

To Respond against Patent Disputes, Creation of Basic Infrastructure and Large Patent Fund are Urgently Needed

Government Needs to Establish Basic Infrastructure and Create a Clear Portfolio for Fund Utilization

A patent troll is a company that specializes in taking in patent fees as its main form of revenue by owning patent rights without manufacturing or selling any product at all. In the security industry too, issues about patent trolls stemming from a patent dispute between keyboard security product companies such as Teckers have been reported and this particular patent dispute is known to be still going on without having been able to find a settlement.



The Office of Intellectual Property on 23rd held a Major Item Research Presentation and Counter Strategy Seminar for Patent Trolls (NPEs, Non Practicing Entities) for related corporate personnel and general public at the international conference room in the 19th floor of Korea Intellectual Property Center sponsored by the Korean Intellectual Property Protection Association. The picture shows a person from RPX who visited Korea for this seminar answering a question from a participant.

As interest in patents increases, domestic corporations recently have been known to prepare various measures in response to the patent battle stemming from the foreign NPEs filing patent lawsuits and demanding huge amounts against the large domestic corporations such as

Samsung and LG. One example of such measures is RPX, a patent defense company. Large domestic corporations such as Samsung and LG Electronics are already registered as member of RPX. The RPX company takes on the patent trolls. The company concentrates on purchasing patents but does not actually engage in patent litigation with already purchased patents.

Now the focus is on the Office of Intellectual Property. Director, Jung Shik Ko's presentation of a report on each item and a counter strategy seminar that was held as a part of a "strategic support project in response to the patent trolls (NPEs)" which was held on the 19th floor in the International conference room in the Korean Intellectual Property Center located in Yuksam, Seoul for the related corporate personnel and general public on the 23rd.

The Office of Intellectual Property is initially promoting a basic situation investigation and counter strategy research against patent trolls for the purpose of supporting Korean corporations, and the seminar was held to present results of the research on set top boxes and automobile parts which are considered weak areas in patent disputes.

It was an opportunity to hear efficient counter strategies from the experts in America which is known as the forefront in patent disputes. The person who presented in the seminar in this regard was an official from RPX.

After introducing RPX, the official (RPX co-CEO John Amster) said, "We try to purchase as many patents as possible to stop patent litigations from actual happening," and further added, "RPX was established last March, and our goal is to purchase all patents in the future."

He also said, "Our plan is not to file lawsuits. Our purchased patents apply to all members and non-members of our company. RPX engages in patent operations without attacks or threats. So we purchase patent rights but we don't have goals to assert about our patent rights," explaining, "Sometimes, our members can be granted licensing rights but non-members are not, so there is the difference between the two."

As interest in patents has been rising domestically, last year's filings of patent applications stood at 170,632 cases. This figure is as much as 60,000 more cases than five years ago in 2003 when patent applications were about 11,000 cases. The Korean government has also recently announced that it will create a fund budgeted with a total of 20 billion won (\$17 million) in response to patent trolls, which would be followed by the establishment of an "Intellectual Property Management Corporation" under the dual sponsorship of the government and the

private sector in 2011. It is estimated that the size of fund for this purpose would be expanded to a maximum of 500 billion won (\$425 million).

Activities by RPX are regarded as an example for the Korean government to prepare for the creation of the patent funds. However, RPX is purely a private company established for protection of intellectual property, and considering what the company's official said at the seminar when he explained, "Patent transactions are a very highly specialized area, and I believe operations by a highly specialized private sector is the right move." It is not clear whether the Korean government can solve the problem just by creating patent funds with regards to the disputes.

On this point, an expert in the matter said, "Patent disputes will become more fierce in the future, and we desperately need to have such patent funds for sure," adding that, "However, there is a shortage of specialized personnel in the area and no operating network between inventors, so there is a limit as to how the situation can be countered just by creating patent funds. That's why we need to see the government working toward establishing basic infrastructure and propose a clear portfolio for utilizing the funds as to establish a real workable defensive system."

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