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A Quarterly Update of Korean IP Law & Policy

Winter 2018/19

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Korea Adopts Treble Damages for Patent Infringement and Trade Secret Misappropriation Beginning July 9, 2019

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

On December 7, 2018, the National Assembly approved proposed amendments to the Patent Act (the "Patent Act Amendment") and to the Unfair Competition Prevention and Trade Secret Protection Act (the "Trade Secret Act Amendment," collectively the "Amendments"), which include new provisions for awards of up to treble damages for certain acts of patent infringement or trade secret misappropriation. The Amendments were officially announced on January 8, 2019, and will become effective on July 9, 2019. Some key changes are highlighted below.

1. New provision for treble damages for intentional or willful infringement/misappropriation (new Article 128, Paragraphs 8 and 9 of the Patent Act, new Article 14-2, Paragraphs 6 and 7 of the Trade Secret Act)

The current Patent Act and Trade Secret Act only allow a patent or trade secret owner to claim actual damages for patent infringement or trade secret misappropriation. In practice, this has led to relatively low damages awards in Korea, even for knowing acts of infringement or misappropriation, and damages awards for patent infringement or trade secret misappropriation often have not been high enough to effectively discourage such infringement or misappropriation.

However, under the Amendments, courts are now authorized to award damages as a punitive measure of up to three times the amount of actual damages for intentional or willful acts of infringement/misappropriation.

When calculating the amount of such punitive damages, courts are instructed to consider the following factors: (i) whether the infringer has a dominant position; (ii) whether the infringer knew the act of infringement would cause harm to a patent or trade secret owner, or intended such harm; (iii) the significance of any such damages; (iv) the economic benefits to the infringer from the infringement; (v) how frequently and how long the infringing activity was committed; (vi) the criminal penalty for the infringing activity; (vii) the infringer's financial status; and (viii) what efforts the infringer has made to reduce the harm to the patent or trade secret owner.

These newly-added punitive damages provisions of the

Amendments will apply to infringing activities committed after the effective date of the Amendments, as well as to utility model infringement. The newly introduced treble damages provision should improve remedies for patent infringement or trade secret misappropriation, and are expected to contribute to stronger protection of intellectual property in Korea.

2. "Reasonably expected" royalties as basis for damages calculation (Article 65, Paragraph 2 and Article 128, Paragraph 5 of the Patent Act)

The current Patent Act calculates royalty damages based on the royalty that would be "ordinarily expected" from an arm's-length license. This has often led to difficulties in royalty calculation where there are not many examples of royalties for a particular technology in the market, or information regarding "ordinary" royalties is not easily available, contributing to the common perception in Korea that royalty damages awards tend to undervalue damages to patentees.

However, the Patent Act Amendment changes the term "ordinarily expected" to "reasonably expected," essentially allowing courts to calculate a royalty that may be reasonable under the totality of the circumstances, regardless of whether similar royalties have actually been granted.

The increased flexibility is expected to encourage courts to award larger damages amounts where royalties are the basis for the damages calculation.

3. Accused patent infringer denying infringement must describe the actual product/process used (new Article 126-2 of the Patent Act)

Due to the limited discovery that is available in Korea, it can be difficult for a plaintiff to access relevant information regarding infringing activity that takes place within an infringer's premises. Often, an accused infringer will simply deny any infringement on the basis that the plaintiff bears the burden of proof, without presenting any evidence to the contrary, even if the plaintiff has made a *prima facie* showing that there is a good chance infringing activities are being committed by the accused.

The Patent Act Amendment makes it more difficult for an accused infringer to simply deny infringement where the plaintiff has shown it is plausible that the infringer is using the patent, by requiring the accused infringer to provide details regarding the product or process it is actually using. If an accused infringer unjustifiably refuses to present such details, the court may presume that the alleged infringer has actually committed the infringing activity claimed by the plaintiff.

This new requirement applies to patent enforcement actions initiated after the effective date of the Patent Act Amendment, and is expected to make it easier for patent plaintiffs to prove meritorious infringement claims as well as speeding up patent litigation proceedings in general.

4. Lowered maintenance requirement for trade secrets (Article 2, Item 2 of the Trade Secret Act)

Under the current Trade Secret Act, a "trade secret" is defined as technical or managerial information useful for business activities which is: (i) unknown to the public (i.e., secret); (ii) has independent economic value; and (iii) has been maintained as secret through "reasonable efforts."

This third requirement has often been a difficult hurdle in practice, as courts often find that efforts to maintain secrecy have been lacking, particularly for small or medium-sized companies that may have difficulty implementing systematic trade secret protocols. In fact, this requirement was already previously reduced in 2015 (lowering the requirement from "substantial efforts" to "reasonable efforts"), but proving this element has remained difficult even after the change.

The Trade Secret Amendment further eases the third requirement by deleting the phrase "by a reasonable effort" entirely, effectively meaning that as long as secrecy is simply maintained, the third requirement will be considered met, without reference to the "effort" of maintenance at all.

It is expected that the Trade Secret Amendment will substantially expand the scope of confidential information that can be protected as trade secrets in Korea.

5. Stronger criminal penalties for trade secret misappropriation (Article 18, Paragraphs 1 and 2 of the Trade Secret Act)

The current Trade Secret Act only provides for criminal penalties for acts of acquiring, using or disclosing to a third party the trade secret of another party for the purpose of obtaining an unjust benefit or harming the trade secret owner.

Under the Trade Secret Amendment, however, the scope of criminally punishable acts has been expanded to include: (i) removing a trade secret from an authorized location to an unauthorized location for the purpose of obtaining an unjust benefit or harming the owner; (ii) continuing to possess another's trade secret after receiving the owner's request to delete or return the trade secret for the purpose of obtaining an unjust benefit or harming the owner; (iii) acquiring a trade secret by theft, deceit, threat or other illegal means; and (iv) acquiring or using a trade secret knowing that it may have been misappropriated.

Further, the Trade Secret Amendment increases the criminal penalties for trade secret infringement as follows: (i) misappropriation of a trade secret involving use of the trade secret overseas or knowledge that such overseas use will occur generally may be punished with imprisonment of up to 15 years or a fine of up to KRW 1.5 billion (increased from ten years or KRW 100 million); and (ii) all other trade secret misappropriation generally may be punished with imprisonment of up to 10 years or a fine of up to KRW 500 million (increased from five years or KRW 50 million).

It is expected that the substantially increased criminal penalties under the Trade Secret Amendment will more effectively discourage parties from disclosing or misusing others' trade secrets without authorization.

Korean Supreme Court Rules that PTE Scope Covers Different Salt Forms of the Approved Product

By Young KIM, Inchan Andrew KWON and Ji-Woong PARK

On January 17, 2019, the Korean Supreme Court reversed the Patent Court's narrow interpretation of the enforceable scope of the patent term extension ("PTE") for the compound patent covering Astellas' Vesicare® product (main ingredient: solifenacin succinate), holding that the scope of the PTE in that case covers the generic company's product, which utilizes a different salt form (fumarate) of solifenacin. This is the first Supreme Court decision in Korea to interpret the effects of a PTE under Article 95 of the Korean Patent Act ("KPA").

Facts and Issues

Astellas filed a patent infringement action against a generic version of the Vesicare® product, which contained a different salt from the original approved product (solifenacin fumarate). The asserted patent covered compounds including solifenacin, the active moiety compound of the Vesicare® product.

Article 95 of the KPA provides that "the effects of a patent whose term has been extended only reach acts of working the patented invention concerning the product whose approval was the basis for the term extension (and where the approval was obtained for a specific use, for that specific use only)." Thus, the issue in this case was whether, under Article 95 of the KPA, a PTE for a compound patent covers a product containing the same active moiety as the original approved product, but in a different salt form.

Patent Court's Decision

The Patent Court had ruled that the scope of a PTE for a compound patent was limited to the product defined by the approval information that was the basis for the PTE, products which would be covered by the same approval since they are considered to be substantially the same product, or products that are substantially the same as the approved product and thus do not need separate approval to be practiced. Under this narrow interpretation, the generic product at issue was considered not to infringe the compound patent during the extended term, under the logic that a different salt product would require a separate approval.

Supreme Court's Ruling and Implications

The Supreme Court first noted that the Korean Patent Act defines the scope of a PTE to cover practice of the patented invention as it relates to the approved product which was the basis of the PTE, and does not limit the PTE scope only to acts of practicing the approved product itself. The Court then stated that "the scope of a PTE for a compound patent should be determined by focusing on whether the accused product is the same as the original approved product in terms of the active ingredient which is expected to exhibit a therapeutic effect against a certain disease, the therapeutic effect and the medicinal use." As such, the Supreme Court held that "even if an accused product has a different salt form than the original approved product, it should be considered within the scope of the PTE if it would have been easy for a person skilled in the art to select the salt form used in the accused product, and if the therapeutic effect exhibited by the pharmacological mechanism of the active ingredient in the accused product is the same as the original approved product."

With respect to the accused product in this case, the Supreme Court held that "while it was different from the approved product in terms of salt form, it was still within the scope of the PTE because a person skilled in the art could easily select the salt of the accused product, and the therapeutic effects were substantially the same as the original approved product."

Currently a large number of cases with the same issue are pending in the Patent Court and the Intellectual Property Trial and Appeal Board, which will be affected by the Supreme Court's decision. However, different conclusions may be reached in individual cases depending on the specific facts of each case, such as the specific language of the patent claims involved, the nature of the salt form used by the generic company, etc.

Korean Supreme Court Overrules Lower Tribunal to Recognize that a Patent for a Sustained Release Pharmaceutical Composition Satisfies the Description Requirements

By Sang-Wook HAN, Alice Young CHOI and Eun-Jung HONG

The Korean Supreme Court recently overturned the Patent Court's (2nd level Court of Appeals) decision to invalidate a Novartis patent for a sustained release formulation invention where the pharmacological data was described based on animal testing for failing to meet description requirements (Supreme Court Decision No. 2016 Hu 601 rendered on October 25, 2018). In its decision, the Supreme Court clarified what kind of data in the specification would be sufficient to satisfy the description requirements for a sustained release formulation invention by applying legal principles regarding description requirements for a product invention.

Background

Novartis obtained a patent directed to a sustained release pharmaceutical composition comprising octreotide or a pharmaceutically-acceptable salt thereof as an active ingredient and two different polylactide-co-glycolide polymers (PLGAs) as further defined in the claims. Octreotide is used for the treatment of acromegaly and symptom relief of carcinoid syndromes associated with gastroenteropancreatic carcinoid tumors. The pharmacological effects of octreotide were already known before the priority date of Novartis' patent. The claimed composition continuously releases octreotide for about 3 months without large fluctuations in the plasma level.

The patent specification describes that the claimed pharmaceutical composition allows a sustained release of the active ingredient over a period of more than three months, preferably between three and six months and that during the release of the active ingredient, the plasma levels of octreotide are within the therapeutic range. The specification also provides working examples regarding the method for an experiment where the compositions were administered to rabbits and the plasma levels of octreotide were measured for 96 days, as well as data obtained from the experiment.

Procedural History

Dongkook Pharmaceutical filed an invalidation action with the Intellectual Property Trial and Appeal Board (IPTAB)

against Novartis' patent arguing lack of novelty, lack of inventiveness and failure to meet description requirements. The IPTAB held that Novartis' patent is novel and inventive and that both the specification and the claims met the description requirements.

Dongkook Pharmaceutical appealed the IPTAB's decision to the Patent Court. The Patent Court held that a person skilled in the art could not have properly understood the long term treatment effect of the patented invention from the rabbit data in the specification unless undue experimentation was carried out or special knowledge was added. Thus, the Patent Court found that Novartis' patent should be invalidated for failing to meet the description requirements prescribed in Article 42(3) of the Korean Patent Act. In its decision, the Patent Court indicated that a person skilled in the art could not have estimated the human plasma level profile from the rabbit data and determined the therapeutic effect in humans based on such estimation. In other words, the Patent Court had determined that the animal test data disclosed in the specification was not enough to meet the description requirements.

The Supreme Court reversed the Patent Court decision and found the patent to be valid. Specifically, the Supreme Court held that (i) according to the rabbit data described in the working examples, octreotide is continuously released for 89 days within a stable range of plasma level; (ii) the sustained pharmacological effect can be verified by confirming whether the plasma level of the active ingredient is continuously maintained after the sustained release formulation is administered; (iii) the method of predicting the plasma level in humans through test results regarding measurement of the plasma level of a specific active ingredient in animals had been widely used in the field of sustained release formulations at the time of the priority date; (iv) as described in the specification, if the plasma level of octreotide measured after administration at the appropriate dose of octreotide in rabbits was constantly maintained over a certain level for about 3 months, then a person skilled in the art could have predicted that the plasma level of octreotide in humans would be constantly maintained for a similar period based on the rabbit test results; and (v) as long as a person

skilled in the art could manufacture and use the sustained release pharmaceutical composition of the patent and also could have predicted the effect of the patented invention on the basis of technology level at the time of the filing date of Novartis' patent application, even if clinical trial data was not provided in the specification, it is recognized that the description requirements have been satisfied.

Significance

The Supreme Court decision explicitly rejects the Patent Court's application of an unreasonably strict description

requirement to Novartis' patent which is in conflict with the Korean patent practice, and provides legal principles regarding description requirements for a sustained release formulation invention, which are largely consistent with the legal principles established by the Supreme Court for a product invention.

The Supreme Court Affirms that Patent Term Extensions Based on Approvals for Importation Rather Than Manufacturing Are Not Invalid

By Sang-Wook HAN, Sang Young LEE and Seung Hyun LEE

Patent term extensions ("PTEs") were first introduced into the Korean Patent Act ("KPA") in 1987. However, while the 1987 KPA and its Presidential Decree (enacting regulations) provided that PTE could be granted based on the approval of a medicinal product for domestic manufacture, it said nothing about whether approval of medicinal products merely for importation was a valid basis for PTE. The KPA Presidential Decree issued in 2000 expressly provided that for patents filed after 2000, importation approvals would be a valid basis for PTE, but it has long been unresolved in Korea whether PTE requests based on approvals for importation for patents filed between 1987 and 2000 are acceptable.

In 2012, Novartis filed a request for PTE for a patent covering the Exelon® Patch (for treating dementia associated with Alzheimer's disease) on the basis of the approval of the product for importation. However, because the PTE provisions of the 1987 KPA applied to the Novartis patent (which issued in 1988, although it did not expire until 2012 due to the applicable rules at the time of filing), the Korean

Intellectual Property Office (KIPO) rejected the PTE request in 2013, primarily on the basis that the 1987 KPA did not allow PTE for importation approvals. This decision was affirmed by the administrative court in 2013, but rejected by the high court in 2014, leading to a Supreme Court appeal.

The Supreme Court has now resolved this issue, and clarified that importation approval is a proper basis for PTE under the 1987 KPA even for patents filed prior to 2000, in view of the purpose of the PTE system (to compensate for loss of effective patent term due to regulatory approval delays), the WTO/TRIPs Agreements (which provide that patent rights should be enforceable without discrimination as to whether products are imported or locally produced), and the legislative history of revisions to the relevant Korean laws. As a result of the Supreme Court's decision, it is now clear that PTEs granted for importation approvals issued prior to 2000 cannot be invalidated simply because they were granted based on importation rather than manufacturing approval.

KIPO and CNIPA Launch Collaborative Search Pilot Program (CSP)

By Young-Lan CHA and Cyril K. CHAN

A collaborative search pilot program ("CSP") between the Korean Intellectual Property Office (KIPO) and the China National Intellectual Property Administration (CNIPA) was launched on January 1, 2019, which is scheduled to continue for a trial period of two years.

Use of the CSP may be requested by an applicant that files patent applications for the same invention in both countries, and if the request is granted, KIPO and CNIPA will share prior art search information and examine the application before other applications. Korea has already implemented a CSP with the United States Patent & Trademark Office (USPTO), and has now become the first country to implement a CSP with China.

In order to request use of the CSP, the Korean and Chinese applications must meet the following requirements:

1. The earliest priority date of both applications must be the same
2. The request for examination must be filed before or at the same time as the request for CSP
3. The request for CSP must be filed before examination of the applications begins
4. The request for CSP must be based on a single application in each country (i.e., a request based on multiple Korean

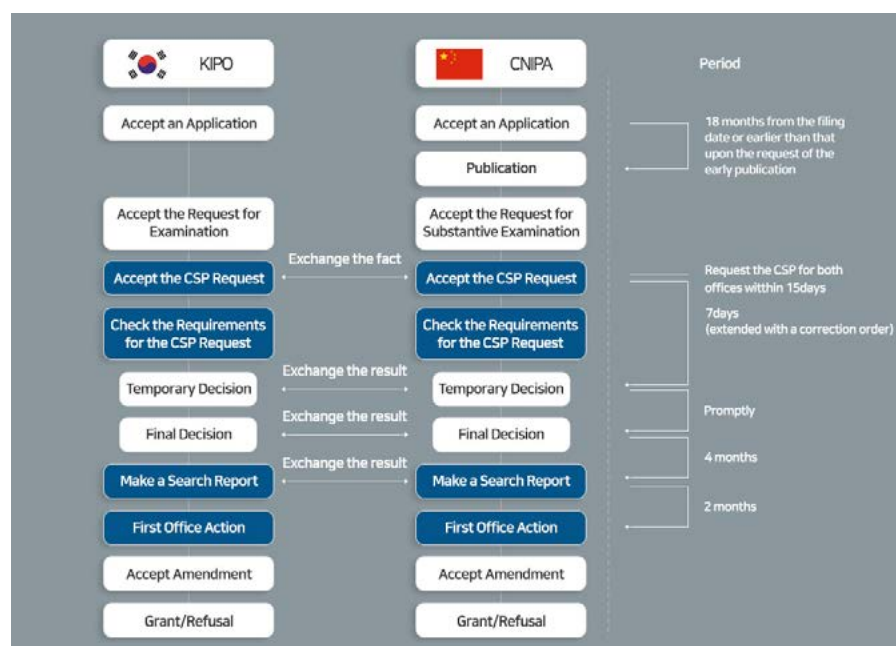
or multiple Chinese applications is not allowed)

5. All claims between both applications must be identical
6. The applicants at KIPO and the CNIPA must be identical
7. The applications must be filed under the Paris Convention (PCT applications are excluded).

KIPO has provided a chart illustrating the overall CSP process between KIPO and CNIPA as in the figure below.

During the 2-year trial period, the pilot program can limit the total number of applications to 400 (200 in Korea and 200 in China). For more information, please refer to the CSP website (<http://www.kipo.go.kr/csp/en/index.html>), which provides more background information and statistics.

KIPO has noted that the results of the current CSP between Korea and the U.S. have been consistent in the two offices, and that they expect similarly consistent results from the CSP between Korea and China. When using the CSP, both patent offices can share prior art search information, and the applicant may obtain the benefits of faster initial examination (six to seven months until the first Office Action) and reduced costs (expedited examination can be obtained without needing to file a request for preferential examination, which costs about USD 180 in Korea).



Source: <http://www.kipo.go.kr/csp/en/sub/request.html#point2>

Expanded Authority of Special Judicial Police to Conduct Criminal Investigations and Raids

By Seung-Hee LEE and Jason J. LEE

Within the Korean Intellectual Property Office (KIPO), the Special Judicial Police (SJP) has the authority to conduct criminal investigations and raids in connection with certain violations of IP rights. Under the current law, the SJP (which was founded in 2012) is only authorized to conduct such investigations and raids in connection with trademark infringement and consumer confusion under the Unfair Competition Prevention and Trade Secret Protection Act ("UCPA").

The law designating the scope of duties and rights of the SJP was recently amended to extend the SJP's authority to cover patent and design infringement, trade secret misappropriation, and violation of the "dead copy" provision of the UCPA (which prohibits competitors of a newly-released product from selling goods substantially identical in

appearance to the product for a limited period of time). The amendments will go into effect beginning March 19, 2019.

Since 2012, there have been at least 300 individuals every year who have been criminally charged for trademark infringement and/or violation of unfair competition law, and numerous infringing goods have been seized as a result of the SJP's investigations (please see KIPO's published statistics in the summary chart below).

Due to increasing infringement of other intellectual property rights in Korea and the effectiveness of the SJP's criminal raids and seizures, the relevant law has been amended to allow the SJP to address intellectual property rights beyond trademarks, which we believe will enhance enforcement of intellectual property rights in South Korea as a whole.

	2011	2012	2013	2014	2015	2016	2017	Through August 2018
Criminal Cases (individuals)	139	302	376	430	378	351	362	197
Seized goods	28,589	131,599	822,370	1,114,192	1,197,662	584,094	691,630	382,557
Equivalent value of corresponding genuine goods (in USD)	8,550,000	24,670,000	56,720,000	88,080,000	97,650,000	74,490,000	41,650,000	27,210,000

KIPO Amends Trademark Examination Guidelines

By Won-Joong KIM and Jason J. LEE

The Korean Intellectual Property Office (KIPO) recently amended its trademark examination guidelines, effective as of January 1, 2019. The major amendments are summarized below.

1. Stricter Examination of Non-Owner Marks on Famous Characters and Character Names

Under the KIPO's previous examination guidelines, trademark applications for characters or character names belonging to other parties could only be refused registration if such characters or names were already known among consumers as source identifiers (beyond the general fame of the character itself) based on their use in merchandising products, absent prior registrations for such characters or

names. This has often made it difficult for a rightful character owner to oppose trademark applications filed by other parties in bad faith to free ride on the fame of the character. In view of the fact that characters and character names are commonly used for marketing purposes, especially for goods such as clothing, shoes, hats, stationery and toys, the revised examination guidelines have strengthened protection for famous characters and character names such that "imitation" applications can be refused regardless of merchandising activities relating to the character.

In addition, the bad faith of the applicant can be recognized under the revised examination guidelines when the applied-for mark is an imitation of a famous character or character name.

2. No Registrations for "Buzzword" Terms

The revised guidelines make it clear that "buzzword" terms or terms that become widely used in society before being associated with any particular product or company (e.g., "YOLO" and "K-POP") will be excluded from registration, on the ground that such registrations are contrary to the public interest. Such terms will be formally considered to fall within the category of "otherwise non-distinctive marks."

3. New Restrictions on Individuals Applying for Franchise Marks in Their Own Names

KIPO revised its internal examination practices last year to address the perceived possible abuse of trademarks by a number of Korean franchisors, where the trademarks relating to the franchise were not owned by the franchise company itself but rather the individual founder of the company, and franchisees were forced to pay high royalty amounts to these individuals. The revised trademark examination guidelines formalize KIPO's new internal practices, by requiring individuals applying for franchise trademarks in their own names to prove a bona fide intent to use the trademark for individual purposes before the application can be allowed. Under the revised guidelines, individuals applying for franchise trademarks in their own names are presumed to lack such intent, and KIPO will issue an office action rejecting the application on this basis. Such an office action can be easily overcome by changing the applicant to the franchise company using the mark.

4. Marks Comprising a Famous Geographical Name and "University" Can Be Distinctive

If a mark comprising a famous geographical name/location together with "University" has been widely used as the name of a university and has come to be associated by consumers specifically with that university, the distinctiveness of the mark can be recognized, and the mark can now be registered for goods and services other than education-related services.

Recent Amendments to Korea Customs Service Guidelines for IP Rights Protection

By Seung-Hee LEE and Jason J. LEE

The amended Korea Customs Guidelines for Import and Export Customs Clearance Procedures for Intellectual Property Rights went into effect on January 21, 2019. Some notable amendments are as follows.

1. Extension of duration of Customs recordation of IP rights

The period for which Customs will maintain recordation of an IP right has been extended from 3 years to 10 years. However, the recordation still will expire once the underlying IP right expires.

2. Simplified process for recording patent and design rights with the KCS

The Korea Customs Service (KCS) previously required owners of patents or design rights seeking to record their rights with the KCS to submit evidence that one or more importers or exporters may be infringing those rights (e.g., a civil or criminal complaint, a cease-and-desist letter, etc.). However, under the recent amendments, such evidence will no longer be required when recording patent or design rights, which is consistent with the recordation process for trademarks and copyrights, and which removes one potential barrier to recording patent and design rights with Customs.

3. Reduced bond for challenges by small importers/exporters to suspension of goods

If goods suspected of infringement are suspended from importation/exportation by Customs, the importer/exporter may challenge the suspension by submitting a petition for release, evidence of non-infringement, and a bond equal to 120% of the taxable value of the shipment. For small or medium size companies, however, a reduced bond equal to 60% of the taxable value of the shipment was required under the previous law. The recent amendments further reduced the required bond for small or medium size companies to only 40% of the taxable value of the shipment.

4. Expanded period for filing renewal application of Customs recordation

Under the amended Guidelines, a recordation renewal application may now be filed as early as one year prior to the expiration date of the Customs recordation, whereas previously the renewal application could not be filed more than two months prior to the expiration date. However, there is no change to the end of the renewal period (i.e., 10 days prior to the expiration date).

For Korean Design Applications, Priority Claims to U.S. Applications Now Easier to File, and Vice-Versa

By Hyun-Joo HONG and Jason J. LEE

Prior to September 2017, in order for a Korean design application to claim priority to an earlier foreign application, it was required to submit a priority document certified by the government of the foreign country.

The Design Protection Act (DPA) was amended effective September 22, 2017, and one change was to make it easier to prove priority claims for design applications, although the subsequent implementing Enforcement Regulations of the DPA clarified 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.

KIPO further clarified that only countries who have specifically agreed with WIPO to deliver priority documents through the

WIPO Digital Access service would qualify as having such a "system in place."

China was the first country to meet these requirements for simplified priority claims, and beginning December 1, 2018, the U.S. became the second country to meet these requirements. As a result, design applicants in South Korea with a priority claim based on an application in the U.S., rather than submitting a certified priority document, can simply indicate the priority application details, including the application number and application filing date, together with the WIPO digital access code issued in the U.S. The same applies to design applicants in the U.S. with a priority claim in South Korea, thus making it easier in both countries to file priority claims to design applications in the other country.

Changes as to Class Identifications of Goods/Services in Korea Beginning January 1, 2019

By Seung-Hee LEE and Alex Hyon CHO

The Korean Intellectual Property Office (KIPO)'s Notification No. 30 titled "Notification on Descriptions of Goods/Services and Identification of Classes" ("Notification") was revised on December 13, 2018 to change, delete, and/or add a number of class identifications, goods/services similarity codes, and descriptions of various designated goods/services. These changes appear to address various mistakes that have occurred in examinations in the past year, to respond to defect notifications relating to Madrid Protocol cases in 2018, and to reflect the results of the 28th Nice Meeting.

There are about 55,000 descriptions of goods/services identified under the Notification, out of which the following changes were made:

- 66 cases in which new descriptions of goods/services were added;

- 20 cases in which the class identification of goods/services was changed;
- 82 cases in which the Goods/Services Similarity Code was changed;
- 233 cases in which only the description of goods/services was changed; and
- 555 cases in which the description of goods/services was deleted.

The classes of goods/services which have been changed are shown in the table below.

Per KIPO's supplementary provision, the revised Notification became effective beginning January 1, 2019.

<Changes to Classes of Goods/Services and Goods/Services Similarity Codes>

Prior Notification (August 2018)					Revised Notification (Effective as of January 2019)			
No.	Goods Description in Korean	Goods Description in English	NICE Class	Goods/Services Similarity Code	Goods Description in Korean	Goods Description in English	NICE Class	Goods/Services Similarity Code
1	살균세척제	germicidal detergents	3	G1301			5	G1004
2	동물배변통용 일회용 라이너패드	disposable liner pads for animal litter boxes	5	G110303		disposable liner pads adapted for animal litter boxes	21	G1817
3	전기식 모터용 제어기	electronic controls for motors	7	G3825			9	G390102
4	전기식 서보모터 제어기	electronic servo motor controllers	7	G3825			9	G390102
5	접대용 포크	serving forks	8	G1803	서빙포크		21	
6	일회용 멸균의료기기	disposable disinfection medical apparatus	10	G110101		disposable disinfectant apparatus for medical purposes	11	
7	구명보트	life boats (rafts)	12	G3702		lifeboats	9	

Prior Notification (August 2018)					Revised Notification (Effective as of January 2019)			
No.	Goods Description in Korean	Goods Description in English	NICE Class	Goods/Services Similarity Code	Goods Description in Korean	Goods Description in English	NICE Class	Goods/Services Similarity Code
8	부양구명보트	inflatable lifeboats	12	G3702			9	
9	부양보트 (구명보트)	inflatable dinghies [lifeboats]	12	G3702			9	
10	자동차용 오일필터	oil filters for automobiles	12	G3705	자동차 엔진용 오일필터	oil filters for automobile engines	7	G3823
11	어린이용 또는 유아용 전기차	electric ride-on toy cars for children or infants	12	G370702	어린이용 또는 유아용 전동자동차		28	G4301
12	비귀금속제 보석함	jewelry boxes, not of precious metal	20	G2601			14	
13	상복	mourning dress	24	G2607	상복(喪服)		25	G450101
14	의료보고서 편집업	compilation of medical reports	44	S120503			35	S1370
15	상표가치평가업	trademark valuations	45	S120402			36	S120401
16	지식재산가치 평가업	assessment of intellectual properties	45	S120402		financial assessment of intellectual property	36	S120401
17	지식재산권 기술가치평가업	evaluation of technology value of intellectual property	45	S120402			36	S120401
18	지식재산권 중개업	brokerage of intellectual property rights	45	S120402			36	S120401
19	지식재산권관련 감정업	appraisal services relating to intellectual property rights	45	S120402			36	S120401
20	지식재산권 평가진단업	evaluation and diagnostic services relating to intellectual property rights	45	S120402		evaluation services relating to intellectual property rights	36	S120401

Supreme Court Holds that "Temporary Reproduction" Exception to Copyright Infringement Does Not Protect Intentional Violation of Concurrent Use-Based Licenses

By Jongmin LEE, Angela KIM and Dukjoong NA

In a recent case involving the use of a third-party software tool to exceed the restrictions of a "concurrent use-based" license on a different software CAD program, the Supreme Court held that the maker of the software tool at issue (Hanall Technology) was liable for copyright infringement, rejecting Hanall's defense that the software tool merely created "temporary reproductions" of software that were excepted from copyright infringement. Kim & Chang successfully represented the CAD software maker (Dassault Systèmes) in this case.

A "concurrent use-based license" is a license that limits the number of users who are allowed to use the software at the same time (typically where the software is available on a network), by allowing only a certain number of copies of the software to be active on the system simultaneously. The CAD software in this case (Dassault's CATIA software) was sold to companies under a concurrent use-based license. The software tool at issue in this case enabled purchasers to exceed the concurrent-user limits of the CATIA software, and was commercially sold to users of the CATIA software. Dassault accused Hanall of committing copyright infringement, on the basis that use of the software tool created multiple copies of the CATIA software in excess of the licensed concurrent-user limits. In response, Hanall brought a declaratory judgment lawsuit, claiming that its software only created "temporary reproductions" of the CATIA software under Article 35-2 of the Copyright Act, and therefore could not be considered copyright infringement.

Article 35-2 provides that where a person uses a copyrighted work on a computer, that person may temporarily reproduce the copyrighted work on that computer to the extent deemed necessary for the purpose of smooth and efficient information processing (e.g., in a computer memory cache). In a previous

2017 case, the Supreme Court had held that temporary reproductions created by simply using software in a manner exceeding the scope of the software license (i.e., using software for commercial purposes without separate authorization) did not constitute copyright infringement, and cited to Article 35-2 as the basis for its holding.

The Supreme Court distinguished the instant case, however, by pointing out that the temporary reproductions in this case were not created as a natural consequence of using the CATIA software, but were only possible because of the accused software tool, and therefore Article 35-2 did not apply. The Court noted that the key value of concurrent use-based licenses is allow licensing of expensive commercial software at lower cost by limiting the number of simultaneous users who can use the software at one time, and therefore that the use of external software to exceed contractual license limits without authorization would unduly harm legitimate sales of software, and should not be allowed.

Since corporate software is commonly supplied under concurrent use-based license agreements, this holding by the Court provides important protection to the rights holders of such software by clarifying that the "temporary reproduction" exception to copyright infringement does not protect the intentional circumvention of authorized user limits in a software license. Since copyright infringement can carry criminal penalties, this holding should substantially enhance the remedies available to software copyright holders. Further, companies using software under a concurrent use-based license may need to take greater care to ensure that user limits under the license are not exceeded, since temporary reproductions due to excess users can potentially amount to copyright infringement.

FIRM NEWS

Awards & Rankings

Top Rankings in 18 Areas and 60 Individual Recognitions - Chambers Asia-Pacific 2019

According to Chambers Asia-Pacific 2019, Kim & Chang ranked "Band 1" (top tier) in 18 practice areas, the most number of top-tier recognitions among Korean law firms. In particular, we were the only Korean firm to receive "Band 1" in three categories: **Intellectual Property: Patent Specialist**; Shipping; and Technology, Media, Telecoms (TMT). Also, we continue to be recognized in Arbitration – Asia-Pacific Region ("Band 4") and General Business Law – North Korea.



Below are the details of our firm rankings:

South Korea ("Band 1" in 18 out of 19 practice areas surveyed for Korea)

- Banking & Finance: Band 1
- Capital Markets: Band 1
- Competition/Antitrust: Band 1
- Corporate/M&A: Band 1
- Dispute Resolution – Arbitration: Band 1
- Dispute Resolution – Litigation: Band 1
- Dispute Resolution – White-Collar Crime: Band 1
- Employment: Band 1
- Insurance: Band 1
- **Intellectual Property: Band 1**
- **Intellectual Property – Patent Specialist: Band 1**
- International Trade: Band 1
- Projects & Energy: Band 1
- Real Estate: Band 1
- Restructuring/Insolvency: Band 1
- Shipping: Band 1
- Shipping – Finance: Band 2
- Tax: Band 1
- Technology, Media, Telecoms (TMT): Band 1

North Korea

- General Business Law: Spotlight Table in South Korea

Asia-Pacific Region

- Arbitration (International): Band 4

For individual categories, 60 of our professionals (i.e.,

attorneys, patent attorneys and accountants) were named as "Leading Individuals," and 13 were named "Recognized Practitioners." In this category, our firm also received the most individual recognitions of all law firms in Korea. In the Intellectual Property practice area, **Duck-Soon Chang, Sang-Wook Han, Young Kim, and Jay (Young-June) Yang** were selected as "Leading Individuals," and **Seong-Soo Park** was named as "Recognized Practitioner."

About Chambers Asia-Pacific: Chambers Asia-Pacific is an annual guide to the Asia-Pacific legal market, and is compiled by the leading global legal publisher, Chambers and Partners. Covering 36 jurisdictions, and in Korea, surveying 19 practice areas, this year's edition ranked law firms and legal practitioners based on in-depth interviews with key clients and lawyers in the market, assessments of recent works, independent research, and data analysis.

Highest Recognition in All 15 Categories Surveyed - The Legal 500 Asia Pacific 2019

According to The Legal 500 Asia Pacific 2019, Kim & Chang received "Tier 1" (top ranking) in all 15 practice areas surveyed. By maintaining the "Tier 1" position in every category year after year, we continue to be recognized as the market-leading law firm in Korea.



Below are the details of our firm rankings:

Firm Rankings ("Tier 1" in All 15 Categories)

- Antitrust and Competition
- Banking and Finance
- Capital Markets
- Corporate and M&A
- Dispute Resolution
- Insurance
- **Intellectual Property**
- International Arbitration
- Labour and Employment
- Projects and Energy
- Real Estate
- Regulatory: Compliance and Investigations
- Shipping
- TMT
- Tax

Additionally, 26 of our attorneys were named as "Leading Individuals," and 13 were named as "Next Generation Lawyers" for their outstanding expertise in their respective practice areas. In the Intellectual Property practice area, **Young Kim** and **Sung-Nam Kim** were selected as "Leading Individuals."

The Legal 500 Asia Pacific 2019: A market-leading law firm directory for the region, The Legal 500 Asia Pacific is annually published by Legalease, a world-renowned UK legal media. The directory conducts extensive research by analyzing firm submissions and client feedbacks to publish law firm rankings in 20 Asia Pacific jurisdictions across major practice areas.

Once Again, the Only Korean Law Firm Given Highest Ranking in All 24 Categories - Asialaw Profiles 2019

In the 2019 edition of Asialaw Profiles, Kim & Chang was once again the only Korean law firm to receive "Outstanding," the highest possible ranking, in all 24 practice areas and industry sectors. Honored with the top ranking category in every practice area and industry sector, including the newly added sectors, we have established ourselves as the only Korean law firm that possesses exceptional capabilities across a wide range of practice areas and industries.



The following is a list of our recognitions in the Asialaw Profiles 2019:

Firm Rankings ("Outstanding" in all 24 categories)

Practice Areas

- Banking and Finance
- Capital Markets
- Competition/Antitrust
- Construction
- Corporate and M&A
- Dispute Resolution
- **Intellectual Property**
- Investment Funds
- Labour and Employment
- Private Equity
- Regulatory
- Restructuring and Insolvency
- Tax

Industry Sectors

- Aviation and Shipping
- Banking and Financial Services*
- Consumer Goods and Services*
- Energy
- Industrials and Manufacturing*
- Infrastructure
- Insurance
- Media and Entertainment*
- Pharmaceuticals and Life Sciences*
- Real Estate
- Technology and Telecommunications

(*newly added industry sectors)

About Asialaw Profiles: Asialaw Profiles is an annually published legal directory by Asialaw, a legal media associated with Euromoney, covering law firms in 25 jurisdictions across the Asia-Pacific region. Asialaw draws from law firm submissions, interviews, and surveys of legal practitioners and clients, as well as from its independent research to rank law firms in one of the following four categories: "Outstanding," "Highly recommended," "Recommended," and "Notable." Korean law firms were researched on 13 practice areas and 11 industry sectors.

Only-Ranked Korean Law Firm for Fifth Consecutive Year - The American Lawyer's Global 100 (2018)

For the fifth year in a row, Kim & Chang is the only Korean law firm ranked in The American Lawyer's "The 2018 Global 100" rankings.

Remaining as the only Korean firm to rank in the top 100 on all three charts, we placed 51st in the "Most Revenue" category (gross revenue), 55th in the "Most Profits" category (gross revenue per equity partner), and 67th in the "Most Lawyers" category (average full-time equivalent for the 2017 fiscal year).

About The Global 100: The American Lawyer, a leading US legal magazine, issues the special rankings edition, "The Global 100," every year, based on survey responses and independent research of law firms across the globe. The special rankings edition assesses law firms in the following categories: "Most Lawyers," "Most Revenue," and "Most Profits."

Ranked as the Largest Korean Law Firm in Asia - ALB Asia Top 50 (2018)

In the "Asia Top 50," which was published in the November 2018 edition of Asian Legal Business ("ALB"), Kim & Chang once again ranked as the 12th largest law firm in Asia.



We continue to be the only Korean firm to be recognized in the list's top 20, which otherwise consists of only Chinese law firms.

About Asia Top 50: ALB, a leading Asian legal magazine affiliated with Thomson Reuters, annually publishes a list of the 50 largest law firms in Asia. The rankings are based on the total number of lawyers, which includes partners, associates, counsel, consultants, and foreign counsels. The ranking results are based on independent research and law firm submissions.

Trademark Firm of the Year - 2018 Asia IP Awards

Kim & Chang has been named "Trademark Firm of the Year for South Korea" at the 2018 Asia IP Awards. The ceremony was held in New Delhi, India on November 16, 2018.

Asia IP is published by Apex Asia Media Limited, an independent publisher based in Hong Kong, and offers an extensive range of in-depth features and resources essential for IP-owning companies active in Asia and international law firms that want to keep ahead of the key issues.

Kim & Chang Professionals Named to MIP IP Stars - Rising Stars 2018/19

Two Kim & Chang professionals – **Eun Jeong Cho** and **Yunki Lee** – have been recognized as the "IP Stars - Rising Stars 2018/19" by Managing Intellectual Property (MIP).

MIP, part of the Euromoney Legal Media Group, is a leading source of news and analysis on IP developments worldwide. MIP's newly launched "IP Stars - Rising Stars" highlights the best-performing non-partners who have contributed to the success of their firms and clients in recent years.

EVENTS

IPO Annual Meeting in Chicago, September 23-25, 2018

Young Kim, a senior patent attorney in Kim & Chang's IP Practice, participated as a speaker in the 2018 IPO Annual Meeting, which was held in Chicago, September 23-25, 2018. During the "Asian Practice Committee Business Meeting," Ms. Kim spoke on "Korean IP Law and Practice," highlighting recent developments in Korean patent law and litigation system, and discussed key issues affecting various Asian jurisdictions with other presenters and attendees.

Intellectual Property Owners Association (IPO), established in 1972, is a trade association for owners of patents, trademarks, copyrights and trade secrets. The conference, which was being held for the 46th year, once again served as a premier forum for networking and in-depth discussions among IP experts from the U.S. and across the world.

2018 TIPA International Intellectual Property Litigation Conference in Taipei, November 29-30, 2018

Duck-Soon Chang, a senior attorney in Kim & Chang's IP Practice, was invited to speak at the 2018 TIPA International Intellectual Property Litigation Conference, which was held in Taipei on November 29-30, 2018. Mr. Chang presented on the topic of "Evidence Collection in Korean Patent Infringement Litigation" during the "Patent Litigation Process and Practice in U.S., Germany, Japan, South Korea, China and Taiwan" session.

Organized by Taiwan Intellectual Property Office (TIPO), Taiwan Intellectual Property Training Academy (TIPA), and NTU Law Center of Science and Technology Ethics (CLTE), the seminar proved to be a unique platform in bringing together more than 200 IP professionals around the world, where they discussed patent litigation and trade secret proceedings in different jurisdictions for the advancement of the IP litigation system in Taiwan.

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INTELLECTUAL PROPERTY

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