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Relaxation of the Requirement for a Power of Attorney from Foreign Legal Entity

The Korean Intellectual Property Office (KIPO) announced that the procedure for filing a Power of Attorney has been simplified to make it easier for foreign legal entities to file applications for patents, trademarks, etc. in Korea. The KIPO implemented the simplified procedure as of August 10, 2018.

Previously, a Power of Attorney from a foreign legal entity was generally required to be signed by the CEO or President of the legal entity. The KIPO accepted a Power of Attorney signed by a person other than the CEO or President only if it was accompanied by a notarized document verifying that the signatory has been authorized to sign the Power of Attorney.

The simplified procedure is summarized as follows:

a. Even if a Power of Attorney (PoA) signed by a person other than the CEO or President is submitted, it is not required to additionally submit a document verifying that the signatory has been authorized to sign the

PoA when taking the procedures for filing an application. However, in order to authorize an agent to take additional procedures, such as withdrawal or abandonment, which may cause disadvantages to an applicant, it is required to submit a document affirming that the signatory has authorization to sign the PoA if the PoA is signed by someone other than the CEO or President. This document would need to be signed by the signatory of the PoA and does not need to be notarized.

b. Exceptionally, a notarized document verifying the authorization of the signatory of a PoA may be required if an interested party raises an objection to the power granted to an agent.

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A Korean Patent Management Company, “KDB Fund,” Files Infringement Lawsuit Against Apple

It was confirmed that a Korean patent management company acquired the individual technologies of Pantech, a Korean mobile phone company, and filed patent infringement lawsuits against Apple with the Seoul Central District Court. Korea Development Bank Infra IP Capital Fund (KDB fund) is Korea’s first patent management company fund, which was established with the investment of KRW 50 billion by each of KDB and Industrial Bank of Korea (IBK) in 2016. This is the first time that a Korean patent management fund sued a global company.

KDB Fund acquired over 50 patents related to smartphones from Pantech in March 2017, and sued Apple for infringement on six of the aforesaid Pantech’s patents. According to experts’ analysis, the six smartphone technologies alleged by KDB Fund to be infringed by Apple are close to design patents. Apple also launched a counterattack by filing patent invalidation lawsuits against KDB Fund’s patents earlier this year. It is expected that the results of the patent invalidation lawsuits filed by Apple will be issued within the year and the results of the patent infringement lawsuits

filed by KDB Fund will be issued next year.

Global ICT Companies Compete for Dominance in Bio-recognition Patents

As bio-recognition technologies surfaced as a new prospective industry of the future, the competition between global Information Communication Technology (ICT) companies for dominance of related technology patents has officially begun. While Samsung Electronics is in the lead, US companies, such as Intel, Qualcomm, and Microsoft are catching up, and are generally ahead of Korean and Japanese companies in the development of bio-recognition technologies.

According to the KIPO, the number of PCT international applications for bio-recognition technologies over the past five years (2013 to 2017) reached 1,388 cases, with an average increase in application filings of 23.7% per year. Among companies that have filed multiple patent applications in the bio-recognition field, Samsung had the largest number of applications with 44 cases, followed by Intel (39 cases), Qualcomm (38 cases), MS (27 cases), Hitachi (26 cases), Fujitsu (23 cases), Apple (22 cases), and MasterCard (22 cases). With respect to bio-information,

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the largest number of applications were filed for inventions relating to fingerprints (394 cases, 28.4%), iris recognition (315 cases, 22.7%), face recognition (255 cases, 18.3%), vein recognition (144 cases, 10.4%), voice recognition (116 cases, 8.4%), etc. The mobile and wearable field occupied the greatest number of bio-recognition technologies with 318 cases (22.9%), followed by healthcare (244 cases, 17.6%), payment system (192 cases, 13.8%) and entrance regulation (162 cases, 11.7%). In terms of countries, the US filed 51.8% (719 cases) of all applications in the bio-recognition field, followed by Japan, Korea, and China with a share of 11.9%, 8.5% and 6.3%, respectively, which shows a significant drop-off after the US. Meanwhile, the global bio-recognition market is growing 20.8% each year from being a 3.24 billion dollar market in 2016, and is prospected to beyond a 12.22 billion dollar market by 2023.

Recent Decision Providing a Flexible Standard for Determining the Inventive Step of a Selection Invention

Under Korean practice, a selection invention is an invention essentially comprising a species, which is selected from a broad genus in the prior art and is not directly

disclosed in the prior art.

With respect to the inventive step of a selection invention, the Supreme Court has previously held: “A selection invention can be acknowledged to have an inventive step if it produces a superior effect in comparison to the prior art. Specifically, to have an inventive step, every species element of the selection invention must produce a qualitatively different effect or a quantitatively remarkable effect compared to the corresponding genus element of the prior art. In addition, the specification for the selection invention should clearly describe such a qualitatively different or quantitatively remarkable effect.” [Supreme Court Case No. 2010 Hu 3424, issued on August 23, 2012] In summary, it was the position of the Supreme Court that the superior effect of a selection invention compared to the prior art is an essential factor for determining the inventive step of the selection invention.

Recently, however, in injunction proceedings brought by a global pharmaceutical company, Bristol-Myers Squibb (BMS), for patent infringement of its cardiovascular drug Eliquis, the Seoul Central District Court issued a decision taking a contrary position to the Supreme Court’s decision by stating

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that the superior effect of a selection invention compared to the prior art is not a factor that should be necessarily considered in determining the inventive step of the selection invention.

Specifically, the Seoul Central District Court held: “If it is acknowledged that there would be technical difficulty in conceiving a feature of a selection invention by selecting a species from the genus in the prior art, the selection invention can be acknowledged to have an inventive step even if its superior effect compared to the prior art is not explicitly described in the specification.” Since the prior art broadly defines the chemical structure and substituents of the genus of BMS’ Eliquis, there may be a great number of species compounds falling within the genus. Furthermore, the prior art does not teach or suggest selecting the Eliquis compound among the numerous species within the genus. Thus, it was acknowledged that there would be technical difficulty in conceiving the selection invention of BMS from the prior art. Although its superior effect is not explicitly described in the specification, the selection invention of BMS was acknowledged to have an inventive step based on such technical difficulty.

The Seoul Central District Court’s decision

has significance in providing a flexible standard for determining the inventive step of a selection invention. However, this was merely a first instance decision and is unclear with respect to a specific basis for determining the technical difficulty in conceiving a feature of a selection invention. Thus, it is not expected that the Seoul Central District Court’s decision will lead to a substantial change or relaxation in the general standards for determining the inventive step of a selection invention.

Applications for Protection of New Varieties of Plants Rise Steadily

The Korea Seed & Variety Service (KSVS) announced that a total of 9,923 applications for protection of new varieties of plants were filed in Korea as of June 2018, and 7,294 cases among them were registered for protection. The KSVS also said that the number of applications has been slowly increasing each year, particularly, applications for flowers. According to statistical data from the KSVS, as shown in the table below, the percentage of applications for foreign varieties has remained constant, even though the percentage of the applications for domestic varieties are still high.

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Year	No. of Applications	Applications for domestic varieties		Applications for foreign varieties		
		No. of varieties	%	No. of varieties	%	No. of countries
2017	746	626	84	120	16	12
2016	703	597	85	106	15	10
2015	757	621	82	136	18	11
2014	621	516	83	105	17	10
2013	599	510	85	89	15	9

Korea introduced a procedure for protection of new varieties of plants on December 31, 1997 and joined the International Union for the Protection of New Varieties of Plants (UPOV) on January 7, 2002.

TRADEMARKS

The Mark “GLIATAMIN” is Dissimilar to the Prior-Registered Mark “GLIATILIN”

Fact

ITALFARMACO S.P.A. (“Plaintiff”), which is an Italian pharmaceutical company, filed an invalidation action against the registered mark “**GLIATAMIN**” (“Defendant’s Mark”) which is owned by Daewoong Bio Inc. (“Defendant”) with the Intellectual Property Trial and Appeal Board (IPTAB). In the invalidation action, the Plaintiff argued that the Defendant’s Mark is confusingly similar to the prior-registered mark “**GLIATAMIN**” (“Plaintiff’s Mark”) in terms of the mark itself and in terms of the designated goods associated therewith and thus, the registration of the

Defendant’s Mark should be invalidated. However, the IPTAB concluded that the Defendant’s Mark and the Plaintiff’s Mark are perceived and pronounced in their entireties, and on that basis, the compared marks are dissimilar. The Plaintiff filed an appeal against the IPTAB decision with the Patent Court, and the Patent Court concluded that considering that the leading part “GLIA” of the Defendant’s Mark and the Plaintiff’s Mark is distinctive, the Defendant’s Mark is similar to the Plaintiff’s Mark on the basis of the identical element “GLIA,” and thus reversed the IPTAB decision. The Defendant then filed an appeal with the Supreme Court.

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Decision of the Supreme Court

The Supreme Court ruled as follows: The leading part “GLIA” of the Defendant’s Mark and the Plaintiff’s Mark, refers to “neuroglia” or “glia cell” as clearly explained in pharmaceutical textbooks. Numerous researches regarding “GLIA” have been published in newspapers relating to pharmacy. In addition, both the latter part “TAMIN” of the Defendant’s Mark and the latter part “TILIN” of the Plaintiff’s Mark are coined terms, which have no any particular meaning. Furthermore, medicine and medical supplies, which are the mainly designated goods associated with the Defendant’s Mark, are distributed under the intervention of pharmacists. Considering these actual trade circumstances, the leading part “GLIA” would be perceived by the consumers as a medicine for cranial diseases in connection with the designated goods associated with the Defendant’s Mark, and thus since the head part “GLIA” lacks distinctive, it could not be a major component of the mark. On the basis of the foregoing, the Defendant’s Mark would be perceived in its entirety, and not by “GLIA” alone. Therefore, the Defendant’s Mark in its entirety is dissimilar to the Plaintiff’s Mark (Supreme Court Case No. 2017 hu 2208, concluded July 24, 2018).

Significance of the Decision

The foregoing court decision shows that in determining whether or not compared marks are similar, whether or not the shared element of the compared marks possesses distinctiveness should first be considered based on the meaning, use status and actual trade circumstances thereof, and then if the shared element is deemed to lack distinctiveness in connection with the designated goods and/or services, whether or not co-existence of the compared marks would cause any confusion or misconception as to the source of the parties’ respective goods/and or services should be then examined in terms of the entireties of the marks. Thus, the Supreme Court decision above will be a significant precedent in determining whether or not compared marks are similar.

The Mark “AMERICAN UNIVERSITY” Created a New Distinctiveness with Respect to the Services “University Education”

Fact

American University (“Applicant”) filed an application to register the mark “**AMERICAN UNIVERSITY**” (“Subject Mark”) with respect to the services “university education, teaching,” etc. with

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the KIPO. However, the KIPO refused the Subject Mark on the basis that the element “AMERICAN” is a conspicuous geographical indication and the element “UNIVERSITY” is merely descriptive of the designated services. Thereafter, the Applicant filed an appeal of the KIPO’s refusal with the IPTAB of the KIPO, but the IPTAB dismissed the appeal. Therefore, the Applicant filed an appeal of the IPTAB decision with the Patent Court, which concluded that Articles 6(1)(iv) and 6(1)(vii) of the Korean Trademark Act are not applicable to the Subject Mark. The KIPO then filed an appeal of the Patent Court decision with the Supreme Court.

Decision of the Supreme Court

The Supreme Court held that if the combination of a conspicuous geographical indication and the word “university” creates a new distinctiveness, such a mark could be registered, but the combination of a conspicuous geographical indication and the word “university” would not always create a new distinctiveness. Based on the foregoing, the Supreme Court concluded that the combination of the conspicuous geographical indication “AMERICAN” and the word “UNIVERSITY” of the Subject Mark created a new meaning, and thus has distinctiveness with respect to the services “university education,” etc. Accordingly, the

Supreme Court concluded that Articles 6(1)(iv) and 6(1)(vii) of the Korean Trademark Act are not applicable to the Subject Mark and dismissed the appeal of the commissioner of the KIPO.

Significance of the Decision

When a conspicuous geographical indication is combined with a word meaning university, general consumers tend to recognize such a mark as the name of a university rather than as a geographical indication, and thus the mark has distinctiveness in its entirety.

GENERAL LAW

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Supreme Court Orders Confiscation of 191 Bitcoins Obtained as Proceeds of Crime

The rise of bitcoin and other virtual currencies, and their potential for use in money laundering of criminal proceeds and other illegal activities, has presented novel challenges to the legal system in many countries around the world. Now the Supreme Court of Korea has ruled, for the first time, that bitcoin is subject to seizure as the proceeds of crime.

The Supreme Court rendered its final decision on May 30, 2018 to confiscate 191 bitcoins earned as proceeds of crime from a man who was indicted for illegally operating a pornographic site. The lower courts previously came to different conclusions on the case. The District Court ruled that bitcoins cannot be the subject of confiscation as they are only a form of digital currency without a physical presence. On appeal by the prosecution, the High Court ordered confiscation of bitcoins by treating them as a type of current asset. The High Court noted that transactions are currently being made for such currency at the cryptocurrency (private) exchange, and that there are several commercial enterprises that recognize

bitcoins as a means of payment, allowing the users to purchase goods and services.

Although the District Court determined that it had not been established whether or not the bitcoins in question were gained from criminal activity, after that ruling the prosecution utilized an independent bitcoin tracing technique and succeeded in producing evidence indicating that the bitcoins in question had indeed been generated from criminal activity. This evidence is considered to have influenced the ruling of the High Court, as well as the final ruling made by the Supreme Court.

Overseas courts are also making similar moves: since the first confiscation ruling of bitcoins by a New York state court in 2014, courts of diverse countries such as Australia, France, Bulgaria, and Germany have also rendered confiscation orders on bitcoins. This judgment of the Supreme Court is significant as the first confiscation ruling by a domestic court on virtual currency. It has also left the question how to dispose of bitcoins that are seized as the proceeds of crime, as they are not like other general properties which may be confiscated by a reversion to the state after being converted into a profit via public auctions.

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International Division of Patent Court Will Hear its First Case in English

The International Division of the Patent Court will hear its first case conducted in the English language.

Under this new procedure, Blue Scope Steel Ltd., an Australian steel company, requested the Patent Court to permit hearings in English in its appellate procedure of the IPTAB Decision (Patent Court Case No. 2017Heo3720). On July 20, 2018 the Patent Court approved the request.

To promote efficient and cost-effective adjudication of IP disputes in which foreigners are a party, International Divisions were set up on June 13, 2018 at the Patent Court and the Seoul Central District Court. Thanks to this innovation, any party in an IP lawsuit may request that the hearing be conducted in English at the International Division. The procedure requires the consent of the opposing party before the first oral hearing, as well as the permission of the court. Specifically, the party is allowed to speak in English at the hearing without the assistance of interpreters and may submit briefs in English. As the official language of the International Division is still Korean, simultaneous interpretation

service is available through court-appointed interpreters. Judgments will be prepared in Korean but official English translations thereof will also be provided. So far English is the only language allowed at the International Divisions, but the door is open to expanding to Japanese, Chinese, and other languages as the courts gain experience with the procedure.

Now that hearings may be conducted in English, courts in Korea are expected to hear an increasing number of international cases in the future.

LEE NEWS

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NEW Members

Patrick J. Monaghan, Attorney at Law



Patrick Monaghan is a senior foreign attorney, serving of counsel to Lee International. Mr. Monaghan advises international and domestic clients on a variety of issues, including tech transactions, mergers & acquisitions, software licensing, data privacy, venture capital, private equity, corporate governance and labor and employment.

In addition to his practice at Lee International, Patrick serves as Chief Legal Officer (CLO) at SADA Systems, a leading app development, data storage and Cloud migration services company in North Hollywood, CA.

He received his B.S. from University of Virginia, McIntire School of Commerce and a J.D. from University of Pennsylvania Law School. Mr. Monaghan is admitted to practice in New York.

Timothy S. Shin, Attorney at Law



Timothy Shin is a Senior Foreign Counsel at Lee International IP & Law Group, where he heads the firm's Blockchain + Digital Assets Practice.

Prior to joining Lee International, Mr.

Shin was a partner at D'LIGHT Law Group where he led the founding of its international blockchain and ICO practice.

He received his B.A. from University of Southern California and a J.D. from Yeshiva University, Benjamin N. Cardozo School of Law. Mr. Shin is admitted to practice in California.

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Lee International, Recognized as an Excellent Law Firm in 2018 Asia IP Patent Survey

Lee International has been recognized as one of the Tier 1 law firms in the category of “Prosecution” and as one of the Tier 2 law firms in the category of “Contentious Work” in 2018 Asia IP Patent Survey. Asia IP is a legal magazine published by a Hongkong media group called “Apex Asia Media Limited,” which provides vital information and an extensive range of in-depth news to international law firms.

Asia IP Informed Analysis

Continued Support by Lee International to Hearing-Impaired Children

For many years, Lee International has been supporting hearing-impaired children through the Snail of Love, a social welfare organization providing financial assistance for the costs of cochlear implant and hearing aids to the hearing-impaired and engaging in various activities to raise public awareness. The Snail of Love announced on the 27th of August that a boy named Samuel from Hon-

duras who had been receiving support from Lee International had successful cochlear implant surgery.





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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.

리인터내셔널 특허법률사무소
03737 서울시 서대문구
충정로 23 풍산빌딩

Poongsan Bldg., 23 Chungjeongro
Seodaemun-gu, Seoul 03737, Korea
info@leeinternational.com

Tel 82-2-2279-3631
Fax 82-2-2273-4605
www.leeinternational.com



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