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Korean Patent Court Requires Showing of "Reasonable Expectation of Success" to Invalidate Medicinal Use Patents

By Mee-Sung SHIM, Inchan Andrew KWON and Hee-Hyun JIN

In a recent case, the Korean Patent Court upheld the validity of a second medicinal use patent while clarifying a "reasonable expectation of success" test for evaluating prior art when assessing the inventiveness of patents.

In Korea, the rule is that a patented invention lacks inventiveness over prior art if a person skilled in the art easily could have arrived at the patented invention from the prior art in view of the existing technology, technical knowledge, the basic problem to be solved, the trend of development, or other demands in the relevant art at the time of filing the invention (Korean Supreme Court Decision No. 2005 Hu 3284 rendered on September 6, 2007). However, there has been no specific guidance until now regarding how to evaluate inventiveness while accounting for different levels of technological difficulty in various fields of industrial technology. This has been a particular problem for pharmaceutical or biotech inventions, since the effects of such inventions are well known to be much less predictable than inventions in other fields such as mechanical inventions.

In the above case, the Patent Court held that "considering the special circumstances that apply to developing anticancer agents, the inventiveness of a medicinal use invention concerning an anticancer agent should be denied only if a person skilled in the art would have had a reasonable expectation based on the prior art that a potential anticancer medicinal use would be successful, and not merely a speculative possibility." The Court upheld the validity of the patent after determining that the patented invention, which is directed to an anticancer medicinal use, could not have been reasonably expected to be successful based on the cited prior art in view of the technical difficulty involved in the field.

By requiring parties challenging medicinal use patents to demonstrate that an ordinary practitioner would have had a reasonable expectation of success in developing the patented invention based on prior art disclosures and knowledge, the Patent Court appears to have substantially supported the inventiveness of medicinal use inventions in Korea going forward.

Kim & Chang represented the patentee in the case.

IPTAB Upholds Inventiveness of Quantitatively Superior Selection Invention for the First Time

By Sang-Young LEE, John J. KIM and Yunki LEE

In March 2015, the new pharmaceutical patent-regulatory approval linkage system (similar to the Hatch-Waxman system in the US) was fully implemented in Korea. Subsequently, massive numbers of Intellectual Property Trial and Appeal Board (IPTAB) actions (i.e., patent invalidation and scope confirmation actions) were initiated by generic companies to take advantage of the 9-month exclusivity period provided to generic companies who successfully challenge listed pharmaceutical patents. Most of the actions filed by generic companies have been directed

towards secondary patents or patents directed to species-type inventions (often referred to in Korea as selection inventions).

In Korea, selection inventions (i.e., a species-type invention claimed over genus-type prior art) have very strict patentability requirements. In particular, a selection invention must provide either qualitatively different or quantitatively superior effects over the prior art genus. Moreover, such effects must be described in the

specification. Due to these strict patentability requirements, almost all selection invention patents that have been challenged in Korea have been invalidated.

However, one selection invention patent recently withstood a validity challenge. Shire-NPS obtained a patent for a drug controlling parathyroid hormone levels for the treatment of secondary hyperparathyroidism. The patent was licensed to Kyowa Hakko Kirin, and the patented drug Regpara® (API: cinacalcet) has been sold in Korea since 2011. Four local generic pharmaceutical companies sought to invalidate the Regpara® product substance patent in March 2015, but the IPTAB recently affirmed the validity of the patent valid despite these challenges.¹

Shire-NPS's patent is directed to a single chemical compound, cinacalcet. The cited prior art reference disclosed a general chemical formula genus concept that encompassed cinacalcet, along with an enormously large number of compounds (but did not expressly disclose cinacalcet). A second reference disclosed another general chemical formula within the genus concept of the first reference, but which did not encompass cinacalcet. Since both references described similar effects (e.g., treatment of secondary hyperparathyroidism by regulating the activity of calcium receptors in parathyroid cells), patentability was determined based on whether the effect of the claimed invention was quantitatively superior.

Prior to the Shire-NPS patent, only a couple of cases had upheld the patentability of selection inventions, and these were based on qualitatively different rather than quantitatively superior effects. Moreover, there was no clear standard on how to evaluate quantitatively superior effects. The Shire-NPS patent is the first patent to be found inventive by the IPTAB based specifically on quantitatively superior effects.

The specification of the Shire-NPS patent described cinacalcet as having about 1.9 times higher activity at low concentrations over the most promising compound described in the genus prior art at the time of filing. The generics tried to counter that another species prior art compound within the same genus (but not expressly described in the prior art reference) had similar effects as the compound from the Shire-NPS patent. However, the IPTAB held that the other species compound (although falling within the same genus) could not be used as a point of comparison for the superior effects of the selection invention, because only compounds specifically identified in the genus reference can be so used. Thus, the IPTAB held that because the cinacalcet compound was superior to any compound disclosed in the genus prior art reference, this warranted a finding of patentability. The IPTAB decision is notable as (1) it found that 1.9 times higher activity was a remarkably superior effect and (2) the compared compound was limited to compounds that were specifically disclosed in the genus prior art reference. This case is a first step towards set standards for objectively evaluating the inventiveness of selection inventions based on quantitatively superior effects.

Due to the favorable IPTAB result, the generic companies voluntarily withdrew their pricing applications. Without their voluntary withdrawal, the original drug price would have been significantly reduced (e.g., by as much as 30%, regardless of whether the generics actually entered the market on the designated entry date in their pricing applications). This case was the first case in Korea under the new patent-regulatory approval linkage system where the original company successfully prevented reduction of the original drug price even after generic companies filed generic pricing applications. However, it still remains uncertain whether the original price would be reduced if a generic company fails to withdraw a pricing application despite losing a related infringement or positive scope confirmation action.

¹ Kim & Chang represented both Shire-NPS and Kyowa Hakko Kirin and achieved positive results in both invalidation and scope confirmation actions against the patent.

Doctrine of Equivalents: Alive and Well in Korea

By Young Hwan YANG, H. Joon CHUNG and Woo Seok KIM

The doctrine of equivalents protects the patentee from competitors who appropriate the essence of the invention while strictly avoiding the literal language of the claims. Under the doctrine of equivalents, the scope of infringement is expanded beyond the literal confines of the claimed elements to capture "equivalents." Thus, even if a party's activity is outside the literal scope of a written claim, that party may still be liable for infringement if its activity is deemed equivalent to the claimed invention. While the contours of the doctrine equivalents in Korea is still quite new and has undergone several changes in recent years, the most recent case law confirms that the doctrine continues to remain viable, and may even be treated more broadly by some courts than before.

"Immaterial/Material" Element Test

In one of the earlier doctrine of equivalents cases in Korea (2009), the Supreme Court laid out a two-step test for determining equivalents: (i) determining whether the accused and claimed products are "identical to each other in terms of how the technical problem is solved"; and (ii) identifying whether each substitute element in the accused product is immaterial or material to the claimed invention (in view of the prior art, the conventional knowledge at the time of filing, and the patent specification). An accused product or process is considered equivalent to the claimed invention only if its substituted element is considered immaterial.

Unfortunately, the Supreme Court's test failed to provide sufficient guidance regarding the specifics of implementing the test, such as defining the difference between an immaterial versus a material element.

The "Same Core Technical Concept" Test

Perhaps acknowledging the flaws of the "immaterial/material" element test, the Supreme Court subsequently appeared to reject the test in 2014. In a case that year, the court formulated a new test for determining equivalents that made no reference to the earlier test: an accused product would be equivalent for infringement purposes if any differences embodied in the accused product were insubstantial, and the accused product was deemed to practice the "same core technical concept" as the claimed invention.

Unfortunately, the "same core technical concept" test has suffered from some of the same flaws as the "immaterial/material" test, in that the specifics are unclear. For example, determining "insubstantiality" can be problematic, because minor differences or changes can sometimes result in substantial improvements in effects or performance, and in such cases the accused device or process should not be considered equivalent even if the "core" technical concept is the same.

The Latest Doctrine of Equivalents Case

In a recent infringement case, the Seoul High Court largely applied the Supreme Court's 2014 test for determining equivalents, and notably included a detailed analysis of the doctrine of equivalents which has caught the attention of the Korean legal community. For one thing, the opinion appears to have left the door open to the possibility that an accused product can infringe under the doctrine of equivalents even if it completely lacks an element of the claimed invention (either literally or equivalently), as long as one skilled in the art readily could have conceived the omission.

Outlook for the Doctrine of Equivalents in Korea

The courts' latest application of the "same core technical concept" test appears to have broadened the pool of possible equivalents, since it can be expansively construed to include both products that are essentially equivalent but strictly avoid the literal language of the claims, as well as variants that share the same key components as the claimed invention but function in a substantially different way or yield a substantially different result. If the most recent case is any guide, patentees may want to reevaluate whether products or activities in Korea that do not literally infringe their patents might still infringe under the doctrine of equivalents, given that the current Supreme Court test is broadly worded and still less than clear. Of course, it is expected that the courts will further refine the legal test for determining equivalents going forward.

Recent Statistics on Patent Court Decisions Reflect More Favorable Stance Towards Patentees

By Yoon Ki KIM and Daniel KIM

Notably, recent statistics show that the Korean Patent Court is making efforts to strengthen patent rights. The Patent Court is an intermediate appeal court which reviews decisions rendered by the Intellectual Property Trial and Appeal Board ("IPTAB"). The IPTAB is the first level tribunal with respect to all intellectual property matters except for infringement of IP rights. The IPTAB reviews actions, among others, seeking to invalidate patents and appeals from final rejections of patent applications. The Patent Court has exclusive jurisdiction over appeals of IPTAB decisions. Furthermore, starting January 1, 2016, the Patent Court has exclusive jurisdiction over appeals of patent infringement actions (main actions) filed with district courts.

Recent statistics released by the Patent Court suggest that Patent Court decisions rendered in favor of applicants/patentees have been steadily increasing over the past four years (2012-2015). The following tables show statistics for decisions rendered by the IPTAB and Patent Court regarding appeals against final rejections and invalidation actions:

1. Appeals Against Final Rejections

(Unit: cases, %)

Year	IPTAB decisions (affirming examiner's final rejection issued for lacking inventiveness of claimed invention)	Patent Court decisions	
		Affirming IPTAB decisions	Canceling IPTAB decisions
2012	168	162 (96.4%)	6 (3.6%)
2013	114	107 (93.9%)	7 (6.1%)
2014	95	80 (84.2%)	15 (15.8%)
2015	119	95 (79.8%)	24 (20.2%)

In 2012, the Patent Court affirmed 96.4% of IPTAB decisions that affirmed final rejections of patent applications. However, this rate dropped to 79.8% in 2015. Accordingly, the rate of Patent Court decisions canceling IPTAB's decisions that were unfavorable to applicants has sharply risen from 3.6% in 2012 to 20.2% in 2015. These

statistics show that the Patent Court is making efforts to strengthen patent rights.

2. Invalidation Actions

(Unit: cases, %)

Year	IPTAB decisions (invalidating patent)	Patent Court decisions		
		Affirming IPTAB decisions	Canceling IPTAB decisions	Others*
2012	131	119 (90.8%)	6 (4.6%)	6
2013	117	101 (86.3%)	13 (11.1%)	3
2014	101	82 (81.2%)	13 (12.9%)	6
2015	67	53 (79.1%)	13 (19.4%)	1

(Unit: cases, %)

Year	IPTAB decisions (upholding validity of patent)	Patent Court decisions		
		Affirming IPTAB decisions	Canceling IPTAB decisions	Others*
2012	105	29 (27.6%)	71 (67.6%)	5
2013	87	28 (32.2%)	58 (66.6%)	1
2014	86	25 (29.1%)	55 (64.0%)	6
2015	78	44 (56.4%)	33 (42.3%)	1

* Others include the number of cases withdrawn, dismissed etc. before the Patent Court's decisions were rendered.

In 2012-2014, the number of IPTAB decisions invalidating patents far exceeded those upholding the validity of patents. However, as shown in the table above, this trend was reversed in 2015. Further, the rate that the Patent Court affirmed IPTAB decisions invalidating a patent dropped from 90.8% in 2012 to 79.1% in 2015. Along the same lines, the rate of Patent Court decisions canceling IPTAB decisions that were unfavorable to patentees (i.e., invalidating a patent) has increased from 4.6% in 2012 to 19.4 % in 2015.

During the same time, the rate of Patent Court decisions affirming IPTAB's decisions that were favorable to patentees (i.e., upholding the validity of a patent) has increased from 27.6% in 2012 to 56.4% in 2015.

Additionally, as part of the Patent Court's efforts to allow parties to better present their cases, the Patent Court has encouraged judges and parties to have witness testimony at hearings and allow on-site inspections. Statistics show that the number of cases having witness testimony

increased from just 12 cases in 2012 to 53 in 2014. Further, the number of on-site inspections increased from just 5 cases in 2012 to 12 cases in 2013.

Thus, we can safely assume that the Patent Court is taking a more favorable stance towards the patentee. Accordingly, applicants and patentees are encouraged to take these recent trends into account when establishing an overall strategy for patent prosecution, patent litigation, and licensing in Korea.

Proposed Amendment to the Korean Invention Promotion Act to Delete Employer's 4-month Notification of Succession Requirement

By Mikyung (MK) CHOE, Ki Beom PARK and Ho-Yeon LEE

The Ministry of Trade, Industry and Energy ("MOTIE") announced a proposed amendment to the Korean Invention Promotion Act ("KIPA") on August 18, 2016 for public consultation. One of the major changes includes revisions to employee invention rules (Articles 2, 10 and 13). We prepared summaries regarding the current KIPA rules relating to employee inventions (also referred to as "in-service inventions") and the proposed amendments thereof.

- **Proposed amendment: A pre-invention assignment provision alone automatically grants the employer ownership in in-service inventions upon completion of the invention. The employer's notification of succession within 4 months from invention disclosure will no longer be required.**

Under the current KIPA rules, upon completion of an invention, an employee must promptly report the invention to the employer in writing. Subsequently, the employer is required to notify the employee in writing within four (4) months of receipt of the in-service invention disclosure whether the employer intends to acquire ownership or exclusive rights to the invention. If there is a pre-invention contract or employment rule that requires the employee to transfer in-service inventions to the employer, the rights to the in-service invention is deemed to have been transferred to the employer as soon as written notice is provided to the employee.

According to the proposed amendment, if there is a pre-invention contract or employment rule that requires an employee to transfer in-service inventions to the employer, the rights to the in-service invention is deemed to have been transferred to the employer upon completion of the invention.

- **Proposed amendment: If an employer notifies an employee that it will not acquire ownership in an in-service invention, the employer still remains entitled to a non-exclusive license to the invention.**

Under the current KIPA (effective as of January 31, 2014), for small or medium sized entity employers ("SME"), as defined under the Small or Medium Sized Entity Framework Act ("SMEFA"), a non-exclusive license is automatically granted to an employer if the employer notifies the employee, in writing, within four-months of being notified that an invention has been made, that it does not intend to obtain ownership to the invention. For an employer who is not a SME, the employer must have a pre-invention contract or employment rule that requires the employee to transfer all his/her in-service inventions to the employer, to be entitled to the automatic non-exclusive license. [NOTE: Under the SMEFA, if a foreign parent company has 30% or more shares of its Korean subsidiary and the gross amount of assets of the parent company is KRW 500 Billion (about US\$460 Million) or more, the Korean subsidiary is not classified as an SME.]

According to the proposed amendment, the granting of an automatic non-exclusive license to the employer based on the size of the employer will no longer be available. Specifically, under the proposed amendment, if there is a pre-invention contract or employment rule that requires an employee to transfer in-service inventions to the employer, the employer does not need to provide written notification to the employee within four months of receiving the in-service invention disclosure regarding whether the employer intends to acquire ownership or exclusive rights to the invention. This is because the right to the in-service invention is deemed to have been transferred to the employer upon completion of the invention. However, if the employer provides written notice that it does not wish to acquire ownership in the invention within the period designated by the Presidential Decree of KIPA (which has yet to be decided), ownership of the invention will remain with the employee and the employer will be entitled to a royalty-free, non-exclusive license to the invention – irrespective of whether or not the employer is a SME.

- **Proposed amendment: The scope of IP subject to KIPA rules is expanded to include registration of new varieties of plants.**

The intellectual property rights that are governed by the current KIPA rules include patents, utility models and designs. According to the proposed amendment, intellectual property rights will be expanded to further include registration of new varieties of plants. That is, the KIPA rules governing in-service inventions (including the procedural requirements for an employer to acquire ownership to an in-service invention, reasonable compensation, etc.) will apply to new varieties of plants.

Information on Next Steps

The Korean Intellectual Property Office held a public consultation session on October 18, 2016 and is preparing a final proposal for the amendment. The proposed amendment needs to sequentially pass Government Legislation Agency review, Vice-ministerial meeting review, Cabinet meeting review and Presidential approval before the review of National Assembly.

Korean Government Proposes Greater Protections for Trade Secret Holders

By Eun Jin JUNG, Inchan Andrew KWON and Seung-Chan EOM

The Presidential Council on Intellectual Property and other government entities have been exploring various approaches to address concerns in Korea that the current law has been ineffective in preventing technology theft from small and medium size companies.

One measure the Korean government is now proposing is to amend the Unfair Competition Prevention and Trade Secret Protection Act ("UCPA"). Specifically, the amendment would broaden protections for trade secret holders by making it easier to show that certain information is a "trade secret," and by increasing sanctions for misappropriation of trade secrets.

Major Proposed Changes:

- ***Greater Ease in Qualifying Information as a "Trade Secret"***

Under the current UCPA, "reasonable efforts" must be used to maintain the secrecy of information to claim it as a trade secret. Under the amendment, the definition of a "trade secret" would be revised, so that no showing of "reasonable efforts" is required (i.e., it would be sufficient to simply show that information is "kept secret").

- ***Introduction of Punitive Damages***

Under the amendment, where there is intentional misappropriation, a court would be allowed to grant compensation for damages in an amount up to 3 times the amount of actual damages. In calculating the damages, a court would have discretion to consider all relevant circumstances, including: (i) whether the infringer is in a superior position to the trade secret owner; (ii) the infringer's wrongful intent and degree of willfulness; (iii) the duration and number

of misappropriations; and (iv) the economic benefits resulting from the misappropriation.

- **Stronger Criminal Penalties**

Under the amendment, in addition to other existing criminal penalties for misappropriating trade secrets, it would also be considered a criminal act to "continue to keep a trade secret for the purpose of obtaining improper benefit or causing damage to a trade secret holder even after a request to delete or return the trade

secret by the trade secret holder." Further, in certain circumstances, the amendment would substantially increase the potential criminal fines for misappropriation.

Status

The amendment was subjected to public comments in August 2016, and was approved in the Cabinet Meeting held on January 3, 2017. On January 18, 2017, the amendment was submitted to the National Assembly for final review and approval.

KFTC Establishes New Division Responsible for IP Abuse in the ICT, Pharmaceutical and Biotechnology Sectors

By Hwa Soo CHUNG, Kyungsun Kyle CHOI and Yong Hoon CHO

The Korea Fair Trade Commission ("KFTC") has long been regarded as one of the most active competition authorities in the world on issues involving the interface between competition law and intellectual property rights, and in its enforcement activities in high-tech industries. On December 7, 2016, the KFTC took a significant step in further advancing its enforcement agenda in these areas by announcing the creation of a new "Knowledge Industry Anti-Monopoly Division" (the "Division"), to be composed of five or more officials. The KFTC announced that the establishment of the Division would allow the KFTC to more effectively enforce the fair trade and competition laws and promote competition in knowledge-based industries, such as the Information & Communication Technology ("ICT"), pharmaceutical, and biotechnology sectors.

The establishment of the Division expands the number of divisions within the Anti-Monopoly Bureau, which is responsible for monitoring and enforcing the law against abuse of market dominance, unfair trade practice and internal dealing, from three divisions to four. The Division is tasked with investigating abuse of market dominance and unfair trade practice in knowledge-based industries and with competition policy-related responsibilities in relation to intellectual property rights.

According to the KFTC, the Division is established to continue and expand the role of the KFTC's ICT Task Force, which had been in operation since February 2015, in the form of a permanent organization with greater investigation resources, for the following reasons:

- KFTC regards knowledge-based industries, such as the ICT, pharmaceutical, and biotechnology industries, as particularly susceptible to monopoly/oligopoly concerns because of first-mover advantages and requirements for systemic monitoring and timely enforcement due to the dynamic nature of the industry; and
- dedicated organization and personnel were regarded as necessary due to the high level of expertise and know-how required to investigate abusive conduct in those industries.

The KFTC stated that major responsibilities for the Division will include, among others:

- monitoring of abuse of standard essential patents ("SEPs") in the ICT industry, such as patent ambush and claims for injunctive relief in violation of FRAND commitments;
- monitoring of unfair competition and reviewing potential harms to consumer welfare based on pharmaceutical patents, such as "pay for delay" agreements between original and generic pharmaceutical companies;
- monitoring of monopolistic conduct in aftermarkets utilizing intellectual property rights, such as patents and design rights; and
- ongoing monitoring of potential anti-competitive conduct in developing industries, such as the Internet

of things, big data, and biotechnology.

In addition to investigations against specific violations, the KFTC may institute broad "sector-surveys," similar to the KFTC's IPR abuse surveys conducted in 2010 and 2011 in the pharmaceutical, ICT, chemical and machinery

industries. We also anticipate that the Division will be paying close attention to the enforcement activities and legal developments in other jurisdictions. We will continue to closely monitor and update you if there are additional developments.

TRADEMARK, DESIGN & UNFAIR COMPETITION

Korean Supreme Court Affirms that Shop Decorations and Trade Dress are Protected Under Unfair Competition Law

By Chunsoo LEE, Mikyung (MK) CHOE and Seung-Chan EOM

On September 21, 2016, the Korean Supreme Court (Case No. 2016Da229058) affirmed without opinion an earlier High Court decision (Case No. 2015Na2044777) that had held that a bakery shop's general appearance (including the logo, outdoor signage and indoor layout) and other trade dress elements are protected under the Unfair Competition Prevention and Trade Secrets Act ("UCPA"). As Korea lacks express trade dress intellectual property rights, this case is noteworthy as the first time the Supreme Court has specifically recognized the protection of such rights in shop interior and outdoor decorations under Korean law, and as a test case for interpretation of the new "catch-all" provision of the UCPA.

This case was originally brought by "Seoul Lovers" (a DBA of Slowfood-Korea, Inc.), a premium bakery shop known for serving freshly baked sweet red bean pastries, against another competing bakery shop founded by a former employee of Seoul Lovers and his business partner. The defendant bakery clearly imitated Seoul Lovers' appearance and design, as the following comparison shows:

However, because Korea does not specifically provide for trade dress protection under its trademark laws, Seoul Lovers brought an action under Article 2(1)(x) of the UCPA (commonly known as the "catch-all" provision of the UCPA), claiming that by copying Seoul Lovers' trade dress, the defendants were unfairly profiting from the infringement of Seoul Lovers' intellectual property, which it had developed at significant effort and expense.

The Seoul High Court had agreed that the appearance and design elements claimed by Seoul Lovers as its trade dress were the result of considerable effort and investment by Seoul Lovers to distinguish itself from other bakeries, and that the defendants were engaged in unfair and improper business practices by free riding on Seoul Lovers' goodwill, thus meeting the requirements of Article 2(1)(x) of the UCPA. By affirming this decision, the Supreme Court has clearly signaled that the High Court's interpretation was correct, and that trade dress in shop decorations can be protected in Korea under the UCPA.

Kim & Chang successfully represented Seoul Lovers at the district court, High Court, and Supreme Court.

	Seoul Lovers	Defendant bakery
Logo		
Outdoor Signage		
Indoor Layout & Design		

Criminal Penalties to be Introduced for Selling "Dead Copy" Products

By Sung-Nam KIM and Angela KIM

An important amendment to the Unfair Competition Prevention and Trade Secret Protection Act ("UCPA") which will go into effect on July 18, 2017 was recently published. Under the new amendment, infringers who violate the "dead copy" provision of the UCPA may be subject to imprisonment for up to three years or a fine of up to 30 million Korean Won (approximately USD 24,000). Additionally, the amendment permits KIPO and/or local government offices to investigate potential "dead copy" violations cases on their own initiative, even in the absence of a complaint from a competitor.

Under the "dead copy" provision of the UCPA, the act of selling, leasing, displaying for sale or lease, or importing or exporting a product which imitates the appearance of another's product (i.e., the shape, pattern, color, or combination of such attributes) is prohibited as an unfair competitive act, provided that (i) the imitation product is sold, leased, displayed for sale or lease, or imported or exported within three years of the date the original product was first created; and (ii) the appearance of the imitation product is not common to products of the same type.

This provision came into effect on July 21, 2004, and since then has played an important role in protecting unregistered designs in Korea, since there is no requirement that the original product design be famous, or that the product design be a source-identifier (unlike other UCPA or trademark causes of action). There have been many court decisions to date which effectively put a stop to the manufacture and sale of "dead copies" in the context of product packaging, textiles, bedding, fashion products such as footwear, clothing and sunglasses, electronic devices such as fans, and other consumer goods. However, the provision previously allowed for only civil remedies, which have not been a sufficient deterrent in some cases, and also require a party to engage in costly civil litigation to enforce its rights.

By introducing criminal sanctions for violation of the "dead copy" provision, this amendment will make it less arduous and less expensive particularly for first market entrants to enforce their rights against knockoffs of their products.

Minimalist Designs Can Be Protected Through Design Registration

By Sung-Nam KIM and Angela KIM

The Korean Intellectual Property Office recently amended the Design Examination Guidelines, effective as of January 1, 2017. The most notable of the amendments is that the creativity threshold for design registrations has been substantially lowered.

Previously, examiners often found it easy to reject design applications without citing any prior art, if the design was composed of well-known shapes or patterns, such as basic 2D and 3D geometric shapes. As a result, minimalist designs (which are designs intentionally stripped of superfluous elements) usually have been held to be unregistrable under the Design Protection Act and therefore not protectable.

However, according to the amended Guidelines, if the product design is composed in a manner that has never been seen before in the relevant field, the design can be deemed as creative regardless of whether it is comprised of basic shapes or patterns. The amended Guidelines also require examiners to cite supporting evidence when refusing a design application due to lack of creativity. Only very common manners of creation or obvious forms of expression in the product field are now exempt from the evidence requirement, such as a generic car design for a car toy. It is expected that registration will be available for substantially more designs going forward as a result of these amendments.

Supreme Court Rules that Statutory Damages Requirements are Strictly Construed

By Angela KIM and Won-Joong KIM

A recent Supreme Court case involving the mark "CROWNGENE," which was registered for gene testing services, gene analysis, and related services, has provided the Court its first opportunity to rule on the requirements for claiming statutory damages under the Korean Trademark Act.

Prior to 2012, the Trademark Act only provided for actual damages for trademark infringement, which generally are limited to one of 1) the registrant's profit but-for the infringement (calculated by multiplying the registrant's profit margin by the number of additional articles the registrant would have sold in the absence of infringement), 2) the infringer's profits from the infringement, 3) a reasonable royalty, or 4) an amount of actual damages the court determines is reasonable in light of the available evidence, if the other methods are not feasible. However, it can be difficult in practice to obtain evidence regarding damages in Korea, particularly regarding the accused infringer's sales and profits.

In 2012, the Trademark Act was amended to add Article 111, which allows for awards of statutory damages of up to KRW 50,000,000 (approximately USD 44,000) in lieu of the above methods of calculation. In order to qualify for statutory damages, Article 111 requires that both the registered mark and the infringing mark and their

associated goods/services be "identical or substantially indistinguishable," and additionally, that there be actual use of the registered mark at the time of infringement (as opposed to the actual damages provisions, which do not require use (though use has been required by courts regardless)).

In the "CROWNGENE" case, the Supreme Court upheld the lower appellate ruling denying the plaintiff's statutory damages claim, both for lack of use and lack of exact similarity between the registered and accused marks. The lack of use ruling in particular may have depended in part on the complicated ownership and use history of the registered mark – the party that registered the mark sold the mark to another party, and the successor's subsidiary actually used the mark, but the High Court and Supreme Court essentially determined that that use did not accrue to the mark owner for purposes of qualifying for statutory damages.

Thus, while the new statutory damages provision may reduce some of the burden of proving trademark infringement damages in Korea, the Court has made it clear that it will only be available to parties that strictly meet the requirements for such damages under the statute.

FIRM NEWS

Awards & Rankings

Top rankings for all 18 practice areas and recognition of 56 leading individuals - Chambers Asia-Pacific 2017

In the Chambers Asia-Pacific 2017 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 Chambers Asia-Pacific has also ranked the firm as a Band 1 firm for General Business Law in North Korea as well as a Band 4 firm for International Arbitration:

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

North Korea

- General Business Law: Band 1

Asia-Pacific

- Arbitration (International): Band 4

In addition, 56 Kim & Chang professionals earned individual recognition as "Leading Individuals," and additional 6 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."

Tier 1 in all 15 practice areas - The Legal 500 Asia Pacific 2017

Kim & Chang has been recognized in the 2017 edition of the Legal 500 Asia Pacific as a top-tier law firm in the following 15 practice areas:

Antitrust and competition, Banking and finance, Capital markets, Corporate and M&A, Dispute resolution, Employment, Insurance, **Intellectual property, Intellectual property: patents and trademarks**, International arbitration, Projects and energy, Real estate, Shipping, TMT (Technologies, Media & Telecommunications), and Tax

In addition, The Legal 500 named 17 Kim & Chang professionals as "Leading Individuals" and 6 professionals as "Next Generation Lawyers" in their respective practice areas. In the Intellectual Property practice area, **Jay (Young-June) Yang** was selected as a leading individual, and **Sang Young Lee** was selected as a next generation lawyer.

The Legal 500 Asia Pacific, published by Legalease, is a leading publication offering comprehensive analysis of law firms across Asia Pacific. In addition to the Asia Pacific edition, The Legal 500 series provides comprehensive worldwide coverage on recommended legal service providers in over a hundred countries based on in-depth research and interviews with corporate counsel from around the globe.

Outstanding in 17 practice areas - Asialaw Profiles 2017

Kim & Chang has been named an "Outstanding" firm for South Korea in Asialaw Profiles 2017 in the following 17 practice areas:

Banking & Finance, Capital Markets, Competition & Antitrust, Construction & Real Estate, Corporate/M&A, Dispute Resolution & Litigation, Financial Services Regulatory, Insurance, **Intellectual Property**, Investment Funds, Labour & Employment, Private Equity, Projects & Infrastructure, Restructuring & Insolvency, Shipping, Maritime & Aviation, and Taxation

In addition, the firm's Energy & Natural Resources practice was recognized as "Highly recommended."

Further, 19 Kim & Chang professionals were named "Leading Lawyers" in their respective areas of practice. In the Intellectual Property practice area, **Jay (Young-June) Yang** was selected as a leading lawyer.

Asialaw Profiles, published by Legal Media Group of Euromoney Institutional Investor PLC, is a guide to Asia Pacific's leading law firms and lawyers. Asialaw Profiles determines its rankings through in-depth research and interviews with lawyers and law firm representatives.

Kim & Chang ranked among top trademark firms in WTR 1000

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 seventh edition of WTR 1000 – The World's Leading Trademark Professionals.

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.

Trademark and Copyright Firm of the Year - 2016 Asia IP Awards

Kim & Chang has been named "Trademark and Copyright Firm of the Year for South Korea" at the 2016 Asia IP Awards. The ceremony was held in Bali, Indonesia on October 7, 2016, and **Casey Kook-Chan An**, a senior patent attorney in the firm's IP Group, attended the awards presentation.

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

Korea Firm of the Year in 19 practice areas - 2016 Asian-MENA Counsel Magazine

Kim & Chang has been named "Korea Firm of the Year" across 19 practice areas in the 10th annual Representing Corporate Asia & Middle East Survey, which was conducted and announced by Asian-MENA Counsel magazine. Over 1,000 in-house counsels participated in the survey, in which they were asked questions about the quality and value of service they received from external counsel in their jurisdiction.

Kim & Chang has also been named in the "Most Responsive Domestic Firms of the Year: South Korea" and "Top Multiple Category Winners: South Korea" lists after having received the most number of nominations among Korean firms. The related article can be found at Asian-MENA Counsel, Volume 14 Issue 4, 2016.

Winner

- Alternative Investment Funds (including private equity)
- Anti-Trust/Competition
- Banking and Finance
- Capital Markets
- Compliance/Regulatory
- Corporate and M&A
- Employment
- Energy & Natural Resources
- Environmental
- Insurance
- **Intellectual Property**
- International Arbitration
- Litigation and Dispute Resolution
- Maritime & Shipping
- Real Estate/Construction
- Restructuring & Insolvency
- Taxation
- Telecommunications, Media & Technology

Honourable Mention

- Project and Project Financing

EVENTS

from around the world for dialogue, cooperation, and networking.

The Global Series in Paris, October 13-14, 2016

Seong-Soo Park, a senior attorney in the firm's IP Group, attended the FCBA's Global Series, which was held in Paris on October 13-14, 2016. Mr. Park participated as a speaker in a discussion session entitled "The Series' Most Challenging Globally: Injunction and Damages" and shared his insights on cross-border IP litigation as well as enforcement issues and strategies under the topic "Injunction and damages calculation for patent infringement in Korea."

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

The Sedona Conference in Washington, DC, October 24-25, 2016

Duck-Soon Chang, a senior attorney in the firm's IP Group, attended the 16th Annual Sedona Conference on Patent Litigation, which was held in Washington, DC on October 24-25, 2016. Mr. Chang participated as a panelist in a session entitled "Valuing SEPs Around The World: Are We Any Closer To A Solution To Determining 'FRAND'?" and shared his insights on challenges, future outlook, and strategic considerations related to the FRAND terms in the Korean and global legal markets.

Founded in 1997, The Sedona Conference (TSC) is a nonprofit, research and educational institute dedicated to the advanced study of law and policy in the areas of antitrust law, complex litigation, and intellectual property rights. With the mission of driving the reasoned and just advancement of law and policy, TSC organizes various events and programs while expending its efforts through the Working Group Series. Headlined "Global Strategies for Managing Both Multifront Domestic and International Litigation of IP Assets," the conference proved once again to be a premier platform to bring together industry leaders

IP Newsletter

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