Newsletter

KIM & CHANG
INTELLECTUAL PROPERTY

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CONTENTS

KOREAN PATENT LAWS AMENDED IN ORDER TO IMPLEMENT KOREA-US FTA

By Seung Hyun LEE and Alice Young CHOI

Following the ratification of the Korea-US Free Trade Agreement (FTA) by both countries, the Korean government recently amended the Korean Patent Act (KPA) and the Pharmaceutical Affairs Act (PAA). These amendments are expected to have a significant impact on anyone with patent rights in Korea, including those relating to patent term adjustment and patent-pharmaceutical product approval linkage.

The amended laws will enter into force on the date the FTA becomes effective, which is currently expected to be on March 15, 2012.

The major changes that have been made to the KPA and PAA to implement the FTA are summarized as follows.

Amendments to Korean Patent Act

Patent Term Adjustments Due to Unreasonable Delay

Under the amended KPA, a patent term may be extended to compensate for unreasonable delays during the prosecution of a patent, where the delay is caused by the Korean Intellectual Property Office (KIPO). The amended KPA provides that if the registration of a patent is delayed for more than 4 years from the filing date of the application or more than 3 years from the request for examination, whichever is later, the patent term can be extended for a period equivalent to that delay. Any delays attributable to the applicant (e.g., delays by the applicant in responding to a notice from KIPO) will not be included in the patent term adjustment period.

The above patent term adjustment is not automatically granted by KIPO and may be awarded only upon a petition by the applicant within 3 months from the date of patent issuance. Thus, applicants are advised to check whether their patents are eligible for patent term adjustment due to unreasonable delay and be cognizant not to miss the 3-month deadline.

Extension of Novelty Grace Period

Under the amended KPA, the 6-month grace period for preserving the novelty of an invention notwithstanding a public disclosure of the invention made by the applicant within or outside of Korea before the filing of a patent application has been extended to 12 months.

This amendment will bring the KPA in line with the international standards set forth in the Substantive Patent Law Treaty and will provide applicants with more flexibility in determining the timing for filing a patent application.

Abolition of Patent Revocation Provision

Prior Korean law provided that, if a patent was not practiced in Korea for more than 2 consecutive years from the grant of a compulsory license[1], KIPO may revoke the patent right.

This provision has now been abolished, as the rule may unfairly limit the patentee's rights and in view of the fact that it was never applied. No patent has ever been revoked in Korea based on non-practicing after the grant of a compulsory license.

Protective Order for Trade Secrets Obtained During Patent Litigation

The amended KPA introduces provisions regarding protective orders for trade secrets acquired during a patent infringement action. The new provisions stipulate that, when a party of a lawsuit proves that: (i) its trade secrets are contained in brief(s) already filed or to be filed, or evidence already investigated or to be investigated; and (ii) the release of the trade secrets needs to be limited as it may interfere with the business of the party, the court may order that the parties, counsels, or employees involved in the lawsuit shall not disclose the trade secrets to others who are not under the protective order or use the trade secrets for purposes other than for the lawsuit. If the parties, counsels, or employees obtained the trade secrets through sources other than the briefs or evidence mentioned above, the protective order may not be issued.

A party dissatisfied with the protective order may appeal against it. A person who violates the protective order without any justifiable reason may be subject to an imprisonment of up to 5 years or a fine of up to 50 million Korean Won (about USD 44,000).

With this new provision, trade secrets and any confidential information of a party can be protected in patent infringement actions.

Amendments to the Pharmaceutical Affairs Act

Patent-Product Approval Linkage

With respect to patented pharmaceutical products, the FTA includes provisions regarding patent-product approval linkage, requiring the Korean patent laws to be amended to provide that, when a generic manufacturer submits an application for generic drug approval:

- the patentee of the concerned patent is notified of the drug approval request; and
- the generic manufacturer is prevented from marketing a product without the consent of the patentee.

In response to the FTA, the Ministry of Health and Welfare (MOHW) made amendments to the PAA to stipulate the listing of patents and include notice provisions, as follows:

- a party that has obtained product approval of a new drug (similar to a new drug application (NDA) holder in the U.S.) must request that the Korea Food and Drug Administration (KFDA) list the patent information for the drug on the "Patent List" (similar to the "Orange Book" in the U.S.) if it wishes to list the information on the Patent List; and
- the generic manufacturer must notify the NDA holder or patent holder once it applies for approval of the generic product.

Based on the above amendments, the MOHW recently announced revisions to the enforcement regulations of the PAA. Some of the important details of the new regulations are as follows:

Patent Listing

Submission deadline
The submission deadline for providing patent information to the KFDA for drugs approved after the implementation of the FTA is within 30 days of the product approval. Notably, the new patent-product approval linkage system will also apply to drugs that were approved before the FTA became effective. For those approved drugs, the submission deadline is, within 3 months of the effective date of the FTA.

Patent eligibility
The FDA must list the patent information for the drug on the Patent List if the patent of the drug applied for listing satisfies the following:

- patents related to substance, formulation, composition, and medicinal use;
- patents that are directly relevant to the active ingredient, dosage form, efficacy, or method of use of

[1] The KPA currently states that the Commissioner of KIPO may authorize a compulsory license (a non-exclusive license) to work a patented invention without the consent of the patentee - for example - when a patented invention is not practiced in Korea for more than 3 consecutive years without any justifiable reason

the approved product; and
- patents that are directly relevant to the safety, efficacy and quality information in the application documents approved by the KFDA.

Listing application
Patent listing must be made on a claim-by-claim basis depending on the relevance to the approved drug product. Thus, a detailed explanation of each claim as it relates to the product must be submitted to the KFDA.

Notification by Generic Companies

A generic manufacturer filing an application for generic drug approval after the implementation of the FTA must notify the fact that an application for generic drug approval has been filed and the filing date of the application to the product approval holder and patent owner within 7 days of the application filing date. With the notice, the generic manufacturer must provide a detailed statement demonstrating that the listed patent is invalid or that the generic drug product does not infringe the patent.

The above notification requirement only applies to generic manufacturers that seek product approval in order to launch their product during the term of the listed patent and does not apply to generic manufacturers that indicate the intent to launch the product after the expiration of the listed patent.

Stay of Generic Product Approval

In addition, the FTA requires that the Korean government implement measures in its marketing approval process to prevent a generic company from marketing a product without the consent of the patent owner before the expiration of the listed patents. It is expected that the PAA will be amended to set up a system that suspends the approval process for a generic drug when the original drug patentee files a legal action against the generic manufacturer.

According to the documents released by the MOHW, it is currently predicted that generic product approval may be stayed for up to 12 months, upon the filing of a legal action by the original drug patentee. This 12 month period (which is shorter than the 30-month stay under the U.S. Drug Price Competition and Patent Term Restoration Act of 1984, also known as the Hatch-Waxman Act) reflects the longest average time it takes to receive a first instance decision in a patent infringement action in Korea.

Further, the KFDA is considering implementing a reward system, where a party that challenges and successfully invalidates a patent for a pharmaceutical product would be rewarded (e.g., with an exclusive marketing right for the product for 180 days). Further details are still being worked out by the MOHW; thus, the PAA and its enforcement regulations may be subject to further modifications.

The above measures to stay the approval of generic product applications that challenge patents with remaining patent terms are not part of the current round of amendments to the PAA, but will be instituted within 3 years from the implementation date of the FTA.

With the introduction of the patent-product approval linkage system, patent protection for original pharmaceutical products in Korea is expected to be strengthened.

FIRST RECAPTURE OF ORIGINAL DRUG PRICE AFTER OBTAINING A LANDMARK PATENT DECISION

By Jung Yeon KIM and In Hwan KIM

The original drug price of OxyContin® Controlled Release ("CR") Tablets was reinstated on November 1, 2011 after Mundipharma Laboratories GmbH ("Mundipharma") won in a patent invalidation action against its patent covering OxyContin®, which is an opioid analgesic product with a 12-hour effect in treating moderate to severe pain. This was the first recapture of a drug price after the mandatory 20% price reduction guidelines went into effect on December 29, 2006.

Drug Price Recapture

Under this new drug price system, the price of original products is reduced if a manufacturer of the first generic

expresses an intent to sell its product immediately upon listing, irrespective of whether there is a valid patent covering the original product. The price of the original drug can be restored only if a generic product is found to infringe the original drug's patent and no generic products exist in the market. Until now, no original company succeeded in price recovery due to continuous failures in defending patent validity.

In accordance with the above system, the price of OxyContin® CR Tablets was reduced by 20% in 2009 (20 mg) and 2010 (10 mg and 40 mg) upon listing of generic products manufactured by Hana Pharmaceutical Company Ltd. ("Hana"), a Korean pharmaceutical company, despite the existence of Mundipharma's patent covering OxyContin®. After Hana's product was listed, Mundipharma filed a patent infringement action in June 2009, followed by a separate damages action in January 2011 to seek damages caused by the price reduction. In response, Hana filed an invalidation action against Mundipharma's patent with the Intellectual Property Tribunal (IPT) in August 2009.

After undergoing an exhaustive procedure, the patent was confirmed to be valid by the IPT (IPT Case No. 2009 Dang 1960), and ultimately by the Patent Court on appeal in August 2011 (Patent Court Case No. 2010 Heo 7488). Upon prevailing in an extensive patent battle, Mundipharma succeeded in reaching a settlement, which allowed it to fully recapture its drug price while completely withdrawing Hana's generic products from the market. In the infringement action, the validity of the subject patent was heavily disputed.

Main Issues in the Validity Dispute

Mundipharma's patent is directed to an oxycodone (narcotic analgesic) controlled release formulation that effectively treats moderate to severe pain with twice daily administration by enabling oxycodone to be continuously released for 12 hours. The patent is different from conventional patents for a controlled release formulation since its claims include a limitation related to plasma concentrations of oxycodone, which can be achieved after administration of the formulation to human patients ("plasma concentration profile"). Further, the patented invention is unique since: (i) oxycodone was selected as an alternative to morphine in treating moderate to severe pain; (ii) the daily administration dosage range of oxycodone in treating each patient's pain can be reduced to half compared to that of morphine; and (iii) the formulation provides a plasma concentration profile that reaches a peak quickly and then decreases slowly so that the formulation can provide quick pain relief and a sufficiently delayed release for 12 hours.

However, Hana asserted that such features were known or could have been readily derived from a prior art reference disclosing an oxycodone formulation and its *in vitro* dissolution profile. Particularly, Hana extensively argued that the plasma concentration profile was inherently disclosed based on the ground that the oxycodone formulation, described in the prior art reference, would provide a plasma concentration profile identical to that of Mundipharma's patent. Hana conducted a simulation using a computer program and *in vitro* dissolution data.

The Patent Court rejected Hana's argument on the prior art teachings since: (i) the simulation is based on various assumptions while there is no clear evidence that such assumptions are even met; and (ii) the simulation may be meaningful as a means of prediction prior to *in vivo* testing, but does not provide an accurate plasma concentration profile without *in vivo* testing based on the *de facto* analysis. Furthermore, the Patent Court recognized the inventiveness of the subject patent on the following grounds: (i) oxycodone stayed away from the main stream interest as a morphine alternative, although there existed a few scientific articles focusing on the potential effect of oxycodone; (ii) the plasma concentration showing a quick effect was not preferred when designing a sustained release formulation targeting a long lasting effect; and (iii) there was no recognition or trial to reduce the daily dosage range in the prior art reference.

Hana appealed the Patent Court's decision to the Supreme Court, but later withdrew after reaching a settlement. Accordingly, the Patent Court's decision became final and conclusive.

Significance of the Present Case

The Patent Court's decision has significance in Korea since it was the first to affirm the validity of a patent directed to a pharmaceutical formulation defined by a plasma concentration profile. It was also a rare win by an original drug manufacturer before the Patent Court in recent years. Given its significance, this decision is now expected to serve as a guideline on the patentability assessment of pharmaceutical profile inventions.

As a result of recovering its original price, Mundipharma now enjoys a significant 25% increase in revenue from OxyContin® products. This has a very special meaning to Mundipharma since OxyContin® products are its top selling products and the main source of its revenue. In conclusion, not only did Mundipharma achieve its personal goals of restoring its business, but it also contributed to the pharmaceutical industry as a whole by promoting the protection of original research efforts. It was also the first in Korea to justify the validity of profile patents.

SUPREME COURT RECOGNIZES COMPENSATION TO EMPLOYEE FOR WORK-FOR-HIRE INVENTION AS CO-INVENTOR

By Hyejung LEE and Stephen T. BANG

On July 28, 2011, the Supreme Court affirmed a lower court decision rendered in favor of the Plaintiff-employee, ordering the Defendant-employer to pay 37 million Korean Won (about USD 32,000) as compensation for the Plaintiff's work-for-hire invention (Case No. 2009 Da 75178, Supreme Court, decided on July 28, 2011). The Court confirmed that an employee who substantially contributed to an invention was entitled to receive compensation as a co-inventor. Also, the Court noted that in determining the amount of compensation, any increase in sales revenue obtained by excluding other competitors from practicing the patent can be considered.

The Plaintiff, a researcher who joined the Defendant's company (LG Life Sciences Ltd.) as a Project Leader at a later stage of developing herbicides, enabled the Pyribenzoxim invention and Flucetosulfuron invention to be perfected. Given the context of Plaintiff's employment and the roles the Plaintiff played in the development of herbicides, the Seoul High Court (Case No. 2008 Na 119134, decided on Aug. 20, 2009) ordered the Defendant to pay 37 million Korean Won (about USD 32,000) to the Plaintiff. This amount reflected the High Court's view that the Plaintiff was entitled to receive 10% and 20% of statutory royalties (3% for agricultural chemicals) for the two patented inventions, respectively, considering the Plaintiff's contribution to each of the patented inventions. The Defendant appealed the decision to the Supreme Court, which affirmed the lower court decision in favor of the Plaintiff.

Who Qualifies as a Co-inventor

The Supreme Court confirmed that an employee who substantially contributed to the completion of an invention is a co-inventor of the work-for-hire invention. In Korea, in order to be recognized as co-inventors, there must exist a substantial relationship of cooperation between the participants to perfect an invention. Thus, it is insufficient if a person provides a basic idea or problems to be solved, generally manages the researchers, engages only in data sort-outs or experiments, or provides funds or equipment to commission the invention. A co-inventor should substantially contribute to the creation of a technical idea by i) proposing, adding, or supplementing a specific idea to solve problems to which the invention is directed, ii) reducing the new idea to practice by experiments, or iii) enabling the invention by providing a specific means or method to achieve the objective and effects of the invention or by providing specific advice or guidance. Further, in chemical inventions which are characterized by complexity, unpredictability, and are difficult to patent without supporting data, one who substantially contributes to the completion and the reduction to practice of the invention by actually engaging in experiments can be a co-inventor.

The Defendant developed a Pyribenzoxim material from bispyribac in 1991. In order to process the material and commercialize it, development of a suitable formulation was necessary. For this, the Defendant contacted the Plaintiff in October 1994, and hired the Plaintiff as a Project Leader who engages in experiments and develops commercial products, which is different from a Group Leader who acts as a general manager. The Plaintiff undertook the research for developing a formulation of Pyribenzoxim in August 1995. By conducting registration tests, toxic tests, residue tests, etc., the Plaintiff found the cause of inconsistent effects of Pyribenzoxim, which led the Plaintiff's research team to solve the problems of Pyribenzoxim and to complete Subject Invention 1 (Pyribenzoxim invention) in December 1996.

In light of the above facts, the Court held that the Plaintiff is a co-inventor of Subject Invention 1 since the Plaintiff conceived a specific idea for the invention, and enabled the invention by guiding the research work in detail, leading the teammates to further develop the idea, or reducing the idea to practice.

Also, the Court recognized the fact that the Plaintiff completed Subject Invention 2 (Flucetosulfuron invention) by selecting a LGC-42153 material among other K12993 modifications after providing the idea of combining suggested materials with additional protect materials, proposing new methods for testing the effects, and engaging in experiments. The Court held that the Plaintiff is a co-inventor of Subject Invention 2 since the Plaintiff

conceived a specific idea for the invention, and enabled the invention by guiding the research work in detail, leading the teammates to further develop the idea, reducing the idea to practice.

Calculation of Compensation

In determining the amount of compensation, the Court considers profit, which the Defendant may obtain from the inventions, and contributions by both the Plaintiff and the Defendant to the inventions. Article 40, Paragraph 2 of the Patent Act (before 2001 revision) stipulates that an employee is entitled to reasonable compensation from an employer upon the employee's assignment of a right to obtain a patent or a patent right to the employer. It further stipulates that the amount should be determined in view of the employer's expected profit from the invention and the degree of the employer's contribution in perfecting the invention.

The "employer's expected profit" refers to the profit obtained by excluding others from making, using, selling, or importing the patented invention. Also, when the employer manufactures and sells products which are not within the scope of the work-for-hire invention but can substitute the needs for the patented invention, any increase in sales revenue derived from the products can be included in the employer's expected profit if the increase in sales revenue is obtained by excluding other competitors from making and selling the products due to the patent.

Comments

Determining who should be named as an inventor on a patent application is a matter of law. Unless a participant contributes in a legally defined way, he/she cannot be considered a co-inventor. This Supreme Court decision is significant because it provides guidance in understanding the requirements to be recognized as a co-inventor under the law. Even an employee who joins a project at a later stage of its development can become a co-inventor of a work-for-hire invention as long as he/she contributes to the completion of the invention by providing a specific idea for the invention and enables the invention. Also, even when the employer does not practice the work-for-hire invention, any sales revenue derived from the products which can substitute the needs for the work-for-hire invention can be considered in determining the amount of compensation.

DEVELOPMENT REGARDING THE APPLICATION OF COMPETITION LAW TO THE LICENSING OF PATENTS - PROMULGATION OF GUIDELINES FOR FAIR PATENT LICENSE AGREEMENTS

By Ji Eun KIM and Stephen T. BANG

The Korea Fair Trade Commission ("KFTC") has in recent times shown increased interest in enforcing competition law against the abuse of intellectual property rights.

To facilitate more enforcement in this area, the KFTC amended the Guidelines on the Examination of the Exercise of Intellectual Property Rights ("IPR Guidelines"), which came into effect as of April 7, 2010. The KFTC then conducted industry-wide intellectual property right abuse surveys in the pharmaceutical, IT, chemical and machinery industries in 2010 and 2011.

During such developments, while the IPR Guidelines provide general guidance and rules on the standards for determining when enforcement of intellectual property rights may constitute a violation of Korean competition law, there was an increasing need to provide more practical guidance and to allow for preventive measures in the licensing of intellectual property rights, with the goal of more effectively helping small and medium size companies in particular.

On January 17, 2012, the KFTC announced the promulgation of Guidelines for Fair Patent License Agreements ("Licensing Guidelines"). According to the KFTC, the goal of providing the Licensing Guidelines is to prevent unfair practices in patent licensing agreements (and also licensing of other types of intellectual property),

and to provide a reference point for understanding what may be viewed as fair licensing practices through recommended clauses, examples and explanations. The Licensing Guidelines do not have any legally-binding effect and are intended to only serve as a reference. However, the Licensing Guidelines are expected to assist those who need to better understand and predict whether and how the KFTC may enforce certain licensing practices.

The Licensing Guidelines identify 5 types of potential competition law violations arising out of patent licensing practices and discusses 10 typical clauses found in the patent license agreements.

5 types of potential competition law violations

1. Coordinated Action and Restriction on Competition
2. Unilateral Action and Restriction on Competition
3. Unfair Agreement by Abusing Superior Position
4. Use of Unfair Competition Methods
5. Concentration of Economic Power through Support to Affiliates

10 typical clauses found in patent license agreements and related issues

1. License Fees: Setting royalties for quasi-public patents (e.g., standards-based technology or essential patents); arm's length analysis in a license agreement between related parties
2. Request to Provide Supporting Materials for Calculating License Fees: Requesting supporting data and materials in order to determine the adequate level of royalties
3. Obligation to Purchase Raw Materials: Placing restrictions on the raw materials required to properly use the licensed patent
4. Territorial Restrictions: Patent holder's restrictions on the territorial boundary within which the licensed patent may be used
5. Restrictions on Sales Price and Production Volume: Patent holder's restrictions on the licensee's selling price and/or production volume of the product manufactured using the licensed patent
6. Exclusion of Competing Products and Competing Technologies: License terms that restrict the licensee's ability to license or use competing technology and/or product for confidentiality concerns
7. Obligation to Deal Other Products and Technologies: License terms that oblige the licensee to trade and deal with specific products
8. Technology Improvement: Adequate allocation of benefits derived from improving the licensed patent technology
9. Handling of Patent Revocation: Terms and conditions that the patent holder must follow in the event the licensed patent becomes invalidated/cancelled/unregistered
10. Non-challenge: Terms that restrict the licensee's ability to file a patent invalidation action

In other words, the Licensing Guidelines provide exemplary cases and explanations based on cases provided where certain clauses may bear concerns of violating the competition law and whether there are any alternative options for fair licensing, if any.

For example, in one exemplary case including a clause that required the licensees to pay license fees even if the patent being licensed is found invalid, cancelled or unregistered, the Licensing Guidelines explain that, in a situation where substantial imbalance exists in the bargaining power between the parties, the conduct by the patent holder who is in the superior position of requiring a royalty even after the patent is invalidated may violate the competition law. This may shift the risk resulting from patent invalidation to the counterparty and unreasonably restrict the use of technology in the public domain. The Licensing Guidelines exemplify that one possible option could be: in case a patent license agreement was signed and the relevant patent thereafter became invalid or was either cancelled or not registered, the patent holder shall notify such fact without any delay to the counterparty. In principle, the counterparty is not required to pay the royalty for an invalidated patent, and matters regarding change in royalties due to invalidation of a part of patents shall be separately consulted between the parties.

The intersection between competition law and intellectual property law is currently increasing in Korea. The promulgation of the Licensing Guidelines above is one further example of this tendency. In view of the KFTC's tendency to more actively enforce competition law in this area, there will be more developments through its investigation and examination of the cases in the future. It would be necessary to continue monitoring any new developments in this area, and following up on how the KFTC will interpret and apply new guidelines.

TRADEMARK

NOTABLE CHANGES TO THE TRADEMARK ACT FURTHER TO THE KOREA-US FTA

By Sung Nam KIM and Alexandra BÉLEC

An amendment to the Korean Trademark Act ("TMA") was announced on December 2, 2011 to reflect provisions of the recently ratified Free Trade Agreement ("FTA") between Korea and the U.S. The amendment will come into force on March 15, 2012.

The most notable changes which will be introduced in the TMA are as follows:

1. Protection of Sound and Scent Marks

Under the amended TMA, it will be possible to protect sound and scent marks as long as they are capable of graphical representation (for example by way of a sign, character or figure).

If an application for a sound or scent mark is filed with a priority claim based on a foreign application whose filing date is earlier than the effective date of the amended TMA (in accordance with the "first-to-file" rule adopted by the Korean TMA), for the purpose of this application, the effective date of the amended TMA will be deemed to be the filing date of the foreign application.

2. Recognition of Certification Marks

Under the amended TMA, it will be possible to apply for and obtain certification marks.

A "Certification Mark" is defined as a mark owned by a person who carries on business of certifying the characteristics of goods or services, such as quality, origin, method of production, etc. and used by business entities other than the owner for the purpose of certifying that their goods or services satisfy such characteristics.

The amended TMA also introduces a "Geographical Indication Certification Mark" which is defined as a geographical indication owned by a person who carries on business of certifying the characteristics of goods, such as quality, origin, method of production, etc. and which is used by business entities other than the owner for the purpose of certifying that their goods satisfy such characteristics.

As a certification mark is used to certify characteristics of the goods or services of others, it cannot be registered if the owner plans to use the mark for its own goods or services. Further, a person who owns a registration or an application for a trademark/service mark/collective mark/business emblem is prohibited from registering a certification mark for an identical or similar mark designating identical or similar goods/services to the existing registration/application.

3. Abolishment of Recordation Requirement for Exclusive Licenses

Currently, the TMA requires an exclusive license to be recorded in order to establish the validity of said license. Such recordation requirement will be abolished under the amended TMA.

Under the current TMA, only an exclusive licensee may grant a sub-license to another party. In this regard, the Supreme Court has ruled that trademark use by a sub-licensee of a non-registered exclusive licensee is not deemed to be valid use in the context of a non-use cancellation action. Many foreign trademark owners had been struggling with recordation issues in respect of rebutting claims of non-use, when a non-recorded master licensee had granted a sub-license in Korea, and the sub-licensee had been the only party who had used the registered mark in Korea. The amended TMA resolves this problematic issue.

4. Statutory Damages for Trademark Infringement

The amended TMA implements a system of statutory damages, in which a trademark owner will be able to claim damages for up to KRW 50,000,000 (approximately USD 44,000 at the current exchange rate) instead of claiming actual damages. This new system will offer an alternative to the presumption dispositions already included in the current TMA according to which a trademark owner can claim as damages (i) number of sold articles multiplied by the profit per unit of the articles that the owner of the trademark might have sold in the absence of the infringement, (ii) infringer's profit, or (iii) reasonable royalties.

The provision concerning statutory damages will only apply in cases where the infringing party uses a mark that is identical with or substantially indistinguishable from (but not merely similar to) another party's registered mark in connection with goods that are identical with or substantially indistinguishable from (but not merely similar to) the goods designated under the registered mark.

5. Intent to Use

The amended TMA will provide a new ground for rejecting or invalidating a trademark registration based on lack of intent to use. It is unclear at this stage how this amendment will be interpreted and applied by the Korean Intellectual Property Office (KIPO) as the examination guideline for this has not yet been finalized but we will closely monitor this change in the months to come.

INTRODUCTION OF ADDITIONAL FEE SYSTEM FOR DESIGNATED GOODS AND SERVICES IN TRADEMARK APPLICATIONS

By Sung Nam KIM and Alexandra BÉLEC

The regulation regarding the official fee system in trademark matters was recently amended. Under the new regulation, additional fees will be charged for trademark applications, trademark registrations and renewal petitions designating over twenty (20) goods/services in one class.

Under the current system, the official fee is the same regardless of the number of designated goods/services. Thus, applicants have been able to designate and maintain many items without any limitation when filing new trademark applications, paying registration fees, or renewing trademark registrations. However, due to the excessive numbers of designated goods and/or services claimed in filed applications, the workload of the Korean Intellectual Property Office's ("KIPO") examiners has been particularly heavy and as a result KIPO has been experiencing severe delays with regard to the examination process. Furthermore, designations of excessive numbers of goods and/or services have had the effect of restricting the choices of other applicants when adopting a new trademark. For these reasons, a necessity to introduce an additional fee system, under which KIPO would charge additional fees based on the number of designated goods and/or services, was realized.

Under the amended regulation, when filing a new trademark application or registering or renewing a trademark, an additional fee of KRW 2,000 (about USD 1.80) will be incurred for each designated good/service in excess of twenty (20) per one class.

The amended regulation will be enforced as of April 1, 2012. The additional fees system for new trademark applications, amendments of goods/services and registrations will be applied to trademark applications that are filed on or after April 1, 2012. Also, the additional fees for renewal will be applied to registrations that are renewed on or after April 1, 2012.

Therefore, since trademark registrations may be renewed within one year from the expiration date, consideration should be given to proceed before the enforcement date of the amended regulation with the renewal of registrations, which will expire before March 31, 2013 (and which cover over twenty (20) items in one class) in order to save on renewal cost.

FIRM NEWS

AWARDS & RANKINGS

Kim & Chang recognized as top-tier law firm in all areas in Asia Pacific Legal 500 (2012 edition)

Kim & Chang was recognized in Asia Pacific Legal 500 (2012 edition), which is published by Legalease, a leading UK publisher of legal market information, as a top-tier law firm for all 14 practice areas surveyed. Kim & Chang is the only law firm in Korea to receive a top ranking in all surveyed areas.

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 / TMT (Technologies, Media & Telecommunications) / Tax

In addition, several Kim & Chang professionals were recognized as "Leading Individuals" in their respective practice areas. In the Intellectual Property practice area, Mr. Jay Young-June Yang was selected as a leading individual.

EVENTS

The 9th Wuhan - Optics Valley of China Intellectual Property Protection International Forum in Wuhan, November 2, 2011

On November 2, 2011, Jung-Sik Koh, a senior advisor in the firm's IP Group, participated as a speaker at The 9th Wuhan - Optics Valley of China Intellectual Property Protection International Forum, which took place in Wuhan, China. Dr. Koh presented on the topic of "IP5 Korea in the 21st Century Toward Global IP Powerhouse."

IBC Legal's 3rd Annual International Patent Litigation 2011 in London, December 8, 2011

On December 8, 2011, Jay J. Kim, a US attorney in the firm's IP Group, participated in a panel discussion at the IBC Legal's 3rd Annual Conference - International Patent Litigation 2011 in London. During the "Jurisdictional Focus - Asia" session, Mr. Kim gave a presentation on the topic of "Korean patent system highlights," outlining the Korean patent law framework and litigation strategies.

PLI's IP Issues in Business Transactions 2012 in New York, January 19-20, 2012

Kenneth K. Cho, a senior US attorney in the firm's IP Group, participated as a speaker at the IP Issues in Business Transactions 2012 conference, which was hosted by the Practising Law Institute (PLI) from January 19 to 20, 2012 in New York. During the "IP Licensing Issues" session, Mr. Cho, along with other panelists, addressed important licensing issues in various IP practice areas including copyright, trademark, and patent.

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INTELLECTUAL PROPERTY

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