KIM & CHANG

A Quarterly Update of Korean IP Law & Policy

# Newsletter

2023 Issue 4

## PATENT



## TRADEMARK, DESIGN & UNFAIR COMPETITION



**EDITORS** ***Inchan Andrew KWON, Angela KIM, John J. KIM & Raymis H. KIM***

## NEWS

### "Korea Law Firm of the Year" for Eleven Years in a Row – ALB Korea Law Awards 2023

### Ranked "Band 1" in 18 Areas, 85 "Leading Individuals" – Chambers Asia-Pacific 2024

### Winner of "Country Firm of the Year: South Korea" for the Eighteenth Consecutive Year – WWL Awards 2023

PATENT

# Korean District Court Recognizes Infringement of Pfizer's Patent for Prevenar 13® Based on Extraterritorial Activity

By Young KIM, Yu-Seog WON, In Hwan KIM and Amy Seung Hyun OH

## Summary

In a patent infringement action filed by Pfizer,[1] the Seoul Central District Court rendered a decision finding that another pharmaceutical company directly infringed Pfizer's composition patent even though the infringer did not make the patented composition in Korea, on the basis that the infringer manufactured 13 individual conjugate solutions (the essential components of the patented composition) in Korea and then exported them to a company in Russia for the purpose of mixing the solutions into the patented composition.[2]

## Legal Significance

Korean patent law has strictly respected the principle of territoriality in determining whether acts constitute patent infringement, in that if the patented invention is not actually practiced in Korea, Korean courts have found no infringement. However, in 2019, the Korean Supreme Court rendered a landmark decision in the so-called surgery suture case[3] where an exception to this territoriality principle was recognized for the first time in Korean patent law history.

In the surgery suture case, the accused infringers manufactured all of the components of the patented product in Korea, and then exported them to an entity in Japan which assembled the components into the patented product. The Supreme Court held that these activities constituted direct infringement of the patent, even though the patented product was not produced in Korea.[4] In

1 The infringement action was filed by Pfizer Korea, an exclusive licensee, and Wyeth, the patentee of Korean Patent No. 10-1298053. Kim & Chang represented Pfizer and Wyeth in all of the patent litigations involving this patent.

2 Seoul Central District Court Case No. 2020 KaHap 591823 decided on August 10, 2023.

3 Y Jacobs Medical vs. CS Inc., *et al*., (Supreme Court Case Nos. 2019Da222782 and 2019Da222799 (consolidated) decided on October 17, 2019).

4 Korean patent law recognizes indirect infringement, which is similar to the contributory infringement under the U.S. patent law. However, indirect infringement is only recognized if the patented product is produced in Korea (Supreme Court Case No. 2014Da42110; July 23, 2015).

this regard, the Supreme Court specifically held that a patented invention may be considered to be practiced in Korea if (i) all of the components of the patented product or semi-finished products having all essential components of the patented product are produced in Korea (**first element**), (ii) the components are exported to a single entity in a foreign country for the purpose of being processed or assembled into the patented product (**second element**), and (iii) the processing or assembling is so insignificant or simple that merely manufacturing the components or semi-finished products has reached the state where the functional effects of the patented invention can be realized (**third element**).

Until now, this has been the only Korean court decision finding infringement on these terms. However, the Seoul Central District Court has now applied this earlier Supreme Court decision to find direct infringement in the patent infringement action filed by Pfizer, making this the second case in Korea to recognize an exception to the territoriality principle. This new case has additional significance in that whereas the earlier Supreme Court decision was directed to a relatively simple medical device, the new decision found the same principle still would apply to a complicated vaccine case.

## Facts

Claim 1 of Korean Patent No. 10-1298053 is directed to an immunogenic composition for use as a 13-valent pneumococcal conjugate vaccine (PCV), which comprises 13 distinct polysaccharide-protein conjugates, together with a physiologically acceptable vehicle, wherein each of the conjugates comprises a capsular polysaccharide from a different serotype of *Streptococcus pneumonia* conjugated to a carrier protein.

A local Korean company, SK Bioscience, entered into a technology transfer and license agreement with a Russian company, and assisted them with obtaining product approval from the Russian regulatory authority, as well as supplying them with the 13 individual conjugate solutions as well as the finished products.[5] The Russian company obtained product approval of the finished products, which were produced using the 13 individual conjugate solutions supplied by SK.

## Parties' Arguments

Pfizer argued that under the logic of the Supreme Court's decision in the surgery suture case, SK was infringing its patent by manufacturing the 13 individual conjugate solutions in Korea, and then

5 Pfizer also asserted infringement with respect to SK's manufacture and exportation of the finished products, but SK argued such acts were exempt from infringement under the research exemption in Article 96 (1) (i) of the Korean Patent Act. The Seoul District Court rejected SK's defense, finding that the research exemption should apply only to the person for whom the research or experiment was conducted, although it does not necessarily need to be conducted by the person him- or herself.

exporting them to a single company in Russia for the purpose of mixing them into the patented composition.

In response, SK argued that: (i) the patented composition should only be interpreted to cover the composition of the finished products which are ready to be administered, and not a bulk composition/simple mixture of the individual conjugate solutions alone, due to the phrase "for use as a 13-valent pneumococcal conjugate vaccine" in Claim 1; (ii) the Supreme Court's earlier decision in the surgery suture case should be limited to simple mechanical inventions, and should not apply to highly complicated vaccine cases; and (iii) the process of mixing the 13 individual conjugate solutions to make the patented composition was not simple or insignificant since it involved very complicated controls and procedures.

## District Court's Decision

### A. Interpretation of claim

The District Court applied well-established legal principles of claim interpretation, affirmed in a number of earlier Supreme Court decisions, to rule that the scope of Claim 1 was not limited to covering only the composition of the finished vaccine product (i.e., a product completely formulated so as to be ready to be administered), but also covered a bulk composition to be made by mixing the 13 individual conjugate solutions in a predetermined ratio, for the following reasons.

- Claim 1 was literally directed to "an immunogenic composition for use as a 13-valent pneumococcal vaccine," and not limited to a composition "which is ready to be used as a pneumococcal vaccine." Thus, it is natural to consider that Claim 1 also covers a composition which is used during the process of preparing a final bulk composition in a form that can be administered directly to a human.

- As the Patent Court held in the related patent invalidation action,[6] the key technical idea of the claimed invention resided not in simply making a composition that comprised conjugates made from 13 serotype polysaccharides and a carrier protein, but rather in making a composition that had immunogenicity against all 13 serotypes. Further, the final bulk solution or finished vaccine product additionally contained a buffer solution, an adjuvant, etc. as well as the claimed composition. However, the adjuvant merely enhanced immunogenicity, which was already

6 SK vs. Wyeth (Patent Court Case No. 2015 Heo 4613; November 29, 2017). SK filed an invalidation action against KR10-1298053, which was upheld as valid by the IPTAB, the Patent Court, and then the Supreme Court. SK was sued for infringement in 2015 after receiving product approval in Korea, which resulted in a court-settlement decision where SK expressly agreed not to manufacture or sell their finished products.

expressed, and the other additives were irrelevant to immunogenicity. Thus, the key technical idea of Claim 1 was not achieved only after the final finished vaccine product was made.

- The court noted that there were descriptions in the patent specification such as the following: "After the individual glycoconjugates are purified, they are compounded to formulate the immunogenic composition of the present invention, which can be used as a vaccine. Formulation of the immunogenic composition of the present invention can be accompanied using art-recognized methods." Accordingly, the immunogenic composition of the present invention was not necessarily dependent on being formulated into the finished product.

### B. Application of the Supreme Court's decision in the surgery suture case

The present case was the first application of the Supreme Court's decision in the surgery suture case to another infringement case in Korea. Although SK argued that the Supreme Court's decision should not apply to biological vaccine inventions, the court rejected this argument and affirmed that the need for substantive protection of patent rights in this case should not be denied simply because a biological invention was involved.

The court then provided its findings in relation to the three elements of the Supreme Court's decision in the surgery suture case.

***First element***

The court found that the 13 individual conjugate solutions which SK manufactured in Korea and exported to Russia were semi-finished products having all of the essential components of the composition of Claim 1, on the following grounds.

- It was very important in the present invention to establish specific processes for making conjugates as well as to select suitable carrier proteins to prepare the 13 individual conjugate solutions. Thus, it was clear that each of the 13 individual conjugate solutions SK manufactured should have been prepared so as to provide immunogenicity against each of the 13 serotypes. It was also clear that the composition to be prepared from these solutions would have the immunogenicity intended by the patented invention.

- As admitted by SK itself, the bulk composition made by mixing the 13 individual conjugate solutions in Russia was the same as the bulk composition from which SK's own approved vaccine was produced. There was no dispute between the parties that the bulk composition for SK's own approved vaccine was within the scope of Claim 1. Thus, the process of mixing the 13 conjugate solutions was all that was needed to produce the composition of Claim 1.

***Second element***

Based on evidence including the agreement between SK and the Russian company, the court found that SK's 13 individual conjugate solutions were intended for export to the Russian company and for processing with a mixing process in Russia in order to produce a composition within the scope of Claim 1.

***Third element***

The court also found that the mixing process that was intended to take place in Russia was very simple and insignificant for several reasons.

- Claim 1 specified the types of serotype and carrier protein of the individual conjugates, and disclosed the element of adding a physiologically acceptable vehicle. In addition, Claim 1 required that the claimed invention be a 13-valent immunogenic composition, which suggested that a mixing process was needed. However, there was no particular limitation on the mixing process in Claim 1.

- The patent specification described manufacturing processes for making the conjugates for each serotype in detail with examples. However, the specification did not have any special descriptions regarding the mixing process, and merely described that "[a]fter the individual glycoconjugates are purified, they are compounded to formulate the immunogenic composition of the present invention, which can be used as a vaccine."

- SK also filed patent applications directed to PCVs. However, they did not add any special limitations regarding the mixing process to the claims, and had very similar descriptions regarding the mixing process as in the specification of the present patent. Patent applications filed by other pharmaceutical companies also had similar descriptions.

- As such, there would have been no technical difficulty for a person skilled in the art to conduct the mixing process, and when compared to the entire process for making the claimed composition, the mixing process was rather insignificant.

- Based on the license agreement between SK and the Russian company, the technology for the mixing process was apparently transferred to the Russian company, so it was hard to see that there would have been any technical difficulty for the Russian company to solve in order to achieve the effects of Claim 1.

In conclusion, the court held that SK directly infringed the patent right of Claim 1 by manufacturing the 13 individual conjugate solutions in Korea.

## Comments

In the surgery suture case, the Supreme Court stated that this new exception to the territoriality principle was intended to provide substantial protection of patent rights. The District Court's decision in the Pfizer case further improves effective protection of patent rights given that it is now clarified that SK's acts to try to avoid infringement in reliance on the territoriality principle, after being found to infringe Pfizer's patent following their initial product approval in Korea, are still infringing.

An appeal against the District Court's decision is currently pending before the IP High Court (formerly the Patent Court). Confirmation of the decision by the IP High Court would be an important step for ensuring the effective protection of patent rights in Korea against this type of behavior by potential infringers.

# KIPO Clarifies Written Description Requirements for Cosmetic Inventions

By Song Mi LIM and Cyril K. CHAN

***KIPO has published examination guidelines for the cosmetics field establishing stricter enablement requirements for functional cosmetic inventions, natural cosmetic inventions, and cosmetic inventions using biotechnology.***

With the rise of K-Beauty in the global cosmetics market, the number of patent applications for cosmetic inventions in Korea has steadily increased over the past decade. This has led to a need for more detailed patentability standards for cosmetic inventions, and in May 2023, KIPO published examination guidelines specifically for the cosmetics field in order to improve the predictability and quality of examination relating to cosmetic inventions. While the guidelines are not substantially different from the existing KIPO practice, they provide additional details regarding the patentability of specific types of cosmetic inventions, with a particular focus on written description (enablement) requirements.

KIPO examiners tend to be very strict about whether the scope of a claim is sufficiently supported by the specification, and often try to limit the scope of the claims to what is disclosed in the working examples. Further, KIPO has specific rules for certain types of inventions that must be met before the invention can be allowed. For example, medicinal use inventions in the pharmaceutical field must disclose pharmacological data supporting the claimed medicinal effects in the originally-filed specification to be considered valid. KIPO has applied similar data description requirements to "functional" cosmetic inventions (cosmetics that relate to improvement in physical properties like skin tone, wrinkles, hair loss, etc.). Specifically, KIPO generally requires that functional efficacy via a biochemical or physical effect of this type of invention must be based on specific and objective examples in the specification. As examiners apply this rule very strictly, potential applicants for cosmetic inventions are often left wondering whether their application specifications are sufficiently detailed to support the claims.

The new examination guidelines give greater detail on the requirements for written description under Article 42(3) of the Korean Patent Act in relation to three types of cosmetic inventions: functional cosmetic inventions, natural cosmetic inventions, and cosmetic inventions using biotechnology.

## 1. Functional cosmetic inventions

As noted above, a functional cosmetic is a cosmetic that provides a specific function via a biochemical or physical effect on the skin or hair (e.g., compositions relating to improvement in skin tone, wrinkles, hair loss, etc.). For such inventions, the specification must include a specific and objective test example proving the functional usefulness/efficacy of the invention, or a detailed description that establishes the functional usefulness/efficacy of the invention, unless the functional usefulness/efficacy of the invention was already clearly proven before the application was filed.

Notably, the examination guidelines also clarify the enablement standard for anti-aging cosmetic inventions. Since "anti-aging" can be achieved through a variety of biological mechanisms, the claim term "anti-aging" can be broadly interpreted to apply to many different effects on the human body and its functions. Due to uncertainty as to whether specific working examples regarding wrinkle alleviation, skin brightening, moisturizing effects are sufficient to support claims containing the term "anti-aging", KIPO has clarified in the examination guidelines that merely providing working examples regarding effects such as wrinkle alleviation, skin brightening, or moisturizing effects is not sufficient to meet enablement requirements for anti-aging cosmetic inventions (where the claims use the term "anti-aging"), since the term "anti-aging" has a broader meaning than just wrinkle alleviation, skin brightening, or moisturizing. Under previous guidelines, the standard of enablement for anti-aging cosmetic inventions varied for different examiners (some examiners acknowledged enablement when the specification provided several working examples on wrinkle alleviation, brightening or moisturizing effects), but KIPO has now taken a strict position that merely providing only specific working examples to support claims containing the term "anti-aging" is not sufficient.

Applicants that receive a rejection regarding the lack of enablement for the claim term "anti-aging" may overcome it by amending the term "anti-aging" to a more specific term for which working effect is supported by the working examples. Further, for functional cosmetic inventions in general, Applicants should make sure that the specification describes the functional usefulness with objective data.

## 2. Natural cosmetic inventions

A natural cosmetic is any cosmetic that contains animal or plant ingredients, or raw materials derived therefrom. For such inventions, the specification should describe the scientific name and origin of the natural substance, if the natural substance is difficult to obtain. Also, if extracts or fractions are used as active ingredients, the manufacturing method of such active ingredients should be specifically described in the specification.

### 3. Cosmetic inventions using biotechnology

A cosmetic using biotechnology is one that contains materials derived from organisms such as nucleic acid fragments, proteins, enzymes, microbiomes, and cells etc., or that are obtained by artificially modifying functions of organisms. For such inventions, the method of obtaining the starting material, the specific means/method by which the invention can be carried out, as well as the experimental results to confirm the effects obtained therefrom, should be described in the specification. These description requirements are essentially equivalent to the description requirements of biotech inventions.

Further, for an invention involving a cosmetic composition containing a nucleic acid sequence with 10 or more nucleotides or an amino acid sequence with 4 or more amino acids, the sequence list must be described in the specification and attached as an electronic file to the application. For an invention involving a cosmetic composition containing microorganisms, the microorganisms must be deposited before filing a patent application, the deposit must be described in the specification, and documents for demonstrating the deposit must be attached to the application, unless such microorganism can be easily obtained by person having ordinary skill in the art.

The new guidelines are expected to lead to more consistent and predictable examination of cosmetic inventions. KIPO appears to have recognized that functional cosmetic inventions and cosmetic inventions using biotechnology have characteristics that are similar to those of medicinal use or biotech inventions, and thus adopted similar written description requirements for functional cosmetic inventions, resulting in generally stricter examination standards. Applicants for functional cosmetic inventions will need to be more careful to ensure that their specifications contain detailed descriptions and/or experimental data sufficient to objectively prove the effects of their inventions.

# Expedited Examination for Display Patent Applications Now Available

By Seo Jin KIM and Nam KIM

The Korean Intellectual Property Office (KIPO) recently announced expedited examination for display patent applications. This strategic move comes amid escalating international patent disputes in the display field and aligns KIPO's commitment to aiding companies with manufacturing facilities in Korea to swiftly acquire display patents.

According to KIPO's Public Notice, expedited examinations for display patent applications will initially prioritize applications filed with a request for expedited examination between November 1, 2023 and October 31, 2024 (with a subsequent evaluation on extension of the applicable period of the program). To be eligible for expedited examination, display patent applications must satisfy the following conditions:

1) The patent application must be directly related to display materials, parts, equipment, manufacturing, or design technologies; and

2) The patent application must be filed by a company engaged in the production or preparation of products or devices related to displays in Korea, or it must relate to a result of national research and development projects related to display technology.

When expedited examination was first introduced for semiconductor patent applications in 2022, KIPO required that the primary Cooperative Patent Classification (CPC) must be related to semiconductors. This time, KIPO's Public Notice removed the CPC requirement for both display patent applications and semiconductor patent applications. This change recognizes the challenges faced by applicants in obtaining a CPC within the typical one to two months post-filing period.

In the Public Notice, KIPO has also extended the applicable period for expedited examinations for semiconductor patent applications. Thus, semiconductor patent applications filed with a request for expedited examination between November 1, 2023 and October 31, 2024 will undergo expedited processing.

We will keep a close watch on further developments in Korea's initiatives to promote the growth and development of high-technology sectors including semiconductors and displays.

# Changes to Korea's Expedited Examination System and Patent Term Adjustment Practices in 2024

By Ji Woo KIM and CY Chooyoun KIM

A recent amendment to the Enforcement Decree of the Korean Patent Act (KPA) took effect on January 1, 2024 ("Amendment"). The most notable changes are to Korea's expedited examination system and Patent Term Adjustment (PTA) practices, as explained below.

## 1. Reduced options for seeking expedited examinations

Prior to the Amendment, the Korean Intellectual Property Office (KIPO) offered the following four ways to expedite examinations: (i) when an application is filed under the patent prosecution highway (PPH) program; (ii) when a third party is actively engaging in the use of a claimed invention; (iii) when an applicant is practicing or preparing to practice a claimed invention; or (iv) when an applicant has procured a prior art search from one of the KIPO-designated agencies.

However, the Amendment eliminates the fourth option of obtaining a prior art search from a KIPO-designated agency. This is a significant change since this option is arguably the easiest way to qualify for expedited examination.

In view of this change, we advise applicants who are interested in expedited examination in Korea to plan ahead and explore the remaining options, particularly the PPH program.

## 2. Expanded scope of 'period of delay attributable to the applicant' for PTA

In Korea, PTA is available where the patent registration date exceeds 4 years from the application filing date or 3 years from the request for examination filing date, with the excess period between the later of these two dates and the patent registration date being eligible to be added to the patent term. However, since a PTA is intended to compensate the patentee for any unreasonable delays by KIPO during prosecution, any "periods of delay attributable to the applicant" during prosecution must be subtracted when calculating the PTA. The Amendment expands the scope of this "period of delay attributable to the applicant" as follows.

a. In cases where an applicant requests re-examination of a patent application even after it has been allowed, the Amendment newly recognizes as a "period of delay attributable to the applicant" the entire period from the applicant's receipt date of the Notice of Allowance to the date of the re-examination decision.

b. In cases where an applicant requests re-examination of a patent application in response to a rejection, the "period of delay attributable to the applicant" previously only included any time extensions obtained by the applicant on the deadline to file the re-examination request. After the Amendment, the entire period from the applicant's receipt date of the Notice of Rejection to the date of filing the petition for re-examination will count towards the applicant's delay.

According to KIPO, the above changes were spurred by a previous amendment to the KPA, effective April 20, 2022, which had (i) given applicants, for the first time, the ability to petition for a re-examination even after the issuance of a Notice of Allowance and (ii) increased the deadline to file a petition for re-examination from 30 days to 3 months. While the Amendment is not favorable to the patentee in terms of adding to delays attributable to the applicant, the changes seem sensible in view of the previous amendment to the KPA and the corresponding PTA practices of the US, which served as the basis for Korea's PTA system pursuant to the free trade agreement between the two nations.

TRADEMARK, DESIGN & UNFAIR COMPETITION

# Supreme Court Issues Landmark Decision on the Criteria for Dilution Under the Trademark Act

By Min Kyoung JEE and Angela KIM

***Kim & Chang secured a landmark decision before the Supreme Court when the Court recognized that the mark LEGOCHEMPHARMA was likely to damage the property value of the LEGO trademark and held that it should be invalidated. This decision marks the first time the Supreme Court applied Article 34(1)(xi) of the Trademark Act (TMA) and provided criteria for how dilution is to be assessed under this provision. Article 34(1)(xi) was introduced in 2014 and prohibits the registration of "any trademark likely to tarnish the distinctiveness or reputation of the goods or business of another party remarkably recognized by consumers".***

In this decision, the Supreme Court found that the LEGO mark is a well-known trademark with a significant property value that is protectable under the trademark law, and held that since the use of the LEGOCHEMPHARMA mark was likely to damage its value, the registration should be invalidated regardless of whether there is a likelihood of confusion as to source.

The registrant was LegoChem Biosciences Inc. ("LegoChem Bio"), a biopharmaceutical company that is known for developing antibody-drug conjugates. One of their key arguments was that "lego chemistry" is a generic term because it is widely used in their field to refer to a method of joining molecules together, and they asserted that the "LegoChem" part of their name was adopted because they use "lego chemistry" technology in the development of their therapeutics.

This case started in 2016, when LegoChem Bio filed applications for the subject mark, as well as for their "LegoChemBio" logo in English and in Korean (10 applications in total). The LEGO Group ("TLG") filed oppositions against them all but requested suspensions of the other cases, pending the dispute over the subject LEGOCHEMPHARMA mark.

TLG's opposition against the subject LEGOCHEMPHARMA mark was accepted on the basis of consumer confusion and dilution, but LegoChem Bio successfully appealed to the Intellectual Property Trial and Appeal Board (IPTAB), which thereafter also dismissed TLG's invalidation action on the basis that consumer confusion would be unlikely, and denied TLG's dilution claim.

During the IP High Court (formerly the Patent Court) appeal, LegoChem Bio voluntarily cancelled their registration for LEGOCHEMPHARMA which was the subject of this Supreme Court appeal. By cancelling their registration for the subject LEGOCHEMPHARMA mark, the registrant was able to raise a "lack of legal benefit of appeal" claim and sought dismissal of the appeal by the IP High Court so that the IPTAB's favorable invalidation decision would be the conclusive holding in this case.

However, in its decision, the IP High Court accepted TLG's Article 34(1)(xi) claim and decided in favor of TLG. The court stated that since the LEGO mark has obtained a very high level of fame in Korea and the compared marks are similar, regardless of whether there is a likelihood of confusion or any competition between the parties' products, it is reasonable to think that the positive reputation which TLG enjoys as a result of its significant investments in its brand, the brand's marketing power and consumer appeal would be diluted by the use of the subject mark, and the distinctiveness of the LEGO mark and its ability to function as a source identifier would be damaged as a result.

The court also accepted our arguments with respect to there being a legal benefit of appeal for TLG.

The Supreme Court upheld the IP High Court's decision, and confirmed that the purpose of Article 34(1)(xi) of the TMA is to protect the property value of a well-known trademark, such as consumer appeal or sales power, by preventing the registration of a trademark that is likely to damage the distinctiveness or reputation of the well-known trademark, even if there is no risk of misunderstanding or confusion as to source. The specific criteria set out by the Court for applying this provision are (1) the degree of similarity of the compared marks, (2) the degree of recognition and distinctiveness of the well-known trademark, (3) whether the applicant of the registered trademark intended an association between the registered trademark and the well-known trademark, and (4) whether the actual association occurs between the registered trademark and the well-known trademark.

Specifically, in this case, the Court held that the "LEGO" part of the LEGOCHEMPHARMA mark alone could function as the source identifier. Given that TLG's LEGO mark is highly distinctive and a powerful brand, the "LEGO" part of the LEGOCHEMPHARMA mark would leave a strong impression on consumers. Also, the Court said there is no supporting ground to say that "lego chemistry" is a generic term in the chemical industry. In addition, the Court noted that given the likelihood that consumers would associate the LEGOCHEMPHARMA mark with TLG's LEGO mark and the fact that it was unnecessary for the Respondent to use the term "lego chemistry", there is a strong likelihood that the Respondent applied for the LEGOCHEMPHARMA mark with the intention of causing an association with the prior LEGO mark. The Court held that when used on the designated goods, the LEGOCHEMPHARMA mark would impair the power of the well-known LEGO mark to indicate a single source.

As a result of this decision, TLG will be able to block third party applications more easily because they will not have to demonstrate that the relevant goods/services are similar to, or have an economic relationship with, their business. The decision also has significant implications for all owners of very famous trademarks.

# A Letter of Consent System Is Among the Notable Amendments to the Korean Trademark Act Coming Into Effect in 2024

By Sue Su-Yeon CHUN and Angela KIM

On October 31, 2023, the amendments to the Korean Trademark Act ("KTA") which introduce the long awaited letter of consent system, among others, were promulgated. The amendments will take effect on May 1, 2024. We highlight the notable amendments below.

## 1. Introduction of a letter of consent system

Under the current KTA, letters of consent cannot be accepted as a means of overcoming office actions citing senior marks. As a result, parties who agree to co-exist have been utilizing an assignment/assignment back strategy to temporarily place the application and the senior mark under the ownership of one of the parties until the application is registered. Once the new amendments come into effect, consent letters can be used to overcome such rejections instead, as long as the parties do not intend to register identical marks for the same goods. The amendments further specify that consents can be submitted for applications which are still pending when the amended KTA comes into effect, making it possible to start using the new system immediately.

According to KIPO's statistics, about 40% of all trademark-related office actions issued by KIPO in 2022 involved a rejection based on conflict with a senior mark. As consent letters are not currently accepted even if the applicant and cited mark owner are related entities, the adoption of the consent system will reflect actual trade practices and significantly ease the process of obtaining a registration where the parties are willing to co-exist.

The amendments also introduce a protective measure that allows for the cancellation of a mark that was registered based on a letter of consent, if it is used for unfair competitive purposes and causes consumer confusion and/or deception. If a registration is cancelled based on the above ground, the registrant will be prohibited from registering a mark that is identical or similar to the cancelled mark for goods which are identical or similar to the goods of the cancelled mark, if the application is filed before three years pass from the date the cancellation decision becomes final and conclusive.

## 2. Automatic recognition of priority for converted applications

Under the KTA, applications can be converted in several instances. That is, collective mark and certification mark applications can be converted into general trademark applications, and vice versa. Certification mark and collective mark applications can be converted into the other, and a goods-addition application can be converted into a general trademark application. However, under current practice, even if the original application claimed priority, such priority must be specifically claimed also for the converted application, and the priority documents must also be separately submitted.

The amended KTA will provide that as long as priority was properly claimed in the original application, the same priority claim will automatically be recognized for the converted application. Furthermore, if the priority documents were submitted for the original application, such documents will be considered to have been submitted for the converted application as well.

This amendment will eliminate unnecessary rejections based on an inadvertent omission of the priority claim and/or the documents for converted applications.

## 3. Extinguishment of trademark rights

The current KTA stipulates that if an heir has failed to record the transfer of a trademark registration within three years of the death of the trademark registrant, the trademark rights will expire the day after the three year period ends. However, there is no provision that addresses the case where there is no heir.

Accordingly, the amended KTA includes a clause specifying that trademark rights will immediately expire if the deceased registrant has no known heirs at the time of death.

## 4. Allowance of divisional applications for International Registrations

Under the KTA, the owner of a trademark application or registration can partially assign some of the goods in their application or registration. Additionally, any designated good can be divided out of an application or a registration. However, for extension applications and registrations obtained through the Madrid Protocol, a divisional application of goods is allowed only when accompanied by a partial assignment. The most significant effect of this is that the option of filing a divisional application when only a portion of the goods is preliminarily rejected, which is available for national applications, is not available for Madrid Protocol applications.

The amended KTA removes such limitations, so that applicants using the Madrid Protocol system can also divide their application or registration for any of the designated goods.

## 5. Relaxation of the requirements for replacement of a national registration by an International Registration

When filing an application for an international trademark registration ("IR") designating Korea, the current KTA provides that if the holder of a Korean national registration satisfies the following requirements, the extension application will be deemed to have been filed on the application date of the Korean national registration, to the extent that the designated goods overlap: (i) the compared marks are identical; (ii) the holder of the IR and that of the Korean national registration are identical; (iii) all the goods listed in the national registration are also listed in the IR; and (iv) the territory extension of the IR takes effect after the date of the national registration.

To reflect the recent revision of the corresponding clause in the Regulations under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, the amended KTA removes the above requirement (iii).

# KIPO SJP's Investigative Authority to be Further Expanded

By Seok Hyun KWON and Beth JANG

The Special Judicial Police operating under the Korean Intellectual Property Office (the "KIPO SJP") was established in 2010, to focus on criminal investigations (including raids) into cases of trademark infringement and unfair competition causing source confusion. Since then, they have seized hundreds of thousands of counterfeit goods.

In 2019, the investigative scope of the KIPO SJP was expanded to include patent infringements, design infringements, trade secret misappropriation, and unauthorized imitations. In 2022 alone, they investigated approximately 20% of all technology infringement cases, and recently played a pivotal role in preventing technology leakage by apprehending offenders involved in the illicit transfer of core semiconductor technology to China.

On December 20, 2023, an amendment to the law governing the scope of duties and rights of the KIPO SJP was passed to further broaden the KIPO SJP's authority in order to encompass the following:

1) unauthorized imitations of the interior and exterior designs of renowned business establishments;
2) acts causing confusion through the use of famous trademarks in business establishments;
3) unauthorized uses of famous trademarks on unrelated products which could cause harm to distinctiveness or reputation;
4) utility model rights infringements;
5) attempts to disable protective measures for information safeguarded under the Unfair Competition Prevention Act, such as hacking; and
6) investigation of all acts of infringement concerning trade secrets, and not just trade secret misappropriation.

The amendment is expected to become effective sometime in January 2024. We will continue to closely monitor this development and provide timely updates.

# New Applicant-Friendly Amendments to the Design Protection Act

By Sung-Nam KIM and Alexandra BÉLEC

Several amendments to the Design Protection Act ("DPA") have entered into effect on December 21, 2023, including the following major amendments.

## 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 previous DPA, an application for a related design had to 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 previous DPA, any person seeking to take advantage of the grace period had to 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 had been criticized by many practitioners in Korea, in particular the fact that the presumption could not 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.

# Expedited Examination of Korean Trademark Applications Has Become More Difficult Post-January 1, 2024

By Seok Hyun KWON and Beth JANG

Due to an amendment to the Trademark Enforcement Decree that took effect on January 1, 2024, the requirements for requesting expedited examination have changed, and pending applications as well as new applications will be affected.

Due to a surge in trademark applications in recent years, it generally takes around 14 months for a trademark to be examined these days. If expedited examination is requested, examination is usually completed within three months.

To request expedited examination, the trademark applicant must meet one or more of the criteria specified in the Trademark Acts and/or the Trademark Enforcement Decree. Examples of such criteria include: the applicant is using the applied-for mark on all the goods or is clearly preparing to do so, a third party is using a mark similar or identical to the applied-for mark on similar or identical goods without lawful rights, and the applicant receives a warning from another applicant/registrant in connection with the application. Until last year, expedited examination could also be requested by submitting to the Korean Intellectual Property Office (KIPO) the results of a prior trademark search conducted by a specialty agency designated by KIPO. This last basis was particularly useful for applicants who had difficulty providing objective evidence of use of the applied-for mark.

However, **starting January 1, 2024**, KIPO no longer accepts a prior trademark search conducted through a specialty agency designated by KIPO as a basis for expedited examination.

Consequently, it has become more difficult for those who need to promptly secure trademark rights in Korea but encounter difficulty in meeting the other criteria for requesting expedited examination, making it even more essential to carefully plan suitable filing strategies.

NEWS

# "Korea Law Firm of the Year" for Eleven Years in a Row – ALB Korea Law Awards 2023

For the eleventh consecutive year, Kim & Chang won the "Korea Law Firm of the Year" award at the *ALB Korea Law Awards 2023* held on November 10, 2023.


At the awards ceremony, Kim & Chang received the highest recognition in a total of 12 categories, receiving ten firm awards, which honor the best law firms in each field, and two deal awards, which recognize influential deals from the previous year.

The *ALB Korea Law Awards* ceremony, which celebrates its eleventh 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 this year.

### Firm Award Categories – Sole Winner

- Korea Law Firm of the Year (eleventh consecutive win)
- Korea Deal Firm of the Year (fourth consecutive win)
- Banking and Financial Services Law Firm of the Year
- ESG-Advisory Law Firm of the Year
- Insurance Law Firm of the Year
- Intellectual Property Law Firm of the Year - Domestic (fifth consecutive win)
- Labour and Employment Law Firm of the Year
- Maritime Law Firm of the Year (second consecutive win)
- Restructuring and Insolvency Law Firm of the Year (second consecutive win)
- Technology, Media and Telecommunications Law Firm of the Year

### Deal Award Categories

- Debt Market Deal of the Year: Korea Housing Finance Corporation's Global Covered Bond Issuance (Co-Winner)
- Real Estate Deal of the Year: Hines Mixed-Use Complex Development

# Ranked "Band 1" in 18 Areas, 85 "Leading Individuals" – Chambers Asia-Pacific 2024

Kim & Chang obtained a "Band 1" ranking in 18 practice areas in the 2024 edition of *Chambers Asia-Pacific*, once again receiving the most "Band 1" rankings among Korean law firms. With the guide also recognizing 85 of our professionals, the highest number among Korean law firms, as "Leading Individuals," we have demonstrated our market-leading capabilities across a wide range of fields.


In particular, for the fourth consecutive year, we were the only Korean law firm to be ranked "Band 1" in the Dispute Resolution - Arbitration category. Moreover, for the second year in a row, we were the only Korean law firm to be ranked "Band 1" in the Intellectual Property: Patent Specialist and Shipping categories.

*About Chambers Asia-Pacific*: The *Chambers Asia-Pacific* guide, which is published annually by world-renowned legal media Chambers and Partners, provides an assessment of the Asia-Pacific legal market. This year, the guide recognized outstanding law firms and lawyers across 19 practice areas specific to Korea based on its evaluation of firms' submissions, interviews with key clients and partners, and independent research.

Below are the details of our rankings this year:

**Firm Rankings**

**South Korea ("Band 1" in 18 out of 19 practice areas surveyed for Korea)**

- Banking & Finance: Band 1
- Capital Markets (Capital Markets: Securitisation): 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
- Intellectual Property – Patent Specialist: Band 1
- International Trade: Band 1

- Projects & Energy: Band 1
- Real Estate: Band 1
- Restructuring/Insolvency: Band 1
- Shipping: Band 1
- Shipping – Finance: Band 2
- Tax (Tax: Consultant): Band 1
- Technology, Media, Telecoms (TMT): Band 1

### North Korea

- General Business Law

### Asia-Pacific Region

- Arbitration (International): Band 4

**Leading Individuals**

For individual categories, 85 of our professionals were recognized as "Leading Individuals." In the Intellectual Property practice area, Duck Soon Chang, Sang-Wook Han, John J. Kim, Young Kim, Seong-Soo Park, Yu-Seog Won, and Jay (Young-June) Yang were selected as "Leading Individuals."

## Winner of "Country Firm of the Year: South Korea" for the Eighteenth Consecutive Year – WWL Awards 2023


Kim & Chang won the "Country Firm of the Year: South Korea" award for the eighteenth consecutive year at the *WWL Awards 2023*.

The *WWL Awards* is an annual awards ceremony hosted by Who's Who Legal, an internationally recognized legal media group. Based on independent research and in-depth evaluation, Who's Who Legal recognizes law firms and lawyers who have shown exceptional performance in the past year in over 70 jurisdictions across major practice areas. This year's awards ceremony was held in London on November 9, 2023.

# Newsletter

A Quarterly Update of Korean IP Law & Policy

KIM & CHANG

INTELLECTUAL PROPERTY

Jeongdong Building, 17F, 21-15 Jeongdong-gil, Jung-gu, Seoul 04518, Korea

**T** +82-2-2122-3900 | **F** +82-2-2122-3800 / +82-2-741-0328 | **E** ip-group@kimchang.com | www.ip.kimchang.com