KIM & CHANG

A Quarterly Update of Korean IP Law & Policy

Newsletter

2023 Issue 2

PATENT

DESIGN

EDITORS ***Inchan Andrew KWON, John J. KIM & Kevin Kyumin LEE***

NEWS

Kim & Chang Wins "South Korea Patent Disputes and Trademark Firm of the Year" – Managing IP Asia Pacific Awards 2023

Kim & Chang Named in IAM Patent 1000: The World's Leading Patent Professionals 2023

Opening of Kim & Chang's Indonesia Desk

PATENT

Korean Courts Confirm That a Compound Patent Covers Prodrugs of the Compound Even During PTE

By Hyewon KANG, Inchan Andrew KWON and Hyun-Jin CHANG

In a pair of recent decisions, the Supreme Court confirmed that the scope of a pharmaceutical compound patent covers generic prodrugs using an ester form of the patented compound as well, while the Seoul Central District Court further ruled that a generic prodrug is within the scope of the pharmaceutical compound patent even during the patent term extension (PTE) period.

These are the first decisions in Korea to interpret the scope of a pharmaceutical compound patent as compared to a prodrug of the pharmaceutical compound. A "prodrug" refers to a compound that is broken down into the original active ingredient in the human body, and shows pharmacological activity through the active ingredient. Prodrug forms of active ingredients are commonly used in the pharmaceutical field if there are issues using the active ingredient itself as a commercial drug, such as low bioavailability.

In April 2018, Dong-A ST filed a scope confirmation action at the Intellectual Property Trial and Appeal Board (IPTAB) against AstraZeneca's compound patent covering dapagliflozin, the active ingredient of its blockbuster type II diabetes drug Forxiga®. Dong-A ST claimed that their product used "dapagliflozin formate," a prodrug form of dapagliflozin, and argued that their product was outside the scope of AstraZeneca's patent. While the IPTAB ruled in Dong-A ST's favor, AstraZeneca appealed to the Patent Court (now called the IP High Court), and the Patent Court reversed the IPTAB ruling and determined that Dong-A ST's prodrug was indeed within the scope of AstraZeneca's patent. Dong-A ST further appealed this ruling to the Supreme Court, but the Patent Court decision was ultimately upheld in February 2023.

The Supreme Court ruled that dapagliflozin formate was within the scope of equivalents of AstraZeneca's pharmaceutical compound patent, based on the following analysis:

1) As an initial matter, where a product contains features different from a patent, whether the difference would have been an "easy modification" for purposes of evaluating infringement or scope under the doctrine of equivalents (DOE) should be determined as of the time the determination of scope is made, not when the patent application was originally filed. As such,

the Supreme Court rejected Dong-A ST's argument that only evidence from prior to the patent application could be considered, and held instead that whether one of ordinary skill would have found a particular modification of the patented features easy to conceive can be based on evidence publicly disclosed after the patent application was filed.

2) It would have been easy for one of ordinary skill in the art to conceive of modifying dapagliflozin into dapagliflozin formate, given that it is well-established to design a prodrug by selecting a hydroxy group on the original compound to replace with an ester through chemical modifications, the location where the formate group was substituted in dapagliflozin formate would have been easily chosen, and it would have been easy to select formic acid to use to develop dapagliflozin into a prodrug.

3) While the applicant amended the claims of the Subject Patent to delete the term "prodrug ester" during the prosecution, this is difficult to interpret as consciously excluding dapagliflozin formate from the scope of the Subject Patent in view of the applicant's intent as indicated in the amendment and opinion submitted by the applicant during the filing process, and the reasons for the amendment.

Subsequently in November 2022, AstraZeneca filed for a preliminary injunction against Dong-A ST's prodrug product at the Seoul Central District Court, and on March 16, 2023, only two weeks before the patent expiration date, the Seoul Central District Court granted the preliminary injunction. This is significant because the original term of the patent had already expired in October 2020, and the PTE term was limited to covering the first approval of dapagliflozin only (on which the PTE was based). Nevertheless, the Seoul Central District Court ruled that Dong-A ST's product was within the scope of AstraZeneca's compound patent even during PTE.

The Supreme Court held in a previous case (the "Vesicare®" case) that the scope of a patent during PTE was not strictly limited to the specific form of the product in the approval. In that case, the patent claimed the compound solifenacin, but the approval on which the PTE was based was for solifenacin succinate, while generics tried to argue that their solifenacin fumarate products were therefore outside the scope of PTE. The Supreme Court held that the specific salt form of the approved compound was not determinative, but that patent scope during PTE must be determined in view of the active ingredient, therapeutic effect, and use of the approved product underlying the PTE as compared to the generic product.

In this case, the main issue was whether the active ingredient of Dong-A ST's prodrug corresponded to dapagliflozin, or to dapagliflozin formate. The Seoul Central District Court held that the active ingredient in the prodrug expected to have a therapeutic effect was dapagliflozin, not "dapagliflozin formate," given that "active ingredient" generally refers to an "ingredient that is absorbed into the human body and expected to have a 'treatment effect' for a particular disease through its pharmacological action"; Dong-A ST's prodrug was converted into dapagliflozin in the

human body and showed the same pharmacological effect as Forxiga; and Dong-A ST's product was approved on the basis of bioequivalence test results confirming that the blood concentration of Dong-A ST's prodrug after administration was equivalent to that of Forxiga.

These decisions clearly enhance the scope of pharmaceutical compound patents in Korea, by affirming that prodrugs of a patented compound should generally be within the scope of the compound patent in Korea even during PTE, and clarifying that "ease of modification" of elements for DOE purposes should be determined at the time of the infringement, not the filing date of the patent.

First Successful Outcome for Originator in Patent Dispute Related to Gene and Cell Therapy in Korea

By Sang Young LEE and Kevin Kyumin LEE

The product, Kymriah® is considered a ground breaking new treatment for cancer patients. This treatment involves modifying immune cells outside of the human body and then putting them back to fight the cancer cells ravaging the patient. Scientist have long sought a working treatment using gene and cell therapy technology for decades and Kymriah represents the first practical medicine that has been approved for treating patients.

The patent for this new and innovative technology, specifically referred to as CAR-T (chimeric antigen receptor T) cell therapy, was recently challenged by follow on companies in Korea. An action was filed in the Intellectual Property Trial and Appeal Board (IPTAB) requesting the patent be cancelled for lack of inventiveness. A cancellation action is an *ex parte* process where any entity can challenge the patentability of the invention based on limited grounds (such as prior art related issues) within 6 months of the patent registration date. The cancellation actions against Kymriah was filed in 2021 and took longer than usual because of the intense dispute regarding inventiveness of the patent in view of the prior art. There were a number of earlier documents pointing to the components of the treatment along with some pre-clinical studies. After a long fought battle, in May of 2023, Kim & Chang was able to obtain a favorable decision from the IPTAB upholding the inventiveness of the Kymriah patent. This is the first successful case for the originator in a dispute filed by a third party on the validity of a patent covering a commercial product related to cell and gene therapy in Korea.

The specific patent at issue is directed to a pharmaceutical composition for treating leukemia or a lymphoma in a human patient resistant to at least one chemotherapeutic agent, comprising human autologous T cells which express the specific CD19 CAR construct. One main issue of this case was whether the effects of the claimed autologous CAR-T cells from "cancer patients" could have been easily expected from the prior art which disclosed experimental results from animal and *in vitro* tests using CAR-T cells from "healthy donors." The IPTAB found unpredictability of the patent based on the understanding that T cells of a cancer patient may show different characteristics from T cells of a healthy donor in terms of proliferation, etc. and there are no experimental grounds supporting that T cells from a healthy donor and T cells from a cancer patient would show similar reactions when CAR was introduced. The other issue was whether the effects on a "human

patient" could have been easily expected from the prior art experimental results from "*in vitro*" testing using T cells from cancer patients, which showed proliferation and anti-tumor effects of CAR-T cells when co-cultured with leukemic cells. The IPTAB held that the effect of CAR-T cells in a human patient cannot be easily predicted by a person skilled in the art from the *in vitro* results because it was known that the environment within the body of a cancer patient may reduce the immune function of T cells and CAR-T therapy was still in the development stage at the priority date. Thus, it was difficult to consider that it was well known in the art that T cells derived from patients expressing CAR could survive and proliferate for a long period so as to have the desired therapeutic effect in the human body.

In Korea, the issue of whether animal or *in vitro* testing can predict an invention's innovative effect on human patients is one of the most hotly debated issue in the pharmaceutical industry. Before this decision, there were no clear precedent on this issue and a small number of cases have actually stated that pre-clinical testing results could be an indicator for prior understanding of the technical feature which worked against inventiveness of a pharmaceutical patent. Kim & Chang's team of patent attorneys with specialty in cell and molecular biology were able to advocate to the IPTAB the sheer innovation and unpredictability that this technology represented and overwhelmed any doubt as to the patent's inventiveness from the prior documents, resulting in a favorable decision for the originator companies. This treatment has saved many human lives to date but more importantly, it opened the door to many other similar treatments which are being currently developed worldwide. Although the final outcome related to the patent is still not conclusive because there could still be further challenges to the patent, this recent decision is an important step in protecting the rights of innovators of medicines that are radically different from conventional medicines and to incentivize innovators to develop more inventions like this which greatly impact patients with serious diseases.

KIPO Establishes New Examination Bureau for Semiconductor Technologies

By Cyril K. CHAN and Seo Jin KIM

The Korean Intellectual Property Office (KIPO) has continued to make efforts to improve its examination system for semiconductor patent applications and bolster the competitiveness of Korea's semiconductor industry by establishing a new examination bureau dedicated to semiconductor technologies and recruiting additional examiners with substantial industry experience in the semiconductor field.

Previously, in November 2022, KIPO introduced expedited examination for semiconductor-related patent applications (see "Expedited Examination for Semiconductor Patent Applications Now Available" in our 2022 Issue 4 Newsletter (link)). This change allows a company that is producing or preparing to produce semiconductor-related products or devices in Korea to request expedited examination for a semiconductor-related patent application. Further, even if an applicant is an overseas company, expedited examination for a semiconductor-related patent application may be available if the applicant has a semiconductor-related fabrication facility in Korea.

In February 2023, KIPO announced the recruitment of 30 semiconductor patent examiners that have spent an average of 23 years and 9 months working in the semiconductor industry to bolster its examination of semiconductor patent applications and reduce existing examiners' workload. 83% of the examiners hold either a master's degree or a PhD, and 90% were working at private semiconductor companies. KIPO has indicated that it intends to recruit even more semiconductor patent examiners with substantial industry experience in 2024.

Even with the recruitment of 30 additional semiconductor patent examiners, KIPO found that it needed to make further changes because semiconductor examiners were distributed among multiple Examination Bureaus (Electricity & Communications Examination Bureau for examining device/process-related semiconductor applications, Chemical & Biotechnology Examination Bureau for examining material-related semiconductor applications, and the Machinery & Metals Examination Bureau for examining semiconductor equipment-related applications)—this made it difficult to create a synergistic effect for existing examiners to collaborate with the newly recruited semiconductor specialists.

Thus, in April 2023, KIPO newly established an Examination Bureau for semiconductor technologies (Semiconductor Examination Bureau), adding to the existing five Examination Bureaus (Patent Examination Policy Bureau, Digital Convergence Examination Bureau, Electricity & Communications Examination Bureau, Chemistry & Biotechnology Examination Bureau, and Machinery & Metals Examination Bureau). The Semiconductor Examination Bureau is dedicated to the examination of patent applications relating to semiconductor fabrication process, semiconductor design, display device, semiconductor materials, semiconductor package and assembly, and semiconductor fabrication equipment.

Existing examiners dedicated to semiconductor-related patent applications and the newly recruited examiners will work together in the Semiconductor Examination Bureau to improve the expedited examination process of semiconductor-related patent applications and improve the use of consensus-based consultative examination for semiconductor-related patent applications (which is an examination using a panel of three examiners with different technical backgrounds to consult together on an application from the beginning of the examination process and come to a consensus). The effective use of consultative examination will become more important as semiconductor-related technologies converge with technologies in other areas such as artificial intelligence and IoT.

More changes by KIPO to improve the patent examination system and enhance national technology competitiveness are expected in the future. Korean patent practitioners will be closely monitoring how these changes will affect examination of semiconductor-related patent applications going forward.

Korea Announces Selection of National High-Tech Strategic Technologies

By Min Seo HWANG, Hyewon CHANG, Unjung PARK and Nam KIM

In order to support and foster technologies important to Korea's economy and national security, Korea has enacted an Act on Special Measures for Strengthening and Protecting the Competitiveness of the National High-Tech Strategic Industry (the "Special Act"), that became effective on August 4, 2022. Under the Special Act, technologies that (i) have a significant impact on national and economic security, such as stabilization of the supply chain, and on the national economy, such as export and employment, (ii) have growth potential, technical difficulty and industrial importance, and (iii) have a significant ripple effect on related industries, including semiconductor, display, secondary battery, and bio industries, will be newly designated and protected as National High-Tech Strategic Technology ("NHST"). Companies that research, develop or commercialize NHST will receive government benefits and special support. However, companies having NHST will be subject to stringent requirements for protecting the NHST and additional regulations when exporting NHST. IP practitioners should stay alert to the changes regarding the Special Act, since NHST may be triggered during M&A deals or when technologies are assigned or licensed abroad.

1. Selection of National High-Tech Strategic Technologies

Recently, 17 NHSTs in four industrial sectors have been identified (which was confirmed by the Ministry of Trade, Industry and Energy (MOTIE) on June 2, 2023).

Many of the selected NHSTs overlap with the National Core Technologies (which are also technologies designated by the Korean government as being important to the Korean economy) under the Act on Prevention of Divulgence and Protection of Industrial Technology (the "Industrial Technology Act" or "ITA") but with different technology specifications. In most cases, the technical level required for NHSTs are higher than those for national core technologies. In addition, new display and bio industry technologies were added to the list, as shown below (newly added technologies are shaded in grey).

Category	Technology
Semiconductor (8)	Design, process, and device technology & 3D stack formation technology applicable to DRAM of 16 nm or less
	Stack assembly technology & inspection technology applicable to DRAM of 16 nm or less
	Design, process, and device technology applicable to 3D NAND Flash of 128 or more layers
	Stack assembly technology & inspection technology applicable to 3D NAND Flash of 128 or more layers
	Image sensor design, process, and device technology for 0.8㎛ or smaller pixels
	OLED display driver IC design technology for display panel operation
	Process and device technology & 3D stack formation technology applicable to Foundry of 14 nm or less
	Process, assembly, and inspection technology applicable to high-tech packages for system semiconductors, such as FO-WLP, FO-PLP, FO-PoP, or SiP
Display (4)	AMOLED panel design, manufacturing, process, and operation technology (ultra-small size of 3,000 ppi or more, small size of 500 ppi or more, mid-size of FHD or more, large display of 4K or more, excluding module process technology)
	Design, manufacturing, process, and operation technology for panels made of eco-friendly QD with a half width of 40 nm or less (color reproduction rate of 90% or more under REC2020, excluding LCD and module technology)
	Design, manufacturing, process, and operation technology using micro LED display panel of 30㎛ or less (ultra-large chip size of 30μm or less, mobile chip size of 20μm or less, ultra-small chip size of 5μm or less)
	Design, manufacturing, process, and operation technology for nano LED display panel of 1 ㎛ or less (excluding module technology)
Secondary battery (3)	Technology for design, process, manufacturing, and evaluation of high energy density lithium secondary batteries (pouch-type batteries with an energy density of 280Wh/kg or more, prismatic batteries with an energy density of 252Wh/kg or more, cylindrical batteries with a diameter of 21mm or less with an energy density of 280Wh/kg or more, and cylindrical batteries with a diameter exceeding 21mm with an energy density of 260Wh/kg or more)
	Technology for design, manufacturing, and process of high-capacity anode materials for lithium secondary batteries (containing over 80% nickel)
	Design, process, manufacturing and evaluation technology for ultra-high-performance electrodes (silicon graphite composite anode, sulfur cathode, lithium metal anode) of 600 mAh/g or higher or next-generation lithium secondary batteries (all-solid-state batteries, lithium-sulfur batteries, lithium metal batteries)
Bio (2)	Animal cell culture and purification technology applied to the development and manufacture of biopharmaceuticals (multi-use bioreactor cell culture: 10,000 liters or more)
	Organoid differentiation and culture techniques applied to develop and manufacture high-quality organoid regenerative agents (scale of culture of autologous and homologous organoid regenerative agents: 100 dose/lot or more, organoid target cell composition by organ: 80% or more, organoid survival by organ: 80% or more)

2. Regulations for National High-Tech Strategic Technologies

Pursuant to the Special Act, NHSTs are subject to the following regulations:

Regulation of Export and Overseas M&A

A holder of NHST must obtain approval from MOTIE if the holder (i) intends to export the technology to a foreign company by sale, transfer, or other means or (ii) intends to proceed with an overseas acquisition, merger, joint venture, etc. Assigning intellectual property rights that fall within NHSTs abroad or granting licenses to such IP rights to foreign companies, transferring materials relating to such technologies overseas for the purpose of legal proceedings (e.g., patent infringement suits) before the court or the International Trade Commission, or granting a foreign company's access to such technologies stored in a cloud service may all constitute "export" for the purpose of the Special Act. However, export of materials, parts, devices themselves and mere provision of the information that commonly accompanies such export, without details that would allow implementation of national high-tech strategic technology, are not required to obtain approval.

Protective Measures

The Special Act requires NHST holders to take protective measures to prevent the leakage of NHSTs by, e.g., (i) designating protected areas under access control and inspecting personal belongings at entrances and exits, and (ii) keeping track of the movement of employees handling NHSTs and ensuring they have executed non-disclosure agreements. Please keep in mind, however, that protective measure requirements may continue to evolve.

With the scope of NHSTs now specified, companies possessing relevant technologies should carefully review whether appropriate safeguards and procedures have been implemented.

Korea Announces Draft Amendment to Industrial Technology Act to Broaden and Simplify Regulation of National Core Technologies

By Min Seo HWANG, Ki Beom PARK, Unjung PARK and Nam KIM

The Ministry of Trade, Industry and Energy (the "MOTIE") held its 43rd Industrial Technology Protection Committee (the "Committee") on May 30, 2023 and announced a draft amendment to the Act on Prevention of Divulgence and Protection of Industrial Technology (the "Industrial Technology Act" or "ITA"). The draft amendment seeks to expand the scope of application of the ITA to better manage national core technologies ("NCTs") that are subject to export controls, and includes proposed changes to simplify the export review process for lower-risk NCTs to ease burdens on companies needing to share or disclose such technologies.

1. Broader application of the ITA

The draft amendment expands the scope of application of the ITA, and thereby clarifies several grey areas that have previously arisen regarding the law's application due to lack of detail regarding the meaning of certain specific provisions.

Applies to:	Current meaning	After amendment, also covers:
"Foreigners"	• Non-Korean individuals • Corporations established under foreign laws	• **Dual citizens** • **Domestic private equity funds controlled by foreigners**
"Technology exports"	• Sale of technology • Technology transfer by data transmission, technology training, research or production by contract, long-term dispatch of personnel • Research collaboration with foreign companies • Assignment of patent rights or grant of exclusive patent license • Submission of technical documents for proceedings before foreign courts or ITC	• **Domestic transfer (Korean to foreigner)** • **Re-transfer of technology previously transferred overseas to other parties**

Applies to:	Current meaning	After amendment, also covers:
"Overseas M&As"	• Where a foreigner is to own, solely or jointly with a specific party, (1) at least 50 percent of the stocks of the company or (2) less than 50 percent of the stocks of the company but becomes the largest shareholder thereof and is able to exercise dominant influence over appointment of executives or management of the company	• **Indirect control of a domestic company through acquiring its domestic or foreign parent**

The draft amendment to the ITA adds provisions giving the government the power to order companies to file for NCT determination and to require entities holding NCTs to register them. The government now may also attach conditions to the export of NCTs where the NCTs only need to be declared, as well as where they must be approved for export, and can conduct later audits to confirm implementation of those conditions. The draft amendment also lowers the level of intent required for punishments for improper exports of NCTs, and adds the acts of introduction, arrangement, and solicitation of technology divulgence as additional acts that can be punished. Finally, compulsory enforcement fines may be imposed if a party found liable for an unlawful M&A fails to comply with an order to restore the status quo.

The draft amendment will likely be submitted to the National Assembly later this year (legislation announcement by July – regulatory review by October – approval by the president by November). The detailed language of the draft amendment is yet to be made public, but additional information on the specifics are expected to roll out during the course of the legislative process.

2. Proposed streamlining of the review process for certain NCT exports

The MOTIE also seeks to ease the burden on companies needing to export certain lower-risk NCTs by simplifying the review process for such exports. The relevant MOTIE notice (Industrial Technology Protection Guide) will be amended by July 2023 to include the following:

- **Annual blanket review system for overseas approval of finished drugs**: When exporting technology for finished drugs for overseas approval purposes, the technical data for overseas approval may receive prior blanket approval annually. At the time of actual export, the export review period would then be shortened through review by an expert committee.

- **Annual blanket review system for joint research with overseas subsidiaries:** In case of joint R&D between a domestic institution and an overseas subsidiary or institution wholly owned by the domestic institution, the joint R&D project may be subject to prior blanket approval annually, followed by ex-post reporting, to shorten the time spent on review.

- **Written review for export in response to discovery in overseas patent disputes:** When exporting technical materials due to overseas patent disputes requiring discovery of documents (such as at the US ITC), the export review period may be shortened by requiring only written review rather than in-person review followed by written review.

- **Export of technology under a non-exclusive license:** Export of technology under a non-exclusive license, or transfer of technical information already publicly disclosed in a patent application, is exempt from export review.

The MOTIE is continually discussing further changes to the relevant laws and regulations in this area, so companies are well-advised to keep an eye on future similar developments.

South Korea Tightens Export Control Measures Regarding Russia, Belarus, and North Korea While Reinstating Japan as Whitelisted Trading Partner

By Min Seo HWANG, Ung AHN and Nam KIM

On April 24, 2023, the Ministry of Trade, Industry and Energy (MOTIE) promulgated the amended Public Notice on Trade of Strategic Items that adds controlled items with regards to Russia and Belarus, while reinstating Japan to the trade whitelist.[1] It also issued a prior announcement of the draft amendment to the Public Notice of Special Measures on Trade to Undertake Obligations for International Peace and Security Maintenance adding satellite-related items to the watch-list targeting North Korea. It is advised that companies who trade in the relevant industry or deal with items added to the controlled list to double-check if their businesses are affected by the new developments.

Amendment to the Public Notice on Trade of Strategic Items

The amended Public Notice on Trade of Strategic Items (1) expands the scope of items subject to export control on Russia and Belarus and (2) reinstates Japan to South Korea's trade whitelist.

1. 741 items are newly added to the list of non-strategic items subject to the catch-all license for export to Russia and Belarus

As pre-announced on February 24, 2023, the amended Public Notice expands the scope of items subject to export control against Russia and Belarus, effective from April 28, 2023.

The amended Public Notice adds 741 items related to industrial machines, petroleum gas refining equipment, steel and chemicals, vehicles, and quantum computers to the existing 57 items on the

1 Whitelist: The list of countries classified as belonging to "Zone A" under Article 10 and Appendix 6 of the Public Notice on Trade of Strategic Items.

catch-all control list of non-strategic items subject to catch-all license for export to Russia and Belarus. Exporting to Russia or Belarus of any of the 798 items on the expanded list requires export license issued by MOTIE. MOTIE has established the principle that it will ban all exports of listed items; it will, however, grant exceptional licenses after a case-by-case review of exports under contract executed prior to April 28, 2023, or to a wholly-owned subsidiary located in Russia or Belarus (for more information on the newly added 741 items, see Appendix 2-2 Items Subject to Catch-all License).

Companies trading in the relevant business or trading goods newly added to the list, such as vehicles worth USD 50,000 or more (including used cars), should pay special attention to the current development.

With the amendment, South Korea now imposes a similar level of export control measures as those currently imposed by the US and the EU. However, international demand for a complete ban on export to Russia and Belarus is growing in response to the prolonged war in Ukraine. In view of this global trend, continued monitoring is recommended as the Public Notice may be further amended.

2. Japan is reinstated to the trade whitelist

As pre-announced on March 23, 2023, Japan has been reinstated to the trade whitelist, three years and seven months after the country was removed from the list in 2019. From the effective date (April 24, 2023), licensing standards and documentation requirement imposed on strategic items exported to Japan have been relaxed. This change is expected to shorten the permit review period and reduce the number of documents to be submitted for Korean companies exporting strategic items to Japan.

3. Other amendments to the Public Notice on Trade of Strategic Items

In addition to the above, the amendment (1) allows Compliance Program partners of AA grade or higher to conduct self-assessment regarding export of technologies subject to catch-all license (amendment to Article 12(3)(i) of the Public Notice); (2) exempts foreign satellite launch contractors from the requirement to submit end user pledges (enactment of Article 19(4)); (3) extends the time period given for reimporting and discarding strategic items that were exported for inspection and testing from one year to five years, while adding requisite documents to be submitted (amendment to Article 26(1)(xv) and 26(2)); and (4) adds or removes strategic items as agreed upon under the 4th multilateral Export Control Regime in 2022 (Appendixes 2 and 3).

Pre-announcement of Draft Partial Amendment to the Public Notice of Special Measures on Trade to Undertake Obligations for International Peace and Security Maintenance

On April 24, 2023, MOTIE pre-announced the draft amendment to the Public Notice of Special Measures on Trade to Undertake Obligations for International Peace and Security Maintenance. The Public Notice adds 77 satellite-related items to the watch list targeting North Korea, under which the items are banned for trade with North Korea.

Companies should carefully review the amendment as the Notice applies not only to direct export to North Korea but also to third parties in cases where North Korea is the final destination (Article 48 of the Public Notice). The chart below shows the current status of the watch list, including the newly added 77 satellite-related items (see Appendix 6 North Korea Watch-list for more details).

North Korea Watch-list

Before amendment	After amendment
1. 89 items relating to nuclear 2. 41 items relating to missiles 3. 60 items relating to submarines	1. 89 items relating to nuclear 2. 41 items relating to missiles 3. 60 items relating to submarines 4. 77 items relating to satellites (added)

DESIGN

New Applicant-Friendly Amendments to the Design Protection Act

By Sung-Nam KIM and Alexandra BÉLEC

A bill containing several amendments to the Design Protection Act ("DPA") has been promulgated on June 20, 2023. The amendments will go into effect on December 21, 2023. The following are the major amendments in the bill.

1. Related Design Can Be Filed Within Three Years

If an applicant files for a design that can be considered similar to a previously registered or filed design of the applicant, the later design must be filed as a related design application. Although in principle a registered design owner has exclusive rights to use the registered design and any similar designs commercially and industrially, it is common practice in Korea to file a new application to obtain a registration for what would be considered a similar design. Through this related design registration practice, the scope of similarity to an earlier-filed principal design may be clarified if any future dispute arises over what is considered similar to the principal design.

Under the current DPA, an application for a related design must be filed within one year of the filing date of the application for the principal design.

The amended DPA extends the one-year period to three years. This amendment reflects concerns expressed by various industries to effectively and properly protect new modifications to existing designs.

2. Easier to Claim Presumption of Novelty

The DPA allows for a one-year grace period, such that a design is presumed to be novel and creative over an identical or similar design as long as the application for the design was filed within one year from the date when the identical or similar design was first laid-open (except where the design was disclosed through publication by any patent office in the world).

Under the current DPA, any person seeking to take advantage of the grace period must claim the presumption of novelty (i) at the time of filing the application, (ii) prior to the issuance of KIPO's

final decision on whether to grant/reject a design registration, (iii) when filing a response to an opposition filed by a third party, or (iv) when filing a response to an invalidation action filed by a third party.

These restrictions on when the presumption can be claimed has been criticized by many practitioners in Korea, in particular the fact that the presumption cannot be asserted by the petitioner of an infringement action (or scope confirmation trial). To work around this issue, design registrants often have had to use third parties to artificially file invalidation actions against their own designs in order to claim the presumption of novelty.

The amendments solve these issues by simply eliminating the time restrictions on claiming the presumption of novelty completely.

3. Additional Time for Priority Claim-Related Procedures

Any person seeking to take advantage of priority offered under the Paris Convention must file his/her application within six months from the filling date of the foreign application that serves as the basis for the priority claim, and shall specify in the design application the intention to claim priority to KIPO. In addition, a copy of the foreign priority application certified by the government of the foreign country must be submitted within three months from the filing date of the design application (depending on the country of the priority application, applicants may use the WIPO Digital Access Service to submit priority documents).

Under the amended DPA,

- the six-month period for claiming priority can be extended by two additional months, if there is a justifiable reason;
- the priority claim can be amended or added to within three months from the filing date of the design application; and
- the three-month period for submitting the priority documents can be extended by two additional months, if there is a justifiable reason for not meeting the original deadline.

NEWS

Kim & Chang Wins "South Korea Patent Disputes and Trademark Firm of the Year" – Managing IP Asia Pacific Awards 2023

Kim & Chang has been named "Firm of the Year" for South Korea in the Patent Disputes and Trademark categories at the Managing IP's Asia Pacific Awards 2023. The ceremony was held in Hong Kong on July 5, 2023.

Managing IP, part of the Delinian Limited, is a leading source of news and analysis on IP developments worldwide. The Managing IP Asia Pacific Awards is based on extensive research and interviews with IP owners and professionals worldwide.

Kim & Chang Named in IAM Patent 1000: The World's Leading Patent Professionals 2023

Kim & Chang has been ranked in the Gold (highest) band for litigation and prosecution, and also ranked as Highly Recommended for transactions in Korea in the twelfth edition of the Intellectual Asset Management (IAM) Patent 1000: The World's Leading Patent Professionals.

In addition, 16 Kim & Chang professionals – Stephen T. Bang, Duck Soon Chang, In Hwan Kim, Jay J. Kim, Young Kim, Inchan Andrew Kwon, Monica Hyon Kyong Leeu, Si Yul Lee, Amy Seung Hyun Oh, Yu-Seog Won, Chun Y. Yang and Jay (Young-June) Yang for litigation, Sang Young Lee, Sean (Seunghun) Lee, and Man-Gi Paik for prosecution, Chul Hwan Jung for transactions – have been identified as recommended individuals in Korea.

The IAM Patent 1000 is a guide to top patent practitioners in key jurisdictions around the globe. Their rankings are based on in-depth research and interviews with numerous attorneys at law, patent attorneys and in-house counsel.

Opening of Kim & Chang's Indonesia Desk

We are delighted to announce that in March 2023, Kim & Chang opened its Indonesia Desk in partnership with Soewito Suhardiman Eddymurthy Kardono ("SSEK"), a top-tier Indonesian law firm.

We have sent and will henceforth continuously send one of our firm's highly-experienced attorneys to our Indonesia Desk at SSEK on a secondment arrangement. In order to provide quality legal services regarding various issues relating to business matters in Indonesia, we will be liaising closely with our Indonesia Practice based in Korea.

Newsletter

A Quarterly Update of Korean IP Law & Policy

KIM & CHANG

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