

Newsletter

A Quarterly Update of Korean IP Law & Policy

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Punitive Damages and Other New Enforcement Provisions Now In Force for Patent and Trade Secret Cases in Korea

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

We previously reported regarding new amendments to the Patent Act and Unfair Competition Prevention and Trade Secret Protection Act that were announced last winter (see our Winter 2018/19 newsletter), which were designed to enhance enforcement of patent rights and protection of trade secrets in Korea. These amendments have now become effective, as of July 9, 2019.

As a reminder, the amendments add the following provisions to the above Acts: (i) **newly available "punitive damages"** for intentional or willful patent infringement/trade secret misappropriation, up to treble damages (Patent Act, Article 128, Paragraphs 8 and 9; Trade Secret Act, Article 14-2, Paragraphs 6 and 7); (ii) **expansion of available royalty damages for infringement through use of "reasonably expected royalties"** rather than "ordinarily expected royalties" as one of bases for damages calculation (Patent Act, Article 65, Paragraph 2 and Article 128, Paragraph 5); (iii) **obligation to disclose the actual product/process used** by an accused patent infringer denying patent infringement (Patent Act, Article 126-2); (iv) **relaxed requirement for valid trade secrets** by eliminating "reasonable efforts" requirement (Trade Secret Act, Article 2, Item 2); and (v) **significantly increased criminal penalties** for trade secret misappropriation, including **additional acts subject to criminal punishment** such as the unauthorized release of trade secrets out of a designated place, and continuing to possess another's trade secret even after a request to delete or return (Trade Secret Act, Article 18, Paragraphs 1 and 2). Additional details are provided below.

Introduction of punitive damages

This is the most significant change under the new amendments, since enhanced damages have not previously been available for any kind of IP rights infringement in Korea, and applies to acts of infringement/misappropriation committed on or after July 9 (the effective date). This amendment reflects a recognition by the Korean legal system that increased penalties are needed to effectively discourage acts of infringement and to better protect IP rights holders in Korea. Damages amounts for intentional or willful patent infringement/trade secret misappropriation are expected to significantly increase in size.

Intentional or willful acts of infringement/misappropriation

The issue of proving "willfulness" will likely become hotly disputed in litigation going forward. For patentees/trade secret holders, the following may be helpful to prove "willfulness": (a) proof that a warning letter was sent to the accused defendant, or (b) a favorable decision in an affirmative confirmation-of-scope trial (in patent cases). Accused defendants may want to present the following to prove the opposite: (a) an expert opinion of non-infringement, and/or (b) a favorable decision in an invalidation trial or negative confirmation of scope trial (in patent cases).

Accused patent infringer denying infringement must disclose the actual product/process used

Under the amendments, an accused infringer who denies infringement despite a *prima facie* showing by the plaintiff that the accused infringer is using a claimed product/process must provide details regarding the product or process it is actually using. If the accused infringer refuses to provide such details without adequate justification, the court may presume that the accused infringer actually committed the infringing activity as claimed by the plaintiff. This is likely to make it easier to prove meritorious infringement claims, and also to speed up infringement litigation proceedings in general.

Relaxed maintenance requirement for trade secrets

The amendment removes the requirement to show that "reasonable effort" was taken to protect the secrecy of asserted trade secrets, and now simply requires that the trade secrets were maintained as secret. As the prior requirement often resulted in the dismissal of misappropriation claims based on lack of "reasonable effort" to protect otherwise legitimate trade secrets, the amendment is expected to make it substantially easier to pursue legitimate claims against parties who misappropriate trade secrets, and to broaden the scope of information which can be protected as a trade secret in Korea.

Current Status of Korean Patent Cancellation System and the Implications

By Jong Wook KIM, Ki Yun NAM and John J. KIM

It has been over two years since the patent cancellation system was introduced in Korea on March 1, 2017. Based on our extensive experience in handling patent cancellation cases thus far, we evaluate the Korean Patent Cancellation System in detail below.

Patent Cancellation Statistics

According to statistics released by the Korean Intellectual Property Office (KIPO), 287 patent cancellation petitions have been filed as of the end of March 2019. The number of petitions filed peaked in November 2017 when 39 petitions were filed, but it appears that other than the first few months after the new cancellation system began, there have consistently been about 10 to 15 petitions filed each month.

As of March 2019, the Intellectual Property Trial and Appeal Board (IPTAB) has completed review of 117 cases, or 41% of the filed petitions. The average duration of each case has been about 9.4 months.

Of all reviewed petitions, about 26% result in cancellation and about 62% result in rejection of the petition (the remaining 12% are terminated for other reasons). Nearly half of filed petitions do not result in institution of substantive cancellation proceedings. However, counting instituted petitions only, the cancellation rate is as high as 58%.

In terms of technologies at issue, 54% of filed petitions involved patents in the chemical field, 16% involved patents in the electrical and electronics field, 15% involved patents in the mechanical field, and another 15% involved patents involving two or more of the above fields, or covering other technologies. KIPO has noted that a major target of cancellation actions appear to be foreign chemical companies.

Implications for Cancellation Strategy

The institution stage appears to be critical to determining whether a cancellation action is likely to be successful. A substantial portion of the total filings (about 44%) have

been dismissed without institution. However, about 58% of instituted cases result in cancellation of the patent. Thus, if the IPTAB decides that at least one of the asserted cancellation grounds has merit and decides to institute, it is difficult for the patentee to overcome the cancellation grounds at that point.

Therefore, a focus on the institution decision is extremely important for both the petitioner and the patentee. One tool available to either party, in addition to filing or responding to a cancellation petition, is to request that the trial examiner conduct an oral technical presentation hearing before the institution decision where one or both parties can more clearly explain the merits of its case.

By default, patent cancellation cases are conducted based on examination of documents only, but either the patentee or the petitioner may request that the IPTAB conduct a technical presentation hearing to review issues before deciding a case (or even before the case is instituted). Whether to hold a technical presentation hearing is within the discretion of the trial examiner, but such technical presentation hearings are commonly granted absent special circumstances. The format of a technical presentation hearing is somewhat flexible and depends on the trial examiner's needs. Further, while patent cancellation actions in principle are ex-parte proceedings between the patentee and the IPTAB, technical presentation hearings are one way where the cancellation petitioner can be directly involved in the proceeding (at the examiner's discretion).

Patentees responding to a petition for cancellation should consider making a claim correction (post-grant amendment) as part of the initial response to the petition. A claim correction within a patent proceeding may only be filed in response to submission of a new argument or new evidence by the other party, and commonly there is no new evidence submitted after the initial filing in cancellation proceedings, so a patentee may only get one chance to correct the claims in response to a cancellation filing. In particular, there is no opportunity to file a correction once the IPTAB renders a decision to cancel the patent.

Supreme Court Holds that Licensees Have Standing to File Patent Invalidation Actions Against Licensed Patents

By Duck Soon CHANG, Injae LEE and Clare Ryeojin PARK

Per the Korean Supreme Court's February 21, 2019 *en banc* decision (Supreme Court *en banc* Decision 2017Hu2819, February 21, 2019), licensees are now "interested parties" entitled to file invalidation actions against their licensed patents, effectively overturning prior decisions to the contrary.

Background & Supreme Court Decision:

■ Previous decision by the Supreme Court

Article 133 (1) of the Korean Patent Act provides that "an interested party ... may file a petition for trial to seek invalidation of a patent."

While the definition of "interested party" in Korea is quite broad, the Supreme Court traditionally held that a licensee does not constitute an "interested party" for purposes of filing an invalidation action against patents it has licensed (See, for example, Supreme Court Decision 76Hu7, March 22, 1977; and Supreme Court Decision 82Hu58, December 27, 1983). However, there has been consistent sentiment among some in the Korean legal industry that these decisions against licensees challenging licensed patents should be revisited.

■ *En banc* judgment by the Supreme Court

In the February 21 *en banc* judgment, the Supreme Court explained that an "interested party" within the meaning of Article 133 (1) of the Korean Patent Act refers to "a

person who has direct and real interest in the extinction of a patent, as he or she is or may be subject to certain legal disadvantage due to the existence of that patent," which "includes a person who is or will be manufacturing and/or selling the same types of products as the patented invention."

Accordingly, the Court held that "absent special reasons, it cannot be deemed that a licensee of a patent does not have a legal interest in filing an invalidation action against a patent solely on the basis that a patent right cannot be challenged against the licensee."

Further, the Court noted that: (i) a successful invalidation action can be used to liberate a licensee from restrictions, such as paying royalties or a limited scope of license; and (ii) obtaining a license does not mean the licensee promises not to challenge the validity of the licensed patent.

In light of the above, the Court determined that a licensee can constitute an "interested party" for purposes of filing invalidation actions, and overturned prior case decisions, which had held otherwise.

Significance:

As a result of this Supreme Court decision, licensees in Korea are no longer restricted from challenging the validity of intellectual property rights they have licensed (including patents or trademarks).

Supreme Court Rules that the First Sale Doctrine Also Exhausts Process Patents

By Mikyung (MK) CHOE and Seoung-Soo LEE

In a significant recent decision, the Korean Supreme Court expressly recognized that the first-sale doctrine applies to exhaust not only apparatus patent rights covering a patented product that is sold, but also any process patents that are substantially embodied in the product (Case No. 2017Da289903, January 31, 2019).

Background

The Welding Institute (the patentee) granted a non-sublicenseable, non-exclusive license to Company A to the patent at issue to use the patented process, as well as to make, demonstrate and sell equipment suitable for

performing the patented process. The patent was directed to a method of welding materials together without melting the materials (friction stir welding, or FSW). The defendant, a semiconductor equipment manufacturer, acquired an FSW machine manufactured by Company A, which would perform the patented process when used. The Welding Institute subsequently sued the defendant for infringing its process patent.

The Supreme Court's ruling regarding patent exhaustion

There are actually very few statutes or cases in Korea relating to patent exhaustion, but it is generally recognized that a patentee or licensee selling a product covered by a product patent exhausts those product patent rights with respect to that product. In other words, the buyer/transferee of the patented product may freely use, sell or otherwise exploit the patented product in Korea without incurring patent infringement liability.

The recent Supreme Court decision applied the same general logic to process patents to hold that a product substantially embodying a patented process that is made or sold by a patentee or its licensee exhausts those process patent rights in the product as well. While the Court did not analyze the issue in detail, it concluded that it would unduly impede free distribution and safe transaction of products substantially embodying a patented process if a buyer/transferee were required to obtain the patentee's approval simply in order to use such products; that the patentee in this case was in the best position to determine the appropriate price or royalty

for the patent-embodiment machine in view of the use of the machine and exploitation of the patented process by the purchaser; and that holding that process patents were not subject to exhaustion would create a loophole that a patentee could exploit to avoid patent exhaustion simply by including a process invention in its patent claims.

In determining whether the product at issue substantially embodied the patented process, the Court indicated the following factors should be taken into account: (i) whether the product was originally designed to implement the patented process exclusively with no other substantive practical or commercial application, (ii) whether all critical elements of the patented process are included in the product, and (iii) the significance of the process implemented by the product in all the patented process.

The Supreme Court's ruling regarding "have made"

In another case involving the same patent, the patentee asserted indirect infringement against a manufacturer who supplied a machine designed to implement the patented process exclusively to Company B (a licensee authorized by the patentee), pursuant to a manufacturing order given by Company B. In that case, the Supreme Court held that the defendant's manufacture and supply of the machine to the licensee did not indirectly infringe the patentee's rights (Case No. 2017Da290095, February 28, 2019). Further, use of the patented process in testing and examination of the machine for the purpose of supply to the licensee also did not infringe the patent.

Korean Patent Court Clarifies that Product Approvals Under the Narcotics Control Act Also Are a Valid Basis for Patent Term Extension

By Kyeong Tae KANG, Tae Min KIM and Alice Young CHOI

Patent term extensions ("PTEs") for regulatory approval delays were introduced into Korea in 1987, but there are a number of areas of uncertainty that remain unresolved in the PTE legal system to this day. The Patent Court recently rendered a decision clarifying one of these areas, by overturning the final rejection by the Korean Intellectual Property Office (KIPO) of a PTE application that was filed on the basis of a psychotropic drug for treatment of obesity that was approved under the Narcotics Control Act, as opposed to the Pharmaceutical Affairs Act which governs most drug approvals in Korea.

Legal Provisions Relating to Eligibility for PTE

The Korean Patent Act ("KPA") provides that the specific types of inventions and approvals that can qualify for PTE are to be defined by its implementing regulations (the Enforcement Decree of the KPA), which KIPO is responsible for creating and administering. At present, the Enforcement Decree states that a patented invention covering a pharmaceutical product approved under the Pharmaceutical Affairs Act or an agrochemical product registered under the Pesticide Control Act is eligible for PTE. However, while the Pharmaceutical

Affairs Act covers pharmaceutical product approvals in Korea in general, it provides that drugs that are potentially addictive or subject to abuse are to be regulated and approved under a separate law, the Narcotics Control Act.

KIPO's Rejection

In the case at issue, the applicant had filed for PTE based on the approval of a drug under the Narcotics Control Act, rather than the Pharmaceutical Affairs Act. KIPO issued a final rejection of the PTE application on the ground that because the Narcotics Control Act was not expressly identified as a valid basis for PTE in the Enforcement Decree, no PTE could be granted for the patent at issue. This reasoning was confirmed at the first instance by the Intellectual Property Trial and Appeal Board (IPTAB).

Patent Court's Determination

The Patent Court reversed the IPTAB's decision and concluded that the PTE at issue was erroneously rejected, holding that the Enforcement Decree of the KPA failed to properly implement the full scope of the KPA concerning PTE eligibility, and therefore was an improper basis for the rejection in this case.

The Patent Court first determined that an approval under the Narcotics Control Act is substantially the same as an approval under the Pharmaceutical Affairs Act, given that the agency reviewing the approval, the entity obtaining the approval, the items to be reviewed for the approval, and the process and examination period for the approval are basically the same. The Patent Court then noted that although the KPA delegates to the Enforcement Decree the specific identification of inventions eligible for PTE, the KPA broadly defines such inventions as those involving approvals under other laws that require lengthy periods to conduct safety, validity, or other testing before the approval can be issued. Further, as pointed out by the applicant's counsel, there had been no discussion at all regarding the Narcotics Control Act in connection with PTE requirements when the Enforcement Decree was drafted or amended.

Therefore, the Patent Court concluded that the KPA did not delegate to KIPO the authority to arbitrarily select only some "other laws" or types of approvals as eligible for PTE while excluding others that would also involve lengthy approval-related testing, and that as a result, the Enforcement Decree was defective and an improper basis for KIPO's rejection in this case. The Patent Court also stated that treating approvals under the Narcotics Control Act and the Pharmaceutical Affairs Act differently in this case would be a violation of the principle of equality under the Constitution.

Significance of the Patent Court's Decision

This is a rare instance where the Patent Court determined that an Enforcement Decree provision was overly narrow in implementing its governing statute, despite arguably being literally within the scope of the statute, and overturned a KIPO rejection as a result. The decision was particularly surprising in this case because the IPTAB had already previously rejected another PTE based on an approval under the Narcotics Control Act for the same reasons as in this case, which had not been appealed. The Patent Court took the unusual step in this case of construing in detail the intent of the relevant KPA provisions in this case, and then determined that the Enforcement Decree was inconsistent with and improperly added limitations to the intended scope of the KPA provisions concerning PTE.

This decision indicates that the Patent Court may be taking a more serious look at whether the Korean PTE system adequately protects patentees' rights as currently implemented, with an eye to greater harmonization with other major PTE jurisdictions. It is difficult to say whether in the near term KIPO will act to comprehensively clarify the proper basis for PTE beyond including the Narcotics Control Act in the Enforcement Decree, but at a minimum the Patent Court decision suggests that PTE may become more broadly available for delays in regulatory approval whether or not specifically listed in the Enforcement Decree.

KIPO Expands the Scope of "Fourth Industrial Revolution" Technologies Eligible for Expedited Examination

By Kyoo-Yeon LEE and CY Chooyoun KIM

Last year, we reported that the Korean Intellectual Property Office (KIPO) introduced expedited examination for technologies designated as "Fourth Industrial Revolution" (4IR) technologies, including artificial intelligence, internet of things,

3D printing, autonomous vehicles, cognitive robotics, Big Data, and cloud computing. In a follow-up development this year, KIPO announced the expansion of 4IR technologies to include: (i) smart cities; (ii) virtual and augmented reality; (iii) first-in-

class drugs; (iv) new and renewable energy; (v) customized healthcare; (vi) drones; (vii) next generation communications; (viii) intelligent semiconductors; and (ix) advanced materials.

As we reported last year, since April 2018, patent applications for 4IR-related inventions have been eligible for expedited examination as long as the following conditions are met:

- (i) KIPO assigns to the patent application one of the new patent classification codes related to 4IR;
- (ii) the applicant conducts a prior art search and submits the results to KIPO; and
- (iii) the applicant files a request for expedited examination, on the basis that the patent application is related to 4IR technology.

Even if a patent application does not initially receive a new 4IR patent classification code from KIPO, the applicant may still request expedited examination on the grounds that the

application falls within the scope of 4IR technology. However, as KIPO has not yet provided any specific guidelines or criteria for determining whether an invention is related to 4IR technology, for now, the final decision to grant expedited examination is largely at the discretion of the KIPO examiner.

Expedited examination under this program should reduce the total pendency of examination to about 5.5 months, which is roughly 10 months faster than regular examination. The expanded scope of 4IR technologies will allow several new technology sectors to take advantage of this program, including the pharmaceutical, chemical, and energy industries. Further, since there are no restrictions on the nationality of eligible applicants, expedited examination under this program is equally available to foreign and domestic entities.

KIPO Announces Reductions to Some Official Fees

By Tae Hyun KIM and Soho LEE

KIPO (the Korean Intellectual Property Office) has promulgated a new Enforcement Rule of Payment of Patent Fees (effective July 9, 2019) that provides for discounts to certain official fees relating to patent, design, utility model, and trademark applications in Korea.

Registration fees for allowed applications can now be reduced by KRW 10,000 (about USD 10) if the applicant requests that the official registration certificate (e.g., Letters Patent) be issued as an electronic PDF rather than a paper document. Applicants have been able to request the issuance of registration certificates in PDF form since 2018, but the discount applies only to applications allowed after July 9, 2019. At present, it is not possible to request both electronic and paper copies when paying the registration fee, but if an electronic copy is requested, the applicant may later request a paper copy for a small fee (KRW 5,000 (about USD 5)). An electronic copy may be requested for free, if a paper registration was initially issued.


Increased discounts also may now be requested in connection with the official fees to file a request for substantive examination of a patent application, where the International Search Report or International Preliminary Report on Patentability (Chapter II) for the corresponding PCT application has been issued by KIPO. In the past, the request for examination fees could be discounted 30% if either the International Search Report or International Preliminary Report on Patentability (Chapter II) for the corresponding PCT application was issued by KIPO, and 70% if KIPO issued both reports. Effective July 9, 2019, a 70% discount is available if KIPO issued either report (in addition, certain Korean-national phase patent and utility model applications may also now be eligible for expedited examination if KIPO conducted the international search for the corresponding PCT application).

Encouraging News for Owners of Products with Famous Shapes

By Ann Nam-Yeon KWON and Alexandra BÉLEC

The Intellectual Property Trial and Appeal Board (IPTAB) recently recognized the distinctive nature of Van Cleef &

Arpels'  " 3D mark in Class 14 (the clover design of the famous Alhambra jewelry line) and Hermès'

 " 3D mark (the famous BIRKIN bag), based on their acquired fame in the Korean market. To convince the IPTAB of the fame of these two 3D marks, Kim & Chang submitted various evidentiary materials, including documents showing sales and advertising figures, positive consumer survey results, numerous articles referring to the iconic product shapes, favorable decisions from Korean courts, etc.

It has already been 5 years since KIPO amended its examination guidelines to require a lower showing of fame from applicants seeking to secure 3D trademark registrations for product shapes. Despite this amendment, KIPO examiners have continued to be reluctant to grant registrations for 3D marks for the shapes of products. With these recent decisions, the IPTAB seems to have shown greater flexibility in recognizing that certain product shapes function as source identifiers in the Korean market, and it is hoped that the examination division at KIPO will take notice and follow the IPTAB's lead.

3D trademark registrations are a very powerful tool for enforcement in South Korea, and these recent favorable developments at the IPTAB should encourage owners of famous product shapes in South Korea to consider filing 3D trademark applications more seriously.

Good News for Joint Trademark Owners in Korea

By Eun-Kyung KOO and Alexandra BÉLEC

Beginning October 24, 2019, renewal requests for registered trademarks owned jointly by several owners can be filed by any one of the joint owners alone. This amendment to the Trademark Act (TMA) was published on April 23, and is meant to ease the burden of joint trademark owners, who are currently required to file such renewal requests jointly.

Even though renewing a registration is intended to be a simple act allowing owners to maintain their rights to a given trademark, under the current system, joint trademark owners can sometimes face difficulties in maintaining their rights if any of the joint owners cannot be reached (for example due to

immigration, bankruptcy, unknown whereabouts, etc.), or if one joint owner simply refuses to file the renewal request for some reason.

According to information from KIPO's database, a substantial number of renewal requests for such registrations have been rejected on the basis that not all joint owners of the trademark requested renewal. With the new amendment, KIPO seems to be acting to protect the smooth continuity of business operations in Korea, by allowing joint owners to more easily maintain their trademark rights.

Supreme Court Rejects Expanded Liability of Online Service Providers for Copyright Infringement

By Dae Hyun SEO, Dukjoong NA and Angela KIM

On February 28, 2019, the Korean Supreme Court issued a notable ruling regarding the liability of online service providers (OSPs) for aiding and abetting in the infringement of a copyright (Case No. 2016 da 271608).

In this case, members of the Korean internet portal Daum had uploaded instructional billiards videos onto their membership-based Daum website and allowed general users to play the clips without permission from the plaintiff copyright owner, thereby committing copyright infringement. The copyright owner asked Kakao Corp. ("Kakao"), who operates the Daum internet portal, to take down the infringing content by identifying the location of some of the infringing videos and then providing search terms which it claimed Kakao could use to identify the remaining content to be taken down. However, while Kakao did take down the infringing videos specifically identified by the copyright owner, it refused to comply with the copyright owner's request to search webpages on its portal for other potentially infringing videos.

The copyright owner then sued Kakao for aiding and abetting copyright infringement. Contrary to the first instance trial, the appellate court held that Kakao was indeed liable for aiding and abetting the copyright infringement by the members of its portal, and ordered Kakao to pay compensatory damages to the plaintiff.

On appeal, the Supreme Court overturned the appellate court's ruling, and reaffirmed the existing legal theory that an OSP does not have a duty to delete infringing content and block similar content from being posted on its websites unless a request is received from an infringed party to delete and block the infringing content, and it would be technically and financially infeasible for the OSP to manage and control the web postings. Moreover, the Supreme Court ruled that

Kakao should not be held liable for aiding and abetting the copyright infringement for the following reasons.

The Supreme Court essentially held that the plaintiff had failed to provide sufficient information to Kakao to identify and confirm infringing videos despite repeated requests from Kakao for such identifying information. The Supreme Court judged that simply providing search terms was insufficient to create a duty on Kakao's part to respond. Furthermore, the Supreme Court's refusal to impose liability on Kakao appears to have been largely on the basis that it would be technically and financially infeasible for OSPs such as Kakao to manage and control web postings on a general basis. The Court pointed out that to verify the suspected videos for copyright infringement, they would have to be played at least partially, but identifying and deleting the infringing content by doing so would be costly and technically difficult for Kakao, considering the size of its Internet portal (it is one of the two most popular portals in Korea), the number of infringement reports Kakao receives, the number of uploaded videos on its portal, and the streaming time. While there exists a "characteristic-based filtering technique" (a technology utilizing the unique characteristics of the original copyrighted files) to recognize and block the infringing content, this requires the original video files which the plaintiff did not provide.

Based on the Supreme Court's ruling in this case, copyright owners seeking to force OSPs, particularly larger ones, to delete copyright-infringing content from their websites should assume they will need to specifically identify all content they believe is infringing, or provide as much information as is reasonably possible to enable the OSPs to easily locate and delete/block the infringing content, before expecting the OSPs to comply.

Supreme Court Rules that Copying of Video Game Rules Can Constitute Copyright Infringement

By Seoung-Soo LEE, Dukjoong NA and Jae Won SHIN

On June 27, 2019, the Korean Supreme Court held that Defendant Avocado Entertainment Inc.'s Forest Mania game ("Defendant's Game") infringed Plaintiff King.com Limited's copyrights on its Farm Heroes Saga game ("Plaintiff's Game"), finding substantial similarities between Plaintiff's Game and Defendant's Game. The ruling is significant because this is the first time the Supreme Court has acknowledged copyright infringement based primarily on video game rules and mechanics. The Supreme Court reversed the lower decision of non-infringement, and remanded the case to the Seoul High Court.

Although there were some differences in terms of character and detailed screen designs between Plaintiff's Game and Defendant's Game, Plaintiff asserted copyright infringement based on detailed similarities between the rules and mechanics of the two games, as well as their arrangements and compositions.

[Figure: Comparison of Plaintiff's Game and Defendant's Game]

Category	Plaintiff's Game "Farm Heroes Saga"	Defendant's Game "Forest Mania"
Map Screen		
Hero Mode		
Special Tile/Character		
Interruption Rule		

* Source: Plaintiff's and Defendant's websites and game screens, decisions of the first instance court and appellate court

Prior to the Supreme Court's decision, it was generally assumed by Korean courts that (i) game rules per se constituted mere non-copyrightable ideas; (ii) that any particular selection, arrangement and composition of game rules could only be copyrightable if they exhibited the author's unique individuality; and (iii) that if there are operational limitations of computers or mobile games (e.g., limited screen space, memory capacity, compatibility issues, etc.), it is difficult to consider those specific rules embedded in the games as unique expressions of the author for purposes of copyright. As a result, courts generally have ignored game rules when reviewing whether two games were similar to determine copyright infringement, and on the rare occasions rules have been considered, courts have required a high degree of creativity in selection, arrangement and composition of such rules before considering them relevant to the copyright infringement analysis.

In this case, the lower courts had found that the specific rules of Plaintiff's Game were mere "ideas," and that the composition of these rules did not constitute a copyrightable "expression" given the general characteristics of "match-3" games (of which Plaintiff's Game was one example) and the physical limits imposed by mobile gaming. The lower courts thus reviewed only expressions of the two games such as the composition of the screens and character designs, and denied the existence of substantial similarity.

The Supreme Court indicated the lower courts improperly disregarded the game rules at issue, holding that, "in addition to recognizing the creativity of each element comprising the games, it should also consider whether the selection, arrangement and composition of such elements are creative and distinguishable enough to be protected as copyright in reviewing the creativity of the games." The Supreme Court considered the game rules of Plaintiff's Game as significant elements that added to the creativity of the game, and held that the selection, arrangement, and organic composition of all elements of Plaintiff's Game, including the game rules, game modes, fighting levels and individual visual effects, were creative expressions that were entirely included in Defendant's Game.

The Supreme Court's decision substantially broadens the scope of protection afforded to video games by copyright law, to the extent that game rules must now be considered in reviewing the creative expression of any game. Video game developers in Korea will likely find it more difficult to simply copy an existing video game concept without making some substantial changes to their games both in terms of characters and appearance and also game rules and gameplay mechanics.

Design Protection Act Amendment Will Allow Correction of Inventor Information After Notice of Allowance

By Sung-Nam KIM and John J. KIM

The Korean Intellectual Property Office recently announced proposed changes to the Enforcement Regulation of Korean Design Protection Act ("Design Protection Act"), which are likely to go into effect in October 2019.

One of the proposed changes will enable design patent applicants/registrants to correct inventor information after receipt of the Notice of Allowance (Patent Act was also recently amended to enable corrections to inventor information post Notice of Allowance). Currently, once the Notice of Allowance is issued, it is not possible to amend the application in any way (unless there was an obvious error or omission in the application), including inventor information. This means that inventorship cannot be corrected once the Notice of Allowance is issued.

This is usually not a big problem in Korea since incorrect or incomplete inventorship has no effect on enforcement and/or validity of a Korean design registration. However, some design applicants/registrants wanted to correct some inventor information, including inventorship to maintain consistency with other jurisdictions and prevent unnecessary questions or issues. Now design applicants/registrants will have this opportunity.

In order to correct inventor information, applicants/registrants will need to submit a declaration signed by (i) the applicant(s); (ii) all individuals who were previously submitted as inventors; and (iii) all individuals who will be added as inventors.

FIRM NEWS

AWARDS & RANKINGS

Top Tier Rankings in All Eight Categories - Benchmark Litigation Asia-Pacific 2019

Kim & Chang was the only Korean firm to rank "Tier 1" (top tier) across all eight categories in the 2019 edition of Benchmark Litigation Asia-Pacific, a review and guide to the litigation and disputes market in the Asia-Pacific region.



Below is a full list of our wins:

Firm Rankings ("Tier 1" in all eight categories surveyed for Korea)

- Commercial and Transactions
- Competition/Antitrust*
- Construction
- Insolvency*
- **Intellectual Property**
- International Arbitration
- Labor and Employment*
- Product Liability and Recall*

(*four new ranking categories added this year)

Additionally, 14 of our attorneys were recognized 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, identifies the most distinguished dispute resolution and litigation firms and attorneys in the Asia-Pacific region based on law firm submissions, interviews and independent research. This year, the scope of the guide expanded to include three new countries, surveying a total of 12 countries, and the number of categories for the Korean legal market also doubled in comparison to the 2018 rankings.

Winner of "Country and State Awards: Korea" for 14 Consecutive Years - Who's Who Legal Awards 2019

On May 16, 2019, Kim & Chang was recognized as the winner of the "Country and State Awards: Korea" for the fourteenth consecutive year at the Who's Who Legal Awards 2019.



About Who's Who Legal Awards: Who's Who Legal Awards is hosted annually by the internationally recognized legal media group, Who's Who Legal. Based on independent research and in-depth evaluation, Who's Who Legal recognizes law firms and lawyers with exceptional performance in the past year in over 70 jurisdictions across major practice areas. This year's awards ceremony took place at Gibson Hall in London.

Kim & Chang Ranked Again as a Tier 1 Firm in Korea - MIP IP Stars 2019

Kim & Chang has once again been recognized as a Tier 1 firm



in Korea in every category covered – patent prosecution, patent contentious, trademark prosecution, trademark contentious, and copyright – by the Managing Intellectual Property (MIP) IP Stars 2019. This marks the 17th consecutive year that Kim & Chang has received this honor.

In addition, 9 Kim & Chang professionals have been recognized as "IP Stars." **Duck-Soon Chang, Sang-Wook Han, Jay J. Kim, Man-Gi Paik, Chun Y. Yang, and Jay (Young-June) Yang** have been recognized as "Patent Stars," **Alex Hyon Cho, Ann Nam-Yeon Kwon, and Jay (Young-June) Yang** as "Trademark Stars," and **Young Kim** as one of the "Top 250 Women in IP."

MIP, part of the Euromoney Legal Media Group, is a leading source of news and analysis on IP developments worldwide. MIP identifies leading law firms and individuals based on extensive research and in-depth interviews with IP practitioners and clients worldwide.

Kim & Chang Ranked Tier 1 Across All Areas - ALB IP Rankings 2019

Kim & Chang has been recognized as a Tier 1 firm in Korea in the patents and copyright/trademarks categories in Asian Legal Business (ALB)'s IP Rankings 2019.

ALB is a legal publication owned by Thomson Reuters, the world's leading source of intelligent information for businesses and professionals. Its rankings are based on research and interviews with a wide variety of lawyers and clients in Asia.

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, recognized as a Highly Recommended (highest) firm for prosecution and also ranked for transactions in Korea in the eighth edition of the Intellectual Asset Management (IAM) Patent 1000: The World's Leading Patent Professionals.

In addition, 8 Kim & Chang professionals – **Duck-Soon Chang, In Hwan Kim, Jay J. Kim, Young Kim, Chun Y. Yang, Jay (Young-June) Yang,** and **Youngsun You** for litigation, and **Man-Gi Paik** for prosecution – have been identified as recommended individuals 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.

Kim & Chang Wins "South Korea Patent and Trade Mark Prosecution Firm of the Year" - MIP Asia Awards 2019

Kim & Chang has been named "Firm of the Year" for South Korea in both the Patent Prosecution and Trade Mark Prosecution categories at the Managing Intellectual Property's (MIP) Asia Awards 2019. The ceremony was held in Hong Kong on March 20, 2019, and **Paul Cho** at the firm attended the ceremony.



MIP, part of the Euromoney Legal Media Group, is a leading source of news and analysis on IP developments worldwide. The MIP Asia Awards are based on extensive research and interviews with IP owners and professionals worldwide.

EVENTS

LOT Network Bridge Annual Meeting - Presentation on "Dynamics of Korean IP"

Sang-Wook Han, an attorney in Kim & Chang's Intellectual Property Practice, participated as a speaker in the LOT Network Bridge – Exclusive All Members Event, which was held in San Francisco on May 15-16, 2019.

Mr. Han spoke on "Dynamics of Korean IP," highlighting recent developments in Korean IP law and practice, increased activities of Korean companies in the US and global patent litigations, and NPEs in and from Korea.

LOT Network is a non-profit community formed in 2014 to preserve the traditional uses of patents while providing immunization to the patent troll problem. With renowned speakers including USPTO Director Mr. Andrei Iancu, the event served as an exceptional platform for networking and in-depth, frank discussions among more than 150 member delegates from across the globe, including industry leaders and innovative startups.

Kansai IP Seminar in Osaka, May 23, 2019

Bong-Hoon Park, Chul Hwan Jung, and **Yeon Tae Jung**, patent attorneys in Kim & Chang's IP Practice, were invited to speak at the Kansai IP Seminar, which was held in Osaka on May 23, 2019. Under the headline of "What you need to know about IP system and trends to do business in Korea," the seminar featured "Overview of the Korean IPR system," "Strategies for technology risk management," and "Tips for patent information utilization including IP landscaping along with case studies."

Organized by the IP Center at the Osaka Institute of Technology Graduate School of Intellectual Property, the seminar served as a great platform for their IP law students, alumni, faculties, and industry executives to network and to enhance the understanding of the challenges and strategic considerations for IP protection and management in the Korean marketplace.

IP Newsletter