A Quarterly Update of Korean IP Law & Policy

Newsletter

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PATENT

Korean Patent Court Recognizes Inventiveness of Targeted Dosage Regimens

By CY Chooyoun KIM, Kyoo Yeon LEE and Hyun-Jin CHANG

In recent years, Korean courts have increasingly recognized that inventions on drug dosage regimens should be patentable contrary to longstanding prior practice, but the Korean Intellectual Property Office (KIPO), including the Intellectual Property Trial and Appeal Board (IPTAB), have continued to be reluctant to grant dosage regimen patents to any significant degree, by and large finding them to lack inventiveness. A recent decision from the Korean Patent Court reversed a decision from the IPTAB that had affirmed a Final Rejection of a dosage regimen invention targeting a specific patient group, again indicating that dosage regimens should be patentable under current Korean law, and perhaps leading to greater openness toward such inventions from KIPO in the future.

Inventiveness standards for dosage regimen inventions in Korea

In an *en banc* decision in 2015, the Supreme Court indirectly supported the potential validity of dosage regimen patents, by holding that a dosage regimen can be considered as a constitutional element when evaluating the patentability of a medicinal use invention. The Patent Court subsequently ruled in another case in 2017 that a targeted patient group can also be a constitutional element in assessing the patentability of a medicinal use invention. The Supreme Court provided further guidance in 2017 that in order to be patentable, a dosage regimen should lead to a remarkable or qualitatively different effect that could not have been predicted by a person of ordinary skill in the art as of the filing date.

In practice at KIPO, however, the inventiveness of dosage regimen inventions has been routinely denied even after the above court decision, generally on the basis that optimizing a drug dosage regimen to increase the desired efficacy while reducing adverse effects is a routine practice within the ordinary creativity of a skilled person in the art.

The new Patent Court decision and its expected impact

In the case at issue, KIPO again issued a Final Rejection against a patent application claiming a dosage regimen invention. Specifically, the application claimed a pharmaceutical composition containing a bispecific antibody for use in a method to ameliorate or prevent adverse effects,

mediated by administrating said bispecific antibody into a specific target patient group using a particular dosage regimen, when treating malignant CD19 positive lymphocytes (that is, <u>a dosage regimen invention for a targeted patient group</u>).

KIPO originally denied inventiveness on the basis that (i) the dosage regimen and the target patient group easily could have been conceived through simple modifications of the prior art, and (ii) the claimed composition did not show any unexpectedly remarkable effects over the prior art in specifying the dosage regimen and the target patient group. This Final Rejection was upheld by the IPTAB, and then appealed to the Patent Court.

The Patent Court reversed the IPTAB and overturned the Final Rejection, finding that (i) identifying a specialized dosage regiment for a specific target high-risk patient group had a technical significance distinguishable from the prior art which would not have been obvious during a conventional dosage optimization process, and (ii) the dosage regimen invention did exhibit qualitatively different or unexpectedly remarkable effects due to specifying the patient group, which could not have been predicted from the prior art. In arriving at its conclusions, the Patent Court carefully reviewed the state of the art and determined that it was at a nascent stage as of the priority date (with very little prior research in the field), in contrast to the KIPO and the IPTAB who simply summarily dismissed the invention as routine optimization without considering the state of the art.

The Patent Court's decision is significant because it emphasizes the importance of establishing the true state of the art at the priority date as important background for evaluating the technical significance and unexpected effect of a targeted dosage regimen invention, which may signal that more such inventions may be granted as patents in the future.

Grace Period Available for Divisional Even if Not Sought in Parent Application

By Hyejung LEE, Hyeongsu PARK and Injae LEE

The Korean Supreme Court recently held that a divisional application was eligible for the 12 month grace period for self-disclosure based on the filing date of the parent application even if the grace period was not claimed at the time of filing the parent application (Supreme Court 2020Hu11479 rendered on August 31, 2022).

When determining novelty/inventiveness, self-disclosure can serve as a prior art reference, but the Korean Patent Act ("KPA") allows for a grace period for self-disclosure within 12 months of filing a patent application. The grace period is not automatically applied. Instead, the applicant should request the grace period at the time of filing and submit supporting documents within 30 days from the filing date.

In 2015, the KPA was amended to expand the period for claiming the grace period. More specifically, applicants could request the grace period even after the filing date under certain circumstances. For a divisional application, however, the Patent Court had held that the applicant cannot claim the grace period if the applicant did not request it in the parent application. The Supreme Court 2020Hu11479 Decision overruled this Patent Court's decision.

In the 2020Hu11479 case, Plaintiff filed a parent application on December 23, 2014, within 12 months after Plaintiff's self-disclosure that is identical to the invention of the parent application. When filing the parent application, Plaintiff did not claim a grace period for self-disclosure. Subsequently, Plaintiff filed a divisional application on August 30, 2016 and claimed the grace period for self-disclosure based on the filing date of the parent application. The Supreme Court held that if a divisional application is properly filed, it is deemed to have been filed on the filing date of the parent application according to Article 52(2) of the KPA. Thus, according to the Supreme Court, as long as the procedural requirements for a grace period for self-disclosure are satisfied, the grace period for self-disclosure should be recognized for the divisional application based on the filing date of the parent application, even when the grace period was not claimed at the filing of the parent application. Further, the Supreme Court explained that there exists a practical need to recognize the grace period for divisional applications because there may be a situation where the claims of a divisional application relate to the applicant's self-disclosure, while the claims of a parent application do not. Accordingly, the Supreme Court ruled that Plaintiff's self-disclosure will

not be considered as prior art for novelty or inventiveness during the prosecution of the divisional application.

In brief, the Supreme Court decision clarified the requirements for claiming the grace period by holding that the grace period for self-disclosure with respect to the divisional application can be claimed based on the filing date of the parent application even when the grace period was not claimed in the parent application. In order to enjoy the grace period for self-disclosure, Applicant may (i) claim the grace period at the time of filing an application pursuant to Article 30(2) of the KPA, (ii) claim the grace period within the period during which the application can be amended pursuant to Article 30(3) of the KPA, or (iii) claim the grace period for a divisional application pursuant to Article 52(1) of the KPA, even when the grace period was not sought in the parent application.

An Update on How Patent Cancellation Actions Are Handled at KIPO

By Dongkwang KIM and Cyril K. CHAN

The Intellectual Property Trial and Appeal Board (IPTAB) at the Korean Intellectual Property Office (KIPO) recently issued internal guidelines clarifying the proper handling of certain aspects of patent cancellation actions.

Background

Since being introduced in 2017, the Korean patent cancellation system has allowed anyone to file a petition to the IPTAB to cancel a registered patent within six months after publication of the registration (the "Cancellation Window"). A cancellation petition is limited to asserting invalidation grounds based on: (i) lack of novelty or inventive step in view of "written" publications; and (ii) violation of the first-to-file rule. If the IPTAB determines that there is at least one cancellation ground with merit, it will institute proceedings and issue a notice to the patentee giving an opportunity to respond and/or request a patent correction. More details on the patent cancellation system can be found in our previous newsletters in 2017 (link) and in 2019 (link).

The IPTAB hears both patent cancellation and patent invalidation actions, and while both types of actions involve invalidating issued patents, they have a number of important distinctions. Most basically, patent cancellation actions are supposed to be handled as *ex parte* proceedings between the IPTAB and the patentee, in contrast with patent invalidation actions which are *inter partes* proceedings between the patentee and the patent challenger. However, because the IPTAB handles far more invalidation actions than cancellation actions overall (on average, the number of cancellation actions filed per year is about a third of the number of invalidation actions), certain aspects of cancellation actions may be inappropriately allowed to be handled in the same manner as invalidation actions (which has often led to significant delays in cancellation actions). The recent internal guidelines seek to address this issue and ensure that patent cancellation actions are being conducted as intended.

Key highlights of the guidelines and their implications are discussed below.

Cancellation Grounds Must be Submitted Within the Cancellation Window

A petitioner filing a cancellation petition with the IPTAB must now submit all its cancellation grounds within the Cancellation Window (i.e., from the patent registration date until six months after the publication of the registered patent). This is in contrast to invalidation actions, in which a petitioner can submit new invalidation grounds at any time while the action is still pending.

The guidelines now require IPTAB examiners to determine whether any cancellation grounds submitted after the Cancellation Window ("Late Grounds") are substantially different from the original grounds submitted during the Cancellation Window, and to reject and disregard any Late Grounds that are substantially different from the original grounds, except in the rare case where the Late Grounds clearly destroy the novelty of the patent subject to the cancellation petition.

Therefore, Petitioners should now make sure to submit all potential cancellation grounds within the Cancellation Window, while Patentees on the other hand should carefully monitor whether any submitted grounds constitute substantially different Late Grounds, and seek to exclude such grounds accordingly.

Prohibition of Service of Additional Documents to the Parties

Since patent cancellation actions are supposed to be *ex parte* proceedings, other than the cancellation petition itself (which is served on the petitioner after filing), the IPTAB is not required to serve any briefs submitted in the action to either party. If the IPTAB serves all documents filed in a cancellation action on the patentee and the petitioner, that could lead to unnecessary delays. In order to ensure that cancellation actions proceed in an *ex parte* manner, the guidelines now clarify that the IPTAB should not deliver any briefs filed after the cancellation petition itself to either the petitioner or the patentee.

Petitioners and patentees can still obtain briefs that are not officially served by filing a request to the IPTAB to copy the relevant records of the proceeding. Parties will now need to carefully monitor the progress of cancellation action proceedings to be sure they are aware when they may need to file a request to the IPTAB to obtain documents submitted by the other party relating to the cancellation action.

Cancellation Must Be Based on Strong and Clear Evidence

As noted in our 2019 newsletter (<u>link</u>), about 26% of all cancellation petition cases result in cancellation of the patent (and about 58% of instituted cases result in cancellation of the patent, a relatively high number). The guidelines provide a reminder that any decision to cancel a patent should be made carefully based on strong and clear evidence, given that the patent cancellation

system cancels patents that have only just been registered, and that too-frequent cancellation may erode public trust in the Korean patent system. The guidelines indicate that if there is any uncertainty regarding whether or not a patent should be cancelled, the IPTAB should tend to dismiss, rather than grant, the cancellation petition.

While it is not yet clear what impact this reminder will have on actual cancellation decisions by examiners, the inclusion of this reminder in the guidelines suggests that the rate of patent cancellation may decrease in the future. Cancellation petitioners should ensure to timely submit their strongest prior art and cancellation grounds, while patentees should repeatedly remind examiners in cancellation actions of the need to establish a strong and clear basis for cancellation going forward.

Expedited Examination for Semiconductor Patent Applications Now Available

By Chulhyun PARK and Taylor HAN

In July 2022, following the international trend of supporting the semiconductor industry, the Korean Intellectual Property Office (KIPO) announced that it would focus its efforts on securing core semiconductor patents and that it would include semiconductor patent applications on the list of cases eligible for expedited examination. Accordingly, the Enforcement Decree of the Patent Act and the Utility Model Act were amended on November 1, 2022 to allow semiconductor patents to be eligible for expedited examination.

Specifically, the amended Enforcement Decree adds "patent applications for advanced technology important for the national economy and national competitiveness, such as semiconductors, as set by the Commissioner of the Korean Intellectual Property Office through public notice and expedited examination request period" to the list of cases eligible for expedited examination. Thus, the amendment not only enables semiconductor related patents to be eligible for expedited examination, but also allows KIPO to swiftly add new technologies as it becomes necessary.

Under the amended Enforcement Decree and the Public Notice, expedited examinations for semiconductor patent applications will first be conducted for applications that included a request for expedited examination during the period between November 1, 2022 and October 31, 2023 (KIPO will determine later whether to continue the program). Further, semiconductor patent applications must meet the following conditions to be eligible:

- The patent application must be directly related to semiconductor technology;
- 2. The primary Cooperative Patent Classification (CPC) must be related to semiconductors specifically, the primary CPC must be:
 - H01L (semiconductor elements, manufacturing)
 - G11C (circuits related to semiconductor devices (drivers))
 - G01R (testing semiconductor devices)
 - H05K (printed circuit board)
 - H01S (semiconductor lasers)
 - G03F (photolithography process (related to semiconductor manufacturing))

- C23C (evaporation process (related to semiconductor manufacturing))
- H01J (plasma process (related to semiconductor manufacturing))
- B24B (polishing process (related to semiconductor manufacturing))
- B41J (ink-jet printing (related to semiconductor manufacturing))
- C30B (single-crystal growth (ingot related)); and
- 3. The patent application must be (i) filed by a company that is producing or preparing to produce products or devices related to semiconductors in Korea, (ii) related to the results of national research and development projects related to semiconductor technology, or (iii) filed by universities or graduate schools specializing in semiconductors (including industry-academic cooperation foundations) pursuant to the Act on Special Measures for the Strengthening and Protection of Competitiveness of National High-Tech Strategic Industry.

In addition to designating semiconductor patents for expedited examination, KIPO also announced that it will (i) utilize inventor information of semiconductor patents to manage and nurture semiconductor-related personnel, (ii) employ retired researchers to conduct higher quality patent examinations, and (iii) analyze Big Data on semiconductor patents to develop future industrial strategies.

As shown below, patents and patent applications in Korea related to semiconductors are increasing yearly:

Patents and Patent Applications in Korea Related to Semiconductors (IPC H01L) (2016-2020)

	2016	2017	2018	2019	2020	Total
Patent Applications	8,410	8,845	9,378	9,810	7,673*	44,116
Registered Patents	5,518	5,548	6,117	7,159	8,050	32,392

^{*} Cited from explanatory materials of November 1, 2022 Amendment to Enforcement Decree; 2020 patent applications do not include applications that were undisclosed at the time the data was collected (patent applications in Korea are generally published 18 months after filing).

There is a growing focus on improving the examination system for semiconductor patents. Thus, we will continue to monitor for further developments in Korea's efforts to advance semiconductor patent rights and support the semiconductor industry.

TRADEMARK & UNFAIR COMPETITION

Korean Court Jabs Skin Clinic's Unauthorized Use of Luxury Mark

By Ann Nam-Yeon KWON, Alexandra BÉLEC and Dong-Won KIM

The Seoul Central District Court recently issued a permanent injunction order in a case involving a Korean dermatology clinic that had been using the well-known CHANEL mark in connection with its services, ruling that such use was likely to tarnish the distinctive character and reputation of the world famous mark.

The defendant was a dermatology clinic specializing in esthetic services, and had been promoting a skin treatment that promised better-looking skin through injecting a product called "NCTF 135 injection," which the clinic referred to as CHANEL INJECTION in Korean.



(Typical Example of Defendant's Advertisements

Translation: "New concept treatment with great skin regeneration effect!

CHANEL INJECTION in Korean")

The Seoul Central District Court reviewed the extensive fame evidence submitted by Kim & Chang on behalf of Chanel, and concluded that the CHANEL mark had a very high level of recognition in South Korea, noting that the mark had been used since at least 1986 across the Korean territory and was referenced in countless articles as a very well-known and respected brand. Due to this exceptional level of recognition, the Court found that the scope of protection of the CHANEL mark extended beyond goods or services that were similar to Chanel's goods and services.

The Court noted on the other hand that the defendant clearly was trying to capitalize on the notoriety of the CHANEL mark, such as by using a bolder font for the CHANEL portion of the expression CHANEL INJECTION in Korean, and by using the slogan "Skin boost, a miracle of French Luxury" to reinforce in the minds of consumers a link with the world-famous luxury brand.

The Court concluded that the defendant's use of the CHANEL mark in connection with common goods and services was likely to result in decreased desire on the part of consumers to purchase CHANEL goods, which are currently perceived as luxurious, of high quality and difficult to acquire, and therefore that the defendant's actions had damaged the fame and reputation of the CHANEL mark.

As a result, the Court ruled that the defendant's acts tarnished the distinctive character and reputation of CHANEL in violation of the Unfair Competition Prevention and Trade Secret Protection Act, and ordered the defendant not to display or use "CHANEL" or "샤넬" (CHANEL in Korean transliteration) as an identifier of its business.

This decision significantly reinforces that very well-known marks can be strongly protected and enforced in Korea, even against infringers using such marks in connection with goods or services that are not directly related to the mark owner's business.

Trademark Registration Consisting Solely of Colors Granted for First Time to Korean Company

By Seok Hyun KWON and Beth JANG

The Korean Intellectual Property Office (KIPO) recently granted registration to Korean Ginseng

Corporation's ("KGC") " mark consisting solely of colors ("Subject Mark"), under Classes 5 and 29. Since the introduction of color marks in July 2007, only one other trademark consisting

solely of colors has been registered in Korea, the "mark of RiGO Trading S.A., the company known for Haribo Jelly. With the registration of the Subject Mark by KGC under Classes 5 and 29, Korea now has registered three trademarks that consist solely of colors.

Under trademark practice in Korea, trademarks consisting solely of colors are not considered to be inherently distinctive, and are generally very difficult to register. However, such registrations are possible where "acquired distinctiveness" by use can be demonstrated.

The Subject Mark had been rejected by KIPO on the grounds that consumers would recognize it as a design and therefore would not be able to identify it as being associated with a particular business. KGC appealed KIPO's decision, and the Korean Intellectual Property Trial and Appeal Board held that the Subject Mark had a unique color composition not commonly found within the industry, and since KGC had been using the above mark to sell the following products over a substantial period of time, the Subject Mark had acquired distinctiveness from use and could therefore be registered.



KIPO Study Reveals High Number of Malicious Trademark Filings in Korea

By Sue Su-Yeon CHUN, Beth JANG and Angela KIM

A "malicious trademark filing" is where a party knowingly applies for a trademark that is already in use by another party with the intention of selling, licensing, or suing for trademark infringement damages once the trademark is registered. The Korean Intellectual Property Office (KIPO) recently conducted a study of potentially "malicious" applications for trademarks on the names of popular celebrities, television shows, YouTube channels, cartoon characters, and other well-known marks, and concluded that there were an alarmingly high number of such applications in Korea.

KIPO has identified a number of applicants who appear to be frequent filers of malicious trademark applications based on their internal criteria. Based on data through 2020, 67 such applicants were identified as having filed a total of 23,802 trademark applications (about 355 applications per malicious applicant). Further, the data from 2015 through 2019 suggests that about 26% of malicious trademark applications are eventually registered (during that period, an average of 343 malicious trademark applications were filed per year, resulting in an average of 89 registrations per year).

Below are some examples of malicious trademark filings reported by KIPO:

- Names of famous celebrities: "Girls' Generation", "2NE1", "Big Bang", "TVXQ", "Young Tak", etc.
- Names of famous broadcast programs: "2 Days & 1 Night", "Happy Sunday", "Dae Jang Geum". etc.
- Famous YouTube channel names: "Boram Tube", "Bokyem TV", etc.
- Names of famous characters: "Pengsoo", "Pororo", "Shin-chan", etc.
- Famous trademarks: Twitter, Google, TOYOTA, KakaoTalk, etc.
- Others: "BORAHAE", a word coined by a member of BTS meaning "I will trust and love you for a long time."

South Korea is a first-to-file jurisdiction, so owners of marks are well-advised to file trademark applications promptly in Korea to avoid unnecessary complications that may arise due to malicious trademark filings by third parties.

If a trademark owner discovers an imitation trademark application or registration in Korea, there are several potential options for response, such as filing an information brief during an application, filing an opposition, filing an invalidation action against a registered trademark, and/or filing a cancellation action against a trademark based on non-use.

If a trademark squatter attempts to exercise rights based on a maliciously registered trademark against the rightful owner of the mark, the rightful owner may have a defense under Articles 90 (Extent to Which Trademark Rights Do Not Have Effect) or 99 (Right to Continuously Use a Trademark Based on First Use) of the Trademark Act. Court precedents have also recognized defenses based on trademark abuse, or denied infringement damages for marks that have not been used, depending on the circumstances.

NEWS

"Korea Law Firm of the Year" for Ten Years in a Row – ALB Korea Law Awards 2022

Kim & Chang won the "Korea Law Firm of the Year" award at the *ALB Korea Law Awards 2022* held on November 16, 2022.

At the awards ceremony, Kim & Chang received the highest recognition in a total of 14 categories, including: eight firm awards, which honor the best law firms in each field; two individual awards, which are given to attorneys who have shown outstanding performance; and four deal awards, which recognize influential deals from the past year.



The *ALB Korea Law Awards*, which celebrates its tenth anniversary this year, is an annual awards ceremony hosted by Asian Legal Business (ALB), an Asian legal media under Thomson Reuters, which recognizes outstanding law firms, deals, lawyers and in-house legal teams in each category through evaluation by a panel of experts in the fields of the respective awards.

The following is a list of our firm's wins:

Firm Award Categories – Sole Winner

- Korea Law Firm of the Year (tenth consecutive win)
- Korea Deal Firm of the Year (third consecutive win)
- Intellectual Property Law Firm of the Year Domestic (fourth consecutive win)
- Litigation Law Firm of the Year (second consecutive win)
- Maritime Law Firm of the Year
- Regulatory and Compliance Law Firm of the Year (third consecutive win)
- Restructuring and Insolvency Law Firm of the Year
- Tax and Trusts Law Firm of the Year (second consecutive win)

Individual Award Categories – Sole Winner

- Woman Lawyer of the Year: Yunjoh Lee (second consecutive win)
- Young Lawyer of the Year: Heesung Ahn

Deal Award Categories – Co-Winner

- Equity Market Deal of the Year: LG Energy's IPO
- IPO Deal of the Year: LG Energy's IPO
- M&A Deal of the Year: Acquisition of LINA Life Insurance of Korea, Cigna Korea and LINA Financial Service

 Technology, Media and Telecommunications Deal of the Year: Acquisition of Delivery Hero Korea

Kim & Chang Wins "South Korea Patent and Trade Mark Prosecution Firm of the Year" – The Global IP Awards 2022

Kim & Chang has been named "Firm of the Year" for South Korea in both the Patent and Trade Mark Prosecution categories at the *Global IP Awards 2022*, presented jointly by Intellectual Asset Management (IAM) and World Trademark Review (WTR). The ceremony was held in London on September 15, 2022.



IAM and WTR, part of the Law Business Research, are the leading intelligence platforms for the global IP market. Launched in 2019, the *Global IP Awards* is based on extensive research of outstanding IP achievements in litigation, prosecution and transactional work over the past year.

2022 AIPPI World Congress

Monica Hyon-Kyong Leeu, a senior patent attorney in Kim & Chang's IP Practice, participated as a panelist at the 2022 AIPPI World Congress held in San Francisco from September 10 to 13, 2022. During the Pharma II Panel Session entitled "Bolar Exemptions, Patent Linkage & More: Any Path for Harmonisation?," Ms. Leeu spoke about the unique aspects of the Korean system and case law, while sharing her insights on recent trends and future outlook.

Established in 1897, AIPPI (International Association for the Protection of Intellectual Property) is the world's leading non-profit association dedicated to the development and improvement of laws for the protection of intellectual property. Bringing together IP delegates from around the world in person again, this year's Congress provided a premier forum for networking and lively discussions on various areas of IP.

Newsletter

A Quarterly Update of Korean IP Law & Policy

KIM & CHANG

INTELLECTUAL PROPERTY

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