Lee & Ko Intellectual Property

NEWSLETTER

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Recent IP Developments in Korea

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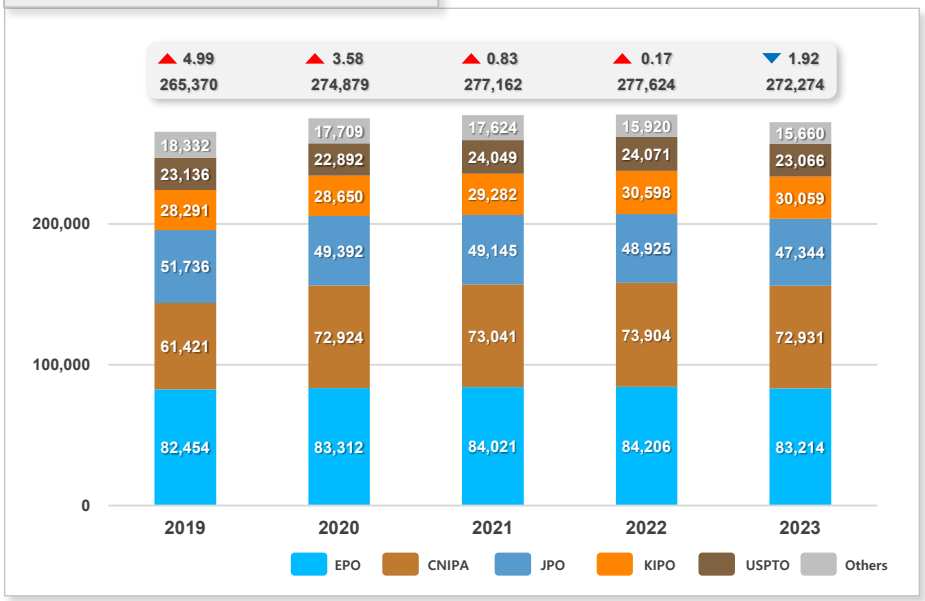
Global Companies' Use of KIPO PCT International Search

We have analyzed the status of Patent Cooperation Treaty (**PCT**) international search based on the intellectual property (**IP**) statistics published by the World Intellectual Property Organization (**WIPO**) in July 2024 and the PCT statistics published by the Korean Intellectual Property Office (**KIPO**) in April 2024. The number of PCT international search requests submitted to the KIPO was the fourth highest globally from 2018 to 2023, showing an increase each year over the previous period, except for a slight decrease in 2023, which is in line with the global decrease in PCT search at that time. Unlike the China National Intellectual Property Administration (**CNIPA**), the Japan Patent Office (**JPO**), and the U.S. Patent and Trademark Office (**USPTO**), the KIPO and the European Patent Office (**EPO**) receive a significant number of PCT international search cases from both domestic and foreign companies. We analyzed the top five companies and technical fields that requested PCT international search through KIPO. Samsung Electronics, a Korean company, and Applied Materials, a U.S. company, were responsible for the highest number of requests. In terms of technical fields, Korean companies requested the most patent applications in the digital communication field, and U.S. companies requested the most patent applications in the computer field. This will be explored in further detail below.

1. Overall Status of PCT International Search

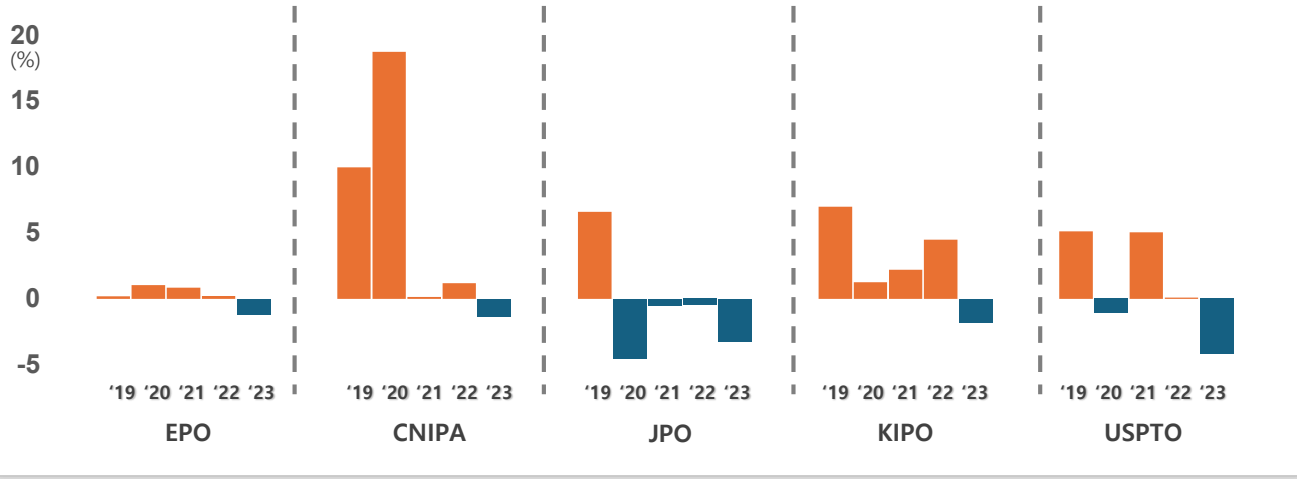
Worldwide, most PCT international search requests are made to patent offices of the IP5 (Korea, U.S., Europe, Japan, and China). The number of PCT international search filings submitted to worldwide PCT international search institutes increased until 2022, but decreased slightly in 2023 (272,274 cases, a 1.92% decrease).

PCT International Search Requests by Year



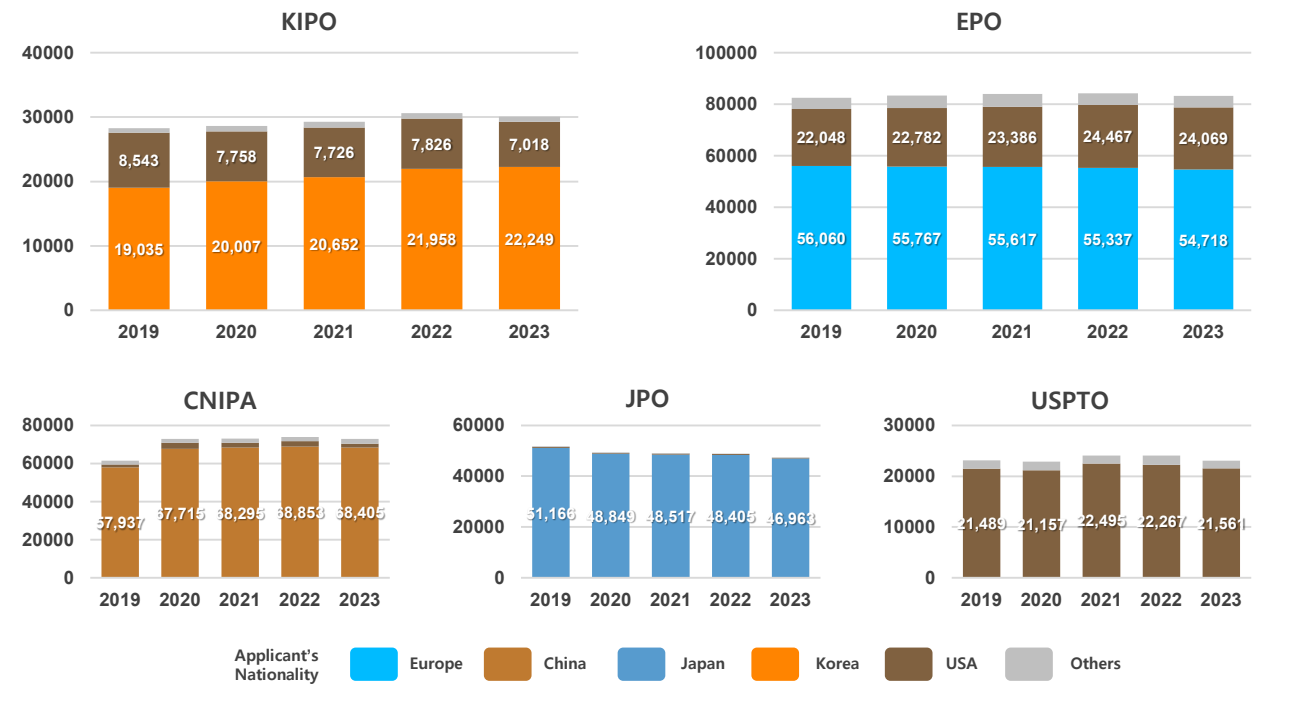
When reviewing the trends in the amount of PCT international search, KIPO, CNIPA, and EPO showed an increase from 2019 to 2022.

Change rate in PCT International Search Requests



As previously mentioned, the KIPO and the EPO have received a significant number of PCT international search cases from domestic and foreign applicants. For the KIPO, the proportion of PCT international search requests received from the U.S. and other countries reached 26% in 2023, while the EPO reached 34%. On the other hand, in that same year, the CNIPA, the JPO, and the USPTO received 6.2%, 0.8%, and 6.5% of PCT international search cases from other countries, respectively.

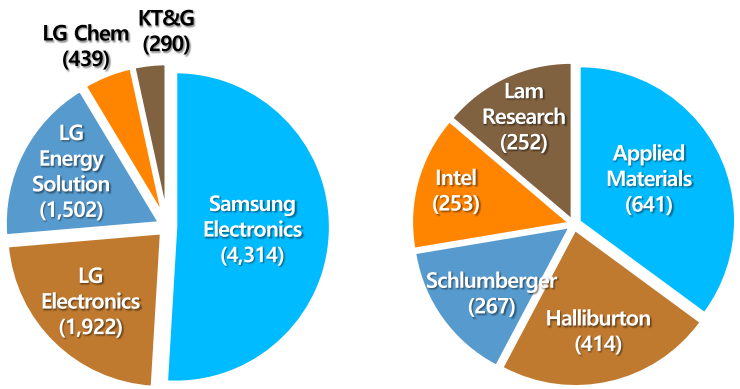
PCT International Search Requests by the Nationality in each Patent Office



2. Detailed Status of the PCT International Search of the KIPO

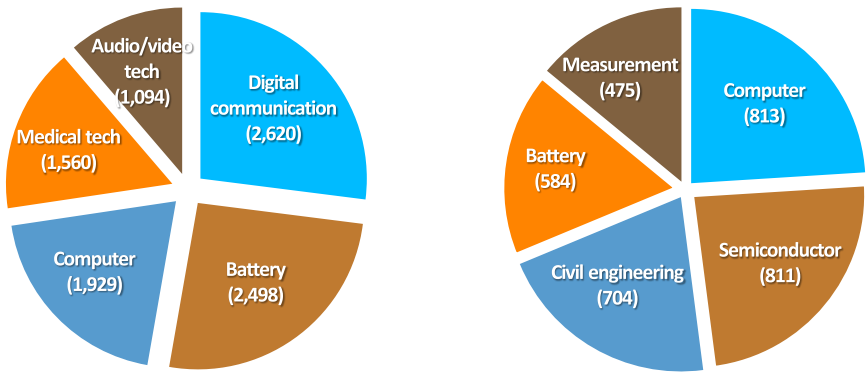
Among the applicants who made PCT international search requests to the KIPO in 2023, the top five Korean companies were Samsung Electronics, LG Electronics, LG Energy Solution, LG Chem, and KT&G, while U.S. companies were identified in the order of Applied Materials, Halliburton, Schlumberger, Intel, and Lam Research. These U.S. companies include three global semiconductor companies.

Applicants requesting PCT International Search before the KIPO in 2023 (Left side: Korean Applicants, Right side: U.S. Applicants)



Among the applications for PCT international search filed with the KIPO in 2023, the technical fields of applications filed by Korean companies were in the order of digital communication, batteries, computers, medical technologies, and audio/video technologies, while the technical fields of applications filed by U.S. companies were in the order of computers, semiconductors, civil engineering, batteries, and measurement.

Technical Fields of PCT International Search at the KIPO in 2023 (Left side: Korean applicants, Right side: U.S. applicants)



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New Organization for Secondary Battery Patent Examinations

For quick and accurate examinations of patent applications relating to secondary battery technologies, the Korean Intellectual Property Office (**KIPO**) has launched a new organization dedicated to secondary battery patent examinations as of June 13, 2024.

This organization consists of three examination divisions, "The Secondary Battery Material Examination Division," "The Secondary Battery Design Examination Team," and "The Secondary Battery Control & Management Examination Team," in order to systematically conduct patent examinations throughout the entire secondary battery technology ecosystem. The three examination divisions consist of a total of 83 people, including 45 existing KIPO examiners in the field of secondary batteries and 38 expert examiners hired from the private sector. The aim is to deploy existing and new personnel to the three divisions to improve both the examination efficiency and quality of secondary battery patent applications.

<table>
<tr><th>Classification</th><th>Before Reorganization</th><th colspan="2">After Reorganization</th></tr>
<tr><td>Personnel</td><td>45 people</td><td colspan="2">83 people
(45 existing examiners + 38 expert examiners)</td></tr>
<tr><td rowspan="4">Organization</td><td>1 division</td><td colspan="2">3 divisions</td></tr>
<tr><td rowspan="3">■ Next-generation energy examination division</td><td>■ Secondary Battery Material Examination Division</td><td>■ (Examination field)
- Technologies related to secondary battery materials, such as anodes, cathodes, electrolytes, etc.</td></tr>
<tr><td>■ Secondary Battery Design Examination Team</td><td>■ (Examination field)
- Technologies of designing, manufacturing, and packaging the electrode structure, etc.</td></tr>
<tr><td>■ Secondary Battery Control & Management Examination Team</td><td>■ (Examination field)
- Technologies of circuit systems, battery recycling, etc.</td></tr>
<tr><td>Processing time</td><td>About 20 months (in 2024)</td><td colspan="2">2 months when filing a request for preferential examination</td></tr>
</table>

Along with implementing a preferential examination system for secondary battery patent applications, which took effect on February 19, 2024, and hiring private expert examiners in the secondary battery sector, which was conducted on May 29, 2024, the reorganization is expected to rapidly secure rights and stably protect technologies relating to secondary batteries. (For reference, any patent applications filed by Korean

and/or foreign companies that produce or are preparing to produce secondary battery-related products, devices, etc., in South Korea are eligible for preferential examination).

Secondary battery technologies will drive the development of next-generation national industries and are regarded, along with semiconductors, as important elements of the Korean economy. Recently, technological competition among major countries has been intensifying, and the number of patent applications for secondary battery-related technologies has been sharply increasing by an annual average of 13% over the past five years (**2019 to 2023**).

Current Status of Secondary Battery Patent Applications for Last Five Years

Classification	2019	2020	2021	2022	2023
Number of applications	8,777	9,451	10,899	12,697	14,396
Korean applicants	6,681	7,270	8,570	9,703	11,390 (79.1%)
Foreign applicants	2,096	2,181	2,329	2,994	3,006 (20.9%)

Below is a list of the top 13 companies that have filed secondary battery patent applications in South Korea in the past five years.

Companies Filing Multiple Secondary Battery Patent Applications

Ranking	Company	2019	2020	2021	2022	2023	Total
1	LG Energy Solution	1,098	1,575	2,134	2,741	2,818	10,366
2	LG Chem	778	578	414	379	463	2,612
3	Samsung SDI	269	282	321	378	1,029	2,279
4	Hyundai Motors	281	320	340	443	378	1,762
5	SK On	99	204	319	423	632	1,677
6	Samsung Electronics	97	117	173	164	158	709
7	CATL (China)	0	12	51	255	212	530
8	Hyundai MOBIS	29	43	136	139	72	419
9	Toyota (Japan)	70	78	75	91	82	396
10	KOLON Industries	36	66	142	69	57	370
11	POSCO	46	36	28	48	169	327
12	SEL (Japan)	39	45	54	65	97	300
13	Korea Institute of Energy Research	60	51	63	59	62	295

Based on the results of supporting patent examination packages in the semiconductor field, the KIPO is also expanding such support to the secondary battery technology field, with plans to expand support for patent examination in other nationally strategic technological fields, such as biology and artificial intelligence, in the future.

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Practical Tips for Using a Letter of Consent for Trademark Co-Existence

The Korean Intellectual Property Office (**KIPO**) implemented an amendment to the Trademark Act that acknowledges a Letter of Consent for Trademark Co-Existence as a measure to overcome a citation of a prior mark on May 1, 2024. Korea had long been one of the few countries where a Letter of Consent was not accepted and instead utilized the assign-back method to navigate this issue. This method involves assigning either the applied-for mark or the registered mark to unify the holders, then assigning it back once the applied-for mark passes examination. Even among affiliated companies, a rejection based on a citation of a prior mark owned by an affiliated company could not be overcome without an assignment of the applied-for mark or the registered mark. A Letter of Consent can now be used in place of these burdensome procedures.

While it has only been four months since the KIPO began recognizing a Letter of Consent for Trademark Co-Existence under the amended trademark law, this change has already significantly influenced trademark practice. Obtaining a Letter of Consent has become a promising way to overcome citations of prior marks. Non-use cancellation and invalidation actions are now often terminated midway due to amicable settlements facilitated by a Letter of Consent. Consequently, a Letter of Consent has become a crucial factor to consider in trademark prosecution strategies.

The Korean system for a Letter of Consent is somewhat unique in its simplicity and lack of conditions. Since this system is new and unfamiliar to the Korean public, there are some caveats to consider when employing this strategy.

Below are some specific points and caveats to consider when utilizing a Letter of Consent in Korea.

1. Unconditional Acceptance of a Letter of Consent

In many other jurisdictions, examiners have the discretion to reject a Letter of Consent if there are practical concerns regarding product source confusion. However, Korean examiners cannot reject such letters unless the applied-for mark and the cited mark are physically identical, and the goods of the two marks are identically described, which is extremely rare. To address potential confusion on product sources, Korean trademark law has included a provision allowing for the cancellation of registered marks that coexist due to a Letter of Consent. This applies when either of the two trademark holders, whose trademarks coexist due to a Letter of Consent, engage in activities that cause misunderstanding or confusion among consumers regarding the quality or source of goods by using their registered trademark for unfair competition, regardless of whether they provided or received the Letter of Consent.

2. Simple Formalities for a Letter of Consent

A Letter of Consent only requires signatures from both parties, unlike other documents such as a Deed of Assignment or a Declaration of Address Change, which require notarization by a Notary Public. However, this simplicity makes it easy to forge a Letter of Consent, raising concerns about fraud.

3. Records in the Trademark Register

While the formalities for a Letter of Consent are relatively simple, the letter must include a statement that "both 'the prior registered trademark' and 'the applied-for trademarks registered with consent of the holder of the prior registered trademark' are indicated in the Trademark Register as being registered under a coexistence agreement, and the parties confirm that they are registered as such." Accordingly, not only the existence of the coexistence agreement but also the relevant registration number of the other mark are recorded in the Trademark Register. This level of documentation might not be desirable, and if one prefers to avoid it, one can opt for the assign-back method discussed earlier.

As the Korean system for a Letter of Consent is still in its early stages, it will continue to evolve over time. It is important to note that a Letter of Consent is not a cure-all, and a tailored strategy for overcoming the citations of prior marks should be developed with the assistance of experienced trademark attorneys.

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Amendments to Pharmaceutical-related Laws

On February 1, 2024, the National Assembly passed the amendment to the Pharmaceutical Affairs Act, which primarily involves abolishing the existing re-examination system and establishing a drug data protection system, and the amendment to the Act on the Safety of and Support of Advanced Regenerative Medicine and Advanced Biopharmaceuticals (hereinafter, the Advanced Regenerative Bio Act), which aims to expand the scope of clinical subjects for research purposes and allow patients who are not research subjects to receive advanced regenerative medicine treatments, during the plenary session. The two amendments were subsequently promulgated on February 20, 2024.

Establishment of Drug Data Protection System

The Pharmaceutical Affairs Act (**PAA**) Amendment Bill, which abolishes the re-examination system for post-marketing surveillance (**PMS**) system under §32 of the PAA, establishes a novel drug data protection system under §31-6 of the PAA, and introduces §32-2 of the PAA, which integrates the post-marketing safety management plan into the risk management plan (**RMP**), will go into effect in one year after its promulgation date, or **on February 21, 2025.**

The purpose of the current re-examination system is to monitor the drug safety after marketing approval (**MA**). However, since generic or biosimilar companies are prevented from using data (clinical trial data, etc.) submitted by developers seeking MA during the re-examination period, the re-examination system has served to provide de facto data exclusivity in Korea, which has been criticized as inconsistent with the re-examination system's intended purpose. Additionally, since the RMP introduced in 2015 significantly overlaps with the re-examination system both in the subjects (new drugs, orphan drugs, etc.) and measures (PMS), there has been a need to unify them. Accordingly, the PMS system managed under the re-examination system has been integrated into the RMP.

With the abolition of the re-examination system, the newly established data protection system will be used for the protection of data submitted by developers seeking MA. The protection subjects and periods of the drug data protection system are summarized in the following table.

Protection Subjects	Data Protection Period
New drug	6 years from the date of MA
Orphan drug	10 years from the date of MA
Orphan drug with a pediatric indication	11 years from the date of MA
Drug for which new clinical trial data is submitted due to substantive changes, such as changes in the types of active ingredients in the approved drugs	6 years from the date of updated MA
Other drugs as prescribed by a prospective Prime Minister Decree (the specific subjects and periods of drugs for which new clinical study data is submitted will be outlined in due course by the Decree)	4 years from the date of updated MA

In accordance with the newly established data protection system, stakeholders should pay attention to subsequent amendments to Prime Minister Decree and the relevant subordinate legislation of the PAA.

Amendment to the Advanced Regenerative Bio Act

The Advanced Regenerative Bio Act was enacted in August 2019 and has been in effect since August 2020. However, under the current Act, advanced regenerative medicine in Korea can only be applied in clinical research for patients with severe or rare incurable diseases or when no alternative treatments are available. Cell and gene therapies, which can restore damaged tissues or organs, are examples of advanced regenerative medicine. However, stringent regulations made it difficult to develop these therapies and obtain marketing approval through clinical trials in Korea. The Act was thus amended in order to address such issues.

The major amendments of the Advanced Regenerative Bio Act are as follows:

(1) The scope of clinical research subjects for advanced regenerative medicine has broadened, now permitting ordinary patients (as opposed to those without alternative treatments or with severe or rare incurable diseases) to participate in clinical research.

(2) An advanced regenerative medicine treatment system has been introduced, enabling treatment to be provided to patients outside of clinical research purposes. This can occur if the patient has no alternative treatments or suffers from a serious or rare incurable disease, and safety and treatment plans have been approved by the Review Committee.

(3) A regenerative medical institution may now be considered licensed to handle human cells if it supplies cells derived from the patient for advanced biological products by performing only minimal operations, such as simple separation, washing, freezing, and thawing, while maintaining the biological characteristics. This amendment broadens the range of medical institutions authorized to provide cell and gene therapies.

Major Amendments of the Advanced Regenerative Bio Act

	Before Amendment	After Amendment
Scope of Clinical Research Subjects	Clinical research subjects for advanced regenerative medicine were limited to those with no alternative treatments or those suffering from severe or rare incurable diseases	There are no longer restrictions on clinical research subjects for advanced regenerative medicine
Introduction of Advanced Regenerative Medicine Treatment System	Use is permitted for patients only with marketing approval from the MFDS	Even drugs in the clinical trial phase can be used for therapeutic purposes for patients who have no alternative treatments or who suffer from severe or rare incurable diseases, provided that safety and other necessary conditions are assured
Scope of entities managing human cell, etc.	An entity that has obtained authorization for managing human cells and related materials.	Regenerative medical institutions now included

Amendments (1) and (2) will come into effect on February 21, 2025, one (1) year after the date of promulgation, while Amendment (3) came into effect on May 21, 2024, three (3) months after the date of promulgation.

New Member

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We are pleased to share that Mr. Jonghyuk Won, Patent Attorney, joined LEE & KO IP after 25 years of experience in chemistry, biotechnology, and healthcare. His distinguished career includes roles at the Korean Intellectual Property Office (KIPO), Intellectual Property Trial and Appeal Board (IPTAB), and Patent Court.

During his tenure at KIPO, Mr. Won served as an examiner, IPTAB judge, IPTAB judge-in-chief, patent court technical advisor, and head of the examination division (medical technology, environmental technology, residential life, and biohealthcare). He was recognized by his KIPO colleagues as the best manager to work with. Mr. Won has made significant contributions to policy development and institutional improvements in the chemical and bio-intellectual property fields, including the enhancement of the patent microorganism deposit system, amendments for the presentation of nucleotide and amino acid sequence listings, and the establishment of practical guidelines for examination in the biotechnology field.

Education

2016	University of York - M.A. in Department of Politics
2008	Chungnam National University Graduate School - Ph.D.(ABD) in patent department
2005	Chungnam National University Graduate School - M.A. in law
1998	POSTECH - M.S in Environmental Engineering
1995	POSTECH - B.S in Chemical Engineering

Work Experience

2024-Present	Lee & Ko IP
2023-2024	Intellectual Property Trial and Appeal Board (IPTAB), Judge
2020-2022	KIPO Environmental Technology Examination Division, Biotechnology & Healthcare Examination Division, Head
2017-2019	Patent Court, Technical Advisor
2016	KIPO Residential Technology Examination Division, Head
2012-2014	Intellectual Property Trial and Appeal Board (IPTAB), Judge, Medical Technology Examination Division, Head
2007-2011	KIPO Food and Biological Resources Examination Division, Information Planning Division, Chemistry and Biotechnology Examination Division, Senior deputy director
2006-2007	IP Australia
1999-2006	KIPO Genetic engineering Examination Division, Biotechnology Examination Division, Patent examiner, Innovation and Personnel Planning Division, Deputy director