

Newsletter

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Korean Supreme Court Sets Rules for "International Panels"

By Sang-Wook HAN, Chunsoo LEE, Kenneth K. CHO and Ki Yun NAM

Under the Amendment to the Court Organization Act, which became effective June 13, 2018, certain courts handling IP cases have been given authority to establish "International Panels," or panels of judges reviewing cases in languages other than in Korean, as a way of making Korea a more conducive venue for foreign litigants to bring IP litigation. To provide further details for implementing the Amendment, the Supreme Court promulgated its "Rules on the Establishment and Operation of International Panels," which are now in effect. The rules provide some clarity on how these courts will operate the International Panels.

1. Establishment of the International Panels

International Panels have now been established within the Patent Court and the Seoul Central District Court, which handle most IPR disputes in Korea, and cases heard by International Panels will be referred to as "International Cases." Additionally, there are four other District Courts that are statutorily designated as eligible venues for IPR disputes (i.e., Daejeon, Daegu, Busan and Gwangju District Courts). These courts may establish International Panels as needed based on the number of International Cases that are filed with each court.

2. Procedures for initiating an International Case

At any time before the first hearing is conducted, a formal request to allow a case to proceed as an International Case may be filed. A request for review as an International Case is granted only with the other party's consent in writing, and only if: (i) at least one party is a foreign party; (ii) if a substantial amount of the evidence in the case is foreign or must be presented in a foreign language; or (iii) the case has some other substantial international connection.

Once a request is made and granted, the case will be assigned to an International Panel for the remainder of that court instance. However, it should be noted that permission to proceed as an International Case must be sought at each level of appeal (i.e., a district court International Case will not automatically continue as an International Case on appeal).

Even if International Case status is granted, if either party withdraws consent, or if holding a foreign language hearing would negatively impact the proceedings in a significant

way, then the Court may cancel permission to proceed as an International Case. However, any cancellation of permission would not affect the results of any proceedings that have already taken place as an International Case.

3. Other procedural details for International Cases

Currently, English is the only foreign language which is required to be accommodated in International Cases, but a court may allow other foreign languages upon the parties' request, at its discretion. International Panels will continue to manage and direct the proceedings in Korean, while providing simultaneous interpretation at hearings for anything spoken by the judges or the parties. However, documents written in the permitted foreign languages may be submitted without accompanying Korean language translations, unlike in regular proceedings.

The Court will issue International Case decisions in Korean, and provide translations of the decisions to the parties. However, the Korean decision will be the legally effective document (i.e., for purposes of calculating appeal deadlines, or with respect to any translation errors that may occur in the translated version of the decision).

The Supreme Court's new rules provide some guidance regarding managing International Panels and Cases. However, a number of details remain to be clarified by the courts through handling actual International Cases. The first International Case, a lawsuit filed by an Australian company seeking revocation of a patent rejection decision, is set to be conducted at the Patent Court, and is likely to be closely watched by Korean patent practitioners for further guidance on how International Cases will be handled by courts going forward. Kim & Chang is representing the Australian company in this case.

Supreme Court Makes It More Difficult to Protect Inventiveness of "Numerical Limitation" Inventions

By Jung Ae SUH and Inchan Andrew KWON

A recent Supreme Court case in Korea (2016Hu564 rendered on June 28, 2018) has reaffirmed the difficulty of patenting "numerical limitation" inventions in Korea, where the numerical limitation is the only distinguishing feature compared to the prior art.

"Numerical limitation" inventions are so-called because at least one essential element of the invention is defined as a numerical range of values (e.g., a range of sizes, weights, or amounts), thus limiting the scope of the invention to that specific range of values. Numerical limitation inventions are often difficult to patent in Korea because commonly the numerical limitation is the only feature that distinguishes the invention from the prior art. Under Korean law, such an invention must show that the numerical limitation has "critical significance" in order to be found patentable (meaning that values for the numerical element within the claimed numerical range all produce some different or remarkable effect over the prior art, and that such effects do not occur outside the claimed range). Since this is usually difficult to do, patent applicants generally try to avoid having their inventions characterized as numerical limitation inventions in order to avoid such additional patentability requirements.

The subject case involved a patent for a bioreactor that used a ceramic membrane filter to facilitate production of *Lactobacillus* bacteria in high densities. The history of the patent is complicated – after the patent was initially invalidated through an invalidation action at the IPTAB, the claims were corrected (i.e., amended) to add two features: specifying that the ceramic membrane filter was made of a zircon-titanium material, and that the internal diameter of the fibers of the filter was limited to up to 3mm to reduce wall shear stress (thereby enhancing the viability of the cultured bacteria). The Patent Court upheld the corrected claims on appeal in 2016, but the challenger initiated a separate challenge to the validity of the correction itself, which resulted in the Patent Court (through a different judge panel) ultimately issuing another ruling in 2018 that the corrected claims lacked inventiveness. Meanwhile, the 2016 Patent Court decision was appealed to the Supreme Court, which finally invalidated the patent and largely followed the reasoning of the 2018 Patent Court decision.

The 2016 Patent Court decision focused its validity analysis on whether the prior art disclosed the use of a zircon-titanium membrane material to reduce wall shear stress in bioreactors and thereby enhance viability of bacteria. Since that panel concluded that the prior art recognized the problem of membrane fouling but not wall shear stress in bioreactors, that it was not known that wall shear stress was relevant to bacteria viability, and that the prior art did not specifically recognize the use of zircon-titanium membranes in bioreactors or that such material would reduce wall shear stress, the panel concluded that the patent was inventive.

The 2018 Patent Court decision, on the other hand, broadly concluded that most of the individual elements and effects of the claimed bioreactor were generally known in the art or would have been inherently addressed by solving known problems (e.g., that zircon-titanium membranes are a commonly-used material for ceramic membranes in bio-related industries, even if not specifically in bioreactors; and that the main cause of membrane fouling is cell debris, and therefore reducing cell debris intrinsically reduces wall shear stress). The 2018 panel thus concluded that the only new element in the invention for validity purposes was the numerical limitation of the membrane fibers to a 3mm diameter (the prior art disclosed diameters of 0.3-1mm, which involved problems with wall shear stress), but that the limitation of 3mm had no real critical significance since one of ordinary skill knowing the problem of wall shear stress would have had naturally considered increasing the diameter to deal with the issue. The Supreme Court, in addition to affirming the 2018 Patent Court decision, noted that there was no data or detailed explanation in the specification regarding the correlation between different membrane materials and wall shear stress (and therefore no support for the proposition that zircon-titanium membranes are particularly useful for reducing wall shear stress, as claimed).

The reasoning of the Supreme Court (and the 2018 Patent Court) is problematic because it appears to begin with the elements of the invention, then mechanically compares them to the prior art to isolate the fiber diameter element as a basis for characterizing the invention as a "numerical limitation" invention, rather than considering

the disclosures of the prior art references themselves and determining whether one of ordinary skill would have been motivated to conceive the combination of elements in the invention, including the numerical limitation. None of the cited references disclosed or suggested the use of a ceramic membrane specifically for bacteria production (as opposed to water purification or food sterilization), yet the Supreme Court appears to have simply ignored this gap and required the patentee to demonstrate a special technical significance to the specific claimed diameter of membrane fibers beyond the application of ceramic

membranes to this area of technology.

Unfortunately, this case was highlighted for publication by the Supreme Court itself, which suggests that the Supreme Court will continue this type of selective analysis of inventions containing a numerical limitation as a technical feature. Thus, where possible, patent applicants in Korea should seek to rely on features or effects relating to elements other than or in addition to numerical ranges of values to distinguish their inventions from the prior art.

The MFDS Reviews the First Three Years of the Patent-Approval Linkage System in Korea

By Mee-Sung SHIM, Inchan Andrew KWON and Keun Sil LIM

It has now been over 3 years since Korea implemented its pharmaceutical patent-regulatory approval linkage system (similar to the Hatch-Waxman system in the U.S.) in March 2015, pursuant to the Korea-U.S. Free Trade Agreement ("KORUS FTA"). The Ministry of Food and Drug Safety (MFDS), the agency in charge of administering the system, recently decided to begin reviewing the current Korean linkage system to identify problems and to set up plans to improve the reliability and efficiency of the system. To this end, the MFDS has appointed the Seoul National University R&DB Foundation to conduct this research and review, and to propose ideas for improvement.

From the perspective of originator pharmaceutical companies, there have been a number of issues raised regarding the sufficiency of sales stays under the current system to protect the rights of patentees. For example, at present, a listed patentee can respond to a generic's notice of filing for approval by filing a patent infringement suit against the generic and requesting a temporary stay of generic sales. However, the stay period under the current system is only 9 months, which is usually far less time than is necessary to resolve the patent issues relating to the generic.

Another issue raised regarding sales stays relates to the MFDS's requirement that if multiple generics seek approval of generic versions of the same original drug, the originator must seek a sales stay against all such generics, or else forfeit the right to seek a sales stay against any of them. Under the Korean Pharmaceutical Affairs Act, different crystalline forms or different hydrates of an active ingredient compound are considered to be the "same"

active ingredient, but different salts would be considered different active ingredients. A problem therefore arises if there are two generic drugs that constitute the "same" drug for approval purposes as defined in the Korean Pharmaceutical Affairs Act (i.e., have the same type and amount of active ingredient, same dosage form, same usage and dosage, and same indications), yet only one is covered by the relevant listed patent (e.g., the patent claims a specific crystalline form). Since the patentee must sue a generic for infringement in order to request a sales stay, the current system forces a listed patentee either to forfeit any sales stay against any generic (even infringing generics), or risk antitrust enforcement by filing suit against a clearly non-infringing generic product.

From the generic side, there have been complaints regarding whether the first generic marketing exclusivity granted under the current system to early generic patent challengers actually provide meaningful benefits to generic companies. For one thing, because the definition of "first generic" is quite broad (in theory, any generic filing within 14 days of the first generic challenge to a listed patent may qualify as "first"), in practice generic "exclusivity" has not been very exclusive at all.

Yet another issue has been that the system includes scope confirmation actions as well as invalidation actions as generic patent actions that can lead to a grant of generic exclusivity. However, since a scope confirmation action merely confirms whether a potential generic product is within the scope of a listed patent but does not invalidate the patent, and moreover does not require the existence of an actual generic product but only a description of an intended product, this further incentivizes the filing of numerous individual actions by generics

even before they have fully developed their generic products, thus creating additional litigation burdens on patentees and the patent office.

While the timeframe for the MFDS' review of the patent linkage

system is not yet clear, it is expected that the MFDS will seek input from the relevant parties in the Korean pharmaceutical market and also look to linkage systems in other countries in order to propose measures for improving the effectiveness of the system for the pharmaceutical industry as a whole.

KIPO Begins Policing "Idea Theft" Unfair Competition

By Duck-Soon CHANG, Mikyung (MK) CHOE and Injae LEE

The latest amendment to the Unfair Competition Prevention and Trade Secret Protection Act ("UCPA") took effect on July 18, 2018, and introduces a new provision prohibiting unfair competition in connection with "idea theft," or unfair use of the ideas of another that were acquired as part of a business negotiation or transaction. The purpose of the amendment is to provide additional protection for creative business ideas that may not be easy to protect as typical intellectual property such as patents, copyrights, or trademarks.

The amendment contemplates situations where a smaller business or individual with a new business idea enters negotiations with a larger business to commercialize the idea, and may be required to disclose the idea to the larger business, thus risking losing control of the idea. The potential unfair uses covered by this provision include uses of the ideas of another for one's own business or for a third party's business, as well as providing such information to a third party for their use. However, there is no violation if the person accused of obtaining the idea had previous knowledge of the idea from another source, or if the idea was already widely known in the relevant business field.

Violation of this new provision can result in civil or administrative liability, but not in criminal liability or penalties for now.

Pursuant to this amendment, the enforcement decree to the UCPA was also amended effective September 18, 2018, and expressly grants the Korean Intellectual Property Office (KIPO) the power to investigate violations, adds specific procedures for investigation (e.g., document production, interrogation, site visit, etc.), and grants power to KIPO to order corrective measures. The Judicial Police Squad under KIPO has already expanded its scope of IP enforcement activities to include investigations into idea theft.

The new provision is primarily designed to help smaller companies who are often required to disclose their business ideas when negotiating with other (often larger) companies for purposes of negotiating some form of business collaboration, and who may find it difficult to adequately protect such ideas under existing IP, trade secrets, or contract law. The government clearly hopes that these additional avenues for enforcement by KIPO will improve protection for the creative ideas of smaller Korean companies and thereby spur greater innovation in the Korean economy. On the other hand, larger corporations are well advised to use caution when receiving business ideas or proposals from smaller businesses during the course of negotiations or business discussions, to avoid unnecessary challenges from smaller businesses in reliance upon the new amendment.

KIPO's Power of Attorney Requirements Now Relaxed for Foreign Companies

By Dong Hyun YANG and John J. KIM

The Korean Intellectual Property Office (KIPO) recently announced that separate declarations will no longer be required for Power of Attorney (POA) forms for foreign companies, regardless of the signer's title. The change became effective on

August 10, 2018.

This change seeks to address criticisms that POA requirements had become overly stringent for foreign companies. Starting in

early 2017, POAs from foreign companies were only accepted by KIPO if they were signed by a person with the title of CEO, Representative, President or Owner. Otherwise, the POA needed to be accompanied by a separate notarized declaration certifying that the person signing the POA was an authorized signatory of the company.

Under KIPO's relaxed POA rules, a POA submitted on behalf of a foreign company can simply include a statement that the

signing person has authority to sign. A separate notarized declaration confirming the signatory's authority is no longer needed, regardless of the signer's title. This revision removes unnecessary burdens from many foreign companies for whom compliance with the previous rules was sometimes difficult, for example due to difficulties having documents notarized (e.g., in China), or differences in corporate titles (e.g., "legal representatives" in Chinese companies, or "managing directors" in European companies).

KIPO Ceases Official Fee Reductions for EPO ISRs

By Dong Hyun YANG and Inchan Andrew KWON

The Korean Intellectual Property Office (KIPO) has discontinued offering a reduction in official prosecution fees for submission of an International Search Report (ISR) from the European Patent Office (EPO). The change applies to PCT national phase applications in which the request for examination is filed on or after October 1, 2018.

This change mirrors the EPO's recent corresponding removal of its counterpart reduction in European search fees based on KIPO ISRs. Previously, the official fee for requesting substantive

examination at KIPO could be reduced by 10% if an ISR issued by the EPO was submitted.

The following discounts to the official fee for requesting substantive examination continue to apply: (i) 30% reduction if either an ISR or International Preliminary Examination Report (IPER) issued by KIPO is submitted, (ii) 70% reduction if both an ISR and IPER issued by KIPO are submitted, and (iii) 70% reduction if the applicant is an individual who is also an inventor.

TRADEMARK, DESIGN & UNFAIR COMPETITION

Supreme Court Rules that the "AMERICAN UNIVERSITY" Mark Is Inherently Distinctive Based on Consumer Awareness Evidence

By Sung-Nam KIM and Jason J. LEE

The Supreme Court recently ruled *en banc* that the mark "AMERICAN UNIVERSITY" is sufficiently distinctive among Korean consumers to be registered in connection with university education services, instruction services, and other designated services (Case No. 2015Hu1454, rendered on June 21, 2018). The Supreme Court's reasoning is notable because it appears to hold that consumer awareness evidence can be used to prove the inherent distinctiveness of a mark in Korea,

not just secondary meaning.

Korean Trademark Act and Supreme Court Precedents

Under the Korean Trademark Act ("TMA"), trademarks consisting of well-known geographical names are considered inherently non-distinctive ("a trademark consisting only of a well-known geographical name, its abbreviation or a map"

cannot be registered (Article 33(1)(iv)).¹ This remains true even if the mark is only similar to or evocative of a well-known geographical name (e.g., "Finlandia," or "British-American"). Further, combining a well-known geographical name in a mark only with other non-distinctive elements (e.g., "London Town," "Nippon Express," etc.) does not render the mark distinctive unless the combination creates a new concept or has distinctiveness that is separate from the geographical name. In addition, a mark composed of a well-known geographical name and a non-distinctive mark can also be rejected based on Article 33(1)(vii), which prohibits the registration of non-distinctive marks in general.

However, like other inherently non-distinctive marks, a mark comprising a well-known geographical name can be registered for specific goods if it has acquired sufficient secondary meaning through use to be recognized as a specific source by Korean consumers (Article 33(2)).

Supreme Court Decision

The Supreme Court decision began by determining that "AMERICAN" was a well-known geographical name, and that "UNIVERSITY" was merely a descriptive mark relating to the designated services (such as university education services and instruction services), suggesting that "AMERICAN UNIVERSITY" should be considered inherently non-distinctive under Article 33(1)(iv). The Supreme Court then analyzed various facts relating to the use of "AMERICAN UNIVERSITY," including (i) the more than 120 years of American University's existence, (ii) the size of the university, including over 10,000 students, (iii) the fact that American University offers various educational programs in cooperation with many Korean universities, (iv) American University's advertising expenditures of over USD 18,150,000 per year between 2003 and 2012, (v) the 8,500,000 visitors to the American University official website in 2012, (vi) American University's presence in rankings published by numerous prominent media outlets, including U.S. News & World Report which ranked American University 77th among U.S. national universities in 2013, and (vii) the number of blogs (59,761) and online cafes (22,770) relating to American University on www.naver.com, the most popular portal site in Korea, which indicated that many people searched for "AMERICAN UNIVERSITY" online in Korea. On the basis of these facts, the Supreme Court determined that "AMERICAN UNIVERSITY" was quite well-known among Korean consumers, particularly the numerous Korean students preparing to study in the U.S., in connection with the designated services.

Interestingly, the Supreme Court then concluded that the

"AMERICAN UNIVERSITY" was distinctive because it constituted a new concept with substantial distinctiveness in connection with university education services. In other words, the Supreme Court decided that the facts showing the well-known nature of the "AMERICAN UNIVERSITY" mark actually rendered the mark *inherently* distinctive and not covered by Article 33(1)(iv) or (vii) of the TMA, not merely that the mark had acquired sufficient secondary meaning to be registered.

Comments

It should be noted that there were a number of concurring opinions, one of which pointed out that the Court was using consumer awareness from actual use as a basis for determining inherent distinctiveness, which seems to conflict with the usual notion that inherent distinctiveness should ordinarily be determined with reference to the mark alone. The concurrence also pointed out that under the majority's reasoning, it may be easier to use consumer awareness evidence to show that a mark is inherently distinctive rather than to prove secondary meaning (proof of secondary meaning would also require showing that (i) the mark was used before the trademark application was filed, and (ii) the mark has acquired distinctiveness for each specific good/service in the application). Other concurring opinions pointed out that only a few other jurisdictions worldwide deny the inherent distinctiveness of famous geographical names, unlike Korea.

The decision confirms another recent Supreme Court decision that upheld the registrability of Seoul National University's "SEOUL UNIVERSITY" mark (in Korean). In that case as well, the Supreme Court held that the mark was not inherently non-distinctive under TMA Article 33(1)(iv) or (vii) because consumers were well aware that the combination of "SEOUL" and "UNIVERSITY" referred to a specific national university located in Seoul, and not any university in Seoul (Case No. 2014Hu2283, rendered on January 29, 2015). The "AMERICAN UNIVERSITY" decision (as an *en banc* decision) not only clearly upheld this logic, but extended this reasoning to include Korean consumers' knowledge of universities located outside of Korea as well.

The Supreme Court's *en banc* decision has confirmed that consumer perception should be taken into consideration when determining whether a mark comprised of non-distinctive and geographic elements has inherent distinctiveness in Korea. It remains to be seen whether the Supreme Court will apply this flexible approach to marks comprising other non-distinctive elements, such as generic names or descriptive terms.

¹ The case actually arose under Article 6 of the old TMA, which corresponds to Article 33 of the current TMA (effective September 1, 2016). For simplicity, this newsletter will refer to Article 33 only.

Significant Increase in Non-Use Cancellation Actions in Korea

By Ann Nam-Yeon KWON and Alexandra BÉLEC

According to data recently published by the Korean Intellectual Property Office, the number of non-use cancellation actions filed in Korea has significantly increased in recent years, resulting in nearly double the number of registrations cancelled in 2017 compared to previous years (between 2013-2015, roughly 1,046 marks were cancelled per year, but in 2017, 2,172 registrations were expunged from the registry following the filing of cancellation actions).

It appears likely that the increase is due to the amendment to the Korean Trademark Act which became effective on September 1, 2016. That amendment made it possible for any party to file non-use cancellation actions, whereas previously only "interested parties" could file non-use cancellation actions. Since the Korean government's stated purpose for the amendment was to clear the Korean Trademark Registry of non-used marks, it appears the amendment has succeeded in this purpose.

Under Korean practice, registered marks that have not been used for a period of three years are vulnerable to such cancellation actions. Further, the owner of a registration that has been cancelled, cannot obtain a registration for marks identical or similar to the cancelled mark in connection with the same or similar goods / services as a result of any application filed while the cancellation action was pending or within three years after the cancellation decision becomes final. This can be particularly problematic if the challenged mark includes a separable portion (such as a house brand) that may need to be filed as part of other combination marks in Korea.

Trademark owners with portfolios comprising any marks not currently in use in Korea should seek legal advice to determine the most effective strategy for protecting their trademark rights in Korea.

Free Riding on Gargle Dispensers: a New "Catch-All" Decision

By Min-Kyoung JEE and Alexandra BÉLEC

The Seoul District Court recently rendered an interesting decision based on the "catch-all" provision of the Unfair Competition Prevention and Trade Secret Protection Act ("UCPA") that illustrates the breadth of this provision and how it may be applied to a wide variety of unfair commercial behaviors (Seoul District Court 2017Gahap562146 rendered on June 22, 2018).

Briefly, the "catch-all" provision seeks to address anti-competitive behavior that does not fall neatly into existing categories of unfair competition or IP infringement, and generally prohibits a party from infringing another person's right to business profit through the unauthorized commercial use of output produced at great effort or expense by the other person while using means that contravene fair trade practice or competition order.

The plaintiff in this case was a Korean company specializing in the sale of mouthwash gargle products, who changed its marketing strategy to its target customers (restaurants, offices, golfs clubs, etc.) to begin offering to install its gargle dispensers for free at its target customers' premises (rather than selling the dispensers as it had done previously), and then encouraging customers to purchase its matching refill bottles. This marketing strategy required substantial financial investment on the part of the plaintiff, which installed approximately 70,000 free dispensers in Korea. However, the investment paid off handsomely, given that by 2015, it had secured 58% market share and derived high revenues from the sale of its refill bottles.

In 2015, the defendant, another Korean company specializing in the gargle industry, began targeting its sales to businesses where the plaintiff had installed free dispensers, by advertising

that their refill bottles were fully compatible with the plaintiff's dispensers.

Seeking an end to what it believed to be a competitor taking advantage of its investment, the plaintiff filed a civil action requesting injunctive relief based on the catch-all provision.

The district court recognized that the plaintiff had significantly invested in its products and marketing strategy, and found that the defendant's active targeting of locations where the plaintiff had installed free gargle dispensers contravened fair commercial

practices. In particular, the court noted that the defendant was the only competitor in the market advertising its bottles as being compatible with the plaintiff's dispensers, while other competitors sold similar but non-directly-compatible dispensers and bottles, indicating that the defendant intentionally designed its bottles to take advantage of the dispensers installed by the plaintiff. The court thus issued an injunction against the defendant prohibiting further production, sale, or marketing of the disputed bottles, as well as requiring the defendant to destroy its existing inventory of bottles.

Plaintiff's gargle bottles and dispensers	Defendant's gargle bottles and dispensers
	

Now Easier for Korean Design Applications to Claim Priority to Chinese Applications, and Vice Versa

By Sung-Nam KIM and Jason J. LEE

Prior to September 2017, a Korean design application claiming priority to an earlier foreign application needed to submit a priority document certified by the government of the foreign country. However, when the Design Protection Act (DPA) was amended as of September 22, 2017, one of the changes was to ease the requirements for proving priority claims for design applications. This was somewhat clarified in a subsequent Enforcement Regulations of the DPA, which indicated that any alternative option for proving priority claims would apply only to countries with a system in place to electronically exchange priority documents with KIPO.

On July 20, 2018, KIPO announced China as the first country to meet the requirements of the amendment and Enforcement Regulations, and further clarified that the Enforcement Regulations will apply specifically to countries who have agreed with WIPO to deliver priority documents

through the WIPO Digital Access Service. Thus, an applicant filing a design application in South Korea with a priority claim based on an application in China can now simply indicate the priority application details, including the application number and application filing date, together with the WIPO digital access code issued in China, instead of submitting a certified priority document. The same will apply to design applicants in China with a priority claim in South Korea. This is expected to substantially ease the process of establishing priority claims in both countries.

The U.S. is understood to be planning to implement a similar system by the end of this year for design applications with priority claims in foreign countries using the WIPO Digital Access Service. If this change is made, then the amended DPA will cover priority claims in Korean applications based on U.S. applications as well as Chinese applications.

Korea Customs Service's Report on Intellectual Property Rights Seizures in 2017

By Seung-Hee LEE and Jason J. LEE

The Korea Customs Service (KCS) recently published its annual report of counterfeit goods seized at the South Korean border in 2017. The report can be viewed on the official KCS website at www.customs.go.kr in both Korean and English. To view the English version of the report, please visit: http://www.customs.go.kr/download/ebook2/ebook_IIPR_2017E2/JBook.htm.

There were a total of 7,263 Customs seizures of counterfeit goods in 2017, which represents a 26% decrease from 2016. Out of these seizures, 6,941 cases (92.9%) involved the infringement of trademarks. Further, based on the number of consignments, the majority of cases involved counterfeit goods sent via air post (4,268 cases) and special express deliveries (2,661 cases). These statistics indicate an increase in the number of seized counterfeit goods through these channels, which suggests that proxy purchasing agents, direct imports, and similar services have become increasingly popular in Korea.

The most seized items in 2017 included toys/stationery (30%), footwear (14.4%), and bags (12%). The items which had the sharpest increase in seizures from the previous year were footwear (increase of 162%) and clothing accessories such as wallets, belts, etc. (increase of 38%), while seizures of watches and electronic home appliances decreased.

China continued to be the country of origin for the vast majority of seized counterfeits (94.5% of total seizures).

In addition to seizing goods at the border, the KCS conducted 155 investigations of goods that were initially released from Customs, but for which the KCS obtained subsequent information as to their potential counterfeit nature. The most commonly-seized items following such investigations were toys/stationery, footwear, bags and clothing, in descending order.

FIRM NEWS

Awards & Rankings

Top Tier Rankings in All Categories Surveyed - Benchmark Litigation Asia Pacific 2018

In the 2018 edition of Benchmark Litigation Asia-Pacific, a review of dispute resolution and litigation practices in the Asia-Pacific, Kim & Chang ranked "Tier 1" (top tier) in all 4 categories surveyed – Commercial and Transactions, Construction, **Intellectual Property**, and International Arbitration.



Further, 11 Kim & Chang attorneys were named as "Dispute Resolution Stars" and "Future Stars" in their respective practice areas. In the practice area of Intellectual Property, **Duck-Soon Chang, Sang-Wook Han, and Jay (Young-June) Yang** were recognized as "Dispute Resolution Stars."

About Benchmark Litigation Asia-Pacific: Benchmark Litigation Asia-Pacific, published by the global legal media group Euromoney, selects and announces the most distinguished dispute resolution and litigation firms and attorneys based on law firm submissions, interviews, and independent research. The results are based on surveys of law firms in nine major countries across the Asia Pacific.

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 2018.

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 2018.

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.

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 seventh edition of the Intellectual Asset Management (IAM) Patent 1000 – The World's Leading Patent Professionals.



In addition, 8 Kim & Chang professionals – **Duck-Soon Chang, Kenneth K. Cho, In Hwan Kim, Jay J. Kim, Young Kim, Man-Gi Paik, 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 2018 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 an extensive research process.

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 among Korea's leading practitioners in the 8th 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.

EVENTS

JIPA Training Course Workshop in Osaka and Tokyo, July 3-4, 2018

Joon Lee, a patent attorney in Kim & Chang's IP Practice, was invited to speak at the JIPA Training Course Workshop on Patent Systems in Asia, which was held in Osaka and Tokyo, Japan on July 3-4, 2018. Mr. Lee presented on the Korean patent system, highlighting recent developments in examination, trial, and litigation procedures, case studies, and unique practical aspects.

JIPA (Japan Intellectual Property Association) is a non-profit, non-governmental organization founded in 1938. With the objective of contributing to the creation of a better IP environment, JIPA studies and addresses global IP-related issues and policies, and regularly hosts formal and informal gatherings to bring together IP professionals for exchanges of information, cooperation, and networking.

JETRO Seminar in Fukuoka and Tokyo, July 4-5, 2018

Won Kim, an attorney in Kim & Chang's IP Practice, was invited to speak at the Japan External Trade Organization (JETRO) Seminar, which was held in Fukuoka and Tokyo on July 4-5, 2018. Under the headline of "Practical Points to Trademark and Design Protection in Korea from the Business Perspective - Focusing on Recent Law Developments," the seminar featured four sessions on IPR system in Korea presented by well-versed IP professionals in their respective fields. Mr. Kim presented on "Overview of the Unfair Competition Prevention and Trade Secret Protection Act (UCPA) and Protection of Trade Dress in Korea."

Organized by JETRO along with the Japan Patent Office (JPO), the event proved to be a unique opportunity for industry representatives and IP practitioners to network and enhance the understanding of the challenges and strategic considerations for trademark and design protection and management in Korea.

Hokkaido University Summer Seminar in Sapporo, August 16-19, 2018

Sang-Wook Han, an attorney in Kim & Chang's IP and Japan Practices, was invited to be a lecturer at the Hokkaido University Summer Seminar headlined, "Practical Tasks in IP Litigation – Focusing on Patent Litigation," which was held in Sapporo, Japan on August 16-19, 2018. Mr. Han gave a lecture on "Future Outlook of IP Beyond the Limited Jurisdiction Pursuant to the Territorial Principle - Focusing on International Panels and Foreign Language Trials in Korea."

The seminar served as a great platform to bring together approximately 200 IP professionals for networking and in-depth discussions on recent IP developments and trends as well as on the differences between the Japanese and Korean IP systems.

Kangxin Seminar in Shenzhen, September 13-14, 2018

Two attorneys from Kim & Chang's IP Practice – **Sun-Young Park** (a trademark attorney) and **Flora Qiqiao Zhang** (a Chinese attorney at law/ patent attorney) – were invited to speak at Kangxin's "Trademark and Patent Overseas Intellectual Property Seminar," which was held in Shenzhen, China on September 13-14, 2018. Ms. Park presented on "Overview of the Korean Trademark System," sharing her expertise on trademark protection strategies against counterfeiting trademarks and several landmark cases, along with the introduction of recent UCPA cases on protecting trade dress in Korea, while Ms. Zhang presented on the "Korean Patent Litigation and Invalidation Practice," highlighting recent developments, case studies, and unique practical aspects.

Hosted by Kangxin Partners, a leading IP law firm in China, the seminar proved to be a unique platform, bringing together more than one hundred IP practitioners and professionals including lectures from China, the US, Europe, Japan and Korea, where they discussed recent key issues and challenges surrounding IP in the Chinese and global marketplace.