

Newsletter

KIM & CHANG

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NEW PATENT PROSECUTION HIGHWAY PILOT PROGRAM BETWEEN THE KOREAN INTELLECTUAL PROPERTY OFFICE AND THE UNITED STATES PATENT AND TRADEMARK OFFICE

The Korean Intellectual Property Office (KIPO) and the United States Patent and Trademark Office (USPTO) recently announced a pilot program for the Patent Prosecution Highway (PPH). The PPH pilot program promotes fast-track patent examination in KIPO and the USPTO to allow applicants to obtain corresponding patents faster and more efficiently in each country. It will also permit each office to benefit from search and examination results previously done by the other office, in turn reducing the examination workload and enhancing the overall quality of examinations. KIPO expects that, by utilizing the PPH program, the examination periods in the U.S. and Korea could be shortened to 12 months and 3 months, respectively, which will reduce the current examination periods by 13 months and 6.8 months, respectively.

The purpose of the trial program is to assess the interest of applicants and determine if the program improves quality and efficiency and reduces the workload at KIPO and the USPTO. The trial period started on January 28, 2008 and is set to expire after a year, but may be extended for up to one year or terminated earlier depending on the volume of activity and other factors.

Under the PPH program, an applicant whose claims are determined to be allowable/patentable in the Office of first filing (OFF) can request that the Office of second filing (OSF) accelerate the examination of a corresponding application where the OSF is allowed to utilize the search and examination results of the OFF. While KIPO and the USPTO can generally reciprocally share the search and examination results from each other, the specific procedures and requirements for participation in the PPH pilot program are somewhat different between the two different offices.

Where the USPTO is the OFF and the U.S. patent application contains claims that are determined to be allowable/patentable, the U.S. applicant may likewise request accelerated examination in KIPO, based on the PPH program, for the corresponding Korean application filed in KIPO as the OSF. The requirements for filing a request to KIPO for participation in the PPH pilot program are as follows:

- the Korean application validly claims priority to an application in the USPTO (including applications that enter into the Korean national phase based on a PCT application, which has no priority claim and indicates both KIPO and USPTO as Designated Offices as well as applications that claim priority to a PCT application that has no priority claim);

- the U.S. application has at least one claim which is determined to be patentable/allowable;
- all claims in the Korean application sufficiently correspond to, i.e., are practically the same as, the claims which are determined to be patentable/allowable in the U.S.; and
- the official fee for the PPH program (KRW 167,000, corresponding to about USD 177 at the current exchange rate) is paid to KIPO.

In addition, the following documents must be submitted in order to allow KIPO to exploit the search and examination results of the USPTO under the PPH program:

- copy of claims which are determined to be allowable/patentable by the USPTO;
- copies of all office actions in the USPTO;
- copies of (non-patent) references cited by the USPTO examiner (if any); and
- a claims correspondence table, explaining how the claims in the Korean application correspond to the allowable/patentable claims in the U.S. application.

Further information regarding the procedures and requirements for filing a request to KIPO for participation in the PPH program are available from the KIPO site.

KOREAN SUPREME COURT RULES THAT KOREAN LAW SHOULD BE APPLIED TO A DOMAIN NAME-RELATED DISPUTE INSTEAD OF THE UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY

The Korean Supreme Court recently remanded a case relating to a domain name dispute to the Seoul High Court, an appellate-level court, ruling that Korean law should be applied notwithstanding the agreement to be bound by the Uniform Domain Name Dispute Resolution Policy (UDRP).

In its decision (Case No. 2004Da72457, February 1, 2008), the Supreme Court held that the lower court erred in finding that the Petitioner-registrant had agreed to be bound by the UDRP by giving express consent to the standard agreement with the registrar as part of the registration procedure for the domain name at issue and, as a result, that the Respondent is entitled to bring a lawsuit seeking injunctive relief prohibiting the Petitioner's use of the domain name in accordance with the UDRP. The Supreme Court held that the case should be reviewed and decided under the applicable law, not under the UDRP, because the agreement had no binding effect on the substantive rights of the Petitioner and the Respondent since it was executed between the Petitioner and the registrar. Thus, without reviewing the substance of the case at issue, the Supreme Court ruled in favor of the Petitioner due to the procedural defect in the choice of the governing law.

This decision suggests that the applicable law in this case is not the UDRP, but rather the relevant Korean laws, such as the Trademark Act and the Unfair Competition Prevention and Trade Secret Protection Act. Based on this Supreme Court decision, the Seoul High Court is expected to conduct a further review of whether the registration of the domain name at issue contravenes Korean law.

PATENT-PRODUCT REGISTRATION LINKAGE SOON TO BE INTRODUCED IN KOREA

The recent Korea/U.S. Free Trade Agreement (FTA) contains several significant provisions affecting patents and pharmaceutical products, including a provision similar to the Hatch-Waxman Act in the U.S. While the legislative and executive ratification procedures in both countries still remain, it is expected that the final ratification will likely

occur before the end of 2008. In this regard, the Ministry of Health and Welfare (MOHW) has prepared draft amendments to the Pharmaceutical Affairs Act (PAA). The following summarizes the major points of the FTA regarding patent-product registration linkage and the draft amendments to the PAA.

Patent-Product Registration Linkage

The recent Korea/U.S. FTA contains a key provision regarding pharmaceutical patents in Korea, which sets up a system to suspend the approval process for a generic product when the original developer files a patent infringement action. In particular, the FTA states that a patentee must be notified if others file an approval application for a generic product and that measures to suspend the approval process must be taken by the Korean Food and Drug Administration (KFDA) to prevent generic sales. This agreement reflects the U.S. practice in which a generic product registration is stayed upon the filing of a legal action by the original drug patentee.

Draft Amendments to the PAA

The draft amendments to the PAA are currently before the Korean National Assembly and contain the following provisions:

Paragraph 1: Listing of patent information by the KFDA (similar to the Orange Book in the U.S.);

Paragraph 2: Notice of generic approval filing to the listed patentee;

Paragraph 3: Filing of a patent-related dispute by the listed patentee within 30 days from receiving the notice under Paragraph 2;

Paragraph 4: Conditional approval in case a patent-related dispute is filed, etc.; and

Paragraph 5: Detailed regulations to be later implemented by the MOHW

In connection with above Paragraph 2 of the draft amendments to the PAA, Article 18.9 of the FTA, entitled "Measures Related to Certain Regulated Products," states that "the patent owner shall be notified of the identity of any such

other person that requests marketing approval to enter the market during the term of a patent notified to the approving authority as covering that product or its approved method of use." According to materials released by the MOHW, the types of patents eligible for listing will include product and approved use patents, although this is subject to change.

The draft amendments to the PAA state that Paragraphs 1-3 and 5 will be effective as of the ratification date of the FTA, while Paragraph 4 will be effective 18 months after the FTA ratification date. Further details are still being worked out by the MOHW and should be announced before the FTA implementation deadline. Although not definitive, according to the documents released by the MOHW, it is expected that generic registration will be stayed for up to 12 months upon the filing of a legal action by the original drug patentee. The KFDA's rationale for this "12 month" period, which is much shorter than the 30 month stay in the U.S. system, is that it reflects the longest average time that is required for a first instance decision in a patent scope confirmation or invalidation trial (i.e., about 6 months), a preliminary injunction action (i.e., about 9 months) or a main action (i.e., about 13 months) in Korea. In addition, the KFDA plans to implement a reward system, where a person who challenges and invalidates a patent for a pharmaceutical product will be rewarded with an exclusive marketing right for the product for 180 days.

While the Korean product registration system and patent system have operated independently from each other, where the KFDA would conduct the approval processes for generic products without notifying the relevant patentees, with the soon to be introduced patent-product registration linkage system, patent protection for original pharmaceutical products in Korea is expected to be strengthened significantly.

SCOPE OF PATENT PROTECTION IN KOREA NOW BROADENED TO INCLUDE CERTAIN INVENTIONS RELATING TO MEDICAL DIAGNOSTIC METHODS

The Korean Intellectual Property Office (KIPO) announced the amendment of its Examination Guidelines regarding the patentability of inventions relating to medical diagnostic methods, effective as of January 1, 2008. Prior to this amendment, medical diagnostic methods, in general, were not patentable in Korea, because such diagnostic methods were construed as methods which had to be practiced on a human body and, thus, were considered industrially inapplicable. Under the amended Examination Guidelines, however, certain types of medical diagnostic methods, which do not involve "direct" contact with the human body, are patentable.

According to the amended Examination Guidelines, medical diagnostic methods involving an "indirect" contact with the human body (hereinafter referred to as "virtual medical diagnostic methods"), such as those utilizing urine or tissue samples, would be patentable, if they do not involve any "clinical judgment," i.e., "mental activity judging the status of a disease or health based on medical knowledge and experience."

Prior to the amendment, not only medical diagnostic methods involving a "direct" contact with the human body, but also any virtual medical diagnostic method - despite the absence of any direct involvement of the human body - was rejected by KIPO for lack of industrial applicability. However, as various technologies, such as biotechnology, electronics, optics, and nuclear energy, are increasingly being used in the medical field, more and more medical diagnostic methods, which do not involve any "direct" contact with the human body, have been emerging. As a result, voices have been constantly raised worldwide, advocating that diagnostic method inventions which do not involve any "direct" contact with the human body should be included in the scope of patent protection. The recent amendment to KIPO's Examination Guidelines is a reflection of the current international trend (including the European Patent Office) that regards the granting of a patent for clinical judgment utilizing a doctor's medical knowledge and experience inappropriate for public policy reasons, but considers diagnostic technology which does not involve a doctor's opinion and "direct" contact with the human body an advance in technology which can be patented.

Under the amended Examination Guidelines, virtual medical diagnostic methods of data collection (including methods of data analysis, testing, and measurement) may

receive patent protection, as long as they do not involve clinical judgment. For example, methods of detecting albumin from urine in order to diagnose kidney-related diseases, methods of placing electrodes to record an electrocardiogram, and methods of detecting cancer marker A via an antigen-antibody response with patient's samples in order to provide information necessary for colon cancer diagnosis were all previously unpatentable but are now patentable under the amended Examination Guidelines. However, a virtual medical diagnostic method would not be patentable if it involves "clinical judgment," i.e., if the claim is directed to a "method of diagnosing colon cancer characterized as detecting cancer marker A via an antigen-antibody response with patient's samples; and determining the presence of colon cancer thereby." In addition, any medical diagnostic method involving "a direct and non-temporary action on a human body," e.g., a method of detecting Protein A comprising the steps of withdrawing a sample from a human (where the sample is withdrawn by surgical act) and providing an antibody to said sample, would still not be patentable under the amended Examination Guidelines. Furthermore, methods of surgery or treatment are still regarded as unpatentable subject matter under the amended Examination Guidelines.

In view of the above amendment to KIPO's Examination Guidelines, filings of Korean patent applications claiming medical diagnostic method inventions are expected to rise, presenting new opportunities for inventors of medical diagnostic methods to make inroads in the Korean medical diagnostics market by acquiring patents on such methods.

AMENDMENT TO THE REGULATIONS OF THE DESIGN PROTECTION ACT IN KOREA

An amendment to the Regulations of the Design Protection Act was announced on June 29, 2007. The amendment entered into force as of January 1, 2008 and applies to design applications filed on or after January 1, 2008. The major details of the amendment are as follows.

Omission of Certain Drawings for Design Applications

Under Article 9(2) of the Design Protection Act, a design application must be accompanied by drawings, or replaced by photographs or a sample. As a rule, the drawings must include six (6) views and one (1) perspective view of the design article. The six views are front, rear, left and right side, and top and bottom views. If one view is identical or a mirror image of the other view, then either the top or bottom view, the left or right side view, the front or rear view can be omitted.

With the new amendment, an applicant is allowed to omit all other views except for one, if there are several identical views among the six views. In addition, in case of visual designs such as graphical user interface, icons, and graphic images, the new amendment allows an applicant to omit the other views except for the front elevation view. The purpose of this amendment is to increase convenience and efficiency for the applicant when filing a design application.

Expansion of Subject Goods for Non-Examination Design Registrations

Since 1998, the Design Protection Act has adopted a non-examination registration system, which allows goods that are designated in the list provided by the Regulations of the Design Protection Act to be registered without any substantive examination. Goods included in this list are subject to rapidly changing trends, such as fashion items. Designs falling under this system will be registered after inspection of only the very basic and perfunctory matters, such as whether the application for the design is in the appropriate format, whether there is a possible concern for the design to harm public order or morals, whether the design is industrially applicable, and whether the design can be easily created on the basis of a well-known design in Korea. This system allows the designs of such goods to be promptly established as a right.

Previously, goods in the following National Goods Classes were the only subjects eligible for a non-examination design registration:

- > B1: Clothing
- > C1: Bedclothes, curtains, etc.
- > F3: Office paper, printed matter, etc.
- > F4: Label, packaging container, etc.
- > M1: Textiles, etc.

The new amendment has further expanded the subject goods eligible for the non-examination design registration to the following goods:

- > A1: Processed foods such as chewing gum, snacks, chocolate, etc.
- > Visual design such as graphical user interface, icons, and graphic images

The purpose of this amendment is to allow prompt registrations for the above goods whose life cycles are relatively short and are vulnerable to trends.

KOREAN COURT RECOGNIZES SHAPES OF "KELLY" AND "BIRKIN" BAGS BY HERMÈS INTERNATIONAL AS WELL-KNOWN SOURCE IDENTIFIERS





[Defendant's Bags]



[Hermès' Kelly and Birkin Bags]

The bags of Hermès International (hereinafter referred to as “Hermès”), the manufacturer of luxury bags and leather products, have been imported and sold in prestigious department stores in Korea since 1997. Hermès’ bags known as “Kelly” and “Birkin” are leather handbags typically trapezoidal in shape and original in appearance in that the lid closes over the bag entirely from back to front, with leather straps crossing over the lid and fastening in the middle with a buckle.

Upon discovering a Korean manufacturer selling bags similar to its own, Hermès recently filed a lawsuit to enjoin such acts of unfair competition, on the grounds that (1) the defendant’s bags are likely to cause confusion as to the source because they are similar in appearance to the Kelly and Birkin bags by Hermès widely known in Korea, and (2) the defendant was using the registered trademark of Hermès “” on its bags.

In its decision (Case No. 2007Gahap44687, January 31, 2008), not only did the Seoul Central District Court rule in favor of Hermès regarding its trademark infringement claim against the defendant’s use of the “” mark, but it also sustained Hermès claim under the Unfair Competition Prevention and Trade Secret Protection Act (UCPA). To prevail under the UCPA, a claimant must prove that (i) the asserted mark is well-known in Korea as a source identifier; (ii) the cited use must be similar or identical to the well-known mark; and (iii) a likelihood of confusion exists as a result of the similarity.

The court acknowledged in its decision that, although generally a product shape is not used for source identifying function, if:

- the product shape is very unique,
- the product has distinctive feature(s) used exclusively for a long time, or
- the product has distinctive feature(s) vigorously advertised in a short period,

such product shape may be recognized as a source identifier.

The court further reasoned that, in the case of products such as handbags, the major motive leading to the purchase would be the visual beauty produced by the combination of shape, color, value of the trademark, and

image, etc. In particular, in the case of costly luxury handbags, which are manufactured in a small quantity and sold to a limited number of customers, their shapes are individually characteristic and their advertisement throughout the world often results in the shapes of the products acquiring a source identifying function. Thus, the court recognized in the above case that the Kelly and Birkin bags have acquired such source identifying function among consumers, precisely for their distinctive features and the exclusive use of their shapes.

In light of the above, the Seoul Central District Court finally held that the defendant’s acts of manufacturing and selling confusingly similar bags did in fact constitute unfair competition.

RECENT EFFORTS BY THE KOREAN INTELLECTUAL PROPERTY OFFICE TO TAKE ACTION AGAINST WEBSITES SELLING OR OFFERING TO SELL COUNTERFEIT GOODS

The Korean Intellectual Property Office (KIPO) announced its recent efforts to coordinate with the Korea Internet Safety Commission (KISCOM) in taking down any websites selling or offering to sell counterfeit goods.

According to the latest reports from KIPO, there were 78 cases during the period of November 2007 to December 2007 in which, pursuant to KIPO’s requests to KISCOM, the infringing website was taken down, the problematic contents were deleted, and the problematic IDs were deleted, etc. In practice, however, KIPO has been requesting KISCOM to issue its decision only in cases where all of the below conditions are met:

1. The trademark at issue is registered with KIPO;
2. It is a clear-cut (not disputable) trademark infringement case; and
3. The trademark at issue is well-known in Korea.

Thus, cases eligible for an investigation by KISCOM are essentially limited to websites for online sales of goods, which blatantly counterfeit famous trademarks registered with KIPO. Additional details on the recent efforts by KIPO are as follows.

Background

For many years, KIPO has made ongoing attempts to prevent the sale of counterfeit goods, both online and offline, in conjunction with the police, the prosecutor's office, etc. As part of this initiative, a formal procedure was recently established, whereby KIPO would request KISCOM to issue a ruling in cases involving the taking down of an infringing website. KIPO has been making such requests to KISCOM since November 2007.

Relevant Legislation

Article 44-7(1) of the Act of the Promotion of the Utilization of Information, Communication Systems and the Protection of Information ("the Act") provides the specific grounds for taking down websites selling counterfeit goods. The Act states that "no one is allowed to circulate information for the purpose of carrying out an illegal activity or for the purpose of aiding or abetting an illegal activity" where the phrase "illegal activity" is construed by KIPO and KISCOM to include infringing activities of selling counterfeit goods through a website. This provision previously existed under the Telecommunications Business Act, but was later moved to the Act by its amendment on January 26, 2007 (effective as of July 26, 2007), in order to expedite the utilization of the provision.

Procedures

KIPO's procedure for taking down websites selling or offering to sell counterfeit goods can be summarized as follows:

- When an infringing website is discovered by KIPO, either by notice from the trademark owner or through its own search, KIPO requests KISCOM to review the website to determine whether any actions (i.e., removal or closure) should be taken against it. In addition, KIPO must submit substantiating evidence

to support its request for taking down the subject website. If the request is directly made by KIPO's chief of public administrations, then KISCOM must render its decision within seven (7) days of receipt of the request.

- Upon review, if KISCOM finds that the subject website sells or offers to sell counterfeit goods, it can issue a notice to the website's owner / operator and / or service provider, requesting the removal of infringing activities, the blocking of access to the information, or immediate shutdown of the website. In response, the recipient can file an opposition, if desired, within fifteen (15) days of receipt of the initial notice. If an opposition is filed, KISCOM must issue its final decision on the merits within fifteen (15) days of the filing of the opposition. Once this final decision is issued, it cannot be further opposed.

If the infringing party or its agent/service provider fails to carry out the remedial measure(s) as ordered, then KISCOM can request the Minister of Information & Communication ("Minister") to issue a formal order to the same effect on the infringing party. Before issuing its formal order, the Minister will provide an opportunity for the infringing party to respond. If the infringing party still refuses to comply, then the party may be imposed with a penalty of imprisonment not exceeding two (2) years or a fine not exceeding 10,000,000 Korean Won, which is equivalent to about USD 11,000.

MATTEL WINS VICTORY IN KOREAN DISTRICT COURT OVER KNOCK-OFF SHOES

In *Mattel, Inc. v. Kapa Korea* (Case No. 2007Gahap44939, December 26, 2007), the Seoul Central District Court held that Kapa Korea ("Kapa") violated the Unfair Competition Prevention and Trade Secret Protection Act (UCPA) by manufacturing shoes that were identical in form and substance to Mattel, Inc.'s shoes.

Under an amendment to the UCPA in 2004, introducing a new provision regarding a new cause of action against "dead copy" product design infringement, "the act of assigning, renting, displaying, importing, or exporting a

product which imitates the appearance of another person's product (i.e., the product's shape, pattern, color, gloss, or a combination of these attributes)" is prohibited, provided that (i) the imitation product is made within three years after the original product was made; and (ii) the product shape is not a commonly used form for such products.

This new cause of action against "dead copy" product design infringement is different from other UCPA claims in that there is no requirement that the original product design be "famous" or "function as a source identifier." Due to its relatively short history, there have only been a few cases involving the "dead copy" provision of UCPA.

In *Mattel, Inc. v. Kapa Korea, Mattel, Inc.* ("Mattel") created and launched the Love-Velcro Barbie character shoes for children (depicted in below photograph) in 2006 and distributed the shoes in Korea through a Korean distributor.



Kapa imported shoes similar to Mattel's Love-Velcro shoes from China (depicted in below photograph) and started to sell them in Korea beginning in January 2007.



In its decision, the Seoul Central District Court defined the term "imitate" within the dead copy provision as the act of producing an identical or substantially identical product by relying on a prior product. Furthermore, the court noted that the totality of the circumstances surrounding the junior product, such as the level, substance, effect, and difficulty of modification from the original product, should be considered when determining whether the junior product is substantially identical to the prior product design. The court further noted that it is not necessary that the prior product possess originality or that the junior product be an exact replica of the entire prior product.

In its defense, Kapa argued that many of the features of its shoes were commonly used and did not amount to an imitation of Mattel's products. Specifically, Kapa claimed that the pink flower pattern and heart-shaped design, as well as the lighting function, are commonly used ornamentations on shoes and inline skates.

The court, however, reasoned that the lighting bulb and pink flower and heart-shaped patterns were essential features specific to Mattel's Love-Velcro shoes, which distinguished them from other shoes.

In view of the above, the court held that the main features of Kapa's shoes were substantially identical to those of Mattel's Love-Velcro shoes, because the two designs share the following features: (i) the stylization, location, and color of the flower designs; (ii) the color and design of the three heart-shaped designs (a heart embracing a smaller heart); (iii) a small bead-shaped bulb attached to each heart-shaped design; and (iv) the color of the shoes (white and pink). Therefore, the court concluded that the importation and sale of Kapa's product were subject to the dead copy provision of the UCPA. There were no further appeals against this decision; thus, this decision is final and conclusive.