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# GENERAL TOPICS

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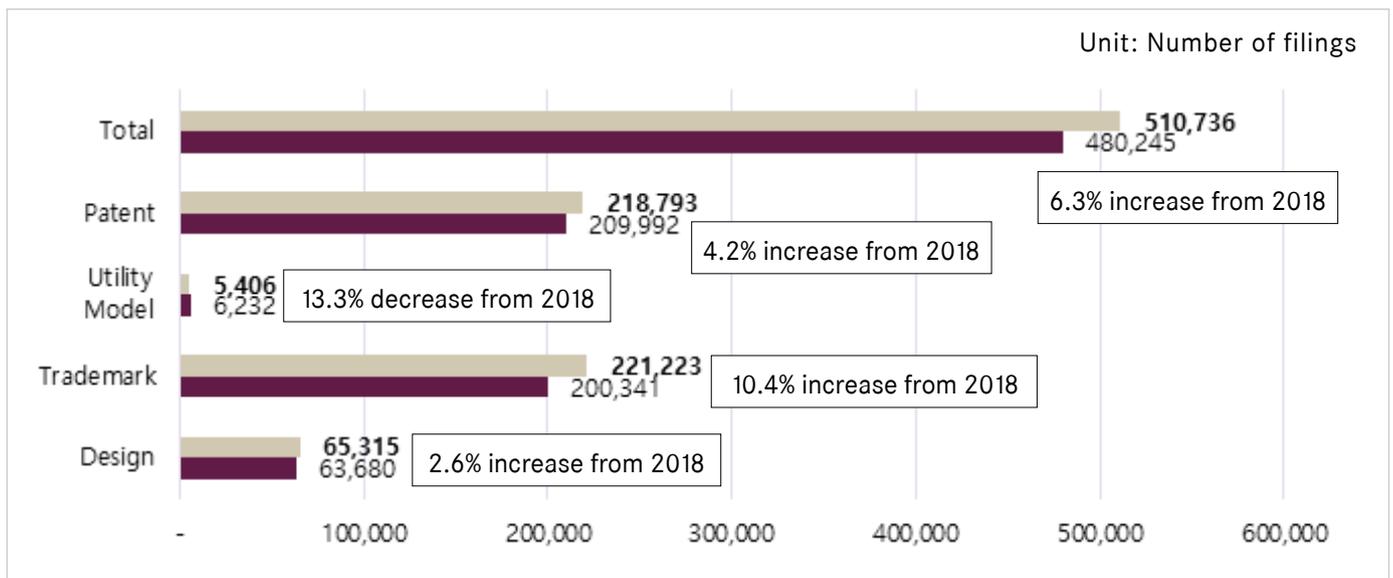
### Over 500,000 Korean IP Filings in 2019

The Korean Intellectual Property Office (KIPO) announced that the number of Korean intellectual property (IP) applications filed in 2019 has reached over 500,000 for the first time. This record is achieved in 73 years since the first Korean patent application was filed in 1946. Korea has now become the fourth nation to achieve such feat, following Japan, U.S.A. and China.

The total IP filings in 2019 is reported to be a

total of 510,700, which was a 6.3% increase from 2018, according to the KIPO statistics.

The number of trademark applications in 2019 is increased by 10.4% from 2018, with a 4.2% increase and a 2.6% increase in patent applications and design applications, respectively. While there was a gradual downturn in patent application filing since 2016, it was on the rise again in 2018 and continued to surge at a greater rate in 2019. On the other hand, 13.3% less utility model applications were filed in 2019 than in the previous year.



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### Supreme Court held that Final and Conclusive Decision of Correction Trial cannot Serve as a Ground for Retrial

The Supreme Court held that even if the patentee filed a request for correction trial and received a final and conclusive decision after the hearing in the fact-finding proceedings of the appeal against the Intellectual Property Trial and Appeal Board (IPTAB) decision invalidating the patent, the decision in the correction trial cannot serve as a ground for a retrial of the original decision based on the specification before correction and overruled previous Supreme Court decisions (Supreme Court *en banc* Decision Case No. 2016 Hu 2522 issued on January 22, 2020)

In this case, the patentee received an unfavorable decision from the Patent Court in the appeal against the decision invalidating the patent. Thereafter, the patentee filed an appeal with the Supreme Court and requested a correction trial to limit the scope of the claims. As the decision in the correction trial became final and conclusive, the patentee argued that the final and conclusive decision constitutes a ground for a retrial of the decision in the appeal against the IPTAB decision.

Under Article 451(1)(viii) of the Civil Procedure Act, there is a ground for a retrial “when administrative dispositions on which the decision was based have been altered by a different administrative disposition.” However, the Supreme Court held that the final and conclusive decision for a correction trial does not qualify as a ground for a retrial of the decision in the appeal for canceling the patent invalidation decision on the basis that (i) the allowance of patent is not an administrative disposition on which the decision in the appeal against the IPTAB decision is based, (ii) the final and conclusive decision is not interpreted to denote that the contents of the patented invention have been definitely changed or that all legal decisions rendered before correction must be retroactively applied, and (iii) if the final and conclusive decision of the correction trial serves as a ground for a retrial, the appeal procedures and solution of disputes will significantly be delayed.

This Supreme Court decision intends to prevent a so-called “catch-ball phenomenon,” where the litigation goes back and forth repeatedly between the courts based on the correction decision. Accordingly, it is expected that the more comprehensive fact-finding proceedings will be held and the patent litigation and patent disputes will be promptly solved.

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## **Patent Term Adjustment due to the Delay in the Registration of Patent**

Recently, Lee International has handled a case of extending a patent term by about one year under the Patent Term Adjustment (PTA) system which was introduced in 2012.

The PTA is process that awards a patent term extension of a patent based on delays in prosecution at the Korean Intellectual Property Office (KIPO) if the patent was granted more than four years after the filing date or three years after the date of requesting examination, whichever is later. However, a delay attributed to an applicant will be excluded from the extendable patent term (Article 92(2) of Patent Act).

The subject case was filed and requested for examination on June 18, 2012. The case proceeded through appellate procedures before the IPTAB twice and was finally granted a patent on October 12, 2018. The subject case satisfies the requirements for the PTA as the patent was granted more than four years after the filing date or three years after the date of requesting examination, whichever is later (*i.e.*, later than June 18, 2016). Thus, Lee International informed the applicant that the subject case was eligible for the PTA. Consequently, the patent term

for the subject case was extended by a total of 399 days through the PTA.

At the time of issuing a Notice of Allowance of an application, the KIPO does not issue a separate notice stating whether the application is eligible for the PTA. Furthermore, an application for the PTA must be filed within three months from the registration date of a patent. Thus, in order to enjoy the PTA benefits, an applicant will need to properly determine whether an application is eligible for the PTA.

Lee International's docketing system automatically checks an allowed application for the eligibility of the PTA. Thus, once a Notice of Allowance for an application is received from KIPO, Lee International determines whether the application is eligible for the PTA. If the application is eligible for the PTA, our client is informed of this fact along with an extendable patent term so that our client can secure the sufficient patent term to exercise patent rights.

## **Online Transmission of Software Constitutes an Act of Patent Infringement**

According to the revised Patent Act (effective

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as of March 11, 2020), an act of online transmission of software that illegally utilizes a patented invention may constitute a patent infringement.

Under the pre-revised Patent Act, a software invention comprising a patented technology is entitled to patent protection if it claims software in a form that is stored in a recording medium, such as USB or CD. However, the pre-revised Patent Act did not provide an adequate patent protection for the transmission of software via an information and communication network without using a recording medium on the basis that such transmission of software is not an act of “working” defined in the Patent Act.

The March 11, 2020 revision has amended Article 2(3) of the Patent Act to define the term “working” for a method invention to include an act of offering to use the method. Thus, under the revised Patent Act, online transmission of software comprising a patented technology is also eligible for patent protection. In addition, the revision has newly added Article 94(2) to the Patent Act, prescribing that if the working of a patented invention is an act of offering to use a method according to Article 2(3), the patent right shall only be exercised against

an act of offering to use the method *while knowing* that the use of the method infringes on the patent right or an exclusive license thereof. Thus, patent protection is only available against an act of illegally distributing software *while knowing* that such an act infringes on the patent right or an exclusive license thereof.

## Changing Closest Prior Art Constitutes a New Ground for Rejection

The Supreme Court rendered a decision ruling that denying the inventive step of an invention by relying on new closest prior art that is different from the closest prior art cited in a previous office action would constitute a new ground for rejection (Supreme Court Case No. 2015 Hu 2341 issued on October 31, 2019).

The Patent Act prescribes that when the Intellectual Property Trial and Appeal Board (IPTAB) intends to render a decision affirming a final rejection based on a new ground of rejection that has not been raised in a previous office action, it shall give the applicant an opportunity to submit written arguments in response to the new ground of rejection.

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In this case, the IPTAB had issued a decision denying the inventive step of the claimed invention based on new closest prior art that is different from the closest prior art cited in the previous office action. However, both the Patent Court and the Supreme Court determined that there was a procedural violation of laws in the IPTAB decision since it was based on a new ground for rejection that is substantially different from the rejection raised in the previous office action.

The Supreme Court held that applying new closest prior art would deviate from determining whether the claimed invention is identical to or different from the already-cited closest prior art and whether the claimed invention could have been easily conceived from the already-cited closest prior art. Therefore, applying new closest prior art constitutes a new ground for rejection that is substantially different from the rejection raised in the previous office action.

## Surge in Holographic Display-related Patent Filings

With the commercialization of 5G, image data transmission in mass volume has now become available. Consequently, holography, which provides realistic images, is garnering attention. In particular, as floating holographic

technology is becoming more popular, the number of patent applications relating to floating holographic technology is also on the rise.

According to statistics provided by the Korean Intellectual Property Office, the number of patent applications relating to the floating holographic technology was reported to be 75 for the past 10 years ('09 ~ '18). While there were only 3 cases in 2012, the number of patent applications relating to the floating holographic technology has recorded an average annual increase of 24% since 2013.

Based on the type of applicants, 30.7% of the patent applications were filed by small and medium-sized companies, followed by individual inventors (24.0%), large companies (24.0%), university research institutions (18.7%), and the miscellaneous (2.6%).

As shown above, small and medium-sized companies and individual inventors filed the most patent applications relating to the floating holographic technology. This attributes to the extensive commercialization of the floating holographic technology, which makes the entry into the market not extremely difficult. Therefore, applications based on creative, unique ideas from small and medium-sized companies or individual

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inventors are particularly booming.

Among the large companies, three Korean telecommunications conglomerates (including KT, SK Telecom and LG U+) together filed 72.2% of the floating holographic technology patent applications. In this regard, with 5G now on the market, research on various technology applications in combination with a ultrahigh-speed communication network and floating holographic technology is being conducted more actively.

Considering that the floating holographic technology is currently at the stage of expanding its field of application, it appears vital to pre-emptively secure high quality patents in order to claim priority in the emerging holographic display market.

# TRADEMARKS / DESIGNS

## TRADEMARKS / DESIGNS

### Current Status of Examination Period for Trademarks and Designs

The Korean Intellectual Property Office (KIPO) announced the following statistical data on the current status of examination period for trademark and design applications over the last five (5) years, along with the expected examination period in 2020.

In case of a trademark application under the Madrid protocol or a design application under the Hague system, once an international application is filed with the World Intellectual Property Organization (WIPO), it typically takes at least five (5) months for the WIPO to notify the KIPO that such

international application has designated Korea. In addition, as shown above, after the KIPO receives a notice from the WIPO of its designation, it generally takes additional two (2) to four (4) months to examine the international application than a local application.

Meanwhile, the KIPO is operating the Partial-Substantive Examination System (PSES) to expedite the examination of a design application within 60 days with respect to the goods that are sensitive to trends and have a short lifecycle (for instance, clothing, fabric, and stationery). The KIPO recently announced that, in the future, the examination period for a design application to which the PSES applies would be shortened from 60 days to 10 days.

(Unit: month)

| Application |        | 2015 | 2016 | 2017 | 2018 | 2019 | 2020<br>(expectation) |
|-------------|--------|------|------|------|------|------|-----------------------|
| Trademark   | Local  | 4.7  | 4.8  | 5.0  | 5.5  | 6.5  | 8.6 ~ 8.9             |
|             | Madrid | 5.5  | 4.7  | 6.7  | 6.4  | 8.9  | 10.2 ~ 10.8           |
| Design      | Local  | 4.4  | 4.7  | 4.9  | 4.9  | 5.4  | 5.7 ~ 6.0             |
|             | Hague  | 5.7  | 6.6  | 7.7  | 8.2  | 8.5  | 10.0                  |

# TRADEMARKS / DESIGNS

## **Amended KIPO Examination Guidelines for Secondary Meaning of Trademark**

The criteria for evaluating a “period of trademark use” and a “consumer awareness survey,” both of which are used when determining secondary meaning, has been incorporated into the KIPO trademark examination guidelines, effective as of January 1, 2020.

### **Period of trademark use :**

The use of trademark in a non-competitive and continuous manner for more than five years will be considered as an important ground in reviewing secondary meaning. The specific product and market conditions will also be considered. Specifically, given that the trademark awareness can be improved during a short period of time based on large-scale advertising and publicity, even if the period of use is short, if the relevant sales revenues, market share and/or brand awareness has improved, secondary meaning may be recognized.

### **Consumer awareness surveys :**

The KIPO has specified criteria to be used when evaluating the credibility of consumer awareness surveys. The surveys must be conducted by a reputable organization

with the necessary personnel and material requirements in place, and information including the location, the gender and the age of actual or potential consumers of the same kind of product must be represented. When the number of survey respondents is over 500 and more than 50% of respondents consider the mark in question to belong to a specific entity, the survey results may be acknowledged as reliable.

## **Patent Court acknowledged Documents showing Business Transactions as Evidence of Actual Use of Registered Mark**

The Patent Court determined documents showing business transactions as evidence of actual use of a registered mark as the data in the documents is consistently described and that the goods shown in the documents pertain to the goods associated with the registered mark although the documents were personally prepared by the parties in the transactions (Patent Court Case No. 2019 Heo 3274).

Under the Korean Trademark Act, a registered mark is vulnerable to a cancellation action for non-use if it has not been used in connection with the goods and/or services

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associated therewith in Korea for three years.

In the subject case, the Intellectual Property Trial and Appeal Board (IPTAB) cited the cancellation action for non-use on the basis that (1) the supporting materials submitted by the registrant lack credibility (“Issue 1”), (2) these materials show the use of the registered mark for finished products, instead of parts of the finished products as associated with the registered mark to which the cancellation action is limited (“Issue 2”), and (3) a brand name, not the registered mark, was indicated in the purchase order as a source indicator of the registrant’s goods (“Issue 3”).

Lee International represented the registrant in the appeal against the IPTAB decision before the Patent Court.

With respect to Issue 1, Lee International argued that the data in the export confirmation sheets issued by the German Federal Tax Office is consistent with the data in the order confirmation sheets, transport bills of lading, and invoices submitted by the registrant. With respect to Issue 2, Lee International argued that the mark was clearly used for the designated goods, which are parts of the finished goods and

are being traded as independent items in the industry, based on the PCT application filed by the registrant and the registrant’s catalogue and website. With respect to Issue 3, Lee International argued that the registered mark was indicated in the order confirmation sheets, transport bills of lading, and invoices although a different brand name appears in the registrant’s goods. The Patent Court accepted all of our arguments above and determined that the appellant’s appeal with the Patent Court has merit.

The appellee did not file an appeal against the Patent Court’s decision with the Supreme Court. As a result, the Patent Court’s decision has become final and conclusive.

# LEE NEWS

## LEE NEWS

### Starting the New Year with the New Slogan: “20% Growth with our 20s’ Passion”

Lee International IP & Law Group had a kick-off meeting for the new year on January 2, 2020 in front of *Palgakjeong* (octagonal pavilion) on the top of the Namsan Mountain (its height: 262m).

It was a freezing-cold morning at -5°C, but all the employees’ faces glowed with the

delight of starting the new year in a hopeful and enthusiastic mood.

The new slogan “20% Growth with Passion in our 20s,” the winner of the slogan contest in which all the employees participated, was introduced to the employees. All of the 300 employees at Lee International IP & Law Group shouted out the new slogan three times in unison.

After the kick-off meeting for the new year, the participants had an enjoyable time by taking pictures of the Namsan Mountain,



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eating “Tteokguk” (Korean traditional new year food) and exchanging new year’s greetings.

With this new year’s slogan, the kick-off meeting for the new year was a meaningful event for all the employees at Lee International IP & Law Group to make a new year’s resolution to work toward their common goal of achieving 20% growth with passion in their 20s.

## **Lee International ranked Band 1 for “Intellectual Property” in both “2020 Chambers & Partners – Global” and “2020 Chambers & Partners – Asia Pacific**



Lee International was ranked Band 1 as Recognized Practitioner in Patent & Trademark Agents in South Korean for Intellectual Property in “2020 Chambers & Partners – Global.”

Lee International was also ranked Band 1 as Recognized Practitioner in Patent Specialists

in South Korea for Intellectual Property in “2020 Chambers & Partners – Asia Pacific.”

“Chamber & Partners” is a world-renowned legal media group that ranks the most outstanding law firms in the countries around the world every year.

## **Trainee Patent Attorneys from Lee International Dominated 1st to 3rd place in the KIPO Training Program**

To become a patent attorney in Korea, one must pass the “Patent Attorney Qualification Examination,” which is a national exam. The “Patent Attorney Qualification Examination,” which is offered once a year, is an examination that requires one of the highest levels of academic competency in Korea, such as the “Judicial Examination” for judges, prosecutors, and lawyers, and the “Public Administration Examination” for high-ranking public officials. Even after passing the exam, the person must go through an off-the-job training (OJT) course and a practical training course which includes a six-month field training course at a patent office.

Five trainee patent attorneys joined Lee International at the end of 2019. During the practical training period, it is mandatory to

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complete the 7-week OJT required by the Korean Intellectual Property Office (KIPO). In this year's OJT course (which ended on February 18, 2020), our trainee patent attorneys earned the 1st, 2nd, and 3rd place among 209 participants, and they were awarded by the Commissioner of KIPO. It is very unusual that trainee patent attorneys of one patent office earn the 1st, 2nd, and 3rd ranks in the OJT course.

Trainee patent attorneys, Dong-Yup Oh, Dong-Hyun Kim and Yun-Ji Lee, are the protagonists. It is expected that they will perform brilliantly at Lee International. The ceremony for completion of the practical training proved the ability of Lee International that has always been placing great emphasis on competence.



Dong-Hyun Kim

Dong-Yup Oh

Yun-Ji Lee



# Lee International

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## Trusted Partner for Your Global IP Needs

Lee International IP & Law Group was founded in 1961 and currently ranks as one of the largest IP law firms in Korea.

Lee International retains distinguished IP professionals with expertise in all major areas of intellectual property.

Lee International is a leader in patent prosecution, trademark prosecution, and IP disputes and litigation including patent litigation, trademark litigation, anti-counterfeiting matters, domain name disputes, copyright disputes and trade secret enforcement. Lee International counsels many Fortune 100 and other leading multinational companies on how to successfully maneuver not only through the complexities of Korean law, but also through the unique intricacies of doing business in Korea.