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Patent Trial Proceedings Shortened to 3 Months

The Korean Intellectual Property Office (KIPO) has further revised the fast-track trial process so that trial decisions can be reached in a more timely manner to resolve patent disputes. The revised fast-track trial process came into effect as of November 1, 2015.

Under the revised process, an oral hearing is held after only one opportunity is given for each party to submit a brief, in order to shape the main issues at an earlier stage of the proceedings and make it possible to issue a trial decision within three months. In addition, only one extension of time for submitting a brief can be granted so that the trial proceedings can conclude within four months even in cases where a party delays in the submission of its brief.

The revised process further shortens the fast-track trial proceedings, which used to take approximately five months, by up to two months (provided that an extension is not requested), and helps resolve patent disputes within the shortest period of time in the world.

In addition to the shortened trial period, the range of cases eligible for fast-track trial proceedings has been expanded to include all patent trials before the Intellectual Property Tribunal (IPT) of the KIPO that relate to infringement cases that are heard or tried before a court or prosecutor. Thus, under the revised process, trial decisions by the IPT can be utilized in the infringement proceedings.

KIPO and USPTO Implement Collaborative Search Pilot Program

The Collaborative Search Pilot (CSP) program between the Korean Intellectual Property Office (KIPO) and the U.S. Patent & Trademark Office (USPTO) has been implemented as of September 1, 2015. Under the KIPO-USPTO CSP program, at the request of an applicant, the examiners in the two offices can share prior art search information, which is critical in determining the patentability of an invention, thereby expediting the examination procedures of patent applications that have been filed for the same invention with the two Patent Offices. The CSP program is expected to improve the legal stability of patent rights and enable applicants to acquire patent rights within a relatively short time in both Korea and the United States. The CSP

program was first proposed by the KIPO at an international meeting in 2013 for the purpose of improving patent quality.

The CSP program will provide an important advantage for Korean applicants in that the U.S. is the world's largest patent market where patent disputes targeted for Korean enterprises arise most frequently. Under the program, applicants will also be exempted from the USPTO fee for requesting an accelerated examination, which is about USD4,000, thereby reducing the cost for acquiring U.S. patent rights as well.

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Samsung Selects New Technologies for Investing KRW 1.5 Trillion

Samsung announced on October 8, 2015 that it decided to make an investment on 38 R&D projects in the fields of basic sciences, material technologies, and information and communication technologies (ICTs), which are a part of its future technology support project for the second half of 2015. Under the support project started in 2013 and extending for 10 years, Samsung plans to invest KRW 1.5 trillion (approximately USD 1.3 billion) for research

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and development in the areas of basic sciences, material technologies and ICTs.

In the field of ICT, 10 technologies have been selected including touch-and-texture display based on low-intensity-focused ultrasonic waves. Touch-and-texture technology analyzes the relationship between ultrasonic stimulation and nervous activity patterns by high-density array focused ultrasonic waves, and provides users with various virtual touch senses through contactless ultrasound. The technology also embodies stimulation that provides a tactile perception with respect to textured patterns. In addition, it produces a display giving tactile perception and texture sensation when recognition technology is applied. If the technology is applied to various display interfaces such as smart phones, it is expected to be utilized in industries related to medical services, games, and haptic technologies.

In the field of basic sciences, Samsung has selected 14 R&D projects including electrical quantum control of silicon-based quantum dot spin, and quantum tomography based on single shot measurement. In the field of material technologies, 14 R&D projects have been selected including a nano-perforator that perforates virus membranes.

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Samsung Leads the World in Wearable Device Technology Patents; LG Is Fourth

Korean companies have been expected to lead in developing wearable device technology, and a recent study by Korea Electronics Technology Institute (KETI) has borne this expectation out. Samsung Electronics is the world-leading patent filer in the field of wearable device technology, the study showed. LG Electronics placed fourth in the rankings.

KETI estimated a total of 64,502 patent application filings from 2003 to 2014, in a report on wearable device patent trends based on KETI's findings from Thomson Reuters' patent search engine and the Worldwide Intellectual Property Service, a patent information service provider. The top 30 companies filing wearable device patent applications accounted for 8,539 cases, or 13.2%.

From 2003 to 2014, Samsung Electronics filed more than 600 patent applications in the field, placing it at the top of the heap and earning undisputed first place. Netherland-based Philips was second, and third was Matsushita Denki both with a fewer than 500 patent applications. LG Electronics ranked fourth and

Japan's Canon ranked fifth. Other notable companies on the list are Sony Corp. (8th), Microsoft (19th), Qualcomm (20th), and Korea's Electronics and Telecommunications Research Institute (ETRI) (21st). ETRI is the only Korean research institute listed in the global rankings.

By country, Japan accounted for 63% of the total with 19 companies, constituting a substantial majority among the top 30 companies worldwide. There were seven U.S. filers and three Korean filers among the top 30 companies worldwide.

Japan was the largest filer in the field of wearable device technology with a total of 17,813 applications (27.6%) of the total, followed by the United States with 14,519 applications (22.5%), China with 14,423 applications (22.4%), Korea with 6,036 applications (9.4%), and the European Union with 4,117 applications (6.4%).

According to KETI's report, "The number of patent filings for wearable device technology has been increasing since 2012. ... Although Samsung Electronics, LG Electronics and ETRI are leading organizations among the top 30 in wearable device technology, Japanese companies' patent filings outnumber them, and U.S. conglomerates also have started increas-

ing filings, and thus cut-throat competition among Japan, the United States and Korea is expected."

Korean Semiconductor Device Market Grows to the Second Largest in the World

The Korean market for semiconductor devices is expected to become the second largest in the world in 2016. As the global semiconductor device market grows around memory semiconductors and toll manufacturing (Foundry), major Korean corporations such as Samsung Electronics and SK Hynix are making active investments in these areas.

On December 7, 2015 Semiconductor Equipment and Materials International (SEMI) reported that the semiconductor device market in Korea had grown 19% compared to the previous year, and is predicted to reach about USD 8.13 billion in 2016 (approximately KRW 10 trillion) growing to the second largest market in the world, following that of Taiwan which displays a scale of approximately USD 9.5 billion. The Korea semiconductor device market was the third largest in 2014, followed by that of Taiwan and the US.

The semiconductor device market has been grown rapidly both in Japan and Korea. In 2015, Japan has achieved growth of 27% over the previous year, and is predicted to achieve a market level of approximately USD 5.29 billion in 2016. Maintaining high competitiveness in semiconductor manufacturing devices and materials, Japan is also showing an increase in new corporate and governmental investments, with particularly active investments in the areas of advanced memories and sensors.

The Korean device industry, continuously increasing for almost a decade, shows bright prospects. The D-RAM market is being reorganized to DDR4 products together with the Intel Skylake, and the demand of new investments are continually occurring due to the introduction of the NAND flash 3D stacks, triple level cell (TLC) method and the 10 nano-level D-RAM microprocessors. With the arrival of the Internet of Things (IoT), additional demand for semiconductors is expected to reach USD 12.5 trillion in 2016.

Samsung Electronics and SK Hynix are going on the offensive in the Foundry sector which is one of the largest growing markets in the world. For example, Samsung is diversifying its Foundry business-

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es of the one-sided application processor (AP) to other system semiconductors. SK Hynix is also increasing the speed of its advance into the Foundry market. SK Hynix has announced its schedule for constructing additional factories in Icheon and Cheongju with an investment of KRW 31 trillion.

CKD and Hanmi Obtain Generic Exclusivity for Anti-Cancer Drug “IRESSA”

Chong Kun Dang Pharmaceutical (CKD) and Hanmi Pharmaceutical have obtained generic exclusivity for “IRESSA” (active ingredient: gefitinib), a targeted anti-cancer drug for lung cancer. “IRESSA,” owned by AstraZeneca, is a blockbuster anti-cancer drug that recorded a total sale of KRW 29.4 billion in Korea in 2014. On October 30, 2015, the Korean Ministry of Food and Drug Safety announced that a gefitinib 250 mg film coating tablet was listed as the ninth drug in the Green List. Accordingly, CKD and Hanmi can exercise generic exclusivity for a generic of “IRESSA” from December 2, 2016 to September 1, 2017. Since the product patent for “IRESSA” will expire in 2016, CKD and Hanmi can exercise the generic exclusivity after expiration. Previously, CKD and Hanmi prevailed over AstraZeneca in an

action relating to an “IRESSA” formulation patent having expiration date on February 24, 2023. CKD and Hanmi obtained marketing approval of their respective generic drugs of “IRESSA,” “Iretinib tablet” and “Gefitinib Tablet” in May 2015.

Samsung Expects Outcomes from Biopharmaceutical Investment

Samsung has been investing approximately KW 1.2 trillion in Biomedicine over the past four years, raising speculation as to whether its main business area would shift from Semiconductors to Biomedicine.

On December 11, 2015, Samsung Biologics, the Samsung subsidiary engaged in consignment production of biomedicines, announced that its second plant has been completed in Songdo, Incheon and is in the final verification stage for scheduled operation in the first quarter of 2016.

The production capacity of the second plant is known to be approximately 150,000 l per year, which will be the biggest in the world at a single facility. A Samsung spokesperson explained that the existing first plant has a production capacity of 30,000 l and that total produc-

tion capacity would reach approximately 330,000 l yearly including other non-Samsung entities’ plants which will make Songdo as the world largest Bio belt.

Researchers from Samsung Bioepis, another Samsung subsidiary involved in research and development of biomedicines, attended the annual meeting of the American College of Rheumatology (ACR) held on December 9, 2015 in San Francisco, where it presented the results of Phase 3 clinical trials for the biosimilar “SB2.” SB2 is a biosimilar of Jansen’s Remicade (ingredient name: infliximab), which is widely used for treating arthritis. In the annual meeting, Samsung Bioepis also presented the results of Phase 3 clinical trials of two other biosimilars, “SB5” and “Brensis” which are biosimilars of Pfizer’s bio antibody drug, Enbrel.

The three biosimilars SB2, SB5 and Brensis, having successfully passed the clinical trials by Samsung Bioepis, will be manufactured in the plants of Samsung Biologics.

Hanmi Ranks No. 1 in Sales in Korea

Having concluded a KRW 5 trillion licensing contract with a French company for

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its technology, Hanmi Pharmaceutical ranked No. 1 in sales in the Korean pharmaceutical industry in 2015.

On November 5, 2015, Hanmi announced that it had entered into an approximately EUR 3.9 billion contract with Sanofi, a French multinational pharmaceutical company, to license its technology for new anti-diabetes drugs developed under its “Quantum Project.” By collectively selling its three new anti-diabetes drugs to Sanofi, Hanmi has achieved the biggest ever deal in the history of Korean pharmaceutical industry.

The Quantum Project drugs developed using so-called LAPSCOVERY (Long Acting Protein/Peptide Discovery) technology are evaluated as new drug candidates that can increase the duration of efficacy, thereby reducing the frequency of dosage for the drugs.

Of the three new drugs ‘Efpeglenatide,’ ‘LAPSIInsulin 115,’ and ‘LAPSIInsulin Combo’ in the Quantum Project, Efpeglenatide, which is a long acting GLP-1 class, is currently undergoing Phase 2 clinical trial, and LAPSIInsulin 115, which is a weekly long-acting insulin, is currently in Phase I clinical trial. Efpeglenatide is a therapeutic agent for GLP-1 analog diabetes which

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only requires a monthly administration. GLP-1 analog class drugs were proven to control blood sugar, but can only be administered by injection. However, it is expected that demand will increase if the frequency of administration falls to once a month.

Before the deal with Sanofi, Hanmi had licensed out its technology to Eli Lilly and Boehringer Ingelheim in 2015.

[Licenses by Hanmi in 2015]

Date	Licensee	Product	License Details
February	Spectrum	Poziotinib (Pan-HER inhibitor)	- License details not made public under the confidentiality agreement; exclusive worldwide license excluding Korea and China
March	Eli Lilly	HM71224 (BTK inhibitor)	- License fee of USD 690 million; exclusive worldwide license (excluding Korea and China) - Initial payment of USD 50 million
July	Boehringer-Ingelheim	HM61716 (EGFR mutant selective inhibitor)	- License fee of USD 730 million; exclusive worldwide license (excluding Korea, China and Hong Kong) - Initial payment of USD 50 million
November	Sanofi	Quantum Project (Three candidates for new anti-diabetes drugs)	- License fee of EUR 3.9 billion worth; exclusive worldwide license (excluding Korea and China) - Initial payment of EUR 400 million

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Korean Design Examination Guidelines Updated

In an effort to ease the filing requirements for design applications, the Korean Intellectual Property Office (KIPO) has amended the Korean Design Examination Guidelines (“Guidelines”), specifying the standards for the registrability of designs and reflecting recent Korean court decisions and examination results in respect of design applications in Korea. The amendment of the Guidelines came into

effect as of October 1, 2015.

It is expected that the amended Guidelines will facilitate the filing and prosecution of design applications in Korea and will enable applicants to more accurately predict the results of examination.

The details of the amendment are as follows:

1. Easing Drawing Requirements

When the overall shape of a design can be identified by a partial drawing, the appli-

cant need not submit complete drawings but may omit irrelevant portions. Also, it is now permissible to submit only the front view of a two-dimensional design (such as textiles), assuming that the rear view is deemed to have no claimed shape.

2. Expanding Target Objects To Be Registered

It is now permissible to claim a design right for an item having an asymmetrical shape such as, for example, a “pergola” where the left and right sides are separated but traded with a single item. It is also permissible to claim a design right for an item where auxiliary items such as a mannequin or a hanger are also represented together with the main claimed item. Previously, these items were not eligible for design rights as violating the so-called “one application per design rule.”

3. Amending Standards for Examination

The Guidelines have been amended to specify the standards for allowing the registration of design rights with a view to improving the consistency and reliability of examination. As an example, under the amended Guidelines, the KIPO will not indiscriminately refuse a design with a national flag but will reasonably consider


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whether the design would impair the dignity of the relevant country in determining whether to permit registration of the design right.

4. Amending Standards for Acknowledging Priority Claim

A priority claim may now be accepted for a design application where drawings are amended after the original filing as long as the main aspect of the design is determined not to have been changed from the original drawings.

Hanmi Prevails Over Pfizer in Appeal

Pfizer initiated an infringement suit against Hanmi Pharmaceutical, asserting that Hanmi’s mark (“PalPal Tab Mark”) infringed Pfizer’s registered three-dimensional mark “” (“Viagra Mark”) and its design rights. In the first trial, the Seoul Central District Court found no infringement. However, in the second trial on appeal, the Seoul High Court determined that Hanmi’s use of the PalPal Tab Mark infringed the rights of Pfizer’s Viagra Mark and also was an act of unfair competition. Hanmi then filed an appeal of the Seoul High Court’s decision with the Supreme Court.

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Supreme Court Upholds FTC Fine and Corrective Order for Unfair Resale Price Maintenance by Johnson & Johnson Korea

The Korean Supreme Court ruled that it is lawful for the Korean Fair Trade Commission (the “FTC”) to impose fines and issue a correction order to Johnson & Johnson Korea (“J&J Korea”), which imports and sells Acuve contact lenses, on the ground that J&J Korea carried out unfair transactions including designation of minimum selling prices of Acuve contact lenses for its partner opticians and optical stores.

J&J Korea has imported and sold contact lenses in Korea since 1998, achieving first place with a market share of 45% in 2012. The FTC found that, during the period from 2007 to March 2010, J&J Korea had dictated the minimum sales prices of its Acuve soft contact lenses to its partner opticians and franchised optical stores, forcing them not to sell products at prices lower than the designated minimums. In addition, J&J Korea had prohibited its partner optical stores purchasing its Acuve contact lenses from selling the products to other optical stores. If stores breached such prohibitions, J&J Korea had imposed

sanctions by terminating the supply of products.

Having determined that J&J Korea had violated the Monopoly Regulation and Korean Fair Trade Act by setting minimum sales prices, in 2015, the FTC imposed a fine of KRW 1,806 million and issued a corrective order to J&J Korea. In response, J&J Korea filed a lawsuit with the Seoul High Court appealing the actions taken by the FTC, seeking cancellation of the fine and revocation of the corrective order. In May 2015 a panel of the Seoul High Court ruled against J&J Korea.

The judicial panel stated, “In some cases, a manufacturer or an importer may restrict the counterparty of its distributor in a lower market in an unfair way. Although the counterparty is not an end consumer, if competition is restricted or threatened to be restricted in the relevant market due to such activity, it is proper to regard such unfair trading activity restricting the counterparty as unlawful.”

Further, the judicial panel explained, “As long as both an activity to maintain the resale price and a trading activity with a restricted condition exist for the purpose of accomplishing the maintenance of the resale price, which is the same purpose, it

will restrict competition by infringing the freedom of decision-making by partner optical stores and thereby, consequently, will result in interfering with welfare of consumers.”

The judicial panel rejected the argument that there is no restriction of competition because the restrictive resale conditions do not directly restrict competition for sales to consumers among partner optical stores.”

The judicial panel pointed out that, given the fact that J&J Korea’s market share in the domestic soft lens retail market is about 40%, its imposition of restrictive conditions appears to be a strong binding restriction; and although the number of optical stores that did not obtain Acuve products as a result of the restrictions is small, the effect of the restriction of competition should not be regarded as insignificant.

The judge panel concluded, “J&J Korea informed its partner optical stores of the minimum consumer price of soft lens products as designated by itself, and then it investigated whether the stores had complied with the designated prices by inquiring about the actual selling prices at the stores. Thereafter, it took action to terminate the supply of products to stores

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that had sold the product at prices below the designated minimum prices. It is lawful to decide that the above activity of J&J Korea falls under activities to maintain a resale price prohibited by the Monopoly Regulation and Fair Trade Act.”

The judicial panel further opined, “When J&J Korea executed a supply agreement for soft lens products with partner optical stores, it stipulated that the stores should not sell the products to other stores. In case of the breach of the stipulation by partner optical stores, it ceased supplying the products to them and its activity falls under those having a purpose of maintaining resale prices. Thus, it is approved that its activity has distinctive characteristics to restrict competition in the domestic soft lens retail market and thereby threatens to interfere with fair trade. In addition, ... it is difficult to regard that there are any legitimate and fair reasons to determine that such activities of J&J Korea is lawful.”

J&J Korea unsuccessfully sought a further appeal of the case before the Korean Supreme Court, which announced its dismissal of the appeal on November 17, 2015 (case number: 2015Du44066).

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Lee International Wins Trademark Infringement Lawsuit on behalf of Doosan Dong-A

On November 27, 2015, the Seoul Southern District Court ruled in favor of Lee International client Doosan Dong-A Co., Ltd. (“Dong-A”), rejecting plaintiff Jihaksa’s demand for an injunction against alleged trademark infringement and seeking compensatory damages against Dong-A.

In 2002, Jihaksa filed an application for the trademark “Highlight Haeksim” (“key point”) for science and social studies reference books aimed at high school students, and has been using that trademark since then. In 2011 Dong-A began to publish reference books for middle school students in its “High Top” series, which include the word “Haeksim”.

Jihaksa sent a cease-and-desist notice to Dong-A claiming that Dong-A was infringing its trademark by making the word “Haeksim” bigger than that of “High Top” on the cover of its “Haeksim High Top” reference books. Dong-A refused to make the changes demanded, whereupon Jihaksa filed a lawsuit for compensatory damages of KRW 50 million against Dong-A.

The District Court determined that the

public recognizes Jihaksa’s reference books for the name “Highlight” rather than the name “Haeksim” on the basis that: (i) the dictionary meaning of “Haeksim” refers to the most central part of a thing, so that the word “Haeksim” is used as a technical and descriptive meaning of “the most important” or “in which main points are briefly summarized”; (ii) the phrase “Highlight Series” is used in materials including travel guide books, internet encyclopedias and media press; and (iii) Jihaksa’s registered trademarks are indicated as “Highlight” reference books on its website.

For this lawsuit, Lee International attorneys Seung-Hoon Lee, Eun-Young Kim, Won-Jae Yang and So-Yeon Lee acted on behalf of Dong-A.

Lee International Named Leading Law Firm in 5 Practice Areas by Legal 500 Asia Pacific 2016



Legal 500 Asia Pacific, a directory of the most highly regarded law firms and practitioners in the region, has selected Lee International as a recommended firm in

five key practice areas:

- Intellectual Property: Patents and Trademarks
- International Arbitration
- Dispute Resolution
- Employment
- Real Estate

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

Lee International retains distinguished legal professionals with expertise in all major areas of the law, with a special focus on intellectual property. Recognized as one of the premier law firms in Korea, Lee International advises clients on a diverse range of high profile matters, including intellectual property disputes and litigation, licensing, commercial litigation, international transactions, real property matters, tax matters, and international trade disputes.

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.

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