PATENT COURT
THE FIFTH DEPARTMENT
DECISION

Case No. 2008Heo7850 Invalidation of Registration (Patent)

Plaintiff: Interpark Gmarket Co., Ltd.
Counsel for the Plaintiff:
Taehoon JUNG, Patent Attorney

Defendants: 1. Internet Channel 21 Co., Ltd.
2. Fine Rich Co., Ltd.
"Counsel for the Defendants:
Sangmoon LEE, Patent Attorney

Closure of Hearing: April 21, 2009

Date of Decision: May 20, 2009

Order

1. The decision rendered by the Intellectual Property Trial and Appeal Board with respect to case no. 2007Dang1469 on May 22, 2008 is cancelled.
2. The trial costs shall be borne by the Defendants.

Tenor of Claim

It is the same as the order.

Reasoning

1. Background

A. Patented Invention

1) Name of the invention: Advertising system and manner using the internet web pages.

2) Patent application date/Patent registration date/ Patent registration no: June 19, 1999/ April 20, 2004 / No. 429760

3) Patent holder: Defendant companies

4) Scope of patent claims and major drawings: Same as set out in Schedule 1 attached hereto (invention of claim 1 shall be referred to as "Claim 1 Invention" and the other inventions of claims shall be referred to in the same manner).

B. Prior arts

1) Prior art 1

There is a newspaper article inserted in *The Korea Economic Daily* dated June 15, 1999 on 'Ads-Off which helps speed up search of the internet by making advertisements disappear from the internet sites'. The details are described in Schedule 2, paragraph (1).

2) Prior art 2

a) Description

There is a posting on the internet site http://taz.net.au/block on "Squid", a program which blocks banner advertisements and replaces them with another image. The details are described in Schedule 2, paragraph (2).

b) Whether Qualified as a Prior Art Data

Prior Art 2 is inserted in a printed document from access to the applicable internet site after the patent application date of the Patented Invention and its final update date is indicated as May 2, 1999. However, in the nature of the internet document, it is difficult to confirm the time of actual disclosure thereof on the internet or the specific time when the internet document was made accessible by the general public only by referring to the printed document, and it is also difficult to check how much has been changed of the contents during the time from the initial posting of the internet document on the internet to the time when it was actually printed out. Due to such circumstances, the Patent Act amended by law no. 6411 as of February 3, 2001 newly recognizes "invention accessible by the general public domestically or from overseas through the telecommunication lines provided by the Presidential Decree prior to any patent application", that is, technology disclosed through the internet, as the prior art as "inserted in publications", whereas Article 1-2 of the Enforcement Decree of the Patent Act limits the type of telecommunication lines of the internet to a small number of them in which public confidence is ensured.

"However, Prior Art 2 is indicated as finally updated as of May 2, 1999 on the print out which is earlier than June 19, 1999, the patent application date of the Patented Invention, but only by referring to the statement in Plaintiff's Exhibit 7, it is difficult to recognize public confidence in "http://taz/net.au", the internet site having posted Prior Art 2 or accept that any contents of the posting on the site or the posting date is true and there is no other evidence thereof and therefore, Prior Art 2 is not qualified as prior art to determine novelty and inventive step of the Patented Invention.

C. Process of Reaching the Decision

The Plaintiff filed a request for invalidation of registration of the

Patented Invention with the Intellectual Property Trial and Appeal Board by the reason that the Patented Invention is contrary to the public order and good morals as provided by Article 32 of the Patent Act and it is not considered as novel or involving inventive step as compared to the Prior Arts, but the Intellectual Property Trial and Appeal Board rendered its decision to dismiss the Plaintiff's appeal by the reason that the Patented Invention is not contrary to the public order and good morals and is considered as novel and involving inventive step.

[Based on undisputed facts and Plaintiff's Exhibits 1~8]

2. Assertions of the Parties and the Issues

A. Summary of the Assertions by the Plaintiff

First, the Patented Invention as an invention of a business model intends as its key element that banner advertisements or logos transmitted by an operator of a webpage to individual internet users can be arbitrarily blocked and instead, replaced by new advertisements prepared by The Defendants in advance to be displayed on PC monitors of users. This is an act of interrupting business of operators of web pages, disturbing fair competition order and commercial transaction order with such operators; is in breach of the public order and good morals under Article 32 of the Patent Act and therefore, the registration should be invalidated.

Second, the Patented Invention can be easily derived by simple combination of Prior Arts 1 and 2 by an ordinary engineer and thus it does not involve an inventive step and therefore its registration should be invalidated.

B. Summary of Assertions by the Defendants

First, there is no likely interruption of business if consent is

obtained from the internet users and webpage operators to alternative advertisements in the course of specific implementation of the Patented Invention, and therefore, the Patented Invention cannot be said as contrary to the public order and good morals under Article 32 of the Patent Act.

Second, the key point of the Patented Invention is making an alternative advertisement in replacement of banners and logos that are deleted but Prior Arts 1 and 2 have not displayed or indicated such business idea or technical idea and thus it is not easy for an ordinary engineer to invent the Patented Invention through simple combination of Prior Arts 1 and 2, and therefore, the Patented Invention is considered as involving an inventive step.

C. Issue in this Case

The key point in this case is whether the Patented Invention is contrary to the public order and good morals under Article 32 of the Patent Act and whether it involves an inventive step.

3. Whether the Patented Invention Is Contrary to the Public Order and Good Morals

A. Criteria of Judgment

The Patent Act refuses patent registration of an invention which is likely to disturb public order or good morals or to damage public hygiene, that is, an invention contrary to the public order, even if its novelty and inventive step are recognized but if such invention is registered, Article 133(1)1 of the Patent Act provides for invalidation thereof. However, Article 32 of the Patent Act is a general provision which is flexibly applicable depending on the technical levels and social environment at the time of patent application of an invention and is also an exceptional clause to conditions for patentability and

thus needs to be interpreted narrowly. If the purpose or technical idea of an invention is not likely to disturb the public order and good morals and just could be harmful depending on the manner of use, it is reasonable to see that the foregoing provision is not applicable.

B. Judgment

The Patented Invention is an invention of a business model which embodies a certain business idea online through a computer program (Business Model Invention, BM Invention) and its specific purpose is to replace banner advertisements and logos displayed together with web pages on PC monitors of internet users with new advertising materials, enhancing the effect of advertisement and telecommunication speed (Plaintiff's Exhibit 3, line 15 and below on page 2). Accordingly, the purpose and technical idea of the Patented Invention have no likeliness of disturbing the public order and good morals but at the specific implementation stage, there is a concern that it could hinder business of web page operators but such concern can be settled by duly obtaining consent from the internet users and web page operators by notifying them of the kind and holder of replacement advertisements in advance at the pre-implementation stage of the invention and thus it is difficult to see that the Patented Invention is contrary to the public order and good morals.

With regard to this, the Plaintiff asserts that the Patented Invention has never required consent from the users or web page operators in the scope of the patent claims and even if the user consents, such consent is difficult to be seen valid and any web page operators are not likely to grant such consent, and thus the Patented Invention cannot avoid breach of the public order and good morals.

Then, with respect to the Patented Invention being a BM Invention, it will be enough if the scope and description of the patent claims include clear statement of arithmetic process of information by step to conduct advertisements and the process of obtaining consents from the

users or web page operators needs not be set out in the scope or description of patent claims and due conduct of obtaining such consents at the implementation stage in accordance with the applicable laws and decrees would be enough and therefore, by the reason that web page operators would not consent, it is difficult to see that the Patented Invention is contrary to the public order and good morals. Accordingly, the Plaintiff's assertion is groundless.

4. Whether the Patented Invention Involves an Inventive Step

A. Criteria of Determination

In order to be a BM invention, information processing by software on computer should be specifically activated using hardware (Supreme Court Decision 2001Hu3149, May 16, 2003), and for a BM invention to be considered as involving an inventive step, the business idea should have originality surpassing the existing idea or at least specific technical elements to implement such business idea should be considered as involving an inventive step. In the area of computer program, if there is a disclosure of algorithm to solve a certain task, an ordinary engineer could easily infer any technical issues using technical logic customarily used in the relevant area without disclosure of detailed technology and thus for specific technical elements to be recognized as inventive, their function or order constituting algorithm to solve a task should have originality which is not seen in the prior art and just a simple combination of known technical elements including algorithm disclosed by prior art would be far more difficult to be considered as involving an inventive step than other technology area.

B. Whether Claim 1 Invention 1 is Inventive

1) Whether Business Idea Is Original

The business idea of Claim 1 Invention has a point in that the Defendants or those who are granted the license of Claim 1 Invention (collectively, "Defendants") accept individual internet users as members and have them download and store advertising materials in the hard discs of their PCs and then at the moment of their accessing to a certain web site, banners or logos transmitted by a server of the web site are blocked and instead, displaying the replacement advertisements in the blocked place.

Referring to the standards at the time of the patent application of Claim 1 Invention, the manner of transmitting advertising banners to advertise to individual internet users is only a well-known customary marketing practice in the area of e-commerce and in off-line business, that is, in practices, the manner of replacing other bulletins and advertisement such as movie posters and signboards with other advertisers' materials is a well-known customary marketing practice.
"Accordingly, the business idea of Claim 1 Invention is just a simple combination of banner advertising method widespread in the e-commerce and the business method widespread off-line and therefore, it can be said that the business idea is not or rarely original.

2) Whether the Specific Technical Elements Are Inventive

a) Comparison in Respect of Technical Area and Purpose

In the technical area, Claim 1 Invention and Prior Art 1 are the same in that they make disappear or replace advertisements on the internet sites with new ones.

In regards to the purpose, Claim 1 Invention aims at blocking banner advertisements and logos transmitted from servers of the internet web pages whenever internet users access to such web pages, speeding up telecommunication and displaying replacement new advertisements on the users' PCs, whereas Prior Art 1 aims at blocking

block banner advertisements and logos, etc. transmitted from servers of web pages whenever internet users access to the web pages, improving the internet search speed. Their purposes are partly the same in that they aim at improving internet telecommunication speed or search speed.

b) Comparison of Elements

① Technical Elements of Claim 1 Invention

Claim 1 Invention consists of (i) sensing stage of sensing whether web pages include banner advertisements or logos transmitted from servers to clients in the advertisement manner using web pages of the internet ("Element 1"), (ii) stopping stage of stopping display of banner advertisements or logos on the screens of web browsers if such advertisements or logos are included in the web pages transmitted ("Element 2"), (iii) storing stage of storing size and location of banner advertisements and logos ("Element 3"), (iv) selecting stage of selecting web banner advertisements or logos having already been stored in hard discs of client PCs as proper in size to replace banner advertisements or logos of a web page of which display is suspended ("Element 4") and (v) displaying stage of displaying on monitor screens of clients of web pages transmitted from servers after inserting in and replacing currently displayed banner advertisements or logos with new ones that are selected at the selecting stage ("Element 5").

② Comparison with Elements 1 and 2

Elements 1 and 2 are sensing stage and stopping stage and correspond to an element of Prior Art 1 in that Ad-Off asks users as to whether they allow transmission of trivial images like advertisements when they search on the internet and if they answer 'No', the advertisements are skipped to reflect users' taste. Both elements block display on screens of image files such as banner advertisements or logos among files transmitted from servers of web pages to users' PCs and thus both are substantially the same elements.

③ Comparison with Element 3

Element 3 is the storing stage and corresponds to an element of Prior Art 1 that "allows eliminated space to remain vacant or file names to be displayed, making it possible to confirm which advertisement was eliminated and may designate various scope of advertisements to be made invisible". The said element of Prior Art 1 should know in advance information of sizes and locations of image files such as banner advertisements or logos in order to leave vacant a space of banner advertisements or logos of web pages eliminated from display on screens of web browsers and HTML file used to prepare an internet web page usually contains information of contents to be expressed on web browsers. Accordingly, Element 3 is a well-known technical means in the computer programming area and has no substantial difference from the said element of Prior Art 1.

④ Comparison with Elements 4 and 5

Elements 4 and 5 are selecting stage and displaying stage and correspond to an element of Prior Art 1 that "leaves eliminated space vacant or allows file names to be displayed to trace which advertisements were eliminated". Both elements are the same in that they replace and display other images instead of eliminated banner advertisements or logos, etc. Small differences are that Elements 4 and 5 replace the eliminated banner advertisement or logos with new ones which have been already downloaded onto hard discs of users' PCs and display new ones adjusted to the size of the eliminated ones, whereas Prior Art 1 leaves the space of eliminated banner advertisements or logos vacant or replace the ones with file names and display the file names. However, it is only a well-known customary technical means in the computer programming area at the time of patent application to remove image files and replace them with other image files for display as in Elements 4 and 5, and further, change from a technical element of Prior Art 1 displaying file names in the space of eliminated banner advertisements or logos, etc. to Elements 4 and 5 that display image files can be easily performed by a person having ordinary skill in the

computer programming area without adding any special knowledge and therefore, it can be said that both elements are not considerably different.

c) Comparison with Operational Effects

The Patented Invention and Prior Art 1 are the same in their operational effects in that they block banner advertisements and logos, etc. in the form of image files transmitted from web pages, improving telecommunications speed of the internet and that they replace the vacant space of web pages left by blocking banner advertisements or logos with other image files or file names to be displayed.

3) Result of Comparison

As seen in the foregoing, Claim 1 Invention is not recognized for its originality in respect of business idea and also in the matter of specific technical elements, Claim 1 Invention follows the technical idea and elements disclosed in Prior Art 1 almost as they are and just simply combines well-known customary technologies in the computer programming area and therefore Claim 1 Invention is denied of inventive step.

C. Whether Claims 2~6 Inventions Involve an Inventive Step

1) Claim 2 Invention

Claim 2 Invention "allows users to arbitrarily set sizes of banner advertisements or logos sensed at the sensing stage and to limit loading onto web pages depending on the size of image files" and is a dependent claim giving shape to Claim 1 Invention. This corresponds to elements of Prior Art 1 that `can adjust the level or scope of elimination of advertisements in the option menu and for example, can select whether only big sized banner advertisements should be eliminated or all the advertisements whether they are small or big shall be eliminated and may designate various scope of advertisements to be made invisible. Both elements are substantially the same in that users

may arbitrarily set the size of banner advertisements or logos on web pages and block them from displaying onto screens of web browsers depending on the fixed size, and a person having ordinary skill may easily produce Claim 2 Invention from Prior Art 1 and therefore, the inventive step is denied.

2) Claim 3 Invention

Claim 3 Invention, a dependent claim subordinated to Claim 1 and 2 Inventions, specifically limits "regular downloading of contents of web banner advertisement or web logo DB from internet service servers to which users access", and downloading of image files, etc. from servers via internet is well-known customary technical means at the time of patent application in the computer programming area.

"Accordingly, Claim 3 Invention which adds well-known customary technology to Claim 1 and 2 Inventions lacking inventive step is denied of inventive step.

3) Claim 4 Invention

The point of Claim 4 Invention is "an advertising system using internet web pages with characteristics that client PCs have web logo DB, sensing module, stopping module, storing module, selecting module and displaying module." This includes the technical idea and elements of Claim 1 Invention only with making different categories of invention from Claim 1 Invention and thus the inventive step is denied as in the case of Claim 1 Invention.

4) Claim 5 Invention

Claim 5 Invention has almost the same technical idea and elements with Claim 2 Invention with only different categories of invention from Claim 2 Invention and thus the inventive step is denied as in the case of Claim 2 Invention.

5) Claim 6 Invention

Claim 6 Invention is different only in regards to category of invention from Claim 3 Invention but is almost the same with Claim 3 Invention in regards to the technical idea and elements and therefore, its inventive step is denied as in the case of Claim 3 Invention.

D. Sub-Conclusion

Accordingly, the Patented Invention is not contrary to the public order and good morals under Article 32 of the Patent Act but its inventive step is denied.

5. Conclusion

Then, the decision of the Intellectual Property Trial and Appeal Board is illegal and the Plaintiff's appeal for cancellation thereof is reasonable and therefore, this court renders its decision as set out in the Order.

Presiding Judge Myungsoo KIM
Judge Changsoo PARK
Judge Yongduk KIM

[Schedule 1]

Patented Invention

A. Scope of Patent Claims

Claim 1. In advertising method using internet web pages, said advertising method consisting of (i) sensing stage of sensing whether web pages include banner advertisements or logos transmitted from servers to clients ("Element 1"), (ii) stopping stage of stopping display of banner advertisements or logos on the screens of web browsers if such advertisements or logos are included in the web pages transmitted ("Element 2"), (iii) storing stage of storing size and location of banner advertisements and logos ("Element 3"), (iv) selecting stage of selecting web banner advertisements or logos having already been stored in the hard discs of client PCs as proper in size to replace banner advertisements or logos of a web page of which display is suspended ("Element 4") and (v) displaying stage of displaying on monitor screens of clients of web pages transmitted from servers after inserting in and replacing currently displayed banner advertisements or logos with new ones that are selected at the selecting stage ("Element 5").

Claim 2. In Claim 1, said advertising method using the internet web pages that allows users to arbitrarily set the size of banner advertisements or logos sensed at the said sensing stage and to limit loading onto web pages depending on the size of image files.

Claim 3. In Claim 1 or Claim 2, said advertising method using the internet web pages that regularly downloads contents of said web banner advertisement or said web logo DBs from the said internet service servers accessed.

Claim 4. In advertising system using internet web page consisting of client PC, internet access server, at least one server and open network connecting the said client PC and the said servers, said client PC has web banner advertisement or web logo DB storing web banner advertisements or web logos; sensing module sensing whether web pages transmitted from the said server to client PC contain banner advertisements or logos; stopping module which stops display of banner advertisements or logos on web browser screen if the said web pages contain banner advertisements or logos; storing module which stores sizes and locations of the said banner advertisements or logos; selecting module which selects said web banner advertisements or said web logos having already been stored in the said web banner advertisement/logo DB that are corresponding in sizes to the ones stopped from display; and displaying module which inserts the selected web banner advertisements or web logos from the selecting module in the location of currently displayed web banner advertisements thereby replacing them and then displays web pages transmitted from the said servers onto client's monitor screen.

Claim 5. In Claim 4, advertising system using the said internet web pages in which users may arbitrarily set sizes of banner advertisements/logos sensed by the said sensing module, limiting loading of image files onto web pages depending on the sizes of such image files.

Claim 6. In Claim 4 or Claim 5, advertising system using the internet web page that downloads contents of the said web banner advertisement or web logo DBs in Claims 4 and 5 from the said internet access service servers.

B. Figures

Figure 1: Outlined Connections between Servers and Clients on the Internet

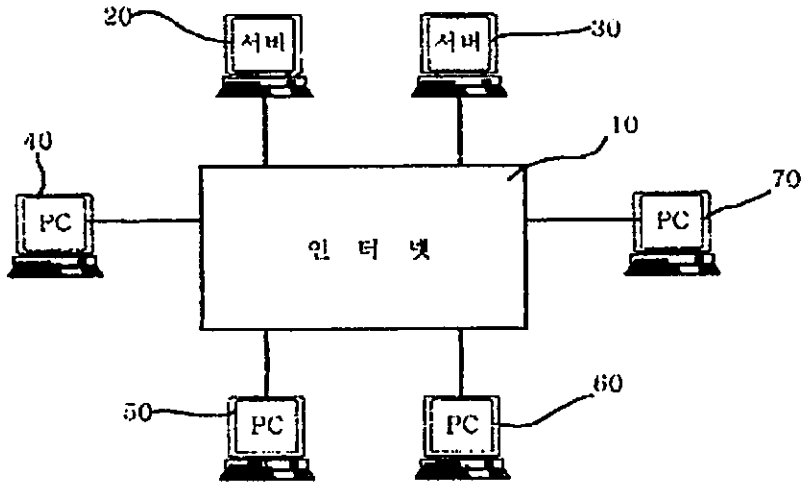


Figure 2: An Example of a Front Page of an Web Page to Be Displayed on the Prior Web Browsers

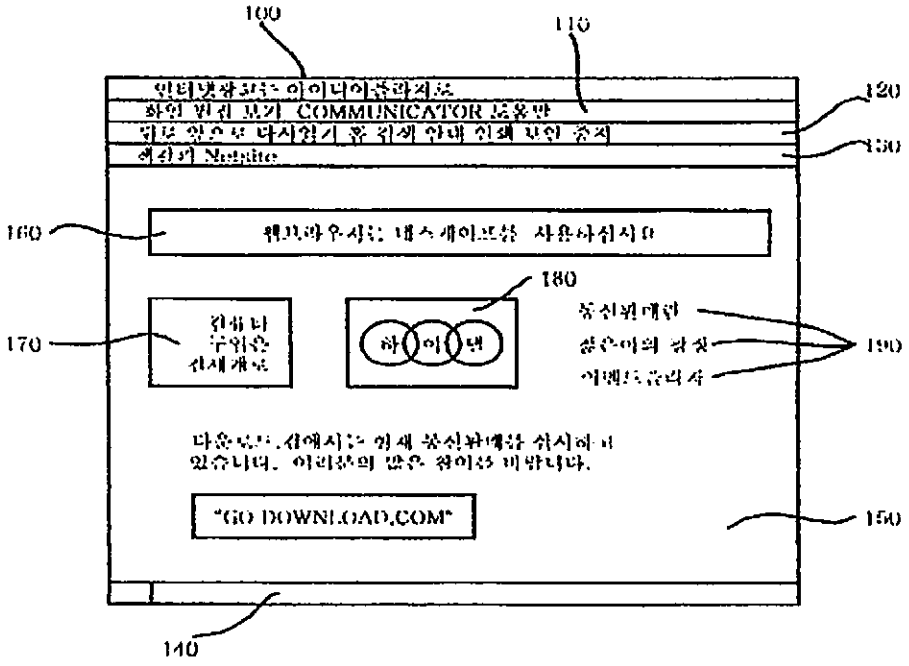


Figure 3: Front Page of a Web Page in Which Web Advertisement Is Replaced by the Patented Invention

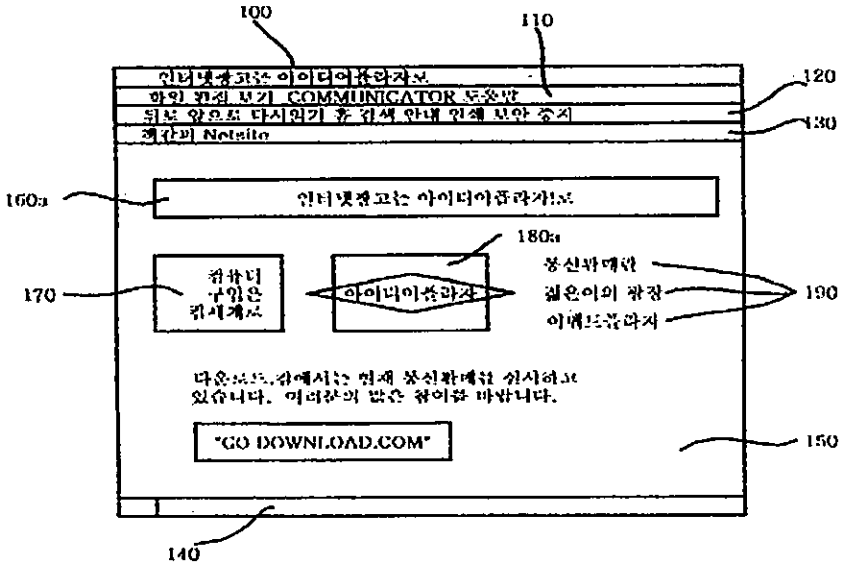
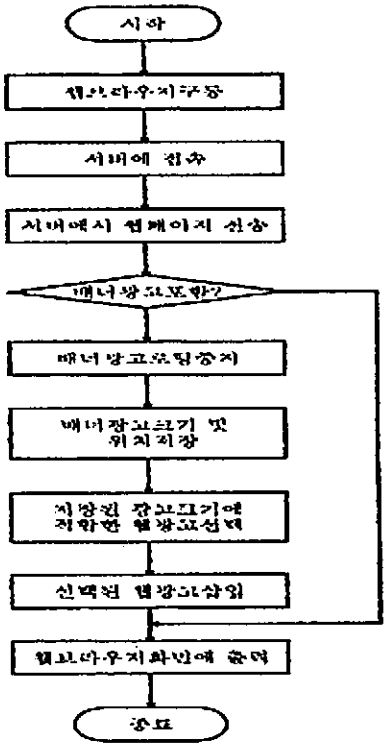


Figure 4: Flowchart Explaining the Method of the Patented Invention



[Schedule 2]

Prior Arts

1. Prior Arts 1 (Plaintiff's Exhibit 5, Report Inserted in *The Korea Economic Daily*, June 15, 1999)

This is a report in the newspaper on Ads-off that reads, "Ads-off asks users as to whether they allow transmission of small images like advertisements when they search on the internet and if they answer 'No', skips the advertisements reflecting the users' taste. This is a program any internet users desiring not to watch advertisements have to keep.", "Upon installation, advertisement removal function is automatically implemented on the Internet Explorer or Netscape. The level and scope of advertisement elimination can be adjusted in the option menu. For example, users may select whether they want to remove large sized banner advertisements only or all of small or large sized advertisements. It also has a function of leaving the eliminated space vacant or displaying file names to confirm what were eliminated. Users may designate various scopes of advertisements to be made invisible."

2. Prior Arts 2 (Plaintiff's Exhibit 6-1/6-2, Posting on the Internet Homepage (http://taz.net.au/block))

This is an internet posting on Squid program which blocks banner advertisements and replaces them with other images.The posting reads that "blocking banner advertisements using squid" (Plaintiff's Exhibit 6 -2, page 1), "this (squid) is used to convert requests for generally downloaded files to local mirror and this can be used to convert banner advertisements to GIF files of local web servers" (Plaintiff's Exhibit 6-2, page 2), "I can block banner advertisements and also

convert generally downloaded files to local mirror or my preferred source site. This can save waste of band-width" (Plaintiff's Exhibit 6-2, page 4) and "I use this (squid) made from The Gimp. This is the same size with most of the banner advertisements" (Plaintiffs Exhibit 6 -2, page 5).