

Newsletter

KIM & CHANG

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CONTENTS

PATENT

1. THE KOREAN SUPREME COURT APPLIES STRICT PATENTABILITY STANDARDS AGAINST SELECTION INVENTIONS
2. KIPO REJECTED PETITIONS FOR COMPULSORY LICENSE AGAINST AIDS DRUG PATENTS
3. AMENDMENT TO KOREAN PATENT ACT REGARDING COMPULSORY LICENSING REQUIREMENTS
4. PATENT PROTECTION FOR COMBINATION DRUGS IN KOREA
5. KOREAN INTELLECTUAL PROPERTY TRIBUNAL ANNOUNCES ITS TOP PRIORITY PROJECTS FOR 2010

TRADEMARK & COPYRIGHT

6. AMENDED KOREAN TRADEMARK ACT
7. PROPOSED AMENDMENT OF COPYRIGHT ACT

FIRM NEWS

PATENT

THE KOREAN SUPREME COURT APPLIES STRICT PATENTABILITY STANDARDS AGAINST SELECTION INVENTIONS

By Jay Young-June YANG, Jay J. KIM and Mee Sung SHIM

Sanofi-Aventis v. CJ et al., Case 2008 Hu 736, Supreme Court, October 15, 2009

The Korean Supreme Court has held that a patent covering an enantiomer and its medicinal use lacks novelty if the prior art disclosed the racemate and its medicinal use, while also recognizing the existence of enantiomers. The above decision also affirmed the lower Patent Court and Intellectual Property Tribunal decisions to the same effect.

Further, the Court also held that a patent for a specific salt of an enantiomer lacks inventiveness, requiring such "selection invention" patents to describe qualitatively different effects or quantitative data supporting superior working effects over the prior art. On this issue, the Court also held that working effects not "properly" described in the patent to meet the above description requirements should not be considered in assessing inventiveness.

The above decision is very significant, being the first case dealing with the patentability of an enantiomer (compound *per se*) patent. It is also significant in that it sets forth extremely strict standards for the patentability of selection inventions in Korea.

SELECTION INVENTIONS

A selection invention is based on a genus concept disclosed in the prior art, but can be patented in most jurisdictions if it provides a superior working effect not obvious from the prior art. Such patents are also becoming very important in the pharmaceutical field, as many new drugs are based on improvements to known molecules and compounds.

In Korea, selection inventions could be patented if: (1) the prior art does not specifically disclose the species concept constituting the selection invention (i.e., novelty), and (2) all of the patent claims provide a qualitatively different or quantitatively superior working effect over the prior art (i.e., inventiveness). However, recent Korean decisions have applied even tougher standards, as exemplified by the above Supreme Court decision.

BACKGROUND

Sanofi's patent covered an enantiomer (clopidogrel, the active pharmaceutical ingredient of Plavix®), specifically a dextro-rotatory optical isomer ("d-isomer"), its salt (clopidogrel hydrogen sulfate), and a pharmaceutical composition (for blood-platelet aggregation inhibiting and anti-thrombotic activities). 20 local companies sought to invalidate Sanofi's patent, citing: (i) clopidogrel and its medicinal use were disclosed in the prior art, and (ii) clopidogrel hydrogen sulfate lacks superior working effects over clopidogrel hydrochloride and racemate hydrochloride (argued to be disclosed in the prior art). The cited prior art was a patent covering clopidogrel's racemic mixture, disclosing a general formula and working example for the corresponding racemate compound.

SUPREME COURT DECISION

NOVELTY

Based on the above facts, the Supreme Court held that clopidogrel lacked novelty, citing the prior art disclosure of its racemate compound and the statement that "these compounds, which have an asymmetrical carbon, may exist in the form of two enantiomers. The invention relates to both each enantiomer and their mixture." Thus, citing the above prior art contemplation of possible isomers, the Court held that clopidogrel was "specifically" disclosed. Further, the Court noted that such prior art did not need to describe a process (or even the possibility) of actually separating the racemate to obtain the isomer.

Further, the Court held that clopidogrel's use also lacked novelty, since the prior art already "specifically" disclosed clopidogrel and described "a therapeutic composition having blood-platelet aggregation inhibiting activities and antithrombotic activities containing the above compound and a pharmaceutically acceptable carrier." (in essence, finding that the use of the racemate defeated the novelty of the isomer's use).

INVENTIVENESS

On inventiveness, the Court held that a selection invention patent must clearly describe its superior effects over the prior art, by either a description of qualitative differences or data supporting any quantitative advantages. In this case, the Court noted that the patent contained no such descriptions of a "qualitatively" different effect, lacked data supporting superior working effects (e.g., crystallization, non-hygroscopicity or water-solubility), and was otherwise silent on other advantages which may exist (e.g., reduced convulsions, lower chronic toxicity, etc.) Thus, the Court held that in the absence of such descriptions or data, extrinsic evidence supporting inventiveness could not be considered.

On the inventiveness of clopidogrel hydrogen sulfate based on platelet aggregation inhibition/anti-thrombotic activity and acute toxicity (data for which were described in the patent), the Court held that a two-fold and 1.6-fold superiority respectively in platelet aggregation inhibition/anti-thrombotic activity and acute toxicity over the prior art racemate hydrochloride was simply insufficient.

SIGNIFICANCE

We believe that this decision will have a large and negative impact on the patentability (and hence, future enforceability) of selection inventions in Korea.

First, its novelty standard is much stricter than those in other leading patent jurisdictions. Here, the Court held that an enantiomer *per se* and its medicinal use lacks novelty over a prior art racemate and its medicinal use – by comparison, the novelty of the enantiomer's medicinal use would be upheld in Japan.

Second, far more stringent description requirements are applied against selection inventions, compared to other inventions. The Sanofi patent (for clopidogrel hydrogen sulfate) provided superior pharmaceutical working effects over the prior art, but 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. This requirement ignores the basic reality that such quantitative data in many cases is simply unavailable when the original patent is drafted.

Third, the Court closely linked inventiveness to description requirements, holding that working effects not described in a patent (to meet selection invention description requirements) must be excluded when assessing inventiveness. This means that no matter how great the selection invention's actual working effect, those not "properly" described in the specification (i.e., meeting the above stringent description requirements tailored for selection inventions) must be ignored when assessing inventiveness.

Such high novelty and description standards espoused by the Supreme Court will clearly operate as high barriers against the patenting of selection inventions in Korea, not to mention the enforceability of many selection invention patents which have already been issued (often under seemingly more lax standards). This is in clear contrast to the policies of other leading patent jurisdictions, and will be a major cause of concern for many patentees (particularly in the pharmaceutical field).

KIPO REJECTED PETITIONS FOR COMPULSORY LICENSE AGAINST AIDS DRUG PATENTS

By Young KIM and John J. KIM

Korea HIV/AIDS Network Of Solidarity ("KANOS") and IPleft v. Trimeris Inc. and Duke University, Case Nos. 2009 Jaetong 1 ho and 2009 Jaetong 2 ho, Korean Intellectual Property Office

The Korean civic groups filed a petition seeking a compulsory license against Korean patents covering the AIDS drug Fuzeon®. After an intensive 6 month review, the Korean Intellectual Property Office ("KIPO") rejected the petition on June 19, 2009. The KIPO decision has now become final and conclusive since no appeal was filed.

KIPO reviewed the totality of circumstances and weighed the public interests in light of the "especially necessary for the public interest" requirement under the Korean Patent

Act. Importantly, in reaching its decision, KIPO found that granting a compulsory license solely based on drug supply issues caused by drug pricing negotiations will likely damage the fundamental nature of patent rights to protect the patented invention.

BACKGROUND

Similar to many other countries, a compulsory license may be allowed in Korea under certain circumstances.¹ Among others, where the working of a patented invention is especially necessary for public interests, a person who intends to work the patented invention may file a petition seeking a compulsory license, if a consultation with the patentee or exclusive licensee is not possible or if no agreement can be reached.

Fuzeon® is an HIV/AIDS drug used by patients who have developed resistance to first-line therapies. It is generally used as part of a cocktail therapy (triple combination therapy) for treating HIV/AIDS patients. In Korea, Roche Korea obtained market approval for Fuzeon® in May, 2004. However, due to stalled negotiations with the Ministry for Health, Welfare and Family Affairs ("MOH") over drug pricing, Fuzeon® was unable to be launched into the Korean market.

On December 23, 2008, two civic groups filed a petition seeking a compulsory license against the Korean patents covering Fuzeon®. The civic groups alleged that a compulsory license was especially necessary for the public interests because Fuzeon® was an essential drug to HIV/AIDS patients, no substitutable drug was available, and the drug was not supplied for 4 years due to stalled drug price negotiations, resulting in severe restrictions to the patients' right to access the medicine.

KIPO'S DECISION

As part of its review process, KIPO received responses from the patentee and exclusive licensee. Further, KIPO sought opinions from the Industrial Property Dispute Resolution Committee and the MOH.² KIPO also held an oral hearing.

While KIPO found that Fuzeon® is necessary for certain AIDS patients and closely related to the lives of those patients, and therefore, necessary for the public interest, it reviewed the totality of circumstances and concluded that

¹ Article 107, Paragraph 1, of the Korean Patent Act

² As provided in Article 109 of the Korean Patent Act

a compulsory license was not “especially necessary for the public interests” in the present case.

In reaching the above conclusion, KIPO first recognized that granting a compulsory license will likely damage the fundamental nature of patent rights to protect the patented invention - particularly if the only reason for the lack of access was due to drug pricing negotiation issues.

Further, KIPO noted that even if a compulsory license was granted, it was very doubtful whether the petitioners could satisfy patients’ right to access the drug since the petitioners failed to present specific plans and working methods such as how they themselves will manufacture, make a third party manufacture on their behalf, or import the patented drug. KIPO also noted that according to the drug industry, other HIV/AIDS drugs have been continuously developed and commercialized in and outside Korea. In addition, since the drug at issue was being supplied to local patients through a compassionate program,³ KIPO found that the issue of patients’ access to the drug had been resolved, resulting in a lower level of urgency.

COMMENTS

The present case was the first case where a compulsory license was sought under the “especially necessary” for the public interest standard.⁴ Prior to the present case, in 2003, a compulsory license was sought for a patent covering a cancer drug, Glivec®.⁵ The civic group argued that the price was too high, and thus, a compulsory license was necessary for public interests. Even under the previous “necessary” for the public interest standard, KIPO took a similar stance in finding that lack of access caused by high drug prices was insufficient to warrant a compulsory license. In rejecting the petition, KIPO concluded that high price without a contagious disease or urgent national/social crisis did not outweigh the basic objective of the patent system. Further, it noted that the government sponsored insurance program reduced the actual financial burden on patients to only 10% of the actual costs and there was normal supply and availability of the drug at issue through importation.

³ Roche Korea began to supply the drug to local patients through its compassionate program from February, 2009. There were only two patients who requested the drug under the program.

⁴ Article 107 (1)(i) of the Korean Patent Act was amended in 2005 to add “especially” such that compulsory licenses must be “especially necessary” for the public interest.

⁵ *The Association of Pharmacists for Healthy Society, et al. v. Novartis AG*, KIPO, March 4, 2003

In sum, petitioners must not only establish that a compulsory license is “necessary” but overcome the higher standard of being “especially necessary” for the public interests. When balancing interests, KIPO has taken a totality of the circumstances approach - weighing the benefits of the patent system and the fundamental right to patents against the needs and benefits resulting from a compulsory license.

AMENDMENT TO KOREAN PATENT ACT REGARDING COMPULSORY LICENSING REQUIREMENTS

By Eun Sun CHOI and John J. KIM

On December 29, 2009, the National Assembly amended portions of the Korean Patent Act relating to compulsory licensing. In Korea, a compulsory license can be sought by third parties who intend to work a patented invention or the government can directly seek a compulsory license. The amended act relates to the government’s use of compulsory licensing—making it somewhat easier for the government to obtain compulsory licensing in certain situations. The revised act also clarifies that the working of a patented invention for research and testing in order to obtain regulatory approval is exempted from patent infringement. The new Act is expected to be published in January, 2010 and will become effective immediately upon publication for the patent infringement exemption and 6 months from the publication date for the compulsory licensing requirements.

More specifically, the revisions include the following two changes:

(1) Under the new Act, the government may work or have a third party work a patented invention where non-commercial working of the patented invention is necessary in case of a national emergency, extremely urgent situation, “or” for the public interest. Prior to the change, the government could work or have a third party work a

patented invention if the non-commercial working of the patented invention was necessary for the public interest in time of war, uprising or other similar emergency. In other words, prior to the amendment, *both* “for the public interest” and “emergency” situation requirement needed to be satisfied before a compulsory license was granted. However, 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.

(2) The new Act also clarifies that working a patented invention for research and testing in order to obtain regulatory approval under the Pharmaceutical Affairs Act or the Agricultural Management Act is exempted from patent infringement. Prior to the change, working of a patented invention for research and testing was exempted from patent infringement. Thus, there had been some debate regarding whether working a patented invention for testing in order to obtain regulatory approval qualified for the exception. It is now clear that testing for the purpose of obtaining regulatory approval is protected from claims of patent infringement.

In principal, the amendments should make it easier for the government to obtain a compulsory license and have third parties manufacture necessary products. However, we will have to wait and see if any practical differences result from the amendment.

PATENT PROTECTION FOR COMBINATION DRUGS IN KOREA

By Sung Eun KIM and Alice Young-Ran CHOI

In view of the fact that a number of blockbuster products will be going off-patent and will be subject to generic incursion soon, combination drugs that combine two or more drugs into one formulation are attractive alternatives for pharmaceutical companies. Since, unlike in the U.S., there is no liability for inducement of patent infringement in Korea, if a generic company sells two products with different active pharmaceutical ingredients and induces customers to combine the ingredients, it may not constitute patent infringement under Korean

patent law. Thus, it would be beneficial to obtain patent protection for combination drugs.

However, there are several issues to take into account under Korean patent practice when considering obtaining protection for combination drugs in Korea.

➤ REQUIREMENTS REGARDING PHARMACOLOGICAL DATA DESCRIPTION

In general, for a medicinal use invention, the original specification must contain quantitative pharmacological data for the specific active ingredients, unless the pharmacological mechanism was already established prior to the filing of the application; later submission of such data is not allowed. Combination drugs are no exception, but the case law discussed below may be worth noting.

In the case *In re Aventis* (Case No. 2006 Hu 2523, rendered on July 26, 2007), the Korean Supreme Court confirmed that the quantitative pharmacological data contained in the original specification should be directed to the specific active ingredients in the *claimed* composition. The subject application in *In re Aventis* claimed a combination of taxotere and cisplatin/carboplatin, while the original specification contained experimental data from results obtained by administering optimized amounts of the composition of taxotere and cyclophosphamide. Both cisplatin/carboplatin and cyclophosphamide were commonly known to work as alkylating agents.

The Supreme Court in *In re Aventis* held that the original specification did not contain quantitative pharmacological data concerning the *claimed* combination of taxotere and cisplatin/carboplatin, and thus, it did not meet the description requirement. The reasoning of the Supreme Court's holding is that it would be difficult to predict whether cisplatin/carboplatin used in combination with taxotere would exhibit the same effect as that shown by the experimental data from the combinational use of taxotere and cyclophosphamide, because cyclophosphamide is chemically different from cisplatin/carboplatine.

One exception to the above-mentioned strict pharmacological data description requirement exists, however, with respect to selection inventions. Thus, in *In re AstraZeneca* (Case No. 2002 Hu 2846, rendered on October 10, 2003), the subject application was directed to a combination of formoterol and budesonide for the treatment of respiratory tract diseases and formoterol

and budesonide were considered to be a β 2-agonist and an anti-inflammatory agent, respectively. The Supreme Court held that there is no requirement that specific and quantitative pharmacological data be described in the specification because the subject application corresponded to a "selection invention" comprising a species concept as constitutional elements while the prior art reference related to a genus concept. In that case, the Supreme Court found that the pharmacological mechanism was already known prior to the priority date of the application since it was known that the combination of a β 2-agonist and anti-inflammatory agent was used for the treatment of respiratory tract diseases.

Subsequently, the Supreme Court in *In re Pfizer* (Case No. 2005 Hu 1417, rendered on March 30, 2007) held that pharmacological data was required for the combination of amlodipine and atorvastatin as claimed in the Pfizer application where a combination of amlodipine and lovastatin was known to the public before the priority date, because the publicly known combination was not a genus concept encompassing the claimed combination.

In sum, if a combination invention at issue is regarded as a selection invention of which the constitutional elements are species of the genus elements of a prior or known invention, it will be exempted from the pharmacological data description requirement under Korean patent practice.

➤ REQUIREMENTS REGARDING INVENTIVENESS

In *In re Merck* (Patent Court Decision No. 2006 Heo 5775, rendered on March 28, 2007), the subject invention was directed to a pharmaceutical composition for the treatment of alcohol and drug dependence comprising a therapeutically effective amount of a combination of acamprosate and naltrexone or naloxone. The Patent Court found that the subject invention was directed to the combination drug of acamprosate and naltrexone or naloxone of which uses were respectively known, since acamproate was known for being useful for the treatment of alcohol dependence and naltrexone and naloxone were known for being useful for the treatment of alcoholism before the priority date of the application.

The Patent Court concluded that an invention directed to a combination of known active ingredients lacks an inventive step unless difficulty in the combination can be recognized and the working effect is unexpectedly

synergistic over the mere cumulative effect from each ingredient. It was the position of the Patent Court that it would be very easy to prepare combination drugs by combining known single drugs, and it would be obvious that the pharmacological effect can be increased when administering two kinds of drugs having similar efficacy without reducing the dosage of each drug, when compared with individually administering the two drugs that have similar pharmacological effects. Specifically, the Patent Court stated that the obtained alcohol intake of 4.21 g/kg/day when 100 mg/kg/day of acamprosate and 10 mg/kg/day of naltrexone were administered would be a generally expected result, since alcohol intakes of 4.64 g/kg/day and 4.96 g/kg/day were obtained when 100 mg/kg/day of acamprosate and 10 mg/kg/day of naltrexone were individually administered, respectively.

Therefore, in order to demonstrate the inventiveness of a combination drug invention in Korea, a "synergistic" effect, not a cumulative or additive effect, is required.

Even when a synergistic effect is recognized, if the claim does not limit the compositional ratio of each component, the synergism should be confirmed with respect to all possible compositional ratios (*In re AstraZeneca*; *In re Novartis*, Patent Court Decision No. 2006 Heo 10586, rendered on July 25, 2007).

For instance, in *In re AstraZeneca*, the Supreme Court found that the combined preparation of formoterol and budesonide in a high amount had a superior effect over the single preparation of budesonide. Further, the Supreme Court found that the combined preparation of budesonide (160 μ g) and formoterol (4.513 μ g) had an increased peak expiratory flow and a more rapid effect over the combined preparation of salmeterol (50 μ g) and fluticasone propionate (250 μ g). However, the Supreme Court concluded that since the prior art disclosed the combined preparation of a β 2-agonist including formoterol and an anti-inflammatory drug including budesonide and the subject invention was not defined with specific compositional ratios of formoterol and budesonide in the claim, the subject invention would only be patentable if it was regarded to have superior effects over the prior art at all expected compositional ratios, including the preferable compositional ratio. Therefore, synergism should be shown with respect to all possible compositional ratios, in order to prove the inventiveness of a combination drug invention. Unlike the pharmacological data description requirement, however, the synergistic effect can be proved by later submission of supporting material(s).

➤ OTHER ISSUES

Patent Term Extension

Unlike in the U.S. where a patent covering combination drugs would not be eligible for patent term extension (“PTE”) based on the approval of the combination product, if the components of the combination product have already been previously approved by the FDA, patents covering combination drug products are, in principle, eligible for PTE in Korea.

Although the Intellectual Property Tribunal commented in a recent scope confirmation decision that granting PTE for combination drug patents may be improper, there have not been any PTE applications concerning combination drug patents that have been rejected in Korea, and there have not been any official changes to the PTE rules yet. Thus, it would be worthwhile to apply for a PTE with respect to combination drug patents.

Data Exclusivity

In Korea, there is no “data exclusivity” system *per se*, but the re-examination system under the Korean Pharmaceutical Affairs Law (“PAL”) provides *de facto* protection. The length of the re-examination period is 4 or 6 years, depending on the type of drugs under the Enforcement Regulations of PAL. A re-examination period can also be granted with respect to a combination drug, where according to the internal guidelines of the Korean Food and Drug Administration, a combination drug may receive the full 6 year re-examination period unless the combination therapy is described in the insert paper of the single product of the combination drug.

KOREAN INTELLECTUAL PROPERTY TRIBUNAL ANNOUNCES ITS TOP PRIORITY PROJECTS FOR 2010

By Hyung Geun Ji and Alice Young-Ran CHOI

At the end of last January, the Intellectual Property Tribunal (“IPT”), which is an administrative tribunal operating with the Korean Intellectual Property Office that has original jurisdiction over invalidation actions, scope confirmation actions, and appeals of final rejections against patent applications, announced its top priority projects for 2010. Specifically, the major projects the IPT plans to promote in 2010 are: (i) expansion of the scope of trial actions that are eligible for highly expedited proceedings; (ii) activation of trial examiner’s authority to make decisions regarding patent allowance for early validation of applicants’ rights; and (iii) reorganization of the previous trial process mainly based on written arguments into a trial process primarily based on oral hearings. The exact dates of when the above projects will be implemented have not been set yet.

With respect to IPT’s first above plan, the IPT is currently operating three tracks, i.e., highly expedited, expedited and standard tracks, according to the needs of customers. In particular, the highly expedited track was designed for very urgent cases, where it aims to have a trial decision rendered within 4 months of the filing of the trial petitions. However, the scope of trial actions that are eligible for the highly expedited track is limited to only (i) scope confirmation actions which are related to a pending infringement action before the court and (ii) trial actions before the IPT in which both parties have agreed to follow the highly expedited track. Accordingly, there has been a demand for an expansion of the scope of trial actions eligible for the highly expedited track.

As a result, the IPT plans to allow trial actions relating to green technology (patent applications relating to green technology have already been eligible for super speed examination since October 2009), correction trial actions filed with the IPT during patent invalidation actions before the appeal courts, etc. in the scope of trial actions eligible for the highly expedited track so that the parties can utilize

the IPT decisions in a more timely manner. In particular, allowing correction trial actions to be eligible for the highly expedited track is expected to be useful and effective in protecting the patent holder. For instance, the patent holder can file a petition to highly expedite correction trial actions filed with the IPT as a defense, in the event that the IPT decision of an invalidation trial action has been appealed to the Patent Court (which is a higher level court) and the validity of the patent is challenged again by new prior art references that were not submitted at the IPT level.

Meanwhile, regarding the activation of trial examiner's authority to make decisions regarding patent allowance, currently the trial examiner remands a case to the examiner for his or her reconsideration when the final rejection should be reversed. However, under IPT's new system, the trial examiner will be able to directly allow a patent unless other grounds for rejection are found or issue a Notice of Preliminary Rejection on his or her own initiative even when other grounds for rejection are found. Therefore, when this system is fully activated, it is expected that applicants will be able to obtain patent rights at an early stage. Further, it would be desirable for applicants to take more advantage of interviews with the trial examiner.

As for the oral hearings at the IPT, both parties are supposed to be present at the court and make oral arguments before a panel of three trial examiners. Further, the IPT has also announced that the number of IPT courts has been increased from one to five in order to promote the oral hearing process. The IPT's aim is to clarify issues in disputes better so that the parties could more readily accept the IPT decision.

The above-mentioned top priority projects of the IPT, when implemented, is expected to establish a customer-friendly system and improve the quality of the IPT decisions.

TRADEMARK & COPYRIGHT

AMENDED KOREAN TRADEMARK ACT

By Won Seok HUH and Nayoung KIM

Amendments to the Korean Trademark Act ("TMA") were announced on January 27, 2010 and will come into effect on July 28, 2010. The following are the details of the main changes to the TMA.

1. Adjustment According to Paris Convention Article 6^{ter}

The current TMA protects national flags and other symbols according to the Paris Convention, but does not stipulate "communication" as mentioned in Article 6^{ter}(3)(a).⁶

The amendment specifically stipulates that any marks similar to emblems, medals, decorations and badges (regardless of the designated goods), and official signs and hallmarks indicating control and warranty of a member country (in case that its designated goods are similar to the goods on which such marks are used) cannot be registered if they are notified by WIPO and designated by the Korean Intellectual Property Office ("KIPO") Commissioner. Further, the amendment allows for registrations of emblems, official signs, and hallmarks, etc., if they are filed by the corresponding nation or organization.

Under the recent amendment, it is also possible for the Red Cross, the International Olympic Committee and other well-known international organizations to register their titles, abbreviation of titles, and marks.

⁶ Article 6^{ter}(3)(a) states "[F]or the application of these provisions, the countries of the Union agree to communicate reciprocally, through the intermediary of the International Bureau, the list of State emblems, and official signs and hallmarks indicating control and warranty, which they desire, or may hereafter desire, to place wholly or within certain limits under the protection of this Article, and all subsequent modifications of such list. Each country of the Union shall in due course make available to the public the lists so communicated. Nevertheless such communication is not obligatory in respect of flags of States."

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 (“SIA”) has been denied registration with KIPO based on the rationale that once such name is registered under the SIA, then it should be considered generic (Supreme Court Case No. 2003Hu1314, rendered on September 24, 2004). The Korean Supreme Court rendered such decision in order to accommodate the separate laws under the TMA and SIA (according to the SIA, a name for a strain that is already pending and/or registered under the TMA cannot be registered under the SIA), which was then reflected in KIPO’s trademark examination guidelines. Now the amended TMA specifies that a mark similar to a name of a strain registered under the SIA cannot be registered under the TMA.

3. Implementation of Constitutional Court Decision

Before an April 30, 2009 Korean Constitutional Court decision, a junior trademark application could not overcome a rejection ground based on similarity to a senior registration, if it was duly registered at the time of the junior trademark application date, even though the senior registration is finally invalidated afterwards. The Constitutional Court nullified this particular provision under the TMA (Article 7(3)) and it is no longer applicable as of April 30, 2009. The amended TMA reflects this decision, meaning that a junior application can be registered even if there is a senior trademark registration which is valid at the time of the junior application, but invalidated thereafter.

4. Simplification of Renewal Process

In 1997, the substantial examination of renewal applications were abolished, and thus renewal applications can be registered after only a perfunctory examination.

The amendment further stipulates that trademark registrations should be automatically renewed upon request with payment of renewal fees.

5. Ex-Officio Amendments to Trademark Applications

The amendment stipulates 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. However, KIPO should notify the applicant in case such amendments are made and if the applicant

cannot accept such *ex-officio* correction, then the applicant should file a response within two (2) months from the date on which the application is published. Once the applicant files such response, the *ex-officio* correction will be nullified.

6. Payment of Fees for Trademark Registrations and Renewals by Installments

The amended TMA permits a trademark owner to pay trademark registration and renewal fees in two installments. According to the draft amendment of the Rules for Correction of Patent Fees, etc., which has not yet come into effect, if the trademark owner wishes to pay the registration fee in two installments, then each installment will be KRW 132,000 (about USD 115) per class (a trademark holder currently pays a total of KRW 211,000 (about USD 184) per class for a registration). Further, if the trademark owner wishes to pay renewal fees in two installments, then each installment will be KRW 194,000 (about USD 168) per class (a trademark holder currently pays a total of KRW 256,000 (about USD 223) per class for the renewal of a registration).

PROPOSED AMENDMENT OF COPYRIGHT ACT

By Chang Hwan SHIN and Julia Jeehyun KIM

The Ministry of Culture, Sports and Tourism (“MCST”) has recently announced a legislative proposal to amend the current Copyright Act. Key features of the proposed amendment are as follows:

1. Clarification of Scope of Private Use

Regarding the *Private Use* principle, an exception to copyright protection provided in Article 30 of the current Copyright Act, the proposed amendment incorporates that a person who makes reproduction of an illegally reproduced work with knowledge of the illegality of the reproduced work shall not be indemnified by the reason of *Private Use*; however, the punishment against the violator of this provision shall not be on a criminal basis but based on a civil relief.

[Proposed Amendment]

Article 30 (Reproduction for Private Use)

It shall be permissible for a user to reproduce by himself, without any commercial purposes, a work already made public, within the limit of personal, family or the equivalent use; provided, that this shall not apply to any of the following cases:

1. if the reproduction is made by using the copying apparatus installed for the use by the general public; or
2. if the reproduction is made by a user who has the knowledge that the work is illegally copied (newly added)

2. Adoption of 'Fair Use' System

The current Copyright Act provides a list of limited exceptions to copyright protection, which are applicable only when certain statutory requirements are satisfied. For such reason, any use of copyrighted works that is not falling under the above copyright restrictions under the Copyright Act and is not authorized by a copyright holder will, in principle, constitute copyright infringement. However, there has been opposing arguments that under the current circumstances where the Copyright Act strictly lists up the reasons for copyright restriction, it may be difficult to blame the use of a copyrighted work by others sometimes and also, there may be circumstances where it would be unreasonable to find such use to be copyright infringement.

The proposed amendment added the fair use provision, by reference to the three-step-test set out in international copyright treaties and the 'fair use doctrine' in foreign laws, to establish environment where people can more freely use other's copyrighted works without infringing the copyright.

[Proposed Amendment]

Article 35-2 (Fair Use of Copyrighted Works)

(1) The copyrighted work may be used in certain special cases if such use does neither conflict with a normal exploitation of the work nor unreasonably prejudice the legitimate interests of the author; however, this shall not apply to any cases set forth in Articles 23 to 35 and Articles 101(3) to 101(5).

(2) Whether a use of a copyrighted work falls under the above paragraph (1) shall be judged in consideration of the following:

1. purpose or nature of such use (whether commercial or non-profit)
2. type or purpose of such copyrighted work
3. proportion or importance of such use in overall consideration of the copyrighted work
4. effect of such use on the current or future market and value of the copyrighted work

3. Introduction of a system to prevent the false registration (Articles 55 through 55-5 of the Proposed Amendment)

According to the current provisions on the registration of copyrights, even though a person who is not entitled to do registers other person's work, it is required to receive a court decision in deregistering the copyright. According to the Proposed Amendment, 'if a person who has no authority to register a copyright files an application for registration of the copyright', the Minister of Culture, Sports & Tourism may return the application, or if registered, deregister the copyright, which is added to prevent the harmful effects of false registration.

4. Insertion of provisions based on which arbitration is conducted against copyright disputes (Articles 112 through 113 of the Proposed Amendment)

Under the Proposed Amendment, arbitration, which is more binding than the conciliation of the Copyright Commission that functions as an alternative dispute resolution against the court decision under the current Copyright Act, is newly inserted in addition to the conciliation of the Copyright Commission.

FIRM NEWS

AWARDS & RANKINGS

Kim & Chang Ranked Again as the Tier 1 Firm in Korea in Managing Intellectual Property ("MIP")'s World IP Survey 2010

We are proud to announce that since 2003, Kim & Chang has been consistently ranked as the Tier 1 firm in every categories of Managing Intellectual Property's annual survey of the world's leading IP law firms.

In 2010, Kim & Chang once again captured the top tier honors for patent and trademark prosecution, contentious work, and copyright work among Korean law firms. This year's survey is the largest to date which is based on research and interviews with hundreds of practitioners and in-house counsels in 75 jurisdictions, including competitors and clients.

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