January
2025

NEWSLETTER

Intellectual Property Group

CONTACT

Partner
Un Ho KIM
T: +82.2.772.4695
E: unho.kim
@leeko.com

Partner
Keum Nang PARK
T: +82.2.2191.3036
E: keumnang.park
@leeko.com

Partner
Kyungjin KIM
T: +82.2.772.5937
E: kyungjin.kim
@leeko.com

Partner
Eunkyoung LYU
T: +82.2.2191.3206
E: eunkyoung.lyu
@leeko.com

Patent Attorney
Taemin KIM
T: +82.2.6386.0764
E: taemin.kim
@leekoip.com

Recent Trends in Amendments to Intellectual Property Law in Korea

• • • Changes to the Patent Term Extension System, Introduction of Quintuple Damages for Trademark Infringement, Etc.

Various amendment bills were passed at the plenary session of the National Assembly on December 27, 2024, which include (i) in the Patent Act, setting a cap on the effective term of patent rights and to limit the number of patents eligible for extension under the patent term extension system; (ii) in the Patent Act and the Utility Model Act, adding exportation to the statutory list of acts of practicing inventions; (iii) in the Patent Act and the Utility Model Act, introducing penalties for violations by persons who are prohibited from filing patent applications in foreign countries for reasons of national defense; and (iv) in the Trademark Act, shortening the period for filing an opposition to trademark applications to facilitate securing of trademark rights and introduction of quintuple damages for trademark infringement. These amendments will come into force six months following their promulgation.

The key changes are explained in further detail below.

1. Changes to the Patent Term Extension System for Pharmaceutical Patents

- **The term of an extended patent shall not exceed 14 years from the date of marketing approval (newly added proviso to Article 89(1) of the Amended Patent Act)**

  Under the patent term extension system, the patent term may be extended for a certain period to compensate for time periods that the patented invention could not be substantially practiced even after the patent grant due to the considerable time it takes to obtain market approval from the Ministry of Food and Drug Safety (**MFDS**) in the context of pharmaceutical patents.

  The extended term shall be calculated in accordance with Article 4 of the Korean Intellectual Property Office's 'Regulations on the Operation of the Patent Term Extension System for Pharmaceutical Patents Based on Approval, Etc.', which derives its authority from the relevant provisions in the Patent Act,

its Enforcement Decree and Enforcement Rules. The term may be extended up to 5 years.

While allowing the above extension, the amended Patent Act yet introduces a cap on the duration of the extended patent right, which is not to exceed 14 years from the date of market approval of the drug product.

As a result of this amendment, when formulating their patent term extension (**PTE**) strategies, pharmaceutical patent holders will now need to simultaneously consider the 14-year period from the date of market approval of the drug product and the expiry date of the term of each patent before they file applications for seeking PTE.

- **The number of patents eligible for protection is limited to a single patent under one marketing approval (newly added Article 90(7) of the Amended Patent Act)**

  Under the current Patent Act, a pharmaceutical patent holder may file PTE applications to obtain PTEs of multiple patents by relying on the market approval of a drug product if there is more than one patent covering the approved product, and their patent grant dates are earlier than the market approval date.

  However, under the amended Patent Act, even if multiple patents cover the subject drug, the patent holder must choose a single patent for which it will file a PTE application.

  Consequently, there is a heightened need for pharmaceutical patent holders to carefully determine which of their patents relating to an approved drug should be extended before filing a PTE application (which must be filed within three months of the market approval date). In particular, the introduction of the 14-year cap mentioned above may be an additional factor affecting the choice of which patent to seek extension for, warranting a comprehensive consideration that takes into account various factors, including the strength of each patent right and the length of the possible extension period.

2. Amendments to the Patent Act and the Utility Model Act to add exportation to the acts of practicing inventions (Article 2(3) of the Patent Act & Article 2(3) of the Utility Model Act)

Article 2(3) of both the Patent Act and the Utility Model Act define the acts of "manufacturing, using, selling, leasing or importing, or offering for assignment or lease" as falling within the meaning of practicing an invention or conceiving a utility model, with "exporting" not included in the list. With the amendment, "exportation" has been added to the list of statutorily defined acts, in harmony with the Design Protection Act, the Trademark Act, the Act on Protection of New Varieties of Plants, and the Unfair Competition Prevention and Trade Secret Protection Act (the **UCPA**), all of which already define exportation as acts of practice and exploitation.

Although an infringement claim can be made in cases where the export of infringing goods involves their manufacture and assignment as accompanying or preceding such export even under the current Patent Act, concerns have been raised that when "export" is at issue, it does not necessarily entail "assignment",

making it potentially difficult to establish infringement by subsuming the infringer's export activities under other practicing acts.

With the amendments to the Patent Act and the Utility Model Act, which include exportation as an act of practicing an invention or a utility model, a right holder may allege infringement against the infringer's export activities pursuant to Article 225 of the Patent Act and Article 45 of the Utility Model Act.

In other words, under the current legal framework, when the only clearly detectible act of an infringer is export, the right holder bears the burden of proof and persuasion in showing that the export activities are accompanied by or subsumed under other practicing acts (e.g., assignment). However, with this amendment, the right holder will be able to claim infringement and seek damages based on the exporting activities alone, which will provide greater protection to the right holder in infringement and damages actions.

3. Amendments to the Patent Act and the Utility Model Act for Inventions Necessary for National Defense, Etc.

- **Penalties are available for violation of confidentiality orders (Newly added Article 229(3) of the Amended Patent Act and Article 49(3) of the Amended Utility Model Act)**

  The amended Patent Act and the amended Utility Model Act set forth penalty provisions so that a person who acts in violation of a government order prohibiting the filing of an application in a foreign country or mandating maintenance of an invention or a utility model in secrecy if necessary for national defense (the **Confidentiality Order**) can be subject to punishment. The violating person shall be punishable by an imprisonment of up to five years or a fine not exceeding KRW 50 million (approximately USD 34,000) (Article 229(3) of the Patent Act and Article 49(3) of the Utility Model Act).

- **Joint penal provisions are introduced (Article 230 of the Amended Patent Act and Article 50 of the Revised Utility Model Act)**

  The amendments to the Patent Act and the Utility Model Act also introduce joint penal provisions enabling imposition of a fine of up to KRW 100 million (approximately USD 68,000) on the corporation and representatives that are obligated to manage and supervise the person who violated the Confidentiality Order.

4. Amendments to the Trademark Act, including Expedition of Trademark Registration and Introduction of Quintuple Damages

- **The opposition period is shortened (Articles 57(3) and 60(1) of the Amended Trademark Act)**

  The amendments to the Trademark Act shorten the period for filing an opposition to a trademark application and the period for accessing the application documents and annexes from two months to 30 days (Articles 57(3) and Article 60(1) of the Amended Trademark Act).

  Although current Trademark Act allows the public to access and oppose the application for two months by way of the application publication system, there have been comments requesting that the opposition period be shortened,

considering the features of trademark rights – that is, application filings are made for trademarks already in use or in time for product launch.

With this amendment, applicants will be able to secure their trademark rights faster.

- **The cap on punitive damages for willful trademark infringement is increased to five times the damages (Article 110(7) of the Amended Trademark Act)**

  Under the current Trademark Act, if the infringement of a trademark or an exclusive license is found to be willful, a court can award no more than three times the damages.

  This amendment increases the cap on punitive damages for willful infringement under the Trademark Act up to five times the damages, bringing it in line with the cap increase introduced in the previous amendments to the Patent Act and the UCPA.

Lee & Ko's IP Practice Group renders professional advice by leveraging our rich work experience gained from strategic counselling and litigation, including unfair competition, relating to various intellectual property rights, such as patents, utility models, designs, trademark, copyright and plant variety protection. If you need our assistance, please contact us.

Lee & Ko

Seoul, Korea | PanGyo, Korea | Beijing, China | Ho Chi Minh City, Vietnam | Hanoi, Vietnam
+82.2.772.4000 | mail@leeko.com | www.leeko.com