

# Lee International

## IP & LAW GROUP

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### PATENT

#### 2009 Revision to the Korean Patent Act and Utility Model Act

On January 8, 2009, the Korean National Assembly passed a revision to the Korean Patent Act and Utility Model Act. The revision will take effect as of July 1, 2009.

#### SUMMARY OF THE REVISIONS

- I. Reduction of Amendment Restrictions (applicable to all amendments made after the effective date of the revised law)
  - a. Pre-revised
    1. Even when an amendment is made after the issuance of a final notice of an Office Action, if the scope of claims substantially changes as a result of narrowing the scope of claims, the amendment will not be accepted.
    2. When a final rejection is issued as a result of an amendment that adds new matter, it is not possible to delete the new matter to restore the earlier claims.
  - b. Revised
    1. When an amendment is made after the issuance of a final notice of an Office Action, an amendment to narrow the scope of claims is not considered to substantially change the scope of claims, and thus will be accepted.
    2. Even when a final rejection is issued as a result of an amendment that adds new matter, it is possible to delete the new matter to restore the earlier claims.
  - c. Objective
    1. The applicant is allowed to narrow the scope of claims without restriction to overcome a rejection.
    2. It is possible to rectify the applicant's mistakes or errors.

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## II . Revision of Reconsideration System (applicable to applications filed after the effective date of the revised law)

### a. Pre-revised

When a final rejection is issued, in order for the application to be reconsidered by the Examiner who issued the Office Action, an appeal from the final rejection must be filed for the application to be reconsidered prior to the commencement of normal appeal procedures.

### b. Revised

If reconsideration is requested simultaneously with the filing of an amendment (similar to the RCE system in the U.S.), the application is reconsidered by the Examiner who issued the Office Action without the filing of an appeal from the final rejection.

### c. Objective

Relieving the applicant of various obligations (including cost, time, complicated procedure, and the like) required to file an appeal in order to seek reconsideration of the application after the issuance of a final rejection.

## III . Extension of Time For Filing A Divisional Application (applicable to applications filed after the effective date of the revised law)

### a. Pre-revised

There is no opportunity to file a divisional application after reconsideration.

### b. Revised

It is possible to file a divisional application for only patentable claims before filing an appeal after the Examiner's decision to maintain the final rejection resulting from reconsideration.

### c. Objective

The applicant is allowed an additional opportunity to obtain a patent.

## IV . Introduction of Examiner's Ex-Officio Correction System (applicable to applications for which decision for a patent is granted after the effective date of the revised law)

### a. Pre-revised

Where minor defective descriptions, such as

apparent clerical errors, inconsistent reference numerals, and the like, are found in the specification and claims, an Office Action is issued.

### b. Revised

The Examiner may correct minor defective descriptions *ex officio*, and then notify the applicant about the corrected matters for confirmation.

### c. Objective

A delay in procedure caused by the issuance of unnecessary Office Actions is avoided.

## V . Introduction of Prorated Late Payment of Annuities (applicable to cases where issuance fees are paid after the effective date of the revised law)

### a. Pre-revised

When payment for the issuance fees is late, the issuance fee doubles regardless of the number of days past the due date.

### b. Revised

When payment for the issuance fees is late, the late fee is prorated by the number of days past the due date, and will not exceed twice the original issuance fee.

### c. Objective

Relieving the patentee of excessive payment.

## VI . Exceptions to PCT Applications Filed in Korean Language (applicable to PCT applications filed in Korean language on or after January 1, 2009)

### a. Pre-revised

1. A Korean national phase application is separately laid-open from the PCT international publication.
2. Right to receive compensation related to a Korean national phase application exists after the application is laid open in Korea.

### b. Revised

1. A Korean national phase application will be deemed to be laid-open when the PCT international publication filed in the Korean language is published.
2. Right to receive compensation related to a Korean national phase application exists after the PCT international application filed in the Korean language is published.

### c. Objective

To comply with the adoption of the Korean language as a PCT international publication language.

## VI. Revision to the Utility Model Act

The Utility Model Act has been revised to the same effect as the Patent Act.

## Publication of Korean Pharmaceutical Company Directory

The Korea Health Industry Development Institute ("KHIDI") has recently published the 2008 Korea Pharmaceutical Industry Directory, which provides information on Korean pharmaceutical companies.

The first edition of this directory was published last year. This directory contains basic information about pharmaceutical companies, including their main products, research and new developments, main patents, and locations.

The 2008 Korea Pharmaceutical Industry Directory is available in Korean and English. The English version may be obtained from Lee International's website<sup>1</sup>.

## Supreme Court: Invention Described by Pharmaceutically Acceptable Ester is Clear

On December 24, 2008, in a ground-breaking decision, the Korean Supreme Court held that the description, "pharmaceutically acceptable ester," recited in a patent application was clear and thus, did not render the invention unclear. (Case No. 2007 Hu 2230).

### A. Background

Prior to this decision, the Korean courts and the Korean Intellectual Property Office ("KIPO") have routinely found that for a compound invention, a patent application that includes a prodrug, such as "an ester," in its claims is defective pursuant to Article

42(4)(ii) of the Patent Act, which does not allow the claims of a patent application to use terms that render the invention unclear. Specifically, they found that an ester recited in a claim rendered an invention unclear.

### B. Prosecution History of Supreme Court Case No. 2007 Hu 2230

The KIPO found the description, "the pharmaceutically acceptable ester of imidazole derivative of formula 1" recited in Claim 1 of the application to be unclear because the subject was not defined by specific components or structures. Thus, the KIPO rejected the application.

The applicant appealed the rejection to the Intellectual Property Tribunal ("IPT"), which affirmed the KIPO's decision. The applicant then appealed the IPT's decision to the Patent Court.

The Patent Court reversed the IPT's decision stating:

Since one of ordinary skill in the art can clearly understand the meaning of "the pharmaceutically acceptable ester" in Claim 1 and knows the circumstances in which an imidazole derivative of formula 1 can form an ester, the use of the term, "ester," does not render the invention unclear.

The term, "the ester," recited in Claim 1 is interpreted to mean all esters that may be formed with imidazole derivative of formula 1 as a mother nucleus because it is not specified by the number and position of substituents, which form an ester, the structure of an ester, and an organic or inorganic acid, which forms an ester. Thus, the expression, "the pharmaceutically acceptable ester," in Claim 1 is used to only pursue the broadest scope of protection as possible and does not render the invention unclear.

Thereafter, the KIPO filed an appeal with the Supreme Court. On December 24, 2008, the Supreme Court affirmed the Patent Court's decision. In the decision, the Supreme Court found that:

As argued by the KIPO, an ester of a certain compound shows a considerable difference in terms

<sup>1</sup> <http://www.leeinternational.com/eng/law/info/column.html>

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of physicochemical properties and pharmacological effects when it is administered to the body depending on the number or type of ester. Also, as argued by the KIPO, when the ester is administered to the body, it sometimes is active without separating and releasing the original compound.

However, an ester, which changes the properties of the original compound, is not a pharmaceutically acceptable ester of the original compound. A pharmaceutically acceptable ester of the original compound separates and releases the original compound by enzyme action when it is administered to the body. Accordingly, "the pharmaceutically acceptable ester of imidazole derivative of formula 1" recited Claim 1 is understood to separate and release the original compound, imidazole derivative, when it is administered to the body.

Although the invention defined in Claim 1 of the Subject Application broadly describes the scope of protection sought, it is still clearly defined because it includes only compounds that are pharmaceutically acceptable. Accordingly, we agree with the Patent Court's decision that Claim 1 complies with the claim description requirements.

## C. Lee International's Comments

In light of the Supreme Court's decision, the KIPO will more readily find a compound invention reciting the limitation "pharmaceutically acceptable ester" to comply with the Patent Act. When the KIPO rejects the limitation, "pharmaceutically acceptable ester," it typically finds the term, "ester," to be overly broad and not supported by the specification.

Thus, there is no guarantee that all claims reciting "ester" will be in compliance with the Patent Act. Further, although the Supreme Court ruled that the "ester," recited in the claims is clear, whether its decision extends to other prodrugs (hydrates, solvates, etc.) will be at the discretion of the KIPO.

## Supreme Court: Invention Defined By Pharmacological Mechanism Allowable

On January 30, 2009, the Korean Supreme Court clarified that the claims of a pharmaceutical use invention that only define the pharmaceutical use by a pharmacological mechanism are allowable, if the specific pharmaceutical use can be clearly understood in view of descriptions in the specification or the technology publicly known in the art. (Case No. 2006 Hu 3564).

### A. Background

According to the Korean Intellectual Property Office ("KIPO") Examination Guidelines, a pharmaceutical use invention should be described in the form of a product (pharmaceutical composition) and the pharmaceutical use should be defined in the claims by identifying the disease name. In addition, a pharmaceutical use that is only defined by a pharmacological mechanism is allowable, if it can be understood as a specific pharmaceutical use and such pharmaceutical use is clear to one of ordinary skill in the art. However, the KIPO and the courts have interpreted this guideline narrowly and routinely rejected expressions that define a pharmaceutical use only with a pharmacological mechanism.

### B. Prosecution History of Supreme Court Case No. 2006 Hu 3564

The KIPO rejected the application pursuant to Article 42(4)(ii) of the Patent Act because the pharmaceutical use described in Claim 2 of the application was not defined by a targeted disease or pharmacological effect. Specifically, Claim 2 of the application stated: "A pharmaceutical composition for treating nitric oxide overproduction associated with septic shock, administration of cytokines, and the like in a subject, said composition comprising a dithiocarbamate-containing nitric oxide scavenger."

The detailed description of the specification of the Subject Application describes that nitric oxide overproduction is associated with a wide range of disease states and/or indications, such as septic shock,

administration of cytokines, among others, and leads to hypotension and multiple organ failure. Additionally, one example in the specification, using mice as the subject, describes that a [(MGD)<sub>2</sub>/Fe] complex, which is the dithiocarbamate-containing nitric oxide scavenger of the present invention, is subcutaneously injected into the subject to reduce in vivo nitric oxide concentration of the LPS-treated mice, thereby achieving the effect of recovering hypotension induced by LPS treatment to normal blood pressure.

On appeal, both the Intellectual Property Tribunal and Patent Court affirmed the KIPO's rejection. The Patent Court concluded that a broad interpretation of the invention in Claim 2 would render the target diseases for treatment unclear. The Patent Court found it was unclear whether all the listed diseases are associated with nitric oxide overproduction, whether nitric oxide overproduction leads to hypotension or multiple organ failure, or whether controlling or removing nitric oxide overproduction can treat the diseases at the time of filing the Subject Application. Lastly, the Patent Court found the specification of the Subject Application to be unclear in describing the targeted diseases. As a result, the Patent Court held that Claim 2 did not clearly define the invention and did not comply with Article 42(4)(ii) of the Patent Act.

The applicant appealed the Patent Court's decision to the Supreme Court. On January 30, 2009, in reversing the Patent Court's decision, the Supreme Court found that:

Since in a pharmaceutical use invention the pharmaceutical use of a substance is essential to the constitution of the invention, the claims must clearly define the pharmaceutical use by a targeted disease or a pharmacological effect (Supreme Court Case No. 2003 Hu 1550; December 23, 2004). Claims that define the pharmaceutical use of a substance only by a pharmacological mechanism comply with the requirements of Article 42(4)(ii) of the Patent Act, if the specific pharmaceutical use can be clearly understood in view of descriptions in the specification or technology publicly known in the art.

Although Claim 2 of the Subject Application, which

relates to pharmaceutical use, does not define the use of the active ingredient, *i.e.*, dithiocarbamate-containing nitric oxide scavenger, by a specific disease or a pharmacological effect, and defines the use by a pharmacological mechanism, *i.e.*, treating nitric oxide overproduction, it can be understood in view of the specification of the Subject Application that the specific pharmaceutical use is to treat and prevent hypotension and multi-organ failure induced by nitric oxide overproduction. Accordingly, Claim 2 of the Subject Application complies with Article 42(4)(ii) of the Patent Act. The Patent's Court decision is reversed.

### C. Lee International's Comments

The Supreme Court has found that if the specification of a patent application clearly describes the correlation between a pharmacological mechanism and specific disease, the pharmaceutical use can be defined by only a pharmacological mechanism. Based on this Supreme Court decision, the KIPO can no longer request that a pharmaceutical use, which is defined by a pharmacological mechanism, be amended to a disease name.

## Transfer of Technology Funded by Government is Increasing Rapidly

Among government funded research organizations, the Electronics and Telecommunications Research Institute ("ETRI") transferred the most technology in 2008. In terms of contract price for the transferred technology, the Korea Research Institute of Bioscience and Biotechnology ("KRIBB") had the highest revenue growth rate.

In 2008, ETRI transferred the results of approximately 420 research and development projects and earned KRW62.2 billion (approximately US\$44.2 million) as revenue, which included US\$9 million from HTC of Taiwan for a W-CDMA patent and US\$6.25 million for the sale of underutilized patents.

As a result of organizational changes, KRIBB had the sharpest increase in revenue for the transfer of

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technology. Specifically, in 2008, KRIBB earned KRW9.2 billion (approximately US\$6.5 million), which is a 380% increase from 2006 where it earned KRW2.4 billion (approximately US\$1.7 million) and 120% increase from 2007 where it earned the KRW7.7 billion (approximately US\$5.5 million).

In addition to KRIBB and ETRI, the following government funded research organizations earned revenue in 2008 for the transfer of technology:

- Korea Institute of Machinery & Materials: KRW4 billion (approximately US\$2.8 million) for the transfer of the results of 105 research and development projects
- Korea Electrotechnology Research Institute: KRW3.6 billion (approximately US\$2.5 million) for technology transfers and entered contracts worth KRW4 billion (approximately US\$2.8 million) to transfer technology
- Korea Institute of Industrial Technology: KRW3.1 billion (approximately US\$2.2 million)
- Korea Research Institute of Chemical Technology: KRW2 billion (approximately US\$1.4 million)
- Korea Institute of Science and Technology: KRW2 billion (approximately US\$1.4 million)
- Korea Institute of Energy Research: KRW2 billion (approximately US\$1.4 million)
- Korea Atomic Energy Research Institute: KRW1.1 billion (approximately US\$800,000)
- Korea Advanced Institute of Science and Technology: KRW1 billion (approximately US\$700,000)
- Korea Institute of Geoscience and Mineral Resources: KRW300 million (approximately US\$200,000)

Experts attribute the steady increase in revenues earned by government funded institutes for the transfer of technology to the existence of technology licensing offices. The experts uniformly agree that in order for government funded institutes to continue capitalizing on the commercialization of technology, the technology licensing offices must aggressively pursue licensing agreements, and holding companies and research companies must be established.

## TRADEMARK & COPYRIGHT

### KIPO Plans Preferential Examination System for Trademark Applications

On December 29, 2008, the Korean Intellectual Property Office ("KIPO") announced that it will introduce a preferential examination system of trademark applications. Under the current trademark application examination system, the KIPO examines a trademark application in the order it was filed. Under the preferential examination system, if the applicant submits a trademark application claiming preferential examination, the application will be examined in two months, reducing the total time from filing an application to registration, without office actions, from seven months to five months.

To be eligible for the preferential examination system, the mark indicated in the trademark application must be in use or in conflict with another registered mark. The fee for claiming preferential examination is KRW 160,000 (approximately US\$140), which is 33% more than the fee for a regular trademark application.

The KIPO also announced plans for strengthening the protection of an actual user of a trademark. In order to improve the current first-to-file trademark system, which does not recognize first-to-use applicants, the KIPO will adopt a intervention right system (similar to a nonexclusive license system) and grant the owner of a famous trademark the right to use the trademark even if its registration becomes invalidated due to a dispute, provided that the concerned trademark is proven to be well-known among general consumers and that reasonable compensation is paid to the registrant of the prior-registered mark.

Lastly, the KIPO will be adopting a disclaimer system, where the applicant can disclaim the non-distinctive component of the mark at the filing of the trademark application, to establish the scope of the trademark.

# Trademark & Copyright

## Court Recognizes Well Known Status of Mark Without Direct Evidence

In a significant decision, the Supreme Court has held that long term use of a trademark may be recognized as sufficient evidence to prove the well known status of a trademark despite a lack of evidence as to sales figures and revenues for products bearing the trademark. The famous mark at issue, "NATRACARE," was not recognized as having obtained well known status by the Patent Court due to a finding of insufficient proof as to sales figures and revenues. In reversing the Patent Court's decision, the Supreme Court found that the Patent Court erred in its interpretation of Article 7(1)(xii) of the Korean Trademark Act by requiring specific proof of sales figures and revenues in order to find "a mark that is widely recognized as a particular person's mark."

In particular, the Supreme Court concluded:

Considering that Bodywise (UK) Limited has continuously kept and expanded its sales networks throughout the world for over 15 years and has distributed a large quantity of products bearing the NATRACARE mark, although there is no definite evidence to prove the sales figures and sales revenues of female sanitary products bearing the NATRACARE mark, it is not difficult to find that such products have been sold to the extent that the NATRACARE mark can be recognized among foreign consumers as being well known as a particular person's mark. Also, although there is no definite evidence to prove advertising amounts and expenses for female sanitary products bearing the NATRACARE mark, since Bodywise has already submitted evidence to prove that a large quantity of products have been sold in several counties, it is not proper to reject Bodywise's arguments regarding the well-known status of the NATRACARE mark.

The Supreme Court decision does not mean that a trademark owner may simply argue that its mark has acquired well known status. Rather, the Supreme Court has clarified that well known status of a mark can be proven through other evidence in addition to

verifiable evidence such as sales figures and revenues of products bearing the trademark.

## Third Party Use of the Title and Illustrations of the Book "Le Petit Prince" Does Not Violate Registered Trademark Rights



The Korean trademark registrations for the title "Le Petit Prince" in stylized French characters, the title in Korean characters and two illustrations depicting the little prince are owned by SOGEX, the Saint-Exupery

foundation. SOGEX, its Korean agent and its Korean licensees have demanded domestic on-line and retail bookstores, including Kyobo Book Centre and INTERPARK, to cease distributing books that use the titles and illustrations without SOGEX's permission, because such use constitute infringement of its trademark rights. As a result, the distribution of these books was stopped for one month.

However, the Korean Publishers Association filed actions with the Intellectual Property Tribunal ("IPT") of the Korean Intellectual Property Office to confirm the scope of SOGEX's trademark rights. The IPT has decided that since a mark, which is comprised solely of a title of a book or any illustrations of the book, is considered to be a generic name or a common name, although others use the title or illustrations identical or similar to SOGEX's registered marks, they do not violate the scope of protection for SOGEX's trademark rights. SOGEX's Korean licensees indicated that they would not appeal the IPT's decision.

The IPT's decision means that although a trademark registration for a title or any illustration of the book is effective, if copyright for a book has expired, the owner of the registration cannot prevent others from using the title or any illustration of the book as they have entered the public domain.

# IP Litigation

## IP LITIGATION

### Supreme Court Establishes Criteria for Inventor-Employee Compensation

On December 24, 2008, the Korean Supreme Court issued a decision (2007 Da 37370), which set forth the criteria for calculating the compensation due to an employee from an employer as result of the creation of a marketable invention.

Plaintiff (employee) and Defendant (employer) jointly invented the invention. However, Defendant obtained a patent for the invention without naming Plaintiff as an inventor or compensating Plaintiff.

Although Plaintiff was entitled to reasonable compensation, no clear precedent existed on how to calculate compensation owed to Plaintiff. The Supreme Court established the following criteria for determining the compensation for an inventor-employee:

- (1) the objectives of the employee invention system and the law governing compensation to an inventor-employee;
- (2) the parties' relationship;
- (3) whether the employer infringed upon the employee's right to obtain a patent;
- (4) the technical value of the invention;
- (5) whether a technology similar to the invention, which could easily replace the invention, exists;
- (6) the benefits obtained by the employer for the invention and each parties' contribution to the invention;
- (7) the employer's history of compensating employees for inventions; and
- (8) the use of the patented invention.

According the Invention Promotion Act, an employee is entitled to reasonable compensation when s/he assigns or provides an exclusive license of their rights to an invention to their employer. Compensation is deemed reasonable if an agreement exists between the employer and employee that sets forth the amount or if an employee is entitled to participate in the determination of the compensation. Absent a

specific agreement or entitlement, the lower courts have calculated compensation by considering the profits obtained by the employer for the invention and the employee's contribution to the invention. With this Supreme Court decision, the courts now have specific criteria to consider when calculating reasonable compensation for an invention jointly invented by an employee and employer.

### Pentavision Ready to Fight the Patent Lawsuit Filed by Konami

On February 2, 2009, Pentavision Entertainment Korea ("Pentavision") announced they will fight the patent infringement lawsuit filed by Konami Digital Entertainment, Co., Ltd. ("Konami").

In December 2008, Konami filed a lawsuit with the Seoul District Court against Pentavision. In the lawsuit, Konami alleged that Pentavision's music simulation game, the "DJ MAX" series, infringes upon Konami's patent for "Beatmania," a rhythm video game. Konami is seeking an injunction to prevent Pentavision from manufacturing and selling the allegedly infringing game, as well as damages. Many observers believe this case is only the beginning of the patent disputes between gaming developers in Korea and Japan.

This is not the first patent infringement lawsuit filed by Konami. In 2001, Konami sued Amuse World. In 2007, a Korean court awarded Konami KRW11.7 billion (approximately US\$8.4 million) and Amuse World was ordered to destroy all products found to infringe upon Konami's patent.

According to Pentavision's spokesperson, Ms. Seung-Hue Cha, "Although Konami was granted a patent in Korea and Japan for an invention entitled 'Music Producing Games, its Operation Indicating System, and its Program Recorded Computer Readable Recording Medium' in 2001, we believe that patent should be invalidated. The patent infringement lawsuit filed by Konami is negatively impacting Pentavision's business. As such, Pentavision will defend itself and file an invalidation lawsuit."

Ms. Cha also said, "As Konami's patent relates to

visually commanding a gamer to operate the game according to the playing of music, *i.e.*, various producing effects, it pursues an overly broad scope of protection. Thus, if Konami's patent is not invalidated, most domestic games, which relate to dancing, music or various visual actions, will infringe upon Konami's patent."

Finally, Ms. Cha said, "In the infringement lawsuit filed by Konami against Amuse World, the court focused on the similarity in game machine devices, *e.g.*, turntables, rather than game operation. Even though Pentavision's DJ Max Series is different from Konami's Beatmania in terms of game operation and device, Konami is suing Pentavision. This signals that Konami is attempting to prevent domestic rhythm and dancing action game developers from entering the Japanese market."

Pentavision will first file a lawsuit to invalidate Konami's patent. If it is unsuccessful, it will then defend itself in the patent infringement lawsuit. Industry observers expect that the patent dispute between Konami and Pentavision will continue for five to six years.

## LEGAL

### Recent Court Decisions on Labor Laws

#### *En Masse Resignations*

The Korean court has held that en masse resignations submitted to a company as an expression of the resignees' acknowledgement of their breach of duty to the company are invalid, despite the company's acceptance of such resignations. The court found that where different team members submit resignations as an expression of their resolve and determination not to repeat their prior failure to maintain the quality of the company product, the team members did not intend to have their resignations to take effect. In determining the true intent of the so-called resignees, the court took into consideration of the fact that the employer must have known of the true intent of the

resignees, especially given that the company had only about 50 employees. Thus, the court concluded that the resignations were ineffective and therefore rescindable.

#### *Persons With Commission-Based Pay Are Laborers*

The court held that because a person who receives only commissions, and not a fixed salary, for a definite period of time is deemed a laborer under the Labor Standards Act, such person is entitled to receive severance pay. The court found that the plaintiff was not on the company's regular payroll and did not receive a fixed salary. The court, however, noted that the performance-based commission paid to the plaintiff (who was providing services to the defendant credit company), could be deemed a wage and, therefore, that such person could be deemed a laborer under the Labor Standards Act. Among other factors considered by the court included such facts as that the plaintiff had a specific work schedule at a specific location. Not only did the employer give specific instructions regarding the plaintiff's work attire, the employer also controlled the details of the plaintiff's job tasks. Based on the foregoing, the court concluded that the plaintiff provided services to the company as a *de facto* regular employee of the company in exchange for wages.

### Court Decisions on Unfair Competition Prevention and Trade Secret Protection Act

#### *Internet Users' Right to Customization vs. Web Portals' Right to Advertise*

On February 16, 2009, the Seoul Central District Court found defendants Internet Channel 21 and its director of not violating the Unfair Competition Prevention and Trade Secret Protection Act. This ruling appears contradictory to a previous decision, which prohibited Internet Channel 21 from advertising by an uplink service.

An uplink service is a software system that allows internet users to select the advertising banners shown on the homepage of web portals. When internet users install the software on their PCs, they select the

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areas of interests, which they wish to see advertisements, instead of the web portals unilaterally selecting advertisements based on their advertisement contracts. By using this software, internet users may receive cash or airline mileage points in proportion to the number of advertisement banners they click on.

Internet Channel 21 and its director were accused of violating the Unfair Competition Prevention and Trade Secret Protection Act because they developed and distributed an uplink service, and permitted internet users to install an uplink service. As a result, plaintiff NHN allegedly lost income from their advertisement banners on the Naver web portal.

The court found that while the defendants used internet users' visits to web portals to increase exposure of advertisements; they did not use the web portals to cause customers confusion. Further, there was insufficient evidence to prove that the defendants misled advertisers into believing they had a business relationship with web portals.

The court also reviewed whether the defendants intended to free ride on the well-known status of NHN's Naver web portal. The Court found that while NHN has trademark protection for the "  NAVER " mark, the design and layout of the Naver web portal and its menu bars are not protected.

### ***Downloading Employer's Confidential Information onto a Personal Computer is Misappropriation***

Under the Unfair Competition Prevention and Trade Secret Protection Act, it is illegal for a person to obtain, use, and transfer a company's trade secrets to a third party to gain an unfair advantage or to intentionally cause harm to the company. Recently, the Korean Supreme Court issued a decision that set forth the standard for determining when the act of obtaining trade secret is a crime.

In the decision, the court defined that "the act of obtaining trade secret" is when a person obtains information that is a trade secret and uses that information. As the defendant had accessed their company's network, downloaded drawings that were a trade secret onto their personal computer, and then intended to use those drawings, the court found the

defendant to violate the Unfair Competition Prevention and Trade Secret Protection Act. The court stated that even though the drawings were later removed from the defendant's possession, he was still guilty of misappropriation of a trade secret.

### **Korean Supreme Court Finds Unconstitutional Article (4)(1) of the Act on Special Cases Concerning the Settlement of Traffic Accidents**

On February 26, 2009, the Constitutional Court struck down a law that allowed a driver, who caused serious injuries to a person during an automobile accident, to escape criminal liability. The Court found that law violated the constitutional rights of the victims.

Article (4)(1) of the Act on Special Cases Concerning the Settlement of Traffic Accidents ("Act") states that a driver with comprehensive auto-insurance policy is not criminally liable for an accident so long as the accident was not one of the 12 major violations set forth in Article (3)(2) of the Act, e.g., driving over the speed limit, drunk driving, or hit-and-run.

The Supreme Court concluded that this law violated a victim's constitutional right to seek criminal charges against the driver and contrary to Article 37(2) of the Korean Constitution." Further, it discriminated against victims of accidents not considered "major violations."

## LEE NEWS

### (1) New Members

**Jung-Han Ko**

**Attorney at Law (US)**



Mr. Jung-Han Ko is a graduate of Korea University (LL.B. 1980) and University of Minnesota (LL.M. 1996). Mr. Ko practices in the field of M&A, overseas investment, company restructuring assistance and fair trade assistance.

**Seong-Pyo Kim**

**Certified Public Accountant (US)**



Mr. Seong-Pyo Kim is a graduate of Chungnam National University (B.A. Chinese Literature, 1993). Mr. Kim specializes in anti-dumping and countervailing duty advisory service for domestic or foreign clients.

**Young-Joon Oh**

**Certified Public Accountant**



Mr. Young-Joon Oh is a graduate of Hanyang University (B.S. Business Administration, 2004) and passed CPA exam in 2008. Mr. Oh provides audit and anti-dumping advisory services to clients.

**Seong-Min Kim**

**Certified Public Accountant (US)**



Mr. Seong-Min Kim is a graduate of Kyung-Hee University (B.S. Mathematics, 2006). Mr. Kim provides SOC (Social Overhead Capital) consulting and auditing.

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## (2) FOCUS: Trademark Protection Department

Lee International IP & Law Group's Trademark Protection Department ("TPD") provides effective anti-counterfeiting and trademark protection services to our clients and the owners of trademarks and brands. Recognized as a "Top 10 Intellectual Property Law Firm" and as one of "The Most Trusted IP Law Firms" in Korea, through the high quality of our services and client's full satisfaction, TPD's result-oriented approach against counterfeiters and trademark infringers affords our clients with the utmost protection of their trademarks.



### 1. TPD'S DISTINCTIVENESS

- Operates a "Dedicated Internet Surveillance Team" ("DIST") for a proactive measure against counterfeit products entering the market through online channels
- Offers "Anti-Counterfeiting Knowhow and Services in China" along with Korea
- Retains "Prominent Anti-Counterfeiting Experts with Extensive Experience"
- Offers convenient "ONE-STOP Anti-Counterfeiting and Trademark Protection Services"

### 2. MAJOR SERVICES PROVIDED

- Registrations of Trademarks with the Korean Customs Services ("KCS") and the China Customs Office ("CCO"), which efficiently prevent the import and export of counterfeits in and out of Korea and China
- Petition for Suspension of Customs Clearance on suspected counterfeit goods
- Surveillance of Internet Shopping Malls through active monitoring by DIST
- Shut-Down of Abusive Internet Sites and/or the Removal of Counterfeit Goods from Websites
- Surveillance of the Marketplace and Manufacturing Sites
- Litigating Criminal, Civil or Administrative Actions against trademark infringers and counterfeiters
- Filing Actions with the Korean Trade Commission ("KTC") to suspend the import, export, sale or manufacture, or to ban landing of all similar counterfeit goods
- Surveillance of Other Types of Trademark Infringement such as Protection of Domain Names
- Coordination with the Korean Prosecutor's Office ("KPO") and National Police Agency for search and seizure as well as prosecution of infringers

### 3. TPD'S ACHIEVEMENTS

Between 2006 and 2008, TPD obtained successful outcomes on more than 300 counterfeit cases on behalf of our clients. TPD prevented the import and export of counterfeit goods in Korea, and stopped internet shopping malls and retailers from selling counterfeit goods. Also, as a result of our collaboration with the CCO, TPD prevented counterfeit goods bearing the trademarks of our clients from leaving the borders of China.

Domestically, TPD's surveillance service has prevented further harm to our clients' trademarks and service marks. For instance, TPD's surveillance of the Korean market revealed numerous unauthorized uses of service marks of our client, a famous international hotel chain, by many hotels and motels throughout Korea. TPD aggressively targeted these infringers and successfully stopped these infringers from using our client's service marks on their signage, business cards, towels, beddings, and other items, and from causing further harm to our client's brand.

### 4. KEY MEMBERS



**Haeng-Sern Kim**  
US Attorney (New York)  
(Former Member of Presidential  
Committee on Judicial Reform,  
Former Criminal Investigator of KPO)



**Jun-Hyung Cho**  
Attorney at Law  
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**Beom-Seok Han**  
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**Yu-Kwang Yoon**  
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**Seuk-Ki Yoon, Ph.D.**  
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