Lee International
IP & LAW GROUP

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NewsLetter

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Revision to Judicial Police System Related Act by Korean Intellectual Property Office

The Act on Persons Performing the Duties of Judicial Police Officers and the Scope of their Duties (Judicial Police Duties Act) came into effect on March 19, 2019. The Judicial Police Duties Act has greatly expanded the scope of duty of the Special Judicial Police (SJP) within the Korean Intellectual Property Office (KIPO) to conduct investigations in connection with violations involving trademark, patent and design infringement and trade secret misappropriation.

The SJP system is a system that authorizes administrative official to take the same legal authority as a general police officer, to directly investigate a crime in a certain professional field or the crime occurring in a specific space. As such, the SJP system can handle the investigations more efficiently than the general police officer.

The KIPO introduced the SJP system to conduct criminal investigations in connection with trademark infringement to crackdown on counterfeit goods in September 2010.

Since then, more than 2,700 infringement offenders have been criminally arrested for trademark infringement.

The SJP system launched by Soo-won Lee, a former commissioner of the KIPO in 2010 and currently senior advisor of Lee International & IP Law Group, has been a great success in trademark infringement cases. Based on the successful results in trademark infringement cases, it was possible to expand the scope of the duty of the SJP to conduct investigations in patent and design infringement and trade secret misappropriation cases.

A high degree of expertise in intellectual property law is required in order to successfully conduct investigations on violations involving patent and design infringement and trade secrets misappropriation. The KIPO has more than 1,100 examiners and trial judges who are top experts in the field of intellectual property, including more than 450 of them received a doctorate degree in science and engineering. Accordingly, the KIPO is expected to competently handle infringement cases quickly and accurately.

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The following cases are to be reported to the SJP within the KIPO: 1) where there is an infringement of the rights registered with the KIPO including an infringement of patent and its exclusive license, an infringement of design and its exclusive license and an infringement of trademark and its exclusive license; and 2) where there is a trade secret misappropriation, an acquisition or use of trade secrets for the purpose of gaining dishonest profits or damaging trade secret holders or an improper disclosure of trade secrets to third parties.

The process of handling an infringement report is outlined as follows: 1) filing a request for an injunction to cease an infringement (lawsuits, accusations, *etc.*); 2) assigning a professional investigator and initiating investigation based on the type of infringement; 3) determining the existence of a potential infringement based on the testimony and evidentiary materials submitted by the petitioner; 4) reviewing the testimony and evidentiary materials submitted by the petitioner; 5) determining whether there is an actual infringement; and 6) preparing and delivering the written opinions on investigation to the prosecutor's office.

Reporting to the SJP within the KIPO has the same effect as reporting to the prosecutor's office or the police. The SJP within the KIPO have the same investigative authority as the general police official. For example, the SJP may conduct investigations according to the same procedures, and charge and send the cases to the prosecutor's office.

There is no additional service fee to be paid with the KIPO until a case is sent to the prosecutor's office. The investigation period is generally within two (2) to three (3) months, but may be extended depending on the size of the case and the investigation direction of the prosecutor.

If the SJP within the KIPO determine that there is an infringement, such case is sent to the prosecutor's office as a prosecution opinion, and the court finally determines through the filing of a prosecution's complaint, which will be processed in accordance with the Criminal Procedure Act. A petitioner may file a separate civil lawsuit before the court, and if there is a criminal infringement opinion, it may

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be used as the main material in the civil lawsuit.

Lee International IP & Law Group successfully represented numerous trademark infringement cases based on the close cooperation between the KIPO and our attorneys, including Jun-Seok Lee, a former trial judge at the KIPO, and Soo-Won Lee, a former commissioner of the KIPO who launched the SJP system. Accordingly, Lee International IP & Law Group is expected to demonstrate success in future patent, design and trade secret cases.

Heads of IP5 Held Their Annual Meeting

The 12th annual meeting of the heads of the five patent offices was held on June 13, 2019 in Incheon, Korea. The five patent offices, known as the Intellectual Property 5 (IP5), are the Korean Intellectual Property Office (KIPO), the European Patent Office (EPO), Japan Patent Office (JPO), the China National Intellectual Property Administration (CNIPA) and the United States Patent and Trademark Office (USPTO).

During the meeting, the heads of the IP5 delivered a joint statement to cooperate to improve the international patent system in preparation for the Fourth Industrial Revolution.

In addition, the IP5 heads agreed to launch a joint task force for the emerging technologies, such as AI. The task force is to establish an "IP5 cooperative roadmap," which includes a project for adopting new systems to patent administration.

At the meeting, regarding the US information disclosure statement (IDS), it was approved that an electronic exchange between patent offices would replace the submission of prior art information. In addition, a classification scheme in the field of technologies relating to the Fourth Industrial Revolution was reflected to the International Patent Classification (IPC) for the first time.

Amendments to a PCT Application for which the KIPO Conducted International Search, *etc.*

The Korean Intellectual Property Office (KIPO) has recently announced that when the KIPO conducts international search as an international searching authority, the Korean national phase application is eligible for accelerated examination.

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Thus, when an international search report for a PCT application is issued by the KIPO, the applicant of the PCT application may request accelerated examination without having to submit an additional prior art search report during the Korean national phase.

In addition, when the KIPO conducts only one of the international search or international preliminary examination, the official fees for requesting examination for the Korean national phase application are reduced by 70%. Prior to the recent revision, a 70% discount was provided when both the international search and international preliminary examination are conducted by the KIPO, and a 30% discount was provided when only one of the international search or international preliminary examination is conducted by the KIPO.

The Enforcement Decree of the Patent Act and the rules regarding patent fees reflecting the above amendment took effect on July 9, 2019.

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Korean Patent Application Trend

1) Rapid increase in filing of the patent applications for "MEC", the core technology of "5G"

The filing of patent applications related to "mobile edge computing (MEC)", a key technology that provides a large amount of information for real-time autonomous driving or realistic media services in real time without delay, is rapidly increasing. According to the Korean Intellectual Property Office, the number of applications for MEC-related patents was only 49 before 2015, but has increased to 206 in 2016, 247 in 2017, and 345 in 2018.

From 2016 to 2018, there were 798 application filings. Telecommunication companies (98 applications by Huawei; 95 applications by Intel; 82 applications by Nokia; and 44 applications by NEC) accounted for more than 30% of the applicants. 264 applications were filed in the U.S. followed by China (245 applications), the EU (114 applications), Japan (90 applications) and Korea (44 applications).

2) Active patent application for 3D memory semiconductor

According to the Korean Intellectual Property Office, prior to 2013, the number of applications related to 3D memory was less than 150 applications per year. However, the number of applications related to 3D memory has rapidly increased since 2014, and more than 300 applications are filed every year since then. The 3D memory technology is directed to a manufacturing method for maximizing storage capacity per unit area by stacking a plurality of semiconductor devices. The examples of the 3D memory include 3D NAND flash in non-volatile memory and wide bandwidth memory (HBM) in volatile memory.

The domestic applicants accounted for 78.6% and the foreigner applicants accounted for 21.4% of the 3D NAND-related applications. Samsung Electronics and SK Hynix filed 81.4% of the HBM-related applications. Among foreign companies, the HBM-related applications were most filed by TSMC, Intel, and Micron.

3) Increase in the patent application filings for combination drugs and medical devices

According to the Korean Intellectual Property Office, the patent application filings related to a combination drug that includes two or more active ingredients combined in a single dosage form have increased over from 2004 to 2018.

From 2014 to 2018, there were 109 filings,

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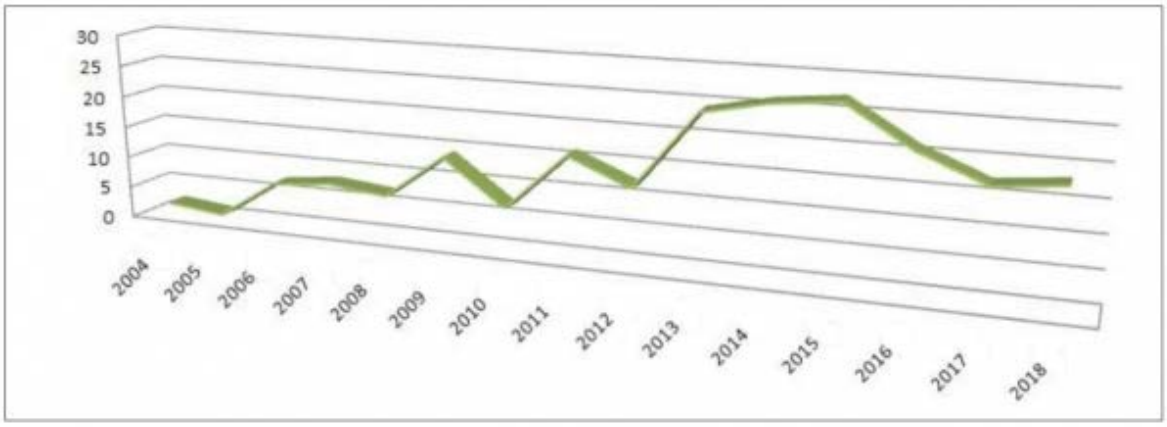
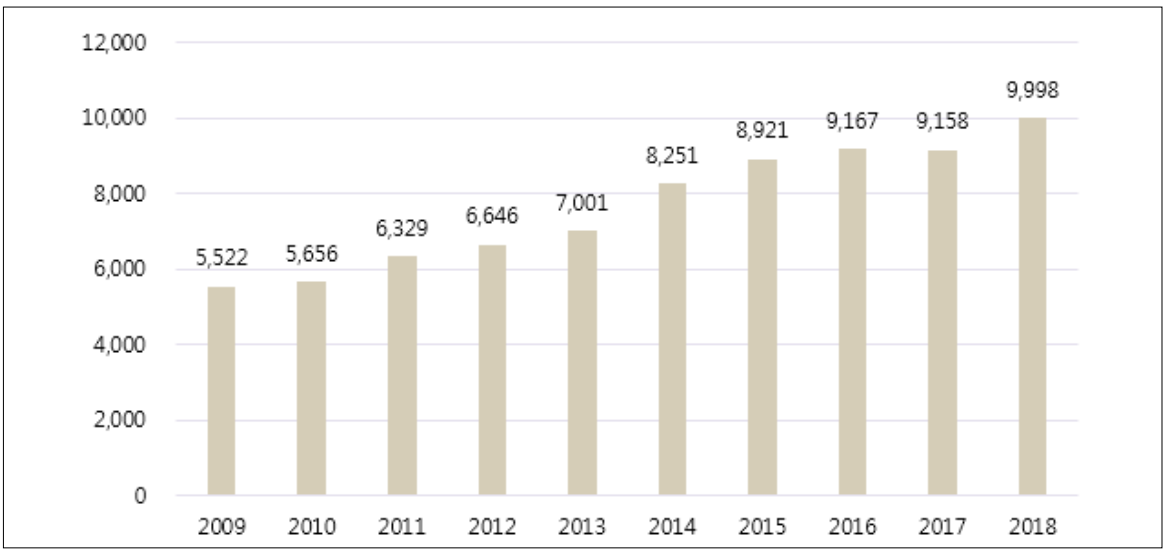
which was a 51.4% increase from the previous five years (2009-2013). This implies that the pharmaceutical companies prefer the development strategy that improves the convenience of administration and the effects by combining the active ingredients that have already been known to be effective.

The number of patent applications related to medical devices has reached 76,494 applications in the past 10 years, growing at an average annual rate of 6.82%. This is an increase of more than five times compared to the average annual increase of 1.3% of the total number of the patent applications. Specifically, the patent applications for medical information devices (20.9%) and biometric devices (16.6%) have increased significantly. This is due to the growth of artificial intelligence (AI) and information and communication technology (ICT) fields such as AI-based healthcare devices and automated inspection equipment.

[Patent applications related to combination drugs]



[Patent Applications related to medical device]



TRADEMARKS

TRADEMARKS

Increase in Trademark Non-Use Cancellation Actions

Under the Korean Trademark Act, a trademark is vulnerable to cancellation if it is not used in connection with the designated goods and/or services associated therewith in Korea by the registrant or its licensee for a period of three (3) consecutive years. The purpose of the cancellation action is to clear the Trademark Registry of non-used marks and to provide a broader range of choices to trademark applicants.

In the past, only the interested parties could file non-use cancellation actions. The Korean Trademark Act, however, was amended to provide any party with an opportunity to file the non-use cancellation actions, which took effect on September 1, 2016.

According to the Intellectual Property Trial and Appeal Board of the Korean Intellectual Property Office, due to the amendment to the Korean Trademark Act, the number of the non-use cancellation actions filings has significantly increased in recent years, resulting in cancellation of 1,444 registrations in 2018, which is a 74% increase from 2014.

Accordingly, to avoid cancellation, the trademark owners would need to prepare evidence proving the use of the marks including the date of use, the advertisements, the transaction of goods associated with the marks. Especially, the date of use as the evidence of using the mark is mandatory to avoid cancellation, and thus, it is advised to prepare the catalogues or transaction records indicating the date of issuance or transaction.

On the other hand, the applicants may appropriately utilize non-use cancellation actions to secure their liberty of choice of trademarks and economic opportunities.

Disapproval of a Parody Mark of Apple Inc.'s Logo " "

Apple Inc.'s logo " " which has a motif of the bitten apple, has been registered in Korea as a trademark for the goods including cases for smart phones and mobile telephones, covers for smart phones and mobile telephone, *etc.* (hereinafter "Apple's Mark").

Meanwhile, a mobile phone case manufacturer used a variation of the Apple's Mark by incorporating a fork to the bitten portion of the apple in the Apple's Mark, *i.e.*, " " (hereinafter "Subject Mark") and sold

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iPhone 5 cases bearing the Subject Mark on the same place as the Apple's Mark is positioned on the iPhone. As a result, the mobile phone case manufacturer was accused of violating the Korean Trademark Act.

The accused manufacturer argued that the Subject Mark is merely a parody mark of the Apple's Mark with a creative element, and therefore would not cause any confusion as to the source of the parties' respective goods. However, the courts of the first instance and the second instance determined that since the Subject Mark is identical to the Apple's Mark in terms of its dominant impression based on the bitten apple element, the Korean general public would likely be misled into believing that the marks are related to each other, and therefore, the use of the Subject Mark infringes on the Apple's Mark.

This case decision appears to have reflected the courts' strong intention of protecting trademark rights, as well as the general public's trust in the market by preventing further acts of trademark infringements based on a parody mark.

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The Supreme Court Ruled for the First Time that Game Rules are under Protection of Copyright Act

King.com, a British game company, developed a mobile game titled "Farm Heroes Saga" (hereinafter "Farm"). Avocado Entertainment, the defendant, was servicing a mobile game developed in Hong Kong named Forest Mania (hereinafter "Forest") to Korean users. King.com has filed a lawsuit against Avocado Entertainment for violating the Copyright Act and the Unfair Competition Prevention and Trade Secret Protection Act, arguing that Forest plagiarizes Farm's user interface, the map structure, the board layouts and special tiles design.

The Seoul Central District Court found no copyright infringement based on a reasoning that "since any abstract genre, background, development methods, rules, and stage changes of a game are only an idea, they are not under protection of the Copyright Act. Further, any expression which is essential or is commonly or typically entailed when describing an idea is also not an object to be protected by the Copyright Act. Therefore, there exists no exclusive right on any method or rule of a game and anyone can freely use such method or rule, unless the game copies the individual expression of a person who made such game." On the other hand, the Seoul Central District Court held that the defendant violated the Unfair Competition Prevention and Trade Secret Protection Act by determining that "given the release timing of Forest and the similarity of the game rules and playing systems between the two games, Forest copied Farm. Further, other forms of expression and execution as well as graphic effects of Forest are similar to those of Farm and the users also believe that these two are almost identical. Thus, this constitutes a violation of Article 2(1)j. of the Unfair Competition Prevention and Trade Secret Protection Act by using the achievement of others in a manner against the order of competition."

In an appellate trial, the Seoul High Court held in favor of the defendant, finding no copyright infringement and no violation of the Unfair Competition Prevention and Trade Secret Protection Act. Specifically, for finding no copyright infringement, the Seoul High Court reasoned that "an idea is not an object protected by the Copyright Act and for Match-3-Games like Forest and Farm, they have a limited way of expressing

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ideas including game rules. Further, it is especially true in case of mobile games such as Forest or Farm who should express the rules of the game with a small space such as a cell phone screen. Therefore, even though the similarity of both games is recognized, it still falls into the scope of an idea and therefore, it is not a violation of the Copyright Act." On the other hand, for finding no violation of the Unfair Competition Prevention and Trade Secret Protection Act, the Seoul High Court explained that "since the Unfair Competition Prevention and Trade Secret Protection Act protects the creative works to an extent not contradictory to the Intellectual Property laws, any use of others' achievement which is not a protection object of Intellectual Property laws becomes an object of free competition in principle, except when there exists any special circumstances that could not be justified under the fair trade order. It is true that Forest has partially took advantage of the popularity of Farm but in other aspects, the defendant has only provided a game that has various creative elements based on its independent ideas and thus, such act by the defendant is not a violation of the Unfair Competition Prevention and Trade Secret Protection Act."

King.com appealed the decision of the Seoul High Court to the Supreme Court. The Supreme Court held in favor of King.com, thereby reversing the decision of the Seoul High Court. Specifically, the Supreme Court determined that: "any game could present certain characteristics or individuality which can be comparable to another game by selecting, arranging and combining the elements in the course of realizing its intent of creation and scenario. Even though the game of the plaintiff is a Match-3-Game, it expressed what a farm looks like with a sense of unity using various characters that embodied fruits, vegetables, beans, the sun, seeds, waterdrops and so on. Also, the major elements of such game have come to obtain a creative individuality by being selected, arranged and combined based on the plaintiff's experience and knowledge accumulated from independent development and according to the intent of creation and the scenario of its own and thus, such game constitutes a work as provided for in the Copyright Act. Forest has adopted such development methods and rules of Farm as they were or by simply changing the characters, and even though the defendant added some other different elements, they were only minor and not directly relevant to the playing of the game. In other words, Forest contains Farm's creative identity which was made

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by a particular selection, arrangement and/or organic combination of the main constituent elements which technically realized the plaintiff's intent of creation and scenario. Therefore, those two games could be considered substantially similar and thus, the game of the defendant constitutes a violation of the plaintiff's copyright." (2017Da212095)

Prior to this case, the Supreme Court had considered the object of copyright protection as "any detailed and creative act that expresses to outside any human thoughts and emotions" and "any thought or emotion such as idea or theory other than the form of expression" by itself had been denied as an object protected by the Copyright Act. As such, the lower courts have ruled that any genre, rule, background, development method, *etc.* are only an idea of a game which could not be protected by the Copyright Act. Further, the lower courts considered that any form of expression which is commonly and typically entailed when transforming an idea into a game could not be protected by the Copyright Act.

With the Supreme Court's unprecedented ruling that any selection, arrangement and organic combination of any rules of a game are an object which could be protected by the Copyright Act, the game developers may be able to assert copyright infringement in Korea when the competitors release similar games. However, the Supreme Court did not rule on the issue, on which the 1st instance and the 2nd instance disagreed, *i.e.*, whether any case that is not recognized to be an object of the Copyright Act protection could be a violation of the Unfair Competition Prevention and Trade Secret Protection Act. A guideline in this issue will have to wait until the Supreme Court will render a decision in another case.

LEE NEWS

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Lee International Named Leading Law Firm by Managing Intellectual Property IP Stars Handbook 2019

Lee International has been named a Leading Law Firm in 3 Practice Areas, and Department Head Taehong Kim selected as a Patent Star, and Young-Hwan NA selected as a Trademark star by Managing Intellectual Property IP Stars Handbook 2019.

- Patent Contentious/Prosecution
- Trademark Contentious/Prosecution
- Copyright & related rights

Managing Intellectual Property (MIP) is a monthly magazine providing the latest news, insights and commentaries on special issues and developments in the world of IP law.

Managing Intellectual Property IP STARS TOP TIER FIRM 2019

Lee International, IAM Patent 1000 – Recommended in Patent Prosecution, and Department Head Taehong Kim, and Deputy Head Yoon Suk Shin Selected among Notable Individuals in the Prosecution Division

Lee International has been selected as a recommended prosecution firm in "Patent 1000 - The World's Leading Patent Professionals 2019" published by Intellectual Asset Management (IAM). In addition, Taehong Kim and Yoon Suk Shin, patent attorneys, have 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 counsel.

iam 1000 Patent 1000 Recommended Firm 2019

LEE NEWS

New Member

Jun-Soo Park (Patent attorney)

Jun-Soo Park is a patent attorney at Lee International, and has various experience in patent prosecution in the field of electrical & electronics including semiconductor, display, communication, and software. Mr. Park worked at Lee International (2014) and KBK & Associates (2015~2019), and rejoined Lee International in 2019. He graduated from Korea University (School of Electrical Engineering) in 2015.

Hong-Sik Kim (Patent attorney)

Hong-Sik Kim is a patent attorney at Lee International, and has experience in overall patent prosecution in the areas of semiconductor, communication system, signal processing, communication, business model, *etc.* Mr. Kim worked at MUHANN Patent & Law Firm (2015~2016), and at K.J. LEE International Patent & Trademark Office (2016~2019). He graduated from Yonsei University (School of Electrical & Electronic Engineering) in 2015.

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Since 1961

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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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