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A Quarterly Update of Korean IP Law & Policy

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# Significant Changes to the Korean Patent Act

By Young Hwan YANG, Raymis H. KIM, Kyoung-Soo JIN and Hyung Won CHAE

Two major amendments to the Korean Patent Act were signed into law on February 4 and March 3, 2016, respectively. The amendments make a number of important changes to Korean patent procedures, such as a new patent cancellation system, greater ease in proving patent infringement and damages, and a shortened period for requesting examination. Some of the notable changes are discussed below.

## **New patent cancellation system**

According to the existing Patent Act, anyone can file an invalidation action against a patent with the Intellectual Property Trial and Appeal Board ("IPTAB") at any time after the patent is registered until three months after the registered patent is published. However, due to the procedural complexity of invalidation actions, the use of this procedure by non-interested third parties has been limited since its introduction.

The amended Patent Act no longer allows non-interested third parties to file invalidation actions for patents registered on or after March 1, 2017, and instead introduces a new patent cancellation system for such patents. Under this system, anyone can file a request to cancel a patent with the IPTAB from the patent registration date until six months after the publication of the registered patent by submitting prior art rejection grounds against the patent. The IPTAB will then review the patent and the patentee will be given an opportunity to address the rejection grounds. One key difference between invalidation actions and the new patent cancellation procedure is that a decision upholding validity in an invalidation action may be appealed to the Patent Court, whereas an IPTAB decision not to cancel a patent under the cancellation system cannot be appealed (although a decision cancelling the patent can be appealed).

## **Greater ease in proving patent infringement and damages**

Traditionally, it has been difficult for patentees to prove infringement or damages in Korea where the accused product or process is not publicly available and thus the key evidence concerning infringement or damages is solely in the possession of the accused infringer.

Although the Korean Civil Procedure Act allows a party to request that the court order an adverse party to produce relevant materials, in practice, the accused party is often able to avoid any production or adverse inferences by asserting that the requested materials contain trade secret information and simply refusing to produce them. This has been true despite the fact that the court has discretion to presume as true facts alleged to be in the requested materials if the materials are not produced, since courts have typically refused to allow any legal conclusions to be drawn from such presumed facts alone. Thus, patentees have often been unable to gather sufficient information about the accused infringer's product or process in order to prove the existence of infringement or establish the appropriate amount of damages.

Under the amended Patent Act, materials may no longer be withheld from the court simply because the accused infringer claims that they contain trade secrets if the requested materials are necessary to prove infringement or damages. Instead, if the producing party is concerned about the potential disclosure of trade secrets, it may request that the court limit the scope of materials to be produced or the persons allowed to access the produced materials after demonstrating to the court that the materials contain trade secrets.

Further, the amendment expressly permits a court to presume that "the facts that the requesting party intended to prove based on the requested materials" are true if the requested materials are not produced and the requesting party would otherwise have substantial difficulty proving these facts.

Consequently, the amended Patent Act substantially eases patentees' difficulties in proving patent infringement and damages in cases where the adverse party is likely to refuse to produce relevant materials. The new amendments will apply to patent infringement actions filed on or after June 30, 2016.

## **Shortened period to file request for substantive examination**

The Korean patent system is a deferred examination system in which substantive examination does not automatically

begin on the filing of a patent application, but must be separately requested within a certain timeframe. Under the existing system, a request for substantive examination must be filed within five years of the application's filing date. Under the amended Patent Act, for applications filed on or after March 1, 2017, the timeframe to file a request for substantive examination will be reduced from five years to three years. This change is likely to accelerate the rate at which patent rights are determined and granted significantly. An applicant may still postpone substantive examination up to five years after the filing of the application by filing a petition for delayed examination.

### **New *ex officio* re-examination system**

Under the new re-examination system, if an examiner determines that there are clear rejection grounds for a patent application after the application is allowed, but before the application is registered as a patent, the examiner may withdraw the decision to grant a patent *ex officio* and reopen examination of the application. The new re-examination procedure will apply to applications that are allowed on or after March 1, 2017.

### **New court action for determining patent ownership**

Under the existing Patent Act, if a patent is issued to a patentee that lacks proper ownership rights in the patent, the only recourse for a party claiming true ownership of the patent is first to invalidate the patent at the IPTAB and then to file a new application to obtain a patent in its own name. This process is unnecessarily burdensome and may discourage ownership claims from being asserted where it is unclear whether the patent is valuable enough to justify the effort and expense.

Under the amended Patent Act, a party claiming ownership rights may now bring an action before a Korean court to transfer the patent right to itself. If the court agrees with the party's ownership claim, it may simply order that the patent right be transferred from the registered patentee to the party claiming the rights. Thus, the amendment makes it much easier to rectify improper ownership of patent rights. The new court action will be available for patents registered on or after March 1, 2017.

### **Broader scope of refundable official fees**

Under the existing Patent Act, patent maintenance fees and official fees for filing an appeal before the IPTAB are generally not refundable (except where payments are made in error).

Under the amended Patent Act, these fees may now be partially or fully refundable under certain circumstances. For example, if a patentee pays maintenance fees for multiple years and then subsequently abandons the patent, the maintenance fees paid for years beyond the current year will be refundable. In addition, the official fees paid to file an IPTAB appeal of a final rejection are refundable if the rejection is ultimately reversed. This portion of the amendments will become effective as of June 30, 2016.

The full list of refundable official fees under the amended Patent Act is as follows:

- patent maintenance fees paid for years subsequent to the year the patent is abandoned (for patents abandoned on or after June 30, 2016);
- all official fees paid to file an appeal of a final rejection before the IPTAB in connection with a patent application or patent term extension application, if the final rejection is reversed by the IPTAB (and the IPTAB decision is issued on or after June 30, 2016);
- if an IPTAB action (e.g., an appeal from a final rejection, an invalidation action or a confirmation of scope action) is filed and then withdrawn before notice that the hearing has been closed is received, 50% of the official fees paid to file the action (if the IPTAB action is withdrawn on or after June 30, 2016);
- if a petition to intervene in an IPTAB action is filed and then withdrawn before either notice that the hearing has been closed is received or the petition is denied, 50% of the official fees paid to file the petition (if the petition for intervention is withdrawn or denied on or after June 30, 2016); and
- if an IPTAB action is filed but finally and conclusively rejected for failing to meet formality requirements under the Patent Act, 50% of the official fees paid to file the action (if the rejection becomes final and conclusive on or after June 30, 2016).

# Korean Supreme Court Upholds Validity of Pfizer's Patent for Lyrica®

By Young KIM, In Hwan KIM and Jung-Yeon KIM

## Introduction

The Korean Supreme Court recently upheld the validity of a second medicinal use patent based on pregabalin for use as a pain reliever. Pregabalin is the main indication for Lyrica®, one of Pfizer's best selling drugs. (Supreme Court Decision Nos. 2013 Hu 2873 and 2880 (consolidated) rendered on January 14, 2016.) This is the first case in Korea where the validity of a second medicinal use invention patent was upheld by the Supreme Court. In doing so, the Supreme Court has provided new important principles for determining the inventiveness of an invention based on the descriptions in prior art references.

## Issues Before the Supreme Court

The subject invention is directed to the new use of a known compound (pregabalin) for pain relief. Before the priority date, pregabalin was known for its anticonvulsant effect.

13 generic companies filed invalidation actions, making several different arguments why the subject invention could have been easily conceived from the prior art references. After losing in both the first and second instances, i.e., the Intellectual Property Trial and Appeal Board and the Patent Court, two generic companies (CJ and Samjin) pursued appeals before the Supreme Court.

In the Supreme Court case, the generic companies argued that the subject invention lacked inventiveness based on two grounds. First, Cited Reference 1 describes that pregabalin increases GABA levels in the brain. The generic companies argued that the increase of GABA levels was known to be related to pain relief. Thus, pregabalin's pain relief effect could have been easily derived from the prior art. Second, Cited Reference 2 describes that gabapentin binds to the  $\alpha 2\delta$  subunit of calcium channels and pregabalin also binds to the subunit better than gabapentin. The generic companies argued that it was suggested that the  $\alpha 2\delta$  subunit could be the very target for gabapentin to show its anticonvulsant effect. The generic companies then argued that it was also known that a calcium channel blocker can be effective for the treatment of pains. Thus, the generic companies concluded that

pregabalin's pain relieving effects could have been easily derived from the prior art.

In reviewing the above arguments, the important issues were: (i) how a person skilled in the art would interpret the description in Cited Reference 1 that pregabalin racemate increases GABA levels in brain; and (ii) whether a person skilled in the art can conceive from the prior art that pregabalin is a calcium channel blocker. As such, the issues presented to the Supreme Court were how to interpret the descriptions from the prior art references in determining the inventiveness of an invention.

## Supreme Court Holdings

The Supreme Court upheld the inventiveness of the subject invention and rejected the generics' arguments.

As to the first issue, the Supreme Court noted that Claim 15 of Cited Reference 1 teaches that GABA levels in the brain are increased by pregabalin. However, the Court found that a person skilled in the art would not accept these teachings in view of other portions of the same reference and additional prior art references.

As to the second issue, the Supreme Court noted that a person skilled in the art might recognize from Cited Reference 2 that gabapentin's anticonvulsant effect has a relationship with the  $\alpha 2\delta$  subunit. However, the Court noted that when considering the overall descriptions or experimental results in Cited Reference 2 and other prior art references that are inconsistent with Cited Reference 2, it is uncertain whether gabapentin's anticonvulsant effect comes from binding to the  $\alpha 2\delta$  subunit. Thus, the Court concluded that it is not easy for a person skilled in the art to conceive from the prior art references that pregabalin would have pain relieving effects.

Based on the above analysis, the Supreme Court issued the following new important principles.

"To determine whether the inventiveness of an invention is denied over a certain prior art reference, not only the specific portion of the prior art reference, which may be the basis for denying inventiveness, but also the matters

that those skilled in the art could reasonably recognize from the entire prior art reference should be considered. Further, if there are other prior art references that contradict or question said specific portion of the prior art reference, then such references should also be considered in determining whether those skilled in the art could have easily conceived the invention at issue therefrom." (Supreme Court Decision Nos. 2013 Hu 2873 and 2880 (consolidated) rendered on January 14, 2016.)

### **Significance of the Case**

This case is highly significant as it is the first case in Korea where the Supreme Court recognized the inventiveness of a second medicinal use invention.

Further, the Supreme Court has provided important new principles on how to interpret prior art references in determining the inventiveness of an invention. Under

Korean patent law, the inventiveness of an invention has been easily denied based on certain descriptions in the prior art references even if the descriptions are not fully supported or verified. For example, Supreme Court Decision No. 95 Hu 1302 (October 29, 1996) held that even if a cited reference discloses an incomplete invention, it can still be used to deny the inventiveness of a claimed invention. Further, Supreme Court Decision No. 2004 Hu 2307 (March 24, 2006) held that a prior art reference can be compared with a claimed invention even if it has insufficient or defective descriptions as long as a person skilled in the art can easily understand its content.

In this case, the Supreme Court has provided new principles that are more suitable for determining the inventiveness of pharmaceutical or biotech inventions where predictability is low compared to other inventions such as mechanical inventions.

## **Amended KFTC Intellectual Property Rights Guideline Takes Effect**

By Duck-Soon CHANG, Gene-Oh (Gene) KIM and Brian Tae-Hyun CHUNG

On March 30, 2016, the Korea Fair Trade Commission ("KFTC") announced that the amended Guideline Regarding the Unfair Exercise of Intellectual Property Rights (the "IPR Guideline") became effective on March 23, 2016 (draft was announced on December 16, 2015). One of the major drivers for amending the IPR Guideline was that the previous IPR Guideline regulated de-facto standard essential patents ("SEPs") as if they were regular SEPs. In response, the KFTC received opinions stating that such regulation could over-regulate the justifiable exercise of IPRs. Also, as noted in the KFTC's press release at the time of the announcement of the draft amendment, the KFTC intends to amend the purpose of the IPR Guideline to the "promotion of free and fair competition" (from the previous "promotion of fair trade practices") and clarify when a refusal to license patents can be viewed as unfair. The amended IPR Guideline also streamlines certain provisions which are not directly related to the anti-competitiveness assessment.

Most notable changes in the amended IPR Guideline are:

### **1. Changes to the Definition of SEPs**

The amended IPR Guideline limits the definition of "standard technology" to technologies selected as a standard by the government, standard setting organizations, business associations, groups of companies with similar technologies, and other similar bodies. Moreover, the amended IPR has removed technologies that are used widely in the relevant technology field as a de facto standard from the definition of SEPs. The definition of SEPs was also amended to refer only to those patents that must be licensed to manufacture goods or provide services which implement a standard technology, and for which a voluntary commitment to license on fair, reasonable, and non-discriminatory terms is required from the patent holders.

### **2. Deletion of References to De Facto SEPs**

In line with the amended definition of SEPs, the amended IPR Guideline removes references to de facto SEPs throughout the IPR Guideline. According to the KFTC's

press release, the KFTC will now review the legality of exercising de facto SEPs based on the standards for non-SEPs, rather than for SEPs.

### 3. Provisions Regarding Unfair Licensing Conditions

The amended IPR Guideline recognizes that the choice of governing law and dispute resolution mechanism is not relevant to analyzing the anti-competitiveness of licensing terms. Therefore, the amended IPR Guideline removed the reference to the "choice of governing law and dispute resolution mechanism which is unilaterally unfavorable to one party" as a factor in determining whether an exercise of patent rights is unfair.

### 4. Standards for Determining Unfair Refusal to License

The amended IPR Guideline focused its review of the refusal to license on the anti-competitiveness of the refusal. More specifically, the amended IPR Guideline states

that "unfairness" in a refusal to license will be reviewed by examining such factors as (i) whether the intent or purpose in refusing to license is related to the restraint of competition in the relevant market; (ii) whether one cannot participate in the relevant market or unavoidably continues to be in an inferior competitive position in the relevant market because it is practically impossible to manufacture, supply or sell the product or service without the use of the technology for which the license was refused; (iii) whether a particular enterprise has exclusive possession or control over the relevant technology; (iv) whether it is practically, legally, or economically impossible to acquire a technology substitutable with the technology for which the license was refused; and (v) whether the refusal to license caused, or may cause, competition-restraining effect.

According to the KFTC, the KFTC hopes to make the regulations regarding the exercise of IPRs more rational and thereby promote innovation.

## All Things Korean Biosimilars: Industry Developments and Biological Patent Listing

By Monica Hyon-Kyong LEEU, H. Joon CHUNG and Jee Yeon HAN

Korea is emerging as a global leader in biosimilars. With recent regulatory approvals in multiple jurisdictions, Korean companies are making significant headway in the market. Boasting a market value of USD 10 billion, Celltrion, a pioneering and increasingly competitive Korean player in a global biopharmaceutical market long dominated by big-name drugmakers, has received approval to sell Remsima (its biosimilar version of the blockbuster drug Remicade) in over 50 countries worldwide, including Europe, Canada, Japan, and, earlier this month, the U.S. (to be co-marketed with Pfizer as Inflectra). Not to be outdone, Samsung Bioepis, another Korean competitor, has received approval from the European Commission for SB4, a biosimilar referencing Amgen's Enbrel (etanercept) for the treatment of rheumatoid arthritis. Samsung Bioepis also is currently developing five other biosimilars which reference some of the world's top-selling biologics, including Remicade, Humira, Herceptin, and Avastin.

In addition to keeping tabs on the development of the Korean biosimilars industry, this article discusses strategic considerations for brand biologics about juggling the

"patent dance" procedure under the Biosimilar Approval Pathway of U.S.'s Biologics Price Competition and Innovation Act ("BPCIA") with the Korean patent listing rules for biologics.

### Korean Biosimilars Development

As of 2015, twelve Korean biosimilars reportedly have been approved, while another 36 biosimilars are in the pipeline. In addition to Celltrion and Samsung, other Korean companies have joined the biosimilar frenzy:

- The Ministry of Food and Drug Safety gave approval in 2014 to Green Cross, a leading Korean pharmaceutical company, to market Neulapeg (pegfilgrastim), a biosimilar of Amgen's Neulasta.
- In 2014, LG Life Sciences, an affiliate of LG Electronics, and Mochida Pharmaceuticals of Japan entered a collaboration agreement to develop AbbVie's Humira.
- Dong-A Pharmaceuticals, another Korean pharmaceutical company, also has joined the foray into biosimilars by partnering with Japanese firm Meiji Seika Pharma

to construct a biosimilars production plant to target global markets with antibody-based drugs, including a Herceptin biosimilar.

- In 2011, Merck acquired Hanwha Chemical's Davictrel, an etanercept biosimilar, for USD 720 million. The U.S. drug maker also is collaborating with Samsung to develop and commercialize MK-1293, an insulin glargine candidate for treating type 1 and type 2 diabetes and a biosimilar of Sanofi's blockbuster Lantus.

With robust government support (35% of the national medical R&D budget was invested in biosimilars development in 2012), South Korea has set a goal to increase the value of pharmaceutical exports to USD 20.5 billion by 2020.

### Comparing Korean Patent Listing for Biologics and the "Patent Dance" under the U.S. BPCIA

Effective March 2015, Korea began enforcing a patent linkage system for all pharmaceutical products, both traditional "small molecules" and biologics. Listing a patent covering its product on the Green List (the Korean equivalent of the U.S. FDA's Orange Book) enables a reference product sponsor ("RPS") to obtain the benefits

of patent linkage, including enforcement of a stay against biosimilar launch, as in a typical "Paragraph IV" litigation under the Hatch-Waxman scheme.

However, patent listing strategies under the Korean regulatory regime may not completely align with those of an RPS for engaging in the pre-suit information exchange with a biosimilar maker— the so-called "patent dance" — under the U.S. BPCIA. The information disclosed in the Green List effectively identifies the patent(s), on a claim-by-claim basis, covering — and those not covering — the biological product. While the effect of the Korean regulatory outcome on U.S. litigation is as yet unknown, at a minimum, the listed patents and claims of the Green List may serve to shed light on the scope of a patent claim to which there is a U.S. counterpart. Thus, RPSs are advised to weigh the pros and cons of listing a patent in the Green List and the associated consequences.

The increasingly global nature of skirmishes between RPSs and biosimilars requires clients and practitioners to be aware of regulatory strategies in foreign jurisdictions and their effects on ongoing proceedings in their backyard. Companies should ably juggle the potential risks of disparate rules from various jurisdictions.

## TRADEMARK, DESIGN, COPYRIGHT & UNFAIR COMPETITION

# Comprehensive New Amendments to the Korean Trademark Act

By Sung-Nam KIM and Nayoung KIM

The National Assembly has recently approved a major amendment to the Korean Trademark Act ("Act"), which will go into effect on September 1, 2016. This is the first comprehensive amendment to the Act in 26 years. We have highlighted some of the more important changes below.

### 1. Legal standing no longer required to file non-use cancellation actions

Currently, a party must have legal standing in order to petition for cancellation of a mark due to non-use, which is usually established by doing business in the same industry

as the trademark registrant or owning an application that is similar or identical to the challenged trademark. By eliminating this standing requirement, the proposed amendment is expected to make it easier to cancel unused marks and thereby create a larger pool of available trademarks for new market entrants.

### 2. Delayed evaluation of similarity to senior marks

Currently, the Korean Intellectual Property Office will issue an office action for a pending application if there is a similar or identical senior registration or application at the time the pending application was filed. Even if

the senior registration is subsequently removed from the register, the examiner will still issue a rejection for the pending application because the senior mark existed as of the application date. The Act has been amended to address this problem by providing that similarity to senior marks will only be reviewed when it is time to review the registrability of the applied-for mark, rather than the application date.

### **3. Elimination of one year bar against registering marks similar to expunged marks**

A potential applicant must currently wait a year before registering a mark similar/identical to a registration that is expunged from the register. The intended purpose of this rule is to protect consumers from potential confusion. However, in order to give new market entrants more choices when selecting their desired trademarks, the amended Act eliminates this one year bar.

### **4. Expanded restrictions against applications filed by agents**

The Act provides that an agent or representative of a party who owns a registered mark in a treaty member country may not register a similar or identical mark in Korea within one year of the termination of the agency relationship. However, in order to cancel such an improperly registered mark, the trademark owner must file a cancellation action within five years of the registration date of the agent's similar/identical mark.

The amended Act expands this provision to prohibit "any party who was in a contractual or business relationship, such as a partnership or employment, or other relationship" from registering a similar or identical mark. The amendment also deletes the one year time limitation, and also effectively removes the statute of limitations by providing that the trademark owner may file an invalidation action (rather than a cancellation action) at any time.

### **5. Limitations on trademark rights clarified**

The Act currently provides that a registered trademark right cannot be enforced against a mark that solely indicates, "in a common way," a person's own name, appellation or trade name, portrait, signature, seal, famous pseudonym, professional name or pen name, or a famous abbreviation of any of the above, unless the mark is used for unfair competitive purposes. However, this limitation has been construed narrowly by courts, such that the stylization of marks, variations in English transliterations,

and other minor differences have been interpreted not to be usage "in a common way." The amended Act changes this term to "in accordance with customary practices," which will allow more flexibility for users of trade names incorporating the above elements and more accurately reflects current market circumstances.

### **6. "Electronic use" of trademarks acknowledged**

The amended Act explicitly includes "use in an electronic manner" as one of the recognized types of trademark use. Given the development of e-commerce and other electronic services, a number of precedents already have recognized trademark use on the internet or other similar platforms even though they are not included in the current law, and this is now codified in the amended Act.

### **7. Confirmation of scope trials can be filed for a subset of designated goods**

Currently, although trademark invalidation actions and non-use cancellation actions may be filed against a registered mark in connection with only some of the designated goods, it is not possible to conduct scope confirmation actions against a registered mark in this fashion. At the same time, official fees for filing administrative actions (such as scope confirmation actions) are charged on a class by class basis. This means that despite having an interest in only a few goods, there have been cases where the petitioner of a scope confirmation trial was required to spend substantial and unnecessary costs simply because the subject registration covered various classes. The amended Act eliminates this inconsistency and now permits scope confirmation trials as well as invalidation and cancellation actions to be filed for a limited number of similar goods.

### **8. Broader grounds for rejection of certification marks**

A certification mark is used to certify characteristics of the goods or services of others, and cannot be registered if the owner plans to use the mark for its own goods or services. Accordingly, the current Act provides that a person who owns a registration or an application for a trademark, service mark, collective mark, or business emblem is prohibited from registering a certification mark for an identical or similar mark "designating identical or similar goods/services" to those in the existing registration or application, and vice versa. The amended Act deletes the language "designating identical or similar goods/services" from the statute, broadening the scope of this ground for rejection.

## 9. Certain additional official fees now refundable

The amended Act allows for official fees to be refunded under certain additional circumstances. For instance, if a final rejection of a trademark application is reversed on

appeal to the Intellectual Property Trial and Appeal Board, all official fees paid to file the appeal are refundable. This portion of the amendments will go into effect on April 28, 2016.

# Unregistered Handbag Designs Can Be Protected Under UCPA "Catch-All" Provision

By Kyeong Tae KANG, Ann Nam-Yeon KWON, Seung-Hee LEE and Alexandra BÉLEC

The Seoul High Court recently rendered a significant decision that further clarifies the meaning of the "catch-all" provision of the Korean Unfair Competition and Trade Secret Protection Prevention Act ("UCPA"). The catch-all provision is a recent addition to the UCPA, having entered into force on January 31, 2014, and serves to cover acts of unfair competition not contemplated by the other provisions of the UCPA, by prohibiting the infringement of another's right to profit through the unauthorized use of any "output" produced by the other through considerable effort and investment to advance the infringer's business in a manner that contravenes fair trade practice or competition order.

In its decision, the High Court explained that a UCPA catch-all claim should be evaluated as follows: (1) the court should consider whether the subject "output" is the result of considerable effort and investment; (2) the court should consider whether the output is entitled to legal protection or belongs to the public domain; and (3) the court should

evaluate whether the defendant's acts violated fair commercial practices.

The High Court applied this test to the case under review, which involved the unauthorized manufacture and sale of polyester bags on which images of Hermès' iconic BIRKIN, KELLY and KELLY LAKIS bags were printed (see below for examples of some of the infringing products), and ruled that the Korean defendant corporation had violated the catch-all provision (2015Na2012671). The High Court issued an injunction order against the defendant and awarded KRW 150 million (about USD 124,000) as damages. The High Court also accepted Kim & Chang's argument that "intangible damages," such as damages to reputation, could be awarded in cases involving the violation of a party's business interests, and thus one third of the damages award was to compensate for damages to Hermès' reputation. The High Court's decision is now final and conclusive.



# "Lost Balls" Can't Be Found...and Refinished

By Seong-Soo PARK, Seung-Hee LEE and Nayoung KIM

Golf is one of the most popular sports in Korea. However, because top quality golf balls can be quite expensive, there is a substantial market in Korea for refurbished golf balls (which are typically balls recovered from golf courses after being lost during play by the original owner). A Korean court recently held that the use of the original trademarks on such "lost" or "refinished" balls by the refinisher constitutes infringement of the trademark rights of the original ball manufacturer (contrasting with other jurisdictions such as the U.S.).

Refinished Ball Korea Co., Ltd. ("RBK") is in the business of refinishing and reselling golf balls. RBK's refinishing process involves peeling, painting and coating used golf balls, re-affixing Acushnet Company's ("Acushnet's") marks TITLEIST and PRO V1 on the balls, and then selling them in packaging bearing the disclaimer, "lost ball" or "premium refinished," as shown below. Acushnet asserted a trademark infringement claim against RBK in the Seoul Central District Court (Case No. 2015Gahap539487, rendered on February 5, 2016).

RBK argued that Acushnet's trademark rights were exhausted by the sale of the original golf balls. However, the court dismissed this argument, finding that the

refinishing process was so extensive that RBK's refinished golf balls could not possibly maintain the same quality as Acushnet's new golf balls.

RBK also argued that there was no risk of consumer confusion due to the use of Acushnet's trademarks, because the packaging clearly indicated that the product was a "lost ball" or "refinished" ball, and included RBK's company name, while the balls themselves were marked as "refinished." The court however held that this was insufficient because it found that consumers could still be confused, such as through encouraging the belief that Acushnet was in the business of making refinished golf balls (which it is not). RBK ultimately was enjoined from any use of Acushnet's trademarks on golf balls, golf ball packaging, and related items such as golf ball pouches, etc.

This court decision is now final and conclusive, and amounts to a substantial victory for original golf equipment manufacturers in Korea. Resellers of used equipment in Korea can no longer count on being able to use the original manufacturer's trademarks to sell used products that have been substantially refinished or refurbished beyond minor cleaning or repairs.



# Copying of Game Rules Violates the "Catch-All" Provision of the UCPA

By Won KIM, Angela KIM and Jun-Kyu AHN

King.com Ltd. ("King"), the developer and distributor of the "Farm Heroes Saga" game, filed suit in the Seoul Central District Court in 2014 against Avocado Entertainment Inc. ("Avocado"), the developer and distributor of a similar game called "Forest Mania." King sought an injunction against copyright infringement and unfair competition by Avocado, as well as damages. On October 30, 2015, the court held that Avocado copied certain game rules from Farm Heroes Saga, and that this constituted a violation of the Unfair Competition Prevention and Trade Secrets Act (the "UCPA"). The court specifically ruled that the copying was unfair competition under the "catch-all" provision of Article 2(1)j of the UCPA, which prohibits acts of "infringing another person's right to profit by using for one's own business, without authorization, any achievement of that other person that was the result of substantial investment or effort, in a manner contravening fair commercial trade practices or orderly competition."

## Factual Background

Farm Heroes Saga and Forest Mania are both "match 3"-type games where a player earns points by aligning three or more matching tiles vertically or horizontally. While King released Farm Heroes Saga worldwide in April 2013, and launched a mobile version in Korea in December 2013, the game did not achieve wide release in Korea until it was launched on the KakaoTalk game platform on June 10, 2014. Avocado released its Forest Mania game on the KakaoTalk platform in Korea on February 11, 2014.

King claimed that Avocado's game copied seven unique game rules from Farm Heroes Saga, including rules for earning bonus points, and rules by which a player could win levels by exhausting the energy of an antagonist (the "Special Rules").

King also claimed that Avocado copied specific features of the game interface, as shown below.

Feature	Farm Heroes Saga	Forest Mania
Map View		
Nodes		
Goal Notice Bar		

Feature	Farm Heroes Saga	Forest Mania
Instruction Bar at Bottom of Game Interface		
Tiles		
Special Tiles		
Game Board Layout		

### Court Decision

The court rejected King's copyright infringement claim, finding that game rules *per se* are not protectable because they are only an idea (and not an expression of an idea), and that even though the interface features of Farm Heroes Saga are protected under the Copyright Act, the characters, colors, and game effects of Forest Mania were sufficiently different from those of Farm Heroes Saga to avoid infringing King's copyright.

However, the court upheld King's unfair competition claim, finding that King had invested substantial effort and resources, including money, technology and know-how, into developing the Special Rules, and that the Special Rules were unique and not found in other match-3 games. Thus, the court ruled that Farm Heroes Saga, with its Special Rules, was achieved "through King.com's considerable investment and effort" even though King had not created a completely new type of game. The court further found that Avocado had blatantly copied the

Special Rules given that Avocado released Forest Mania in Korea barely 10 months after the worldwide release of Farm Heroes Saga, even though it was technically released before Farm Heroes Saga was widely available in Korea. In view of the above, the court ruled that Avocado had produced a copycat game in violation of the "catch-all" provision of the UCPA, and granted an injunction and damages to King. The court noted that unfair competition is distinct from and broader than copyright infringement, since copyright infringement is based solely on similarities in the way features are specifically expressed, whereas an unfair competitive act can exist simply due to similarities between game rules.

This is the first case in Korea to apply the UCPA "catch-all" provision to prevent copying in the game industry, and seems to be part of a recent trend of Korean courts being increasingly willing to expand the scope of protection against intellectual property infringement through unfair competition laws. The case is currently on appeal to the Seoul High Court.

# New Examination Guidelines for Screen Image Designs

By Nayoung KIM and Seung-Joon JI

The Korean Intellectual Property Office ("KIPO") recently published new examination guidelines (the "Guidelines") specifically concerning the registration of screen image designs, such as GUIs, graphic images, and icons. The new Guidelines have been effective since the beginning of this year, and seek to address the growing need for detailed guidance in response to the increase in screen image design registrations in recent years. The Guidelines illustrate the basic general examination requirements relevant to screen image designs with various examples, and have substantially revised the previous practice to take into consideration the unique nature of such designs.

Some of the more interesting revisions in the new Guidelines are as follows:

- **Article Requirement**

A design must be related to an actual product (or portion of a product) to be protected under the Korean Design Protection Act. The Guidelines expand on this requirement with respect to screen image designs, explaining that a registration for such a design may be granted even if the design is only temporarily displayed, as long as the portion of the article where the design is displayed is specified.

The Guidelines effectively expand the types of articles that can be registered in connection with screen image designs by expressly including certain images that are displayed through a projection method, as long as the image is projected onto a specified portion of the article. For example, an applicant can register a "head-up display" design for a "car's front windshield displaying the screen image design," as long as the

portion of the windshield that contains the projected HUD is specified (a "head-up display" is a means by which certain navigational information (such as car speed) is projected onto the interior of the windshield so as to be visible to the driver without looking down). However, designs for articles involving projection images which do not describe where the image is projected may not be registered.

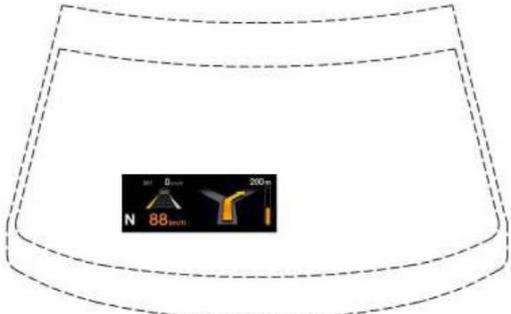
- **Animated Designs**

In the past, in order to register a design for an animated image, an applicant was required to file drawings for each step of the animation process. The Guidelines simplify applications for designs that contain commonly used or understood animations, such as "drop down menus." Applicants are now permitted to submit only two drawings for such designs, from before and after the animation is complete.

- **Priority Claims**

In order to claim priority to a previous foreign design application, a design filed in Korea generally must be shown to be identical to the earlier design. In practice, screen image designs in Korea are usually filed as "partial designs" to benefit from broader protection, in which the drawings use dotted lines to indicate the article itself (which is the unclaimed portion).

However, this practice can result in priority claiming difficulties at KIPO because there are several jurisdictions that do not have a partial design registration system (such as China, Brazil, Australia,

Protectable Screen Image	Unprotectable Screen Images
	

Malaysia, Mexico, etc.), and applications in these countries for screen image design registrations must claim the entire article. As a result, it often has been difficult to demonstrate to KIPO that a Korean partial design application claiming priority to a design application in one of these jurisdictions is identical to the earlier design for priority purposes. The Guidelines address this issue by including a new exception for priority claims involving screen image designs, which will now be recognized as long as the designs are "essentially" identical.

- **Similarity of Screen Image Designs**

The Guidelines clarify that once a screen image design is published (either through a design registration or

in other materials), further applications seeking to register the same screen image design may no longer be allowed as lacking creativity, even if the design is claimed for different types of articles than the prior art (e.g., filing a second GUI application for tablets despite having already registered the same GUI for televisions). Further, for design applications designating display panels as the associated articles, KIPO will treat all display panels as substantially equivalent (such as those included in cellphones, refrigerators, dashboards, etc.) when determining similarity to a prior registered design for novelty purposes.

Overall, the new Guidelines make it easier for applicants to obtain registrations for screen image designs, by clarifying the handling of various issues specific to such designs.

## FIRM NEWS

### Awards & Rankings

#### Top rankings for all 7 practice areas and recognition of 28 leading individuals - Chambers Global 2016

In the Chambers Global 2016 Guide, a leading global law firm directory published by Chambers & Partners, Kim & Chang has been ranked as a top firm (Band 1) in Korea in all of the 7 practice areas surveyed, achieving the highest number of Band 1 rankings among law firms in Korea. The firm also ranked as a Band 4 firm for International Arbitration in the Asia-Pacific region:

##### South Korea

- Banking & Finance: Band 1
- Capital Markets: Band 1
- Corporate/M&A: Band 1
- Dispute Resolution: Arbitration: Band 1
- Dispute Resolution: Litigation: Band 1
- **Intellectual Property: Band 1**
- International Trade: Band 1

##### Asia Pacific

- Arbitration (International): Band 4

In addition, 28 Kim & Chang professionals earned individual recognition for their expertise in their respective practice areas. In the Intellectual Property practice area, **Duck-Soon Chang, Sang-Wook Han, Young Kim, Chun**

**Y. Yang, and Jay (Young-June) Yang** were recognized as "Leading Individuals," and **Martin Kagerbauer** was recognized as a "Foreign Expert (Germany)" in Korea.

#### Top rankings for all 18 practice areas and recognition of 54 leading individuals - Chambers Asia-Pacific 2016

In the Chambers Asia-Pacific 2016 Guide, a leading legal directory published by Chambers & Partners, Kim & Chang has been ranked as a top firm (Band 1) in Korea in all of the 18 practice areas surveyed, achieving the highest number of Band 1 rankings among law firms in Korea. The firm also ranked as a Band 4 firm for International Arbitration in the Asia-Pacific region:

##### South 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**
- International Trade: Band 1
- Projects & Energy: Band 1
- Real Estate: Band 1
- Restructuring/Insolvency: Band 1
- Shipping: Band 1
- Shipping: Finance: Band 1
- Tax: Band 1
- Technology, Media, Telecoms (TMT): Band 1

#### Asia-Pacific

- Arbitration (International): Band 4

In addition, 54 Kim & Chang professionals earned individual recognition for their expertise in their respective practice areas as "Leading Individuals," and additional 9 professionals were recognized as "Other Noted Practitioners." In the Intellectual Property practice area, **Duck-Soon Chang, Sang-Wook Han, Young Kim, Chun Y. Yang, and Jay (Young-June) Yang** were selected as "Leading Individuals," and **Ann Nam-Yeon Kwon** was recognized as one of "Other Noted Practitioners."

## South Korea National Law Firm of the Year - Chambers Asia-Pacific Awards 2016

Kim & Chang was named "South Korea National Law Firm of the Year" at the Chambers Asia-Pacific Awards 2016 held in Singapore on April 8, 2016. Chambers & Partners presents the awards annually in recognition of the best law firms from throughout the Asia Pacific region in a variety of categories.

Chambers & Partners is a highly respected London-based research and publishing company, providing an array of annual directories in which lawyers and law firms from around the world are ranked based on exhaustive peer review and client feedback.

## Kim & Chang ranked again as a Tier 1 firm in Korea in MIP IP Stars 2016

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 2016. This marks the 14th consecutive year that Kim & Chang has received this honor.

MIP identifies leading law firms based on extensive research and in-depth interviews with IP practitioners and clients worldwide.

## Kim & Chang named Firm of the Year for Korea at MIP Global Awards 2016

Kim & Chang has been named "Firm of the Year" for Korea in both the Prosecution and Contentious categories at the Managing Intellectual Property's (MIP) Global Awards 2016. The awards ceremony was held in London on March 10, 2016, and **Daniel Kim**, a U.S. attorney in the firm's IP Group, attended the ceremony.

MIP, part of the Euromoney Legal Media Group, provides news and analysis on all IP developments worldwide. The MIP Global Awards are based on extensive research and interviews with IP owners and professionals worldwide.

## Korea Law Firm of the Year - Who's Who Legal Awards 2016

Kim & Chang was named "Korea Law Firm of the Year 2016" at the Who's Who Legal Awards 2016 held in New York on April 11, 2016. This is the eleventh consecutive year that Kim & Chang has received this honor.

Who's Who Legal, published by Law Business Research Limited, spends months collecting recommendations from both private practitioners and in-house counsel in over 60 jurisdictions in order to identify the global legal market's most widely recognized and accomplished law firms and individuals in multiple areas of business law.

## Kim & Chang ranked among top trademark firms in WTR 1000 2016

Kim & Chang has once again been recognized as one of the top trademark law firms in Korea by World Trademark Review (WTR), earning the top "Gold Band" ranking in the categories of Enforcement & Litigation and Prosecution & Strategy in the sixth edition of WTR 1000.

In addition, 5 Kim & Chang attorneys – **Jay (Young-June) Yang, Ann Nam-Yeon Kwon, Sung-Nam Kim, Alex Hyon Cho, and Alexandra Bélec** – were recognized as leading practitioners.

WTR 1000 is the first and only definitive guide exclusively

dedicated to identifying the world's leading trademark professionals. Their rankings are based on in-depth research and interviews with hundreds of trademark specialists across the globe.

## EVENTS

### IIPS Meeting in New York, February 23, 2016

**Young Kim**, a senior patent attorney in the firm's IP Group, spoke at a meeting hosted by the International Intellectual Property Society (IIPS) in New York on February 23, 2016. Ms. Kim presented on "Recent patent litigation tsunami initiated by generic pharmaceutical companies in Korea," highlighting the impact of the Korean patent-product approval linkage system, which was fully implemented in March 2015, on the Korean market as well as the unique aspects of Korean patent law and litigation system.

Founded in the 1960s, the IIPS is an organization of intellectual property lawyers. With the mission of educating its members on a wide-range of laws, issues and trends that affect intellectual property, the IIPS regularly hosts meetings on a wide range of subjects and brings together industry experts from all over the world for information exchange, cooperation and networking.

### IPBC Korea 2016 in Seoul, April 15, 2016

**Man-Gi Paik**, a senior patent attorney in the firm's IP Group, participated as a moderator in a panel discussion titled "Thinking globally, acting locally" at the Intellectual Property Business Congress (IPBC) Korea 2016, which was held in Seoul on April 15, 2016. As a moderator, Mr. Paik assisted with speaker transitions and facilitated discussion on major legislative and judicial changes to IP laws, their impacts and future outlook, and strategic considerations in the global marketplace.

Hosted by Intellectual Asset Management (IAM), a leading IP business information provider, this one-day, invitation-based event served as a unique platform for more than 200 senior IP delegates from across the world to discuss the key issues and challenges surrounding IP value creation and strategic corporate IP management.

### IACC Spring Conference in Orlando, May 18-20, 2016

Two attorneys from the firm's IP Group – **Angela Kim** and **Young Joo Song** – will attend the upcoming IACC Spring Conference to be held in Orlando from May 18 to 20, 2016.

Formed in 1979, IACC (The International AntiCounterfeiting Coalition Inc.) is a non-profit member-driven organization devoted solely to combating product counterfeiting and piracy.

### INTA Annual Meeting in Orlando, May 21-25, 2016

Ten attorneys from the firm's IP Group – **Alexandra Bélec**, **Alex H. Cho**, **Hyun-Joo Hong**, **Angela Kim**, **Nayoung Kim**, **Sung-Nam Kim**, **Ann Nam-Yeon Kwon**, **Jason J. Lee**, **Young Joo Song**, and **Jay (Young-June) Yang** – will attend the upcoming INTA Annual Meeting to be held in Orlando from May 21 to 25, 2016. Also, Mr. Cho will speak at a panel discussion session titled "RM20 Regional Update: Asian Powerhouses—Buy, Buy, Buy—How Advertising Laws Impact Brand Owners in the Large Consumer Markets of Asia" on Monday, May 23, 2016.

Founded in 1878, INTA (The International Trademark Association) is a global not-for-profit membership association of trademark owners and professionals dedicated to supporting trademarks and related intellectual property in order to protect consumers and to promote fair and effective commerce.