (covering calculation of damages where patent infringement is confirmed but the damages amount is difficult to prove), after considering the totality of the arguments and evidence. In this regard, the court asked the Health Insurance Review & Assessment Service ("HIRA") to produce data concerning doctors' prescriptions of generic drugs for the treatment of pain, and calculated the total damages amount based on this information. In doing so, the court also included in its damages calculation any prescriptions that were issued after the pain indications were deleted from the generic product approvals, noting that those prescribed generic products had been manufactured while the pain indications were included in the product approvals.

Significance

This is the first court decision in Korea in which a court awarded damages for infringement by generic drug manufacturers of a second medicinal use patent.

Second Korean Supreme Court Decision Upholding Validity of a Selection Invention

By Chang Su PARK, Yunki LEE and Daniel KIM

The Korean Supreme Court recently upheld the validity of a selection invention patent owned by Merck, in the case *Merck Patent GmbH and Sharp Corporation v. DIC Corporation* (Case No. 2014 Hu 1631 rendered on May 11, 2017).

The term "selection invention" in Korea means an invention in which some or all of the constitutional elements are species of a genus concept disclosed in the prior art. Selection inventions are subject to very strict patentability requirements; even after the Korean Supreme Court provided detailed standards regarding the patentability of selection inventions in 2003 (Supreme Court Decision No. 2001 Hu 2740 rendered on April 25, 2003), there were no cases in Korea upholding the patentability or validity of a selection invention for many years. The Supreme Court first recognized the validity of a selection invention in 2012 (Supreme Court Decision No. 2010 Hu 3424 rendered on August 23, 2012, holding that the selection invention at issue was valid due to a qualitatively different effect; see our Fall 2012 Newsletter). The Merck case represents only the second time the Supreme Court has acknowledged the validity of a selection invention, and is unusual in that the selection from the prior art is only one element of the claimed invention, rather than the invention itself being a selection from a larger genus.

Background

The Subject Patent (KR Patent No. 677804) relates to a liquid crystal display device produced using specific monomer compounds. The specification of the Subject Patent discloses that image burn (a phenomenon in which a previous image remains displayed on a liquid crystal display device) caused by polymer deformation can be reduced, and the examples provide experimental results concerning the image burn percentages for one of the claimed monomers along with comparative data for two other unclaimed monomers.

The cited prior art reference disclosed a liquid crystal display device that is identical to the Subject Patent with respect to its device elements, and listed over 100 compounds as possible monomers for use in the liquid crystal display device, including the monomers of the

Subject Patent. However, the working examples in the prior art reference used monomers with completely different structures from the monomers of the Subject Patent.

The Subject Patent was initially held invalid by the Intellectual Property Trial and Appeal Board ("IPTAB") for lack of inventiveness. The patentee amended the Subject Patent to reduce the scope of claimed monomers, and filed an appeal to the Patent Court where the IPTAB invalidity decision was reversed.

Supreme Court's Holdings

On further appeal, the Supreme Court considered three questions: 1) whether a patent for an invention in which the specific monomers that can be used for one element of the invention were disclosed in a previous reference as part of a large group of monomers actually constitutes a selection invention; 2) whether a selection invention in which the selected element was expressly disclosed in a prior art reference lacks novelty; and 3) whether an element claimed in a selection invention that was already expressly disclosed in a prior art reference also inherently discloses any effects claimed for the selection invention, regardless of whether the prior art reference expressly discloses such effects.

With respect to the first question, the Supreme Court concluded that the Subject Patent was indeed a selection invention, because the invention's primary distinction from the prior art was the selection element, and the monomers constituting the claimed element were expressly identified in the prior art (the Supreme Court clarified that if the monomers were not actually listed in the prior art, the invention would simply be a general invention, not a selection invention).

With respect to the second question, previous Supreme Court law in Korea has held that a selection invention generally lacks novelty if the prior art either "specifically discloses" the claimed species concept, or if one of ordinary skill in the art would have been able to "directly recognize" the claimed species from the prior art. The Supreme Court held in this case that the fact alone that the monomer of the Subject Patent was expressly named

in the cited prior art reference did not mean it was "specifically disclosed," because the claimed monomer was only one of over 100 monomers listed in the prior art reference, none of the working examples of the prior art reference pertained to the claimed monomer, and there was no disclosure in the prior art reference regarding the effect claimed in the Subject Patent (reducing image burn caused by polymer deformation). As a result, the Supreme Court held that the Subject Patent did not lack novelty.

Finally, with respect to the third question, the Supreme Court first noted that a selection invention generally is inventive only if all of the species with the selection provide a working effect that is qualitatively different from or quantitatively superior over the prior art. The Supreme Court held that the claimed invention using one of the previously-disclosed monomers (4,4'-biphenyl diacrylate) was inventive because the specification contained express disclosures that the monomer had the relevant effect (reducing image burn caused by polymer deformation) and data was submitted to support such superior effects over

the prior art reference, whereas the invention using the other previously-disclosed monomer (1,4-bisacryloyloxy benzene) lacked inventiveness because there was no disclosure or data to confirm the claimed effect using the other monomer (since it was not described in the examples nor supported with experimental data).

Remarks

In the past it has been common for courts to reject selection inventions on novelty grounds if the selected species were expressly disclosed in the prior art (even if nothing else about the species was disclosed or suggested). This decision is significant because it suggests that the Supreme Court recognizes that the patentability of selection inventions should not be so easily rejected, but should take into account the level of disclosure in the prior art regarding the claimed invention, as well as the nature of the claimed invention as a whole. The decision strongly suggests that Korean courts may take a somewhat less strict view of selection inventions in the future.

Pharmaceutical Industry IP Practices in Korea Under Scrutiny Again by the KFTC

By Young KIM, Gene-Oh (Gene) KIM, Kyung Yul LEE and Inchan Andrew KWON

The Korean Fair Trade Commission ("KFTC") recently conducted another intellectual property (IP) survey towards approximately 70 pharmaceutical companies (approximately 40 foreign and 30 domestic), seeking detailed information regarding their major products, patents, and litigation disputes involving IP in Korea.

This follows a similar earlier survey conducted by the KFTC in 2010, which also sought similar information from 48 pharmaceutical companies (30 multinational and 18 domestic).

Background

The new KFTC survey seems to have been driven by two major factors.

First, in December 2016, a new Knowledge Industry Anti-Monopoly Division was established within the KFTC with a specific remit to investigate abuses and increase competition enforcement in knowledge-based industries

(such as pharma, biotech, and IT). Moreover, the new governing administration in Korea has indicated a greater desire in general to scrutinize companies' fair trade practices in general.

Second, there was a dramatic increase in the number of patent disputes filed between original drug manufacturers and generics after the implementation of the pharmaceutical product approval-patent linkage system in Korea in 2015. Thus, the KFTC appears interested in investigating any changes in pharmaceutical companies' IP practices since the patent linkage system was implemented, particularly regarding any settlement agreements or other business arrangements that may have been entered into as a result of such IP disputes.

Subject of the Survey

The KFTC appears to have selected the companies targeted by the new survey based mostly on recent sales information, while also taking into account media reports

regarding various patent disputes. The questionnaire focused on 202 active pharmaceutical ingredients ("API") selected from a list of prescription drugs with sales exceeding KRW 8 billion (approximately USD 7 million) in 2015. The questionnaire sought details regarding prescription drugs containing the above APIs which were released in Korea or for which drug approval was sought between 2010 to 2016. These details included information regarding (i) the status of launch and sale of original drugs, incrementally modified drugs ("IMDs") and generic drugs, (ii) the status of related patent license agreements, (iii) related patent filing strategies, (iv) the status of related potential disputes, (v) related litigations filed, (vi) any other contracts/agreements/cooperation agreements/arrangements with other pharmaceutical companies (not necessarily limited to the designated 202 APIs), and (vii) utilization of the Korean patent-approval linkage system.

The questionnaire was issued around the end of May and the responses were due in the late June-mid July timeframe.

Anticipated Course of Action

The KFTC will now review the information it has received,

and will likely decide in the next few months whether further investigation is needed against specific companies based on the information and materials that have been submitted. If the KFTC finds that a company's response was inadequate or raises additional questions, it may issue a follow-up request for information ("RFI"), or if the KFTC believes a response is particularly suspicious, it may conduct an *ex parte* raid on the responding company. In 2010, the KFTC issued follow-up RFIs to several companies and conducted dawn raids. We believe that the KFTC may be more aggressive in conducting follow-up investigations this year since this is the first industry survey to be conducted by the new Knowledge Industry Anti-Monopoly Division.

Other Industries Should Stay Alert

While the current survey is limited to pharmaceutical companies, the KFTC may decide to investigate and issue surveys in other industries to determine if IP abuse is occurring in other areas as well. For instance, in 2010-2011, after conducting its pharmaceutical industry survey, the KFTC issued similar surveys to the IT, chemical and mechanical industries.

Patent Court Holds that Proof of "Exclusive Use" for Infringement Only Necessary if Other Uses Are First Shown to Exist

By Yoon Ki KIM and Daniel KIM

While there is no such thing as inducement of infringement under Korean patent law, Article 127(1) of the Korean Patent Act ("KPA") provides that a party indirectly infringes a product patent by "producing, selling, leasing, importing or offering for selling or leasing a product that is exclusively used for the production of the patented product . . .," similar to contributory infringement law in the U.S. The key issue in Korean indirect infringement cases usually is whether "exclusive use" of the accused product for producing the patented product can be proven.

The Korean Supreme Court previously held that the patentee has the burden to prove whether an accused product is exclusively used for the production of the patented product (see Supreme Court Decision No. 98Hu2580 rendered on January 30, 2001). Thus, under the Supreme

Court's holding, if neither party presents any relevant evidence on the issue, the patentee would fail to prove indirect infringement. However, in practice, patentees have generally been allowed to simply deny the existence of non-infringing uses at the outset, due to the difficulty of proving a negative (the absence of alternative uses), and the burden of proof thus generally shifts to the accused infringer to prove alternative uses despite the lack of evidence. This has led to legal uncertainty regarding whether such a procedure is valid under Korean law.

The Patent Court recently issued a decision clarifying the Supreme Court's previous holding that a patentee should assert and prove "an accused product has no alternative use other than a use for the production of a patented product" to establish indirect infringement (see Patent Court Case

No. 2016Heo7305 rendered on May 25, 2017). The Patent Court's decision affirms current practice in certain circumstances, by holding that while the ultimate burden of proving "exclusive use" lies with the patentee, if the accused product is not a standard article of commerce or does not otherwise have a reasonable economical, commercial or practical use, the initial burden of production is on the accused infringer to show that the accused product has a reasonable alternative use other than for production of the patented product.

The claimed invention involved in the Patent Court case was directed to a taximeter having a border alert system, while the accused product was a device for producing a border alert protocol designed to be used in combination with a taximeter (such that the combination would infringe the asserted patent). The accused infringer attempted to assert that the accused product could also be used as a cruise navigation system for alerting when a ship goes off course.

Regarding the appropriate legal standards, the Patent Court first noted that as a practical matter, it should be much easier for a party asserting an alternative use to provide evidence of such use, than for a party asserting no alternative uses to provide evidence that no such uses exist. The Patent Court also remarked that an accused infringer generally would be in a much better position than a patentee to know how

an accused product may be used. Thus, in cases where it is not clear the accused product has any alternative uses except the accused use, the Patent Court took the practical position that the patentee should not be required to further support its position on exclusive use until there is evidence presented of at least one reasonable alternative use.

In response to the accused infringer's assertion in this particular case, the Patent Court found that the accused infringer failed to present any evidence of particular devices or parts which could be used in combination with the accused product to produce the claimed cruise navigation system. Consequently, the Patent Court did not recognize the claimed alternative use to be economical, commercial, or practical, and noted that even if the accused infringer had produced evidence of such devices or parts, the patentee would then have an opportunity to show that the alternative use was not economical, commercial, or practical. The Patent Court concluded that the accused product was exclusively used for the production of the patented product.

As the first case in Korea since the above-cited Supreme Court case to deal specifically with the issue of burden of proof in indirect infringement cases, this decision provides sensible guidance on how to fairly balance the burden of production between patentee and accused infringer in indirect infringement cases in Korea.

Patent Court Holds Its First Ever Hearing in English

By Duck-Soon CHANG, John J. KIM and Ki Yun NAM

Substantial efforts are being made by the Korean Government to turn Korea into an Asian regional IP Hub. The most recent effort involves creating an International IP Hub Court, a specialized court panel within the Patent Court which will decide patent-related appeals in English.

Currently, the ratio of IP disputes heard by the Patent Court involving foreign entities or individuals exceeds 40%. To further encourage foreign IP owners to use the Korean Patent Court as a hub for international IP disputes, the Korean Government is considering creating the "IP Hub Court," which will accept briefs and conduct proceedings in English.

Test Case

On June 28, 2017, for the first time in the history of

the Korean courts, a hearing was conducted in English. The case was an appeal of a final rejection of a patent application pursued by 3M Innovative Properties Company ("Petitioner"). The Respondent was the Korean Intellectual Property Office ("KIPO"), and the case was heard by the Patent Court.

During the hearing, both parties gave their presentations in English. Questions from the Patent Court and the parties' responses were also provided in English. Further, the decision was also made available in English.

While only the final hearing and decision were in English in the test case, if the IP Hub Court is fully implemented, English will be used for the entire proceedings. This means that briefs can be submitted in English, and all hearings will be conducted in English.

Our Historical Participation

Kim & Chang was fortunate to participate in this historic event representing the Petitioner in the test case. We hope

this test case will lead the Korean Government to fully implement the system to encourage more foreign entities to consider Korea as a possible forum for international patent disputes.

Income Tax Law Amended, Setting Clear Non-Tax Limits for Employee-Inventor Remuneration

By Mikyung (MK) CHOE and Injae LEE

The Income Tax Law and its Presidential Decree were amended on December 20, 2016 and February 3, 2017, respectively, to set clear guidelines for the tax treatment of employee-inventor remuneration and to define the scope

of non-taxation. These amendments apply retroactively to any and all in-service invention remunerations paid beginning January 1, 2017.

Summary

| Paid DURING Employment | Paid AFTER Termination of Employment |
|--|---|
| <ul style="list-style-type: none"> ▪ Earned income; ▪ Non-taxable up to KRW 3 million per year | <ul style="list-style-type: none"> ▪ Other income; ▪ Non-taxable up to KRW 3 million per year |

Key Aspects of the Changes

The amended Income Tax Law now classifies in-service invention remunerations paid to an inventor-employee under the Invention Promotion Act ("IPA") according to whether it was paid during or after the term of employment.

Remuneration paid during the term of employment is now treated as earned income, while remuneration paid after the term of employment is other income. The limit of either type of income that may be treated as non-taxable has been set as three million Korean Won (KRW 3,000,000; approx. USD 2,700) per year by the Presidential Decree.

Background

Under Articles 2 and 21 of the old Income Tax Law, which applies to remunerations due or paid prior to

January 1, 2017, in-service invention remuneration paid to an inventor-employee in accordance with the IPA was theoretically treated as non-taxable other income to the employee.

Initially, the Korean tax authorities narrowly interpreted this provision to cover only remunerations paid specifically for patent registration, while treating other related remunerations (e.g., for patent filing, or the use, sale and licensing of the invention) as taxable income. It was only after the Supreme Court's decisions¹ – holding that all in-service invention remuneration (including remuneration for reservation of patent filing) was non-taxable – that the tax authorities changed their practice to exempt all remunerations paid pursuant to the IPA as non-taxable other income.

¹ Supreme Court Decision 2014Du15559, April 23, 2015; and Supreme Court Decision 2014Du15542, April 9, 2015

Changes to Patent Marking Rules

By Mikyung (MK) CHOE

Unlike many other jurisdictions where patent marking plays a vital role in preserving a company's rights to recover money damages from an infringer, patent marking is not a requirement for damages in Korea. However, if you choose to mark products, only patent owners and licensees (exclusive or non-exclusive) can mark a product with the relevant patent numbers. Moreover, patent markings are only available for patents relating to (i) a product or (ii) a method of making a product.

Additionally, while there are no requirements to have patent markings, if you choose to mark your product, you are obliged to follow the rules defined in the Patent Act, which was amended on March 21, 2017 and became effective on September 22, 2017. Previously, there were no specific requirements or rules regarding how to mark a product with the patent number.

Now, if you choose to mark your patent, it must conform to the following format:

- Registered Patents (product): Patent XXXXXX
- Patent Application (product): Patent Application (Examination) Pending XXXXXX
- Registered Patent (method): Method Patent XXXXXX
- Patent Application (method): Method Patent Application (Examination) Pending XXXXXX

If markings cannot be made on the article itself, markings can be made on the container or the packaging. However, patent owners should be cautious about simply marking the packaging rather than the article because it is more convenient. Marking the container or the packaging is limited to those instances where the product cannot be marked.

Further, the law does not indicate whether every valid patent that applies to a particular product must be listed. However, the law allows marking of a product with a link to a website showing the list of applicable patents and patent applications.

False marking is defined as marking an article with a patent number without consent of the patentee, using a patent number on an unpatented article, using the words "patent pending" on an article for which no patent is pending, or otherwise marking an article causing others to confuse an unpatented article as a patented article or an article for which no patent is pending as an article for which a patent is pending. False marking is a crime and can be subject to imprisonment up to three (3) years or a fine of up to thirty million Korean Won (KRW 30,000,000; approx. USD 27,000).

The best way to avoid a potential false marking problem is to periodically review your products and patent portfolios to ensure the patent markings are correct. This includes monitoring and reviewing licensees.

Working with Korean Customs: A Vital and Effective Way to Combat Counterfeiters

By Seung-Hee LEE and Jason J. LEE

One of the first lines of defense in preventing the spread of counterfeit and imitation goods is to stop such goods from entering a country at the borders. Accordingly, intellectual property rights owners should always consider using Customs' services as a part of their enforcement programs in Korea.

According to a recent report by the Korea Customs Service ("KCS") (the report can be viewed on the KCS' official website at www.customs.go.kr in both Korean and English), there were a total of 9,853 different seizure cases involving counterfeit goods in 2016. From these seizures, 9,422 cases involved the infringement of trademark rights. There were also 181 cases of copyright infringement and 250 cases involving patent infringement or infringement of other rights.

From the imported counterfeit goods declared to Customs, if evaluated based on weight criteria, the majority of goods (74.6%) were those sent as general import cargo and express cargo. However, if evaluated based on the number of consignments, the majority of cases (97%) were counterfeit goods sent via air post (5,900 cases) and special courier deliveries (3,646 cases).

In terms of the types of counterfeit goods seized in 2016, the most popular items included toys (24.8%), clothing and textiles (14.5%), and handbags (11.9%). The items which had the sharpest increase from the previous year were athletic goods (increase of 266%), clothing accessories such as belts, etc. (increase of 243%), and home appliances (increase of 239%).

Mainland China continued to be the origin of most of the counterfeits seized (8,607 cases or 87.4% of total seizures), while Hong Kong came in second (957 cases or 9.7% of total seizures).

The number of seizure cases in 2016 was considerable, and reflect how active Customs is in detaining suspicious goods at the border. In this regard, Customs' efforts not only discourage importers of counterfeit goods, but also make a positive impact in reducing the quantities of counterfeits circulating in the market.

Meanwhile, as a result of the popularity of proxy purchasing agents and direct imports in Korea, more and more counterfeit goods are entering into Korea via air post or overseas courier services in small quantities. Accordingly, Customs has been actively seizing such goods as well, which is a trend likely to be of great interest to intellectual property rights owners.

In view of the continuing problem of counterfeit goods in Korea, intellectual property rights owners will find that actively assisting Customs in seizure cases, as well as conducting training sessions for Customs officers to educate them about their brands, is a vital and efficient way to fight the counterfeit problem.

Amendments to the Design Protection Act

By Sung-Nam KIM and Jason J. LEE

Several amendments to the Design Protection Act ("DPA") went into effect on September 22, 2017 as follows.

1. Grace Period for Design Applications Extended to One Year

Under the previous DPA, a design would not be deemed to lose novelty over an identical or similar design as long as the application for the design was filed within six months from the date when the identical or similar design was first laid-open. To take advantage of this grace period under the previous DPA, the applicant had to claim the novelty grace period when filing (i) the application (documentation of the previous disclosure can be submitted within 30 days from the application date), (ii) a response to an office action issued by the Korean Intellectual Property Office ("KIPO"), (iii) a response to an opposition filed by a third party, or (iv) a response to an invalidation action filed by a third party.

The amended DPA extends the six month grace period to one year. The amendment also replaced (ii) "when filing a response to an office action issued by KIPO" with (ii) "up until KIPO issues a final decision whether to grant a design registration" (so an applicant can now claim the grace period at any time while the application is still pending).

2. Proof of Priority Will Be Eased

Under the DPA, in order to claim priority, an application must include drawings substantially identical to the drawings in the foreign priority application, and a copy of the priority application certified by the foreign government would also need to be submitted.

The amended DPA allows applicants to submit other documents as confirmation of the details of the foreign priority application. The amendment is designed to eventually allow applicants to use the WIPO Digital Access Service to submit priority documents (the Service allows priority documents to be securely exchanged between IP offices directly), though KIPO has yet to announce detailed guidelines regarding this process, including the list of available countries.

3. Penalties Increased for Various Offenses

The maximum fine for perjury by a witness, expert witness or interpreter under oath before the Intellectual Property Trial and Appeal Board ("IPTAB") has been increased from KRW 10,000,000 (approximately USD 9,000) to KRW 50,000,000 (approximately USD 45,000).

The maximum fine for falsely indicating that a design has been registered or applied for has been increased from KRW 20,000,000 (approximately USD 18,000) to KRW 30,000,000 (approximately USD 27,000).

The maximum fine for fraudulently obtaining a design registration or an IPTAB decision related to a design has been increased from KRW 20,000,000 (approximately USD 18,000) to KRW 30,000,000 (approximately USD 27,000).

Korean Trademark Act's Guidelines for the Designation of Goods and Classification Recently Amended

By Min-Kyoung JEE and Angela KIM

One of the Trademark Act regulations, the Guidelines for the Designation of Goods and Classification ("Guidelines"), was amended on June 29, 2017, and the changes became effective on July 5, 2017. The Guidelines set out what designations of goods and services are acceptable to the Korean Intellectual Property Office ("KIPO").

Korea has adopted the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (the Eleventh Edition of which became effective January 1, 2017). In principle, KIPO examiners follow the general rules of the Nice Classification System, such as the class headings, explanatory notes and alphabetical list. However, not all goods and services designations in the alphabetical list of the Nice Classification have been included in the Guidelines.

With the recent amendments, the list of acceptable goods and services designations in the Guidelines has been significantly expanded. More than 4,000 goods and services designations have been newly added, some of which were adopted from the Nice Classification list, while others were adopted from the list of acceptable goods and services provided by the European Union Intellectual Property Office ("EUIPO").

The key changes to the Guidelines are as follows.

- 4,012 new goods and services have been introduced, particularly in Classes 5, 8, 10, 30, 38, 41, 42, etc., and the total number of the goods and services listed in the Guidelines is now 54,232.
- The following designations (which previously would have been deemed vague or too broad) are now acceptable in Korea.

| Designation of goods and services | Class |
|-----------------------------------|-------|
| Pharmaceuticals | 5 |
| Pharmaceutical compositions | 5 |
| Implantable medicines | 5 |
| Snips [hand operated tools] | 8 |
| Foot massagers | 10 |

| | |
|---|----|
| Body massagers | 10 |
| Electrically operated massagers | 10 |
| Medical instruments | 10 |
| Flour | 30 |
| Data transmission and data broadcasting | 38 |
| Interactive broadcasting and communications services | 38 |
| Wireless transmission and broadcasting of television programs | 38 |
| Entertainment services | 41 |
| Training services provided via simulators | 41 |
| Instruction services | 41 |
| Teaching | 41 |
| Preparation of engineering reports | 42 |
| Engineering services for others | 42 |
| Engineering testing | 42 |
| Engineering feasibility studies | 42 |
| Engineering project management services | 42 |
| Engineering project studies | 42 |
| Technical supervision and inspection | 42 |
| Technical inspection services | 42 |
| Technical testing | 42 |
| Technical testing services | 42 |
| Technical engineering | 42 |
| Technical writing | 42 |
| Provision of surveys [technical] | 42 |
| Technical survey services | 42 |
| Research into new products | 42 |

Of course, an applicant can register a mark for goods and services which are not clearly listed in the Guidelines, as long as the applicant can satisfactorily explain to the Examiner what the goods/services are and that they have been properly classified. However, as this can be very burdensome from the applicant's perspective, the expansion of the Guidelines' list of goods and services should make it substantially easier for applicants to obtain registrations for many goods and services, as well as registrations of a broader scope than before.

AWARDS & RANKINGS

Kim & Chang professionals named "IP Stars" by Managing Intellectual Property

9 Kim & Chang professionals have been recognized as "IP Stars" by Managing Intellectual Property (MIP). Duck-Soon Chang, Kenneth K. Cho, Jay J. Kim, Peter K. Paik, Chun Y. Yang, and Jay (Young-June) Yang have been recognized as "Patent Stars," and Alex Hyon Cho, Ann Nam-Yeon Kwon, and Jay (Young-June) Yang as "Trademark Stars." In addition, Young Kim has been recognized as one of the Top 250 Women in IP.

MIP, part of the Euromoney Legal Media Group, is a leading source of news and analysis on IP developments worldwide. MIP's "IP Stars" are selected based on extensive research and in-depth interviews with IP practitioners and clients worldwide.

29 Kim & Chang professionals recognized as Leading Practitioners in Asia, the Most Ever for a Korean Law Firm - Asialaw Leading Lawyers 2017

29 Kim & Chang professionals have been recognized as Korea's leading lawyers by Asialaw in its annually published directory, Asialaw Leading Lawyers 2017. In the Intellectual Property category, Jay (Young-June) Yang was selected as a market-leading lawyer. With this, Kim & Chang records another "first-in-the-market" achievement, placing more individuals on the list than any other Korean firm in history. Further, 10 additional individuals from our firm were recognized by this ranking this year as compared to last year's list.



A division of Euromoney Institutional PLC, Asialaw annually publishes Asialaw Leading Lawyers, a directory of leading lawyers in the Asia Pacific region. The 2017 edition selected legal professionals in 18 practice areas in 24 jurisdictions. Lawyers are ranked in three categories: "market-leading lawyer," "leading lawyer," and "rising star."

The selections were drawn from the results of an extensive online survey conducted in late 2016 of in-house counsels,

corporate executives, and private practitioners, as well as from independent research on its separately published law firm ranking directory, Asialaw Profiles 2017.

Kim & Chang professionals recognized by Who's Who Legal

4 Kim & Chang professionals – Duck-Soon Chang, Kenneth K. Cho, Man-Gi Paik, and Jay (Young-June) Yang – have been recognized as leading practitioners in the patent field in Who's Who Legal: Patents 2017.

Further, 4 Kim & Chang professionals – Alex Hyon Cho, Sung-Nam Kim, Ann Nam-Yeon Kwon, and Jay (Young-June) Yang – have been recognized as leading practitioners in the trademark field in Who's Who Legal: Trademarks 2017.

The Who's Who Legal series is published by Law Business Research Limited, an independent London-based publishing group providing research, analysis, and reports on the international legal services marketplace. Since 1996, the Who's Who Legal series has identified the foremost legal practitioners in multiple areas of business law.

Ann Nam-Yeon Kwon named to Euromoney's Women in Business Law

Ann Nam-Yeon Kwon, a senior trademark attorney in the firm's IP Practice, has been recognized as among Korea's leading practitioners in the 7th edition of the Guide to the World's Leading Women in Business Law.

Expert Guides series, published by Euromoney Institutional Investor PLC, is designed primarily for individuals who need access to the world's leading business lawyers in specific areas of law.

Kim & Chang named in IAM Patent 1000 - The World's Leading Patent Professionals

Kim & Chang has been ranked in the Gold (highest) band for litigation and transactions and recognized as a Highly Recommended (highest) firm for prosecution in Korea in the sixth edition of the Intellectual Asset Management (IAM) Patent 1000 – The World's Leading Patent Professionals.



In addition, 5 Kim & Chang professionals – Duck-Soon Chang, Kenneth K. Cho, Jay J. Kim, Chun Y. Yang, and Jay (Young-June) Yang – have been identified as recommended individuals for litigation in Korea.

The IAM Patent 1000 is a guide to top patent practitioners in key jurisdictions around the globe. Their rankings are based on in-depth research and interviews with numerous attorneys at law, patent attorneys and in-house counsel.

Man-Gi Paik named to IAM Strategy 300 - The World's Leading IP Strategists

Man-Gi Paik has been named among the "IAM Strategy 300 – The World's Leading IP Strategists" by Intellectual Asset Management (IAM) in its 2017 edition.

The IAM Strategy 300 identifies the individuals who are leading the way in the development and implementation of strategies that maximise the value of IP portfolios through extensive research and confidential nominations made online.

EVENTS

The 25th IAKL Annual Conference in Seoul, September 14-17, 2017

Duck-Soon Chang, a senior attorney in Kim & Chang's IP Practice, attended the 25th International Association of Korean Lawyers (IAKL) Annual Conference, which was held in Seoul from September 14 to 17, 2017. Mr. Chang

participated as a speaker in the "Effective Management of Patent Disputes" session and shared his insights on challenges and strategic management of patent disputes in the context of both patent arbitration and patent litigation.

The IAKL is an international association founded in 1988 to bring together legal professionals of Korean descent from worldwide for cooperation and friendship. Under the theme "Past, Present, Future" in celebration of its silver jubilee, this year's conference served as a premier forum for educational, professional, and cultural interactions among legal professionals from worldwide.

The Global Series in London, September 25-26, 2017

Seong-Soo Park, a senior attorney in Kim & Chang's IP Practice, attended the FCBA's Global Series, which was held in London on September 25-26, 2017. Mr. Park participated as a speaker in a discussion session entitled "The Series' Most Challenging Globally: Developing Jurisprudence" and shared his insights on global trends and future challenges in developing a systematic jurisprudence of IP law under the topic of "International Patent Harmonization."

Founded in 1985 with the aim to unite various groups practicing within the Circuit community, the Federal Circuit Bar Association (FCBA) fosters local, regional, national, and international engagement to address common concerns and work toward improving the practice of law. Jointly hosted by The European Patent Lawyers Association (EPLAW), the event proved once again to be an extraordinary opportunity for information exchange and senior level discussion on key IP and trade issues.

AIPLA Annual Meeting in Washington, DC, October 19-21, 2017

Two attorneys from Kim & Chang's IP Practice – Alice Young Choi and Tae Jun Suh – spoke at the AIPLA Annual Meeting, which was held in Washington, DC on October 19-21, 2017. Dr. Choi presented on "South Korea: How IP Law Changes Are Affecting Damages, Evidence, and Invalidation" at a panel session entitled "Around the World in 75 Minutes: Key IP Updates" while Dr. Suh presented on "The Hague in South Korea: What Rejections Hague Applications are Receiving in South Korea and How to Prevent and/or Overcome Them and General Practice

Tips for Designs in South Korea" at a joint committee educational session entitled "Industrial Designs/IP Practice in the Far East/IP Practice in Japan."

Founded in 1897, AIPLA (The American Intellectual Property Law Association) is a national bar association constituted primarily of lawyers in private and corporate practice, in government service, and in the academic community. In line with their commitment to education, outreach, member service, and advocacy, AIPLA regularly conducts conferences, seminars, and online educational programs. Marking its 120th anniversary, this year's conference proved to be a premier platform to bring together IP experts from all over the world for information exchange, cooperation, and networking.

IP Newsletter

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