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FIRM NEWS

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PATENT

Draft Amendment Regarding 12-Month Grace Period and Divisional Practice

By Joon-Hwan KIM, H. Joon CHUNG and Jeonghui CHO

Recently proposed amendments to the Patent Act make two meaningful changes to Korean patent prosecution procedures by reducing procedural requirements for obtaining the grace period for public disclosures and by extending the deadline for filing divisional applications. The Korean legislature is considering the proposed amendments, and if enacted, the measures will take effect sometime in 2015.

Eliminates Declaration Requirement for 12-Month Grace Period (but with a Wrinkle)

Korean patent law provides that public disclosures made by the inventor less than 12 months before the patent filing date will not be considered prior art. (See Article 30 of the Patent Act.) For example, if an inventor published a paper or demonstrated a product less than 12 months before filing a patent application, the grace period applies and the disclosure will not be considered as prior art. However, the current laws require that the applicant submit (i) a document at the time of filing specifically claiming the grace period, and (ii) a proof document that shows that the invention was made public by the applicant within 30 days from the date of filing. Thus, under the current law, if the grace period was not specifically requested at the time of filing, it was lost to the applicant and the applicant's own disclosures could be cited as prior art.

The proposed law effectively removes the declaration requirements at filing and allows the applicant to claim the grace period against the applicant's own public disclosure made within 12 months of the filing date. This new provision, however, comes with a condition. The benefits of the grace period must be claimed during prosecution and do not apply to disclosures first discovered after prosecution of the application has closed.

Divisional Application Can be Filed After Notice of Allowance

Currently, a divisional application can only be filed when responding to an office action. Thus, once a notice of allowance has issued, a divisional application may not be filed. This means that if an applicant would like to guarantee the opportunity to file a divisional application, the applicant must file the divisional when responding to the office action before knowing whether the pending application would be allowed or further rejected. Thus, the current system resulted in the filing of potentially unnecessary divisional applications simply as back-up applications since it could not be known whether it was the applicant's last opportunity to file a divisional.

Under the proposed amendment, applicants would be allowed to file divisional applications after a notice of allowance is received, up to 3 months from the date of receipt of the notice of allowance or until the application is registered,

whichever is earlier. This would eliminate the need to file unnecessary back-up divisionals, allowing an applicant to take a wait-and-see approach on whether to file a divisional application based on the prosecution outcome of

the parent application.

We will continue to monitor the progress of the amendment and provide updates as necessary.

Final Draft of Pharmaceutical Affairs Act Legislation for the Korean Patent-Regulatory Approval Linkage System Submitted to the National Assembly

By Mee-Sung SHIM, Inchan Andrew KWON and Garam BAEK

As part of the Korea-US Free Trade Agreement ("KORUS FTA"), a patent-regulatory approval linkage system has been introduced in Korea, which is being implemented in two stages. The first stage, which was completed March 15, 2012, allowed brand companies to list patents relating to their products and required generic companies to notify the brand companies of their generic approval applications if challenging the listed patent. In the second stage, to be effective beginning March 15, 2015, a stay mechanism will be implemented allowing brand companies meeting certain criteria to request a temporary stay of specific generic product sales. Moreover, generic companies will be able to obtain exclusivity rights for a certain period of time preventing the sales of the same generic product by other companies. Notably, one of the requirements for obtaining exclusive rights is for the generic company to successfully bring a legal action against the patentee (either in the form of a scope confirmation action or invalidation action). Thus, it is likely that many generic companies will file legal actions against the patentee before filing for their generic approval applications.

The Ministry of Food and Drug Safety ("MFDS") announced the first draft of the Pharmaceutical Affairs Act legislation on March 21, 2014, the revised second draft on July 25, 2014, and then submitted the final draft to the National Assembly on October 22, 2014 to fully implement the linkage system. The draft legislation includes revised provisions regarding the current patent listing and generic notice systems, and new provisions regarding the stay mechanism and generic exclusivity. Although the Korean linkage system is based on the US Hatch-Waxman Act, the final draft legislation contains significant differences from the US system. The major details are summarized below, along with a comparison between the relevant provisions of the Korean linkage system and the US Hatch-Waxman Act.

Patent Listing

Patent Listing Requirements

Who must apply	The marketing approval holder (MAH) must file the Patent Listing Application (PLA) – if different from the patentee, consent from the patentee is also required.
When	Within 30 days after the product approval date or patent registration date, whichever is later.
Claim types allowed	Claims directed to a substance, formulation, composition, or medicinal use.
Requirements	Claims "directly relevant" to the approved product and the patent application for which are filed before the regulatory approval of the product.
Amendments	A PLA can be amended after filing but the following amendments must be filed within 30 days of product approval/patent registration: <ul style="list-style-type: none"> - Amended drug name - Amended patent number - New patent claims

Comparison with the US linkage system

Korean Linkage System	US Hatch-Waxman System
The MFDS reviews the substance of the PLA and only selects patents directly relevant to the approved product for inclusion on the Green List	The Food and Drug Administration ("FDA") simply lists patents on the Orange Book as requested and serves a purely ministerial role
The MFDS requires a detailed explanation of the direct relationship between the patent claims and approved product for the patent listing	No such requirement except for method-of-use patents
The MFDS has the authority to change and delist listed patent information for failing to meet listing requirements	The FDA does not conduct any substantive review and has no such corresponding authority
The MFDS publishes a patent listing application examination report containing a table identifying the "Patent Claims Requested for Listing" and their "Direct Relationship Basis" * with the approved product, where the claims are edited to be limited to information specific to the approved product as published (generally, approved ingredient & indication(s))	No such practice
The Korean linkage system covers biological products as well as chemical products	The US Hatch-Waxman system covers only the chemical products and biological products are regulated under a separate system
* The MFDS has taken the position that the "Direct Relationship Basis" column serves merely to provide generic product companies with the relevant patent information for a listed product, but has no bearing on the operation of the stay mechanism, which will be based on potential infringement of the actual patent claims (rather than the claims as edited for the "Direct Relationship Basis"). This position is consistent with the final draft legislation.	

Changing or Deleting Listed Patent Information

A change to or deletion of the patent information listed on the Green List may be requested at any time, with the exception that a change of the expiration date of the patent (e.g., due to the patent term extension) must be filed within 30 days of the change (with a further 30 day extension possible).

Once an application to change or delete listed information is filed, the MFDS must receive comments from interested parties (such as the patentee and generic product approval applicant) before deciding the request.

Generic Notice

Who must send	Any party filing for product approval based on a listed drug's safety & efficacy data (Generics or Incrementally Modified Drugs)
To whom	Patentee & MAH
When	No explicit deadline (but implicitly, before generic approval)
What must be sent	<ul style="list-style-type: none"> • Filing date of product approval • Statement that filing for approval to sell product before patent expiration • Why the patent is invalid or not infringed

Penalties	<ul style="list-style-type: none"> • If a generic fails to notify the patentee/MAH of its application, the generic product cannot be approved • If the generic notice is sent later than 20 days after filing for product approval, the actual notice date will be deemed as the generic application date for first generic exclusivity purposes
Published information	Generic approval application date, API, formulation, and certain other information are published on MFDS website (but NOT generic company or product name)
Exception	If an application is filed on the assurance that generic sales will begin after the listed patents expire, or if there is consent from the patentee and marketing approval holder, notice is not required

Generic Stay Mechanism

Request for Stay of Generic Sales

Who may request	Patentee (or exclusive licensee, if any)
Deadline	Within 45 days after a generic notice is received
Requirements	The patentee must file a patent infringement or scope confirmation action against the generic, or respond to a scope confirmation action filed by the generic company, in connection with any listed patent
Limitations	Only one request may be made against the same generic; if the generic company files to change indication, requiring a generic notification against any listed patent, another stay can then be sought

MFDS Decision on Generic Stay

Requirements	<p>The MFDS must grant the generic stay, unless:</p> <ul style="list-style-type: none"> (i) the stay request fails to meet the 45-day deadline; (ii) the patent has expired; (iii) a legal action required for a stay has not been filed/responded to; (iv) the patent was listed in a false or otherwise illegal manner; (v) the request is made against less than all generics sharing the same (a) type & amount of active ingredient, (b) dosage form, (c) usage & dosage, and (d) indication(s); (vi) another version of the same generic product, for which approval has been granted and sales are feasible, already exists; (vii) there has been an unfavorable decision for the patentee in a scope confirmation action, a patent invalidation action, or an administrative action regarding the wrongful listing of a patent; or (viii) Article 106-2, paragraph (1) of the Patent Act applies (i.e., it is deemed necessary to non-commercially work a patented invention due to a national or extreme emergency, or for the public interest)
Stay period	The generic stay period is 12 months from the generic notice receipt date
Termination	<p>Termination of the stay occurs after any of the following:</p> <ul style="list-style-type: none"> - Decision of non-infringement (litigation or scope trial) - Decision finding the patent or listing invalid - Withdrawal, settlement, arbitration, or mediation - Withdrawal of listed drug approval - Patent expiration - Decision finding a violation under the Fair Trade Law - Determination that the sales stay is illegal

Comparison with the US linkage system

Korean Linkage System	US Hatch-Waxman System
No automatic stay – Patentee (or exclusive licensee) must affirmatively request sales stay, although the MFDS grants a stay as long as formal requirements, e.g. deadlines & litigation filing, are met (thus substantially "automatic" once requested)	Automatic stay
"Generic sales" will be stayed	"Generic approvals" are stayed
The generic stay period is 12 months	The generic stay period is 30 months

Generic Exclusivity

Requirements for Generic Exclusivity

According to the draft legislation, the Korean system provides first generic exclusivity to the appropriate generic to prevent sales by other generic companies.

Requirements	The generic must: (i) have filed the first generic approval application (ii) have filed a trial (invalidation/scope action) before filing its generic approval application, and received a favorable decision within 12 months of its generic notification being received; and (iii) show that the trial in (ii) above meets any of the following requirements: (a) the trial must have been the first trial filed; (b) the trial must have been filed within 14 days of a first trial as in (a) above; or (c) a favorable decision must have been received before any trial under (a) or (b)
Period of exclusivity	12 months from when the generic is approved, extendable for up to 2 months if insurance drug price needs to be listed
Scope of exclusivity	Exclusion of sales of other generic products with the same (i) type & amount of active ingredient, (ii) dosage form, (iii) usage & dosage, and (iv) indication(s)
Publication	Information on the product (active ingredient, formulation, approval date, etc.), which was granted a generic exclusivity, is published on the MFDS website

Comparison with the US linkage system

Korean Linkage System	US Hatch-Waxman System
Generic exclusivity is given to the first generic company that files a trial or action before filing its generic approval application	Generic does not need to file legal action in order to obtain exclusivity
First generic exclusivity is given for 12 months	First generic exclusivity is given for 180 days

Duty to Submit Settlement Information

The draft legislation requires that detailed notice regarding any settlements involving generic exclusivity or any manufacture or sales of a product that is related to a generic notification must be provided to the MFDS and the Korea Fair Trade Commission within 15 days of the settlement.

The Korean Supreme Court Holds that Any Owner of a Jointly-owned Patent May Force Dissolution of the Patent Through Auction Sale

By Duck-Soon CHANG, Mikyung (MK) CHOE and Seung-Chan EOM

The Korean Supreme Court recently applied general principles regarding the dissolution of jointly-owned property to order that a jointly-owned patent, for which one co-owner sought dissolution, be sold at auction to allow the sales proceeds to be distributed among the co-owners according to their respective shares in the patent (Case No. 2013Da41578).

Under the Korean Patent Act ("KPA"), Article 99, where a patent is jointly owned, each co-owner is free to use the patented invention, but no co-owner may assign, license, or subject to attachment its share of the patent without the consent of all other co-owners. This statute serves to protect the value of the other co-owners' interests in the patent, which may be negatively affected if one co-owner's interest is licensed or assigned to a third party who competes with the other co-owner, for example.

However, Case No. 2013Da41578 is noteworthy because the Supreme Court resolved a dispute between joint owners of a patent by applying general property principles to require dissolution of the patent. Under the Korean Civil Code ("KCC"), any co-owner of a jointly-owned property, whether real or personal property, can seek a court order for dissolution of the jointly-owned property if no agreement on the division can be reached among all co-owners. The court, in principle, may order dissolution through division in kind (physical division, or where each co-owner is deemed to hold rights in the property independent of the other co-owners' rights) of the property. However, if division in kind is impossible or impracticable due to the nature of the property, or if the value of the property would be significantly harmed by division in kind, the court may instead order that the

property be sold at auction with the sales proceeds divided among the co-owners according to their shares in the property.

In this case, the Court agreed with the co-owner seeking dissolution that dissolution would not be prejudicial to the economic value of the other co-owners' shares in the patent, so there was no basis under KPA Article 99 not to apply general property dissolution rules under the KCC. Further, the Court did not order a division in kind (as impossible or impractical), but instead, ordered that the patent be sold in auction and that the sales proceeds be proportionally divided among the co-owners. The Court thus rejected the other co-owners' argument that sale or disposal of the patent (even pursuant to dissolution) required their consent under KPA Article 99.

The Supreme Court's decision thus indicates that any patent co-owner can seek to end a joint ownership by filing for dissolution of joint ownership with a court. However, since this dissolution is likely to be accomplished through sale of the patent at auction, other co-owners are at risk of being forced to sell their interests in the patent to a third party. To prevent this outcome, companies should seek to avoid co-ownership of patents if at all possible, such as through proper assignment of patent interests to a single entity. If co-ownership is unavoidable, co-owners who wish to avoid forced dissolution may consider entering into an agreement with the other co-owners not to seek or cause division of the patent (for a maximum of five years, per Civil Code Article 268, Para. 1) and recording the agreement in the patent registry.

Korean Courts Refuse Correction to Remove New Matter Introduced During Prosecution

By Young Hwan YANG, Tommy KIM and Miyoung NOH

The Korean Patent Court recently denied a petition for correction to remove new matter introduced during prosecution of the patent application. Specifically, the

petition was rejected for not falling within one of the acceptable corrections permitted under the Patent Act (Patent Court Decision in 2013Heo7106, rendered May 15, 2014).

During prosecution of a patent directed to an oral liquid composition, a voluntary amendment was filed to add a working example evaluating the antibacterial effect of the claimed composition, along with a drawing showing the evaluation results. The examiner allowed the application, despite the amendment being improper for introducing new matter. Subsequently, the issued patent became subject to an invalidation action on the grounds that the amendment had improperly introduced new matter.

In response to the invalidation action, the patentee filed a request to correct the patent by deleting the new matter. Notably, the respondent to the correction petition did not object to the proposed correction. Nevertheless, the Korean Intellectual Property Tribunal ("IPT") denied the correction based on its *ex officio* review of the case. During an IPT proceeding, the *ex officio* principle may be applied when necessary in the name of public interest. Thus, the IPT is not limited to the issues raised by the parties but may actively investigate necessary facts or evidence on its own. The IPT eventually rendered the patent invalid for having been issued with new matter (IPT Decision in 2012Dang2859, rendered July 30, 2013).

The patentee appealed the decision to the Patent Court, arguing that the proposed correction is proper because it (i) removes subject matter that shows a superior effect, which indirectly narrows the claim scope; and (ii) cures an amendment which should have been rejected by the examiner during the prosecution stage.

Was the Patentee's Petition for Correction Proper?

Under Korean patent law, a petition for correction to amend a patent may be granted only where the correction (i) narrows the scope of a claim, (ii) corrects a clerical error, or (iii) clarifies an ambiguous description (Article 133-2 and Article 136, Section 1 of the Korean Patent Act).

The Patent Court held that a petition for correction to remove working examples or drawings does not "narrow the scope of a claim" since it does not alter the claim form. Moreover, simply deleting experimental results from the specification does not in any way change the rights afforded to the patentee.

The Patent Court also clarified that "correcting a clerical error" means correcting a description that is clearly an error in view of the patent application as a whole and the knowledge in the relevant art at the time of filing the application (see Supreme Court Decision in 2013Hu627, rendered February 13, 2014). Applying this definition, the Patent Court held that the proposed correction did not seek to "correct a clerical error" and failed to fall under the statutory category of "clarifying an ambiguous description."

The petitioner argued that the proposed correction should be allowed since it rectifies an amendment which was improperly allowed by the examiner during prosecution. In response, the Patent Court refused to entertain any attempt to place blame on the examiner for wrongfully allowing the amendment.

Was New Matter Introduced by the Amendment?

Under Article 47, Section 2 of the Patent Act, "any amendments to a patent application must be supported by the original specification or drawings." A feature "supported by the original specification or drawings" refers to that which is clearly described in the original application, or that which one of ordinary skill in the art would have recognized as being within the scope of the original application in view of the knowledge in the art at the time of filing (see Supreme Court Decision in 2005Hu3130, rendered February 8, 2007).

The Patent Court found the new working example and results added to the application contained testing conditions (e.g., sample volume, cultivation temperature or time, etc.) that were considerably different from those used in the working examples described in the original specification. Moreover, the Patent Court stated that one of ordinary skill in the art would not have readily expected the new evaluation results in view of the description in the original specification. Finding that one of ordinary skill in the art would not have recognized the newly added subject matter as falling within the scope of the original application, the Patent Court ruled that the new matter had been improperly introduced rendering the patent invalid.

Implications of the Patent Court Decision

While an improper or unclear amendment may be canceled to revert an application back to its previous form during prosecution, this may not be possible after patent issuance using the correction proceeding. Thus, it is advisable for applicants to be particularly mindful of amendments made during the prosecution stage.

Official Fees Proposed Relating to Liberalized Use of Original Foreign Language Specification

By Joon-Hwan KIM, Linda A. PARK and Ah-Young KI

Back in June of this year, President Park signed into law the Amendments to the Korean Patent Act to better harmonize Korea's patent procedures with other member states under the Patent Law Treaty. Most of the changes in the Amendments will go into effect on January 1, 2015 (for more details on the Amendments please see our Summer/Fall 2014 newsletter). Although the fee changes associated with the Amendments have not been finalized yet, a number of relevant fee changes are worth noting to remind those who file in Korea that they are expected to go into effect soon.

Official Fee for Foreign Language Patent Applications

Under the amended Korean Patent Act (Article 42-3), the Korean Intellectual Property Office (KIPO) will begin accepting applications in languages other than Korean. However, for now, English is the only language accepted, other than Korean. With this new change, an Official Fee for filing a foreign language patent application has been proposed. The proposed Official fees are KRW 73,000 (approx. USD 69.00) for electronically filed applications and KRW 93,000 (approx. USD 88.00) for paper filings. The justification for this additional fee is that the foreign language patent application is expected to increase the workload, e.g., publication, management of the Korean translation.

Official Fee for Correcting Korean Translations

Under the Amendments (Articles 42-3(6) and 201(6) of the Korean Patent Act), the proper basis for amending the specification of a Korean application will now be the "original" foreign language specification, not the Korean translation. This new change to the Korean Patent Act is expected to significantly benefit foreign applicants, who will now be able to correct typographical errors or translation errors made in the process of translating a PCT international application or originally filed foreign application into Korean and thereby better protect the full scope of their patent rights.

Requests for correcting Korean translation errors under the Amendments will also incur an Official fee. The proposed Official fee for electronically filing a request for correcting translation errors is KRW 71,000 (approx. USD 67.00), and an additional KRW 22,000 for each claim (approx. USD

21.00 each). A paper filing of the request is expected to be about KRW 91,000 (approx. USD 86.00), and an additional KRW 22,000 for each claim (approx. USD 21.00 each). The cost for correcting translation errors is about 50 % of the current Official fee for filing a request for examination. A fee is proposed for correcting translation errors because the examiner will need to determine whether the correction is valid based on a comparison with the originally-filed foreign language document.

Official Fee for Extension of Time to Submit Korean Translations

Article 201(1) of the Amendments now provide for an additional one-month extension beyond the 31-month deadline from the priority date for submitting a Korean translation of a PCT application. In other words, an applicant will now have up to 32 months from the priority date to submit the Korean translation of a PCT international application entering the Korean national phase. It should be noted, however, that the national phase must still be entered within 31 months. This new change gives foreign applicants extra time to submit the Korean language translation, after the statutory 31-month date. An Official fee of KRW 20,000 (approx. USD 19.00) was proposed for requesting a time extension for submitting the Korean translation of a PCT application entering the national phase.

Conclusion

The recent Amendments to the Korean Patent Act are a positive step towards harmonizing Korea's patent laws with the member states of the Patent Law Treaty. Overall, the proposed Official fees are relatively low and the added revisions will enable patent applicants, particularly foreign applicants, a better opportunity to fully capture the rights of the originally filed application. Thus, the new changes to the Korean Patent Act is expected to be well-received by foreign applicants.

TRADEMARK & DESIGN

Landmark Decision Puts the Freeze on Copying Ice Cream Shop's Trade Dress

By Yong-Gab KIM, Young Joo SONG and Angela KIM

In the first South Korean court ruling of its kind, the Seoul Central District Court recognized that a shop's general appearance and decorative elements can be protectable trade dress under the Unfair Competition Prevention and Trade Secrets Act ("UCPA").

In this case, Kim & Chang successfully represented the operator of a dessert café chain in its lawsuit against the franchisor of a similar chain for unfair competition on the basis that the latter was copying its signature soft ice cream dessert and the unique appearance of its cafés.

The facts: NUPL Co., Ltd. ("Softree") vs. Mcostar Co., Ltd. ("Milkcow")

The plaintiff Softree, a high end dessert café franchise in Korea, offers a signature dessert consisting of soft vanilla ice cream topped with real pieces of honeycomb and honey. The defendant Milkcow operates cafés which mimic the plaintiff's café concept and sells the same dessert with a similar presentation. Softree sought an injunction against Milkcow on the grounds that: i) the latter's manufacture and sale of its honeycomb ice cream dessert infringed Softree's rights under the "dead copy" provision of the UCPA (Article 2(1)(ix)), and ii) its adoption of Softree's interior and exterior design components infringed Softree's trade dress under the "catch-all" provision of the same Act (Article 2(1)(x)).



SOFTREE



MILKCOW

The UCPA's "dead copy" provision generally prohibits selling, renting, displaying, importing, or exporting a product which

imitates the appearance of another person's product (i.e., the product's shape, pattern, color, gloss, or a combination of these attributes), with some limitations, such as if the imitation product was manufactured more than three years after the original product was first made, or if the product appearance is common for such goods. The UCPA's "catch-all" provision was only recently introduced on January 31, 2014, and states that a party may not interfere with another person's right to profit by appropriating for one's own business use, without authorization, anything which the other person produced through considerable effort and investment in a manner that contravenes fair commercial trade practice or competition order. This broad provision is the only provision in the UCPA which proscribes general acts of unfair competition, and until this case had never been interpreted by any Korean court.

Milkcow characterized Softree's product as merely a piece of honeycomb placed on top of ice cream, and argued that this was not a unique idea in the Korean marketplace. Milkcow also argued that Softree's shop design elements were common designs. However, the Court found in favor of Softree as to its ice cream dessert claim, noting that Milkcow imitated not just the idea of Softree's dessert, but Softree's exact expression of the idea. The Court further found that Milkcow was using exterior signage, menu boards, ice cream cone rings, and a milk cow logo that looked very similar to Softree's, as well as identical displays of ice cream cones, and honeycombs. The Court adjudged that these six components (compared in the following table) amounted to Softree trade dress as they give Softree cafés their unique atmosphere.

SOFTREE	MILKCOW
	
	
	
	
	
	

The decision

The Court granted a permanent injunction against Milkcow's sale of its honeycomb desserts as well as its use in combination of the six Softree shop design components described above, on the basis of the "dead copy" and "catch-all" provisions of the UCPA, respectively. In particular, the Court held that it was unjust for Milkcow to adopt for its business all of the above Softree shop design

elements, which were conceived of and developed by Softree through substantial effort and investment.


This case is significant as the first court decision in Korea to interpret the "catch-all" provision of the UCPA, and specifically to recognize that that provision protects a store's substantial effort and investment in designing its "look and feel."



High Court Says Mark Non-Distinctive at Registration Cannot Be Enforced

By Sung-Nam KIM, Alexandra BÉLEC and Seung-Hee LEE

Earlier this spring, the Supreme Court issued its *en banc* decision in **New Balance vs. Unistar**, which held that the scope of protection of a registered mark includes any non-distinctive portions of the mark that have acquired secondary meaning (for more details on this decision please see our Spring 2014 newsletter). The Seoul High Court recently rendered a decision in a civil infringement action filed by New Balance on the same mark (2011Hu3698), which highlights the practical limits of the earlier Supreme Court decision.

The facts: New Balance (& its Korean Distributor) vs. Unistar

New Balance and its Korean distributor filed a civil action against Unistar seeking injunctive relief and compensation for damages. The action included a trademark infringement claim, in which New Balance argued that the  portion

of Unistar's  mark was similar to New Balance's registered  device mark.


However, the High Court rejected the trademark infringement claim on the basis that New Balance's registration for its device mark was invalid. The High Court, consistent with the Supreme Court's decision in the HI WOOD case (please see our Fall 2012 newsletter for more details), first reviewed the validity of the alleged infringed registered mark before proceeding to any substantive infringement issues. As did the Supreme Court in the earlier **New Balance vs. Unistar** case, the High

Court found that New Balance's registered mark was not distinctive at the time of registration, on the basis that the






portion was merely the shape of a shoe, and



the  portion was not itself sufficiently distinctive in and of itself to be granted registration. Because the High Court determined that New Balance's device mark was entirely non-distinctive at the time of registration, it held that the mark should not have been granted registration, and therefore was invalid, without any need to review infringement.

Enforceable scope?

As noted above, the Supreme Court effectively determined in the earlier **New Balance vs. Unistar** scope confirmation trial that, although New Balance's registration was not distinctive at the time of registration, due to the extensive use by New Balance of the  portion on its products, the  portion of the mark had acquired secondary meaning beginning in 2009. The Supreme Court had thus concluded that the use of the  portion by Unistar fell within the scope of protection of New Balance's registration.

While this may appear to contradict the recent High Court case, this may be explained by the fact that a scope confirmation trial is an administrative action at the Korean Intellectual Property Office ("KIPO") in which validity issues simply are not addressed, whereas a court hearing

an infringement action may take into account validity issues when enforcing an IP right. Thus, while the Supreme Court confirmed in the earlier scope confirmation action that the enforceable scope of a mark is determined at the time of the alleged infringement, the recent High Court case (which did not even reach the infringement issues) is a reminder that the validity of a mark is determined with reference to

the time of registration, and may render the infringement question moot.

The High Court decision is currently under appeal before the Supreme Court, which may wish to further clarify the relationship between these two decisions.

Design Infringement Recognized Despite Dissimilar Details



By Sun-Young PARK, Nayoung KIM and Hyeri KIM

The Seoul Central District Court recently found infringement in a design infringement litigation involving cutting board cases (Case No. 2013gahap511881, decided on July 8, 2014), determining that minor differences between the registered and infringing designs did not outweigh the similarity of the designs, and granting an injunction as well as KRW 60 million (approximately USD 60,000) in damages to the plaintiff.



Naternic Co., Ltd. is a Korean kitchenware company that created the cutting board case on the left side of the above table, which it registered as a design with the Korean Intellectual Property Office and subsequently began selling in November 2011. A competitor, Olio Co., Ltd., began selling a similar product (on the right side of the above table) in July 2012. Naternic then filed a lawsuit against Olio seeking injunctive relief and damages.

The court first noted that even old or functionally-driven design elements, such as the rectangular shape of the cutting board case and the opening at one end for inserting cutting boards, should be considered in a similarity determination as long as they produce an aesthetic impression on the consumer. The court then compared the two designs at issue and noted that they had (i) the same measurements and rectangular shape, (ii) similar openings on the right side, (iii) similar "window" portions in the front


with rounded edges ( vs. ), and (iv) similar of three water vents on the bottom of the case.

On the other hand, the court discounted several design differences between the two cases. For example, although the court acknowledged that the bottom edges of the "windows" in the two cases were curved differently

( vs. ), this difference was insufficient to alter the aesthetic impressions given by the cases. Further,

while Olio's design had a second "window" in the back of the case (unlike Naternic's design), the court reasoned that consumers purchasing the cases would generally first see them with at least one cutting board inserted in the case (obscuring the back of the case from view), and thus would not be able to distinguish the two cases based on that feature.

The court also rejected Olio's validity challenge to Naternic's registered design over a prior art cutting board case

design  , which the court determined was quite dissimilar to Naternic's design due to the differences

in their essential elements (e.g., lack of any "window" portion in the front of the case, the shape of the bottom stand, etc.).

The court's holding expands the potential scope of similarity between two designs by focusing on the overall

aesthetic impressions given by the registered design and the accused design. This should allow more protection for design owners against imitation products which incorporate minor differences into their designs while clearly trading off the design of the original product.

Patent Court Rejects KIPO's Examination Guidelines for Three Dimensional Trademarks

By Min-Kyoung JEE and Jason J. LEE

The Korean Intellectual Property Office's ("KIPO's") amended examination guidelines regarding three dimensional trademarks have been controversial ever since they came into effect on March 5, 2012. Prior to the amendment, KIPO would simply evaluate the overall distinctiveness of three dimensional trademarks much like any other trademark. However, KIPO's amended examination guidelines have provided that the distinctiveness of a three dimensional trademark must be determined based only on the three dimensional shape itself, without considering any other elements which may be part of the mark such as symbols, letters, figures, etc. This change has been the subject of much debate, as many in the legal field have argued that the amended examination guidelines are too narrow in scope.

This issue was presented before the Patent Court, which recently reviewed an appeal of a rejection by KIPO of an application for a three dimensional trademark designating artificial hip joint balls (see below). KIPO had rejected the application on the basis that the three dimensional shape of the mark lacked distinctiveness, while refusing to consider the distinctiveness of the English characters "BIOLOX delta" in its review. However, the Patent Court rejected this methodology, holding that "BIOLOX delta" should have been considered together with the three dimensional shape when judging the distinctiveness of the mark. As a result, the Patent Court found that the three dimensional mark was distinctive overall, ignoring KIPO's examination guidelines (Patent Court Case 2014Huh2344, rendered on September 19, 2014).

The Patent Court further stated that KIPO's amended examination guidelines as to three dimensional trademarks were adopted solely for the convenience of KIPO's own internal review process (and thus impliedly illegitimate). The Patent Court ruled that the scope of protection

for three dimensional trademarks is to be determined by reference to all of their elements, including shapes, symbols, letters, figures, etc., and should not be limited to the three dimensional shape alone. In other words, when determining the distinctiveness of a three dimensional mark, one must consider the mark in its entirety, just as with any other trademark.



The Patent Court's decision, by rejecting KIPO's amended guidelines, restores a reasonable standard for determining the distinctiveness of three dimensional trademarks. KIPO has filed an appeal of the Patent Court decision to the Supreme Court, which is currently pending.

FIRM NEWS

AWARDS & RANKINGS

Kim & Chang won the highest number of awards at ALB Korea Law Awards 2014

Kim & Chang won the highest number of awards (nine out of twenty-three) at ALB's 2nd annual Korea Law Awards, which took place in Seoul on November 14, 2014. The firm received the awards in the following categories:

Firm Categories – Only winner

- IP Law Firm of the Year
- TMT Law Firm of the Year
- Construction Law Firm of the Year
- Deal Law Firm of the Year
- Korea Law Firm of the Year

Deal Categories – Co-winner

- Equity Market Deal of the Year: Initial public offering of shares issued by Hyundai Rotem on the Korean Exchange
- M&A Deal of the Year: Acquisition of ING Life Insurance Korea by MBK Partners
- Real Estate Deal of the Year: Acquisition of Four Seasons Hotel located in Sydney, Australia by a Korean real estate fund
- Korea Deal of the Year: Initial public offering of shares issued by Hyundai Rotem on the Korean Exchange

Asian Legal Business (ALB) is a Thomson Reuters company. Throughout Asia, the ALB Law Awards recognize and honor outstanding achievements of leading law firms and in-house legal teams.

Kim & Chang Ranked Band 1 in all 14 areas - The Legal 500 Asia Pacific (2015)

Kim & Chang has been recognized in the 2015 edition of the Legal 500 Pacific as a top-tier law firm in the following practice areas:

Antitrust and competition, Banking and finance, Capital markets, Corporate and M&A, Dispute resolution, Employment, Insurance, **Intellectual property**, **Intellectual property: patents and trademarks**, Projects and energy, Real estate, Shipping, Tax, and TMT (Technologies, Media & Telecommunications)

In addition, 12 Kim & Chang professionals received individual recognition as being "Leading Individuals" in their respective practice areas. In the Intellectual Property practice area, **Jay (Young-June) Yang** was selected as a

leading individual.

The Legal 500 Asia Pacific, published by Legalease, is a leading publication offering comprehensive analysis of law firms across Asia Pacific. In addition to the Asia Pacific edition, The Legal 500 series provides comprehensive worldwide coverage on recommended legal service providers in over a hundred countries based on in-depth research and interviews with corporate counsel from around the globe.

Kim & Chang highly recommended for 15 practice areas in Asialaw Profiles 2015

Kim & Chang has been named a "highly recommended" firm for South Korea in Asialaw Profiles 2015 in the following 15 practice areas: Banking & Finance, Capital Markets, Competition & Antitrust, Construction & Real Estate, Corporate/M&A, Dispute Resolution, Insurance, **Intellectual Property**, IT, Telco & Media, Labour & Employment, Private Equity, Project Finance, Restructuring & Insolvency, Shipping, Maritime & Aviation, and Tax.

In addition, the firm's 3 practice areas – Energy & Natural Resources, Financial Services Regulatory, and Investment Funds – were recognized as "active practice areas," and 16 Kim & Chang professionals were named "Recommended Individuals" in their respective areas of practice. In the Intellectual Property practice area, **Jay (Young-June) Yang** was selected as a recommended individual.

Asialaw Profiles, published by Legal Media Group of Euromoney Institutional Investor PLC, is a guide to Asia Pacific's leading law firms and lawyers. Asialaw Profiles determines its rankings through in-depth research and interviews with lawyers and law firm representatives.

Kim & Chang professionals recognized in Asialaw Leading Lawyers 2014

22 Kim & Chang professionals have been recognized in the 2014 edition of Asialaw Leading Lawyers. In the Intellectual Property category, **Jay (Young-June) Yang** was selected as a leading lawyer.

Asialaw Leading Lawyers is researched and published by Legal Media Group of Euromoney Institutional Investor PLC. It is one of the largest annual surveys of Asia Pacific-focused private practitioners and a comprehensive resource for corporate counsel around the world.

Kim & Chang named Korea Firm of the Year 2014 by Asian-MENA Counsel Magazine

Kim & Chang has been named "Firm of the Year" in Korea across 18 practice areas in Asia-MENA Counsel Magazine's "Representing Corporate Asia & Middle East Survey 2014." The survey results are based on the nominations and testimonials of 686 in-house counsel, and candidates are evaluated based on the quality, responsiveness and value of the services that they provide.

Kim & Chang was selected in the following 18 practice areas.

- Alternative investment funds (including private equity)
- Anti-Trust/ Competition
- Banking and Finance
- Capital Markets
- Compliance/ Regulatory
- Corporate and M&A
- Environmental
- Insurance
- **Intellectual Property**
- International Arbitration
- Life Sciences
- Litigation and Dispute Resolution
- Maritime and Shipping
- Projects and Project Financing
- Real Estate/ Construction
- Restructuring and Insolvency
- Taxation
- Telecommunications, Media & Technology

Kim & Chang was also named "Most Responsive Domestic Firms of the Year" and "Top-Category Winner (Domestic)" after having received the most nominations among Korean firms. The related article can be found at Asian-MENA Counsel Volume 12 Issue 4, 2014-15.

Kim & Chang named Trademark Firm of the Year for Korea at 2014 Asia IP Awards

Kim & Chang has been named "Trademark Firm of the Year for Korea" at the 2014 Asia IP Awards. The ceremony was held in Penang, Malaysia on November 7, 2014, and **Casey Kook-Chan An**, a senior patent attorney in the firm's IP Group, attended the awards presentation.

Asia IP is published by Apex Asia Media Limited, an independent publisher based in Hong Kong, and offers an extensive range of in-depth features and resources essential for IP-owning firms active in Asia and international law firms that want to keep ahead of the key issues.

EVENTS

AIPPI Congress in Toronto on September 14-17, 2014

The AIPPI Congress was held in Toronto from September 14 to 17, 2014. During the Pharma Workshop 4 panel discussion session titled "Early Resolution Mechanisms for Patent Disputes Regarding Approved Drug Products," **Young Kim**, a senior partner in Kim & Chang's IP Group, presented on the "Patent Linkage System in Korea."

Established in 1897, AIPPI (The International Association for the Protection of Intellectual Property) is the world's leading international organization dedicated to the development and improvement of the regimes for the protection of intellectual property. With nearly 1,500 delegates attended, this year's Congress provided a premier forum for lively discussions on world-wide issues in the field of IP.

The 22nd IAKL Annual Conference in New York on October 2-5, 2014

The 22nd International Association of Korean Lawyers (IAKL) Annual Conference was held in Manhattan, New York from October 2 to 5, 2014. During the "Intellectual Property" session, **Peter K. Paik** from Kim & Chang's IP Group presented on "Korea's Employee Invention Law for Global Companies," focusing on the unique aspects of Korea's employee invention law and the recent changes that may affect global companies when developing employee invention policies and reward programs.

The IAKL is an international association founded in 1988 to bring together lawyers of Korean heritage from all over the world for cooperation and friendship. Under the theme "A Growing Global Tapestry – Weaving an International Legal Network," this year's conference once again proved to be a premier forum for educational, professional, and cultural interactions between Korean lawyers.

Seminar on "How to Protect IP Rights in Korea" in Sichuan, China on October 15, 2014

Seong-Woon Kim and **Jung-Hwa Yoon** from Kim & Chang's IP Group spoke at a seminar headlined "How to Protect IP Rights in Korea" in Sichuan, China on October 15, 2014. Mr. Kim presented on "Patent Management Strategy in Korea," while Mr. Yoon presented on "Trademark Management Strategy in Korea."

Organized by the Sichuan Trademark Association and sponsored by Kim & Chang and one of China's leading IP firms, Chofn Intellectual Property, the seminar provided a

unique venue for networking with various IP delegates, and also helped to enhance the understanding of the recent IP developments and trends in Korea as well as the differences between the Chinese and Korean IP systems.

2014 Korea-EU IPR Conference on Trademarks & Industrial Designs in Seoul on October 28, 2014

The 2014 Korea-EU IPR Conference on Trademarks & Industrial Designs was held in Seoul on October 28, 2014. The conference was hosted and organized by the European Chamber of Commerce in Korea (ECCK), and co-hosted by the Office for Harmonization in the Internal Market (OHIM) and the Korean Intellectual Property Office (KIPO). As the sponsoring firm, four attorneys from Kim & Chang's IP Group actively took part in the conference.

Duck-Soon Chang and **Nayoung Kim** facilitated the morning and afternoon sessions, respectively, as moderators. **Alex H. Cho** presented on the "Most Frequently Asked Questions relating to Recent Developments in Korean Trademark Practice" while **Hyun-Joo Hong** presented on the topic of "Recent Design Cases in Korea."

Founded in 2012, ECCK is a pre-eminent association of European businesses active in Korea and regularly hosts various formal and informal gatherings. With the renowned speakers from the co-host organizations and the World Intellectual Property Organization (WIPO), the 2014 Korea-EU IPR Conference on Trademarks & Industrial Designs served as an exceptional platform for networking with Korean and European IP experts and information exchange on trademarks and industrial designs.