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KIPO, Expansion and Reorganization of Examination Bureaus in Preparation for 4IR

The Korean Intellectual Property Office (KIPO) expanded and reorganized the patent examination bureaus, including newly establishing the “Convergence Technology Examination Bureau,” which conducts accelerated examination for patent applications related to the Fourth Industrial Revolution (4IR) technologies such as artificial intelligence (AI), big data and biohealth.

The patent examination bureaus, which had been classified based on the industry and product in 2013, were relocated to the technology-based organization as of November 1, 2019. The previous organization of the patent examination bureaus (4 bureaus, 25 divisions, 10 teams, 931 examiners) was expanded to 5 bureaus, 27 divisions, 10 teams and 957 examiners. The Patent Examination Policy Bureau remains the same. Meanwhile, Patent Examination Bureaus 1,2 and 3 were renamed as “Electricity & Communication Examination Bureau,” “Chemistry & Biotechnology Examination Bureau,” and “Machinery & Metals Exami-

nation Bureau,” and the “Convergence Technology Examination Bureau” was newly established.

The newly established Convergence Technology Examination Bureau consists of 6 divisions, *i.e.*, Artificial Intelligence & Big Data Examination Division; Internet of Things Examination Division; Biotechnology & Healthcare Examination Division; Intelligent Robot Examination Division; Autonomous Driving Technology Examination Division; and Smart Manufacturing Examination Division. The Convergence Technology Examination Bureau is specialized in examining the patent applications relating to 4IR technologies. Further, accelerated examination is also available for the patent applications relating to 4IR technologies, and an average pendency from the filing of an acceleration examination request to a final decision will approximately be 5.7 months, which is reduced by approximately 10.7 months compared to regular examinations.

The KIPO stated that it is expected enhancement of expertise of examiners and patent examination quality by relocation of the examiners based on their pertinent technology fields.

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Korea, Seventh in the World with Two Million Registered Patents

On July 9, 2019, the two-millionth patent was registered in Korea. Further, Korea became the seventh country in the world behind the U.S., Japan, China, France, the U.K. and Germany to have two million registered patents after 73 years since the patent system was introduced in 1946.

The one-millionth patent registration (2010) was registered after 62 years from the first patent registration (1948), while the two-millionth patent was registered only after 9 years from the one millionth patent registration. The first patent was directed to a method for producing sulphur dye owned by the Central Industrial Research Institute. On December 3, 2010, the one-millionth patent was issued for a hinge apparatus and a portable terminal using the same owned by Diabell Co., Ltd. On July 9, 2019, the two-millionth patent, which was directed to the tumor growth suppression technology using therapeutic antibodies owned by Orum Therapeutics, was registered.

To celebrate this occasion, President Moon invited the owners of the two-millionth patent and the one-millionth design patent and Won-Joo Park, the commissioner of

the Korean Intellectual Property Office to Cheongwadae, the Blue House. During the celebration, President Moon personally signed and awarded the two-millionth patent certificate and the one-millionth design patent certificate.

Korean Patent to be Recognized in Cambodia

Korean patent holders will be able to extend their rights to Cambodia, under a recently agreed cooperation program between Cambodian and Korean patent offices. A Memorandum of Understanding (MOU) between the Ministry of Industry and Handicraft of the Kingdom of Cambodia and the Korean Intellectual Property Office (KIPO) of the Republic of Korea for the “Patent Recognition Program” was signed in Phnom Penh, Cambodia, on August 16, 2019.

According to this program which took effect as of November 1, 2019, patents registered in Korea can also be registered in Cambodia within three months after a simple process of filing a request for patent recognition and relevant documents.

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In addition, in Cambodia, the KIPO can be designated as an International Searching Authority for performing a patentability search for the PCT international patent applications. As a result, the KIPO can be selected as an International Search Authority in 19 countries including the U.S., Australia, and Singapore.

Won-Joo Park, the commissioner of the KIPO, stated that this program shows the international appreciation of Korea's technology and patent administration. He also stated that this will improve the global competitiveness of Korean companies.

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Korean Patent Application Trend

1) Patent applications in the field of the image recognition for vehicles have significantly increased

The number of patent applications for image recognition technology for vehicles has been increasing significantly. Among those applications, especially the number of the applications filed by small and medium-sized companies has risen sharply since 2016.

According to the Korean Intellectual Property Office (KIPO), the number of the patent applications of the image recognition technology for vehicles was only 79 cases in 2010, but increased more than three times, to 276 cases in 2013, and the average annual increase since 2014 is 215 cases. In particular, the number of the applications filed by the small and medium-sized companies has risen sharply, from 35 in 2014 to 98 in 2018, up about 29% annually.

In view of the detailed technical fields, the applications for the object detection

recognition and tracking technology account for 41%, which is the highest, followed by the pre-processing technology (16%), which compensates for image deterioration and camera distortion, and the around view and parking support technology (12%).

2) Patent applications for air conditioning using human sensing and AI technology are increasing continuously

The KIPO announced that from 2009 to 2018, the number of the patent applications for controlling air conditioning using the human sensing technology and the artificial intelligence (AI) technology was 146 cases. The number of applications filed by Korean applicants was 126 (86.3%), the number of applications filed by foreign applicants was 20 cases (13.7%). Further, the number of applications filed by big companies was 90 cases (61.6%), the number of applications filed by small and medium-sized companies was 24 cases (16.4%), and the number of those filed by universities or colleges was 9 cases (6.2%).

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Since 2016, the number of patent applications for smart control by the AI technology has increased. One of the representative technologies is the AI technology for automatic learning of a user's living space, living pattern and surrounding environment to provide an optimal indoor environment for the user's current state.

3) Patents applications for augmented reality navigation for vehicle are increasing

The KIPO announced that the patent applications relating to the augmented reality navigation to realistically display the navigation screen on the vehicle's windshield glass have increased.

According to the KIPO, the number of the domestic patent applications relating to the augmented reality navigation for vehicle was 14 cases from 2009 to 2012, and the number has risen to 113 from 2013 to 2018. Over the last decade, the number of the patent applications filed by Korean applicants was 120 (94%), and the number of applications filed by foreign applicants was 7 (6%). The Hyundai Autron filed 26 applications (20%), which is the highest number, and the number is followed by the Hyundai Motors with 23 cases (18%),

Think Ware with 15 cases (12%), and the LG Electronics with 12 cases (9%).

In view of detailed technology of the augmented reality navigation, the highest number of applications relates to the technology to project the augmented reality navigation screen on the windshield glass by using a sensor and a head-up display (HUD) (98 cases), followed by the transparent display technology attached to the vehicle's windshield glass to display the augmented reality navigation screen (25 cases), the image processing technology to detect and correct the driver's line of sight and display information on a hologram or a 3D screen (28 cases), and the IoT technology to execute communications with external objects to display external object information on the augmented reality navigation screen (14 cases).

Narcotic Drugs are Eligible for Patent Term Extension

The Korean Patent Court has recently ruled that patents for narcotic drugs are eligible for a patent term extension (Patent Court Case No. 2018 Heo 2243, issued on July 5, 2019 and finalized). This ruling overturned the decision of

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the Intellectual Property Trial and Appeal Board, which held that narcotic drug-related patents cannot be subject to a patent term extension according to the provision in the Enforcement Decree of the Patent Act, which prescribes matters subject to a patent term extension.

Article 7 of the Enforcement Decree of the Patent Act prescribes that an invention for a medicine, which has been approved according to Articles 31 and 42 of the Pharmaceutical Affairs Act, is eligible for a patent term extension.

According to Article 55 of the Pharmaceutical Affairs Act, “[m]atters necessary for the manufacturing and management of potentially abusive or addictive drugs shall be determined by a separate Act.” The marketing approval for potentially abusive or addictive drugs are separately prescribed by Articles 18 and 21 of the Narcotics Control Act. Thus, if Article 7 of the Enforcement Decree of the Patent Act is literally interpreted, drugs approved pursuant to the provisions of the Narcotics Control Act are not eligible for a patent term extension.

However, the Patent Court held: “[s]ince the Enforcement Decree of the Patent

Act is not deemed to be authorized to limit the range of another Act or the type of approval, drugs approved pursuant to the Narcotics Control Act can also be the subject of a patent term extension.” The Patent Court appears to have viewed that such exclusion of a patent term extension for narcotic drugs is a defect in the Enforcement Decree of the Patent Act. Accordingly, it is expected that there will be a revision to the Enforcement Decree of the Patent Act to clarify the eligibility of narcotic drugs for a patent term extension.

TRADEMARKS

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Shape of Liquor Bottle Functions as Source Indicator of Goods

The plaintiff has imported Chinese liquor “Yantai Kaoliang” (“Subject Goods”) and has sold the Subject Goods in three different types of bottles, namely, 500 ml bottle, 250 ml bottle, and 125 ml bottle in Korea under an exclusive right to use the mark “烟台古酿酒” (Chinese characters pronounced as /yeon-tae-ko-lyang-ju/ in Korean; “Plaintiff’s Mark.”) The element “烟台” of the Plaintiff’s Mark indicates the geographical name “Yantai” and the element “古酿酒” indicates that the liquor was made using traditional methods.

It has come to the plaintiff’s attention that the defendant is importing Kaoliang (Chinese liquor) and selling liquor in Korea under the mark “烟台古酿” (“Defendant’s Mark 1”) and the mark “烟台高粱” (“Defendant’s Mark 2”). The Defendant’s Mark 1 includes four Chinese characters that are identical to the first four Chinese characters of the Plaintiff’s Mark, and the Defendant’s Mark 2 is pronounced the same as the Plaintiff’s Mark, with the last two Chinese characters of the Defendant’s Mark 2 being different from

the Plaintiff’s Mark. Defendant’s Mark 1 means “liquor was made using traditional methods” and Defendant’s Mark 2 means “Kaoliang (Chinese liquor) made in Yantai” when they are combined with the Chinese character “酒” (which means liquor).

The plaintiff filed an action with the Seoul Central District Court on the basis that the defendant’s use of (1) designs of liquor bottles and the packaging thereof, which are confusingly similar to the bottles and the packaging of the Subject Goods sold by the plaintiff, and (2) Defendant’s Marks 1 and 2, which are confusingly similar to the Plaintiff’s Mark, constitutes acts of unfair competition (Seoul Central District Court Case No. 2018 KaHap 504499).

The designs of the liquor bottles sold by the plaintiff and the packaging thereof are shown below.



The court acknowledged that the designs and shapes of the liquor bottles above are

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well-known as source indicators of the Subject Goods sold by the plaintiff on the basis that (1) the annual sales revenues in connection with these goods amount to approximately tens of billions of Korean Won; (2) 66% of Korean customers of Chinese liquor in a survey were aware of the Subject Goods; and (3) those customers responded that they could distinguish the Subject Goods from other Chinese liquor.


On the other hand, most of the customers surveyed did not exactly know the Chinese characters corresponding to the liquor Kaoliang or responded that they do not know the Chinese characters. On this basis, the court concluded that “烟台古酿” of the Plaintiff’s Mark neither functions as a source indicator of the Subject Goods, nor was it well-known as a source indicator of such goods. Furthermore, considering that the Subject Goods with the packaging thereof have been sold in supermarkets since 2017 and before then these goods were provided in restaurants without the packaging, the court concluded that the packaging of these goods is not well-known as a source indicator thereof.


In summary, the court ruled that since the designs of defendant’s goods are

confusingly similar to the designs of the plaintiff’s goods and can cause confusion with the plaintiff’s goods as to the source of the parties’ respective goods, the defendant’s importation and selling such goods constitute acts of unfair competition. However, the court concluded that Defendant’s Marks 1 and 2 and the packaging of the defendant’s goods were not used in a manner contrary to the fair commercial practices or competition order.

As the plaintiff appealed the Seoul Central District Court decision, there is much attention towards whether the packaging of the goods would be deemed to be protectable as source indicators of the Subject Goods.

Refusal of Application for Imitation Mark Filed in Bad Faith



The application to register the mark “” (“Subject Mark”), which

designates the goods “bags, etc.” was finally rejected by the Korean Intellectual Property Office (KIPO) because the Subject Mark is confusingly similar to the well known prior-registered mark “”

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“Goyard Mark”). The applicant appealed the final rejection with the Intellectual Property Trial and Appeal Board (IPTAB), and then the Patent Court (Patent Court Case No. 2018 Heo 9176).

The French company “Goyard ST-Honore,” which is the owner of the Goyard Mark, has been using its own chevron pattern (*i.e.*, Goyard Mark) since 1892. The pattern is comprised of 3 chevrons (a shape like a V) that have an angle of 120 degrees, and such combination of 3 chevrons looks like a Y shape.

Subject Mark	Prior-Registered Mark (GOYARD Mark)
	

Korean sales revenue for goods bearing the Goyard Mark amounts to approximately 57 billion Korean Won from 2007 to 2015. The Goyard Mark has been introduced as an imported luxury fashion brand via numerous medias. A search for the Goyard Mark on <WWW.NAVER.COM> (a popular Korean domestic search engine) disclosed 10,872 blogs and 9,638 cafes

(a service provided by NAVER where people who have similar interests can gather on-line) wherein the goods bearing or associated with the Goyard Mark are mentioned. Based on the foregoing, the Patent Court found that it is obvious that the Goyard Mark is well-known as a specific source indicator in Korea and/or French.

In addition, the Patent Court concluded that the Subject Mark is not completely identical to the Goyard Mark, but is confusingly similar to the Goyard Mark because the Subject Mark looks like a chevron shape.

Furthermore, the goods associated with the Subject Mark are identical or commercially-related to the goods associated with the Goyard Mark. In addition, although the Subject Mark includes the letters “CONCHHCNOC,” the goods actually sold indicates only the pattern in the Subject Mark, and does not indicate the letters. Considering the foregoing, the Patent Court concluded that the applicant filed the application for the Subject Mark in bad faith to enjoy a “free-ride” on the fame and recognition of the Goyard Mark, and to obtain unjust enrichment.

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This decision shows that when determining the similarity between two marks, the actual trade circumstance, the actual use status of the marks and the overall appearance of the marks were considered.

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IKEA Won the Case against Korean Furniture-Selling Company Who Sold Fake IKEA Products

Inter IKEA Systems BV, a globally-renowned group that designs and sells ready-to-assemble furniture, and IKEA Korea (hereinafter collectively “IKEA”) won the case where they filed a lawsuit against Market B, a Korean furniture company, for violation of the Unfair Competition Prevention Act (UCPA). The Seoul High Court ordered Market B to pay KRW 28 million to IKEA as a compensation for its sale of imitated products as well as the wrongful use of a domain similar to that of IKEA (Seoul High Court 2018 Na 2015169).

The court revealed that “Malm is a widely-known product mark of IKEA for Korean traders or consumers. Market B used a product mark similar to Malm while selling a group of furniture which copied the items and designs of Malm series. Such acts of Market B constitute a violation of the UCPA.” The court added that even though the products sold by IKEA are being manufactured by its OEMs or ODMs, they still fall into the scope of protection provided under the UCPA.

Furthermore, for Market B’s use of “ikeab” as its host name when operating the online shop, the court ruled that since such domain of Market B shared the same characters with the business mark of IKEA and the products and items sold via such website were the same as the products and items of IKEA, the consumers who used such online shop must have mistakenly thought that the business of Market B would be somehow interrelated to the business of IKEA and therefore, Market B violated the UCPA.

In the case, Lee International IP & Law Group represented IKEA and provided the client with solid legal logics on whether the UCPA is applicable to any product manufactured by OEMs and on the liability for damages when one uses any domain which is similar to the business mark of others, and successfully drew a judgment in favor of IKEA.

Dissolution of Paper Company Established in Korea to Gain Unfair Profits by Riding on the Korean Culture

The Korean Intellectual Property Office (KIPO) announced that it cooperated with the prosecutor’s office in deriving the

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court's decision to dissolve the companies which have unjustly taken advantage of the popularity of the Korean culture.

In 2018, the KIPO investigated the current status of infringement of intellectual property rights against the companies who sold imitations of Korean K-Beauty cosmetics or Korean famous characters in overseas countries as if the products were Korean-made. Then, the KIPO requested investigation by providing information to the prosecutors regarding the companies suspected of establishing paper companies in Korea.

After the investigation, in April 2019, the prosecutors filed a request for dissolution of two companies, which have paid only a small amount of rental fees and registered the addresses without having any physical offices since their establishment in Korea. The two companies also withdrew all the capital after establishing the corporation and have never actually started businesses in Korea.

Pursuant to the Commercial Act, when a company was incorporated for an illegal purpose or failed to commence its business within a year after the incorporation or discontinued its business

for one year or more, or when a director of a company violated statutes or the articles of incorporation of the company and as a result it is impermissible for the company to continue its existence, such corporation may be dissolved by a court order.

In the above case, the court acknowledged that it was a violation of the Unfair Competition Prevention Act to sell products imitating specific goods of others or to confuse the origin of goods by establishing a paper company in Korea while selling them abroad. Finally, the court ordered the above-stated companies to dissolve in August 2019 because they met the requirements of corporate dissolution under the Commercial Act.

This was the first case where the KIPO cooperated with the prosecutors in a dissolution of a Korean corporation established by a foreign company, and it holds a significant implication in that it was an effective sanction that can block the act of unfair competition by foreign companies which seek to take advantage of the popularity of the Korean culture.

LEE NEWS

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Lee International Selected as 'Copyright Firm of the Year for South Korea' by 2019 Asia IP Awards



Lee International IP & Law Group was selected as the 'Copyright Firm of the Year for South Korea' at 2019 Asia IP Awards hosted by the Apex Asia Media Limited.

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.

Introducing LEEMACL (Lee International Marathon Club)



Lee International offers its employees club activities such as language clubs including English, Japanese and Chinese

classes, flower arrangement classes, mountaineering, and bowling to encourage them to enjoy a better social life outside work.

This year, a running club named LEEMACL (the abbreviation of the Lee International Marathon Club) was newly created to promote the health of the employees.

LEEMACL was founded in March, this year, and the number of members is about 10% (25 persons) of all employees of Lee International. The ratio between men and women is about 2:1, and the members are mainly in their 30s and 40s, with one member in his 60s. The presidents of the club are Mr. Ji-Wook Choi and Ms. Seol-Hye Lee, and the training manager is Adviser Su-Won Lee. In particular, the training manager is a running enthusiast, who has completed 32 full marathons, 2 ultra-marathons, and 3 triathlons.

LEEMACL has been running for only 8 months since its foundation and most of the members have no experience in running a marathon. Yet, many members of the club already participated in three

official full marathons. About 20 members participated in 10 km road races twice, 5 members participated in a half-marathon, and 2 members participated in a full-42 km marathon. Thus, the club members are showing rapid and visible improvements in their health.

Every Monday, every member of the club trains for an hour after work. From next year, the club is planning to more frequently participate in official marathons so that the members can feel the improvement on their running skills.

LEEMACL aims to have all of its members to complete a full marathon course within the next couple of years without injury, regardless of gender and age. There is no doubt that promoting the employees' health will improve workplace environment, promote tasking efficiency, and enhance work performance.

[2019 Seoul Race]



LEE NEWS

New Member



PARK, Jae-Yun
Patent Attorney

Jae-Yun Park is a patent attorney with experience in handling domestic and outgoing filings

and OA response for chemical, chemical process and material technology such as secondary battery, polymers and compositions, petrochemical process and general chemical process, and catalyst. Mr. Park has participated in various invalidation and patent cancellation trials before the IPTAB and patent litigation cases before the Korean courts. In addition, he has worked on FTO reviews and advisory services for many large corporations and national research institutes.

Prior to joining Lee International, Mr. Park worked as a patent attorney at YouMe Patent & Law Firm (2015-2016) and Plus International IP Law Firm (2016-2019), and graduated from Seoul National University (B.A. in Chemical and Biological Engineering) in 2015 and was admitted as a Korean patent attorney in 2013.



JUNG, Jin-Hyung
Patent Attorney

Jin-Hyung Jung a patent attorney specialized in metal and machine technology.

With his expertise, Mr. Jung has prosecuted numerous patent applications before the Korean Intellectual Property Office over the past several years. For the field of metals, in particular, Mr. Jung has been involved in diverse advisory services for strategic patent discovery and infringement analysis for a number of large corporations.

Prior to joining Lee International, Mr. Jung worked as a patent attorney at Koreana Patent Firm (2016-2018) and C&S Patent and Law Office (2018-2019) and was admitted as a Korean patent attorney in 2015.



Lee International

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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.

