Lee International
IP & LAW GROUP

Autumn 2020

NewsLetter

GENERAL TOPICS

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KIPO Accepts Digitally Signed Documents

The Korean Intellectual Property Office (KIPO) established new criteria for submitting digitally-signed documents to cope with the limited in-person transactions amid the ongoing spread of COVID-19, which went into effect on June 17, 2020.

According to the criteria, a foreign applicant may submit a digitally signed power of attorney when appointing a local agent in Korea. However, such document should be digitally signed by using an electronic signature system, such as DocuSign or the like, and a document with a simple synthesis of signature images generated using an image editing software will not be accepted.

In addition, KIPO now permits remote online notarizations for documents, such as corporate nationality certificates that are needed to record a patent assignment. In the past, it was strictly required to submit the original of a notarial certificate prepared as a written hard copy, and thus, foreign applicants had difficulty obtaining notarized documents as in-person meetings with notaries were restricted due to the COVID-19 pandemic. Now, foreign applicants may submit documents notarized via remote online notarization.

It is expected that such measures by KIPO will reduce the time for foreign applicants to prepare patent documents and simplify the agents' document preparations.

Changes in the Examiner Interview System

The Korean Intellectual Property Office (KIPO) has adopted so-called "positive examination" to assist an applicant in speedily obtaining a patent with a reasonable scope of protection by increasing the communication between the examiner and the applicant and having the examiner provide active suggestions on claim amendments.

To this end, KIPO is currently operating various types of the examiner interviews available to the applicant. Recently, there has been some changes in the examiner interview system as below.

- Expansion of Video Interviews

In principle, an in-person interview with an examiner is normally conducted in an

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interview room of KIPO in Daejeon. If an in-person interview cannot be conducted, the applicant or its agent may conduct an online video interview with the examiner by using the KIPO's video interview system at the Seoul Office of the KIPO or intellectual property centers in other major cities. However, the online interview has not been readily utilized due to the inconvenience of having to visit the designated intellectual property centers. Additionally, a phone interview is available, but the applicant cannot freely present its arguments during the phone interview.

With the Covid-19 pandemic, KIPO updated the video interview system so that the video interview can be conducted in locations other than the designated centers. Although there are some inconveniences in using the updated interview system, *e.g.*, the need to install a specific video interview system distributed by KIPO, these inconveniences are expected to be improved.

- Consensus Examination by Three Examiners upon a Request for Interview

The KIPO has allowed the applicant to request proceeding with a consensus examination by three examiners in a convergence technology-related application. Previously, only the examiner may request to proceed with a consensus examination by three examiners. However, now, a consensus examination by three examiners can also be requested by the applicant.

To this end, an applicant should request an interview for an application examined by the Convergence Technology Examination Bureau. If it is determined that a consensus examination by three examiners is necessary, the examination of the application will proceed as a consensus examination by three examiners, and the applicant and three examiners will participate in the interview.

The KIPO expects to provide higher quality examination services through the communicative consensus examination.

MFDS Discloses 271 Expired-Patent Drugs Whose Generics Have Not Been Developed

The Ministry of Food and Drug Safety (MFDS) published a list of drugs whose generics were not approved, among the drugs, for which patents rights registered in the Green List expired due to the patent

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term expiration or invalidation, for the first time in January 2020 and updated the list on July 28, 2020.

The MFDS analyzed 2,762 patents for 1,558 drugs registered in the Green List by the first half of 2020 and published a list of 271 drugs whose generics were not approved among 493 expired-patent drugs. This list is available on the MFDS website (https://www.mfds.go.kr) and will be updated semiannually.

This list also includes information of the drugs, such as a product name, a company name, active ingredients and formulation. For example, according to the list, Oxy Reckitt Benckiser's Gaviscon and Bukwang Pharmaceutical's Levovir have no generics despite the lapse of their registered patents.

The MFDS said that this list would be helpful in developing generic drugs by making it possible to easily identify the expired-patent drugs from the list.

KIPO Plans for the Korean Discovery System

In February 2020, the U.S. International Trade Commission (ITC) ruled in favour of LG Chem in the trade secret infringement suit filed against SK Innovation. As it became known that the patent dispute between the two Korean companies was litigated before the ITC and the U.S. Federal Court due to lack of a discovery system in Korea, there has been a growing demand for requesting the introduction of a discovery system in Korea.

A discovery system refers to an evidence gathering procedure available in a lawsuit in the U.S., in which each party can obtain relevant evidence from the opposing party in order to acquire and preserve evidence. Any party who refuses to submit the requested information or documents may be imposed with heavy sanctions, such as contempt of court or deemed admission of the opposing party's arguments.

Foreign jurisdictions, including the U.S., the U.K., Germany and Japan, are enforcing strong evidence gathering systems like the discovery system. In Korea, with the revision to the Patent Act in 2016, obligations of submitting evidence in a patent

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infringement action have been reinforced by allowing a court to order either party to submit materials necessary for proving patent infringement. If the requested party does not respond to the court's order to submit evidence without a justifiable reason, the opposing party's arguments will be deemed true. However, it has been very difficult for patentees to prove infringement or damages in Korea due to lack of an effective evidence gathering measure, such as discovery.

In the wake of the patent dispute between LG Chem and SK Innovation in the U.S., the introduction of a discovery system in Korea is gaining momentum. It is of the majority opinion that the discovery system will enhance efficiency in dispute resolution and ease the patentee's burden of proof in patent infringement cases, and as a result, will settle patent disputes swiftly.

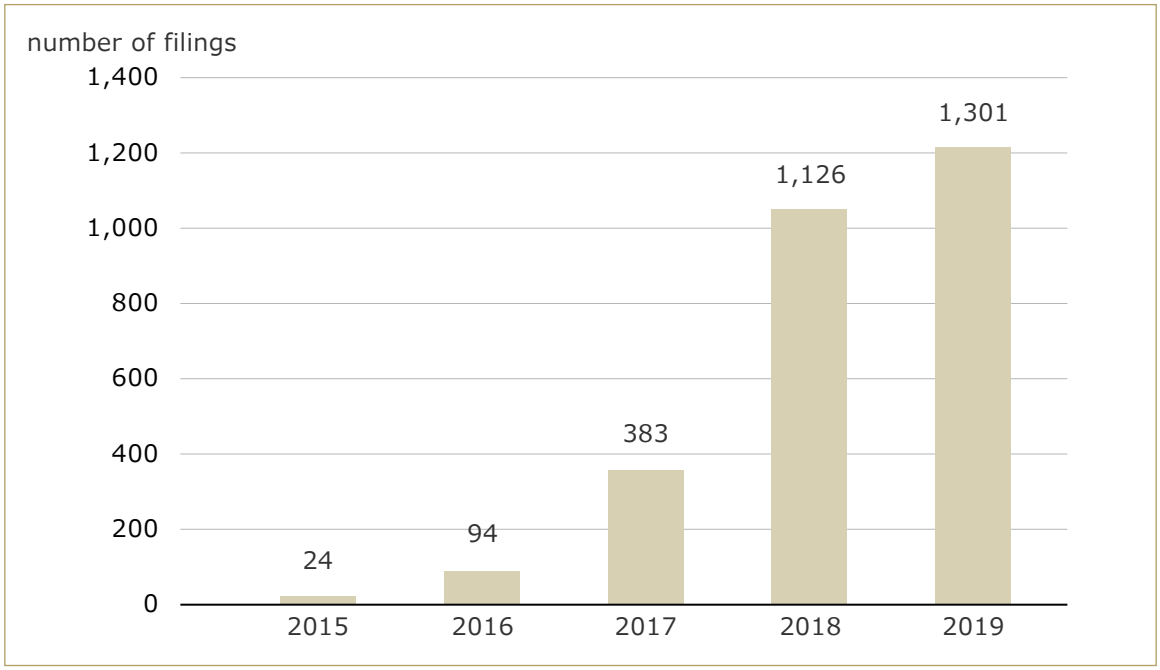
In this regard, the Korean Intellectual Property Office (KIPO) plans to revise the Korean Patent Act to introduce the 'Korean Discovery System' by the end of 2020. After reviewing the discovery systems of major foreign countries such as the U.S., Germany and the U.K., and hearing opinions from industries and legal experts, KIPO will establish the Korean Discovery System which enables effective gathering of evidence for patent infringement without excessive cost or time-consuming effort while being well fused with the existing patent provisions.

PATENTS / UTILITY MODELS

PATENTS / UTILITY MODELS

Significant Increase in Patent Applications Relating to Blockchain

As the Untact[1] industry has grown due to the recent spread of COVID-19, cyber attacks aiming at the Untact industry are also increasing. As such, blockchain technology with excellent security is attracting attention. According to the latest statistical data of the Korean Intellectual Property Office, while there were 24 patent applications related to blockchain in 2015, the number of patent filing has increased by more than 50 times to 1,301 in 2019.



[Number of Patent Filings for Blockchain Technology by Year]

Blockchain-related patent applications were filed mainly for virtual currency-related inventions in 2015, and recently, the number of patent applications applicable to various fields appear to have increased significantly. The technologies relating to blockchain technology are mainly classified by major technology, as follows: authentication/

1) This term has been coined in South Korea to describe a contactless world. “Untact” is a trend across industries where brands utilities technology to reduce person-to-person contract.

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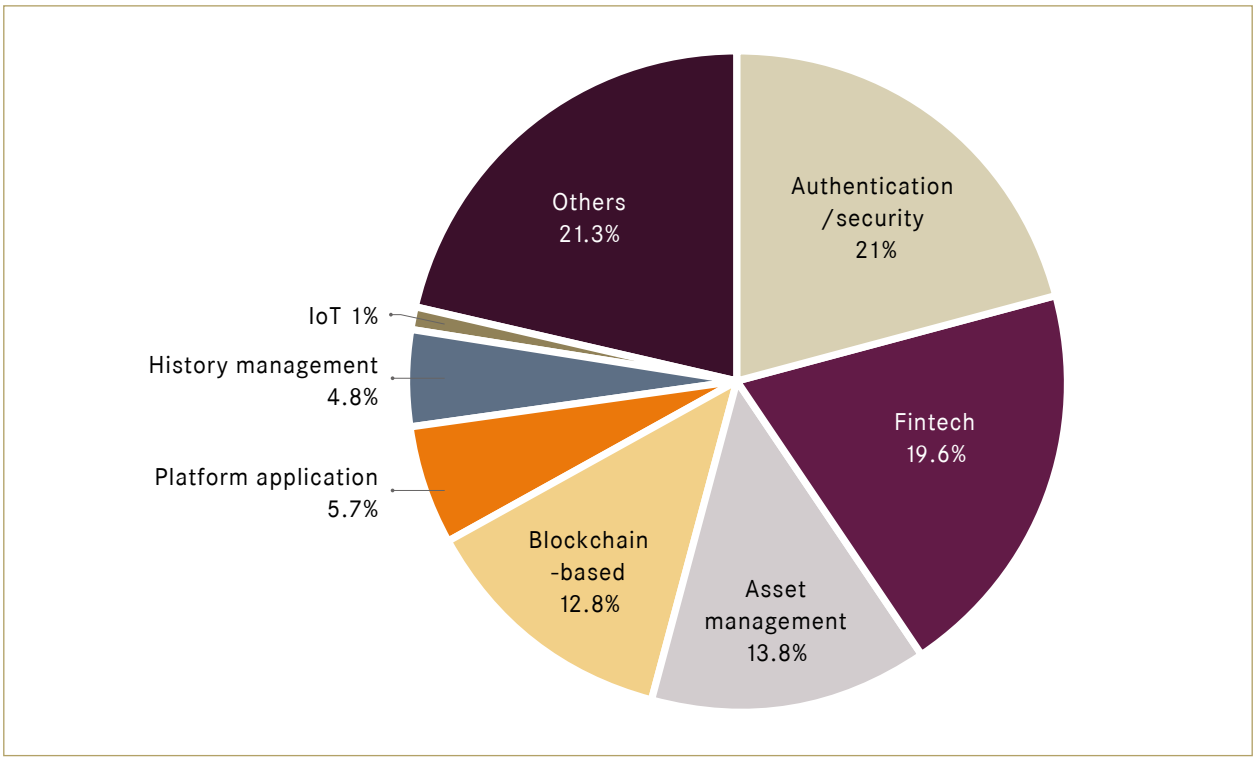
security technology (614 cases, 21%), fintech technologies (573 cases, 19.6%), asset management technology (405 cases, 13.8%), blockchain-based technology (374 cases, 12.8%), platform application technology (167 cases, 5.7%), history management technology (140 cases, 4.8%), and IoT application technology (31 cases, 1%).



[Percentage of Blockchain-related Patent Filings by Major Technology Field]

Blockchain technology can be applied to various fields such as authentication/security, fintech, electronic voting, copyright management, asset history management, as well as cryptocurrencies such as bitcoin, and is attracting attention as a technology that will lead the 4th industrial revolution. In addition, even after COVID-19, it is expected that as contactless work environments and services will increase, security threats will also increase proportionally. Therefore, the number of patent applications related to authentication/security technology implemented with blockchain technology will continue to increase in the future.

PATENTS / UTILITY MODELS

Changes in Patent Term Adjustment and Patent Term Extension in Korea

Korean has two systems, Patent Term Extension (PTE) and Patent Term Adjustment (PTA), for extending the patent terms. PTE compensates a patent owner of the pharmaceutical or agrochemical patents requiring an approval or registration for delays caused by the regulatory review process before a product can be commercially marketed while PTA compensates applicants for KIPO-caused delays. The Enforcement Decree of the Korean Patent Act was revised to make some changes to PTE and PTA. These changes became effective as of July 14, 2020.

- Narcotic Drugs Now Eligible for PTE

The Patent Court has ruled that patents for narcotic drugs are eligible for PTE and excluding narcotic drugs from subject matters eligible for PTE was a defect in legislation (Patent Court Case No. 2018 Heo 2250, issued on July 5, 2019). Reflecting such ruling, the revised Enforcement Decree clearly prescribes that narcotic or psychotropic drugs approved pursuant to the Narcotics Control Act, as well as pharmaceuticals approved pursuant to the Pharmaceutical Affairs Act or agrochemicals registered pursuant to the Agrochemicals Control Act, are eligible for PTE.

- Addition of Applicant Delays in PTA

PTA was introduced on March 15, 2012 to compensate for KIPO-caused delays if a patent is issued more than 4 years after the filing date of the patent application or more than 3 years after a request for examination is filed, whichever is later. Further, PTA is reduced by delays attributed by the applicant.

In the past, Korea patent laws defined less "applicant delays" compared to the laws in the U.S. and Japan. According to the recent revision, applicant delay periods are added as follows:

- A period of time from the receipt of a Notice of Final Rejection until the issuance of a Notice of Allowance based on continued examination is now an applicant delay. Previously, the applicant delay period was determined until the date of requesting continued examination. This change was based on the understanding that an applicant delay occurs when the applicant amended the claims to request for continued examination in response to the Final Rejection, resulting in the issuance of

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a Notice of Allowance, although the applicant could have fully amended the claims in response to a previous Office Action to expedite allowance.

- If documents necessary for substantive examination are not filed within eight (8) months from the filing date of a request for examination, the excess period thereafter until the filing of the necessary documents is an applicant delay. The necessary documents include a microorganism deposit certificate, a document evidencing a novelty grace period, a document verifying a convention priority claim, and a sequence listing.

- In Korea, it is possible to first file a patent application in English language and later file a Korean translation within the prescribed time limit. If an amendment correcting an error in the Korean translation is filed beyond eight (8) months from the filing date of a request for examination, the excess period thereafter until the filing of the amendment is an applicant delay.

TRADEMARKS / DESIGNS

TRADEMARKS / DESIGNS

Victory of the Street Fashion Brand "Supreme"

The Intellectual Property Trial and Appeal Board (IPTAB) of the Korean Intellectual Property Office has recently acknowledged that the mark " Supreme " owned by Chapter 4 Corp. ("Chapter 4's Mark") is broadly known as a source indicator of a specific person among general consumers in Korea or is at least recognized as a distinctive mark indicating a specific source indicator among a certain group of consumers, although Chapter 4's Mark is not registered in Korea yet. The IPTAB also concluded that ten (10) Korean trademark registrations including the mark " SUPREME " ("Cancelled Marks"), which imitated Chapter 4's Mark, should be cancelled on the basis that the licensee of the Cancelled Marks causes misunderstanding as to the quality of goods or confusion with Chapter 4's Mark by using the mark " Supreme " ("Similar Mark"), which is similar to the Cancelled Marks (Please refer to the table below). In this case, Lee International represented Chapter 4 Corp., the owner of the American street fashion brand "Supreme," and prevailed in cancellation actions against the Cancelled Marks.

Chapter 4's Mark	Cancelled Mark	Evidence of Use (T-shirts and pants)
Supreme	SUPREME	 

Supreme filed cancellation actions against the Cancelled Marks on the basis that the marks were not used during the three (3)-year period preceding the filing date of the actions. In response, the registrant submitted evidence of use to defend against the cancellation actions. According to the evidence of use, however, it was found that the licensee used the Similar Mark on the front of T-shirts and pants.

TRADEMARKS / DESIGNS

On the foregoing basis, Lee International added a new assertion in the cancellation actions that the licensee is causing confusion with Chapter 4's Mark, which is recognized as a specific source indicator in Korea, by using the Similar Mark. In this regard, to prove that Chapter 4's Mark is recognized as a specific source indicator, Lee International organized and submitted evidence of use for the peirod of about 26 years since 1994. Furthermore, to prove the fame and recognition of Chapter 4's Mark in Korea, wherein Chapter 4 Corp. has no official store, Lee International conducted a survey on Korean consumers' recognition of Chapter 4's Mark and submitted the results of the survey as evidence of use in Korea.

The IPTAB concluded that although Chapter 4's Mark is not registered in Korea, it is broadly known as a source indicator of a specific person among general consumers in Korean or at least is recognized as a distinctive mark indicating a specific source indicator among a certain group of consumers based on domestic and foreign news articles about the brand value of Chapter 4's Mark, numerous counterfeit goods imitating Chapter 4's Mark in the relevant industry, dozens of oppositions and invalidation actions filed by Chapter 4 Corp. and pending against imitation marks in Korea (which are represented by Lee International), and the consumer survey results demonstrating the recognition of Chapter 4's Mark. On this basis, the IPTAB concluded that the licensee's use of the Similar Mark caused confusion or misunderstanding as to the source of the goods in connection with Chapter 4's Mark.

Since fierce arguments were made and the great deal of materials were submitted by both parties, the cancellation actions were deemed by the IPTAB to be a matter of grave concern, and thus, were examined by a panel of five trial judges, instead of a normal panel of three trial judges.

The IPTAB decisions in these cases are considered very critical since it ruled that even a mark not registered in Korea and lack of distinctiveness can be deemed a specific source indicator, if there is enough evidence of use, and thus can be cited in a cancellation action based on false use.

TRADEMARKS / DESIGNS

Hermès' Victory Over Third-Party's Kelly and Birkin-Shaped Bags with Cartoon-Eye Designs

The Korean Supreme Court ruled that the sale of bags by PLAYNOMORE (a Korean Fashion Company), which combine its own design of eyes with designs that are confusingly similar to famous luxury brand Hermès' Kelly and Birkin bags, constitutes acts of infringement on Hermès' economic interests by benefitting from Hermès' achievements under the Unfair Competition Prevention and Trade Secret Protection Act (UCPA) (Korean Supreme Court Case No. 2017 da 217847 issued on July 9, 2020).

Hermès's Kelly and Birkin bags	**PLAYNOMORE's Cartoon-eye bags**
	
Retail price: over KRW 10,000,000	Retail price: approx. KRW 300,000

This famous lawsuit, which was called the "cartoon-eye-bags" lawsuit, attracted a lot of attentions from the legal circles as well as the fashion industry. The key issue of this lawsuit was that whether applying one's own created design to a bag having designs that are confusingly similar to Hermès bags constitutes acts of causing confusion with another person's goods, harming the distinctiveness or reputation of another person's mark or infringing on another person's economic interests by benefitting from that person's achievements under the UCPA.

The Seoul Central District Court, the court of first instance, issued a decision in favor of Hermès holding that although PLAYNOMORE's sale of its bags does not constitute acts of causing confusion with Hermès' Kelly and Birkin bags nor harming the distinctiveness or reputation of Hermès, it does constitute acts of infringement on Hermès economic interests by benefitting

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from Hermès's achievements. Thereafter, the Seoul High Court, the court of second instance, ruled in favor of PLAYNOMORE on the basis that the sale of its bags is not a violation of the UCPA.

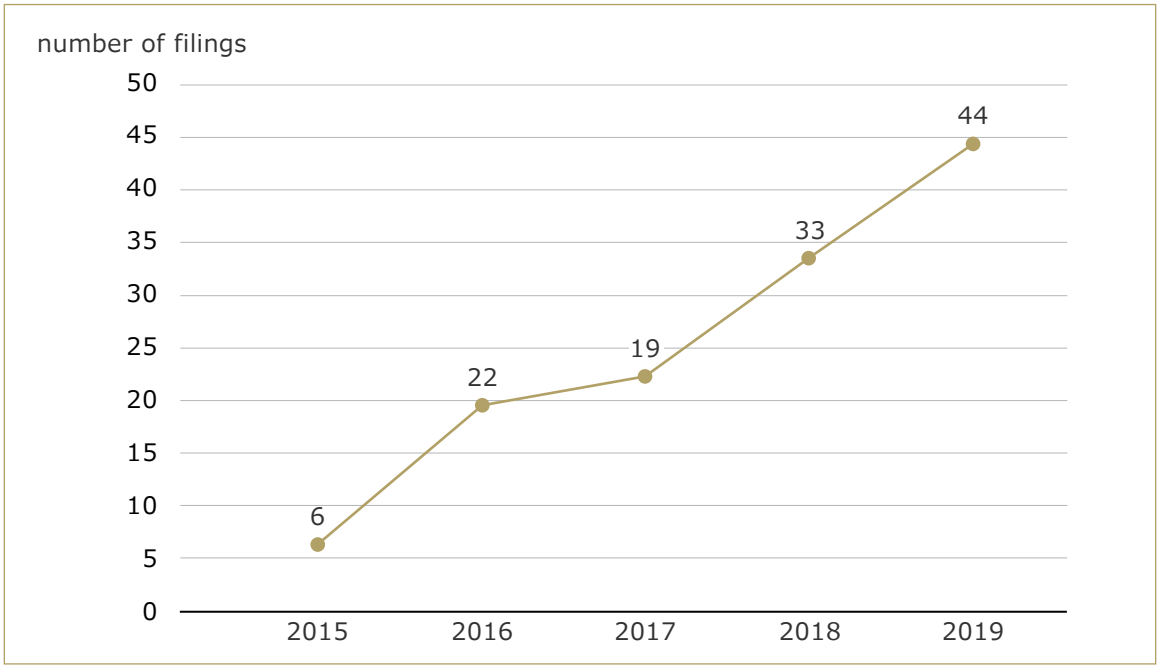
However, the Korean Supreme Court, the court of final instance, reversed the decision of the Seoul High Court and concluded that PLAYNOMORE's sale of its bags constitutes acts of infringement on Hermès' economic interests by benefitting from Hermès' achievements. Hermès' Kelly and Birkin bags have unique features with regard to the front and side parts, the handle and the body cover of the bag, the belt-shaped leather strap and the ring-shaped fastener, which have sufficiently served as a source indicator of Hermès' Kelly and Birkin bags. Furthermore, Hermès' Kelly and Birkin bags have acquired distinctiveness in Korea as a result of the extensive and exclusive use thereof by the Korean general public. On this basis, the Korean Supreme Court determined that PLAYNOMORE unjustly used the design of the Kelly and Birkin bags, which are well-known as a source indicator of Hermès' goods among Korean consumers.

This decision is significant and meaningful in that the owners of well-known identification (whether or not registered IP in Korea) would be given a broader opportunity in an infringement action against the use of goods by a third party having a design that is an imitation of well-known identification.

TRADEMARKS / DESIGNS

Silent Marketing Warfare, Increase for the Number of Sound Mark Application

The Korean Intellectual Property Office (KIPO) announced that the number of sound mark applications in 2019 jumped up to 44 filings, which has increased by about 7.3 times from 6 filings in 2015.



[Number of Filings for Sound Marks for the Last Five Year]

A sound mark consisting of a sound which is capable of distinguishing the goods and services of one undertaking from those of other undertaking has been protected as a trademark in Korea as of March 2012 based on Korea-U.S. Free Trade Agreement (FTA). The ringtone of a mobile network providers is a typical example of a sound mark registered in Korea. The mobile network providers have obtained trademark registrations for their own distinctive ringtones in order to prevent their competitors from using the identical or similar ringtones in Korea.

TRADEMARKS / DESIGNS

According to the Korean Trademark Act, a sound mark may be registered if it has been continually advertised and used, and thus is well-known among the general public as a specific source indicator; or if it is acknowledged to be distinctive in itself (*e.g.*, expressing the sound of a specific and distinctive word).

Based on the statistics regarding the sound mark released by KIPO, it appears that companies tend to strengthen their unique identities by actively utilizing sound marks as well as visible marks, such as letters or logo marks.

LEE NEWS

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Lee International Introduces New Online Language Program

Lee International has been offering a wide range of language courses including English, Japanese and Chinese for employees to improve their language skills for better communication with the foreign clients.

Recently, Lee International plans to launch a new type of language learning program that allows all employees to access online language courses as early as this autumn, as a face-to-face language class is no longer available due to the outbreak of Covid-19 pandemic. All employees are provided with online education points two times a year, so they can register online language courses, such as English, Japanese, or Chinese, or to purchase for self study books.

With this new program, Lee International hopes to continue to support language learning of the employees for better communications with the foreign clients.

Lee International Selected as Top Law Firm in Patent Prosecution and Litigation by IAM Patent 1000 (2020 Edition), Featuring Terry Taehong Kim and Yoon Suk Shin as Patent Specialists

Lee International was selected as a best law firm in the fields of patent prosecution and litigation by IAM (Intellectual Asset Management) Patent 1000 in its 2020 Edition.

In particular, Managing Partners of Lee International, Terry Taehong KIM and Yoon Suk SHIN, were featured as specialists in patent prosecution.

IAM Patent 1000 is a guide that identifies the top patent professionals around the globe. The guide provides rankings based on exhaustive research and thorough interviews with numerous attorneys at law, patent attorneys, in-house counsel in various fields of practices.

LEE NEWS

New Members

Woo-Ri KO
Patent Attorney

Woo-Ri KO joined Lee International in 2020. Ms. Ko specializes in patent prosecution and litigation in the technical field of chemistry including organic and inorganic compounds, and electrochemical devices.

Ms. Ko is a graduate of Korea Advanced Institute of Science and Technology (KAIST) receiving B.S. in Chemistry in the year of 2011 and was admitted to practice as Korean patent attorney in the same year.

Prior to joining Lee International, Ms. Ko worked for the Koreana Patent Firm (2012-2016) and Wooin Patent & Law Firm (2016-2018).

Si-Jin KIM
Trainee Patent Attorney

Si-Jin KIM began her career as a trainee patent attorney at Lee International in 2020. Ms. Kim prosecutes patents in the technical field of electronics, such as communications, semiconductors, and Information Technology (IT).

Ms. Kim was admitted to the Korean patent bar in 2018 while attending Seoul National University, and graduated from the university with B.S. degree in Industrial Engineering and B.S. degree in Electrical and Computer Engineering in 2020.

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Trusted Partner for Your Global IP Needs

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

Lee International retains distinguished IP professionals with expertise in all major areas of intellectual property.

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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