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Applications Filed in 2016 for Intellectual Property Right Decreases in Six Years

The Korean Intellectual Property Office announced that 463,846 applications were filed in 2016 for intellectual property rights, including patents, utility models, designs and trademarks. The number decreased by 2.5% compared with the previous year, and has decreased in six of the last ten years.

Status of Applications by Type of Rights

Applications by Korean and foreign applicants for patents, utility models, designs and trademarks decreased by 2.3% (208,830 cases), 10.8% (7,767 cases), 3.4% (65,643 cases) and 2.1% (181,606 cases), respectively.

〈 Number of Applications by Type of Rights for Past Five Years 〉

Rights	2012	2013	2014	2015	2016	Percentage Change
Patent	188,915	204,589	210,292	213,694	208,830	▽ 2.3
U.M.	12,424	10,968	9,184	8,711	7,767	▽ 10.8
Design	63,135	66,940	64,413	67,954	65,643	▽ 3.4
Trademark	142,176	159,217	160,663	185,443	181,606	▽ 2.1
Total	406,650	441,714	444,552	475,802	463,846	▽ 2.5

Status of Applications by Types of Applicants

In terms of types of applicants, small/medium sized companies and public and educational institutions showed an increasing trend (an average increase of 7.4% in the last five years for small and medium sized companies), whereas others including large companies showed a decreasing trend in respect of the patent applications filed in 2016.

The large companies that had filed the most applications through 2014 showed a decreasing trend both in 2015 and 2016, and account for the lowest rate among the main types of applicants.

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〈 Number of Applications for Patents by Types of Applicants 〉

Applicant	2012	2013	2014	2015	2016	Percentage Change
Large Company	42,115	48,045	45,986	42,649	38,800	▽ 9.0
Small/Medium Sized Company	36,045	39,527	41,658	45,419	46,813	3.1
Individual	35,645	37,358	38,047	40,916	39,936	▽ 2.4
Foreign	44,301	44,611	46,219	46,421	45,403	▽ 2.2

The number of applications for designs and trademarks filed by large companies also decreased by 17.1% (for designs) and 6.7% (for trademarks) compared with the previous year.

〈 Number of Applications for Designs and Trademarks by Types of Applicants 〉

Applicant	Design			Trademark		
	2015	2016	Percentage Change	2015	2016	Percentage Change
Large Company	5,836	4,838	▽ 17.1	12,067	11,254	▽ 6.7
Small/Medium Sized Company	23,411	23,199	▽ 0.9	52,566	55,070	4.8
Individual	30,699	29,950	▽ 2.4	81,600	77,060	▽ 5.6
Foreign	3,248	3,187	▽ 1.9	12,494	13,211	5.7

Status by Number of Patent Applications

Despite the decrease in the number of applications filed by large companies, Samsung Electronics again filed the most patent applications in 2016, followed by Hyundai Motor Company and LG Electronics. Among foreign applicants, Qualcomm ranked at the top, followed by Intel and Huawei.

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〈 Status by Number of Patent Applications 〉

Ranking	Applicant	2015	2016
1	Samsung Electronics	6,725	5,630
2	Hyundai Motor	3,713	3,791
3	LG Electronics	3,452	3,764
4	LG Chem	3,333	3,343
5	Korea Electronics and Telecommunications Research Institute	2,280	2,308
6	Samsung Display	2,827	2,020
7	LG Display	2,357	2,007
8	Qualcomm	1,505	1,631
9	POSCO	1,575	1,589
10	LG Innotek	1,148	1,170

〈 Status by Number of Patent Applications by Foreign Companies 〉

Ranking	Foreign Applicant	2015	2016
1	Qualcomm	1,505	1,631
2	Intel	685	771
3	Huawei	300	511
4	Toyota	623	465
5	Microsoft	277	414
6	Canon	414	403
7	Tokyo Electron	461	394
8	Sony	271	357
9	3M	361	353
10	BASF	334	351

Status of Patent Applications by Types of Technology

In terms of the main types of technology, the greatest number of patent applications filed in 2016 related to electrical engineering (34.3%) followed by chemistry (21.0%), mechanical engineering (20.6%), instruments (13.1%) and others (11.0%), showing a similar trend to the previous year.

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▲ The most patent applications filed by large companies were in the fields of semiconductor manufacturing and processing devices (3,169 cases) and fuel cell/batter-related technologies (1,978 cases). ▲ The most patent applications filed by small/medium sized companies were in the fields of e-commerce, finance and payment methods (3,693 cases) and data processing devices and method (1,438 cases). ▲ The most patent applications filed by foreigners were in the fields of semiconductor manufacturing and processing devices (3,514 cases) and data processing devices and methods (2,026 cases).

Revised Systems of Intellectual Property Rights in 2017

The Korean Intellectual Property Office (KIPO) announced revised procedures and policies related to IP rights. These revised systems and policies are expected to improve the IP systems and provide more convenience to applicants.

The revised procedures and policies mainly focus on (1) improvements to IP rights and reinforced protection of IP rights, (2) IP competitiveness reinforcement project for Small and Medium-sized Enterprises (SMEs) and Middle-Range Enterprises (MREs), (3) increase of IP-related tax benefits and (4) improvements in service to the public.

Procedural Improvements for Enhanced Protection of IP Rights

Shortened Period for Filing Request for Examination	For applications filed on or after March 1, 2017, the period for filing a request for examination is shortened from five years to three years from the (international) filing date to expedite acquisition of a patent right.
Patent Cancellation System	For patents registered on or after March 1, 2017, any person can request cancellation of a registered patent during the period from the registration of the patent until six months after the publication of the patent. This is likely to prevent a degradation in the patent quality.

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<p>Extension of Novelty Grace Period for Filing a Design Application</p>	<p>The novelty grace period is extended from six months from the disclosure of a design to 12 months. Further, under the current system, the benefit of the novelty grace period may be claimed only before an office action is issued or in response to an office action. Under the revised system, the benefit of the novelty grace period may be claimed any time before the issuance of a decision to register a design.</p>
<p>Change to Period for Withdrawing Request for Correction during Invalidation Trial</p>	<p>Effective as of March 1, 2017, to reduce delays in invalidation trials, a request for correction may only be withdrawn (i) within the period for filing a request for correction (with a one-month grace period), or (ii) within the period for filing a response to a notice of non-acceptance of correction. Under the prior system, a request for correction was permitted to be withdrawn at any time.</p>
<p>Suspension of Patent Litigation Proceedings at the Request of Any Party</p>	<p>Effective as of March 1, 2017, any party may request a court to suspend patent litigation proceedings if there is a corresponding patent-related trial before the Intellectual Property Trial and Appeal Board (IPTAB). Under the prior system, the court could suspend the litigation proceedings <i>ex officio</i>.</p>
<p>Introduction of Criminal Penalties for Design Infringements</p>	<p>To prevent design infringements, criminal penalties are imposed on imitations of registered designs known as 'Dead Copy'.</p>
<p>Stronger Civil and Criminal Liability for Trade Secret Infringements</p>	<p>To enhance the protection of trade secrets, the maximum fine for trade secret infringement has been increased. A person who refuses to return materials relating to trade secrets is now subject to punishment.</p>
<p>Increased Monetary Penalties for Violation of the Trademark Act</p>	<p>The fines for violation of Article 232 of the Trademark Act (Offence of Perjury) have been increased to up to KRW 50 million from a previous maximum of KRW 10 million. The maximum imprisonment remains at up to five years.</p>

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Strengthening IP Competitiveness of Small and Medium-sized Enterprises (SMEs) and Middle-Range Enterprises (MREs)

<p>Selection and Support of Global IP Companies</p>	<p>Selecting SMEs with export-growth potential as global IP companies and providing focused support to help them promote their overseas marketing</p>
<p>IP Stepping-Stone Program</p>	<p>Supporting IP-based business start-ups by assisting potential business starters in 17 regions of Korea to implement and obtain IP rights for their best ideas.</p>
<p>IP-Based Business Support Team</p>	<p>Establishing an IP Business Support Team consisting of about 70 local IP consultants to provide support with real-time solutions for IP-related concerns.</p>
<p>IP-Based Business Promotion Program</p>	<p>With the goal of stable market entry and increased survival of IP start-ups, supporting technology-based companies in their first seven years to reinforce their IP capabilities by assisting in the establishment of patent portfolios to secure an exclusive market for their idea products.</p>
<p>Expansion of “Global Hit 365” Project</p>	<p>Expanding the existing project for supporting SMEs and MREs to establish strategies to go beyond focusing on products and obtain IP rights in foreign countries for services and business models.</p>
<p>Step-Up Program of Standard Essential Patent</p>	<p>Supporting SMEs and MREs with advanced technology capable of becoming standard essential patents so that they can grow to be “small but strong” enterprises, providing a full range of services covering research and development and strategies for developing standard essential patents.</p>
<p>IP-Dream Lab Project for Supporting Public Research Institutes</p>	<p>Implementing a customized IP Dream Lab to support public research institutes in developing technologies for advanced patents needed by SMEs, and to transfer developed technologies to the relevant government departments or commercialize the technologies.</p>

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Increase in IP-Related Tax Benefit

<p>Increase in Tax Deduction for Costs of Acquiring Technology</p>	<p>When SMEs acquire technology from other companies, the available tax deduction has been increased from 7% to 10% of the costs. A tax deduction of 5% of the costs continues to be provided to MREs and large enterprises.</p>
<p>Expansion of Tax-Free Remuneration for Employee Invention</p>	<p>The range of tax-free remuneration for employee inventions has been expanded to permit tax-free remuneration for patent application, registration and enforcement. Previously, only remuneration for registration was free of tax.</p>
<p>Tax Exemption for Gratuitous Technology Transfer</p>	<p>Value-added tax is now exempted when a patent registered for two or more years is transferred without consideration.</p>

Improvement of Services to Public

<p>Abolishment of Duty to Use Applicant Code for International Design Applications Filed under the Hague System</p>	<p>It is no longer required to file a petition to change applicant's information under the assigned applicant code whenever a change is made by the abolishment of the duty to use applicant code for international design applications filed under the Hague System.</p>
<p>Expansion of Authorization Given to Patent Attorney for International Design Applications Filed under the Hague System</p>	<p>For any document initially submitted together with a Power of Attorney for an international design application filed under the Hague System, the authorization given to the patent attorney has been expanded to file priority documents, material demonstrating that the design complies with the exception requirements for the novelty rule, copies of documents during the international phase (such as translation of amendments, translation of descriptions, and the like), in addition to the existing authorization to file amendments, argument briefs and requests for time extensions.</p>
<p>Abolishment of Duty to Indicate an English Title of Invention Upon Korean National Phase Entry of PCT applications</p>	<p>It is no longer required to indicate an English title of invention in a document under Article 203 of the Korean Patent Act submitted for Korean national phase entry for Patent Cooperation Treaty (PCT) applications.</p>
<p>Providing Results of PCT International Search to Applicant</p>	<p>For a PCT application claiming priority, the Receiving Office sends the search report of the prior application(s) together with the Request document to the International Search Office, and the International Search Office examines the PCT application with reference to the search report and provides examination results to the applicant.</p>

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Compensation for Employee Inventions by Korean Companies

Steady increase in adoption of Korean employee invention compensation system

The Korean Intellectual Property Office announced that the percentage of Korean companies adopting the employee invention compensation system has increased from 55.6% (2015) to 60.2% (2016), according to the 2016 Survey of Intellectual Property-Related Activities in Korea by the Korean Institute of Intellectual Property (KIIP).

< The KIIP Survey of Intellectual Property-Related Activities in Korea >

1. Period of Survey: August 8, 2016 to November 7, 2016
2. Subject of the Survey: Companies, universities and public research organizations with Intellectual Property (IP)-Related Activities
 - (1) Sampling from the companies, universities and public research organizations which filed at least two IP applications (from 2013 to 2014) and obtained registration for at least one IP application (from 2011 to 2015)
 - (2) Population: 26,199 (25,947 companies and 252 universities and public research organizations)
 - (3) Samples: 4,667 (4,515 companies and 252 universities and public research organizations)
 - (4) Final Results: 1,408 (1,210 companies and 198 universities and public research organizations)

Specifically, the percentage of both major companies and leading mid-sized companies adopting the employee invention compensation system has dramatically increased from 77.7% (2015) to 91.7% (2016), and 71.6% (2015) to 86.1% (2016), respectively. However, the percentage of small- and medium-sized companies adopting such a system remains low, increasing only modestly from 46.2% (2015) to 48.8% (2016). It appears that effort is required to raise awareness and support to encourage small- and medium-sized companies to implement the employee invention compensation system.

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Samsung ordered to pay KRW 21.85 million in compensation for employee's invention

Samsung Electronics ("Samsung") has been ordered to pay KRW 21.85 million in compensation to a researcher who invented a technology relating to the searching of contact information in mobile devices by auto-completion using initial consonants.

On February 5, 2017, the Supreme Court confirmed the lower court judgment holding Samsung responsible for paying KRW 21.85 million to the head researcher of Samsung, Ms. Ahn ("Plaintiff"), in a suit filed against Samsung wherein the Plaintiff sought the payment of compensation for her invention.

In 1993, the Plaintiff invented a technology relating to the searching of contact information in mobile devices by auto-completion using initial consonants, and assigned the right of her invention to Samsung. In 1996, Samsung was granted a patent for this invention. Thereafter, the Plaintiff filed a suit against Samsung, arguing that she had not been properly compensated for her invention and seeking KRW 1.1 billion in compensation. In response, Samsung argued that the Plaintiff's invention was highly likely to be invalidated, and further that similar inventions were owned by competitive companies.

In the first trial, the court rendered a decision that Samsung pay KRW 10.92 million in compensation to the Plaintiff. The court's calculation was based on the contribution of the Plaintiff's invention to the products (2%), the inventor's contribution (20%), the contribution to exclusivity (0.1%), etc. with respect to the sales revenue of Samsung, KRW 136.570 trillion. Both the Plaintiff and Samsung appealed the decision. On appeal, the Supreme Court adjusted the calculation with respect to the payment of compensation by doubling the contribution to exclusivity to 0.2%, and as a result, Samsung is now obliged to pay KRW 21.85 million.

In the decision, the Supreme Court stated that the Plaintiff's invention was merely a small part of the software for operating mobile devices, and many non-technical factors, such as brand awareness and design, could influence the sales of mobile devices. The Court further indicated that although it is hard to conclude that Samsung did not gain any benefits by preventing competitors from carrying out the Plaintiff's invention, the gains obtained by Samsung by this invention would be rather small; and that the value of the Plaintiff's invention its contribution to exclusivity is also very low.

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Samsung Display and LG Display Focus on OLED Panel Production

The market for OLED-based flexible displays is growing rapidly. Flexible OLEDs, which were previously used only for high-end products of Samsung Electronics, are now being used for Apple iPhones as well as products of the top Chinese companies. Beginning in 2018, automotive companies will adopt OLED panels for their car dashboards and central information displays (CID).

In 2014, Samsung Display began mass production of flexible OLED displays, in which one or both sides are curved, for Samsung Galaxy S smartphones and notebooks. It has recently completed the replacement of the old LCD lines with OLED lines. Samsung Electronics' plans to increase the supply of automotive displays through its acquisition of Harman in March 2017, and to expand its market share in automotive displays by exploiting its unrivaled competitiveness in small and medium-size OLED technologies.

LG Display, the market leader in large OLED displays, will mass-produce not only large TV panels but also small panels for automotive LCDs and smartphones. LG Display has decided to invest approximately KRW 2 trillion in a new 6th generation (1,500mm × 1,850mm) plastic-OLED (POLED) display production line at

its P9 plant located in Paju, north of Seoul, which has been producing 15,000 input sheets per month since the third quarter of 2016, and plans to invest KRW 10 trillion for the P10 plant in Paju to establish a production facility in 2018 for large OLED displays and small and medium-size POLED displays.

Drug Marketing Approval Renewal System to be enforced from January 2018

On January 24, 2017, the Korea Pharmaceutical Manufacturers Association announced the 'key systems associated with the pharmaceuticals industry that are changing from 2017.'

MFDS to Enforce Marketing Approval Renewal System from 2018

The Ministry of Food and Drug Safety (MFDS) intends to progressively enforce the marketing approval renewal system from 2018 to 2023 starting with drugs approved prior to January 2013. Beginning from January 1, 2018, pharmaceutical companies seeking to extend a product's approval must prepare and submit an application to the MFDS six months prior to the expiry date as disclosed on the marketing approval (or notification) of the product for which approval is to be extended.

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The documentation required to be submitted with an application for renewal include documents regarding safety management, quality management collected throughout the current approval period, disclosure of indications, current use and safety measures in overseas countries, and manufacture and import performance during the current approval period. All drugs are subject to renewal except for raw material medicine and exported drugs.

Punishment for Illegal Rebates Increased

Pursuant to the revision of the Pharmaceutical Affairs Act, the punishment for providing a rebate has been increased effective December 2, 2016. The punishment for the illegal provision of economic profit by a drug supplier for the purpose of sales promotion has been increased from imprisonment of two years or less and a fine of KRW 30 million to imprisonment of three years or less and a fine of KRW 30 million.

Indication of All Substances of a Drug on the Packaging

Pursuant to the revision of the Pharmaceutical Affairs Act based on the consumer's right to know, the names of all ingredients and the amount of the active ingredients (if the active ingredients are unclear, the nature and method of manufacturing the ingredients must be identified), and the amount of preservatives must be identified on the

container or packaging of the drug from December 3, 2017. However, substances specified by order of the Prime Minister, such as ingredients included in small amounts other than preservatives, may be excluded.

R&D Trends for Korean Pharma

Korean drug manufacturers are reportedly concentrating more on research and development of innovative drugs for cancer, diabetes and rheumatism, following global trends in pharmaceutical R&D.

Hanmi Pharmaceutical drew much attention as it announced its new R&D strategies with a drug platform technology named Pentambody at the J.P. Morgan Healthcare conference on January 11, 2017. Pentambody is a double antibody platform technology by which one antibody combines two different targets at the same time. Multinational pharmaceutical companies are highly interested in such technology and are trying to improve their research capabilities to develop it.

At the end of 2016, Dong-A ST signed a technology transfer agreement with a subsidiary of AbbVie pharmaceuticals regarding DA-4501, a cancer immunotherapy drug it has been developing. AbbVie will pay up to USD 525 million (KRW 617 billion) plus royalties of up to 10% of sales.

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In November 2016, Kolon Life Science also signed a technology transfer agreement worth KRW 500 billion with Mitsubishi Tanabe Pharmaceutical regarding the commercialization in Japan of the osteoarthritis drug Invossa. Under the terms of the agreement, Mitsubishi Tanabe will pay an upfront payment of approximately \$24 Million plus additional payments of up to approximately \$410 Million upon achievement of certain development, regulatory and commercial milestones, as well as a double-digit sales royalty. The deal amount announced today represents the largest single-territory deal on record for Korea.

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Korean Design Examination Guidelines Update: Effective January 1, 2017

In an effort to ease the requirements for creativeness of designs and extend the scope of design items eligible for registration, the Korean Intellectual Property Office (KIPO) has amended the Korean Design Examination Guidelines (“Guidelines”). The amendment is effective as of January 1, 2017. Details of the amendment are provided below.

Creativeness of geometrical figure designs

The KIPO previously refused to register designs consisting only of a well-known

geometrical figure, such as a hexahedron and a cylinder, on the basis that such designs lack creativeness. On this basis, designs that were created based on the minimalism trend (a style that uses pared-down design elements) were not eligible for registration regardless of the nature of the products. The amended Guidelines require the examiner to present supporting materials when issuing a refusal to register a design on the basis of lack of creativeness, unless the design is obvious and is easily conceivable in view of prior art in the relevant industry.

Registrability of combined items

The KIPO also previously refused to register designs if parts of the design item are separately illustrated in drawings unless all parts of the designs are deemed by the KIPO to perform the same function. Such designs can now be registered even if each part of the design item performs different functions. By way of example, the previously unregistrable combinations shown below can now be registered.

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Ice Cream combined with a container	Candle combined with a container	Cake combined with a band
		

In addition, it is now permissible to obtain registration of a design for a collection of powders or grains if they are solidified to form a certain shape, such as a sugar cube or solidified cement.

Determining similarity of automotive designs

The Guidelines have also been amended to narrowly determine the similarity of designs of automobile parts given that automobile designs mostly show the basic and functional aspects of automobiles. In this regard, if a pending design of an automobile part has a slightly different and creative element from prior designs, the pending design would be granted registration.

Acceptance of additional drawings of designs

For international design applications covering multiple designs wherein the drawings of one design illustrate the configuration of the entire design item and the drawings of other designs do not, the KIPO previously refused to accept additional drawings of the

other designs illustrating the configuration of the entire design item. Under the amended Guidelines, the KIPO now will accept such additional drawings if the features in the additional drawings can be sufficiently predictable from the originally submitted drawings. Please refer to the example shown below.

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Originally-filed drawings of an international application	Additional drawings acceptable for Design M002																																			
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Internet Keyword Advertisement Acknowledged as Use of Mark in Cancellation Action

The Korean Patent Court (“Court”) has held that a keyword advertisement on the Internet is deemed a valid use of a mark in a cancellation action based on non-use. The decision has also held that a use of either the Korean or the English element is deemed a valid use of a mark consisting of English and Korean elements. (Decision No. 2016-heo-5439)

Background

The Korean Trademark Act provides that if a trademark is not used as registered in connection with the designated goods or services for a period of three years prior to the filing date of a cancellation action, then the trademark is vulnerable to cancellation on the basis of non-use.

The trademark registrant, which operates a dermatology clinic named “SKINIQUE,” registered the mark “필톡스 Filltox” (Filltox and its Korean transliteration; “Subject Mark”) for the services “hospitals,” etc. Prior to the filing of a cancellation action against the Subject Mark based on non-use, the registrant placed a keyword advertisement of the word “필톡스” on an Internet portal site. (In “keyword advertising,” the advertiser pays to have its advertisement appear in the results listing when a person uses a particular relevant phrase in a web search.)

Finding of Facts and Decision

Determination of whether a keyword advertisement is a valid use of a mark

The Court acknowledged the fact that, if a user enters the word “필톡스” into the Internet portal site, the user can find the dermatology clinic name “SKINIQUE” and the domain name “www.skinique.net,” which is linked

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to the website of the “SKINIQUE” clinic. On this basis, the Court held that the keyword advertisement is deemed an advertisement of

the mark “필톡스” in relation to the services “hospitals, dermatological services,” etc.

Search result of the word “필톡스” through portal site



Determination of whether the use of the keyword “필톡스” is recognized as a use of the Subject Mark

The Court held that “필톡스” is the Korean pronunciation of the English element “Filltox.” Thus, the use of “필톡스” would be recognized as a use of the Subject Mark by general consumers and traders. On this basis, the Court acknowledged that the keyword advertisement for “필톡스” is a valid use of the Subject Mark.

Comments

The Court has taken the position that a keyword advertisement on the Internet is not merely the act of inducing customers, but also an advertisement of the mark, and

thus a keyword advertisement using a third party’s mark constitutes an infringement of the mark. In this cancellation action based on non-use it became an issue whether a keyword advertisement should be deemed an advertisement of a mark.

Furthermore, the Court’s determination that the use of the Korean element “필톡스” is deemed a use of the Subject Mark is consistent with a recent Korean Supreme Court decision holding that the use of either an English or a Korean element should be acknowledged as a valid use of a registered mark consisting of English and Korean.

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Investment in UCC Website by Site Operator Confers Rights under the Copyright Act

Regarding user created contents (UCC) on a website, the Seoul High Court has ruled that the operator of a website who invested a considerable amount of human and financial assets in producing and managing the website has the right of a database producer under the Copyright Act. This judgment is the first of its kind in Korea.

The plaintiff Mr. Bae had operated a wiki¹ called “Enha Wiki” (now known as Rigveda wiki) since 2007. In 2009, the defendant Mr. Chung began operating “Enha Wiki Mirror” which reproduced all the content of Enha Wiki, and obtained advertising profits in the process. Mr. Bae filed a suit arguing that his rights as a “database producer” under the Copyright Act had been violated by Mr. Chung and claimed damages of KRW 30 million.

However, the trial court did not recognize Mr. Bae as a database producer, which would have entitled him to certain rights and protections. It did acknowledge that Mr. Bae had suffered damages of KRW 20 million on a

different theory under the Unfair Competition Prevention and Trade Secret Protection Act, ruling that “Mr. Chung’s behavior is the act of causing confusion between another person’s business facilities or activities and his own by using a name or tradename similar to that of the other widely known in Korea, and also the act, committed by a person without a justifiable right, of registering, maintaining or using a domain name identical or similar to that of the other with an aim to obtain commercial profits”. Mr. Bae did not accept this judgment and filed an appeal with the Seoul High Court claiming even more damages of KRW 305 million.

In contrast to the lower court, the Seoul High Court acknowledged the plaintiff’s right as a database producer. It said, “Mr. Bae designed the system, categories and subcategories in operating a pilot wiki site in 2007 and introduced a systematic search function using human and financial resources invested for the website, and he created a unified and organized table of contents and a page format sufficient to fulfill a variety of needs including those of subculture fans, members of the general public who are curious about common knowledge and even game fans.”

¹ Wiki: a website such as Wikipedia where any user can add and modify its content.

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The court added, “Even at this point in time, Mr. Bae is operating and maintaining a website that has approximately 16,000 subscribers and 250,000 wiki documents, which is operated on four servers created in his own name. . . . Although it seems that most of the 200,000 documents on the website as of July 2013 have been posted and modified by users and users can edit even the indexes, it is undeniable that Mr. Bae created the website and invested a considerable amount of human and financial resources in order to renew, verify and supplement subjects. And this is sufficient to consider him a database producer. Mr. Chung violated Mr. Bae’s right of reproduction and right of transmission.”

The Seoul High Court therefore ordered Mr. Chung to close his website and pay damages of KRW 105 million to Mr. Bae.”

Hanjin Shipping Bankruptcy: Leaving Behind 40 Years of History.

Hanjin Shipping, Korea’s first and largest ocean transport company, was declared bankrupt after the court ended its receivership process.

The Seoul Central District Court decided on February 2, 2017 to end the receivership process of Hanjin Shipping, and the final declaration of bankruptcy was issued on February 17. As a result, Hanjin has entered

into procedures for bankruptcy and all its assets will be marshalled and distributed to its creditors. Explaining its decision to terminate the receivership process, the court said that “our investigation into Hanjin Shipping revealed that as it has already assigned its main businesses, it is practically impossible to calculate the firm’s going concern value” and that “the firm’s liquidation value would be higher than its going concern value.”

Established in 1977 by Choong-Hoon Cho, the late Chairman of Hanjin Group, Hanjin Shipping grew into the premiere shipping company in Korea and became the world’s seventh largest shipper. However, it suffered from deficits resulting from the deteriorating shipping industry and filed for debt workout arrangements with creditors on April 25, 2016. Failing to take the self-preservation measures requested by creditors, Hanjin was not able to receive further financial support from them and went into receivership in September last year. Its vessels stopped being operated and were seized at ports around the world causing enormous chaos in logistics. Hanjin’s business network disintegrated and the company laid off personnel and sold major assets, which ultimately led to bankruptcy. “The court will make sure that debt repayment is made as much as possible in a way that is fair and equitable to the creditors,” a person related to the court said.

LEE NEWS

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“Wall of Patents” – Takeda Prevails in Challenges to its Patent for DAXAS Tab by Dong-A ST

Dong-A ST took action against Takeda Pharmaceutical seeking invalidation of Takeda’s patent for the substance, composition and use of DAXAS Tab, a drug for respiratory organs, as well as invalidation of the patent term extension granted for that patent. Lee International IP & Law Group represented Takeda and prevailed in both invalidation trials.

As the Post Market Surveillance (PMS) for DAXAS Tab expires on May 15, 2017, beginning in 2015 a number of domestic pharmaceutical companies, including Hanmi Pharm, Yuhan Corporation, Chong Kun Dang, and BC World Pharm, filed requests for invalidation of Takeda’s patent and patent term extension. However, all but Dong-A ST withdrew their requests for trials.

Dong-A ST argued that all of the claims of Takeda’s patent (KR 0331255) should be invalidated, whereas the other pharmaceutical companies had argued that only certain claims of the patent should be invalidated. However, the Intellectual Property Trial and Appeal Board (IPTAB) dismissed both requests for invalidation filed by Dong-A ST.

Lee International Holds Technical Seminar on OLED

In a series of events organized by Lee International this spring, the first technical seminar was held on OLED, the issue recently garnering attention in the display field. Lee International had the pleasure of inviting Prof. Kee-Chan Park from Konkuk University to address on the trending issues related to OLED, enlightening the attendees with an up-to-date report as well as offering valuable opportunities to engage with technical experts in the field.



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New Members: Kwang-Chun Park, Sung-Hyun Kim, Arthur Dong-Jin Choy, Hyun-Jun Cho, Hye-Ri Lee, Mi-Ok Hong



Kwang-Chun Park

Mr. Kwang-Chun Park has extensive experience in diverse consultations and litigations in fields of real estate, finance, M&A, fair trade and other areas on behalf of various domestic and overseas companies. He has handled transactions involving syndicated loans, structured finance, transfer of assets or management rights, project finance and REIT development projects, mortgage-backed securities, etc. He also has handled commercial disputes and other legal affairs. He graduated cum laude from Seoul National University with a bachelor's degree in Economics and Psychology, before heading to Yonsei Law School. He worked at Sojong Partners (2012~2016) prior to joining Lee Interna-



Sung-Hyun Kim

Mr. Sung-Hyun Kim has profound experience in a variety of areas including property crimes, crimes by foreigners, intellectual property rights, trade secrets, private information protection, environment, labor, industrial accidents, defamation, press, and administration, and has litigated and advised on civil, criminal and administrative cases. He passed the 48th national bar exam and completed the requisite judicial training courses at the Judicial Research and Training Institute in Korea. He handled many criminal cases serving as a prosecutor in Seoul Central District Prosecutor's Office (2010~2012), Gangneung Branch of Chuncheon District Public Prosecutor's Office (2012~2014) and Suwon District Prosecutor's Office (2014~2015). Since 2015, he has built his career as an attorney in Kim & Chang (2015~2016) and the Press Arbitration Commission (2016), and in 2017 he joined Lee International IP & Law Group. He graduated from Seoul National University with a B.A. degree in law (2008) and is a student of the business school of Hankuk University of Foreign Studies in international finance.



Arthur Dong-Jin Choy

Mr. Arthur Choy advises on corporate and intellectual property matters, including mergers and acquisitions, cross-border transactions, and licensing. He has valuable and diverse experience as an attorney and as a business executive in the semiconductor and financial industries. He has extensive experience in cross-border corporate transactions and technology transfer. Immediately prior to joining Lee International, Mr Choy was Managing Director of Partners K&K, Ltd., a boutique special situations investment firm in Seoul. He received his B.A. ('83) and J.D. ('87) from Columbia University. He is an adjunct professor at KAIST, where he teaches licensing and U.S. IP litigation.

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Hyun-Jun Cho

Mr. Hyun-Jun Cho focuses his practice on litigation and corporate law in a variety of areas including civil and criminal matters, shipping and insurance. After being admitted to the bar in 2015, he served as a law clerk in the 4th Civil Department of the Seoul Central District Court (2015) and then in the 2nd Criminal Department of the Seoul High Court (2016) where he handled civil cases involving finance, shipping, insurance and real estate, criminal cases involving personal property, elections and many others. He graduated from Seoul National University with a B.L degree in 2004 and then from Hankuk University of Foreign Studies School of Law in 2015.



Hye-Ri Lee

Ms. Hye-Ri Lee focuses her practice on litigation and advice in the areas of general civil disputes and criminal defense. Before joining Lee International IP & Law Group, she served as a law clerk in the 12th Criminal Department and 24th Civil Department of the Seoul High Court (2015-2016) where she reviewed a variety of general civil and criminal cases such as sexual crimes, breach of duty, embezzlement, fraud, compensation for damages and insurance matters; prepared drafts of written judgments; and handled cases of appeal. Ms. Lee graduated from Sungkyunkwan University with a B.L. degree in 2013.



Mi-Ok Hong

Ms. Mi-Ok Hong litigates and advises clients in the areas of general civil disputes, criminal litigations, corporate legal matters, environmental disputes and construction. Prior to joining Lee International & IP Law Group, she served as a law clerk in the Criminal Appeals Department – exclusively in charge of economic and intellectual property rights – of the Seoul Central District Court (2015) and then in the Civil Department – specializing in environment – of the Seoul High Court (2016). As a law clerk, she handled a variety of cases involving civil and criminal litigation, environment, unfair competition and capital markets. Ms. Hong graduated cum laude from Ewha Womans University with a B.L degree in 2012 and also graduated summa cum laude from Hanyang University School of Law in 2015.



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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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