NEWSLETTER
Summer 2020

- Strengthened Protection for Computer Software Patent
- Revised KIPO Examination Guidelines on Inventiveness of Selection Inventions
- Patentability of Medical Use Invention Can be Denied by Clinical Trial Protocol?
- New Developments of KIPO and Case Precedents on Trademarks and Designs
- KIPO’s Measures for COVID-19
- Other Important Case Precedents and Change in IP Laws
  • Hybrid damages approach covering full scope of infringing sales
  • Benefit of invention now a more important factor for inventiveness
  • Restriction on patentee’s strategic use of correction petition in pending patent case

Editors

Young Mo KWON
Hyeon Gil RYOO
Seong Tahk AHN

For more information pertaining to this newsletter, please e-mail to news@leekoip.com or contact the attorneys identified on the left in each topic.
I. Background of Amendment

Article 2 of the Patent Act defines what constitutes the practice of a patented invention. In this regard, practicing a patented product invention means acts of manufacturing, using, assigning, leasing, importing or offering to assign or lease the product, while practicing a process invention means the acts of using the process.

Based on the former Patent Act, the offline distribution of patent embodied computer software (hereinafter, ‘SW’) stored on USBs or CDs has been considered practice of a patented invention. However, the online transmission of the same SW was not included in the definition of practicing a product invention or a process invention under the Patent Act which, as a result, did not allow a patent infringement claim based on such activity.

As such, there has been a pressing need to provide patent protection for the online distribution of SW instead of only providing patent protection for offline distribution of SW. In this regard, the law should no longer distinguish whether the SW distribution takes place online or offline when determining patent infringement.

Meanwhile, other jurisdictions such as the U.S., Japan, Germany, and U.K., have been protecting SW patents from patent infringement that occurs through the online distribution of SW. These systems, which will be further explained in Item III below, were taken into account when drafting the Amendment of the Patent Act.

II. Amendment Details and Effect thereof

As shown below, the Amendment specifically includes ‘an act of offering a process for use, in the case of a patented process’ in its definition of ‘practicing’ a patented invention in order to cover the online transmission of a patent embodied SW (Patent Act, Article 2(iii)(b)).
To prevent a downturn in the SW industry, this new provision is intended to apply to intentional acts in which the infringer knew that the use of the process would infringe the patent right (Patent Act, newly added Article 94(2)).

By this, the Amended Patent Act aims to minimize any negative effects on the SW industry while still embracing patent protection for online transmission of SW, enabling strong patent right protections. As a result, the importance of process claims in SW inventions has risen, and therefore we suggest that process claims should hereafter be included in the claims of SW inventions.

The scope of SW patent protection reflecting the Amendment is summarized in the table below according to category of the claims (a product, a process, a computer-readable storage medium) and the form of patent practice.

< SW patent protection after the Amendment >

<table>
<thead>
<tr>
<th>Subject Matter</th>
<th>SW installed device</th>
<th>SW stored storage medium</th>
<th>SW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Manufacture</td>
<td>Use</td>
<td>Transfer</td>
</tr>
<tr>
<td>Process</td>
<td>×</td>
<td>○</td>
<td>×</td>
</tr>
<tr>
<td>Apparatus</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Computer-readable storage medium</td>
<td>△</td>
<td>△</td>
<td>△</td>
</tr>
</tbody>
</table>

Computer-readable storage medium claims in the above table are drafted in a subject matter of ‘a computer-readable medium with a software recorded therein’, or ‘a software recorded in a computer-readable medium’. Further, △ in the table means that patents are protected only in the case where a SW is embedded in a device.
III. Foreign Jurisdiction Systems regarding the Online Transmission of SW

- **U.S.**: The online transmission of SW embodying a patented invention without permission of a patentee is considered induced infringement, because it induces patent infringement by causing a user to run the SW on the computer. Meanwhile, the US court has recognized patent infringement regardless of the sales channel (online, offline) in a case where a party sold SW embodying a patented invention without permission. See *Finjan, Inc. v. Secure Computing Corp.*, 626 F.3d 1197 (Fed. Cir. 2010).

- **Japan**: Under Japan’s Patent Act, a ‘program’ is included in the definition of ‘a product,’ allowing a ‘program’ claim, and the act of ‘providing through an information and telecommunication network’ is also included in the definition of ‘assigning’ for practicing a patented product. Thus, online transmission of a program is seen as practicing a patented invention in Japan and the transmission without permission of a patentee is deemed to constitute patent infringement.

- **Germany**: The German Federal Court of Justice has recognized SW as a product in case precedents, and considers a program, irrespective of the form in which it is offered (online transmission, storage media), to be a product, and thus recognizes the selling of SW as practicing a patented invention and deems that such selling without permission of a patentee constitutes patent infringement.

- **UK**: Section 60 of the Patents Act 1977 stipulates “where the invention is a process, he uses the process or he offers it for use in the United Kingdom when he knows, or it is obvious to a reasonable person in the circumstances, that its use there without the consent of the proprietor would be an infringement of the patent” as one of infringing activities. The UK Patent Court interprets the offering of SW as ‘offering a patented process for use’, and deems that such offering without permission of a patentee constitutes patent infringement. See *Research In Motion UK Ltd. v. Inpro Licensing SARL*, [2006] EWHC 70 (Pat) (2 Feb 2006).
I. Summary of Revised Examination Guidelines on Selection Inventions

The Korean Intellectual Property Office (‘KIPO’) revised the examination guidelines concerning the inventiveness of selection inventions this year, in light of the Patent Court decision regarding pharmaceutical patents (Patent Court Decision No. 2018/Heo2717 rendered on March 29, 2019, hereinafter ‘Patent Court Decision’). In particular, KIPO added the following standard to the examination guidelines:

“When the prior invention includes a negative disclosure or suggestion that teaches away from the claimed invention of the patent application, or when the details that can be expanded to the species concept of the claimed invention by generalizing to the genus concept of the prior art invention are not disclosed in the prior art that can identify the prior art invention of genus concept applying the level of skill in the art at the time of filing the patent application, the inventiveness of the claimed invention should be determined by treating the claimed invention as a new regular (i.e., non-selection) invention, not considering it as a selection invention of the prior art invention. Further, in such case, the specification description requirement regarding the effect applied to the selection invention needs to be relaxed.”

II. Criteria for Determining Inventiveness of Selection Inventions

A selection invention refers to an invention where all or part of the constitutional elements are species of the genus elements of a prior or known invention. According to the Korean Supreme Court precedents, for inventiveness of selection inventions not to be denied, all the species concepts included in a selection invention must have qualitatively different effects from those of the prior art invention or, in the absence of qualitative difference, a quantitatively significant difference. Here, the description of the selection invention must clearly describe the aforementioned effect compared to the prior art invention. Although comparative testing data that can specifically confirm the significance of such effect is not required, when the effect is suspicious, the relevant effect needs to be specifically argued and proven, for example, by the submission of specific comparative testing data by the applicant after the filing date of the patent application. As such, strict patentability requirements have always been applied for determining the inventiveness of selection inventions.
III. Patent Court Decision on Inventiveness of Selection Invention

In the above-mentioned Patent Court Decision, the Patent Court held as follows: when it is difficult for a selection invention to be deemed as a double patent in essence – that is, when a patent invention is not deemed to fall within the scope of rights of the prior art invention – the strict standard for determining inventiveness can be relaxed. A patent invention would be deemed not to fall within the scope of rights of a prior art invention in the following cases: (i) there is a negative disclosure or suggestion teaching away from the a patent invention in a prior art invention; or (ii) in light of the technical level at the time of filing a patent application, details that can be generalized to the genus concept of a prior art invention and expanded to the species concept of the claimed invention of the patent application are not disclosed in the prior art which can identify the prior art invention of a genus concept.

As to the case (i), the Patent Court stated as follows: the absence of specific example alone cannot be regarded as a negatively disclosure or suggestion that teaches away; instead, there must be a prior art invention that explicitly contains disclosures or suggestions contrary to the characteristics of the patent invention or at least such prior art invention must point to a direction that is different from the method adopted by the patent invention.

As to case (ii), the Patent Court stated that, when the effect disclosed by the prior art invention is not properly confirmed in numerous species concepts that the prior art invention covers, such prior art invention cannot be regarded as a genus concept of the patent invention which claims one of the species concepts.

Then, the Patent Court stated that patented inventions that come under these two cases above are inventions relating to species concepts, which cannot be foreseen to possess characteristics that are common to species concepts that revealed their technical significance in the prior art invention, and thus, the details of the prior art invention cannot be expanded to cover the patent invention. The Patent Court also stated that, in such a case, the strict patentability requirements must be relaxed in determining the inventiveness of selection invention.

In the aforementioned Patent Court case, Lee & Ko, on behalf of the patent holder, was able to obtain a landmark decision and meaningful standard for determining inventiveness as described above. This case is currently pending before the Supreme Court.

IV. Impact of Revised Examination Guidelines

The standard of determining inventiveness of selection inventions is very strict compared to regular (i.e., non-selection) inventions. For that reason, for a party challenging the validity of a selection invention, the most effective strategy may be to argue the lack of inventiveness of the patent invention which is very difficult for the applicant or patent holder to defend. Under such circumstances, KIPO’s revision of the examination guidelines reflecting the Patent Court Decision opens the possibility that the selection inventions can be examined under more relaxed patent requirements.
Patentability of Medical Use Invention Can be Denied by Clinical Trial Protocol?

The Patent Court of Korea ruled that novelty and inventiveness of an invention cannot be denied based on the disclosure of clinical trial protocol alone (Patent Court Decision No. 2019/Heo4147 rendered on February 7, 2020). In other words, since a clinical trial protocol merely discloses that “a clinical trial is planned to be conducted in the future,” such protocol cannot be deemed as disclosing the medicinal use itself, which is the subject of the clinical trial.

I. Background

Unlike in the U.S and Europe, strict requirements are applied with respect to pharmacological effects described in the specification of a medicinal use invention under Korean patent practice. Hence, applicants of patent applications regarding medicinal use inventions have often deferred the filing date in order to record the clinical trial data in the specification of the patent application. However, since the approved clinical trial protocol is required to be posted on the approval agency’s website immediately upon commencing the clinical trial in countries such as Korea, U.S., EU, and Japan, the above-mentioned filing strategy has risk of having the novelty and inventiveness of the application be denied due to the published clinical trial protocol. In fact, in Korea, there have been cases in which novelty or inventiveness has been denied for medicinal use inventions, citing clinical trial protocols, where the specific medicinal use is described as simply a plan or possibility without any specific data to confirm the pharmacological effect, as prior art.

Accordingly, filing a patent application for a medicinal use invention before initiating clinical trials may be considered to avoid such risk. However, in this case, it is highly likely that the patent application will be rejected due to the failure to satisfy the strict description requirements in Korea for pharmacological effects.

Thus, the patent practice of denying novelty or inventiveness of medicinal use inventions by clinical trial protocols has a problem of being contradictory to the strict description requirements for pharmacological effects.

II. Details of the Patent Court Decision

In the case where novelty and inventiveness was disputed with regard to an invention for treatment of early-stage breast cancer by combining four
anticancer drugs, the Patent Court held as follows:

(1) Novelty of a medicinal use invention cannot be denied based on a clinical trial protocol which merely describes that it will confirm whether the drug is effective in its medicinal use and does not specifically disclose to the extent where the pharmacological effect relating to the medicinal use can be objectively verified.

(2) Inventiveness of a medicinal use invention cannot be denied by a clinical trial protocol for the following reasons: (i) no tests have been conducted to confirm the effects associated with the medicinal use before conducting clinical trials, (ii) it cannot be said that a person of ordinary skill in the art could have easily predicted that the co-administration of the four anticancer drugs would have an increased pharmacological effect compared to being administered separately based only on the publicly known fact that each of the four anticancer agents is effective as an anticancer drug, and (iii) the effect that can be understood from the specification of the claimed invention is markedly superior to that of other anticancer agent combinations.

III. Impact of the Patent Court Decision

This Patent Court Decision, which became final and conclusive, is the first decision to hold that a medicinal use could not be considered to have been disclosed unless there was a description to confirm the pharmacological effect in prior art. This ruling may become a standard for determining novelty and inventiveness of not only medicinal use inventions but also dosage regimen inventions and combination therapy inventions in view of prior arts that merely list medicinal uses without providing data showing a specific effect, and thereby is likely to bring many changes in the patent practice of determining novelty and inventiveness of medicinal use inventions in Korea.
I. Trademark

KIPO launched the world’s first mobile trademark filing service and a non-stop 24-Hour filing service

In the context of Korea’s advanced Internet and mobile communication technology, KIPO launched the world’s first mobile filing system for trademark applications. Now, the entire application procedure can be carried out and managed by using a smartphone, from filing a trademark application to receiving notifications, as well as paying fees, conducting prosecution history search, and obtaining issuance of registration certificates. Currently, the mobile filing system supports only trademark applications, but will soon be extended to applications for patents, utility models, and designs.

In addition to opening the mobile trademark filing system, KIPO also established 24/7 non-stop filing system using a blockchain-based proxy server by which filing data can be distributed and shared. This 24-hour filing service is provided for patent, utility model, trademark and design applications.

The Patent Court determined that the trademark ‘올레드’ for TV lacks distinctiveness

Since 2013, Company A used the Korean mark ‘올레드’, pronounced [oh-led] in Korean, as their trademark for TVs, and intended to obtain a trademark right for the mark. However, KIPO and the IPTAB determined that the mark ‘올레드’ is also perceived as ‘Organic Light Emitting Diodes’ and lacked distinctiveness, and thus rejected the trademark application. ‘Organic Light Emitting Diodes’ is abbreviated to ‘OLED’, which is pronounced as [oh-el-ee-dee] according to the Korean standard pronunciation. Company A filed a cancellation suit of the decision with the Patent Court and claimed that its mark had ‘distinctiveness acquired through use’ based on its high market share in Korea and in other countries, and that survey results showed that 83.7% of the respondents chose Company A as ‘the company associated with OLED TV’. However, the Patent Court reasoned that the high market share is merely a reflection of Company A’s high technology and market competitiveness, and that such survey results merely reflect Company A’s high market share. In view of this, the Patent Court denied that the mark had distinctiveness based on the fact that ‘올레드’ has actually been used for goods from a variety of sources to mean ‘Organic Light Emitting Diodes’, and dismissed Company A’s claim (Patent Court Case No. 2019Hed9074 decided
Before this, Company A had attempted to register ‘QLED’ as a trademark, but the Patent Court reasoned that ‘QLED’ is an abbreviation for ‘Quantum dot LED’, and cannot be allowed to be used exclusively by a particular person or entity in relation to the associated goods thereof in consideration of public interest. Thus, the Patent Court affirmed KIPO and the IPTAB’s decision to reject the registration of ‘QLED’ (Patent Court Case No. 2017Heo1090 decided on September 14, 2017).

The Patent Court determined that the mark ‘차이슨 (CHISON)’ is recognized to mean ‘made-in-China copy products of DYSON’, indicating properties of goods

In a case where Korean Company A had registered the mark ‘차이슨’, which is a Korean transliteration of ‘CHISON’, for household vacuum cleaners in 2018, Company A sent a cease and desist letter to Korean Company B for using the mark ‘iRoom 차이슨 무선청소기’ (iRoom CHISON Cordless Cleaner), claiming trademark infringement. In response, Company B filed a scope confirmation action with the IPTAB against Company A, arguing that the effect of Company A’s trademark right did not extend to Company B’s mark. In fact, the mark ‘차이슨’ is a newly-coined word which combines the word ‘CHINA’ and ‘DYSON,’ a well-known manufacturer of cordless cleaners, and has also been used even before Company A filed its trademark application as a phrase for advertising cordless cleaners made in China, implying that the subject product is a cost-effective copy product of DYSON made in China. The IPTAB rendered a decision in favor of Company B, upon which Company A filed a cancellation suit of the IPTAB’s decision with the Patent Court. The Patent Court stated that the mark ‘차이슨’ is instantly perceived as indicating the origin of the product and that, in view of public interest, it was not appropriate to allow this mark to be used exclusively by a particular person. For these reasons, the Patent Court affirmed the IPTAB’s decision in that the trademark right of Company A does not extend to the mark of Company B (Patent Court Case No. 2019Heo3892 decided on November 1, 2019).

The IPTAB cancelled registration of ‘B.T.S’ trademark on the ground that the trademark holder’s use of ‘BTS’ instead of ‘B.T.S’ constitutes false use

Under Korea’s Trademark Act, when a trademark right holder causes misunderstanding of the quality of goods or confusion with goods related to another person’s business among consumers by willfully using a different trademark similar to its registered trademark on the designated goods, the trademark registration may be cancelled (Cancellation of Trademark Registration Due to False Use). In the present case, Korean Company C registered the trademark ‘B.T.S’ (B.T.S with its Korean transliteration) designating cosmetic-related goods in Class 3 in 2014, and exported to China cosmetics bearing marks in actual use such as BTS LIP POPPING, BTS Rose Passion, BTS Melancholy Ocean, and BTS Violet Eternity, which do not include dots (.) therein. Accordingly, the entertainment management agency of the famous K-POP band ‘BTS’ filed a lawsuit seeking cancellation of trademark registration due to false use. Company C argued that they had created its own brand called ‘BACK TO SIXTEEN’ before the famous K-POP band BTS was formed, and had used the mark BTS as an abbreviation for ‘BACK TO SIXTEEN’ even before the band BTS became famous. Therefore, they claimed that they had no bad intention to falsely use the mark. In this regard, the IPTAB judged that Company C did have bad intention to falsely use the BTS mark based on the fact that those marks in actual use have continuously been used even after 2017 when the band BTS became a celebrity. As a result, the IPTAB cancelled Company C’s
II. Designs

**KIPO allows English article names when filing a design application**

Although English is not an official language of Korea, KIPO has allowed article names to be written in English under limited conditions when filing a design application in Korea, as of March 1, 2020. In order to satisfy international standards and actual trade affairs, KIPO has decided to allow article names to be written in English where the names are commonly used in the related design industries (e.g., Smart Watch). According to a policy-making officer from KIPO, English names are only allowed in limited cases where the names are widely used among the Korean public. However, this restriction is expected to relax so that a broader scope of article names can be covered.
KIPO's Measures for COVID-19

In response to the COVID-19 pandemic, the Korean Intellectual Property Office (‘KIPO’) has announced several measures to reduce risk of spreading infection with regard to the application procedure for patent, utility model, design and trademark.

I. E-Signatures accepted in lieu of Applicant's Handwritten Signature

Previously, KIPO required a handwritten signature for a general Power of Attorney (POA). Further, when foreign applicants had to submit evidentiary documents to KIPO for patent assignments, etc., only the original notarized documents from the relevant country were accepted.

The COVID-19 pandemic, however, has accelerated a global trend toward telecommuting, which naturally makes it difficult to obtain a handwritten signature. Moreover, in cases where it is not possible to see a notary in person, it would be difficult to submit notarized documents as required. In response to these circumstances, KIPO has decided to allow the submission of POAs executed by electronic signatures or electronic documents notarized through remote online notarizations. Remote online notarization (RON) is the use of visual technology such as a webcam between a signatory and a notary public, instead of viewing in-person, to confirm the signatory’s identity and ensure authenticity of the relevant document online before executing a notarial act.

The above policy of the KIPO was introduced at the request of Lee & Ko IP.

II. Limiting In-Person Interviews with KIPO Examiners and IPTAB Judges

KIPO is limiting in-person interviews and technical presentation hearings at the Intellectual Property Trials and Appeal Board (‘IPTAB’) for the time being. Instead, phone interviews and video conferencing are to take place of in-person meetings. Certain equipment installed in Seoul Office of KIPO are available to be used for video conferences.

For IPTAB trial cases, the relevant parties and legal counsels can use video conferencing from home or the office by accessing the PC video conference system provided by the Korean government. In the case it is difficult to use the Internet, they can also participate by phone.
III. Regarding Missed Deadlines

Some deadlines designated under related regulations that are missed due to COVID-19 may be remedied. Requests to remedy missed deadlines must be filed with supporting evidence showing COVID-19 related reasons and must be filed not more than two months from the date which the reason for delay ceased to exist, but within one year from the expiration of the deadline.

The following missed deadlines may be remedied:

1) Designated deadline to submit POA
2) Deadline to file request for examination of a patent application
3) Deadline to pay patent registration and maintenance fees
4) Deadline to file an appeal against a final rejection before the IPTAB or to file request for re-examination of a patent application
5) Grace period for paying patent registration and maintenance fees

IV. Deadlines Extended Twice

The KIPO has twice extended various deadlines designated by the KIPO for prosecution of patents, utility models, designs, and trademarks (e.g., the deadline to respond to the notice of preliminary rejection issued by KIPO). Specifically, the first time, deadlines falling between March 31 and April 29, 2020 were automatically extended to April 30, 2020 (technically to May 4, as it was a long holiday weekend), and the second time, deadlines between April 30 and May 30, 2020 were automatically extended to May 31 (technically to June 1 since May 31 was Sunday). However, such deadline extensions did not apply to any statutory periods under the Korean Patent Act or to periods in which a dispute could possibly arise between parties.

Meanwhile, the response deadline to a preliminary rejection can be extended, in general, up to four months, and a further extension may be allowed only under special circumstances. Any response to a preliminary rejection that was delayed due to COVID-19 related issues was recognized by KIPO as a special circumstance, thus allowing further extension beyond the four months.

V. Other Issues

Exemption from surcharge of PCT International Applications: For the PCT Applications filed between May 18 and December 31, 2020 that designate KIPO as the receiving Office, KIPO will substantially waive the late payment fees which occur due to failure to pay the international filing fee, the transmittal fee, or the search fee.

Expedited review: Examinations or IPTAB’s review of patents, trademarks, and designs which are directly related to public health, such as COVID-19, are processed promptly through the expedited examinations or IPTAB’s proceedings.
Other Important Case Precedents and Change in IP Laws

I. Recent amendment to Korean Patent Act: New hybrid approach covering full scope of infringing sales (lost profits + reasonable royalty)

On May 20, 2020, the Korea National Assembly approved a bill to amend the Patent Act, adopting a so-called hybrid damages approach – where a patentee will be entitled to seek a royalty, as additional damages, for sales that exceed the patentee’s production capacity. Lost profits for infringing sales up to the patentee’s production capacity will remain in place. The amendment will take effect on December 10, 2020 and apply to damages claims filed thereafter. Please click here for details of the amendment.

II. Latest Supreme Court decision sets new standards for inventiveness: Benefit of invention now a more important factor for inventiveness

On May 14, 2020, the Supreme Court held, for the first time, that even if there are no facially apparent difficulties in combining certain prior art technologies to arrive at a particular patented invention, such combination would not be easy and thus inventiveness of the claim at issue should not be denied where the benefit of the claimed invention is hard to predict. Please click here for details of the decision.

III. New Supreme Court decision constrains patentee’s strategic use of correction petition in pending patent case

On January 22, 2020, the Supreme Court ruled, en banc, that if a petition to correct a patent specification or drawings is granted after the conclusion of the appellate phase of a patent invalidation action, the decision granting such petition cannot be a ground for retrial under Article 451, Paragraph 1, Subparagraph 8 of the Civil Procedure Act. In doing so, the Court reversed all prior Supreme Court decisions that remanded the case for a retrial based on the same ground (Supreme Court En Banc Decision No. 2016Hu2522). Please click here for details of the decision.