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Special Report on Korean Law Firms by Korean Major Newspaper

Clients Prefer 'Barun Law' Over All Other Law Firms

'Barun Law' is the top law firm in Korea in terms of the number of Korean Supreme Court cases accepted by a single firm, says Chosunilbo, Korea's major daily newspaper. On August 30, 2010, based on the analysis of the 1,978 cases of civil, administrative, patent, and criminal cases processed by the Korean Supreme Court in the first half of this year, Chosunilbo devoted the full first two pages of its front Law-Firm section on a lengthy article reporting that 'Barun Law' was the most preferred law firm in Korea having accepted the most number of cases in the first half of 2010.

'Barun Law' is ranked Second in Winning Rate

Chosunilbo also added that, in terms of the winning rate which is the indicator of a firm's overall offensive and defensive skills, 'Barun Law' enjoyed the second highest number of victories in the Supreme Court cases and also was ranked as the second by a shade of difference in each of civil, administrative, and patent suits in the country.

Changes in the Korean Intellectual Property Laws and Practices

► Patent Act

On July 28, 2010, the Amendment to the Patent Act in connection with (i) the effect of a patent right as to the obtaining of the approval of pharmaceuticals and (ii) the compulsory license took effect.

1. Working A Patented Invention To Obtain Pharmaceutical Approval

Falls Under Research And Experiment Exemption

It has been explicitly stipulated that working a patented invention to obtain pharmaceutical approval falls under research and experiment exemption (Article 96 of the Patent Act).

2. Easier For The Government To Obtain Compulsory Licensing

Under the revised Act, a compulsory license may be granted if non-commercial working is necessary either for the public interest **or** in case of national emergency.

► Design Protection Act

On January 1, 2010, revisions to the Implementing Regulations of the Korean Design Act took effect and applicable to all applications filed on or after January 1, 2010. A summary of the January 2010 Amendments is as follows:

1. Requirements for drawings became simpler

1.1 Flexibility of drawing requirements

Under the Amendment, even only one drawing can be submitted for a design application, if the contents of the design and the entire shape to be registered are clearly specified in such single drawing.

1.2 Drawings can be substituted with three-dimensional image files

The drawings may be submitted in Drawing, Design Web Format or 3D studio file formats.

2. Expansion of products subject to an application for a non-substantive examined design registration

2.1 Four additional classifications

B2: Fashion accessories; B5: Footwear; F1: Training supplies, painting and calligraphy supplies; F2: Writing supplies, office supplies

2.2 Six existing classifications

A1: Processed foods, etc.; B1: Clothing; C1: Bedclothes, curtains, etc; F3: Office

paper, printed matter, etc.; F4: Labels, packaging containers, etc. M1: Textiles, holograms, etc., Graphic Design

3. Expansion of the number of designs for one set of article

Under the Amendment, the types of designs that may be registered as a set have been expanded from 31 to 86.

4. Draft Revisions to the Korean Design Act Submitted for Enactment

On July 7, 2010, a draft revision to the Korean Design Act was submitted to the National Assembly. Major features of the draft revision are as follows:

- 4.1 The introduction of **the Locarno Classification** will allow applicants to file designs such as logotype designs, graphic symbols, etc.
- 4.2 Under the Locarno Classification, the **scope of protection will expand** to the potential use of the product concerned that may vary from the current use.
- 4.3 A design will **no longer be eligible for registration** if it is easily conceivable from a shape, pattern, color, or combination thereof **in a design that is widely known in either even a foreign country** or in Korea, **on the basis that it lacks creativity.**
- 4.4 A new **"Related Design" system** will be introduced. Unlike a similar design, a registered Related Design will be granted protection independently from the registration of the basic design to which it is related.
- 4.5 The protection of design rights will be extended **from fifteen (15) years to twenty (20) years** from the registration date.
- 4.6 Introduce the system **'Disclosure Verification of Designs.'**
- 4.7 Enabling applicants to designate **100 designs in one multiple design application.**
- 4.8 *Ex-Officio* Amendment System will be introduced.

▶ Trademark Act

Amendments to the Korean Trademark Act were promulgated on January 27, 2010 and came into **effect on July 28, 2010**. The following are the major features of changes to the Trademark Act.

1. More Complete Accommodation of Paris Convention Article 6^{ter}

The current Trademark Act protects national flags and other symbols according to the Paris Convention, but does not include "communication" as mentioned in

Article 6^{ter}(3)(a).

The amendment **protects those which are notified by WIPO and designated by the Korean Intellectual Property Office ("KIPO") Commissioner.**

2. Protection of Name for Strains of Seeds

A trademark that is similar to a name of a strain already registered under the Seed Industry Act has been denied registration with KIPO based on the rationale that once such name is registered under the Seed Industry Act. Now the amended Trademark Act specifies that a mark similar to a name of a strain registered under the Seed Industry Act cannot be registered under the Trademark Act.

3. Implementation of Constitutional Court Decision

The Constitutional Court nullified the provision of the Trademark Act (Article 7(3)) where a junior trademark application could not overcome a rejection ground based on similarity to a senior registration, if it remained duly registered at the time of the junior trademark application date, even though the senior registration is finally invalidated later, and it was no longer applicable as of April 30, 2009. The amended Trademark Act reflects this decision.

4. *Ex-Officio* Correction of Trademark Applications

The amendment provides that KIPO examiners can correct obvious errors in relation to the description of designated goods/services and classification in trademark applications *ex-officio*, without specific request by the applicant.

5. Payment of Fees for Trademark Registrations and Renewals by Two Installments

▶ Korean Judiciary Launches E-Filing System

On May 26, 2010, the Korean judiciary launched an e-filing system for patent lawsuits. The e-filing system will be expanded to include civil lawsuits in May 2011 and lawsuits related to public administration, family affairs, and bankruptcies in January 2012.

Court Decisions

▶ Court Precedent Relating to Patent and Utility Models

The Korean Supreme Court Decision Holding Strict Patentability Criteria Against Selection Inventions (Supreme Court 2008 Hu 736, October 15, 2009)

This Supreme Court Decision is significant for the following reasons:

Much Stricter Novelty Standard The novelty standard applied by this Supreme Court Decision is much stricter than those in other leading patent jurisdictions. As such, the Court held that an enantiomer *per se* and its medicinal use lacks novelty over a prior art racemate and its medicinal use.

More Stringent Description Requirements More stringent description requirements are applied against selection inventions, compared to other inventions. The Court held that the patent must contain supporting data, and that "qualitative" descriptions alone (e.g., "remarkably superior in terms of hygroscopicity") did not suffice. Further, such "defects" cannot be later cured by amendment or data submission.

Relating Inventiveness to Description Requirements The Court related inventiveness to description requirements, holding that working effects not described in a patent must be excluded when assessing inventiveness.

▶ Court Precedent Relating to Trademark

No Damage Claim Allowed Unless Trademark Is Used By Trademark Owner On Designated Goods (Supreme Court Decision 2007da22514 and 2007da22521, October 29, 2009)

A Supreme Court decision has required the use of the mark by a trademark owner, when requesting damages for trademark infringement, on the identical goods among the designated goods to which infringers have used the infringing mark.

Invalidation of a third party's Trademark Registration for "NAM JUNE PAIK MUSEUM in Latin and Korean characters" named after a world widely

recognized video artist 'Nam June Paik' (Supreme Court Decision 2010 Hu 456, July 22, 2010)

Mr. Nam June Paik was a Korean-born artist who passed away in 2006. He worked with a variety of media and is considered to be the first video artist and has been world widely recognized.

The Supreme Court held to the effect that the subject trademark registration should be invalidated by reasoning that the owner of the subject mark registered the mark in bad faith to "free-ride" on the fame and recognition of Mr. Nam June Paik and that this registration is likely to jeopardize international relationships and goodwill, and could impede fair and reliable commercial trade. As such, this registration shall be invalidated pursuant to Article 7(1)(iv) of the Korean Trademark Act.

Alert To Brand Owners - Neglecting To Strictly Supervise Licensees Will Result in Loss Of Trademark Rights in Korea (Korean Supreme Court decision 2009 HU 3329, April 15, 2010)

In case brand owners in Korea fail to strictly supervise their licensees in Korea, their pertinent licensed trademark registrations are subject to cancellation. Recent court precedents require brand owners a strict and full supervision and control of their licensees to avoid the cancelation of the pertinent trademark registration.

According to the Korean Trademark Act (Paragraph 1, Sub-paragraph 8 of Article 73), in the event that the exclusive or nonexclusive licensee uses the registered trademark or a similar trademark on the designated goods or similar goods, in a manner that is liable to mislead consumers on the quality of the goods or cause confusion regarding the goods of another person's business by using the registered trademark or a similar trademark on the designated goods or similar goods, such an act constitutes an account of cancellation. However, there exists a provisory clause stated as "when a registrant keeps the reasonable care, the provision does not apply".

In interpreting the provisory clause 'when a registrant keeps the reasonable care' in the provision of Paragraph 1, Sub-paragraph 8 of Article 73 of the Trademark Act, the Supreme Court in Korea declares that the circumstances alone that the brand owner provided its licensee with a brand use manual, supervised whether the licensees abide by it on a regular basis, and requested correction of licensee's violation are not enough to recognize the fact that the brand owner had put its

licensee under its substantial control and supervision. In other words, the Supreme Court further required brand owners to get feedback on whether the licensees in fact corrected the violation by means of establishing 'reasonable care' to avoid the cancellation of the trademark registration under the provision (Paragraph 1, Sub-paragraph 8 of Article 73 of the Trademark Act). The Supreme Court also declared that the burden of proof for establishing 'reasonable care' is on the defendant, the brand owner, not on the plaintiff.

Internet Open Market Operators Do Not Bear General · Comprehensive Obligations To Prevent Trade of Counterfeits (Seoul High Court 2009 RA 1941, May 10, 2010)

The Seoul High Court recently issued a decision as to the scope of Internet open market operators' obligations to prevent trade of counterfeits.

Its lower instance, the Seoul Central District Court made it clear that both a seller's act of manufacturing and selling counterfeits without permission of a trademark owner, and an act of directly or indirectly aiding and abetting such an activity constitute trademark infringement.

Operators also have the authority to manage and control the sellers; and therefore, they have an obligation to take appropriate measures to prevent trade of counterfeits.

In the above case, the district court once listed the obligations of Internet open market operators as below:

1. Obligation to Delete Listings of Counterfeits:
2. Obligation to Build Appropriate Operating System:
3. Obligation to Manage Personal Information of Sellers of Counterfeits:
4. Obligation to Limit Transactions for Sale/Purchase of Products Bearing Certain Trademarks:

The trademark owner in this case filed an appeal to the Seoul High Court contesting the above district court decision. However, the Seoul High Court dismissed its appeal by reasoning to the effect that Internet Open Market Operator does not bear a general and comprehensive obligation to block or prevent transactions involving the sale and purchase of all products bearing the mark at issue (regardless of whether the products are genuine or counterfeit), to verify authenticity of the products beforehand, or to delete all of the relevant

listings from its website.

The trademark owner in this case filed an appeal to the Supreme Court, and it is noteworthy to monitor its outcome.

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