Lee International
IP & LAW GROUP

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NewsLetter

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Patent Supporting the Fourth Industrial Revolution

As of April 24, 2018, the KIPO has implemented the revised Enforcement Decree of the Korean Patent Act, in which expedited examination is available for patent applications related to seven core fourth industrial revolution (4IR) technologies.

Last year, the KIPO was the first in the world to establish a new technology classification system for the following seven core 4IR technologies: artificial intelligence (AI); internet of things (IoT); 3D printing; autonomous driving; Big Data; intelligent robotics; and cloud computing.

Under expedited examination, the results of examination are issued in about six (6) months, which is merely one-third of the period for regular examination. Through expedited examination, companies, universities and research institutes would be able to secure patent rights more quickly.

The KIPO stated: "The addition of specific technologies subject to expedited examination is an extension of the 4IR-related patent policies, which have been initiatively promoted by the KIPO since last year, such as the completion of the new technology classification system," and further announced: "The KIPO will actively promote its examination policy by creating a new organization responsible for the 4IR, increasing the number of experts, and introducing an examination system by three (3) examiners to increase global competitiveness in domestic 4IR technical fields, such as AI, IoT, etc."

Samsung Electronics and LG Electronics Become Active in M&A

Samsung Electronics declared that it will change the electronics market dominion by connecting "Home IoT" and "Bixby" and announced that it will promote an aggressive business strategy such as active M&A and securing at least 1,000 AI professional personnel. On May 17, 2018, Samsung Electronics held "Samsung Home IoT & Bixby" media day, and introduced an AI road map which connects intelligent assistant "Bixby" and "Home IoT," and its vision. The president of Samsung

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Consumer Electronics stated that they will take over domestic or foreign companies that have good technologies and they are currently considering many companies.

LG Electronics decided to take over "ZKW," an Austria-based global automotive headlight and lighting manufacturer, in a board meeting on April 26, 2018. LG Electronics will acquire a 70% stake of ZKW for 770 million Euros, and LG Corporation will acquire the remaining stake of 30% for 330 million Euros. With this as a momentum, LG Electronics plans to strengthen "the automotive lightings business" among the automotive parts business, to consolidate its position as global automotive parts Tier 1 company. ZKW, established in 1938, is a company that manufactures automotive lightings such as headlamp, and its main customers are global automobile companies such as BMW, Mercedes-Benz, Audi, Volkswagen, Volvo and Ford.

Samsung Electronics Reaches a New High in R&D Spending in Q1

Samsung Electronics made their largest investment on research and development (R&D) projects in the first quarter of this year. Specifically, Samsung Electronics spent 4.33 trillion won on R&D in the January-March period. This figure marks an 11.8% rise from the previous largest investment amount in the first quarter of 2014 (when it spent 3.87 trillion won), and a 12.3% rise from the amount in the same period of 2017 (when it spent 3.85 trillion won). Such a significant increase in the R&D spending may be a result of their struggles to obtain patents and develop new technologies in the field of artificial intelligence (AI), automobile electronics, etc. Samsung Electronics has been aggressively claiming and securing their patent rights in preparation of a global patent war. Samsung Electronics has been in a design patent litigation with Apple since 2011, and in a patent litigation with a Chinese company, Huawei, since 2016.

Micro LED Display Technology Leads the Next Generation Display Market

Micro LED display technology, which attracted worldwide in "CES 2018," one of the world's largest consumer electronics and IT product exhibitions, held in January of this year, is also getting the limelight in patent filings.

The KIPO announced that patent filings for

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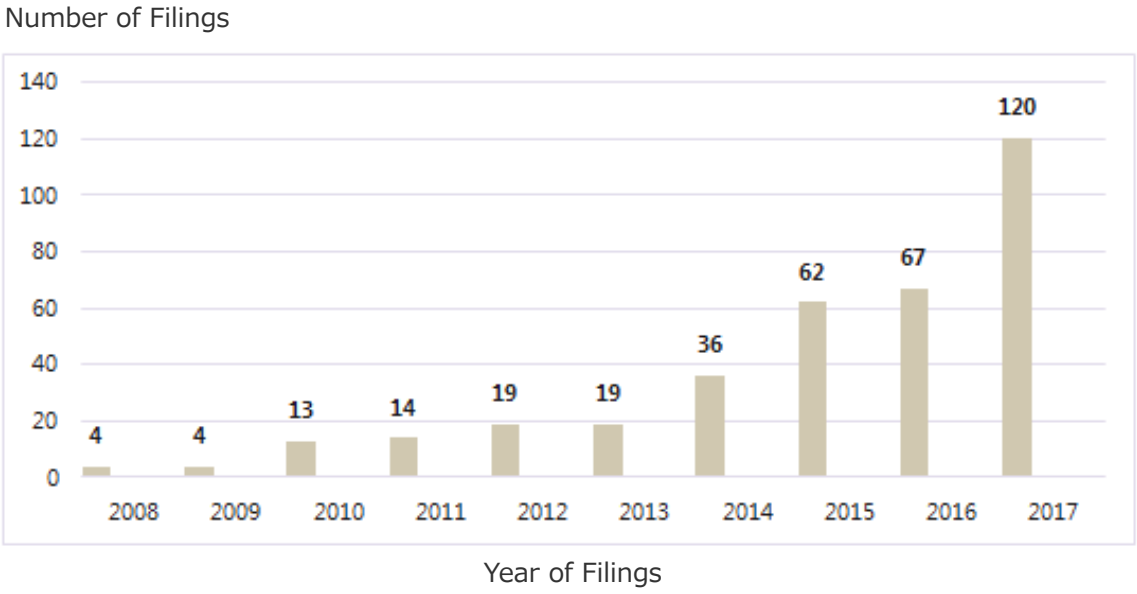
micro LED technology have increased rapidly in recent years.

Micro LEDs are ultra-small-sized light emitting diode with a chip size of 5-100μm. As much as LEDs are miniaturized, LED chips themselves can be used as pixels unlike the existing backlight applications. Therefore, the fields, to which such LED chips are applicable, are expected to be broadened greatly.

As if conforming with such expectation, the number of patent filings with the KIPO for micro LED technology increased more than threefold from only 19 cases in 2012 to 62 cases in 2015, and again approximately doubled to 120 cases in 2017 compared to 2015.

<Trend analysis of patent filings relating to Micro LED technology (previous 10 years)>



According to the past 10-year records on patent filings with the KIPO for Micro LED technology, 33.2% (119 cases) was filed by the domestic large conglomerates, and 32.4% (116 cases) was filed by foreign companies, followed by 16.2% (58 cases) by small-medium-sized companies, 15.4% (55 cases) by universities and research institutes, and 2.8% (10 cases) by individuals.

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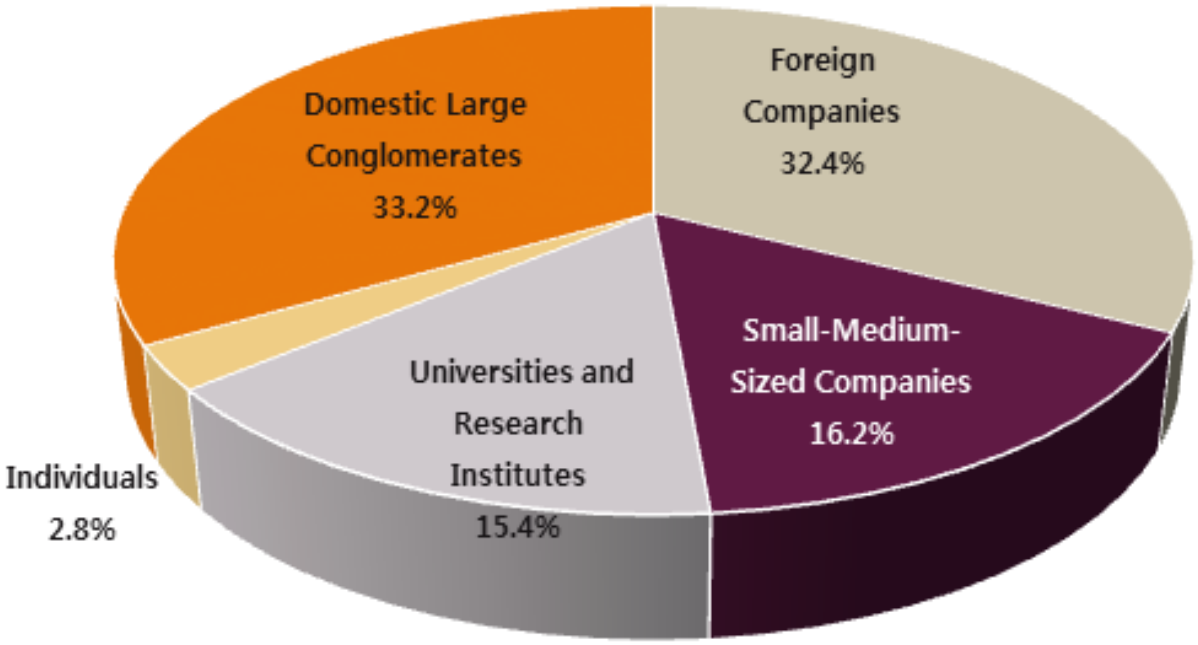
<Trend of patent filings relating to Micro LED technology by applicant>



It should be noted here that the number of patent filings by foreign companies is comparable to the number of patent filings by domestic large conglomerates in terms of micro LED technology, in contrast to OLED technology in which domestic large conglomerates have dominated foreign companies in the number of filings. It is believed that foreign companies are actively jumping into micro LED technology development to take the lead in the next generation display market.

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The Number of Korean Registered Patents Owned by the Top 10 Korean Pharmaceutical Companies Still Low Compared to That of Multinational Pharmaceutical Companies

The number of Korean registered patents owned by the top 10 Korean pharmaceutical companies is as follows:

Sales Ranking	Company	Patent/ Utility Models
2	GC Green Cross	**115**
4	Daewoong Pharmaceutical	**95**
8	DongA ST	**88**
6	Chong Kun Dang Pharmaceutical	**87**
5	Hanmi Pharmaceutical	**75**
1	Yuhan	**73**
7	Celltrion	**60**
3	Kwang Dong Pharmaceutical	**58**
10	Il Dong Pharmaceutical	**54**
9	JW Pharmaceutical	**29**

Although GC Green Cross appears to have the most registered patents in Korea, its number is still low compared to that of multinational pharmaceutical companies such as Pfizer with 212 registered patents and Novartis with 410 registered patents. Korean pharmaceutical companies should be more cognizant of the importance of patents in establishing business strategies.

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Recent Trends in Patent Infringement Actions in Korea

Increase in Damages Awarded

According to statistics on the decisions issued between January 2012 and November 2017 in the infringement cases heard at Seoul Central District Court, the ratio of dismissals to acceptances is 6.4 to 3.6. Among the decisions affirming patent infringement, 64% awarded both injunction and damages. The average amount of the damages awarded in 2017 increased by 24% compared to the average amount of the damages awarded between 2009 and 2013. The amounts of damages awarded by Seoul Central District Court between 2012 and 2017 was greater than one hundred million Won in about 45% of the cases, greater than 3 hundred million Won in about 23% of the cases, greater than one billion Won in about 23% of the cases, greater than 5 billion Won in about 2.5% of the cases, and greater than 10 billion Won in about 2.5% of the cases.

Expansion of Range of Evidence Discoverable in Patent Infringement Actions

Recent infringement cases appear to be affected by the revision to Article 132 of the Patent Act. Due to the 2016 revision, it became more difficult for an accused infringer in a patent infringement action to refuse to submit evidence by asserting that the evidence is a trade secret. In addition, the range of evidence in a patent infringement action was expanded from "documents" to "materials," including videos and photographs. According to the revised Patent Act, if an accused infringer does not respond to the court's order to submit evidence without a justifiable reason, the court may presume that the assertions that the opposing (requesting) party intended to prove based on the evidence is true. In actuality, in November 2017, a court decision was issued in an infringement case, acknowledging the full amount of damages claimed as the amount of damages to be awarded on the basis that the accused infringer did not submit the requested evidentiary materials.

TRADEMARKS

TRADEMARKS

1) Morinaga's Mark "" is Not Confusingly Similar to Starbuck's Prior -Used Mark"" and Prior-Registered Marks "" and "".

2) "Pending Mark ""is Not Confusingly Similar to Prior-Registered Mark "ORIGIN" in terms of its Overall Impression

CASE 1)

The Korean Patent Court ruled that Morinaga Milk Industry's mark containing a green concentric circle device element ("Morinaga's Mark") is not confusingly similar to Starbucks' prior-registered marks and its famous circular, green, and white mermaid logo, in an invalidation action filed by Starbucks (Korean Patent Court Case No. 2017 Heo 5481 issued on November 24, 2017).

Facts

Starbucks filed an invalidation action with the IBTAB against Morinaga's Mark on the basis that it is confusingly similar to Starbuck's prior-registered marks ("Prior Marks 1 and 2") and its globally famous prior-used mark ("Prior Mark 3"). The relevant marks are shown below.

Starbucks' Marks			Morinaga's Mark
(Prior Mark 1)	(Prior Mark 2)	(Prior Mark 3)	

Starbucks received an unfavorable decision in the invalidation action and subsequently filed an appeal of the IPTAB decision with the Korean Patent Court.

Korean Patent Court's Decision

The "THE MOUNTAIN OF SEATTLE" element of Morinaga's mark is a geographical indication, and thus lacks distinctiveness. The "ESPRESSO & MILK" element of Morinaga's mark is the common name of the goods associated therewith, and thus also lacks distinctiveness. Therefore, the "Mt. RAINER" element and a mountain device element, both of which are predominant and distinctive, serve as the dominant elements of Morinaga's Mark. Since the dominant elements of Morinaga's Mark are not confusingly similar to Prior Marks 1 and 2, Article 7(1)(vii) of the Korean Trademark Act is not applicable to Morinaga's mark.

Furthermore, given that the dominant elements of Morinaga's Mark are not confusingly similar to Prior Mark 3, Articles 7(1)(ix), 7(1)(xi), and 7(1)(xii) of the Korean Trademark Act are not applicable to Morinaga's Mark.

Significance of Decision

The Korean Patent Court determined that although the "Mt. RAINER" element and the mountain device element are inseparably combined with other elements in Morinaga's Mark, they are the dominant elements of Morinaga's Mark and thus are capable of distinguish its goods from others. Thus, if a trademark can be perceived by its dominant element, such dominant element should be considered in a similarity analysis, regardless of whether the dominant element is inseparably combined with other elements.

CASE 2)

Korean Patent Court ruled that the pending mark "  " is not confusingly similar to the prior-registered mark "ORIGIN" and thus should be registered (Korean Patent Court Case No. 2017 Heo 3270 issued on October 20, 2017)

Facts

The petitioner (applicant) filed an application to register the mark "  " in Classes 9 and 41, which was finally refused by the KIPO on the ground that the mark was confusingly similar to the prior-registered mark "ORIGIN" in terms of the marks themselves and the goods associated therewith and thus cannot be

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registered pursuant to Article 7(1)(vii) of the Korean Trademark Act. After an appeal of the final refusal was dismissed by the IPTAB of the KIPO, the petitioner filed a further appeal with the Korean Patent Court.

Korean Patent Court's Decision

The Korean Patent Court ruled that the pending mark could logically be divided into its individual elements "  " and "  ," in which case it would likely be perceived or pronounced by the element "  " alone for the following reasons: (i) the element "  " is a major portion in the pending mark; (ii) there is a pending or a registered mark which consists solely of "  ," which is well-known as a specific source indicator to the general consumers;; and (iii) "  " series games have been continuously developed and distributed. Based on the foregoing, the Korean Patent Court concluded that since the pending mark could be perceived or pronounced as "  " in entirety or "  " alone, it is not confusingly similar to the prior-registered mark "ORIGIN" and thus Article 7(1)(vii) of the Korean Trademark Act is not applicable to the pending mark.

Significance of Decision

Even though the pending mark includes one element which is identical to the prior-registered mark, the similarity of the compared marks should be determined by judging whether the co-existence of the marks would cause confusion as to the source of the parties' respective goods considering the actual situation of trade channels and the degree of consumers' knowledge for the marks, without comparing the marks by mechanically dividing them into their individual elements.

GENERAL LAW

Kumkang Overcomes Trademark Challenge by Regal

A recent case involving well-known Korean shoemaker Kumkang illustrated the difficulty of protecting an unregistered trademark. Kumkang beat back a challenge by Regal Coporation of Japan in a lawsuit alleging infringement of its "REGAL" trademark. The Seoul Central District Court rejected Regal's claim.

Regal argued that in 1961 it had acquired from the American shoemaker Brown Shoe the exclusive right to manufacture and sell "REGAL" branded shoes in Japan, as well as the right to obtain trademark rights and own

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an exclusive distribution rights to the "REGAL" trademark in South Korea. It further argued that in 1990 it had received from Brown Shoe an assignment of trademarks in "major countries", specifically excluding the U.S., Canada and Puerto Rico but not specifically including Korea. In any event, Regal did not take any steps to register the mark in Korea.

Kumkang argued that it had legally registered the "REGAL" mark in 1962, and that over the decades it had expended over KRW 50 billion in advertising expenditures to promote the "REGAL" brand.

As Regal had not registered the trademark in Korea, it resorted to non-trademark law in an attempt to establish a claim for damages. The Unfair Competition Prevention and Trade Secret Protection Act provides liability for "[A] ny other acts of infringing on other persons' economic interests by using the outcomes, etc. achieved by them through substantial investment or efforts, for one's own business without permission, in a manner contrary to fair commercial practices or competition order."

There were evidentiary issues with respect to the 1961 contract between Regal and Brown Shoe, but the Court ruled that even assuming the allegations of Regal, the contract only authorized Regal to use the mark and to seek registration in the countries mentioned in the contract. In the case of the 1991 contract, the failure to mention Korea specifically meant that it was irrelevant to the issue at hand. In any event, the crucial fact remained that Regal did not seek registration of the "REGAL" mark in Korea at any time during the period.

The Court went on to reject Regal's attempt to use the Unfair Competition Prevention and Trade Secret Protection Act to establish liability, citing the lack of convincing proof beyond the level of proof might have sufficed if a registered trademark was being enforced.

It should not be surprising that to prevail in a trademark case it is essential to have diligently registered and protected the trademark.

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Lee International Selected as Asia's Tier 1 Firm in IP-trademark

Lee International was selected as a tier 1 firm in both prosecution and contentious works by the 2018 Asia IP Trademark Survey. Asia IP is a legal information media published by Hong Kong media, 'Apex Asia Media Limited', which provides in-depth articles and useful information to law firms around the world.

Lee International Selected as a Tier 2 Firm in Trademark Prosecution/ Contentious and Tier 3 Firm in Copyright

Lee International was selected as a tier 2 Firm in Trademark Prosecution/ Contentious and a tier 3 Firm in Copyright in the 2018 IP Stars handbook published by MIP (Managing Intellectual Property). The MIP handbook provides the latest news, insights and commentaries on leading stories and developments in the world of IP law.

Lee International, IAM Patent 1000 – Recommended in Patent Prosecution, and Department Head Taehong Kim Selected among Notable Individuals in the Prosecution DivisionProsecution/ Contentious and Tier 3 Firm in Copyright

Lee International has been selected as a recommended prosecution firm in "Patent 1000 - The World's Leading Patent Professionals 2018" published by Intellectual Asset Management (IAM). In addition, Taehong Kim, a patent attorney, has been selected in the Individuals: Prosecution section.

IAM Patent 1000 is a leading guide on patent law in major countries around the world. It is selected through in-depth research and interviews with lawyers, patent attorneys, and in-house lawyers from all walks of life.

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

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

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

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