

Newsletter

KIM & CHANG

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CONTENTS

PATENT

1. KOREA-EU FREE TRADE AGREEMENT REGARDING INTELLECTUAL PROPERTY RIGHTS
2. SUPREME COURT PRESENTS GUIDELINES DETERMINING THE REQUIREMENTS FOR INDIRECT INFRINGEMENT
3. KOREAN COURTS ESTABLISH MORE CLEAR AND OBJECTIVE STANDARDS FOR DETERMINING THE INVENTIVENESS OF COMBINATION INVENTIONS
4. KOREA / FEE INCREASES, INCLUDING INTERNATIONAL SEARCH FEE BY 44%, ETC.

TRADEMARK, DESIGN & COPYRIGHT

5. AMENDMENT TO THE ENFORCEMENT REGULATIONS OF THE DESIGN PROTECTION ACT
6. NO DAMAGE CLAIM ALLOWED UNLESS TRADEMARK IS USED BY TRADEMARK HOLDER ON DESIGNATED GOODS
7. NEW SUPREME COURT DECISION REGARDING FIRST SALE DOCTRINE
8. FREE PROMOTIONAL ITEMS MAY BE CONSIDERED TRADEMARK INFRINGEMENT
9. SUPREME COURT DECISION FINDING NO LIABILITY OF OPERATORS OF INTERNET MUSIC SERVICE PROVIDERS FOR MERELY FACILITATING USE OF INTERNET LINKS

FIRM NEWS

PATENT

KOREA-EU FREE TRADE AGREEMENT REGARDING INTELLECTUAL PROPERTY RIGHTS

By Kyu-Bin LIM and Alice Young-Ran CHOI

Further to the conclusion of the Free Trade Agreement between Korea and the European Union (EU) in July 2009, the representatives of both parties have since finalized the text of the Agreement and in October 2009 initialed the Korea-EU Free Trade Agreement (Korea-EU FTA) in Brussels. The two parties plan to officially sign the trade pact within the first half of 2010 after completing the translation of the text into 23 languages spoken within the 27-member European trade block, and anticipate that the Agreement will go into effect in the latter half of 2010.

The following summarizes a number of provisions of the Korea-EU FTA regarding intellectual property rights.

COPYRIGHT AND RELATED RIGHTS

Duration of Author's Rights

The current Korean Copyright Act provides 50 years after the author's death or the publication of a work for the protection of copyright.

Under the Korea-EU FTA, where the term of protection of a work is to be calculated on the basis of the life of a natural person, the copyright term shall be not less than the life of the author and 70 years after the author's death. In order to ease the impact following this extension, however, Korea's obligation under this provision may be fully implemented after two years of entry into force of the Agreement.

Artists' Resale Rights

Under the Korea-EU FTA, both Korea and EU promised to discuss the appropriateness and feasibility of introducing artists' resale right into Korea within 2 years from the effective date of the Korea-EU FTA.

Protection of Technological Measures

The current Korean Copyright Act provides legal protection against the provision of means for the circumvention of technological measures, i.e., use control for preventing acts, which are not authorized by the right holder.

Under the Korea-EU FTA, adequate legal protection is provided against the circumvention of any effective technological measures, or the provision of means for the circumvention of any effective technological measures. Exceptions and limitations may be provided in accordance with Korea's legislation and relevant international agreements.

TRADEMARKS AND DESIGNS*Exceptions to the Rights Conferred by a Trademark*

Under the Korea-EU FTA, the fair use of descriptive terms is provided as a limited exception to the rights conferred by a trademark, provided that the limited exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

The current Korean Trademark Act has a provision on the fair use of descriptive terms that prescribes that the effects of a trademark right do not extend to trademarks that indicate in a common way the common name, origin, place of sale, quality, raw materials, efficacy, use, quantity, shape or price of the designated goods or similar goods.

Protection Conferred to Unregistered Appearance

Under the Korea-EU FTA, legal means are provided to prevent the use of unregistered appearance of a product, only if the contested use results from copying the unregistered appearance of such product. Such use shall cover presenting importing or exporting goods. The duration of protection for unregistered appearance shall amount to at least three years.

Under current Korean law, the unregistered appearance of a product is protected for three years by the Unfair Competition Prevention and Trade Secret Protection Act.

GEOGRAPHICAL INDICATIONS

Another area in which the EU has shown great interest concerns the application of geographical indications (GIs). Both Korea and the EU agreed to protect GIs listed in the Annex (64 for Korea and 162 for EU). The scope of protection is restricted to agricultural products including foodstuffs (63 for Korea and 60 for EU), wines including aromatized wines (80 for EU) and spirits (1 for Korea and 22 for EU). Examples of GIs for EU are Bordeaux, Bourgogne, Champagne, Cognac, Scotch Whisky, Camembert de Normandie, etc.

Scope of Protection

Under the Korea-EU FTA, GIs listed in the Annex shall be protected against: (a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the GI of the good; (b) the use of a GI identifying a good for a like good not originating in the place indicated by the GI in question, even where the true origin of the goods is indicated or the GI is used in a translation or transcription or accompanied by expressions such as "kind," "type," "style," "imitation" or the like; and (c) any other use which constitutes an act of unfair competition.

Relationship with Trademarks

Under the Korea-EU FTA, a trademark, which has been applied for, registered or established by use in the territory of a party before the date of the application for protection of the GI, can be used regardless of the protection of the GI.

However, the registration of a trademark in relation to a protected GI for like goods shall be refused or invalidated, provided an application for the registration of the trademark is submitted after the date of application for protection of the GI.

The Korean Trademark Act has a provision for refusing or invalidating a trademark identical or similar to another party's GI which was filed earlier, provided that the trademark is filed for identical goods. Thus, this provision will be slightly amended to expand the scope of the provision to cover a trademark filed for "like goods" as well.

PATENTS

Extension of the Duration of Rights Conferred by Patent Protection

Under the Korea-EU FTA, at the request of the patent owner, the extension of the duration of rights is provided to compensate the patent owner for the reduction in the effective patent life as a result of the first authorization to place pharmaceutical products or plant protection products in their respective markets. The extension of the duration of rights may not exceed 5 years.

The current Korean Patent Act provides patent term extension for up to 5 years in case of a delay due to marketing approval procedures of pharmaceutical products.

Protection of Data Submitted to Obtain Marketing Authorization for Pharmaceutical Products

Under the Korea-EU FTA, data concerning safety and efficacy and involving a considerable effort, submitted for the first time by an applicant to obtain marketing authorization for a new pharmaceutical product, may not be used for the granting of another marketing authorization for a pharmaceutical product, unless proof of the explicit consent by the marketing authorization holder to use such data is provided. The period of data protection should be at least 5 years starting from the date of the first marketing authorization obtained in the territory of the respective parties.

Korea currently provides, in the Enforcement Decree of the Pharmaceutical Affairs Act, 4 or 6 years of data exclusivity depending on whether a drug is new or merely adds new benefits.

Protection of Data Submitted to Obtain Marketing Authorization for Plant Protection Products

Under the Korea-EU FTA, tests, study reports or information submitted for the first time by an applicant to obtain marketing authorization for a plant protection product may not be used by third parties or relevant authorities for the benefit of any other person aiming at achieving a marketing authorization for a plant protection product, unless

proof of the explicit consent by the marketing authorization holder to use these data is provided. The period of data protection should be at least 10 years starting from the date of the first marketing authorization obtained in the territory of the respective parties.

ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Liability of Online Service Providers

The Korea-EU FTA categorizes the acts of online service providers into (i) mere conduit, (ii) caching, and (iii) hosting, and provides different exemption provisions for online service providers according to the degree of infringement contribution.

The current Korean Copyright Act, without categorizing the acts of online service providers, merely provides online service providers with an exemption or a decrease in liability if the online service providers, knowing that a copyright or related right was infringed by the copying or transmission of others, have prevented the copying or transmission, or have tried to prevent it only to fail because of technical reasons.

Border Measures

Under the Korea-EU FTA, a right holder, who has valid grounds for suspecting that the importation, exportation, transshipment, etc. of goods infringing an intellectual property right may take place, may lodge an application with the competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation or the detention of such goods. When the customs authorities, in the course of their actions and before an application has been lodged by a right holder or granted, have sufficient grounds, they may suspend the release of the goods or detain them in order to enable the right holder to submit an application for action. The intellectual property includes: a trademark, a copyright and related right; a patent; a plant variety right; a registered design; or a geographical indication. In consideration of the necessary time for preparation, Korea's obligation under this provision may be fully implemented after two years of entry into force of the Agreement.

Border measures under the current Korean Customs Act are limited to trademarks or copyright and related rights. The customs authorities may suspend the customs clearance of import or export goods infringing such rights.

SUPREME COURT PRESENTS GUIDELINES DETERMINING THE REQUIREMENTS FOR INDIRECT INFRINGEMENT

By Sung-Eun KIM and Kyumin Kevin LEE

The Supreme Court recently issued a decision holding that indirect infringement occurs not only by industrial production, but also through assembling and processing of the claimed product. The Court also stated that it could occur even when the infringer's product has certain non-essential use and is an improved technology of the claimed invention (Case No. 2007 Hu 3356, rendered on September 10, 2009). Since there were previously only a few existing cases relating to indirect infringement, the Supreme Court's decision sets new guidelines for indirect infringement in Korea.

While the Korean Patent Act (KPA) recognizes patent infringement for cases that have all the elements in a patent claim ("direct infringement"), the KPA also provides an "indirect infringement" provision that applies when an activity or product in and of itself is not direct infringement, but inevitably leads to infringement of the patent by indirect means, specifically stating that "if a patent is directed to a product, an act of producing, selling, leasing, importing or offering for selling or lease a product that is exclusively used for the production of the patented product constitutes an infringement of the patent" (KPA §127(1)). The indirect infringement provision is analogous to contributory infringement in the U.S. but differs in that active inducement of infringement is not required for establishing indirect infringement under the KPA.

However, there has been controversy over interpreting the requirement stated in the indirect infringement provision

of the KPA that "a product is exclusively used for the production of the patented product," since only a few cases exist relating to indirect infringement.

The Supreme Court decision that set these new guidelines for indirect infringement concerns a patent dispute between two manufacturers of pads used in the chemical mechanical polishing (CMP) process. The facts recognized by the Court are as follows: the accused product lacks the structural element of "small flow channels" in comparison with the claimed invention, while it has an additional element of a "microhole." However, grooves are inevitably formed having the same structure and function as the small flow channels when using the accused product in the CMP process. The accused product is expected to have an improved effect due to the additional "microhole" element that is not included in the claimed invention.

On the premise that the purpose of the indirect infringement provision is to prevent an act that otherwise may not be enough to assert direct infringement, but can inevitably lead to direct infringement, the Supreme Court determined (i) the "production" in said provision covers all of the act that produces a product obtained by embodying a patented invention, and includes, in addition to production of industrial products, assembling of major parts, mounting important parts to a machine body, and major repairing, etc., and (ii) the meaning of "exclusively used for the production" is that the product is only used for the production of the patented product, and is not used for other purposes, i.e., the accused product does not have any alternative use. Alternative use should be commercially or economically practical in the art and theoretical, experimental or temporarily feasible use should not be considered as alternative use.

In addition, the Supreme Court further stated that even if the accused product may be inventive over the claimed invention, the existence of an additional element not included in the claimed invention and resulting in a superior effect does not affect this decision for indirect infringement.

The Supreme Court's decision is significant in that it presents guidelines determining the requirements for indirect infringement, particularly in clearly defining the scope and clarifying the term "producing," and specifically defining the term "alternative use" that can negate indirect infringement.

KOREAN COURTS ESTABLISH MORE CLEAR AND OBJECTIVE STANDARDS FOR DETERMINING THE INVENTIVENESS OF COMBINATION INVENTIONS

By Hyung-Geun Ji and Stephen T. BANG

In 2007, for the first time, the Supreme Court defined the standard for determining the level of technical difficulty required in combining cited references as applied to the inventiveness of a combination invention (Supreme Court Decision 2005 Hu 3284, rendered on September 6, 2007, hereinafter the “3284 case”). Following this case, because the standard was defined in the context of denying inventiveness of combination inventions, it first appeared that courts were setting a new trend of using this standard to find that inventions lack inventiveness. However, subsequent cases appear to suggest that perhaps the standard is being equally applied to support inventiveness of combination inventions.

According to the general principles for determining the inventiveness of a combination invention under Korean patent practice, most of the prior cases held that an invention lacked inventiveness if it was deemed that a particular combination of the elements was “not difficult” or that no superior working effect resulted from the combination. This was a fairly ambiguous standard. For instance, the Supreme Court previously held that an invention made by combining known technology is inventive if it is not a mere collection of known elements and provides synergistic effects (Supreme Court Decision 2004 Hu 2741, rendered on February 24, 2006). Before the 3284 case, there was no case that set forth a specific standard for determining the level of technical difficulty required in combining cited references to be deemed inventive. Thus, the 3284 case established the following principle:

“ . . . in assessing inventiveness over multiple prior art references, even if the prior art reference does not disclose any suggestion or motivation toward the combination of the prior art references, if such a combination was obvious to those skilled in the art based on the level of technology, conventional knowledge, technical trends, industry demands, etc., as of the filing date, inventiveness should be denied.” (Supreme Court Decision 2005 Hu 3284 (September 6, 2007); Patent Court Decision 2007 Heo 1275 (September 14, 2007); Patent Court Decision 2007 Heo 8986 (December 11, 2008); Supreme Court Decision 2008 Hu 3377 (July 9, 2009); etc.)

The above case precedent is significant in that, for the first time, the Supreme Court provided clear and specific standards for determining the level of technical difficulty required in combining the prior art references. While this guidance from the Supreme Court is significant in understanding inventiveness, it was framed as a standard for denying the inventiveness of a combination invention. Since there were several other subsequent cases that appeared to apply the standards set forth in the 3284 case to similarly deny the inventiveness of a combination invention, it first appeared as though the standard was one-sided and perhaps only useful to deny the inventiveness of a combination invention. On the other hand, there have also been some recent cases that appear to use the same standard to support the inventiveness of a combination invention. For example, the Patent Court recently provided the following standard for assessing the inventiveness of a combination invention when there are multiple prior art references:

“ . . . when each element of a patented invention is disclosed in the cited references belonging to the same technical field or can be readily derived therefrom, in principle, it should be considered that a person having ordinary skill in the art could have easily combined the cited references. However, when the cited references provide neither suggestion nor motivation that substitution or combination of the elements can reach the patented invention, e.g., when combining any cited reference(s) including any element(s) of the patented invention with other element(s) of the patented invention is inconsistent with the object or the solution to problems in the cited reference(s), and further, when such a combination was not easy to a person having ordinary skill in the art even in view of the extent or nature of the entirety of effects accruing from the patented invention, the number of the cited references, technical level, conventional knowledge,

technical trends, industry demands, etc., as of the filing date, it is recognized that combining each element in the cited references could not have easily reached the patented invention, and thus, the patented invention is recognized to involve a technical difficulty. As a result, its inventiveness is not denied.” (Patent Court Decision 2008 Heo 8204 (June 18, 2009)(emphasis added), hereinafter the “8204 case”)

Significantly, the 8204 case not only uses some of the very same language as the 3284 case, but also provides further guidance on supporting the inventiveness of a combination invention (indicated by underlines above). Further, the Supreme Court and the Patent Court recently recognized the inventiveness of a combination invention while noting the lack of any suggestion or motivation of combining the cited references (Supreme Court Decision 2008 Hu 3377 (July 9, 2009) and Patent Court Decision 2008 Heo 8792 (May 21, 2009)), demonstrating that perhaps the same standard first defined by the 3284 case may be equally applied to support inventiveness of a combination invention.

While it is difficult to conclude whether the recent trend of Korean courts determining the inventiveness of an invention is “pro-patentee” or “anti-patentee,” regardless of whether the trend is swinging one way or the other, it is at least possible to conclude that clearer and more objective standards for determining the inventiveness of a combination invention appear to have been provided since the 3284 case. This is an inspiring trend that could ultimately result in more reliability and predictability of court decisions in Korea regarding inventiveness.

KOREA / FEE INCREASES, INCLUDING INTERNATIONAL SEARCH FEE BY 44%, ETC.

By Kyu-Bin LIM and Peter K. PAIK

The Korean Ministry of Knowledge and Economy published an amendment to the regulations governing patent, utility model and trademark fees on December 31, 2009. The amendment became effective as of January 1, 2010.

The major details of the amendment are as follows.

INCREASE IN SEARCH FEE FOR INTERNATIONAL SEARCH REPORT

The search fee for an ISR (written in English) was increased from KRW 900,000 to KRW 1,300,000 (from about USD 793 to about USD 1,133 based on the exchange rate as of January 2010).

INCREASE IN EXPEDITED EXAMINATION FEE

The expedited examination fees was increased from KRW 167,000 to KRW 200,000 for a patent application (from about USD 146 to about USD 174 based on the exchange rate as of January 2010), and from KRW 86,000 to KRW 100,000 for a utility model application (from about USD 75 to about USD 87 based on the exchange rate as of January 2010).

INTRODUCTION OF MILEAGE SYSTEM FOR FEES FOR PATENT, UTILITY MODEL AND DESIGN

Applicants will receive mileage credits (about 10% or less) on their application filing, examination and post-allowance registration fees paid to KIPO; and such mileage credits earned can be used toward future official fees paid to KIPO. Those qualify for this provision will include foreign/Korean individuals and Korean small entities.

[Note: Some provisions included in the draft amendment announced on November 13, 2009 such as “Payment in two Installments of Fees for Trademark Registration and Renewal of a Registered Trademark Term” and “Discount for Advanced Annuities of Patent, Utility Model and Design” were deleted during the administrative review.]

AMENDMENT TO THE ENFORCEMENT REGULATIONS OF THE DESIGN PROTECTION ACT

By Sung-Nam KIM and Nayoung KIM

An Amendment to the Enforcement Regulations of the Design Protection Act (the "Amendment") has come into force beginning January 1, 2010. The major contents are as follows:

1. Requirements for drawings will be simpler.

(1) Flexibility in the method and number of drawings to be submitted.

Previously, in case of filing an application for a three-dimensional design, a perspective view and six drawings through orthographic projection (front, rear, left side, right side, top and bottom views) should be submitted, and in case of filing an application for a two-dimensional design, a surface view and back view should be submitted. However, under the Amendment, even only one drawing can be submitted for a design application, if the contents of the design and the entire shape to be registered are clearly specified in such single drawing.

(2) Drawings may be submitted in three-dimensional image files.

Previously, in case of submitting drawings in an electronic file, such as JPEG, the drawings shall be submitted in two-dimensional image files only. However, under the Amendment, the drawings may also be submitted in three-dimensional image files. Specifically, the drawings may be submitted in DWG (Drawing), DWF (Design Web Format) or 3DS (3D studio) file formats. One point to bear in mind is that when submitting drawings for amendments after filing an application for a design, the drawings must be submitted in the same file format used for the original application drawings.

The Amendment should alleviate some of the issues that occurred while claiming priority based on the strict drawing

requirements of the previous Korean design practice.

2. Expansion of goods subject to an application for an unexamined design registration.

The goods subject to an application for an unexamined design registration have been expanded from six classifications to ten classifications. It will now become possible for these goods to obtain rights quickly and the four additional classifications are highlighted below.

A1: Processed foods, etc.

B1: Clothing

B2: Fashion accessories

B5: Footwear

C1: Bedclothes, curtains, etc.

F1: Training supplies, painting and calligraphy supplies

F2: Writing supplies, office supplies

F3: Office paper, printed matter, etc.

F4: Labels, packaging containers, etc.

M1: Textiles, holograms, etc.

- Graphic Design

Designs falling under unexamined registrations will be registered after inspection of only very basic and perfunctory matters, such as whether the design application is submitted appropriately in due form, whether there is a possible concern for the design to harm public order or morals, and whether the design can be easily created on the basis of shape, pattern, color or their combination which are already widely known in Korea.

3. Expansion of the number of designs for one set of article.

Where two or more products are used together as a set of products (i.e. a set of fork, knife, and spoon, a set of tea apparatus, and a set of smoking apparatus etc.), the design of the set may be registered if the set constitutes a coordinated whole. These goods are designated in the list provided by the Regulation of the Korean Design Protection Act.

Under the Amendment, the types of designs that may be registered as a set have been expanded from 31 to 86. Examples of new articles that may be considered a set under the Amendment are one set of automobile seat covers, one set of washing kit, one set of golf clubs and one set of purse and belt.

NO DAMAGE CLAIM ALLOWED UNLESS TRADEMARK IS USED BY TRADEMARK HOLDER ON DESIGNATED GOODS

By Sung-Nam KIM and Nayoung KIM

A recent Supreme Court decision has clarified the use requirements of a trademark owner when requesting damages for trademark infringement (Case Nos. 2007da22514 and 2007da22521, decided on October 29, 2009). In this case, even though the infringer may have engaged in infringing activity by using a mark confusingly similar to the registered mark on goods (i.e., cosmetics) similar to the designated goods (i.e., cosmetic soaps, etc.), the Court denied the infringer's liability for damages. The Court held that the trademark owner could not have incurred any losses, because the owner was not using its mark on its designated goods but instead using the mark on "cosmetics", which may be similar to "cosmetic soaps, etc.", but not identical within the general trading community.

The Court already confirmed in 2004 that if a trademark owner does not conduct any business (e.g., manufacture, sale, etc.) using its trademark registration, then damages cannot have occurred during the period of infringing sales, and thus the infringer cannot be liable to the trademark owner for even a reasonable royalty amount.

Now, with this decision, the Court has specifically addressed the scope of a trademark owner's use requirements in connection with the designated goods when requesting damages. As such, despite the existence of trademark infringement, the foregoing decision has clearly defined that a trademark owner may be able to request injunctive relief, but may not request damages if the owner has not used its trademark on the designated goods or on goods within the identical scope in Korea.

NEW SUPREME COURT DECISION REGARDING FIRST SALE DOCTRINE

By Sung-Nam KIM and Nayoung KIM

A recent Supreme Court decision held that even if defendants altered original playing cards, bearing a trademark owned by a third party, so that players wearing special contact lenses can see hidden writing on the back of the cards, such act did not amount to trademark infringement (Case No. 2009doh3929, decided on October 15, 2009).

The defendants would purchase playing cards bearing another party's trademark and then manufactured and sold the playing cards after using special dye to write the suit and numbers of the cards on the back so that players wearing corresponding special contact lenses could "read" the details of the cards. The lower court held that such alteration and sale of the cards amounted to trademark infringement.

In this case, the Court reasoned that the first sale doctrine applies as long as the defendant's manufacturing and sales of the playing cards were not done to an extent that would change the original shape of the goods. Further, the Court found that there was no consumer confusion, considering that (i) the special dye cannot be seen with the naked eye, and the cards could still be used for their original purpose, (ii) when the cards are reused or reassigned, buyers of defendant's cards who were aware of the alterations would have no consumer confusion as to the source of the original goods, and (iii) even those buyers who were unaware of the alterations would believe they bought cards manufactured by the trademark owner directly, and thus use the cards for their original purpose. As such, the Court held that the changes made to the playing cards were not enough to harm the original shape of the goods or infringe upon their source-identifying or quality-assurance functions. Therefore, the Court reversed the prior decision finding infringement and placed the case on remand.

FREE PROMOTIONAL ITEMS MAY BE CONSIDERED TRADEMARK INFRINGEMENT

By Kyoung-Sun LEE and Nayoung KIM

The Seoul Central District Court recently held that even free gifts given with purchases may amount to trademark infringement. SK Telecom Co., Ltd. ("SK") had distributed handbags bearing the famous "RENOMA" mark as free gifts to new customers that registered for its services, but these bags were manufactured by a Korean individual, Mr. Chae, without the trademark owner's approval. As such, the exclusive licensee of the "RENOMA" mark in Korea, Durukay Co., Ltd. ("Durukay"), sued Mr. Chae and SK for damages under trademark infringement, and the Court held that infringement was established and ordered each defendant to pay the plaintiff KRW 40 million (approximately USD 35,000) (Case No. 2009kahap73580 rendered on November 25, 2009, *pending appeal*).

Acknowledging Mr. Chae's liability, the Court also ruled that SK's act amounted to trademark use, even if SK distributed these bags free of charge, because (i) "RENOMA" bags have been distributed within the domestic market under a lawful license from the exclusive licensee, Durukay, (ii) the way the "RENOMA" mark was used on the free gifts was similar to use of a trademark, (iii) the "RENOMA" mark is well-known, and (iv) SK advertised that "new customers will receive a free RENOMA bag." The Court reasoned that by affixing the "RENOMA" mark to the subject handbags, the trademark was functioning as a source identifier, distinguishing the handbags from other goods, and guaranteeing the quality of the product to consumers and traders. Therefore, SK's act of providing free gifts to its customers was in essence transferring or delivering the goods on which a trademark is affixed, and thus resulting in use of the "RENOMA" mark.

This case is distinguished from a previous decision by the Seoul District Court, where the court held that a beer company, which owned the trademark right for "CASS" on beer, can provide customers with free T-shirts bearing the "CASS" mark for promotional purposes, without infringing upon a third party's trademark right for "CASS" registered on clothing (Case No. 95kahap3529 rendered on October 24, 1995, *affirmed* by the Seoul High Court, Case No.

95Lah202, rendered on December 30, 1995). The court ruled that in order to be recognized as use of a mark, the product bearing the mark should be an independent subject of trade, having its own value. However, the court found that T-shirts provided for promotional purposes are not a subject of trade, but a mere advertising tool.

SUPREME COURT DECISION FINDING NO LIABILITY OF OPERATORS OF INTERNET MUSIC SERVICE PROVIDERS FOR MERELY FACILITATING USE OF INTERNET LINKS

By Chang-Hwan SHIN and Julia Jee-Hyun KIM

The Supreme Court recently issued a decision affirming the lower court's findings that providing a 'deep link' or a 'direct link' is not considered to be reproduction or transmission as defined in the Copyright Act and therefore, mere facilitation of Internet links alone does not constitute copyright infringement (Case No. 2008Da77405; *decided on November 26, 2009*).

The Plaintiff is the songwriter and copyright-holder of the songs in question. The Defendants are several Internet music service providers, which provide services of downloading and streaming songs, as well as ring tone and ring back tone services via mobile phone network, to the users. After the Plaintiff resigned his membership of a collecting society entrusted with copyrights of musical works, he brought this lawsuit against the Defendants for copyright infringement seeking monetary damages. Among other things, the Plaintiff claimed that the Defendants infringed his copyrights to the songs in question by providing 'tags' to the users so that they can easily post 'links' to the Defendants' websites where the songs can be downloaded or played.

The lower court defined a 'link' as indication on a personal blog of an individual ("A") or a certain website of an operator ("B") of an URL or a hypertext of a website

operated and managed by another ("C"), which enables a visitor to A's blog or B's website to connect to or download music files from C's website. The court held that in the situation described above, only the acts of A and B can be subject to determination as to whether or not they constitute copyright infringement (i.e., reproduction and transmission rights), while C, which operates the website subject to the link should not be held liable for copyright infringement.

The Supreme Court affirmed the above lower court's finding, and held that the Defendants' act of providing URLs or tags to the users which enables them to post links to their websites alone, is not sufficient to constitute infringement on one's reproduction or transmission right, as it only reaches the level of providing a means or preparation for the users' infringing activities.

The issue of the liability of Internet music service providers has been heavily discussed among academic and legal commentators as well as in numerous court precedents in Korea. This case sets forth the Supreme Court's view on the issue that the music service providers' act of making their websites available to the users to post "links" which simply provide locations of copyrighted works, should not constitute copyright infringement.

FIRM NEWS

AWARDS & RANKINGS

Recognized as top-tier law firm in all areas in Asia Pacific Legal 500 (2009/2010 Edition)

Kim & Chang was recognized in Asia Pacific Legal 500 (2009/2010 edition) as a top-tier law firm for all of the practice areas surveyed, including Antitrust and Competition, Banking and Finance, Capital Markets, Corporate/M&A, Dispute Resolution, Employment, Insurance, **Intellectual Property, Intellectual Property: Patent and Trade Marks**, Projects and Energy, Real Estate, Shipping, Technologies, Media & Telecommunications and Tax.

Asia Pacific Legal 500 is published annually by Legalease, a leading independent publisher of legal market information.

PEOPLE

Ms. Yu Ri Yi joined Kim & Chang

We are pleased to announce that Ms. Yu Ri Yi, a Korean Patent attorney who received her Ph.D. in Pharmacy from the University of Tokyo (2009), joined the firm on November 2, 2009.

Mr. Bong Seop Kim joined Kim & Chang

We are pleased to announce that patent attorney Bong Seop Kim joined our firm on January 1, 2010. Prior to joining the firm in 2010, Mr. Kim accumulated 14 years of extensive experience at The Korean Intellectual Property Office. He also acted as a technical adviser in the Patent Court of Korea and is now working in the IP Electrical Practice Group of the firm.

Eui Chul Hwang, Hye Won Kang, Yoo Rim Kim, Seon Jeong Lee, Hyun Kyu Lee, Ji Woo Kim, Hye Jin Han, and Hyun Min Lee joined Kim & Chang

We are please to announce that Eui Chul Hwang, Hye Won Kang, Yoo Rim Kim, Seon Jeong Lee, Hyun Kyu Lee, Ji Woo Kim, Hye Jin Han, and Hyun Min Lee joined our firm on January 1, 2010. They are working in the IP Practice Group of the firm.