Newsletter

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PATENT

RECENT KEY CHANGES TO THE KOREAN PATENT ACT

The Korean National Assembly recently passed a new bill that implements several key changes to the Korean Patent Act. These changes will give applicants more options and increased flexibility, especially at the final rejection (or the "last preliminary rejection") stage of prosecution before the Korean Intellectual Property Office ("KIPO").

Relaxation of Amendment Rules at the Final Rejection Stage

Under the new rule, the applicant will generally have greater flexibility in amending claims after the final rejection (or the "last preliminary rejection"). One limitation under the current Korean Patent Act is in the situation where an applicant submits an amendment in response to a first office action and the examiner issues a further office action rejecting the claims (a so-called "last preliminary rejection"). Under the current rule, the permissible scope of claim amendments after the final rejection (or the "last preliminary rejection") is strictly limited to those for narrowing the scope of the claims, correcting typographical errors, or clarifying ambiguous description (indicated by the examiner), and such amendments may not result in substantive enlargement or change in claim scope.

According to a report issued by KIPO, about 56% of amendments made by applicants after the last preliminary rejection were disallowed based on violation of these strict requirements limiting the scope of permissible amendments. For example, the practical effect of these strict requirements was that even amendments narrowing the claim scope by adding new features supported by the specification were often disallowed because such addition of new features resulted in substantive change in claim scope. KIPO reports that about 30% of all disallowed amendments were based on this ground. As a result, it was difficult for applicants to cure procedural problems or minor errors after the final rejection (or the "last preliminary rejection").

The new rule clarifies that these types of narrowing amendments will no longer be viewed as changing the claim scope, generally allowing applicants greater flexibility when amending claims after the final rejection (or the "last preliminary rejection"). Furthermore, the new rule will narrow the application of the rule restricting amendment of ambiguous description to only those instances indicated by the examiner. The impact of these rule changes is expected to be significant. KIPO estimates that about 83% of amendments likely to be disallowed under the current rule will be permissible under the new rule.

This new procedure will apply to amendments filed after the effective date of the revised Act (July 1, 2009).

Introduction of "New" Reconsideration by Examiner Procedure

The new rule provides a procedural change that will make it easier for applicants to capture allowable claims and to make minor amendments after final rejection. Currently, to make any amendments to an application after final rejection, an applicant needs to first file a Notice of Appeal with the Intellectual Property Tribunal ("IPT"), and an amendment can only be made within thirty (30) days of such filing. When there is any amendment to the application after filing the appeal to the IPT, the case is returned to the Examining Division (the examiner) for reconsideration, but procedurally, an appeal to the IPT needs to be filed. Thus, even when the final rejection is likely to be overcome with a simple amendment to the application (such as deleting rejected claims while keeping allowable claims), the applicant needs to file a Notice of Appeal to make such an amendment. This effectively forces the applicant to appeal a case, even though appeals to the IPT were unnecessary in most cases. KIPO reports that about 73% of appealed cases matured into granted patents at the examiner's reconsideration stage (after applicant submitted amendments and filed a Notice of Appeal).

The new rule will allow applicants to file an amendment after final rejection while simultaneously requesting reconsideration of the claims based on the amendment, without having to file a Notice of Appeal with the IPT. In other words, after final rejection, the applicant will have the option of appealing the final rejection to the IPT (i.e., proceeding directly to the IPT for adjudication) or filing an amendment to the application with a Request for Reconsideration (for further consideration by the examiner). This new system is substantively very similar to the existing procedure (i.e., filing the notice of appeal and filing an amendment that triggers reconsideration by the examiner), but will streamline the procedure by eliminating the need to file the notice of appeal if the applicant intends to amend the application requesting examiner reconsideration, and will also save appeal costs for the applicant.

This new procedure will apply to applications filed after the effective date of the revised Act (July 1, 2009).

Greater Ability to File Divisional Applications

The new rule will provide an additional time period to file a divisional application after the "new" examiner reconsideration stage, allowing greater opportunity to pursue potentially allowable claims and/or to otherwise maintain pendency of the application. Under the current rule, a divisional application can only be filed within the prescribed period for filing amendments. Thus, the applicant's last opportunity to file a divisional application is within thirty (30) days of filing a Notice of Appeal after final rejection. Upon reconsideration of the amended claims, if the examiner maintains the rejection(s) for some claims, the entire application is forwarded to the IPT for appeal even if some of the remaining claims are allowable. At this stage, where the claims are rejected again after reconsideration by the examiner, the applicant cannot make any further amendments to the application (even those deleting finally rejected claims for pursuing only allowable claims), and the applicant cannot file a divisional application for the finally rejected claims. The new rule is intended to address this situation where applicants are left without many options for continuing prosecution, aside from proceeding with the appeal.

Under the new rule, applicants will have an additional opportunity to file a divisional application, even after the examiner's reconsideration of the amended claims, per the "New" Request for Reconsideration procedure. The new rule will allow an applicant to file a divisional application within thirty (30) days of receiving notice that the examiner further rejected the claims after reconsideration.

This new procedure will apply to applications filed after the effective date of the revised Act (July 1, 2009).

Introduction of *ex officio* correction

The new rule will provide authority to KIPO examiners to correct obvious errors on behalf of applicants. If examiners have no reason to reject the application, except for obvious errors (e.g. clear typographical errors and inconsistent reference numbers), examiners may correct these errors *ex officio*. In such cases, examiners may unilaterally correct these errors, issue a Notice of Allowance, and notify applicants of the corrections made. Applicants will then be provided an opportunity to object to the corrections by submitting a response within a certain timeframe. This new system is expected to provide a cost-effective way of correcting errors in an application and is aimed at reducing

delays in prosecution due to the unnecessary issuance of office actions.

This new procedure will apply to applications that mature into granted patents after the effective date of the revised Act (July 1, 2009).

Introduction of "*Pro Rata*" Late Fees for Payment of Registration Fees and Annuities

Under the current rule, if a registration fee or annuity is submitted after the deadline, applicants are required to pay a late fee equal to 100% of the registration fee or annuity respectively, within six months after the deadline, regardless of how long the fee is overdue. The new rule will allow applicants to pay "*pro rata*" late fees that are generally proportional to the lateness of the payment (e.g., 20% of the late fee within 1 month, 50% within 2-3 months, and 100% within 4-6 months). KIPO will announce implementation details of the "*pro rata*" late fee system soon.

This new procedure will apply to registration fees or annuities to be paid after the effective date of the revised Act (July 1, 2009).

KIPO expects that these new changes to the Korean Patent Act will address problems applicants have frequently encountered during patent prosecution. These rule changes demonstrate KIPO's further efforts to reinforce a customer-tailored patent system and are expected to ultimately provide applicants with greater flexibility, especially in the final stages of prosecution.

INCREASING ROLE OF KIPO AS AN INTERNATIONAL SEARCHING AUTHORITY

As companies continue to expand their worldwide patent portfolios, the selection of a proper International Searching Authority ("ISA") / International Preliminary Examination Authority ("IPEA") among the candidate authorities around the world is becoming an important aspect of worldwide patent prosecution. Among these candidate authorities, the Korean Intellectual Property Office ("KIPO") has emerged as an attractive candidate authority because of the quality, speed, and cost of the search results provided by KIPO.

KIPO first began work as an ISA and an IPEA in December 1999. In the years following, KIPO was selected as a competent ISA and IPEA by the following countries, conducting international searches and preliminary examinations for the same: Philippines (2001); Vietnam (2002); Indonesia (2002); Mongolia (2004); New Zealand (2005); Singapore (2006); and Malaysia (2006). On January 1, 2006, KIPO expanded its ISA/IPEA services to international applications filed with the United States Patent and Trademark Office ("USPTO") as a Receiving Office ("RO"), provided that the applications were submitted in English and that KIPO was expressly chosen as a competent authority. KIPO became only the second foreign patent office, following the European Patent Office ("EPO"), qualified to act as both an ISA and IPEA for U.S. international applications. This could be interpreted as international recognition of KIPO's search and examination quality.

Since KIPO became an ISA for U.S. PCT applications, the number of U.S. PCT applications designating KIPO as the ISA has sharply increased. Although KIPO was the 10th patent office to become an ISA, as of late 2007, KIPO was ranked 4th after the EPO, USPTO and Japanese Patent Office ("JPO") for total ISA designations. As shown in the table below, KIPO conducted more than 2,700 international searches for U.S. PCT applicants in 2007, which accounts for about 30% of the total international searches conducted by KIPO that year.

International Searches Performed by KIPO as ISA

Originating Country	2006	2007	Rate of increase
KR	5,163	6,071	17.6%
US	690	2,735	296.4%
Others	45	118	162.2%
TOTAL	5,898	8,924	51.3%

As PCT applicants ultimately have a choice in selecting an ISA/IPEA, some of the things considered by applicants are speed of results, fees, rate of accuracy, and relative convenience of using the particular patent office. One of KIPO's strong points is that search results are provided comparatively quicker than other patent offices, completing

a majority of international search reports (99.7%) within 18 months from the priority date, compared to the EPO (75%) and USPTO (20%). KIPO's search fee is also very competitive (approximately $700 USD based on an exchange rate of 1265 KRW per $1 USD) compared to the EPO (approximately $2,400 USD based on an exchange rate of 0.709 Euros per $1 USD) and the USPTO ($1,800 USD).

Over the years, KIPO has gained a reputation for providing high quality search results, due in part to the high education level of KIPO Examiners. Of an estimated 800 patent examiners, roughly 40% have a technical Ph.D. degree and many KIPO examiners are proficient not only in Korean, but in English and Japanese as well. KIPO's select group of PCT specialists includes 384 members (as of September 2007), drawn from a pool of senior Examiners with English proficiency and excellent examination track-records. Japan being traditionally a significant PCT and domestic patent filer, and Korea experiencing an increase in the number of patent filings, especially in the electronics field, the ability to search in both Korean and Japanese is now believed to be more important than ever. KIPO examiners have this unique searching ability and routinely exercise their skills in searching for Korean, English, and Japanese prior art, based on an in-house database maintained by KIPO, which includes over 124 million patents granted by the USPTO, EPO, JPO, and other patent offices. Notably, the KIPO database also maintains 318 different types of non-patent documents, comprised mainly of academic journals and books. KIPO examiners also use Web databases and electronic journals such as *CA, Delphion, EIL, STN, ScienceDirect, Springer*, etc.

Considering KIPO's unique ability to provide fast, low cost, accurate, and more diverse (multi-lingual) prior art searches, it is clear that KIPO's role as the ISA of choice for PCT applicants will only increase further.

KIPO REDUCES REGISTRATION AND ANNUITY FEES AND INCREASES CERTAIN FEES INCLUDING EXAMINATION FEES

The Korean Intellectual Property Office ("KIPO") recently announced revisions to certain official fees. The fee changes went into effect on **January 1, 2009**.

The fee changes include **decreases** to the registration and annuity fees (by an average of about 8.8% for registration/annuity years 1-9). According to KIPO, many patents generally expire within ten years from registration. Therefore, reducing the annuity fees for years 1-9 will be beneficial for a great number of patentees.

At the same time, the fee changes include **increasing** some official fees including, the examination fee, fee for an administrative action before the Intellectual Property Tribunal, PCT international search fee, and PCT international preliminary examination fee. According to KIPO, the increases are designed (1) to bring the fees in line with the actual cost of examination or administrative action; (2) to encourage applicants to request examination or file administrative actions before the IPT only for important cases; and (3) to bring KIPO's fees for PCT international search or preliminary examination up to a level that is comparable to those of other countries.

The changes are summarized in the following tables:

1. Changes to Registration Fees and Annuity Fees

	Year	Previous Official Fee per Year		Current Official Fee per Year	
		Basic fee	Additional fee for each claim	Basic fee	Additional fee for each claim
Patent	1~3	KRW 22,000 (About US$17)	KRW 15,000 (About US$12)	KRW 15,000 (About US$12)	KRW13,000 (About US$10)
	4~6	KRW 51,000 (About US$39)	KRW 23,000 (About US$18)	KRW 40,000 (About US$31)	KRW 22,000 (About US$17)
	7~9	KRW 114,000 (About US$88)	KRW 38,000 (About US$29)	KRW 100,000 (About US$77)	KRW 38,000 (About US$29)
Utility Model	1~3	KRW 17,000 (About US$13)	KRW 4,000 (About US$3)	KRW 12,000 (About US$9)	KRW 4,000 (About US$3)
	4~6	KRW 36,000 (About US$28)	KRW 9,000 (About US$7)	KRW 25,000 (About US$19)	KRW 9,000 (About US$7)
	7~9	KRW 76,000 (About US$58)	KRW 14,000 (About US$11)	KRW 60,000 (About US$46)	KRW 14,000 (About US$11)

* For purposes of this report, we are using an exchange rate of roughly KRWon 1,300 to US$1. Please note that the US$-KRW exchange rate has been fluctuating significantly in recent months.
* From year 10, there is no change.
* If a notice of allowance was issued before January 1, 2009, the previous fee schedule will apply for the first three years.

2. Changes to Request for Examination Fee

	Previous Official Fee		Current Official Fee	
	Basic fee	Additional fee for each claim	Basic fee	Additional fee for each claim
Patent	KRW 109,000 (About US$84)	KRW 32,000 (About US$25)	KRW 130,000 (About US$100)	KRW 40,000 (About US$31)
Utility Model	KRW 55,000 (About US$42)	KRW 14,000 (About US$11)	KRW 65,000 (About US$50)	KRW 17,000 (About US$13)

* According to the above changes, the KIPO official fee for filing a request for examination for a patent application having 20 claims (as an example) will increase by KRW 181,000 -- i.e., about US$139 per application.

3. Changes to Fee for Trial before the IPT

Previous Official Fee		Current Official Fee	
Basic fee	Additional fee for each claim	Basic fee	Additional fee for each claim
KRW 100,000 (About US$77)	KRW 11,000 (About US$8)	KRW 150,000 (About US$115)	KRW 15,000 (About US$12)

* According to the above changes, the KIPO official fee for trial before the IPT for an application having 20 claims (as an example) will increase by KRW 130,000 -- i.e., about US$100 per application.

4. Changes to Fee for International Search in KIPO for PCT Cases

Previous Official Fee	Current Official Fee	
	Report written in English	Report written in Korean
KRW 225,000 (About US$173)	KRW 900,000 (About US$692)	KRW 450,000 (About US$346)

* If the KIPO Examiner uses the ISR from a PCT application on which the present PCT application claims priority or the examination result of a Korean application relating to the PCT application while preparing the ISR, 75% of the paid fees will be refunded upon applicant's request.

5. Changes to Fee for International Preliminary Examination in KIPO for PCT Cases

Previous Official Fee	Current Official Fee
KRW 225,000 (About US$173)	KRW 450,000 (About US$346)

KIPO INTRODUCES A "HIGHLY EXPEDITED" TRIAL TRACK FOR *INTER PARTES* TRIAL ACTIONS

Korean Intellectual Property Office ("KIPO"), effective November 1, 2008, introduced a "highly expedited" trial track for adjudicating KIPO trial actions.

KIPO had recently announced its policy shift from fast-for-all examination to custom-tailored examination, which allows three examination tracks of expedited, normal or delayed examination, for examination of an application. KIPO's new announcement at this time expands the policy shift to "trial actions" before the Intellectual Property Tribunal ("IPT"), the administrative tribunal within KIPO. The *inter partes* trial actions handled by the IPT include invalidation actions and confirmation of scope actions.

Prior to the adoption of the new system, KIPO had two tracks for trial actions: (a) expedited; and (b) standard. Under the new system, KIPO will have three tracks: (a) highly expedited (called "shin-sok" trial); (b) expedited ("woo-seon" trial); and (c) standard ("il-bahn" trial). Under the new system, the parties can expect to receive trial decisions within: (a) **4 months** of filing of the trial petitions for **highly expedited trial cases**; (b) **6 months** for **expedited trial cases**; and (c) **9 months** for **standard trial cases**.

The new highly expedited trial track is allowed only for *inter partes* trial actions, such as invalidation actions and scope confirmation actions (and not for appeals from final rejections). In order to be qualified as a highly expedited trial action, both parties must consent to having the trial action highly expedited. In a "highly expedited case," it is expected that the IPT will hold an oral hearing within 1 month from the filing of the consent or response, and then issue a trial decision within 2 months from the date of the oral hearing.

KIPO will have a pilot period of three months from November 2008 through January 2009. Further developments or modification of the proposed system may occur after the pilot period.

TRADEMARK, DOMAIN NAME & COPYRIGHT

WARNER BROS. SUCCESSFULLY CHALLENGES REGISTRANT'S ABUSE OF TRADEMARK RIGHT

Kim & Chang represented Warner Bros. (Korea) Inc. ("Warner") and its licensees in Korea (collectively, the "Plaintiffs"), in seeking confirmation from the Seoul Central District Court that the Plaintiffs' use of a Korean company (the "Defendant")'s registered "TOM & JERRY" marks does not constitute trademark infringement. The Court ruled in favor of the Plaintiffs, holding that the Plaintiffs' use of the Defendant's TOM & JERRY marks does not constitute trademark infringement (Case No. 2008KaHap1861; decided on October 29, 2008).

Case Background

The Defendant filed over 50 applications for TOM & JERRY character marks, such as

" TOM & JERRY ," " " and " " (the "Subject Marks"), starting in 2005, across numerous goods and services categories in which Warner and its affiliates had not yet obtained trademark registrations. In 2007, the Defendant sent cease and desist letters to several Warner licensees in Korea merchandising products bearing the original TOM & JERRY character. The Defendant alleged trademark infringement and demanded Warner's licensees immediately suspend all use of the original character.

In response, Warner (through its affiliate, Turner Entertainment Co.), filed an invalidation action against one of the Subject Marks and at the same time, Warner filed a declaratory judgment action seeking confirmation that the Plaintiffs'use of Warner/Turner Group's TOM & JERRY marks (the "Cited Marks") does not constitute infringement on the Defendant's rights under the Subject Marks.

District Court Decision

Whether the Plaintiffs have standing to bring a Declaratory Judgment Action against the Defendant.

The Defendant argued that the Plaintiffs do not have standing to bring a declaratory judgment action, because (1) the Plaintiffs are not actually using the Cited Marks on goods identical/similar to each of the goods designated by the Subject Marks and (2) the present action is not an appropriate means for removing the existing legal uncertainty because the Plaintiffs could have filed i) a scope confirmation trial against the Subject Marks before the Korean Intellectual Property Tribunal, ii) a claim for confirming non-existence of damage compensation liability on the part of the Plaintiffs, or iii) a claim for enjoining the Defendant's acts of unfair competition.

However, the Seoul Central District Court held that (1) Warner is engaged in the business of executing license agreements with domestic licensees based on license and merchandising rights granted by Warner/Turner Group; and that the Defendant had demanded Warner's licensees suspend use of the Cited Marks, arguing Warner's aforementioned activities infringe upon the Defendant's trademark rights under the Subject Marks; and (2) the present action is an appropriate means for removing the existing legal uncertainty i) since the Plaintiffs would not be able to obtain a decision on whether the Defendant's exercise of its trademark rights for the Subject Marks constitutes abuse of rights through a scope confirmation trial, ii) since the claim for confirming non-existence of damage compensation liability would not confirm that the Plaintiffs have not been infringing upon the Subject Marks and iii) since the Plaintiffs would only be able to prevent the Defendant from using the Subject Marks through the unfair competition action, but not obtain confirmation that the Plaintiffs' use of the Cited Marks does not infringe upon the Subject Marks. Based on the above rationale, the court rejected the Defendant's arguments and held that the Plaintiffs have standing to bring a declaratory judgment action against the Defendant.

Whether the Plaintiffs' Use of the Subject Marks would infringe the Defendant's Trademark Rights.

The Seoul Central District Court acknowledged the below facts;

(i) The Cited Marks seem to have been already widely recognized in the U.S. and Japan as source identifiers at the time of the applications for the Subject Marks;

(ii) Turner Entertainment obtained 13 registrations for the Cited Marks in Korea during the period from July 18, 1994 to April 11, 2005 (before the earliest filing date of the Subject Marks), and its licensees have sold products bearing the Cited Marks in Korea from 1998 until before the filing date of the Subject Marks;

(iii) The Defendant registered the Subject Marks, taking advantage of the fact that Warner/Turner's registered marks designate limited goods;

(iv) The Subject Marks are similar to the Cited Marks;

(v) Since February 2007 the Defendant has demanded that Warner's licensees stop using the Cited Marks and instead execute a license agreement with the Defendant, alleging that use of the Cited Marks infringes the Defendant's rights to the Subject Marks filed in 2007; however, the licensees were duly granted the right to use the Cited Marks by Warner; and

(vi) The Patent Court held that one of the Subject Marks should be invalidated.[1]

In light of the foregoing, the Seoul Central District Court held that the Defendant's exercise of trademark rights against the Plaintiffs deviated from the purpose or functions of the trademark system, which aims to maintain business goodwill of trademark users and protect the interests of consumers, and disturbed fair competition and public order in business transactions. Thus, it cannot be allowed because it constitutes abuse of rights pertaining to the Subject Marks, despite the appearance of exercise of trademark rights - as such, the Plaintiffs'use of the Cited Marks does not constitute infringement of rights under the Subject Marks.

Comments

The Korean trademark system is based on the first-file rule and some Korean individuals/companies have obtained trademarks registrations which are identical/similar to famous marks/characters in bad-faith and have exercised their trademark rights by issuing cease and desist letters and filing criminal actions to obtain unjust profits. Owners of famous marks/characters may consider filing declaratory judgment actions to protect their licensees in Korea and/or their business from actual threats as well as filing invalidation actions for de-registering the imitative marks. It is expected that this decision will likely be cited in future trademark cases involving other famous character marks as a reference in support of trademark protection in Korea. This decision is currently under appeal before the Seoul High Court.

TIFFANY MAKES SUCCESSFUL TRADEMARK INFRINGEMENT CLAIM DESPITE DISSIMILARITY OF COMPARED SERVICES

Kim & Chang represented Tiffany and Company, the famous U.S. jewelry manufacturer and retailer (the "Plaintiff"), in two cases against a Korean company, Tiffany Consulting, Co. Ltd. (the "Defendant").

The Defendant, though not engaged directly in the jewelry business itself, had been conducting real estate leasing services using the mark "Tiffany in Korean transliteration" and the stylized mark "TIFFANY" on the outer walls of a commercial building. The Defendant rented all the shops located in the building in question to jewelry sellers, and the building was run as a jewelry wholesale

[1] While the declaratory judgment action was pending, the Patent Court held that the Defendant's " " mark should be invalidated due to the Defendant's bad faith intent to exploit the fame of the TOM & JERRY character. The Patent Court's decision was later upheld by the Supreme Court.

shopping center. The Defendant also obtained service mark registration for "Tiffany in Korean transliteration" designating shop lease services, shopping mall lease services, etc. Further, it was found that the Defendant owned the "www.itiffany.co.kr" domain name, and in the related website, it used the TIFFANY marks above for advertising rental services and for advertising jewelry products sold in the shops located in the building in question.

The Plaintiff filed a civil action against the Defendant, and the Seoul Central District Court recognized the similarity of the compared services (leasing services for a jewelry wholesale shopping center vs. jewelry retail services), after taking into consideration how the service mark was actually used, even though "leasing services" and "jewelry retail services" have been considered different (Case No. 2007Gahap44670; decided on January 29, 2008). Afterwards, in a cancellation action with the Intellectual Property Tribunal (the "IPT") filed by the Plaintiff against the Defendant's registered service mark "Tiffany in Korean transliteration," the IPT recognized the likelihood of confusion with the compared services based on the same reasoning as the Court, and cancelled the registration based on improper use of the mark (Case No. 2008Dang873; decided on November 12, 2008). The details of each of the decisions are as follows:

Decision of the Seoul Central District Court

The Plaintiff filed a civil action against the Defendant with the Seoul Central District Court, arguing that the Defendant's act of using marks such as the stylized mark "TIFFANY" and "Tiffany in Korean transliteration" on the outer walls of a building while engaging in leasing and advertising services for a jewelry wholesale shopping center under the trade name "Tiffany Consulting Co., Ltd." constitutes infringement of the Plaintiff's service mark registrations for "TIFFANY" and "TIFFANY & CO" covering jewelry sales brokerage services, jewelry sales agency services, jewelry retail services, etc. under the Korean Trademark Act and an unfair competitive act under the Unfair Competition Prevention and Trade Secret Protection Act.

The Seoul Central District Court held that even though the Defendant's business (i.e., leasing services for a jewelry wholesale shopping center) can be differentiated from the Plaintiff's jewelry retail services, the compared services should be considered similar for the following reasons:

(1) The Defendant's business of providing a venue and advertising for brokers or agencies directly selling jewelry has a close economic relationship with the Plaintiff's jewelry retail services;

(2) It is difficult to clearly distinguish between the targeted customers of the Defendant's leasing and advertising services for a jewelry wholesale shopping center, and the targeted customers of the jewelry selling services provided by the lessees of the Defendant; and

(3) In the case of a jewelry wholesale shopping center, the identifier used in leasing and advertising services could be perceived by consumers as being a service identifier comprehensively representing the jewelry sellers in the shopping center, rather than that of the lessor/advertiser of the shopping center alone.

Thus, the Seoul Central District Court ruled that the Defendant's act of using the marks at issue constitutes service mark infringement. Also, the Court ruled that the Defendant should de-register its company name as well as the domain name "www.itiffany.co.kr."

Decision of the Intellectual Property Tribunal

Under the dual court system, a claim for seeking deregistration of a mark cannot be combined with a civil action seeking enforcement against infringement. Thus, in order to deregister the Defendant's registration for the "Tiffany in Korean transliteration" mark designating shop lease services, shopping mall lease services, etc., the Plaintiff filed a separate cancellation action with the IPT based on improper use. Under the Korean Trademark Act, improper use occurs when the trademark owner creates consumer confusion with another party's mark by using its mark on non-designated goods or by using an altered version of its mark on the designated or non-designated goods.

In the cancellation action, the IPT held that the Defendant's use of the stylized mark "TIFFANY," which is an altered form from its registered form (Tiffany in Korean transliteration), in connection with shop lease services, will likely cause confusion with the Plaintiff's business based on the same reasoning as the Court. Thus, the IPT ruled that the Defendant's registration should be cancelled based on improper use.

The decisions of both the Court and the IPT became final and conclusive without appeals, and the Defendant has changed its name as a result.

IDRC GRANTS PETITION FOR DE-REGISTRATION OF GOOPLE.CO.KR

The Internet Address Dispute Resolution Committee ("IDRC")[2] recently ruled that use of the domain "www.goople.co.kr" (the "Subject Domain Name") by its registrant, Interpark Mobile Co. Ltd. ("Interpark Mobile"), dilutes the distinctiveness of the well-known GOOGLE mark of Google Inc. ("Google"), and thus ordered de-registration of the Subject Domain Name (Case No. D2008-A018; decided on October 22, 2008). Kim & Chang represented Google in its successful action before the IDRC.

Background History

Interpark Mobile obtained the Subject Domain Name and used it in connection with its match-making business, under the service name GOOPLE, with the catch phrase "Can love be searched?" Further, Interpark Mobile filed a trademark application for the mark "GOOPLE" in Korean (the "Subject Mark") designating dating services, etc. in Class 45.

As the mark "GOOPLE" can cause consumer confusion and dilute the reputation of well-known GOOGLE mark, Google sent a demand letter to Interpark Mobile requesting (i) change of its service name, (ii) withdrawal of the application for the Subject Mark, and (iii) deregistration of the Subject Domain Name.

Interpark Mobile responded that it created GOOPLE merely to have the meaning of "Good Couple," and had no intent to free-ride on the well-known status of the GOOGLE mark. Thereafter, Interpark Mobile changed its service name to "People541" and withdrew the application for the Subject Mark. However, Interpark Mobile refused to deregister the Subject Domain Name and automatically redirected traffic from the Subject Domain Name to a new website.

IDRC Action

Finally, Google filed an IDRC action seeking deregistration of the Subject Domain Name, arguing as follows:

- Interpark Mobile's use of the Subject Domain Name causes confusion with Google's services that are widely known in Korea;
- Interpark Mobile's use of the Subject Domain Name damages the distinctiveness and reputation of the well-known GOOGLE mark; and
- The Subject Domain Name is confusingly similar to the well-known GOOGLE mark, and Interpark Mobile's main purpose for registering the Subject Domain Name was to gain unjust profits by attracting users to its website through redirection of traffic from the Subject Domain Name.

Interpark Mobile argued that the petition to de-register the Subject Domain Name should be dismissed based on the following grounds:

- Interpark Mobile has no intent to cause consumer confusion or to unfairly benefit from the well-known status of the GOOGLE mark. GOOPLE is a coined word referring to 'good couple' or 'good people.'
- Interpark Mobile has changed its GOOPLE service name to 'People541' and withdrew the application for the Subject Mark pursuant to Google's request.
- The traffic for the Subject Domain Name is directed to another website, where a notice on the change of the service name and domain name is posted. Thus, there is no possibility of consumer confusion as to the source of the service.
- Interpark Mobile uses the Subject Domain Name simply as a convenience to its users who may still recognize its dating service name as GOOPLE.
- Interpark Mobile has never requested monetary compensation for transfer of the Subject Domain Name to Google. Thus, it cannot be said that Interpark Mobile's registration and use of the Subject Domain Name are to sell or lend it to its rightful title holder or any third party for profit.

[2] The IDRC is a sub-body of the National Internet Development Agency of Korea, the local agency responsible for domain name registrations. The IDRC was established to provide an effective dispute resolution mechanism for domain names whose ccTLD is "kr."

IDRC Decision

The IDRC panel found that the registrant's use of the Subject Domain Name dilutes the distinctiveness of GOOGLE (regardless of whether it causes consumer confusion), pointing out the following factors:

(i) Google's GOOGLE mark has acquired well-known status throughout the world, including in Korea;

(ii) The core portion of the subject domain name, GOOPLE, is similar to GOOGLE; and

(iii) The registrant has directed traffic from the Subject Domain Name to an alternate website, thereby using the Subject Domain Name in connection with online dating and chatting services provided at said website.

The IDRC decision has become final without an appeal, and accordingly, the Subject Domain Name has been de-registered.

SEOUL HIGH COURT RULES ON LIABILITY OF INTERNET PORTAL SITE FOR PROVIDING IMAGES IN SEARCH ENGINE SERVICE WITHOUT PERMISSION OF COPYRIGHT HOLDER

The Seoul High Court recently issued a decision admitting partly a photographer (the "Plaintiff")'s claim for damages against an Internet portal site operator (the "Defendant") for the Defendant's alleged infringement of copyrights by displaying photographs posted in the website of the Plaintiff in the Defendant's image search engine service (Case No. 2008 Na3577, November 19, 2008).

In this case, the Court issued its judgment according to the forms in which the images were provided in the Defendant's image search engine service as follows:

1. Providing thumbnail images (downsized from original images to 3cm * 2.5cm size images) of the Plaintiff's photographs does not constitute infringement of the Plaintiff's copyrights because the published copyrighted works are used in compliance with fair practices within a justifiable scope considering that (1) if the thumbnail images are enlarged to the size of the original images, the images could be clearly distinguished from the original images owing to the poor definition of the enlarged thumbnail images, (2) the thumbnail images are used for the public purpose of listing of images in order to provide an Internet search engine service, and (3) the thumbnail images cannot substitute for aesthetic appreciation of the original images.

2. Providing small (but larger than thumbnail) images (500 * 330 pixels, in case of printout 17.64cm * 13.23cm) of the Plaintiff's original photographs (765 * 510 pixels, in case of printout, 27cm * 18cm), without permission constitutes infringement of the Plaintiff's rights to reproduce, display and transmit the photographs. However, the Court ruled that the Defendant did not infringe the author's attribution right because the Defendant displayed the Plaintiff's webpage addresses and source webpages of the original images and linked to the webpage of the Plaintiff.

3. Showing contents of the webpage of the Plaintiff in the lower frame of the result screen of an image search (with the thumbnail image in the upper frame) and linking to the webpage of the Plaintiff when user clicks 'to close frame' does not constitute infringement of the Plaintiff's rights to reproduce, display and transmit the photographs.

4. Providing thumbnail or larger images as internal images, which members of the Defendant's portal site uploaded and displayed in their own Internet bulletin boards or blogs and indicating and linking to such blogs as sources of images does not constitute aiding and abetting of copyright infringement. The Court ruled that it cannot impose liability on the Defendant in such case, because the obligation cannot be imposed on the Defendant to monitor or control completely all illegal activities relevant to the uploading of content by its members in private Internet communities, considering that (1) Internet bulletin boards or blogs, in which members of the Defendant uploaded and displayed photographs of the Plaintiff, are private cyber spaces managed and administrated independently by

members and rights to revise, delete and determine whether to make the relevant content public vest only in administrators of such boards or individuals uploading the relevant photographs, (2) in its standard contract terms and conditions for members, the Defendant states expressly that members shall upload only lawful photographs and shall accept all relevant legal liabilities for such uploading, (3) anyone whose copyrights are infringed by the website service of the Defendant may report such infringement to the Defendant and the Defendant takes active protection measures regarding copyrighted works upon receiving reports of infringement, (4) it is difficult to determine whether a member uploading photographs has the right to do so and there is no technical measure to sort lawfully used photographs automatically in this case because the photographs of the Plaintiff are general nature photographs and did not include indication of copyright, such as a watermark.

Both parties filed appeals against the decision and the case is currently pending before the Supreme Court.

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