INTRODUCTION TO INTELLECTUAL PROPERTY LAW IN KOREA
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Abbreviations
Preface

We are pleased to present our updated guide to Korean intellectual property law. As the largest law firm in Korea (with more than 1,500 professionals), we are constantly striving to provide the best possible legal service to our clients. For seventeen consecutive years, we have been ranked in Managing Intellectual Property’s annual survey as a top tier law firm in Korea in all categories of intellectual property law. Our firm also has been consistently recognized as having the best IP practice in Korea in various peer-based directories and rankings, including Chambers & Partners, The Legal 500 Asia Pacific, and Asialaw Profiles. We believe that these accolades are a simple reflection of our dedication to our clients. We are convinced that the primary attribute of a truly great law firm is understanding the specific needs of its clients, which requires high levels of communications and interactions. It is with this philosophy in mind that we present this guide on Korean intellectual property law, which is a summary of our vast experience in representing major foreign companies over many years with respect to all types of intellectual property issues in Korea.

This guide contains eight separate chapters on patents, utility models, designs, trademarks, prevention of unfair competition, protection of trade secrets, copyrights and the Korean IP enforcement system, each describing standard procedural practice in Korea. The guide is designed to answer questions commonly asked by our foreign clients regarding Korean intellectual property law and practice. This edition of the guide has been updated to include recent changes to Korean law that provide for treble damages for certain types of intentional patent infringement or trade secret misappropriation, increased protection for valuable business ideas disclosed in commercial negotiations, and simplified procedures for enforcing IP rights through customs proceedings.

As we all know, intellectual property is a critical business asset. Moreover, since the majority of our clients are foreign entities, we understand that it can be a daunting task to procure and enforce intellectual property rights in a foreign country. We hope that this guide will serve as a useful preliminary reference in understanding some of the major procedural and substantive aspects of Korean intellectual property law.

We welcome your suggestions on how to improve this guide. If you direct your questions or comments to ip-group@kimchang.com, we would be glad to discuss them with you. We thank you for your continued support of our firm.

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Founding Partner
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Chapter I.

Patents

1. Introduction
2. Patentable Subject Matter
3. Patentability Requirements
4. Filing Requirements
6. Examination and Prosecution
7. Patent Term Extension and Adjustment
8. Patent Trials
9. Patent Infringement
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Chapter I.

Patents

1. INTRODUCTION

The origin of legal protection for inventions in Korea dates back to 1908, in the latter period of the Yi Dynasty, when laws were first promulgated to establish a patent system in Korea. The 1961 Patent Act, the predecessor to the modern Korean Patent Act (“KPA”), has been amended many times, including a complete redraft in 1990.

In 2016, significant new amendments were made to the KPA, such as a new ex officio re-examination system, and a new patent cancellation system, which became effective on March 1, 2017. Some additional minor amendments to the KPA became effective as of September 22, 2017, with the most notable changes relating to increased penalties for improper patent marking. In December 2018, significant new changes were approved to the KPA that allowed courts to award treble damages in certain cases of willful or intentional patent infringement (effective July 9, 2019).

Korea has been a member of the Convention Establishing the World Intellectual Property Organization (“WIPO”) since March 1, 1979. Korea has also been a member of the Paris Convention for the Protection of Industrial Property since May 4, 1980, and the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”) since January 1, 1995. In addition, Korea has been a member of the Patent Cooperation Treaty (“PCT”) - Chapter I since 1984 and Chapter II since 1990. Therefore, an international application under the PCT can be filed in any of the Receiving Offices and designate the Republic of Korea (KR) for national entry, in addition to being filed directly with the Korean Intellectual Property Office (“KIPO”).

2. PATENTABLE SUBJECT MATTER

Article 2(1) of the KPA defines “invention” as “the highly advanced creation of technical ideas utilizing laws of nature.” Processes such as mentally performing arithmetic calculations, the displaying of goods and the like are not considered to be inventions.

Some of the specific subject matter not patentable under current KIPO practice include: (i) software and business methods that include only abstract ideas or mental steps; (ii) surgical or therapeutic methods applied to a human being; and (iii) diagnostic methods
involving direct contact with the human body or any clinical judgment. In addition, for reasons of public policy, Article 32 of the KPA provides that a patent should not be granted for inventions likely to contravene public order or morality or injure public health, even if the invention might otherwise be patentable subject matter.

KIPO continues to broaden the scope of patentable subject matter so as to conform to international standards, and provides guidelines explaining what type of subject matter is patentable and to what extent. Under KIPO’s "Examination Guidelines for Computer-related Inventions," methods of doing business can be patented if the inventions are properly claimed so as to define physical means to achieve a specific purpose that has practical application in industry. Further, although software per se is not patentable at this time, computer-readable media for implementing software is now patentable subject matter. Claims to software (computer programs) per se should be redrafted as claims to "software stored in a computer-readable medium," which are patentable in applications filed on or after July 1, 2014.

3. PATENTABILITY REQUIREMENTS

3.1 Industrial Applicability

Article 29(1) of the KPA states the requirement of industrial applicability for patents. A patent application claiming non-patentable subject matter is often rejected for lack of industrial applicability. For example, medical activities applied to a human being including surgical, therapeutic, or diagnostic methods are considered to lack industrial applicability.

3.2 Novelty

Korea is an "absolute novelty" jurisdiction and, in principle, will not grant a patent for an invention that was made available to the public (anywhere in the world) before the filing of the application for the invention. Specifically, Article 29(1) of the KPA provides that the novelty of an invention is destroyed if:

(i) the invention was publicly known or publicly worked in Korea or a foreign country prior to the filing date of the patent application; or
(ii) the invention was described in a publication distributed in Korea or a foreign country, or was made publicly available through telecommunication lines, prior to the filing date of the patent application.

As a safe harbor provision, Article 30(1) of the KPA provides a novelty grace period where the novelty of an invention may be maintained even after a novelty-destroying event under
Article 29(1), if the patent application is filed within twelve months of the date of the novelty-destroying event and one of the following circumstances applies:

(i) a person with the right to obtain the patent causes the invention to fall under either subparagraph of Article 29(1) (other than through a laid-open or published patent application or registration in or outside of Korea under a treaty or law); or
(ii) the invention falls under either subparagraph of Article 29(1) against the will of a person with the right to obtain the patent.

However, if there is an intervening disclosure of the same invention independently invented by "another" during the twelve-month grace period, the intervening disclosure may serve to bar novelty for the invention.

3.3 Extended Novelty (or Extended First-to-File Rule)

According to Article 29(3) and (4) of the KPA, a patent or utility model application which was filed prior to, but published after, the filing of another person’s patent application can constitute prior art in Korea for the purpose of defeating the novelty of the later-filed patent application. That is, a claim in a later-filed patent application may be rejected for lack of novelty if the invention claimed in the later-filed patent application is described in the specification and/or drawing(s) of an earlier-filed but later-published patent or utility model application, unless the inventors or the applicants of the two applications are the same. However, the earlier-filed application must be a Korean application (including a published PCT application designating Korea for national entry, as of the PCT filing date) to qualify as prior art. In addition, the earlier-filed patent or utility model application cannot be combined with any other prior art references for inventiveness purposes.

3.4 Inventiveness

Article 29(2) of the KPA provides that a patent cannot be granted if the invention easily could have been conceived by a person of ordinary skill in the art to which the invention pertains in view of the prior art. Generally, inventiveness is determined in Korea by comparing the objective, structure, and effect of the claimed invention with those of the prior art.

3.5 First-to-File Rule

Korea has a first-to-file system for determining who has the right to a patent. Thus, if two or more applications claiming substantially the same invention are filed on different dates,
only the earlier applicant may obtain a patent for the invention. For purposes of the rule, both patent applications and utility model applications are considered when identifying the earliest application in which an invention is claimed.

Where two or more applications claiming the same invention are filed on the same date, the applicants may consult with each other to decide which applicant should obtain a patent for the invention, according to Article 36(2) of the KPA (only one applicant may be granted a patent). If no agreement is reached or no consultation is possible, none of the applicants may obtain a patent for the invention.

For purposes of this rule, if a patent application or utility model application is invalidated, withdrawn, or abandoned, or a decision to reject the application becomes final, the application is deemed never to have been filed at all, and therefore cannot affect later applications. However, this does not apply when no agreement is reached or no consultation is possible, resulting in the rejection of the application becoming final.

3.6 Description

Under Article 42(3) of the KPA, an invention must be clearly and specifically described in the written description of the specification such that a person of ordinary skill in the art can easily practice the invention.

According to Article 42(4) of the KPA, all claims in a patent application must be supported by the written description in the application. Furthermore, all claims must set forth the claimed invention in a clear and concise manner.

NOTE 1: There is no requirement under the KPA that the best mode be disclosed.

NOTE 2: Unlike in the US, there is no "information disclosure" obligation under Korean law. Applicants do not have any duty to disclose to KIPO all information known to the applicant to be material to patentability.

NOTE 3: For a medicinal use invention, KIPO strictly requires that the original specification contain quantitative pharmacological data for specific active ingredients, unless the pharmacological mechanism was already known prior to the filing date of the application.

NOTE 4: Markush-type claims are allowed in Korea, but Swiss-type claims (as they have been known in Europe) are not allowed. In addition, claims commencing with the term "use" are not allowed. It is generally recommended that Swiss-type claims or "use" claims be redrafted as product or method claims.
NOTE 5: Under the Korean multiple dependency rule, a multiple dependent claim cannot directly/indirectly depend from another multiple dependent claim.

4. FILING REQUIREMENTS

4.1 Filing a Korean Patent Application with KIPO

When filing a Korean patent application with KIPO directly (i.e., not via the PCT), applicants are generally required to submit:

(i) an application stating the name and address of the inventor and the applicant (including the name of the representative, if any);
(ii) a specification;
(iii) claim(s);
(iv) drawing(s), if any; and
(v) an abstract.

Effective January 1, 2015, under Articles 42(2) and 42(3) of the KPA, an applicant may obtain a filing date for a patent application simply by filing an invention description in some type of application form, even in an accepted foreign language (English is currently the only accepted foreign language, though additional languages should be accepted in the future). For example, an applicant may establish a filing date simply by submitting a foreign language research paper in some type of application form (i.e., without claims and/or a translation), as long as the invention is sufficiently disclosed.

An applicant who obtains a filing date without filing any claims and/or using only a foreign language specification must file the claim(s) and/or a Korean translation within fourteen months from the earliest priority date of the patent application. If a third party files a request for examination of a patent application submitted without any claim(s) within the fourteen month period, the applicant must submit at least one claim within three months of receiving KIPO’s notice of the filing of the examination request (and no later than fourteen months from the earliest priority date). Failure to timely submit the claim(s) and/or translation will cause the patent application to be deemed withdrawn.

The priority document (including the Paris Convention priority document) in theory must be submitted within sixteen months from the priority date of the patent application, or else the claim of priority becomes null and void. However, in practice, it will not be necessary to submit a priority application in most cases because KIPO has agreements with most major patent jurisdictions to eliminate this requirement (including Japan, the US, Europe, and China).
4.2 Filing a Korean Patent Application via the PCT Route

An applicant may also file a Korean patent application by first filing an international application under the PCT designating the Republic of Korea (KR), and subsequently entering the national phase in Korea. Formerly, to enter into the Korean national phase, an applicant was required to submit to KIPO a Korean translation of the PCT international application within the same timeframe as the application itself (i.e., within thirty-one months from the priority date). However, for PCT applications with international filing dates on or after January 1, 2015, Article 201(1) of the KPA allows an applicant to petition for an additional month to submit the Korean translation (i.e., up to thirty-two months), though the national phase application itself still must be filed within the thirty-one month period.

Korean law requires that the national phase application must be filed with the same applicant/inventor information as published in the PCT publication by WIPO, unless the applicant can substantiate that changes were recorded using form PCT/IB/306 during the international phase. If a copy of form PCT/IB/306 is not available from WIPO, it is possible to record changes to the applicant/inventor information after entering the Korean national phase.

5. PROCEDURES FOR RECORDING CHANGES TO INFORMATION RELATING TO A PATENT APPLICATION

5.1 Recordation of Changes to Name or Address of Applicant

In order to record any changes to the name and/or address of a patent applicant or patentee with KIPO, a notarized certificate proving such changes must be submitted.

5.2 Recordation of Transfer of Ownership of a Patent Application

If the transfer of ownership is as a result of a discrete assignment of particular assets from one entity to another (as opposed to a merger of two or more entities), the following documents are required:

(i) Deed of Assignment ("DOA") signed by the assignor;
(ii) Certificate of Nationality of Corporation ("CNC") from the assignor; and
(iii) Power of Attorney ("POA") from both the assignor and assignee.

The person signing the DOA, CNC, and POA on behalf of the assignor must be the same person. The DOA and CNC also must be notarized.
If the transfer of ownership is due to a merger of entities, a Notarized Certificate proving the merger is required in addition to a POA signed by the new successor entity.

6. EXAMINATION AND PROSECUTION

6.1 Examination of Formalities

Once a patent application is submitted to KIPO, it is checked to ensure that all the formal requirements for receiving a filing date have been satisfied. If the submitted patent application does not meet the required formalities (e.g., the application is submitted by a person who has no address or place of business in Korea and no patent administrator), KIPO issues a formal notice to the applicant requesting correction of the deficient formalities. If the applicant fails to respond to the notice, or if the applicant’s response is insufficient, then the application will be returned to the applicant.

NOTE: A patent administrator is a person with a residential or business address in Korea, who represents an applicant who has neither a residential nor business address in Korea in connection with prosecuting a patent application in Korea, within the scope entrusted by the applicant.

6.2 Laid-Open Publication and Right to Provisional Compensation

Except for patent applications which are under a secrecy order, all applications are automatically published or "laid open" in KIPO's official "Patent Laid-open Gazette" eighteen months from the Korean filing date (or eighteen months from the priority date, if a right of priority is claimed). An application may be laid open before the end of the eighteen month period, if requested by the applicant.

Once a patent application has been laid-open, any prosecution documents relating to the application are made available for public inspection.

The KPA provides some legal protection to a patent applicant once the application has been laid-open. Under Article 65(2) of the KPA, the applicant may be entitled to seek reasonable compensation for infringing activities conducted after a patent application is laid-open but before it is issued as a patent. Such compensation can only be claimed after the patent is actually registered and a successful infringement action is concluded. Further, in order to collect such compensation, the applicant is recommended to send a warning letter to the alleged infringer regarding the potential infringement during the laid-open period, since the compensation will be calculated as of the date the alleged infringer receives the warning letter or becomes aware of the existence of the laid-open patent
6.3 Information Submission

Under Article 63bis of the KPA, any person may submit arguments and/or evidence to KIPO that are relevant to the patentability of a filed application at any time during prosecution of the application.

The KIPO examiner in charge of substantive examination of the application may use such submitted information in the examination at his/her discretion.

6.4 Deferred Examination System – No Automatic Examination

A Korean patent application will not undergo substantive examination until a formal request is made by the applicant or any third party. For applications filed on or after March 1, 2017, the request for substantive examination must be made within three years from the filing date of the application (for a PCT application, the relevant filing date is the PCT filing date). If no request for examination is made within the three-year period, the patent application will be deemed withdrawn. For divisional or converted applications, the request for examination must be made within three years of the filing date of the parent or original application, or within thirty days of the date the division or conversion is made, whichever is later.

For applications that were filed prior to March 1, 2017, the request for examination period is five years from the filing date of the application.

Applicants can and often do submit any desired preliminary amendments to the application together with the request for examination, although additional amendments are allowed during substantive examination as well. In Korea, the original application filing fees are charged per filing, but the official fee for requesting examination is charged pro rata based on the number of claims to be examined. Thus, an applicant may reduce costs by deleting unneeded claims through an amendment at any time before the request for examination is filed.
6.5 Three-Track Examination System

KIPO has operated a three-track patent examination system since October 1, 2008. This system provides for three types of examination procedures: normal (default), expedited (accelerated), or deferred examination.

6.5.1 Normal (Default) Track Examination

No separate request (other than filing a routine request for examination) is required for normal track examination. Under the current pace of examinations, the first office action (notice of allowance or rejection) should issue within about twelve to sixteen months after filing the request for examination.

Since July 9, 2019, it has been possible to request a 70% discount from the official fees for a request for examination if the International Search Report or International Preliminary Report on Patentability (Chapter II) for the corresponding PCT application was issued by KIPO.

6.5.2 Expedited Track Examination

Under Article 61 of the KPA, the Commissioner of KIPO can order that certain qualified patent applications be examined ahead of other patent applications. Article 9 of the Enforcement Decree of the KPA outlines several circumstances under which examination may be expedited, including if the application qualifies for a Patent Prosecution Highway ("PPH") program between KIPO and other patent offices. KIPO has entered into numerous PPH programs with various foreign patent offices, and also participates in the PCT-PPH program.

Under these PPH and PCT-PPH programs, a positive examination result or a positive International Search Report or International Preliminary Examination Report from any participating foreign patent office makes an application eligible for expedited examination in Korea.

In addition to the PPH or PCT-PPH, expedited examination is available if the applicant requests that a KIPO-approved third-party prior art search authority conduct the prior art search for the examination, with the results forwarded to KIPO. If this procedure is utilized, the applicant must pay the additional fees for the third-party search.

Once a case is accepted for expedited examination, the first office action (notice of allowance or rejection) should issue within about four months from the date of filing of the request for expedited examination (compared to twelve to sixteen months for normal examinations).
6.5.3 Deferred Track Examination

Under deferred track examination (not to be confused with a delayed request for substantive examination), an applicant can request that examination be deferred until a specified later examination-commencement date. Such a request must be made when the request for substantive examination is filed, or within nine months of filing the request for substantive examination. The examination-commencement date must be set no earlier than twenty-four months after the examination request date and no later than five years from the application filing date. According to the KIPO Guidelines, substantive examination of the application should begin within about three months from the examination-commencement date designated by the applicant.

6.6 Office Actions and Applicant Responses

Three different types of rejections may be issued by KIPO during substantive examination of a patent application: Preliminary, Last Preliminary and Final Rejections.

The examiner in charge of the patent application will issue a Notice of Preliminary Rejection if he/she finds that there is at least one statutory ground to reject the application. Article 62 of the KPA lists the various grounds for rejections, including the first-to-file rule, novelty, inventive step, description requirements (clarity and support for the claims, and enabling disclosure in the specification), industrial applicability, and unity of invention (see Section 3 supra and Section 6.10 infra).

The applicant will be given an opportunity to respond to the Notice of Preliminary Rejection, within a time limit designated by the examiner. The time limit may be extended up to four additional months upon request by the applicant, with additional extensions available for good cause only. When responding to a Preliminary Rejection, the applicant may file an argument with or without an amendment to the specification and/or claims (see Sections 6.9 and 6.10 infra for further information on the timing and conditions for filing an amendment and a divisional application, respectively).

If the applicant submits a response to the Notice of Preliminary Rejection, and the examiner finds the response sufficient to overcome the rejections in the Notice of Preliminary Rejection and finds no additional grounds for rejection, a Notice of Allowance will be issued. If any of the rejection grounds is not overcome by the response, the examiner will issue a Final Rejection. If the response overcomes the rejection grounds in the Notice, but the examiner finds a new rejection ground, the examiner will issue a further Notice of Preliminary Rejection based on the new ground.

If the applicant responds to a Notice of Preliminary Rejection by filing an amendment, but the examiner then finds a new ground for rejection as a result of the amendment, the
examiner may issue a Notice of Last Preliminary Rejection (which is distinct from a normal Preliminary Rejection). While the applicant may respond to a Notice of Last Preliminary Rejection as it would to a Notice of Preliminary Rejection (i.e., with a substantive response and/or an amendment to the application), the allowable scope of amendment in response to a Last Preliminary Rejection is very narrow (see Section 6.9 infra). If the applicant responds to a Notice of Last Preliminary Rejection, and any of the rejections are not overcome, the examiner will issue a Final Rejection. (Further, if any amendment as submitted is outside the allowable scope or creates new rejection grounds, the examiner can dismiss the amendment.) On the other hand, if all rejections in the Notice of Last Preliminary Rejection are overcome and no further rejection grounds are raised, the examiner will issue a Notice of Allowance.

NOTE: When prosecuting a Korean patent application, the entire set of claims will be allowed or rejected as a whole under the "all or nothing rule." That is, even if only one claim in the application fails to overcome a rejection ground, the entire set of claims, including any otherwise allowable claims, will not be allowed. After the patent is registered, however, validity is evaluated on a claim-by-claim basis.

6.7 Ex Officio Correction and Ex Officio Reexamination

6.7.1 Ex Officio Correction
KIPO examiners are allowed to correct obvious errors on behalf of applicants. That is, if examiners find no ground to reject the application other than obvious errors (e.g., clear typographical errors and inconsistent reference numbers), they may correct these errors ex officio. In such cases, examiners may unilaterally correct these errors, issue a Notice of Allowance, and notify applicants of the corrections made. Applicants may object to the corrections in whole or in part by submitting a response before the first deadline for payment of annuities. If applicants file such a response, the portion of the ex-officio correction objected to will be deemed never to have existed. In such a case, the allowance of the application will be cancelled unless the ex-officio correction relates only to the abstract.

6.7.2 Ex Officio Reexamination
Under the new re-examination system, if an examiner determines that there are clear rejection grounds for a patent application after the application is allowed, but before the application is registered as a patent, the examiner may, ex officio, withdraw the decision to grant a patent and reopen examination of the application. The new re-examination procedure will apply to applications that are allowed on or after March 1, 2017.
6.8 Appeal and Reconsideration Procedure

6.8.1 For Applications Filed Before July 1, 2009
An applicant may lodge an appeal against a Final Rejection with the Intellectual Property Trial and Appeal Board ("IPTAB"), a reviewing body that operates within KIPO, within thirty days from the date of receipt of the Notice of Final Rejection. An amendment (and/or a divisional application) may be filed within thirty days after filing an appeal against a Final Rejection.

If an amendment is timely made while or after filing a Notice of Appeal, the application is automatically returned to the original examiner for reconsideration based on the amendment, before being reviewed by the IPTAB panel. The examiner will then decide whether to allow the application or forward it to the IPTAB for formal appeal proceedings. If the examiner finds new rejection grounds, he/she can issue a new Notice of Preliminary Rejection. If that happens, and the rejection grounds are not overcome by the applicant’s subsequent response/amendment, the examiner will issue a notice maintaining the original Final Rejection and will transfer the application to the IPTAB for formal appeal proceedings. If the examiner’s rejection is affirmed by the IPTAB, the applicant may appeal to the Patent Court and then to the Korean Supreme Court.

6.8.2 For Applications Filed on or After July 1, 2009
Effective July 1, 2009, the Patent Act was amended to streamline the above process by separating the appeal procedure from the reconsideration procedure, which is now initiated by filing an amendment to the application along with a Request for (the examiner’s) Reconsideration. Under previous versions of the KPA, an applicant was required to first file a Notice of Appeal with the IPTAB in order to make any amendments to the application at the Final Rejection stage. However, such appeal filings were often superfluous if the Final Rejection could be quickly overcome with very simple amendments, such as deleting rejected claims and keeping only allowable claims. The current KPA therefore allows applicants to file an amendment after a Final Rejection while simultaneously seeking the examiner’s reconsideration of the application based on the amendment, without having to file a Notice of Appeal.

In response to a Final Rejection, an applicant can choose either to appeal the Final Rejection to the IPTAB (i.e., proceed directly to the IPTAB for adjudication), or file an amendment to the application with a Request for Reconsideration (for further consideration by the examiner). If a Request for Reconsideration is filed with an amendment, the issued Final Rejection is automatically deemed withdrawn. Under this procedure, if there are no grounds for rejection and the amendment is allowable, the examiner may allow the application. If however the previous rejection grounds are not overcome despite the amendment, the examiner will re-issue the Final Rejection. Of course, if the amendment is not allowable or creates new rejection grounds, the examiner
can also dismiss the amendment.) If a second Final Rejection is issued, the applicant can appeal to the IPTAB, but cannot file another request for reconsideration. No further amendments are allowed after a second Final Rejection, but the applicant may file a divisional application, with or without filing an appeal.

6.9 Amendments to Applications

Under the KPA, a pending patent application may be amended at any time before a first Preliminary Rejection is issued (or before a Notice of Allowance, if no rejection is issued).

Once a Notice of Preliminary Rejection is issued, amendments may only be made within the time limit for responding to an office action (including subsequent rejections, if any). Thereafter, the next opportunity to submit amendments is within thirty days from the filing date of an appeal against a Final Rejection (for applications filed before July 1, 2009) or when requesting reconsideration (for applications filed on or after July 1, 2009), which is the last opportunity for amendment unless another office action issues based on new grounds.

Any amendments to the written description, claims, and drawings, including adding additional claims, can be made (though new matter may not be added). However, if the amendment is made in response to a Notice of Last Preliminary Rejection or a Final Rejection, the allowable scope of amendment is limited to: narrowing a claim, correcting clerical or typographical errors, or clarifying ambiguous descriptions.

For PCT international applications in a foreign language as well as other foreign language patent applications (see Section 4.1 supra) filed on or after January 1, 2015, Articles 42-3(6) and 201(6) of the KPA now allow Korean translations of foreign language patent applications to be corrected within the scope of the originally-filed foreign documents (previously, the translation itself was the legally operative document, and could not be corrected without support within the translated document). This change should benefit foreign applicants, as it allows correction of typographical or translation errors that may arise during translation of the PCT or foreign language application.

6.10 Division of Applications

6.10.1 Unity of Invention Requirement

According to Article 45 of the KPA, one patent application must be related to one invention only. A group of products or processes that are so related as to form a single inventive concept, however, is considered to be one invention and can be claimed in one application.
Article 6 of the Enforcement Decree of the KPA explains the “one application for one invention” concept as follows:

(i) a technical correlation exists between the products/processes for which a patent is sought; and
(ii) the products/processes share at least one identical or corresponding technical feature(s). The technical feature(s) should be an improvement over the prior art in view of the entire invention claimed.

A patent application that violates the unity of invention rule will ordinarily be rejected during prosecution. However, if an application that violates the unity of invention rule is nevertheless allowed to issue as a patent, the patent registration cannot be invalidated on that ground only.

6.10.2 Divisional Applications
A patent applicant may divide an application into two or more applications at any time the KPA allows an amendment to the application. Any invention claimed in a divisional application must be described in the originally-filed parent specification, though not necessarily in the originally-filed claims. In addition, the divisional claims should not overlap with the parent application claims, or else the divisional application may be rejected for violating the double patenting and first-to-file rules (see Section 3.5 supra).

Further, the divisional applicant must be the same as the applicant of the parent application (or the parent applicant’s lawful assignee).

Generally speaking, a divisional application may only be filed while the parent application is still pending. If a patent application is withdrawn, abandoned or invalidated, no division may be made. However, after the divisional application has been filed, the parent application may then be withdrawn, abandoned, or invalidated without affecting the status of the divisional application.

Previously, divisional applications also were not allowed after a Notice of Allowance was received for the parent application (leading to difficulties if a patent was unexpectedly allowed before a divisional could be filed). However, as of July 29, 2015, Article 52(1)(iii) of the KPA now permits the filing of divisional applications for up to three months after a Notice of Allowance is received for the parent (but before the registration fee for the parent is paid). This provision applies to all applications for which a Notice of Allowance is received on or after July 29, 2015, regardless of the filing date of the application.
6.11 Post-Allowance Activities – Registration and Publication

The registration fee for an issued patent constitutes the first three annuity payments for the patent, and must be paid within three months from the date the Notice of Allowance is received. Thereafter, the registration can still be granted for up to nine months after the Notice of Allowance, but late fees will be assessed (late fees are assessed *pro rata* if payment is made between three to nine months after the Notice (3% to 18% of the registration fee)). If the registration fee still is not paid up to nine months, the patent application will be deemed to have been abandoned.

Once the registration fee is paid, the patent is published in the official "Patent Publication Gazette" of KIPO.

7. PATENT TERM EXTENSION AND ADJUSTMENT

Article 88(1) of the KPA provides that the term of the patent commences upon registration and ends twenty years after the filing date of the patent application.

Article 89 of the KPA allows for patent term extensions ("PTEs") for certain pharmaceutical or agrochemical patents that cannot be immediately practiced after grant due to regulatory requirements (e.g., delay in pharmaceutical approval).

Pursuant to the Korea-US FTA, the KPA also allows for patent term adjustments ("PTAs") to compensate for unreasonable delays in prosecution attributable to KIPO.

7.1 Patent Term Extensions Due to Regulatory Requirements (PTE)

Under Article 7 of the Enforcement Decree of the KPA, the regulatory approval underlying a PTE (for an invention relating to a medicinal product or an agrochemical product) must be the "first" approval for a "new chemical entity," which means a new substance having an active moiety with a novel chemical structure that exhibits a pharmacological effect. While PTEs are usually based on approvals under the Pharmaceutical Affairs Act (which regulates pharmaceutical drugs in Korea), approvals under the Agrochemicals Control Act or the Narcotics Control Act can also support the grant of a PTE.

According to KIPO’s regulations concerning extensions of patent term (Public Notice No. 2012-34; October 22, 2012), only one PTE may be granted for a given patent. If more than one patent is affected by one regulatory approval or registration, the term of each patent may be extended independently. Further, if there are multiple separate approvals or registrations of different active ingredients (each being the first approval for a new
chemical entity) that are related to the same patent, any of which would allow the patent to be practiced, then any of the approvals or registrations (regardless of which is the earliest) may serve as the basis for an extension to the patent. However, if more than one approval or registration of the same active ingredient is required to practice one patent, only the first such approval or registration can serve as the basis for the extension.

The length of the PTE is intended to be equivalent to the actual period of non-working caused by the statutory requirements of the Act under which approval is required, up to a maximum of five years. Under KIPO regulations, the general formula for calculating the extension period is as follows.

\[
\text{PTE period} = \text{time taken to conduct domestic clinical trials relevant to the approval} \\
\quad (\text{no foreign clinical trials are counted}) \ \text{PLUS time taken by the Ministry of Food and Drug Safety ("MFDS") to conduct its approval review} \ \text{MINUS any delays attributable to Patentee during the MFDS review period}
\]

The current KPA provides that an application for PTE must be filed with KIPO within three months of the issuance of the relevant regulatory approval or registration. No PTE application can be filed if the patent term is set to expire in less than six months.

An application for PTE must be made in the name of the patentee, or else will be rejected. If a patent is jointly owned by multiple parties, the application must be filed by all joint owners. If the approval or registration holder is different from the patentee, the approval or registration holder must be registered with KIPO as an exclusive or non-exclusive licensee of the patent.

Once an application for PTE is filed (indicating extendable claims and the extension period as well as the reasons for extension), a KIPO examiner reviews the application, and if the application is not allowable, will issue a preliminary rejection. In response to a preliminary rejection, the applicant may submit a response and/or amend the application (to request a shorter extension if length is the basis for the rejection). If the examiner finds no grounds under any subparagraphs of Article 91(1) of the KPA to reject the application, then the examiner must grant the extension.

The scope of a patent during the PTE term is generally limited to covering the approved product on which the PTE is based. However, the Korean Supreme Court has clarified that products using the same basic active ingredient as the approved product but in a different salt form remain within the scope of the PTE.
7.2 Patent Term Adjustment Due to Unreasonable Delay (PTA)

A patent term may be adjusted to compensate for unreasonable delays incurred during the prosecution of a patent that are attributable to KIPO. Article 92-2(1) of the KPA provides that the period of time required to obtain a patent registration that exceeds four years from the filing date of the application or three years from the date of the request for examination of the application, whichever is later, may be added to the term of the patent. Any adjustment of the patent term must exclude any delays attributable to the applicant (e.g., the applicant's delay in responding to an Office Action).

PTAs are not automatic, but must be requested from KIPO by filing a petition within three months of the date of patent issuance, and are granted only if KIPO determines that the patent registration was unduly delayed. Applicants therefore need to monitor whether their patents are eligible for PTA due to unreasonable delay, and ensure that the three-month deadline is not missed.

8. PATENT TRIALS

Once a patent is granted, the IPTAB is initially responsible for hearing invalidation trials that may be filed relating to the patent. A patentee, an exclusive licensee, or an interested party may also file a scope confirmation trial with the IPTAB in connection with a patent. A patentee also may file for a correction trial at the IPTAB to amend the claims, written description, and/or drawing(s) of a granted patent, or may request the correction of a patent in response to the filing of an invalidation trial.

The trial decision rendered by the IPTAB can be appealed to the Patent Court and, if necessary, further appealed to the Supreme Court.

8.1 Scope Confirmation Trial

A scope confirmation trial is an administrative action available at the IPTAB, which has the purpose of determining whether or not a certain article or process falls within (or outside) the scope of a patent. A scope confirmation trial may be brought with respect to any or all of the claims of a particular patent.

A scope confirmation trial may be brought either by a patentee or its exclusive licensee, or by another interested party (for example, any person who has received a warning letter from a patentee, or who is likely to be threatened or disadvantaged by the existence of a valid patent). Scope confirmation trials are more commonly instituted by interested parties seeking to confirm that their articles or processes do not fall within the scope of a
particular patent claim. A patentee or exclusive licensee has standing to file such a trial if he/she shows that the subject article or process actually is or is likely to be used by a third party, while an interested party must show that it is bringing a trial with respect to an actual current or future product or process.

A scope confirmation trial is heard by an IPTAB panel consisting of three trial examiners. Once the presiding trial examiner serves the trial documents on the respondent, the petitioner and the respondent exchange written arguments until the case is ripe for a decision. Because scope confirmation trials commonly are expedited due to a co-pending infringement case involving the same patent, scope decisions generally take about four to six months from the filing date of the trial to issue.

8.2 Invalidation Trial

Only an interested party or an examiner at KIPO can file an invalidation trial against a patent. An invalidation trial also may be initiated even after the patent concerned has expired. This is because an invalidated patent is generally considered invalid ab initio, so there can be no damage compensation for infringement of an invalidated patent, even for infringement that took place while the patent was still valid.

An interested party means any person who is, or is likely to be, affected by a claim of infringement of a patent. Thus, any person who is in the business of manufacturing or selling products made by the patented invention or who is suspected of using the patented invention due to the nature of his/her business is eligible to file an invalidation trial. Further, any person who claims rights to the patented invention may bring an invalidation trial. This is true even for a patent licensee, who cannot be restricted from bringing a patent invalidation suit against the patent that has been licensed.

An invalidation trial may be brought with respect to all or only some of the claims of a patent. Thus, a patent may be partially invalidated.

An invalidation trial proceeding is similar to that for a scope confirmation trial. Once an invalidation trial is initiated, the presiding trial examiner will notify the patentee as well as any exclusive licensee or recorded non-exclusive licensee of the patent.

In response to an invalidation trial, a patentee may make a request for patent correction when submitting its first response brief, or later in response to new evidence submitted by the petitioner. If a second (or later) patent correction is requested, any previous requests for patent correction are deemed to be withdrawn.

Once a trial decision holding a patent invalid has become final and conclusive, the patent
is considered never to have been granted in most cases. However, if the ground for invalidation is that the patentee became ineligible to hold the patent right at some time after it was granted, or that the patent contravened an international treaty after having been registered, the patent will be considered invalid only as of the time the invalidation ground applied to the patent.

8.3 Patent Cancellation System

Under the current KPA, non-interested third parties are not allowed to file invalidation actions against patents. Instead, a new patent cancellation system has been introduced, which allows anyone to file a request to the IPTAB to cancel a patent at any time between the patent registration date and six months after the publication of the registered patent, by submitting prior art and cancellation grounds against the patent. If the IPTAB believes the validity of the patent is reasonably implicated by at least one of the stated cancellation grounds, the IPTAB will issue a written notice including the cancellation ground(s) that the IPTAB believes reasonable to give the patentee an opportunity to respond and/or request a patent correction.

A request for patent cancellation may be brought with respect to all or only some of the claims of a patent. Thus, a patent may be partially cancelled.

One key difference between invalidation actions and the new patent cancellation procedure is that a decision upholding validity in an invalidation action may be appealed to the Patent Court, whereas an IPTAB decision not to cancel a patent under the cancellation system cannot be appealed (although a decision to cancel the patent can be appealed).

8.4 Correction of Patents

A patentee may separately bring a trial for correction at the IPTAB to amend the specification, claims, and/or drawings of its patent. However, if an invalidation trial against a patent or against correction of a patent or a request for patent cancellation is already pending before the IPTAB, the patentee cannot initiate a separate trial for patent correction. In that case, the patentee may only request a patent correction within the existing invalidation proceedings (see Section 8.2 supra).

A correction may be made only for the following purposes:

(i) to narrow the scope of a claim;
(ii) to correct clerical errors; or
(iii) to clarify ambiguous descriptions, all of which must be within the scope of what
is disclosed in the specification and drawings of the patent as granted.

In addition, a patent correction should not substantially broaden or alter the nature of the claimed invention. If a correction is intended to narrow the claims or correct clerical errors, the corrected claims must have been patentable at the time of filing the patent application (although this does not strictly apply when correcting claims against which an invalidation action has been filed).

Under the amended KPA, if a patent cancellation procedure is pending before the IPTAB, the patentee cannot initiate a separate trial for patent correction until the decision of the patent cancellation procedure becomes final and conclusive. However, if an invalidation trial against a patent or patent correction is pending at the Patent Court stage, the patentee can initiate a separate trial for patent correction during the Patent Court proceeding until its review is closed.

9. PATENT INFRINGEMENT

9.1 Infringement

9.1.1 Types of Infringement – Direct Infringement and Indirect Infringement

To engage in the business of producing, using, transferring, leasing, importing, or offering for the sale or lease (including displaying for the sale or lease) of an article covered by a patent constitutes an infringement of the patent concerned. A patent is also infringed when a patented process is used or when an article manufactured by a patented process is used, transferred, leased, imported or offered for sale or lease (including displaying for the sale or lease).

In addition to the above acts, according to Article 127 of the KPA, the following acts also are considered infringement:

(i) if a patent is related to an invention for an article, an act of producing,

1) For more details regarding enforcement of patents, please see Chapter VIII General System of IP-Related Enforcement and Litigation in Korea.
transferring, leasing, importing or offering for the sale or lease (including
displaying for the sale or lease), articles used exclusively for the commercial
production of the patented article; or

(ii) if the patent is related to an invention for a process, an act of producing,
transferring, leasing, importing or offering for the sale or lease (including
displaying for the sale or lease), articles used exclusively for the commercial
practice of the patented process.

Acts under Article 127 of the Patent Act are considered “indirect infringement,” and are
somewhat similar to contributory infringement under US, German, or Chinese patent
or tort law. However, unlike contributory infringement, there is no requirement that the
infringer have knowledge of the patent, or that an article was especially made or adapted
for use in infringing a patent. There is no cause of action for “induced infringement”
under Korean law.

9.1.2 Presumption of Identical Process
According to Article 129 of the KPA, where a patent is directed to a process for
manufacturing a new article (that was new as of the time of filing the patent application),
articles identical to such novel articles are presumed to have been produced by the
patented process. The defendant would then need to rebut the presumption to avoid
being found liable for infringing the process.

9.1.3 New Presumption of Infringing Product/Process
Under the latest amendments to the KPA (approved on December 7, 2018, effective on
July 9, 2019), if a patent plaintiff makes a prima facie showing that an accused infringer
is likely to be using an infringing product or process, the defendant will need to come
forward with some evidence of the product or process it is actually using and why the
product/process is not infringing, or else risk that the court will simply presume that the
accused infringing activity is actually taking place. This provision addresses the fact that
discovery regarding confidential information held by other parties (particularly regarding
information only available in an accused infringer’s own premises) is generally very difficult
to obtain in Korea, and is designed to ease the burden of proof on patentees by not
allowing accused infringers simply to deny credible claims of infringement without making
some affirmative showing of non-infringement in response.

9.1.4 Exemptions to Infringement
Patent rights may be limited by public interest concerns and certain statutory or
compulsory licenses. Specifically, Article 96 of the KPA provides that the following do not
infringe patent rights:

(i) practice of the patented invention for the purpose of research or experiments
    (including research or experiments for the purpose of obtaining regulatory
approval of medicinal products according to the Pharmaceutical Affairs Act or for the purpose of registration of agrochemical compositions or raw materials according to the Agrochemicals Control Act;
(ii) vessels, aircraft, or land vehicles merely in transit through or over Korea, or machines, instruments, equipment, or other articles used in connection with such transit; and
(iii) articles already in existence in Korea at the time the patent application was filed.

Moreover, a patent directed to a pharmaceutical prepared by mixing two or more other pharmaceuticals, or to a process for preparing a pharmaceutical by mixing two or more other pharmaceuticals, is not infringed by the preparation of medicines or medicines thus prepared in accordance with the Pharmaceutical Affairs Act.

Any person who independently possessed an invention in Korea for which a patent application is filed prior to the filing date of the application, and was engaged in or preparing to engage in the business of practicing said invention in Korea at the time of filing, is deemed to have a non-exclusive license to practice the patent within the scope of his/her business or existing use. Such a prior user is not required to pay any compensation to the patentee, and the license is effective against any third party even if it is not recorded.

9.2 Remedies

9.2.1 Civil Remedies
The KPA provides three types of civil remedies for infringement of patent rights: (i) injunctive relief (preliminary and/or permanent); (ii) compensation for damages; and (iii) restoration of injured business goodwill or reputation.

A patentee may initiate one of two types of infringement actions at a district court. A patentee may bring a preliminary injunction action, in which the only remedy is a preliminary injunction, or a patentee may bring a main action, in which a permanent injunction, damages, and/or restoration of goodwill may be sought.

The KPA allows for recovery of both actual and treble (punitive) damages for infringement. Actual damages may be calculated as the patentee’s lost profits, the infringer’s profits from infringement, or a reasonable royalty. Lost profits are generally presumed to be equivalent to the number of infringing goods multiplied by the estimated profit margin that the patentee would have realized from selling the products if there had been no infringing activity. If it is not possible to prove any of the three theories of damages above for whatever reason, the court may decide the amount of damages at its own discretion, after considering all arguments and evidence submitted by the parties.
Since July 9, 2019, up to treble damages for willful or intentional infringement may also be granted, at the discretion of the court.

9.2.2 Criminal Sanctions
A person who has infringed a patent right or an exclusive license may be criminally prosecuted and penalized, irrespective of whether a civil action is filed. However, a criminal infringement proceeding may not be initiated ex officio, but only if the patentee or his/her exclusive licensee files a criminal complaint.

The maximum penalty for infringement is imprisonment of up to seven years or a fine of up to 100 million Korean Won (approximately USD 90,000).

9.3 Defenses
As a defense to a patent infringement action, the defendant may argue that his/her product or process does not fall within the scope of the asserted patent. The defendant may present a written opinion from an expert witness (for example, a university professor) with expertise in the relevant technology to support its non-infringement defense. An alleged infringer may also bring a trial at KIPO to confirm the scope of the asserted patent before or during the infringement action, and obtain a decision that his/her product or process does not fall within the scope of the patent. If a scope action is filed, the defendant may request that the court stay the infringement proceedings until KIPO’s decision on the scope confirmation trial is rendered.

A defendant may also assert as a defense that the accused product or process would have been easily conceived by one of ordinary skill in the art over the prior art in the field, and therefore cannot infringe any patent.

Strictly speaking, invalidity of the patent is not a defense to a patent infringement action, but rather the basis for a separate invalidation trial before the IPTAB. An infringement court must proceed with the presumption that the patent is valid until and unless a decision holding the patent invalid has become final and conclusive.

However, more recently, a number of Supreme Court decisions have held that an infringement court may refuse to enforce a patent (and dismiss the infringement action) if there is a sufficient showing by the defendant that the patent lacks novelty or inventive step, without formally determining that the patent is invalid.
10. ASSIGNMENT AND LICENSING

10.1 Assignment

As with any property right, a patent right is alienable. Therefore, a patent right can be the object of an assignment, inheritance, or investment. A patent right can also be the object of a pledge or security (though the mere right to obtain a patent cannot). If a patent is jointly owned, no owner may transfer or allow a pledge over his/her share without obtaining the consent of all the other joint owners.

10.2 Exclusive or Non-Exclusive License

A sole patentee may agree to grant any person an exclusive or non-exclusive license to his/her patent right. If a patent is jointly owned, however, no owner may grant a license without the consent of all the other joint owners, although each owner may freely practice the patented invention.

An exclusive license becomes fully effective only if the grant of the exclusive license is recorded at the KIPO patent registry. A non-exclusive license need not be recorded in order for the license to be effective. However, recordation is generally recommended as proof of the existence of the license against challenges by third parties.

Although extremely rare, the government may grant a compulsory non-exclusive license to itself or to a third party if the patented invention is necessary to address a national emergency or where there is a strong public interest.

11. PHARMACEUTICAL PATENT-PRODUCT APPROVAL LINKAGE

Pursuant to the Korea-US FTA, the Pharmaceutical Affairs Act (PAA) has been amended to implement a pharmaceutical patent-product approval linkage system in Korea that is similar to the US Hatch-Waxman regulatory framework for generic and original drug companies. The new system (which became fully implemented as of March 15, 2015) broadly includes the following elements:

(i) A party applying for regulatory approval for a new drug (the marketing approval holder, or "MAH") may ask the Ministry of Food and Drug Safety ("MFDS"; formerly known as the Korea Food and Drug Administration) to list patent information relating to the drug on the "Green List" (a process analogous to "Orange Book" listing in the US);

(ii) If a generic seeks to market a drug that is the same as one covered by a listed
patent, the generic manufacturer must notify the MAH/patentee when it applies for approval of the generic product (or else cannot obtain approval for its generic drug); and

(iii) Once the patentee/MAH receives notice of a generic approval application, it has a limited time to request that sales of the generic drug be temporarily stayed after taking legal action against the generic drug. This aspect of the Korean patent-linkage system has only been available since March 15, 2015, so stays of sales are only available against generics that first sought drug approval and challenged the patent on or after that date.

In addition, generic drug makers may qualify for a limited period of exclusivity in which only generics qualifying for exclusivity may sell the generic drug, after the patent is successfully challenged or shown not to cover the generic drug. In order to qualify for exclusivity, a generic company must be the "first" to apply for approval of a particular generic drug, and the "first" to file a successful legal action against the relevant patent (invalidation or scope action) or actually to succeed in a legal action against the patent (due to the broad definition of "first" under the relevant provisions, multiple generics may qualify for exclusivity to sell the same drug in Korea).

The maximum period a generic drug's sales may be stayed is nine months from the date of generic notification, with a separate stay available for each different generic maker (though a patentee must request a stay of sales against all generics that are considered the same by the MFDS in order to obtain any stay). The period of generic sales exclusivity is nine months from the earliest date any generic qualifying for exclusivity can begin to sell its generic, but the same exclusivity period applies to all generics (so generics that become eligible to sell later may only benefit from whatever exclusivity remains of the original nine months, if any).
Chapter II.

Utility Models

1. Introduction
2. Examination and Prosecution
3. Converting Between a Patent and a Utility Model
1. INTRODUCTION

The Korean Utility Model Act ("UMA"), enacted in 1961 (Code No. 952 of December 31, 1961), was established to protect certain physical subject matter, such as devices or articles with a definite shape or structure, or a combination of such articles. Methods are not protected by the UMA.

While much of the Korean Patent Act is also applicable to utility models, the term of a utility model registration is from the date of registration to ten years from the filing date (versus twenty years for a patent). Further, in theory, utility models require a lower standard of inventiveness, so may be more suitable for inventions disclosing only an incremental improvement over the prior art.

2. EXAMINATION AND PROSECUTION

2.1 Official Fees

The official fees for filing, registering and maintaining a utility model are significantly less than those for a patent of equivalent term. For example, the maintenance fees for ten years for a utility model containing ten claims would amount to about USD 1,200, as compared to about USD 2,800 for the same period of time for a patent with ten claims.

2.2 Request for Expedited Examination

Under the previous UMA (before October 1, 2006), a utility model application was reviewed only for basic formality requirements and did not undergo substantive examination. However, since October 1, 2006, substantive examination must be requested for all utility model applications within three years of the application filing date.

As with a patent application, examination of a utility model application may be expedited if the utility model application is within an eligible category. In addition, examination of a utility model application can be expedited simply by filing a request for expedited examination within two months of the filing date of the application, if a request for
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substantive examination was filed simultaneously with the application. In such cases, expedited examination is triggered regardless of whether the application falls under an eligible category.

2.3 Inventiveness Standard

Under the UMA, a utility model lacks inventiveness if it could have been conceived by one skilled in the art "very easily" (as opposed to "easily" where patents are concerned) in view of the prior art. In other words, a utility model can be inventive even if it provides only an incremental level of useful value over the prior art, in contrast to patents which must disclose a "remarkable" effect in order to be deemed inventive (Supreme Court Case No. 96Hu1637 rendered on July 8, 1997).

In practice, KIPO does not have a separate examination division for utility model applications, so the same examiners review both utility model and patent applications. Because there are no clear guidelines on applying the "very easily" standard for utility models as opposed to the "easily" standard for patents, it may not always be strictly true that all examiners apply a lower standard of inventiveness to utility models they examine.

3. CONVERTING BETWEEN A PATENT AND A UTILITY MODEL

A pending patent application may be converted to a utility model application, and vice versa. Thus, subject matter that fails to meet the inventiveness standard for a patent can be converted to a utility model, and thus be subject to a lower inventiveness standard. Once a patent or utility model is issued, however, no conversion is possible.

A patent application may be converted to a utility model application (or vice versa) at any time until thirty days have passed from the receipt date of the first Final Rejection.
Chapter III.
Designs

1. Introduction
2. Protectable Subject Matter
3. Requirements for Design Registrations
4. Filing Requirements and Examination
5. Post-Grant Procedures
6. Enforcement
1. INTRODUCTION

Product designs that are registered with KIPO are protected in Korea under the Design Protection Act ("DA"). Unregistered designs can be protected under the Unfair Competition Prevention and Trade Secret Protection Act and/or Copyright Act in certain circumstances. Further, the international conventions to which Korea is a signatory – such as the Agreement Establishing the World Intellectual Property Organization, the Paris Convention for the Protection of Industrial Property, the Agreement on Trade-Related Aspects of Intellectual Property Rights, the Locarno Agreement Establishing an International Classification for Industrial Designs, and the Hague Agreement Concerning the International Registration of Industrial Designs – have the same legal effect as domestic laws.

Many procedural provisions of the Korean Civil Procedure Act are applied to the DA. In addition, the general provisions of the Korean Criminal Act apply to the provisions of the DA regarding criminal sanction of design infringement. The Criminal Procedure Act applies to the investigation, indictment, and criminal court hearing of such cases.

The DA was enacted in 1961 and has since been amended numerous times to comply with the changes in domestic and international industrial environments. The latest amendments to the DA went into effect on July 9, 2019.

2. PROTECTABLE SUBJECT MATTER

The subject matter protected by the DA is industrial designs. The DA defines "design" as the shape, pattern, color or a combination of these in an article (including part of an article) which produces an aesthetic impression in the sense of sight. Thus, a design application should relate to a single product or to any part(s) of a product containing a specific shape and/or pattern. A typeface can also be protected under the DA.
3. REQUIREMENTS FOR DESIGN REGISTRATIONS

3.1 Substantive Requirements for Design Registrations

3.1.1 Novelty
In order to obtain the grant of a valid design registration, a design must not fall into any of the following categories where the design loses novelty (Art. 33(1)):

(i) a design identical or similar to one which has been publicly known or used in Korea or in a foreign country prior to the filing of the design application; or
(ii) a design identical or similar to one which has been described in a publication circulated in Korea or in a foreign country or published electronically, prior to the filing of the design application.

Nonetheless, a design would not be deemed to lose novelty over an identical or similar design as long as the application for the design was filed within one year from the date when the identical or similar design was first laid-open. (Presumption of Novelty - Grace Period) (Art. 36). This one-year grace period does not apply to designs that were first disclosed to the public through publication by any patent office in the world.

A design registration may not be granted where a design for which an application has been filed is identical or similar to a part of a design indicated in a description, represented in a drawing, photograph or sample attached to another design application filed before and laid open after the filing date of the design application. An exception to this rule applies when the applicant is identical to the applicant of another design application filed before and laid open after the filing date of the design application (Art. 33(3)).

3.1.2 Creativity
A design may not be registered where a person with ordinary skill in the particular field of design could have easily created the design from (i) a design(s) publicly known or used in Korea or in a foreign country or (ii) a shape, pattern, color or combination of these that is widely known in Korea or in a foreign country (Art. 33(2)).

3.1.3 Unregistrable Designs
If a design falls under one or more of the following categories, the design is barred from registration, and if registered, would be subject to invalidation:

(i) a design identical or similar to the Korean national flag, Korean national seal, military flag, or a decoration of Korea, national flag or national seal of a foreign country, a mark or an indication of an international organization (Art. 34(i));
(ii) a design likely to contravene public morals or social order (Art. 34(ii));
(iii) a design likely to cause confusion with the business of another party (Art. 34(iii));
or
(iv) a design consisting solely of a shape that is essential to the product’s function
(Art. 34(iv)).

3.2 First-to-File Rule

Where two or more applications for a design registration relating to an identical or a similar design are filed on different dates, only the applicant with the earlier filing date may obtain a design registration for the design.

Where two or more applications for a design registration relating to an identical or a similar design are filed on the same date, only the person agreed upon by all applicants after a consultation may obtain a registration for the design.

3.3 Characteristic Features of the System

3.3.1 Related Designs
When filing a design that can be considered similar to a previously registered design or a previously filed design of a given applicant, the applicant must file said later design as a related design application. Although a registered design owner shall have the exclusive right to use the registered design and any design similar thereto commercially and industrially, it is common practice to file an application and obtain a registration for a similar design. With the related design registration practice, the scope of the similarity of an earlier-filed principal design may be substantiated for any future dispute over the similarity of the principal design.

If the applicant simultaneously files two or more designs which are similar to each other, the applicant must file one as a principal design (in a "principal design application") and the other(s) as (a) related design(s); that is, as one(s) similar to the applicant’s principal design (in a "related design application").

The application for a related design must be filed within one year of the filing date of the application for the principal design.

The DA stipulates that the term of validity of the related design registration will coincide with that of the corresponding principal design registration, but even if the principal design is invalidated, the related design will remain valid.
3.3.2 Secret Designs (Deferment of Publication)
An applicant for a design registration may request that such design be kept secret, for a period of up to three years from the date of the design registration, which normally occurs about eight months after the Korean application filing date. In order to be granted such secrecy, a petition should be filed requesting such secrecy until the applicant pays the design registration fee. Any applicant for a design registration, or a registered design owner who is granted secrecy for the design, may afterwards reduce or extend the period requested at the time of filing of the design application – within the maximum period indicated above.

3.3.3 Partial Designs
An ornamental design may be embodied in an entire product, or only a portion of a product. When such portion of a product is depicted in the reproductions provided in a "Partial Design" application, the rest of the product must be drawn in broken lines. It is noted that even when a product is purchased or used as a whole, a part of the product may often be appreciated for its own aesthetic value; thus, there has been a need for the separate protection of a part of design. Therefore, even if a design of a product as a whole lacks novelty or creativeness, part of the said product may be registered for separate protection, if the stated partial design meets the normal design registration requirements. Any use of a registered partial design for products that are similar or identical to the product(s) designated in the application for said design is an infringement of the rights of the registered design owner, regardless of the fact that the remaining portion of the product, i.e., the portion that is not covered by the registration, may or may not be similar.

3.3.4 Screen Image Designs
Screen images, such as computer icons and graphic-user interface, can be registered. However, screen images can be registered as designs only when they are displayed on a product (such as a display panel). A screen image can be registered as either a partial or entire design, but a partial design offers broader protection because the registrant can claim infringement against designs containing the partial design, regardless of the similarity of the product designs as a whole. Furthermore, if the screen image moves (e.g., in the case of a flashing design), variations of the moving design are protectable as one design. Virtual reality designs, augmented reality designs or other such similar designs can only be protected when displayed on a screen panel.

3.3.5 Design of a Set of Articles
Where two or more products are used together as a set of products (i.e., a set of fork, knife, and spoon, a set of tea apparatus, a set of smoking apparatus, etc.), the design of the set may be registered if the set constitutes a coordinated whole.

3.3.6 Typefaces
The DA defines typeface as "a set of characters (including Arabic numerals, punctuation
marks, signs, etc.) made in a style with common characteristics for recording, marking, printing, etc. Although typeface is not attached to a product, typeface can be properly protected under the DA as an exception, as long as it satisfies the requirements for design registration.

4. FILING REQUIREMENTS AND EXAMINATION

4.1 Requirement for Filing Design Applications

The following is required to file a design application:

(i) names, addresses, and nationalities of the applicant and the inventor(s) of the design;
(ii) a power of attorney;
(iii) a description of the design, stating the features of the design, materials used in manufacturing the design, the usage and/or method of use of the design, etc.;
(iv) a drawing(s) (see Section 4.2 infra); and
(v) a document proving priority, if priority is to be claimed.

4.2 Drawings

Even only one drawing can be submitted for a design application if the contents of the design and entire shape to be registered are clearly specified in such single drawing.

Further, the drawings may also be submitted in three-dimensional image files, in addition to two-dimensional image files. Specifically, the drawings may be submitted in DWG (Drawing), DWF (Design Web Format) or 3DS (3D studio) file formats. One point to bear in mind is that when submitting drawings for amendments after filing an application for a design, the drawings must be submitted in the same file format used for the original application drawings.

In order to claim priority, the application needs to include drawings substantially identical to the drawings submitted in the priority application.

4.3 Documents Proving Presumption of Novelty

Any person who seeks to take advantage of the grace period (mentioned above in Section 3.1.1) should claim for such a presumption of novelty and submit documents proving the pertinent facts (i) at the time of filing the application (documents can be submitted within
thirty days from the application date), (ii) prior to the issuance of KIPO’s final decision on whether to grant/reject a design registration (documents can be submitted within thirty days from the submission of such claim and prior to the final decision of KIPO), (iii) when filing a response to an opposition filed by a third party, or (iv) when filing a response to an invalidation action filed by a third party.

4.4 Priority Certificate

Any person who seeks to take advantage of the priority offered by the Paris Convention must file his/her application within six months from the filing date of the foreign application that serves as the basis for the priority claim, and shall specify in the design application his/her intention to KIPO. Further, a copy of the foreign priority application, which is certified by the government of the foreign country, must be submitted within three months from the filing date of the design application. The applicant may use the WIPO Digital Access Service to submit priority documents depending on the country of the priority application.

4.5 Application for Multiple Design Registration

The DA allows up to one hundred designs for one application under the same class.

In addition, requests to keep a design secret or to lay open an application are able to target a portion of the multiple designs. The same principle applies to the rejection or registration of an application, which can be determined for a portion of the multiple designs.

4.6 Laid-Open Applications

The applicant of a design registration may request a public disclosure of the application in the KIPO design gazette.

The public disclosure of a design application enables the applicant to demand compensation for an unauthorized incidence of use of an ultimately registered design or a design similar thereto, which occurs (even) before the design registration is granted. In order for the applicant to be eligible for such compensation upon registration, the pertinent unauthorized party using such design must be made aware of the public disclosure (which is typically accomplished duly by way of a warning letter sent to the party in question).
The period of compensation commences from the time the unauthorized party duly became aware of the filed application. The amount of compensation shall be equivalent to what the registered design owner would normally have received for the use of the design.

4.7 Hague Design Applications

Since July 1, 2014, it is possible to file international applications for designs under the Hague Agreement in Korea.

4.7.1 Priority Claim
An applicant may claim priority based on the Paris Convention if it submits to KIPO the priority documents within three months from the publication of the international registration on the WIPO website, or else the priority claim will be nullified.

4.7.2 Designated Products
Korea has adopted the Locarno classification system, but not all of the specific products in the Locarno classification system are recognized in Korea. For example, symbols, logos, and interior designs are not eligible for design protection in Korea.

4.7.3 Deferment of Publication
An applicant may request that publication be deferred until thirty months from the date of the international registration, while for local design applications, an applicant can request that they be kept confidential for up to three years from the registration date of the design.

4.8 Examination

4.8.1 General
Under the current practice, it generally takes about six to eight months from the date a design application is filed for the design to be registered. If the examiner does not find any reason to reject the application, a decision is then rendered to grant registration.

4.8.2 Expedited Examination
An applicant can shorten the examination period to two to four months upon his/her request for an expedited examination, which will be allowed in certain cases including the following ones:

(i) where it is considered that a design has been commercially used by a person who is not the applicant, after the design application is laid-open;
(ii) where the applicant is using or preparing to use the design claimed in the
application;
(iii) where a priority is claimed in a foreign country based on the design application;
(iv) where the applicant has contacted a search agency designated by KIPO and requested a prior art search; or
(v) where the design application utilizes technology related to the fourth industrial revolution, such as artificial intelligence and Internet of Things.

4.8.3 Non-Substantive Examination
The Korean DA adopts a non-substantive examination registration system, which allows applications for goods that are classified into the following Locarno Classes, to be registered without substantive examination.

<table>
<thead>
<tr>
<th>Class</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Clothing and fashion items&lt;br&gt;Underwear, lingerie, corset, brassiere, pajama, clothing, hat, shoes, socks, stocking, tie, scarf, muffler, handkerchief, gloves, etc.</td>
</tr>
<tr>
<td>5</td>
<td>Fiber, sheet and fabrics&lt;br&gt;Spun articles, lace, needlework, ribbon, string for ornamental purpose, fabric, sheets, etc.</td>
</tr>
<tr>
<td>19</td>
<td>Stationery, office supplies, fine art materials&lt;br&gt;Writing paper, letter, card, stationery, calendar, book, note, fine art materials, printed matter, office supplies, etc.</td>
</tr>
</tbody>
</table>

The above designated classes are identified in the Regulation of the DA. Designs that fall under this system will be registered after inspection of only the very basic and perfunctory matters, such as whether the design application is in proper form, and whether there is a possible concern for the design to harm public order or morals. This allows the designs of such goods to be promptly established as a right.

However, anyone can submit information and evidence supporting a rejection of the registration, and the examiner can reject the non-substantive examination design registration accordingly. Further, even without any information submitted by a third party, examiners will be able to reject non-substantive examination designs ex officio, on the ground of lack of creativity. More specifically, a design that can be easily created from a shape, pattern, color or combination of these that is widely known by a person with ordinary skill in that particular design field can be rejected. However, unlike other designs subject to substantive examinations, a non-substantive examination design cannot be rejected due to lack of creativity based on a design that is publicly known or used in Korea or in a foreign country, if it is not also well-known.

Furthermore, after registration has taken place, such non-substantive examination design registrations will still be subject to post-registration opposition and/or invalidation proceedings.
5. POST-GRANT PROCEDURES

5.1 Registration

If the examiner does not find a reason to reject the application, the application will be allowed to be registered. The applicant must pay the first three years’ annuities to KIPO within three months after it receives a notice of the allowance, and thereafter, KIPO will issue a certificate of design registration. After registration, the registration particulars and drawings will be published in the official gazette.

5.2 Design Rights and Limitation

The validity period of a Korean design registration is twenty years from the application date and protection will begin once the design is registered. In the case of a Hague design registration, the term is five years starting from the date of the International Registration, with a renewal possibility up to a maximum of twenty years.

The effects or enforcement of a design right do not extend to the following:

(i) the use of a registered design for the purpose of research or experimentation;
(ii) ships, airplanes or vehicles passing in transit through or over Korea, or machinery, equipment or facilities for use therein; or
(iii) products which were in existence in Korea before the design application was filed.

5.3 Transfer and Licensing

A design right may be transferred. However, a principle design right should be transferred together with any rights to related designs. If a design right is jointly owned, a joint owner may not transfer the right without the consent of the other joint owners.

A registered design owner is free to execute an exclusive or non-exclusive license agreement with any party he/she wishes. However, once the exclusive license is recorded, the recorded exclusive licensee is entitled to exclusively use the licensed design even against the registered design owner. Further, a recorded exclusive licensee can independently file an infringement action against a third party, without any consent from the registered design owner. A recorded exclusive licensee can also grant sub-licenses to third parties with the registered design owner’s consent. A recorded non-exclusive licensee is entitled to use the licensed design against any party who acquires the design right or an exclusive license after the non-exclusive license has been recorded.
5.4 Publication and Oppositions

Once registered, designs are published in KIPO’s design gazette. Designs registered without substantive examination are subject to oppositions within three months of the publication date. Oppositions may be filed by anyone on the ground that the non-substantive examination design was registered in violation of the DA. If the opposition is reasonable, the registration will be cancelled.

5.5 Trials

5.5.1 Trial Against Decision to Reject Amendment
When a person who receives a decision to reject an amendment is dissatisfied with the decision, the person may request a trial within thirty days of receiving a certified copy of the decision.

5.5.2 Trial Against Decision to Refuse or Revoke Design
A person who has received a decision to refuse or cancel a design registration may request a trial within thirty days of receiving a certified copy of the ruling.

5.5.3 Trial to Confirm Scope of Design Right
A trial to confirm the scope of design is an administrative action seeking a decision on whether or not a certain design falls within the scope of another design, which may be filed initially with the IPTAB within KIPO. A trial to confirm the scope of a design may be brought either by the registered design owner or by an interested party. Any person who is likely to be threatened or disadvantaged by the design is qualified as an interested party.

5.5.4 Trial to Invalidate Design Registration
The grounds for invalidation are substantially identical with those barring registration; i.e., lack of novelty, lack of creativity, being merely functional, causing confusion with the business of another party, etc. An invalidation trial may be initiated either by an interested party or by an examiner of KIPO at any time - even after the design in question has expired. This is because an infringer of a design who has suffered from the registered design owner’s enforcement efforts may demand compensation for his/her losses even after the design has expired. Any person who is likely to be threatened or disadvantaged by the design is qualified as an interested party.

Once a trial decision invalidating a design has become final and conclusive, the design is generally regarded as having never been granted. However, if a design is invalidated on the ground that, after obtaining the design, the registered design owner became a person who is not entitled to the design right or the registered design is in contravention of a treaty, the design will be regarded as having been extinguished from the time when the
design came to fall under that ground of invalidation.

5.5.5 Appeal
Any party may request a re-trial against a trial decision that has become final, but only in certain cases, i.e., lack of representation, forged evidence, false deposition, etc.

A trial decision rendered by the IPTAB can be appealed to the Patent Court. Decisions made by the Patent Court may be further appealed to the Supreme Court only when the appeal is based on the ground that the Patent Court decision was made in violation of the law.

6. ENFORCEMENT

6.1 Acts of Infringement

It is an infringement of a design right to use, manufacture, assign, lease, export, import or offer for assignment or lease an identical or similar design, without authorization from the registered design owner. Furthermore, acts of manufacturing, assigning, leasing, exporting, importing or offering for assignment or lease articles used exclusively for manufacturing articles, to which a registered design or similar design has been applied, are considered an infringement of the design right.

6.2 Civil Remedies

A registered design owner is entitled to demand that a person, who has infringed or is likely to infringe his/her right, to cease from continuing the infringing activities; otherwise, the registered design owner may take measures to prevent the infringement. A registered design owner is also entitled to damages from a willful or negligent infringer. Furthermore, the court may, upon the demand of the registered design owner, order the infringer to take measures to restore the damaged goodwill of the design right owner, in addition to or in place of damages when the infringer has injured their business goodwill by willful or negligent infringement.

To relieve the registered design owner’s burden to prove actual damages, the DA provides that the amount of damage may be calculated as follows:

(i) In cases where the infringer sells infringing products, the amount of damages
is calculated as the number of sold articles multiplied by the profit per unit of the articles that the owner of the design might have sold in the absence of the infringement. However, the compensation may not exceed an amount equal to: 

\[ \text{[the profit per unit]} \times \left( \text{[the number of articles that the design right owner could have produced]} - \text{[the number of articles it actually sold]} \right) \].

Further, if the design owner was unable to sell products for reasons other than infringement, the number of such products should be excluded from the damages calculation.

(ii) The infringer’s profits earned as a result of the infringement is presumed to be the amount of damages suffered by the design owner.

(iii) Alternatively, the amount of damages may be determined by calculating the amount of royalties which the design owner could have earned for granting a third party the right to use his/her design.

6.3 Criminal Sanctions

A person who has infringed a registered design right is subject to imprisonment of up to seven years or a fine of up to 100 million Korean Won (approximately USD 90,000). For criminal penalty, a criminal complaint must be filed by the registered design owner or the registered exclusive licensee.
Chapter IV.

Trademarks

1. Introduction
2. Protectable Subject Matter
3. Filing Requirements
4. Examination and Prosecution
5. Post-Grant Procedures
6. Enforcement and Remedies
7. Border Protection of Trademarks (KCS)
8. Domain Name Dispute Resolution (IDRC)
Chapter IV.

Trademarks

1. INTRODUCTION

Trademarks, certification marks, and other marks may be protected in Korea under the Trademark Act ("TMA"). Well-known marks can be protected under the Unfair Competition Prevention and Trade Secret Protection Act, even if they are not registered. Further, the international conventions to which Korea is a signatory – such as the Paris Convention for the Protection of Industrial Property, the Agreement on Trade-Related Aspects of Intellectual Property Rights, the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, the Trademark Law Treaty, the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, and the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks – have the same legal effect as domestic laws.

Many procedural provisions of the Korean Civil Procedure Act have been applied to the TMA. In addition, the general provisions of the Korean Criminal Act apply to the provisions of TMA regarding the criminal sanction of trademark infringement, and the Criminal Procedure Act applies to the investigation, indictment, and Criminal Court hearing of such cases. Further, the Customs Act provides for the protection of trademarks at Korea’s national borders. As in other jurisdictions, the rights to a given trademark have their limits under the Fair Trade Act and the Act on Investigation of Unfair Trade Practices and Remedies against Injury of Domestic Industry. In addition, the Fair Trade Commission Guidelines establish standards for permitting parallel imports.

The TMA was enacted in 1949 (Code No. 71) and has since been amended numerous times to comply with the changes in the domestic and international industrial environments and the current trend in the protection of intellectual property. The latest amendment to the TMA came into force on October 24, 2019.

Korea has adopted a "registration," as opposed to a "use," system for the protection of trademarks. Under this system, a trademark right is normally recognized only when the mark is registered. Actual use of the mark is not a necessary condition for obtaining a trademark registration and an application can be filed on the basis of intent to use.
2. PROTECTABLE SUBJECT MATTER

Trademarks, collective marks, business emblems and certification marks can be protected under the TMA. The provisions applicable to trademarks explained in this chapter are also applicable to the other types of mark, except when stipulated otherwise.

2.1 Trademark

The TMA defines a trademark as any indication which is used to distinguish an entity's products/services from that of others, irrespective of its formation or way of expression, including sign, character, figure, sound, smell, 3D shape, hologram, motion and color.

2.2 Collective Mark

A collective mark is a mark that is intended to be used by an entity or by its members to identify the goods or services which they produce, manufacture, process, sell or offer.

2.3 Geographical Indication

A geographical indication is an indication which identifies goods as having been manufactured, produced or processed in a certain region where a given quality, reputation, or other characteristic of the goods is essentially attributable to that region.

2.4 Business Mark

A business mark designates a mark used by a person conducting a non-profit business for the purposes of identifying that person's business.

2.5 Certification Mark

A certification mark is defined as a mark owned by a person who carries on business of certifying the characteristics of goods or services, such as quality, origin, method of production, etc. and used by business entities other than the owner for the purpose of certifying that their goods or services satisfy such characteristics.

As a certification mark is used to certify characteristics of the goods or services of others, it cannot be registered if the owner plans to use the mark for its own goods or services.
3. FILING REQUIREMENTS

3.1 Requirements for Filing Trademark Application

According to Article 36 of the TMA, the following documents and information are required for filing a trademark application in Korea:

(i) name, address, and nationality of the applicant;
(ii) a specimen of the trademark;
(iii) a statement of goods/services;
(iv) a power of attorney; and
(v) a claim of priority, if priority is being claimed.

3.2 Preparation of Documents

3.2.1 Trademark Specimen

At least one copy of the specimen in black and white or in color is required for filing a trademark application.

3.2.2 Statement of Goods/Services

The Korean Intellectual Property Office (“KIPO”) accepts broad descriptions designating goods/services in the same class, even if the broad descriptions may cover goods/services which are not regarded as being similar under KIPO’s current practice. Under the current guideline, for instance, a class heading "clothing" will be accepted, which can cover "clothing for exclusive use in sports" as well as "suits and coats" or "underwear," although "clothing for exclusive use in sports" is not regarded as being similar to general clothing items according to KIPO’s Goods/Services Similarity Code. However, all the goods/services covered by a broad description should fall into the same class. Thus, for instance, "chemical preparations," covering both chemical preparations for industrial purposes in Class 1 and chemical preparations for medical purposes in Class 5, would not be accepted.

NOTE: In order to rapidly and consistently evaluate the similarity of compared goods/services, KIPO has developed a "Goods/Services Similarity Code" system under which it has grouped similar goods/services under a series of codes. Goods and/or services which fall under a same Goods/Services Similarity Code will be considered similar to each other, even if the considered goods/services are classified under different International Classes. In turn, any compared goods/services which fall under the same International Class could be considered dissimilar to each other if classified under different Goods/Services Similarity Codes.
3.2.3 Power of Attorney
When prosecuting a trademark application, an executed power of attorney ("POA") from the applicant needs to be filed. Neither notarization nor legalization of the POA is required; a signature by an authorized representative of the applicant is sufficient. Also, one POA is sufficient for multiple applications, if all such filings are authorized in the POA.

Furthermore, general powers of attorney are acceptable with KIPO. A general POA allows the named applicant to authorize representation on all matters before KIPO for any number of cases as long as the stated applicant remains the same.

3.2.4 Priority Document
An applicant may claim convention priority, if the applicant files an application for the same mark and goods in Korea within six months of filing an application in a foreign country. The filing date of the application will then be construed as the date the application was filed in the foreign country, instead of the date it was actually filed in Korea.

To claim convention priority, the applicant must submit the filing particulars of the foreign application (including application numbers, filing dates, and countries) on which the priority claim is based, together with a certified copy of the foreign application. If necessary, a certified copy of the foreign application may be submitted to KIPO up to three months after the date the Korean application is filed. KIPO recognizes separate priority for each designated good. Thus, even if a designated good of a trademark application (claiming priority) fell outside the scope of the designated goods of the application upon which priority was based, the other designated goods (which were included in the application upon which priority was based) could receive the benefit of priority. Further, a single trademark application is allowed to claim multiple priorities.

3.3 Multiple-Class Applications
The TMA allows for the filing of a multi-class application. In other words, multiple classes of goods or services may be designated under a single application for a mark. Since a multi-class application is registered as a whole under a single registration number, it would provide the trademark owner with the convenience of management, provided that the trademark satisfies the requirements for registration.

However, disadvantages of a multi-class application include longer prosecution time compared to a single class application, due to the fact that a multi-class application must still undergo a substantive examination for each class. Further, a rejection of just one class will result in the rejection of the entire multi-class application.
3.4 Madrid Protocol Trademark Applications

Since April 10, 2003, it is possible to file international applications under the Madrid Protocol in Korea.

4. EXAMINATION AND PROSECUTION

4.1 Examination System

4.1.1 General Process
All trademark applications are subject to a substantive examination by KIPO before registrations or rejections are issued. A decision on an application for a trademark registration is normally issued in about six to eight months from the date the application is filed. If the examiner does not find any reason to reject the application, a decision is then rendered to publish the application for public inspection and opposition. If no opposition to the registration of the mark is raised within a period of two months, the mark is granted registration.

4.1.2. Expedited Examination
The examination period can be shortened to two to four months upon an applicant’s request of expedited examination, which is allowed (i) if the applicant is using or planning on using the mark in connection with all of the designated goods/services under the pending application (for goods/services that are similar to one another, proof is required for only one of these similar items), (ii) if a third party is using a mark identical or similar to the applied-for mark without any justifiable reason, or (iii) if a priority is claimed in another jurisdiction based on the application, etc.

A third party may also request an expedited examination of a trademark application, if he/she receives a warning letter regarding his/her use of an identical or similar mark to the applied-for mark.

Nonetheless, expedited examination cannot be requested for international applications under the Madrid Protocol.

4.2 Grounds for Refusing Registration of a Trademark

4.2.1 General Grounds Under the TMA
(i) generic name (Art. 33(1)(i));
(ii) a trademark conventionally used for the goods (Art. 33(1)(ii));
(iii) a mark which is merely descriptive (Art. 33(i)(iii));
(iv) a trademark consisting only of a conspicuous geographical name or its abbreviation, or a map (Art. 33(1)(iv));
(v) a trademark consisting only of a common surname or appellation which is indicated in a manner that is generally used (Art. 33(i)(v));
(vi) a trademark consisting only of a simple and common mark (Art. 33(i)(vi)); and
(vii) other non-distinctive marks besides the above (Art. 33(1)(vii)).

According to Article 33(2) of the TMA, certain trademarks which fall under the above grounds may still be registered for the designated goods for which the mark has been used, if they are recognized by consumers due to their extensive use which began prior to the application for registration, i.e., if they have acquired a "secondary meaning."

4.2.2 Specific Grounds Under the TMA

(i) a trademark similar to an official sign or emblem of a state or international organization (Art. 34(1)(i));
(ii) a trademark falsely representing a relationship with states, races, ethnic groups, public organizations, religions, renowned deceased persons, or a trademark that is likely to libel or insult the above or subject them to unfavorable criticism (Art. 34(1)(ii));
(iii) a trademark identical or similar to a well-known mark that indicates a nonprofit business or a nonprofit public service of a state, a public organization or its agencies or public corporations (Art. 34(1)(iii));
(iv) a trademark that is likely to harm public order or morals (Art. 34(1)(iv));
(v) a trademark which incorporates a mark which is identical or similar to medals or honorary certificates awarded at exhibitions held by the government (Art. 34(1)(v));
(vi) a trademark consisting of the name, the appellation, the trade name, the portrait, the signature, the seal, the pen name, the professional name, or the pseudonym of a renowned person or an abbreviation thereof (Art. 34(1)(vi));
(vii) a trademark identical or similar to a senior registered mark to be used on goods which are identical or similar to those of the senior mark (Art. 34(1)(vii));
(viii) a trademark identical or similar to a senior registered collective geographical indication to be used on goods which are identical to those of the collective geographical indication (Art. 34(1)(viii));
(ix) a trademark identical or similar to a trademark which is well-known to consumers as indicating the goods of others, is to be used on goods which are identical or similar to those of the well-known trademark (Art. 34(1)(ix));
(x) a trademark identical or similar to a geographical indication which is well-known to consumers as indicating the goods from a certain region, to be used on goods which are identical to those of the geographical indication (Art. 34(1)(x));
(xi) a trademark that is likely to cause confusion with the goods or business of others which is conspicuously known to consumers, or that is likely to dilute the
distinctiveness and/or reputation of a famous mark (Art. 34(1)(xi));

(xii) a trademark that is likely to mislead consumers on the quality of the goods or is likely to deceive consumers (Art. 34(1)(xii));

(xiii) a trademark identical or similar to a mark that is known to Korean or foreign consumers as indicating the goods of others and which is filed with an unfair competitive purpose (Art. 34(1)(xiii));

(xiv) a trademark identical or similar to a geographical indication that is known to Korean or foreign consumers as indicating the goods of others and which is filed with an unfair competitive purpose (Art. 34(1)(xiv));

(xv) a trademark solely consisting of 3D shape, color, combination of colors, sound or scent, which are essential to the functions of the designated goods or the packaging thereof (Art. 34(1)(xv));

(xvi) a trademark designating wines, liquors, if it is composed entirely or in part of a geographical indication relating to the source of wines, liquors, and the geographical indication is located in a member country of the WTO (Art. 34(1)(xvi));

(xvii) a trademark identical or similar to a name of a strain registered under the Seed Industry Act to be used on goods which are identical or similar to the name of the strain (Art. 34(1)(xvii));

(xviii) a trademark identical or similar to a geographical indication of another party registered under the Agricultural and Fishery Products Quality Control Act, to be used on goods that would be recognized by consumers as being identical to goods that originate from the place indicated by the geographical indication (Art. 34(1)(xviii));

(xix) a trademark identical or similar to a geographical indication protected under a bilateral or multilateral free trade agreement with Korea, or a mark that is composed entirely or in part of such geographical indication, to be used on goods that would be recognized by consumers as being identical to goods that originate from the place indicated by the geographical indication (Art. 34(1)(xx));

(xx) a trademark identical or similar to a third party’s mark that is used or will be used in connection with identical or similar goods, where the applicant obtained knowledge of the mark from the original owner through an agreement, a transaction, employment, or other relationship (Art. 34(1)(xx)); and

(xxi) a trademark identical or similar to a third party’s mark that is registered in a member country of an international treaty, without authorization, filed by an entity who was in a contractual or business relationship with the third party, such as partnership or employment, or other relationship, in connection with identical or similar goods (Art. 34(1)(xxi)).
4.3 Examination by KIPO

4.3.1 Notice to Supplement
In case a trademark application fails to meet the formal requirements for filing (e.g., lack of necessary documents), KIPO will send a Notice to Supplement to the applicant, instructing the applicant to supplement the application within a specified time period - usually one month.

4.3.2 Notice of Preliminary Rejection
During the examination of a trademark application, if the examiner finds grounds to reject the application, the examiner first sends a notice of preliminary rejection to the applicant, which includes the specific proposed grounds for rejection. Thereafter, within two months, the applicant is required to respond to the notice of preliminary rejection by submitting a response brief, which includes arguments rebutting the examiner’s grounds for rejection and supporting the validity of registration. Failure to respond to the notice of preliminary rejection shall result in a compulsory final rejection of the application. Applicants who missed the response deadline may file a request to reopen the examination accompanied by their response within two months from the original deadline.

4.3.3 Notice of Final Rejection
After the examiner reviews the brief submitted in response to a notice of preliminary rejection, if it is determined that there are insufficient reasons to overcome the preliminary rejection, then the examiner sends the applicant a notice of final rejection. If the applicant is dissatisfied with the grounds for the final rejection, an administrative appeal against the rejection may be lodged with the IPTAB of KIPO within thirty days from the applicant’s receipt of the notice of final rejection.

4.4 Publication and Notice of Grant
If the examiner does not find a reason to reject the application, the application will be published for public inspection and opposition for two months. If there is no opposition to the registration of the mark during the publication period, then the registration will be granted. The applicant must pay a registration fee to KIPO within two months from receipt of the notice of grant. KIPO will issue a certificate of trademark registration a few days after the payment.

4.5 Opposition to a Trademark Application
Under the TMA, any party may oppose an application for registration of a mark with KIPO after its publication. In addition, while the application is pending before the examination
bureau (generally before publication), any party may submit information to KIPO explaining why the applied-for mark should not be granted registration.

4.5.1 Information Brief
An information brief may be filed any time before a final decision on a trademark application (i.e., to grant or reject a registration) has been made to provide information to the examiner in charge. If an information brief is filed with KIPO, the examiner in charge may review the information brief during the examination of the subject mark. At that time, if the examiner agrees with the arguments in the information brief, he/she may issue a preliminary rejection against the subject mark. However, the examiner is not obligated to consider the information brief as it is merely for reference.

The advantage of the information brief system is that it is a cost effective way to bring opposition-like arguments before the mark is published. The filing of such an information brief does not bar a later opposition action, if and when the trademark is published.

4.5.2 Opposition
To file an opposition, the opponent must supply, within a period of two months after the publication of the subject mark, grounds for opposition along with all the necessary evidence demonstrating the reasons why the opposed application should be rejected. However, when filing trademark oppositions in the absence of detailed reasons and evidence for the opposition, a short notice of opposition can be lodged within the two month period, so long as it is supplemented with such reasons and evidence within an additional thirty days from the expiration of such time limit. Generally, it takes about six to eight months for a decision on the opposition to issue.

Any decision in favor of the opposer will result in the issuance of a notice of final rejection of the application, in which event the applicant may request an administrative appeal trial at the IPTAB within thirty days from the receipt of the notice of final rejection resulting from the opposition decision. A decision in favor of the applicant will result in the examiner’s grant of the registration of the published trademark application in final form.

Even if the opposition is dismissed, the opponent cannot appeal the opposition decision. Instead, the opponent may file an invalidation action once the mark is registered upon the applicant’s payment of a registration fee.

5. POST-GRANT PROCEDURES

5.1 Registration and Fees
Absent any successful opposition to a trademark application, a notice of grant is issued.
Thereafter, in order to effectuate the trademark registration and obtain a registration date, the applicant must pay a ten-year registration fee in a lump sum, within two months from the receipt of the notice of grant. Trademark registration fees can be paid in two installments.

Thereafter, a certificate of registration is issued to the trademark registrant. The time limit to pay the registration fee can be further extended upon request, for a period of thirty days.

5.2 Trademark Rights and Limitations

Trademark owners can exclusively use a registered mark in connection with its designated goods/services. The term of protection for a trademark is ten years from the day of the registration date, which is renewable indefinitely as long as the prescribed fees are paid.

The effect or enforcement of a trademark right does not extend to the following:

(i) trademarks indicating, in accordance with customary practices, a person’s own name, appellation or trade name, portrait, signature, seal, famous pseudonym, professional name or pen name, or a famous abbreviation thereof (however, this provision shall not apply where, after registration of the trademark, such mark has been used with the intention of violating the rules of fair competition);
(ii) trademarks indicating, in a common way, a generic name, the place of origin, the quality, the raw materials, the efficacy, the usage, the quantity, the shape (including shape of package), the price, the method or time of manufacturing, processing or use or the time of use of goods identical or similar to the designated goods of the registered trademark;
(iii) trademarks identical or similar to the three dimensional figure of a registered trademark bearing a non-distinctive three dimensional figure;
(iv) trademarks customarily used on the designated goods of the registered trademark or goods similar thereto, and marks consisting of famous geographical names or their abbreviations, or of a map; and
(v) trademarks solely consisting of a figure, color, combination of colors, sound, or scent that are essential to the functions of the designated goods of the registered trademark or the packaging thereof.

5.3 Renewal of Trademark Registration

To renew a trademark registration, the registrant must request a trademark renewal within the one year period preceding the expiration of the registration validity period. With
the payment of a late-fee penalty, however, the renewal could be requested up to six months after the expiration date of the registration. Trademark registrations are renewed without having to go through an examination process. Renewal fees can be paid in two installments.

5.4 Assignment

A trademark right, in principle, may be freely transferred. However, the TMA provides several limitations to the rights of the trademark owner when transferring his/her right. For example, business marks of not-for-profit entities cannot be transferred without transferring the business itself and collective marks can be transferred only in case of mergers.

In the event that the ownership of a trademark application or a trademark registration is to be wholly assigned to another party, the following documents are needed:

(i) a deed of Assignment, signed by the assignor;
(ii) a notarized Certificate of Nationality of the assignor;
(iii) a POA of assignor; and
(iv) a POA of assignee.

5.5 License

A trademark owner may grant an exclusive or non-exclusive license of his/her trademark. In case of an exclusive license, the TMA affords the following statutory rights:

(i) an exclusive licensee can grant sub-licenses to third parties; however, consent from the trademark owner is required;
(ii) an exclusive licensee can bring its own independent infringement action against third parties, without consent from the trademark owner; and
(iii) an exclusive licensee is entitled to the exclusive use of the licensed mark even against the trademark owner.

License recordation is not required under the TMA. However, once an exclusive or non-exclusive license is recorded with KIPO, the recorded licensee can claim the right to use the trademark against a new trademark owner or an exclusive licensee who obtained the trademark or exclusive license after the license was recorded.
5.6 Right to Use an Identical/Similar Mark to a Registered Mark Based on Prior Use

The TMA provides a prior user with the right to continuously use its mark without infringing the trademark rights of a registered mark, which is identical or similar to the prior user’s mark, if

(i) the prior user had been using its mark before the registered mark was applied for, without the bad-faith intent of committing an unfair competitive act; and
(ii) the prior user’s mark is recognized as being a source identifier of the user to Korean consumers as a consequence of such prior use in Korea.

Further, a party who uses its name, trade name, or any other personal identifiers as a trademark in accordance with customary practices, is able to continue to use the mark without infringing the trademark rights of a registered mark, if the above (i) criteria is met.

5.7 Trials

5.7.1 Trial Against Decision of Final Rejection
Any person dissatisfied with a decision to refuse the registration of a trademark or to refuse the supplementary registration of designated goods may request a trial within thirty days of the date of receiving a certified copy of the decision of rejection.

5.7.2 Trial Against a Decision to Reject an Amendment
Any person dissatisfied with a decision to reject an amendment may request a trial within thirty days of the date of receiving a certified copy of the decision.

5.7.3 Invalidation Trials
(a) Cause of Action
The cause of action for an invalidation action is substantially identical to the grounds for refusing the registration of a trademark. In addition, if the registered trademark falls under any of the subparagraphs of Article 33(1) of the TMA (see Section 4.2.1 supra), i.e., becomes non-distinctive, the trademark right can be invalidated from the time the trademark registration becomes non-distinctive.

(b) Statute of Limitations
An invalidation trial for the causes under Articles 34(1)(vi)-(x) and (xvi), and Article 35 (first-to-file rule) of the TMA cannot be brought after the lapse of five years from the date of trademark registration (Art. 122(1)).
5.7.4 Cancellation Trials

(a) Possible Causes of Action

(i) Non-Use

Non-use of a trademark for a period of three years constitutes grounds for a cancellation action (Art. 119(1)(iii)). Anyone can bring a cause of action against the holder and/or the licensee of a registered trademark, if such registered trademark has not been used by its holder nor by an exclusive or non-exclusive licensee during the three years immediately preceding the date of a cancellation trial and provided that there are justifiable reasons for the non-use (i.e., prohibition of importation by the Korean government).

(ii) Improper Use by Trademark Holder or Licensee

The trademark holder may not engage in intentionally misleading or deceiving regarding the use of its trademark (Art. 119(1)(i)). A use that causes consumer confusion regarding the quality or origin of the goods may be termed an "improper use." Improper use occurs when the holder of a trademark intentionally uses a similar trademark on the designated goods, or the trademark holder intentionally uses the trademark or a similar trademark on goods similar to the designated goods in a manner that is liable to mislead consumers on the quality of goods or cause confusion regarding the goods of another person.

An improper use of a trademark by either an exclusive or non-exclusive licensee of the trademark holder also constitutes grounds for a cancellation action, unless the holder of the trademark has exercised reasonable care in preventing such improper use by the exclusive or non-exclusive licensee in question. Unlike improper use by the trademark holder, improper use by a licensee may lead to cancellation even in cases where the registered mark is used on designated goods (Article 119(1)(ii)).

(iii) Consumer Confusion Caused by Other Types of Unfair Use

The TMA provides several other possible cases where the basis of a cancellation action is the consumer confusion caused by unfair use. For example, a cancellation action can be brought based on the consumer confusion caused by an amendment of articles of association for collective marks (Art. 119(1)(vii)(e)), by a separate assignment of a similar mark (Art. 119(1)(v)), by a third party’s use of a collective mark (Art. 119(1)(vii)(c)), by allowing a third party to use a certification mark in violation of the articles of association for certification mark (Art. 119(1)(ix)(c)), etc.

(iv) Violation of the Unfair Competition Prevention and Trade Secret Protection Act

The use of a registered mark by a registrant and/or licensee is prohibited if it...
falls under Article 2(1)(x) of the Unfair Competition Prevention and Trade Secret Protection Act ("UCPA"), which prohibits any act of infringing another’s right to profit by using that mark, which the person produced through considerable effort and investment, without authorization for one’s own business through a method that contravenes fair trade practice or competition order (Art. 92(2)). Further, the right holder can file a cancellation action against the registered mark within five years from the registration date (Art. 119(1)(vi)).

(b) Statute of Limitations
Except for cancellations based on non-use, a separate assignment of a similar mark or a violation of UCPA, a cancellation trial based on the above causes of action cannot be brought more than three years after the date that the basis for the cancellation ceases to exist (Art. 122(2)).

5.7.5 Scope Confirmation Trials
A confirmation trial to determine the scope of a trademark right is an administrative action which is initially filed with the IPTAB within KIPO. The trial can be filed for the entire goods or a limited number of goods. A decision is made on whether or not the use of a certain mark on certain goods falls within the scope of a trademark registration (Art. 121).

This trial may be initiated at any time as long as there is merit to determine the issue, even after the trademark right has been extinguished.

A civil court hearing an infringement action is not legally bound by the trial decision on the scope of a trademark right. However, such decision may be presented to the court which is hearing an infringement action as a strong reference for the infringement action.

5.8 Appeal
Any party may request a re-trial against a trial decision that has become final, but only in certain cases, e.g., lack of representation, forged evidence, and false deposition, etc.

A trial decision rendered by the IPTAB can be appealed to the Patent Court, and if dismissed, the decision made by the Patent Court may be further appealed to the Supreme Court, but only when the appeal is based on the ground that the Patent Court decision was made in violation of a law.
6. ENFORCEMENT AND REMEDIES

6.1 Acts of Infringement

The act of using a trademark that is identical or similar to a third party’s registered trademark on goods, which are identical or similar to the designated goods of the registered trademark, constitutes direct infringement.

Further, the following acts are also deemed to constitute infringement of a trademark right:

(i) the act of delivering, selling, forging, imitating, or possessing a trademark identical or similar to a registered trademark with the intent to use or to have others use the trademark;
(ii) the act of manufacturing, delivering, selling, or possessing instruments with the intent to forge or imitate, or to have others forge or imitate a registered trademark of a third party; and
(iii) the act of possessing goods, that are identical or similar to the designated goods of a third party’s registered trademark and indicate a mark identical or similar to the registered trademark, with the intent to deliver or sell the goods.

6.2 Warning Letters

If another party engages in acts that are interpreted as infringing a trademark right, the rightful owner of the trademark may send the infringing party a warning letter demanding the immediate cessation of the infringement.

The trademark owner may send a warning letter before the trademark is registered based on his/her application. In doing so, the trademark owner may demand compensation equivalent to the damages incurred by the use of the mark from the date of the warning to the date of the trademark registration, in addition to the damages incurred after the registration.

6.3 Civil Remedies

The TMA provides civil remedies in cases of trademark infringement through injunctive  

1) For more details regarding enforcement of trademarks, please see Chapter VIII General System of IP-Related Enforcement and Litigation in Korea.
relief (both preliminary and permanent) and compensation for damages.

An infringement action may be initiated at a district court and any or all of the civil remedies may be sought in one action. As for actions seeking injunctive relief, there are two proceedings: one for a preliminary injunction and the other for a permanent injunction. While other civil remedies including damage compensation may not be sought together in an action for a preliminary injunction, they can be claimed in a main action together with permanent injunction.

In cases where the infringer sells infringing products, the amount of damages is calculated as the number of articles sold multiplied by the profit per unit of the articles that the trademark owner might have sold in the absence of the infringement. However, the compensation may not exceed an amount equal to: \([\text{the profit per unit}] \times ([\text{the number of articles that the trademark right owner could have produced}] - \text{the number of articles it actually sold})\). Further, if the trademark owner was unable to sell products for reasons other than infringement, the number of such products should be excluded from the damages calculation.

The infringer's profits earned as a result of the infringement is presumed to be the amount of damages suffered by the trademark owner. Alternatively, the amount of damages may be determined by calculating the amount of royalties which the trademark owner could have earned for granting a third party the right to use its trademark.

Instead of claiming actual damages, a trademark owner is able to claim damages for up to 50 million Korean Won (approximately USD 45,000). This statutory damages provision applies only in cases where the infringing party uses a mark that is identical with or substantially indistinguishable from (but not merely similar to) another party's registered mark used by the registrant in connection with goods that are identical with or substantially indistinguishable from (but not merely similar to) the goods designated under the registered mark.

6.4 Criminal Sanctions

A person who has infringed a trademark right or exclusive license may be criminally prosecuted and penalized, irrespective of the filing of a civil action. The maximum penalty assessable is an imprisonment for up to seven years or a fine of up to 100 million Korean Won (approximately USD 90,000).
7. BORDER PROTECTION OF TRADEMARKS (KCS)

Under the Customs Act and its implementing regulations ("Guidelines for Customs Clearance Procedures for Protection of Intellectual Property Rights"), the Korea Customs Service ("KCS") plays an important role in protecting intellectual property rights in Korea by curbing the flow of infringing goods at border areas.

7.1 Recordation of Trademark Rights with the KCS

Any party seeking trademark protection through the KCS must record its trademarks with the KCS by submitting an application and other required documents. Only trademarks registered with KIPO can be recorded with the KCS.

Recordation with the KCS becomes effective immediately after the date of the KCS' acceptance of the application. The valid period of the KCS recordation is ten years from the recordation date. However, if the KIPO registration of the subject mark expires prior to the above ten-year period, the KCS recordation will also expire with the mark's expiration at KIPO. Further, renewal of the KIPO registration of the subject mark will not automatically renew its KCS recordation. Rather, the KCS recordation must be separately renewed.

7.2 Ordinary Procedures for Handling Suspicious Imports Under the Customs Act

Once the KCS recordation becomes effective, the KCS begins monitoring the import and export of goods bearing the recorded mark. If the KCS finds any suspicious shipments, customs clearance is withheld for temporary suspension. The KCS then delivers notification of the temporary suspension to the importer and the owner of the recorded trademark. The period of the temporary suspension is seven working days from the date of receipt of the notification by the owner of the recorded trademark. During this period, the trademark owner can inspect the shipment in order to verify whether the shipment is genuine or counterfeit. If the trademark owner believes that the detained shipment involves goods which are counterfeit or otherwise infringing, a petition for further suspension can be filed with the KCS by depositing a security bond (equivalent to 120% of the taxable value of the shipment) together with evidence of infringement.

After the above petition and required bond is filed with the KCS, the KCS then reviews the petition to determine whether the shipment should be further suspended. If the KCS decides to continue the suspension, both the importer and trademark owner are then notified. The additional suspension period is ten working days from the date of receipt of the notification by the trademark owner. However, if the trademark owner presents
evidence of a related court or Korea Trading Commission proceeding within the above ten-day period, the KCS may continue to suspend the shipment until the court’s decision is rendered.

Further, during the above additional suspension period, the importer may challenge the suspension by submitting a petition for release, supporting evidence (of non-infringement), and a bond equal to 120% of the taxable value of the shipment. If such a petition is submitted by the importer, the trademark owner will also be notified and be allowed to submit additional evidence to support its claim. The KCS will then determine within fifteen days whether the importer’s petition should be granted. Notwithstanding the above, if a civil action is pending between the trademark owner and importer, the KCS generally will not release the disputed shipment until the court’s decision has been issued, absent any compelling reasons for the shipment’s urgent release (e.g., where the disputed goods are perishable).

7.3 Special Procedures for Handling Suspicious Imports Under the Customs Act

The Customs Act does not provide for penalties against infringers, other than the possible seizure of infringing goods. However, under the Customs Act, the KCS is given wide discretionary power to investigate suspected infringing shipments on its own initiative without a specific petition or application from the trademark owner. Thus, when the KCS determines that a shipment clearly infringes trademark rights, the KCS may transfer the subject case to its internal investigation department or the prosecutor’s office for further criminal proceedings. The infringing shipment would be suspended at the KCS until all criminal proceedings are concluded.

Notwithstanding the above, the KCS generally finds it difficult to unilaterally conclude whether infringement exists (particularly where the importer vigorously protests the seizure). Thus, the KCS generally does not take the initiative to transfer a case to its internal investigation department for criminal proceedings without persuasive evidence of infringement.

8. DOMAIN NAME DISPUTE RESOLUTION (IDRC)

The Internet Address Dispute Resolution Committee ("IDRC"), a sub-body of the Korea Internet & Security Agency ("KISA"), the local agency responsible for domain name registration, was established to provide an effective dispute resolution mechanism for Internet domain names whose ccTLD is "kr." The Internet Address Resource Act ("IARA") and the Enforcement Decree of the IARA (collectively, the "Acts") govern dispute resolution proceedings brought before the IDRC.
8.1 Requirements

In an IDRC proceeding for recovery of a disputed domain name, the complainant (e.g., the trademark owner) can prevail if one or more of the following requirements are met:

(i) The registrant of the domain name at issue infringes the complainant’s trademark right under the TMA;
(ii) The registrant’s use of the domain name at issue causes consumer confusion with the complainant’s trademark or business, which is well-known in Korea;
(iii) The registrant’s use of the domain name at issue dilutes the distinctiveness and/or reputation of the complainant’s personal name, trademark or trade name, which is well-known in Korea; or
(iv) The registrant’s registration, maintenance or use of the domain name at issue was done in bad faith, such as for the purpose of interfering with the complainant’s registration of a domain name by selling or lending it to the complainant or a third party, etc.

However, if the registrant’s domain name is identical to the registrant’s personal name, trademark or trade name, or the registrant has rights or legitimate interests in respect to the registration or use of the domain name, the complainant’s petition can be dismissed.

8.2 Procedural Overview

Under the Acts, a person whose rights have been infringed by the registration of a kr-level domain name can file a complaint with the IDRC seeking the de-registration or transfer of the domain name. However, since the KISA Guideline for Domain Name Registration requires that an entity seeking to obtain registration of a kr-level domain name should have a local presence, a complainant without a local presence can seek only the de-registration of the domain name in an IDRC proceeding.

Once the complaint is filed, the IDRC will serve the complaint on the respondent, i.e., the owner of the domain name. Absent good cause for an extension, the respondent must file a response within fourteen days of receipt of the complaint. An extension for filing a response may be granted for a maximum of fourteen days. If the respondent fails to file a response within the prescribed period, the IDRC can proceed to decide the case without such response. Further, the Acts stipulate that the registrant may not transfer or change the registrar of the domain name in question after a complaint has been filed.

Upon the timely filing of the response (or failure thereof within the prescribed time frame), the IDRC will establish a dispute resolution panel (with one or three members as selected by the parties). The panel must complete its examination and publish its decision.
within fourteen days of receiving the response. In principle, IDRC actions are based on the parties' written submissions (e.g., complaint, response and related evidence) rather than in-person hearings.

8.3 Execution of the Decision

Once a decision is issued by the panel, the IDRC will serve a copy of the decision to both parties. The registrant who objects to the decision may file a petition for objection with a competent court (or arbitral tribunal agreed upon by the parties) and submit the proof of such objection to the IDRC within fifteen days after receipt of the decision. Otherwise, a copy of the IDRC decision will be sent to the relevant domain name registrar for enforcement.
Chapter V.
Prevention of Unfair Competition

1. Introduction
2. Major Types of Unfair Competition
3. Protection of Geographical Indications
4. Remedies
Chapter V.
Prevention of Unfair Competition

1. INTRODUCTION

The Unfair Competition Prevention and Trade Secret Protection Act ("UCPA") was enacted in 1961 with the purpose of maintaining good order in commercial trade by preventing unfair methods of competition and misappropriation of trade secrets.

The UCPA defines the following types of activities as unfair competition:

(i) confusion of identity of source of goods (Art. 2(1)(i));
(ii) confusion of business facilities or activities (Art. 2(1)(ii));
(iii) dilution (Art. 2(1)(iii));
(iv) false representation of origin of goods (Art. 2(1)(iv));
(v) misleading representations of production, manufacturing, or processing (Art. 2(1)(v));
(vi) misleading representations of source of goods or false advertising (Art. 2(1)(vi));
(vii) misuse of a foreign mark by a local agent or a representative (Art. 2(1)(vii));
(viii) cybersquatting activities (Art. 2(1)(viii));
(ix) transferring, lending, importing, etc. of dead copy products (Art. 2(1)(ix));
(x) unfair use of information with economic value (including technical or business ideas) that has been obtained through business negotiations or during the process of a transaction (Art. 2(1)(x)); and
(xi) act of infringing a person’s right to profit by using that person’s product, which was the result of considerable effort and investment, without authorization for one's business through a method that contravenes fair commercial trade practice or competition order (Art. 2(1)(xi)).

2. MAJOR TYPES OF UNFAIR COMPETITION

2.1 Consumer Confusion

While Korea has a registration-based (not a use-based) system for the protection of trademarks, the UCPA protects unregistered but well-known trademarks, as source identifiers. In fact, the UCPA protects not only well-known trademarks, but also names, product configurations, product packaging, manner of providing products/services, overall
appearance of the business of a service provider, and any other signs, which is well-known as the source identifier of a specific entity in Korea.

The three requirements for prevailing in an unfair competition action are: (i) the asserted source identifier must be well-known in Korea; (ii) the cited use must be similar or identical to the well-known source identifier; and (iii) a likelihood of confusion must exist as a result of the similarity (Art. 2(1)(i) and (ii)).

2.2 Dilution

The UCPA also establishes source identifier dilution, a type of unfair competition act, as an independent ground for taking legal action. Acts of tarnishing the distinctive character or reputation of a well-known source identifier by commercially using an identical or similar mark are prohibited (Art. 2(1)(iii)). The protected source identifiers are the same as the one protected under the consumer confusion ground, described above.

2.3 Misuse of Foreign Mark

The UCPA also prohibits using a trademark, without due cause, that is identical or similar to a trademark protected in any member country of the Paris Convention, the World Trade Organization, or the Trademark Law Treaty, in connection with goods identical or similar to the goods of the protected mark, by a person who is or was (within the year prior to the completion of such act) an agent or a representative of the trademark owner (Art. 2(1)(vii)).

2.4 Anti-Cybersquatting Provision

The anti-cybersquatting provision of the UCPA prohibits the act of registering, maintaining, transferring, or using a domain name which is similar to another party’s name, trade name, trademark or any other identifier which is widely known in Korea for the purpose of: (i) selling or renting the domain name to the rightful owner; (ii) interfering with the rightful owner’s registration and use of the domain name; or (iii) obtaining commercial gain (Art. 2(1)(viii)).

2.5 Imitation of Third Party’s Product Provision

Under the imitation of third party’s product provision of the UCPA, the act of selling, leasing, displaying for sale or lease, or importing or exporting a product which imitates the
appearance of another’s product (i.e., the shape, pattern, color, or combination of such attributes) is prohibited as an unfair competitive act, provided that (i) the imitation product is sold, leased, displayed for sale or lease, or imported or exported within three years of the date the original product was first created; and (ii) the appearance of the imitation product is not common to products of the same type (Art. 2(1)(ix)).

Since the original product design does not need to be famous or source-identifying (in contrast to other causes of action for unfair competition or trademark infringement), the above provision provides significant benefits for plaintiffs seeking to take action against imitation products.

2.6 Catch-All Provision

The general catch-all provision targets a vast array of unfair competition activities, which are not covered by the other provisions of the act. Under this provision, any act of infringing another person’s right to profit by using that which the person produced through considerable effort and investment, without authorization for one’s own business through a method that contravenes fair trade practice or competition order is prohibited (Art. 2(1)(xi)).

3. PROTECTION OF GEOGRAPHICAL INDICATIONS

3.1 Geographical Indications ("GIs") Protected by the Korea-EU Free Trade Agreement

A third party may not use protected GIs (a) for any other purpose aside from identifying the true origin, (b) that are translated or transliterated, or (c) accompanied by expressions such as "kind", "type", "style", "imitation" or the like, on goods that are identical or would be recognized by consumers as being identical to goods that originate from the place indicated by the GI in question but that in fact originate from another place (Art. 3bis(1)). In addition, a third party may not assign or deliver products bearing the above-mentioned illegal indications or display, import, or export such goods for the purpose of assignment or delivery (Art. 3bis(2)).

3.2 Exceptions

A third party may continue to use a mark, even if it is identical or similar to a protected GI, on goods that are identical or would be recognized by consumers as being identical to goods that originate from the place indicated by the GI, as long as the prior user started to
use its mark, without any unfair competitive intent, before protection for the GI in Korea began, and such use resulted in consumer recognition of the mark as belonging to a specific entity (Art. 3bis(3)).

4. REMEDIES

Possible remedies in cases of violation of the UCPA include:

(i) injunction (Art. 4);
(ii) damage compensation (in case of dilution, damages caused by intentional acts only) (Art. 5);
(iii) restoration of damaged goodwill (Art. 6); and/or
(iv) criminal penalty (Art. 18).

Infringers committing unfair competitive activities may be subject to imprisonment for up to three years or a fine of 30 million Korean Won (approximately USD 27,000). These criminal penalties are not available for claims brought under the catch-all provision or the anti-cybersquatting or unfair use of information with economic value, and GI related provisions of the UCPA.
Chapter VI.

Protection of Trade Secrets

1. Introduction
2. UCPA Provisions on Trade Secrets
3. Protection and Prevention of Disclosure of Industrial Technology
Chapter VI.
Protection of Trade Secrets

1. INTRODUCTION

Illegal use or disclosure of proprietary information of a company is restricted primarily by two statutes under Korean law, (i) the Unfair Competition Prevention and Trade Secret Protection Act ("UCPA") and (ii) the Prevention of Divulgence and Protection of Industrial Technology Act ("ITA"). Where information falls within the definition of a "trade secret" under the UCPA as well as "industrial technology" under the ITA, such information may be protected under both laws and thus the UCPA and ITA may have overlapping application.

2. UCPA PROVISIONS ON TRADE SECRETS

2.1 Definition

The UCPA defines a "trade secret" as information of a technical or managerial nature, including production or marketing methods, that can be used in business activities. In order to be protected as a trade secret, such information must be generally unknown to the public, possess independent economic value, and kept secret, as discussed in more detail below.

2.1.1 Unknown to Public (Secrecy)

Secrecy/confidentiality under the UCPA means that the protected information must not be available from sources other than its holder without illegal means and/or method.

The confidentiality of information is not lost automatically simply because it is shared between different parties, such as companies in a joint venture, employers and employees, or contractors and subcontractors – so long as the obligation to keep the information confidential is imposed on the parties acquiring that information.

However, if the information is made available publicly, for example, on the Internet or other public sources/media, it will lose its secrecy and no longer be protected under the UCPA. In this regard, the Korean Supreme Court (in a 2008 decision) has further clarified that materials which are similar to those found on the Internet or other open sources are also deemed to have lost their secrecy if their contents can practically be considered the same.
2.1.2 Independent Economic Value
A trade secret, to be protected under the UCPA, must also have independent economic value. Independent economic value can be shown to exist if such information would provide competitive advantages, or if considerable efforts/expenses would be required to acquire or develop such information.

2.1.3 Maintenance of Secrecy
The third and last element is maintenance of secrecy. That is, to be entitled to protection under the UCPA, the holder of a trade secret needs to maintain the protected information secret/confidential.

To satisfy this requirement, the following conditions will be considered relevant: Whether the materials containing the protected information are (i) marked and/or designated as confidential; (ii) subject to restricted access (i.e., cannot be accessed without proper authority); and/or (iii) subject to an obligation of confidence among all parties with access to that information.

While it is no longer required that the secrecy/confidentiality be maintained through "reasonable" efforts to qualify for trade secret protection (as of July 9, 2019), it is expected that a trade secret holder will still need to establish that he/she made at least some conscious efforts to maintain secrecy, the sufficiency of which may be determined on a case-by-case basis, for example, in consideration of the particular industry, company size, industry practice (including, but not limited to, the degree of protection provided with respect to the information in practice), nature/importance of the information, etc.

2.2 Infringement of Trade Secret
The UCPA defines infringement of a trade secret to include the following:

(i) acquiring a trade secret through larceny, fraud, coercion or other improper means (hereinafter referred to as "illegal acquisition"), or subsequently using or disclosing a trade secret so acquired (including disclosure of the trade secret to certain people while maintaining the confidentiality of the trade secret);
(ii) acquiring a trade secret knowing (or being grossly negligent in not knowing) that it was the subject of illegal acquisition, or subsequently using or disclosing a trade secret so acquired;
(iii) using or disclosing a trade secret having learned (or being grossly negligent in not learning) subsequent to the acquisition of the trade secret that it was the subject of illegal acquisition;
(iv) using or disclosing a trade secret in breach of a contractual or other obligation of confidence for purposes of making an illegal profit or causing damage to the
holder of the trade secret;

(v) acquiring a trade secret knowing (or being grossly negligent in not knowing) that the trade secret had been disclosed in the manner set out in item (iv) above, or that the trade secret had otherwise been the subject of such disclosure, or subsequently using or disclosing a trade secret so acquired;

(vi) using or disclosing a trade secret having learned (or being grossly negligent in not learning) subsequent to the acquisition of the trade secret that the trade secret had been disclosed in the manner set out in item (iv) above, or that the trade secret had otherwise been the subject of such disclosure.

2.3 Remedies for Holder of Trade Secret

2.3.1 Civil Remedies

(a) Right to Request Injunctive Relief
Where a person has infringed or tries to infringe upon a trade secret, the holder of that trade secret may seek an injunctive or preventive order against such infringement that has damaged or may damage the holder’s business interests. Together with such an order, the trade secret holder may request an order for the seizure of goods made by the infringing acts, the destruction of items and facilities used in such infringing acts and any other measures necessary to prohibit or prevent the infringing acts. The statute of limitations for injunctive relief is three years from the time the trade secret holder comes to know (i) the infringer and (ii) the fact that its business interests have been or may be damaged by such infringing acts if the infringing acts continue, or ten years from the date of the actual infringement, whichever comes earlier.

(b) Right to Claim for Compensation of Damage
Any person intentionally or negligently causing damage to the holder of a trade secret by infringing upon that trade secret shall be liable for the compensation of damages to the trade secret holder. Further, the UCPA provides special provisions to ease the burden on the part of the trade secret holder in proving the extent of damages suffered from the infringing acts by allowing the calculation of damages based on (i) multiplying the quantity of infringing products sold by the trade secret holder’s estimated profit per product, (ii) the profits gained by the infringer as a result of the infringement, or (iii) the amount the trade secret holder would normally be entitled to receive as a royalty for use of the trade secrets.

Effective July 9, 2019, the amended UCPA can impose “enhanced” penalties on those who have been found to have committed trade secret infringement (by introducing the so-called punitive damages), allowing for recovery of up to treble damages if willful infringement is found.
The statute of limitations for damage claims for trade secret infringement is three years commencing from the date on which the trade secret holder becomes aware of such damage and of the identity of the infringer, or ten years from the date of the actual infringement, whichever comes earlier.

(c) Right to Request for Restoration of Goodwill
The UCPA provides the court with the power to make special orders to restore the goodwill of a trade secret holder where such goodwill is damaged by the infringement, if requested by the trade secret holder.

(d) Special Regulation for Bona Fide Persons
No civil remedies can be sought under the UCPA against a person who acquired a trade secret in good faith in the course of a business transaction and uses or discloses that trade secret within the scope of that business transaction, even though such acquisition would otherwise constitute trade secret infringement. A person who acquires the trade secret “in good faith” is a person who did not know at the time of acquisition that the trade secret was illegally disclosed or had been the subject of illegal acquisition or disclosure, such lack of knowledge being without gross negligence.

(e) Order to Maintain Confidence
The UCPA provides that in a trade secret infringement suit the court can order the parties involved, including counsel representing the parties or any other persons with access to the trade secret at issue in the course of the lawsuit, to keep the trade secret from becoming disclosed, other than for the purpose of the lawsuit (see Chapter VIII General System of IP-Related Enforcement and Litigation in Korea, Part A, Section 1-(A)-1.3.6 Protective Orders, Page 115).

2.3.2 Criminal Sanctions
The acquisition, usage or disclosure of trade secrets for the purpose of making an illegal profit or causing damage to the trade secret holder is subject to criminal sanctions. A criminal complaint from the holder of the trade secret is not required to commence investigation and indictment. Further, the attempt, preparation of, or conspiracy with respect to illegal acquisition, usage or disclosure of a trade secret is also to be punished.

The Korean government and regulators have been making continuous efforts to police trade secret infringement more effectively, establishing policies to better protect victims and to strengthen sanctions for trade secret misappropriation in the process. As part of that effort, an amendment to the UCPA was announced on January 8, 2019, aimed at providing considerably stronger trade secret protection, to take effect on July 9, 2019.

In particular, to address the perceived loophole in the previous UCPA that fell short of
regulating unauthorized leakage of trade secrets that had been lawfully acquired, the Amended UCPA additionally identifies the following conducts to be also unlawful: (i) unauthorized leakage of trade secrets outside of the designated place(s) and (ii) refusal to comply with a request for destruction/return of trade secrets.

Also, the increased penalties under the Amended UCPA are as follows:

Effective July 9, 2019, violations of trade secret rights are punishable by up to ten years of imprisonment or a fine of up to 500 million Korean Won (approximately USD 450,000) (however, in case ten times the pecuniary amount gained from such acts exceeds 500 million Korean Won, a fine of not less than two times but not more than ten times the pecuniary amount may be imposed). In cases where the trade secret is acquired, used or disclosed to a third party knowing that such trade secret is used or will be used overseas, the penalty is aggravated to fifteen years of imprisonment or a fine of up to 1.5 billion Korean Won (approximately USD 1.35 million) (however, in case ten times the pecuniary amount gained from such acts exceeds 1.5 billion Korean Won, a fine of not less than two times but not more than ten times the pecuniary amount may be imposed). In addition, the employer (company or individual) of an employee who committed acts in violation of the UCPA may be held liable (and imposed with a fine for the same offense) unless due diligence is exercised in preventing such acts. Whether the employer exercised due diligence in preventing such act is determined based on the totality of circumstances of the case (i.e., nature of the violation, size of company, actual measures taken, etc.).

2.4 Protection of “Ideas” Added Under the UCPA

A recent amendment to the UCPA (took effect on July 18, 2018) introduces a new provision prohibiting unfair competition associated with “theft of ideas,” or unfair use of ideas of another acquired as part of a business negotiation or transaction (prior to this amendment, the party whose ideas have been misappropriated had to resort to other legal theories such as implied contract, unjust enrichment, breach of fiduciary relationship, etc. but not the UCPA). This amendment is intended to provide “additional” protection for creative business ideas that would not qualify as trade secrets or other IPRs. The potential unfair uses covered by this provision include uses for one’s own business or for a third party’s business, as well as provision of the information to a third party for its use. However, there is no violation if the person accused of obtaining the idea had previous knowledge of the idea, or if the idea was already widely known in the relevant business field. Violation of this provision can result in civil or administrative liability, but not in criminal liability or penalties.
3. PROTECTION AND PREVENTION OF DISCLOSURE OF INDUSTRIAL TECHNOLOGY

The ITA was enacted to provide more robust protection of the so-called "industrial technologies" and "national core technologies."

3.1 Definitions of Industrial Technology and National Core Technology

The ITA is intended to protect "Industrial Technology" and "National Core Technology." The term "Industrial Technology" refers to technology that is designated, notified, published, or certified by the relevant ministries as follows: (i) cutting-edge technology under Article 5 of the Industrial Development Act; (ii) new technology under Article 15-2 of the Industrial Technology Innovation Promotion Act; (iii) new technology under Article 6-2 of the Electric Technology Management Act; (iv) new technology under Article 7 of the Support for Environmental Technology and Environmental Industry Act; (v) new technology under Article 14 of the Construction Technology Promotion Act; (vi) new healthcare technology under Article 8 of the Healthcare and Medical Technology Promotion Act; (vii) core root technology under Article 14 of the Act on the Promotion and Sophistication of Root Industries; or (viii) other technologies designated, notified, published or certified under any other laws or regulations.

Further, the Industrial Technology includes the "National Core Technology," which is defined as industrial technology designated by the Ministry of Trade, Industry and Energy ("MOTIE") as having high technical or economic value, or high growth potential in the domestic/foreign market, and whose disclosure outside of Korea could pose a serious threat to national security or economy. In this connection, the MOTIE has published a list of National Core Technologies as set forth in Exhibit 1.

3.2 Prohibited Acts

Pursuant to Article 14 of the ITA, it is prohibited for anyone to engage in any of the following acts:

A. (i) Acquiring industrial technology of an industrial technology holder by larceny, fraud, coercion, or other improper means, or (ii) using or disclosing (including the disclosure to certain people while generally maintaining its confidentiality) the industrial technology acquired in such manner;

B. (i) For the purpose of making an illegal profit or causing damage to the industrial technology holder, divulging industrial technology by a person who has an
obligation to maintain the secrecy thereof by contract, etc. with such entity, or (ii) using, disclosing or making a third party use the industrial technology divulged in such manner;

C. (i) Acquiring, using, or disclosing industrial technology knowing that the acts falling under Item A or B above were involved, or (ii) subsequently using or disclosing the industrial technology knowing that the acts falling under Item A or B above were involved, after acquiring the industrial technology;

D. (i) Acquiring, using, or disclosing industrial technology without knowing, due to gross negligence, that the acts falling under Item A or B above were involved, or (ii) subsequently using or disclosing the industrial technology without knowing, due to gross negligence, that the acts falling under Item A or B above were involved, after acquiring the industrial technology.

Korean courts have interpreted the expression “improper means” to include not only criminal acts (e.g., larceny, fraud, coercion, etc.) but also to catch all forms of illegal methods that would threaten the social order, etc. (e.g., breach or solicitation of breach of confidentiality duty).

3.3 Regulation on Export or Foreign M&A of National Core Technology

The National Core Technology is subject to: (i) export “approval” by the MOTIE if its development was supported by government funding and (ii) export “declaration” (this too is filed with/reviewed by the MOTIE) if no government funding was involved. The ITA does not specifically define “export.” However, the current view of the MOTIE seems to be to deem any transfer or delivery of the National Core Technology out of Korea (including by electronic transmission) an “export.” In this regard, if any of the National Core Technology subject to export approval/declaration is improperly exported (e.g., without the required approval, through incorrect procedures, without an export declaration or using a false declaration), the MOTIE may suspend or prohibit the export, or order “restoration to the original state.” Further, failure to comply with the export regulations under the ITA may subject violators to criminal prosecution.

In addition, according to the recent Amendment to the ITA (effective on February 21, 2020), if a company or organization having a National Core Technology developed with government funding intends to enter into a “foreign” M&A (i.e., seek foreign investments by way of M&A, joint investment, etc.), such plan must be approved by the MOTIE in advance and other foreign M&A involving a company or organization having any of the National Core Technology developed without government funding must be declared before the MOTIE in advance. According to the Presidential Decree of the ITA, such foreign
M&A subject to the restriction would include cases where a foreigner owns at least 50% of the industrial technology holder’s stock or shares solely or jointly with a company which the foreigner owns solely or controls dominantly. In the event the MOTIE determines that the “outflow” of the National Core Technology through a foreign M&A may have a serious impact on the national security, the MOTIE may suspend or prohibit the foreign M&A, or order “restoration to the original state.” Further, failure to comply with the foreign M&A regulations under the ITA may subject violators to criminal prosecution.

3.4 Remedies for Protection of Industrial Technology and National Core Technology

3.4.1 Civil Remedies

(a) Right to Request Injunctive Relief
Where a person has infringed or tries to infringe upon industrial technology, the industrial technology holder may seek an injunctive or preventive order against such infringement that has damaged or may damage the industrial technology holder’s business interests. Together with such an order, the industrial technology holder may request an order for the seizure of goods made by the infringing acts, the destruction of items and facilities used in such infringing acts and any other measures necessary to prohibit or prevent the infringing acts. The statute of limitations for injunctive relief is three years from the time the industrial technology holder comes to know (i) the infringer and (ii) the fact that its business interests have been or may be damaged by such infringing acts if the infringing acts continue, or ten years from the date of the actual infringement, whichever comes earlier.

(b) Right to Claim for Compensation of Damage
Any person intentionally or negligently causing damage to the industrial technology holder by infringing upon industrial technology shall be liable for the compensation of damages to the industrial technology holder. In this regard, similar to the punitive damages available for trade secret infringement, the amended ITA (effective on February 21, 2020) can impose “enhanced” penalties on those who have been found to have intentionally committed industrial technology infringement, allowing damages award of up to three times the actual damages amount. The statute of limitations for damage claims for industrial technology infringement is three years commencing from the date on which the industrial technology holder becomes aware of such damage and the identity of the infringer, or ten years from the date of the actual infringement, whichever comes earlier.
3.4.2 Criminal Sanctions

(a) Infringement upon Industrial Technology

A person who commits any act defined in Article 14 of the ITA (except Item D), with the intent to use the Industrial Technology or have it used by a third party outside of Korea, shall be punished by imprisonment of up to fifteen years or a fine of up to 1.5 billion Korean Won (approximately USD 1.35 million). A person who does any act defined in Article 14 of the ITA (except Item D) shall be punished by imprisonment of up to seven years or a fine of up to 700 million Korean Won (approximately USD 630,000). A person who does the act defined in Item D of Article 14 of the ITA shall be punished by imprisonment of up to three years or a fine of up to 300 million Korean Won (approximately USD 270,000).

In this regard, under the amended ITA (effective on February 21, 2020), a person who commits the act defined in Item A, B or C of Article 14 of the ITA, with the intent to use the National Core Technology or have it used by a third party outside of Korea, shall be punished by imprisonment of three years or more and a fine of up to 1.5 billion Korean Won (approximately USD 1.35 million). Further, under the amended ITA, a person who does any act defined in Article 14 of the ITA (except Item D) shall be punished by imprisonment of up to ten years or a fine of up to 1 billion Korean Won (approximately USD 900,000). Further, refusal to comply with a request for destruction/return of industrial technology for the purpose of making an illegal profit or causing damage to the industrial technology holder shall be subject to imprisonment of up to ten years or a fine of up to 1 billion Korean Won (approximately USD 900,000), and using or disclosing industrial technology by a person who is provided with such information about industrial technology through industrial technology-related litigation for a purpose other than the intended purpose of such provision shall be subject to imprisonment of up to three years or a fine of up to 300 million Korean Won (approximately USD 270,000).

In addition, the company is also to be punished under Article 38 in case the representative, employee or agent of the company commits the acts criminally punishable under Article 36; provided, however, that such punishment cannot be imposed where the company is not negligent.

(b) Export or Foreign M&A of National Core Technology Without Government Report or Approval

A person exporting National Core Technology without proper government approval (or exporting National Core Technology with government approval obtained by illegal means) or entering into a foreign M&A without declaration (or with declaration but made with improper means), where the person has the purpose to use or have a third party use the technology outside of Korea, may be criminally prosecuted and penalized. The maximum penalty assessable is an imprisonment
for up to fifteen years or a fine of up to 1.5 billion Korean Won (approximately USD 1.35 million). In this regard, under the amended ITA (effective on February 21, 2020), a person entering into a foreign M&A without approval (or with approval but made with improper means), where the person has the purpose to use or have a third party use the technology outside of Korea, may also be punished by imprisonment of up to fifteen years or a fine of up to 1.5 billion Korean Won (approximately USD 1.35 million). In other cases, the person may be subject to imprisonment for up to seven years or a fine of up to 700 million Korean Won (approximately USD 630,000). In this regard, under the amended ITA (effective on February 21, 2020), the immediately aforementioned person in other cases may be punished by imprisonment of up to ten years or a fine of up to 1 billion Korean Won (approximately USD 900,000).

Failure to comply with the MOTIE’s corrective orders, where the exporter or the person entering into a foreign M&A, etc. has the purpose to use or have a third party use the technology outside of Korea, may subject this exporter/person to imprisonment for up to fifteen years or a fine of up to 1.5 billion Korean Won (approximately USD 1.35 million). In other cases, the exporter or the person entering into a foreign M&A may be subject to imprisonment of up to seven years or a fine of up to 700 million Korean Won (approximately USD 630,000). In this regard, under the amended ITA (effective on February 21, 2020), the immediately aforementioned exporter or the person entering into a foreign M&A may be punished by imprisonment of up to ten years or a fine of up to 1 billion Korean Won (approximately USD 900,000).

In addition, a company may also be subject to punishment under the above provisions in case the representative, employee or agent of the company commits the acts criminally punishable thereunder; provided, however, that such punishment cannot be imposed where the company is not negligent.
### Exhibit 1: National Core Technology Published by the MOTIE (as of July 8, 2019)

<table>
<thead>
<tr>
<th>Field</th>
<th>National Core Technology</th>
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<tbody>
<tr>
<td><strong>Semiconductor (8)</strong></td>
<td>Design, process and device technology &amp; 3D stacking technology for 30nm or less DRAM</td>
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<td>Assembly and inspection technology for 30nm or less DRAM</td>
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<td></td>
<td>Design, process and device technology &amp; 3D stacking technology for 30nm or less NAND flash</td>
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<td></td>
<td>Assembly and inspection technology for 30nm or less NAND flash</td>
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<td></td>
<td>Process and device technology &amp; 3D stacking technology for 30nm or less foundry</td>
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<td>Design and process technology for mobile application processor SoC</td>
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<td>Design technology for LTE/LTE_adv baseband modems</td>
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<td></td>
<td>Single crystal growth technology for manufacture of large-diameter (300mm or greater) semiconductor wafers</td>
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<td><strong>Display (2)</strong></td>
<td>Design, process, manufacturing (excluding module assembly process technology) and driving technology for 8G (2200x2500mm) or higher generation TFT-LCD panel</td>
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<td></td>
<td>Design, process and manufacturing technology (excluding module assembly process technology) for AMOLED panel</td>
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<td><strong>Electrical and Electronics (3)</strong></td>
<td>Design, process, manufacturing and evaluation technology for medium &amp; large-size and high-energy density (in case of pouch type, 265Wh/kg or more; in case of angular type, 90% of the pouch type) lithium secondary battery for electric automobile, etc.</td>
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<td>Design, manufacturing and process technology for anode materials with more than 80% Ni content for lithium secondary batteries</td>
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<td>Design and manufacturing technology for power cable systems (including connecting materials) of 500kV or greater</td>
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<td><strong>Automobile-Railway (9)</strong></td>
<td>Design and manufacturing technology for gasoline direct injection (GDI) type fuel injection systems</td>
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<td>Design and manufacturing technology for hybrid and electric power based vehicle (xEV) systems (limited to control unit, battery management system, and regenerative braking system)</td>
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<td>Design and manufacturing technology for fuel cell system for hydrogen fuel cell electric vehicles (hydrogen storage, supply, stack, and BOP)</td>
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<td>* BOP (Balance of Plant): peripheral machinery equipment</td>
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<td>Design and manufacturing technology for LPG Direct Injection (LPDi) fuel injection systems</td>
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<td>Design and manufacturing technology for diesel engine fuel injection apparatus, super charger system and exhaust gas post-treatment apparatus of EURO 6 emission standards or higher (limited to DPF, SCR)</td>
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<td>Design and manufacturing technology for automobile engines and automatic transmissions (limited to technologies within 2 years after mass production)</td>
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<td>Design and manufacturing technology for integrated railway vehicle body using composite materials</td>
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<td>Field</td>
<td>National Core Technology</td>
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<tr>
<td>Automobile-Railway (9)</td>
<td>Design and manufacturing technology for power system of high-speed train having speed of 350km/h or higher (limited to AC induction motor, TDGS control and diagnosis, and main power converting device technology)</td>
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<td>Core component and system design and manufacturing technology for autonomous navigation vehicle (limited to camera system, radar system, lidar system, and high-precision positioning system)</td>
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<td>Steel (9)</td>
<td>FINEX fluidized furnace operation technology</td>
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<td>Manufacturing technology of iron bar/section steel with yield strength 600MPa or higher (limited to product manufactured by electrical furnace with low-carbon steel (0.4% C or less))</td>
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<td>Manufacturing technology for TWIP steel containing manganese for high-processing (more than 10% manganese)</td>
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<td>Manufacturing technology for giga-level high strength steel board containing 4% or less alloy element</td>
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<td>Manufacturing technology for 100 tons or higher (for single product) large-sized cast and forged-steel product for shipbuilding and power plant</td>
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<td>Manufacturing technology for low-nickel (3% or less Ni) and high-nitrogen (0.4% or more N) stainless steel</td>
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<td>Controlling technology for ultra-precision plating (with resolution of 0.1 μm) based on artificial intelligence</td>
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<td>Automatic control technology for blast furnace operation based on deep learning artificial intelligence</td>
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<td></td>
<td>Smart water cooling technology for manufacture of high strength steel plate with tensile strength of 600MPa or higher (including engineering and control technology)</td>
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<tr>
<td>Shipbuilding (7)</td>
<td>Design technology for high-value-added ships (super-large capacity container ship, low temperature liquid tank ship, large capacity cruise ship, anti-freezing freight ship, gas fuel propulsion ship, electric propulsion ship, etc.) and ocean systems (maritime structure, maritime plant, etc.)</td>
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<td>Manufacturing technology for LNG ship cargo tanks</td>
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<td>Block erection and overland ship building technology for 3,000 tons or more ships</td>
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<tr>
<td></td>
<td>Manufacturing technology for 5,000 or higher horsepower diesel engines, crankshafts and propeller with 5 meter or more diameter</td>
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<td>Technology for autonomous navigation (economical navigation, safe navigation, etc.) and automated navigation, combined control system for ship</td>
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<td></td>
<td>ERP/PLM system, and CAD-based design and production support program for shipbuilding</td>
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<td>Manufacturing technology for ship core machinery materials (BWMS manufacturing technology, WHRS manufacturing technology, fuel supply device manufacturing technology for ship with gas fuel projection and re-liquefaction &amp; re-gasification device manufacturing technology, technology of manufacturing machine and materials for reducing emission of atmospheric pollution sources such as SCR and EGCS)</td>
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<td>Field</td>
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Chapter VII.

Copyrights

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1. INTRODUCTION

The copyright system in Korea is governed by statutes and treaties. The most relevant legislation, the Copyright Act (“CA”), was enacted in 1957 (Code No. 432) to protect the rights of authors and to promote fair use of works in order to contribute to the improvement and development of culture. It has since been amended numerous times to comply with the changes in the domestic and international industrial environments and trends in the protection of intellectual property. Recently, major amendments were made to the CA to comply with the Korea-EU Free Trade Agreement (effective July 1, 2011) and the Korea-US Free Trade Agreement (effective March 15, 2012), and the most recent partial amendment to the CA will take effect on May 27, 2020.

Korea acceded to the Universal Copyright Convention (effective October 1, 1987) and the Geneva Phonogram Convention (effective October 10, 1987). Korea also acceded to the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”) (effective January 1, 1995) and the Berne Convention (effective August 21, 1996). In addition, Korea became bound by the WIPO Copyright Treaty (effective June 24, 2004), Rome Convention for the Protection of Performers, Producers of Phonogram Producers and Broadcasting Organisations (effective March 18, 2009), and WIPO Performances and Phonograms Treaty (effective March 18, 2009). By joining such multilateral treaties and conventions, Korea agreed to grant protection to works of foreign authors from treaty countries in exchange for protection for Korean works and productions.

2. SUBJECT MATTER

2.1 Standards for Protection

Under the CA, no procedures or formalities exist for a copyright to come into existence. It arises the moment a work of authorship is created. Registration is not mandatory, but it does provide certain advantages for the right holder.

To be protected by copyright, a work has to be original, creative, and expressive. Mere ideas, as opposed to original expression, will not be protected. In other words, ideas
expressed in a work are not protected, what is protected is the fixed expression or manifestation of these ideas.

2.2 Categories or Types of Works

The CA non-exhaustively lists examples of protected works categorized according to the forms they take (Art. 4). If a type of work is not included in this list, it may still be protected under the CA if it is a subject matter that falls under the general definition provided in Article 2(1) (see Section 2.1 supra). The kinds of protected works are listed as follows:

(i) Novels, poems, theses, lectures, recitations, plays, and other literary works;
(ii) Musical works;
(iii) Theatrical works, including dramas, dances, pantomimes, and other theatrical works;
(iv) Paintings, calligraphic works, sculptures, crafts, works of applied art, and other artistic works;
(v) Architectural works, including architectural models, plans, design drawings and other architectural works;
(vi) Photographic works including photographs and other works produced by similar methods;
(vii) Cinematographic works;
(viii) Maps, charts, design drawings, sketches, models, and other diagrammatic works; and
(ix) Computer program works.

Performances, sound recordings, and broadcasts may be protected by neighboring rights.

NOTE: The CA provides for neighboring rights in performances, sound recordings, and broadcasts. As a safeguard, the CA provides that its neighboring rights provisions shall not be construed to have any effect on copyrights (Art. 65).

2.3 Derivative Works and Compilations

Derivative works and compilation works are protected as “independent works,” without prejudice to the rights of the author(s) of the original work(s) upon which they are based or which they incorporate (Art. 5 & 6).
2.4 Borderline Cases

The CA defines a work of applied art as an artistic work which can be reproduced in the same shape, for example, industrially made products, but which possess some originality that may be recognized separately from the goods in which the work might be embodied (Art. 2 (15)). Copyright will protect the artistic aspects or elements of a work of applied art that can be independently recognized from the functional, physical, or conceptual aspects of embodiments of the work.

Logos and simple designs are generally not protected by copyright but they can be if the work is original, creative, and expressive enough.

3. DURATION

3.1 General Rules

An author's economic rights generally subsist for the life of the author plus a term of seventy years after the author's death (Art. 39).

This term, like all terms of copyright and neighboring rights, is calculated from the beginning of the year following the year in which the triggering event (e.g., death of the author, creation of the work, making public of the work) occurred. In the following cases, the copyright term runs as follows:

3.1.1 Joint Works
In the case of a work of joint authorship, economic rights subsist for a term of seventy years after the death of the last surviving author. However, in the case of cinematographic works, often in fact joint works, a special term applies (see Section 3.2.1 infra).

3.1.2 Works for Hire; Group Works
A special term applies in the case of a work made public by a legal entity or organization. This case includes all works deemed to be authored by a legal entity or organization that, of course, would have no natural life. In this case, economic rights subsist for a term of seventy years after the work is made public; however, if the work has not been made public or published within fifty years after its creation, the economic rights are protected for a term of seventy years from the date of its creation (Art. 41).

3.1.3 Anonymous or Pseudonymous Works
The term of economic rights in an anonymous or pseudonymous work is seventy years after the work is made public. However, if, before the expiry of such period, a reasonable ground has been found to consider that the seventy years post mortem period has lapsed
or will lapse within seventy years after the publication date, then the economic rights in such work will be deemed to expire on the date of lapse of the seventy years post mortem period. If the real name or a widely known pseudonym of the author has been revealed during the term of protection, or if the real name has been recorded on the copyright register during the term of protection, the economic rights will subsist for the normally protected term (Art. 40).

3.2 Special Terms

3.2.1 Cinematographic Works
The term of protection for a cinematographic work is seventy years after the work is made public. However, in the case where the work has not been made public within fifty years after its creation, the work will be protected for seventy years from the date of its creation (Art. 42).

3.2.2 Performances, Sound Recordings, Broadcasts
Neighboring rights last seventy years (with the exception of broadcasts, in which case the neighboring rights last fifty years). This term is calculated from the beginning of the year following the date when the concerned performance or broadcast took place, or in the case of sound recordings, when the sound recording was first made public (Art. 86(2)).

4. OWNERSHIP AND TRANSFER

4.1 Initial Ownership
All rights under copyright initially belong to the actual author or authors of a given work, except as indicated below.

Nonetheless, under the CA, a person is rebuttably presumed to be an author of a work if his/her real name or well-known pen name, stage name, screen name, pseudonym, abbreviation, etc., is indicated as the author’s name in the customary manner on the original or reproduction of the work or in making the work public; otherwise, the person indicated as that making the work public is presumed to hold the copyright (Art. 8).

4.1.1 Joint Works
Article 2(21) of the CA defines a joint work as a work created by two or more persons in which the contributions by each of these persons cannot be separately exploited.

All the authors of such a joint work must in principle unanimously consent to the exploitation of the work. Accordingly, no joint right holder may transfer his/her rights
or establish a pledge against his/her share without the consent of the other joint right holders. However, no right holder may unreasonably obstruct the conclusion of an agreement or unreasonably withhold such consent (Art. 15 & 48).

4.1.2 Works for Hire
The CA deems a legal entity, organization, or other person to be the "author" of a work, and to own the copyright in a work, under the following conditions (Art. 9):

(i) the work was created by an employee within the scope of employment, subject to the employer’s supervision; and
(ii) there is no separate or particular contract or employment regulation providing that the status of author of, or ownership of copyright in, the work-for-hire should belong to the employee.

Rights in commissioned works will belong to the commissioned author, who may transfer his/her rights to a third party by contract.

4.2 Transfers

4.2.1 Interests Subject to Transfer
The CA provides that economic rights may be transferred by assignment in whole or in part (Art. 45). The holder of the economic rights may grant a license to a third party to use or exploit a work (Art. 46). Moral rights cannot be contractually transferred.

4.2.2 Formal Requisites for Transfers
The CA does not provide any formal requisites for contractually transferring or licensing copyrights; nor does the Korean Civil Code or general contract law. However, in order for a transferee to assert a transferred right or interest against a third party asserting the same right, the transfer has to have been recorded.

5. REGISTRATION OF COPYRIGHTS

Under the CA, a work may be registered with the Ministry of Culture, Sports and Tourism ("MCST"), which delegates its authority for registration to the Korea Copyright Commission ("KCC"). A person who desires to register the copyright in a work must submit an application to the KCC in order to provide specific information.

That information, once registered, will be made available to the general public in the official Copyright Gazette. Although such registration is not mandatory and is not a precondition for copyright protection, registration does provide certain advantages to
right holders in the event that enforcement of the copyright against third parties becomes necessary.

6. PROTECTION OF FOREIGN WORKS

6.1 Copyright

Under Article 3 of the CA, a work created by a foreign individual or entity will be protected by copyright if any one of the following conditions is satisfied:

(i) if an international treaty obligates Korea to provide such protection;
(ii) if the work was published in Korea for the first time or within thirty days from the date of first publication in another country; or
(iii) if the individual author permanently resides in Korea or if a corporate author has its principal office in Korea.

Despite the forgoing, if no or limited protection is afforded for works of Korean nationals or entities in a given foreign country, the protection in Korea of works created by an individual or entity of this foreign country may be correspondingly restricted. In addition, if the period of protection for the foreign works in this foreign country expires, the period of protection under the CA will also be correspondingly restricted (Art. 3).

6.2 Neighboring Rights

Korea has acceded to the Geneva Phonograms Convention, the TRIPs Agreement, the Rome Convention, and the WIPO Performances and Phonograms Treaty, which serve as treaty bases for protection of neighboring rights of foreign individuals or entities.

7. MORAL RIGHTS

An author of a work has certain "moral" rights. Indeed, any act of using a work in a manner likely to injure the author's honor or reputation may be regarded as violating these rights (Art. 124(2)). Further, the CA specifies the rights to determine whether or not to make the work public, the right to preserve the integrity or identity of the work, and the right to attribution of authorship.
7.1 Disclosure to the Public

The author of a work has the right to decide when and in what form the work will be "made public" (Art. 11). This term is defined as making a work available "to the public by means of performance, broadcasting, exhibition or by other means, and to publish a work" (Art. 2 (25)).

7.2 Integrity and Proper Usage

An author has the right to maintain the identity of his/her work, notably the integrity of its contents, format, and title (Art. 13(1)). Nonetheless, the author's objection to a modification may not be given effect in the following situations, provided that the modification at issue is not to a substantial part of the work (Art. 13(2)):

(i) if the work is used for school or other educational purposes and if the modification at issue is made within the scope deemed unavoidable for such purposes (see Section 9.2 infra);
(ii) extension, remodeling, or other forms of alteration of a work of architecture;
(iii) modification limited to the extent necessary to enable programs that can be used only on specific computers to be used on other computers;
(iv) modification limited to the extent necessary to use programs more effectively on specific computers; or
(v) any other modifications within the limits found unavoidable in the light of the nature of the work and the purpose and manner of its exploitation.

7.3 Attribution of Authorship

The author has the right to have his/her name or pseudonym indicated on embodiments and copies of the work and in making it public (Art. 12(1)). Absent the author's declaration to the contrary, the person using his/her work should follow the author's prior manner of indicating his/her authorship. However, omission may be excused where it is unavoidable due to both the nature and use of the work (Art. 12(2)).

8. ECONOMIC RIGHTS

Articles 16 through 22 of the CA recognize the economic rights of reproduction, public performance, broadcasting, transmission, exhibition, and distribution of works, as well as rights of production and exploitation of derivative works. The following comments are in order on these specific rights:
8.1 Reproduction

The right holder of a work has the right to reproduce his/her work. Reproduction is defined as fixation on or remaking into a tangible media of expression, whether temporarily or permanently, by means of printing, photographing, copying, sound or visual recording or other means. In case of an architectural work, it also means construction in accordance with the [relevant] models or plans. In case of a play, musical score, and any other similar work, it includes recording a performance or a broadcast.

8.2 Translation and Adaptation

The right holder of a work has the right to prepare derivative works based on his/her prior work, or compilations that include his/her prior work or parts of it, and to control the use of the resulting derivative works or compilations by exercising any of the economic rights under copyright.

8.3 Distribution; Rental; Imports

The right holder of a work has the right to distribute an embodiment or copy of his/her work. Distribution is defined as the "transfer or rental" of original embodiment or copies to the general public, whether for a price or free of charge. The distribution right is limited by the "first sale" doctrine, also known as the "exhaustion" doctrine: if an embodiment or copy of a work is delivered to the general trade for sale with the consent of the right holder, it may be distributed successively thereafter without such consent. However, the right holder retains the right to authorize rental of commercial sound recordings or computer programs even after the first sale.

8.4 Public Performance; Exhibition

The right holder of a work has the right to perform his/her work publicly. Public performance means "presentation of the work to the public by acting, musical playing, singing, reciting, screening, or by other means" or "publicly playing or showing reproductions (notably recordings)", which includes the performance of a sound recording publicly by means of a digital audio transmission within a specific place occupied by the same party. The right holder also has the right to publicly exhibit or display an embodiment or copy of his/her work.
8.5 Communication: Broadcasts; Transmissions

The CA recognizes a comprehensive right of communication to the public. This right includes the making available of a protected work to members of the public via wireless or wired communications. This right also comprises broadcasting, transmission, and digital-audio transmission of the work, defined as follows:

(i) *Broadcasting* is defined as transmission of voices, sounds, or images by wire or wireless communications intended for a simultaneous reception by the public (Art. 2(8)).

(ii) *Transmission* is defined as, among communications to the public, making available of works to the public in such a way that members of the public may access them at individually selected times and places (Art. 2(10)). It includes on-demand network access but excludes digital-audio transmission.

(iii) *Digital-audio transmission* is any digital transmission of sounds commenced at the request of members of the public for the purpose of enabling them to receive the sounds simultaneously (Art. 2(11)). It includes webcasting.

9. EXCEPTIONS AND LIMITATIONS

Section 4(2) of Chapter 2 of the CA provides for exceptional cases in which the author’s economic rights, but not moral rights, are limited. In these cases, a work or parts of a work may be used without the author’s or other right holder’s consent for reasons of public policy. The work may also be adapted or translated without consent for specified uses (Art. 36). In most cases, exceptions require that sources of materials used be specified (Art. 37).

9.1 Private Use; Quotation; Parody

For the purpose of his/her personal, family, or other similar uses within a limited circle, a user may reproduce, by himself/herself, a work already made public (Art. 30).

A work already made public may be quoted, provided that such quotations are within a reasonable limit for news reporting, criticism, education and research, etc., and are compatible with fair practice (Art. 28). Korean courts have not ruled on parodies, but they may arguably excuse a parody if it is on the whole clearly distinguishable from the prior work of which it contains a quotation or a critical reworking.
9.2 Educational, Archival, and Other Non-Profit Uses

9.2.1 Educational Uses; Examinations
Educational uses specified by the CA may be made without consent, some against compensation. A work already made public may be reproduced in textbooks to the extent deemed necessary for the purpose of education at lower-level schools and high schools or their equivalents (Art. 25).

9.2.2 Library and Other Archival Reproduction
If a work is included in materials held by a public library listed in the Library Act, or by another public archival facility indicated in a Presidential Decree, it may be reproduced under certain circumstances (Art. 31(1)).

9.2.3 Non-Profit Performance and Broadcasting
A work already made public may be publicly performed or broadcast for non-profit purposes, provided that no fee is charged to the audience, spectators, or third persons, and the performers receive no compensation (Art. 29(1)). Similarly, in the absence of a Presidential Decree to the contrary, commercial music records or cinematographic works published for commercial purposes may be played for the public if no benefit is received in return from any audience or spectators (Art. 29(2)).

9.2.4 Use for Current News Reports
In the case of reporting current events by means of broadcasts, newspapers, or other means, a work may be reproduced, distributed, publicly performed, broadcast or transmitted online to the extent justified by the news-reporting purpose (Art. 26). Furthermore, articles and editorials on current events appearing in newspapers and Internet news may be reproduced, distributed, or broadcast by other media organizations, unless an indication of prohibition of exploitation exists (Art. 27).

9.2.5 Reproduction for Judicial Proceedings
The CA provides that a reproduction of a work is allowed if and to the extent deemed necessary for the purpose of judicial proceedings or for internal use by legislative or administrative bodies, provided that such reproduction does not unreasonably prejudice the interests of the right holder’s economic rights in view of the nature of the work and the number and form of the reproduction (Art. 23).

9.2.6 Temporary Sound or Visual Recording by Broadcaster
Broadcasting organizations may make temporary sound or visual recordings of a work for the purpose of their own broadcasting and by the means of their own facilities, but only consistently with the intention of the owner of the right of broadcasting; recordings made for such purposes may not be kept for a period exceeding one year from the date of sound or visual recording, unless they are kept as materials for public records in a location
specified by Presidential Decree (Art. 34).

9.2.7 Exhibition or Reproduction of Fine Art Works
The owner of the original of a work of art, architecture, or photography, or a person who has obtained the work from author, may exhibit the work in its original form. However, if the work is to be permanently exhibited in a street or park, on the outside wall of a building, or other places open to the public, due consent from the right holder must be obtained (Art. 35(1)).

9.2.8 Temporary Reproduction on a Computer
If a work is used on a computer, this work may be temporarily reproduced on such computer to the extent that this reproduction is necessary for efficient data processing (Art. 35-2).

9.2.9 Reproduction for Handicapped
The CA provides that a reproduction or a distribution of a work already made public is allowed if and to the extent deemed necessary for the use by the visually and/or acoustically handicapped, provided that such reproduction or distribution is not made for profit-making purposes (Art. 33 & 33-2).

9.2.10 Free Use of Public works
A work which was created by an employee of the national government or any local government as part of their official duties and has already been made public, or a work to which the national government or any local government owns all the author’s economic rights by contract, may be freely used without authorization, except that authorization for such use is required if the work contains any information relating to national security, secrets of any individual or business entity, or any information the disclosure of which is limited by other laws, or if the work has been registered with the KCC and is managed as state property under the State Property Act or as public property under the Act on the Management of Public Property and Goods (Art. 24-2).

9.2.11 Incidental Reproduction, etc.
Among the recent amendments to the CA which will take effect on May 27, 2020 ("the Amendments"), is the introduction of a new indemnity provision for the incidental inclusion of a copyrighted work in devices that use virtual reality and augmented reality technology ("VR/AR devices"). Specifically, a visual or auditory work that has been incidentally included in the course of producing the main photograph, visual or sound recording, may be reproduced, distributed, publicly performed or publicly transmitted without incurring liability (Art. 35-3), unless such use unfairly harms the interests of the copyright holder.

This provision was introduced to help further advance the growing VR/AR technology
industry in Korea.

9.2.12 Reproduction, etc. by Cultural Facilities
To contribute to cultural advancement, the 2020 amendments also introduce a provision which limits the liability of cultural facilities for their use of copyrighted works which otherwise cannot be exploited because their copyright holder cannot be determined or located. "Cultural facilities" are designated as such by Presidential Decree and are operated by the central and local governments solely for cultural arts activities. Under the new provision (Art. 35-4), if the identity or location of copyright holder of a work which has been made public (excluding foreigners' works pursuant to Art. 3) cannot be determined even after considerable investigation, data about the work may be collected, organized, analyzed and preserved by the cultural facility, and the work itself may be reproduced, distributed, publicly performed, exhibited or publicly transmitted to provide the public with information about the work, without incurring liability as long as the use is not for profit-making purposes.

9.2.13 Fair Use
In addition to the above enumerated exceptions and limitations, a complementary catch-all provision has been incorporated into the CA for fair use of works. This provision expressly permits the use of copyrighted works to the extent that such use does not conflict with the ordinary use of the works, and does not unreasonably prejudice the legitimate interests of right holders. The catch-all provision provides a list of the factors to be considered when determining whether a specific use falls under the fair use provision (Art. 35-5), and they are as follows: (i) purpose and character of use; (ii) type and use of the work; (iii) proportion of the work used and its importance; (iv) influence of the use of the work in the current market or value or potential market value of such work.

10. PUBLICATION RIGHTS
Under the CA, the owner who has the right to reproduce and distribute a work, initially the author, may establish a right of publication in favor of a person who intends to publish the work in writing or drawing. If the right to reproduce a work is subject to a pledge, the owner of that right may establish the right of publication only with the authorization of the owner of the pledge. The right of publication may not be assigned or subject to a lien or any pledge without the consent of the owner of the right of reproduction.

Furthermore, the CA also provides several obligations for the owner of the right of publication, i.e., the publisher. For example, the CA provides time limits within which the work needs to be published as well as the duration of the right of publication if it is not otherwise stipulated. In addition, if the publisher publishes a new edition of the work in question, the author may revise, add, or reduce the contents of his/her work to a
justifiable extent. Finally, if the owner of the right of reproduction intends to make a new edition of the work, he/she must notify the author of his/her intention in advance (Art. 57 to 63-2).

11. NEIGHBORING RIGHTS

11.1 Performers’ Rights

A “performer” is anyone who expresses a work, protected or not by copyright, for example by acting, dancing, musical playing, singing, narrating, reciting or by other artistic means, or anyone who conducts, directs or supervises such performance. If more than two performers perform jointly, for example in a chorus, concert, or drama, the rights of performers shall be exercised by a representative elected by the joint performers; however, if such a representative is not elected, the conductor or director shall exercise the rights. In any event, the consent of a solo vocalist or a solo instrumentalist must be obtained.

A performer has the following economic rights: to record his/her live performance, both in audio and visual forms; to broadcast his/her performance, except any performance recorded with his/her authorization; to transmit his/her performance online; to receive remuneration from anyone who broadcasts an authorized sound recording of a recorded performance; to receive remuneration from the commercial rental of sound recordings of his/her performance; to receive remuneration from the digital-audio transmission of his/her performance; and to receive remuneration for the public performance of commercial sound recording.

The CA recognizes performers’ moral rights of attribution and integrity. Performers are to be credited for having executed any given performance and have claims for derogatory modifications of the performance, for example, as recorded.

11.2 Rights of Sound Recordings Producers

Article 2 of the CA defines a “sound recording,” as the medium on which sounds are fixed, excluding those in which the sound is fixed together with some visual images (Art. 2(5)), and “sound recording producers” as persons or entities who plan and assume responsibility for the initial fixation of the sound in a sound recording (Art. 2(6)).

A sound recording producer has the exclusive right to reproduce and distribute its sound recordings, subject to the first-sale or exhaustion doctrine. Further, it has the right, along with performers, to transmit its sound recordings online. Finally, along with performers, it is entitled to reasonable compensation in distinct cases: for the broadcasting of its
sound recordings, for the commercial rental of its sound recordings, for the digital-audio transmission of its sound recordings and for the public performance of commercial sound recordings (Art. 78 to 83-2).

11.3 Rights of Broadcasting Organizations

Article 2 of the CA defines "broadcasting organizations" as persons or entities engaged in the broadcasting business (Art. 2(9)). Broadcasting organizations have the exclusive rights to reproduce their broadcasts and transmit them simultaneously (Art. 84 & 85). In addition, under the CA, broadcasting organizations have a right to publicly perform their broadcasts that are performed or displayed to the general public, if an entrance fee is charged for such performance (Art. 85-2).

12. REMEDIES

12.1 Civil Remedies

The CA entitles right holders of economic and moral rights under copyright, as well as of neighboring rights, to apply to a civil court for injunctive relief and damages.

The principle is to award the actual damage to be paid to copyright owner from infringer. Moreover, the CA has adopted a statutory damages system, under which a copyright holder may seek statutory damages of up to 10 million Korean Won (approximately USD 9,000), or 50 million Korean Won (approximately USD 45,000) in cases of willful infringement for profit, per each copyrighted work. In order to obtain statutory damages, the work must have been registered before the infringement occurred (Art. 125-2).

12.2 Criminal Remedies

A person who has infringed a copyright is subject to imprisonment of up to five years or a fine of up to 50 million Korean Won (approximately USD 45,000) (Art. 136(1)). Except in certain cases (e.g., where an infringer is a repeat offender or where the infringement occurred for profit-making purposes), the crimes proscribed by the CA can be prosecuted only when the injured party makes a formal criminal complaint (Art. 140). The aggrieved party must file that complaint with the Prosecutor's Office within six months from the time when the party became aware of the criminal act. In any event, a criminal action must be commenced within seven years from the time when the infringement activity came to an end.
12.3 Administrative Remedies

The MCST, mayors, provincial governors, or district chiefs may confiscate and destroy illegal or unauthorized reproductions of copyright-protected materials (Art. 133).

In 2016, the Korean Copyright Protection Board ("KCPB") (Art. 122-2), and the Copyright Protection Deliberation Committee ("CPDC") of the KCPB (Art. 122-6) were established under the CA.

The MCST may order the deletion of such illegal or unauthorized reproductions made available online after the deliberation of the CPDC (Art. 133-2).

The CA also provides a measure called “three-strikes” for addressing unauthorized online file sharing. Pursuant to this measure, the MCST may make on-line service providers suspend the account of users illegally uploading files and suspend the bulletin boards to which such files are uploaded.

Where the KCPB has found that illegal reproductions have been transmitted through an online network, it may recommend, after deliberation of the CPDC, that an online service provider take corrective measures such as (i) warn the reproducers and transmitters of the illegal reproductions, (ii) delete or suspend the transmission of the illegal reproductions, and (iii) suspend the accounts of the reproducers and transmitters who have repeatedly transmitted illegal reproductions (Art. 133-3).

12.4 Customs Enforcement

In an effort to prevent inflow of copyright infringing goods into Korea, the right holder may actively seek to have the Korea Customs Service take certain enforcement measures to stop any shipment of goods that infringe their copyright. Considering that the Customs normally does not take the initiative in pursuing such measure, the right holder must make a specific request to the Customs to detain a particular shipment for further investigation.

12.5 Internet Notice and Takedown

A right holder may make use of a notice-and-takedown procedure with an online-service provider who enables the Internet reproduction or transmission of a work entitled to copyright protection. They may demand that an online-service provider stop the reproduction or transmission of their copyrighted work by submitting evidentiary materials to the service provider. If, upon receiving such notice or knowledge of infringement, the online-service provider prevents or stops the reproduction or transmission (e.g., by taking
down the infringing work at issue), it may avoid or attenuate its liability for infringement. The liability of the online-service provider is also exempted if it attempts to prevent or stop the reproduction or transmission but it is technically impossible to do so.

Furthermore, the CA provides exemptions to copyright infringement liability for online-service providers who act as a mere conduit, or merely engage in cashing, hosting or information searching, subject to certain statutory requirements.

In addition to the foregoing, the CA enables a claimant to receive information about an infringer, which is necessary for commencing a legal proceeding against such infringer, from an online-service provider pursuant to an order of the MCST (Art. 103-3).
Chapter VIII.

General System of IP-Related Enforcement and Litigation in Korea

Part A. Enforcement Options Available for IP Rights

1. Court Actions
   (A) Main Suits
   (B) Preliminary Injunction Actions
2. Korea Trade Commission (KTC) Action
3. Customs Action
4. Criminal Actions

Part B. Proceedings for Invalidation and Confirmation of Scope of IP Rights, etc.

1. Intellectual Property Trial and Appeal Board (IPTAB)
2. Patent Court
3. Supreme Court
Most intellectual property ("IP")-related enforcement and litigation in Korea is initiated and handled through the civil court system, though other avenues of enforcement such as through the Korea Trade Commission or Korea Customs Service may be available. Korea has a partly bifurcated court system for handling IP litigation matters. The following is a schematic overview of the Korean court system as it relates to civil IP cases involving patents, utility models, trademarks, designs, and plant variety rights, effective as of January 1, 2016.
As of January 1, 2016, civil infringement cases (other than for preliminary injunctions) for five types of IP (patents, utility models, trademarks, designs, and plant variety rights) generally must be brought initially at one of five regional district courts (Seoul Central, Daejeon, Daegu, Busan, and Gwangju), whichever satisfies the relevant venue requirements. However, any such IP case may be brought at the Seoul Central District Court (which has the most experience in handling IP infringement matters), regardless of venue. Appeals of district court IP infringement cases are heard by the Patent Court.

Other civil IP infringement cases (e.g., copyright cases), and all criminal IP infringement cases may continue to be brought at any district court that satisfies the relevant venue requirements. Intermediate appeals of such cases are heard by the High Court (the general second-level appeal court in Korea).

Patent Court or High Court decisions may be further appealed to the Supreme Court.

The Intellectual Property Trial and Appeal Board ("IPTAB") holds primary subject matter jurisdiction over IP validity, confirmation of IP scope, and IP correction. Decisions from the IPTAB may be appealed to the Patent Court, whose decisions may then be further appealed to the Supreme Court.

A district court is permitted to review validity issues to the extent that, if the court finds it clear that the asserted IP right would be held invalid in a separate invalidation action (e.g., for lack of novelty, inventive step, etc.), the court may dismiss the infringement claim as a misuse of rights. On the other hand, scope confirmation actions essentially involve a form of infringement review, as such an action asks the IPTAB to confirm that a particular product does or does not fall within the scope of a particular IP right.

Under the Court Organization Act, Korean courts with jurisdiction over IP infringement cases may establish special "International Panels" of judges that can hear cases in certain approved foreign languages, without requiring any interpretation or translation of documents (before regular court panels, any documents or testimony provided in a language other than Korean must be translated for the court). International Panels have been established at the Patent Court and the Seoul Central District Court, and may be used for patent, utility model, trademark, design, and plant variety infringement cases. Both parties involved must consent in order to litigate before an International Panel, and at present English is the only foreign language that is formally approved for use.
Part A. Enforcement Options Available for IP Rights

1. COURT ACTIONS

Two types of civil actions are available to enforce IP rights: (A) a main suit where both a permanent injunction and damages may be sought; and (B) a preliminary injunction action where only an injunction may be claimed and damages are not recoverable.

(A) Main Suits

1.1 Remedies

An IP right holder in a main suit may claim permanent injunctive relief and/or monetary damages. Other remedies are also available to an IP right holder in a main suit, including, for example, a court order to destroy infringing articles and remove equipment used in manufacturing the infringing articles, and restoration of damaged business reputation. In principle, a decision by a district court (i.e., the court of first instance) is not enforceable until the decision becomes final and conclusive. However, the district court may attach a writ to permit provisional enforcement of certain remedial measures, such as injunctive relief and an award of damages, so that the plaintiff can enforce such remedial measures attached with the writ before the decision becomes final and conclusive.

If an asserted IP right is found to be valid and infringed, a plaintiff is entitled to a permanent injunction. In other words, if infringement is found, a plaintiff would not be further required to demonstrate irreparable injury or inadequacy of legal (monetary) remedies to obtain a permanent injunction.

To recover monetary damages, in addition to proving infringement and validity, the plaintiff must prove with specificity the amount of damages and a reasonable causal relationship between the infringement and the claimed damages amount. While this was often very difficult in the past, because patent infringement defendants could often avoid producing evidence in response to a court order simply by asserting the presence of trade secrets in the requested information, it has become more difficult to resist discovery due to statutory changes in recent years (explained in more detail below under 1.3.1 Documentary Evidence). Further, Korean IP laws alleviate the plaintiff’s burden of proof somewhat by providing for several calculation methods that can be used to prove the damages amount.

In addition, courts now have discretion to award treble damages for intentional or willful patent infringement, utility model infringement, or trade secret misappropriation. More detail regarding damages calculation methods are explained elsewhere in this Guidebook.
under the relevant IP chapters.

1.2 Procedures

A civil action is generally initiated by filing a complaint with a court having jurisdiction over the district where the defendant maintains its residence or place of business. As noted above, for the five civil IP cases, it is the regional court of jurisdiction that is relevant (or the Seoul Central District Court, regardless of residence/business). Service of process is conducted exclusively by the court. The defendant is typically served with the complaint by mail or through an execution office (akin to a process server) at the defendant’s domicile, place of residence, or place of business. If all of the above locations of the defendant are unknown, the court may conduct service by public notice.

Unlike trial court proceedings in the US, Germany, and China, which generally involve a single trial hearing, the "trial" in a main civil action in Korea consists of a series of hearings held by the court every three to five weeks, with the first hearing ordinarily scheduled two or three months from the filing of the complaint. At each hearing, the parties typically submit briefs and evidence in support of their cases, and hearings in most civil actions tend to be short unless examination of a witness is conducted. In recent years, however, hearings for patent infringement cases have become significantly longer as more substantive oral arguments are exchanged by the parties, and because technical presentations are often conducted, upon request from either the court or the parties.

Generally, hearings continue to be held until the court and parties believe that sufficient arguments and evidence have been presented for a decision to be rendered. In a main action seeking only a permanent injunction (without damages), a district court typically renders a decision within about eight to twelve months from initiation of the lawsuit. Cases in which both an injunction and damages are claimed generally require additional proof and briefing, and usually take longer than cases in which no damages claim is made (i.e., twelve to eighteen months).

1.3 Evidence

In general, the Civil Procedure Act ("CPA"), which governs Korean civil practice, does not provide for pre-trial discovery such as depositions, interrogatories or the like. Formal discovery generally is conducted during the trial and must be requested through the court, and is limited to the various means outlined below. However, in cases where certain evidence may not be available during the proceedings unless it is timely preserved, it is possible to request a court’s order to examine evidence even prior to the filing of a lawsuit.
1.3.1 Documentary Evidence

Under Article 343 of the CPA, a party may petition the court to order the other party or a third party to submit a known document which relates to the merits of the case. Under Article 345 of the CPA, a motion to the court requesting production of a document must clearly indicate:

(i) The identity of the document;
(ii) The substance of the document;
(iii) The person holding the document;
(iv) The facts to be proven by the document; and
(v) The basis for the obligation to produce the document.

With respect to (v) above, according to Article 344 of the CPA, the document holder must produce the document if:

(i) The document holder is a party and has referred to the document in the lawsuit;
(ii) The petitioner is legally entitled to demand delivery or perusal of the document from the document holder; or
(iii) The document has been made for the benefit of the petitioner, or concerns the legal relationship between the petitioner and the document holder.

An example of the first situation is one in which a party has referred to a document in a brief, but has not submitted it as evidence. An example of the second situation is where a party has an independent legal obligation (i.e., other than the litigation) to deliver a document to the petitioner, such as a document that rightfully belongs to the petitioner, or one that the petitioner has a legal right to review. An example of the third situation would be a contract to which the petitioner is a party (but which the petitioner does not itself possess).

Even in the above situations, the document holder may refuse to produce a document if: (i) the document contains information subject to confidentiality obligations of public officers, and the necessary consent has not been given for the production of the document; (ii) the document contains information that may lead to the indictment or conviction of the document holder or his/her family or legal sponsor, as well as any defamatory statements in relation to these persons; (iii) the document contains information subject to the confidentiality obligations of a lawyer, patent attorney,

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1) Where a petitioner does not have a clear idea as to the existence or content of the document sought to be produced, the court may be petitioned to order the other party to submit a list of documents that may be related to the request for production, and their purposes (Article 346 of the CPA).
doctor or other persons, and no exemption to said confidentiality obligation applies; (iv) the document contains technical secrets and no exemption to the secrecy obligation applies; or (v) the document is drafted for use by the holder only (e.g., a personal diary). If the document holder does not comply with the production order, and none of these exceptions apply, the court may deem as established the petitioner’s characterization of the requested document for purposes of the case.

Under the CPA, what the court may deem as established will be limited to the nature and substance of the document, but not include any further inferences or legal conclusions that the petitioner seeks to prove with the document. In other words, even if the document holder refuses to produce the document, the court need not accept any inferences that the petitioner intends to prove with the document based solely on such a refusal.

In the past, it was common for accused infringers in patent infringement cases to refuse to produce information pursuant to a production order on the basis that the information constituted trade secrets, and courts have often declined to enforce such production orders further. However, under current law, a party claiming that a production order seeks documents containing trade secrets must first establish to the court (e.g., through in camera review) that the documents actually do contain trade secrets. Even if that is confirmed, if such evidence is deemed necessary to prove infringement, the document holder cannot simply refuse to produce the evidence as trade secrets, but instead may request the court to limit the scope of document disclosure or document reviewers from the requesting party. If a requested document is withheld without justification, the amended law expressly permits a court to presume that the facts sought to be proved through the document (other than the nature and substance of the document itself) are true, in contrast with pre-amendment practice. These changes have made it easier for patent litigants in Korea to obtain necessary evidence regarding infringement and damages.

Beginning July 9, 2019, accused patent or utility model infringers must also respond to credible infringement claims with evidence, rather than simple denials (which have been common where the evidence of infringement is located entirely in the defendant’s premises, and therefore difficult for the plaintiff to obtain through court discovery). If a prima facie showing of likely infringement is made, an accused infringer denying infringement must present evidence of the actual process or product it is using, or else risk the court presuming that the accused infringing activity has actually taken place.

1.3.2 Witness Testimony
Witnesses, including expert witnesses, may be called to testify at a hearing, usually upon petition by a party, but the questions to be asked must be submitted to the court in written form prior to the hearing. Questions on direct examination usually require only a
very brief answer. Cross-examination and redirect examination of witnesses is permitted, for which the questions to be asked need not be presented to the court in advance.

Expert testimony may be submitted either through a declaration or through direct testimony before the court. Either party to the litigation may introduce independent expert declarations as evidence in support of its case, and such declarations may be based on the expert’s own testing and knowledge, or on other evidence reviewed by the expert. Whether expert testimony is allowed at a hearing is at the court’s discretion, but if a party does have its expert testify before the court, cross-examination of the expert will also be permitted.

1.3.3 Testing by Court-Appointed Expert
The court may appoint one or more experts to conduct testing or submit an opinion on disputed issues that require special knowledge or experimentation, usually upon petition by one of the parties. In rare cases, the court may appoint an expert or experts upon its own initiative. A party may petition the court to seek the opinion of a specific expert, in which case the other party may object to the recommended expert by presenting evidence of bias and the like. The court has broad discretion regarding selecting its own expert, or to deny a petition for an expert. Courts tend to favor the appointment of university professors with expertise in the relevant field as experts.

1.3.4 Inspections by Court
Either party may petition the court to inspect samples of the other party’s products (e.g., the accused infringing articles) or conduct an on-site inspection of the other party’s property (e.g., manufacturing facility of the defendant). The petitioner may also need to request that the court order the other party or a third party to produce the product to be inspected, if the petitioner does not already have a sample in its possession. If the product is produced, the court may choose to inspect it directly, or may appoint an expert to inspect the product and submit an opinion regarding relevant findings.

A party seeking an on-site inspection must persuade the court that the inspection is necessary. For example, an on-site inspection of the defendant’s premises may be necessary to prove infringement in a case involving a manufacturing process patent. If a petition for an on-site inspection is granted in such a manufacturing process case, the court will in most cases appoint an expert witness to accompany the court, to help perform the inspection and identify the relevant manufacturing process.

1.3.5 Preservation of Evidence
Evidence may be “preserved” even before an action is filed, in cases where evidence is likely to perish or a witness is likely to be unavailable to testify at trial. Upon petition by a party, the court will decide whether to examine the evidence in advance of the filing of the civil action (i.e., to inspect documents or take testimony from witnesses). The
CPA only requires the petitioner to show why certain evidence must be preserved. If the petitioner is the patentee in a patent infringement case, however, the petitioner ordinarily also should try to demonstrate likelihood of infringement, to enhance the chances of the petition being accepted. A petition to preserve evidence is first sought through an *ex parte* proceeding, but if the petition is granted, the court generally must inform the other party in advance of the date of the evidence examination, unless the court determines that urgent circumstances require forgoing such notice. In practice, the advance notice usually is quite short; if the court decides to inspect evidence located in the factory of the defendant (or potential defendant), it usually will notify the defendant about an hour in advance of arrival at the factory for inspection.

**1.3.6 Protective Orders**

In accordance with the Korea-US Free Trade Agreement, Korea has introduced a protective order system for the purpose of protecting trade secrets disclosed in IP litigation. A court may order the parties to a lawsuit (including their counsel and employees) to refrain from disclosing certain trade secrets to others who are not under the protective order or using the trade secrets for purposes other than as needed for the lawsuit if: (i) the trade secrets are contained in briefs filed or to be filed, or evidence investigated or to be investigated; and (ii) release of the trade secrets may unduly interfere with the business of the concerned party and therefore must be restricted. However, if the claimed trade secrets have already been legitimately obtained by the non-owner party from sources other than the briefs or evidence mentioned above, the court will not grant a protective order for that information.

A party that objects to the grant of a protective order has the right to appeal the order. A person who violates a protective order without any justification may be subject to imprisonment or a fine. However, such criminal procedures will not be initiated unless the party whose information has been violated makes a formal accusation against the party violating the protective order.

**1.4 Appeals**

A party in a civil infringement action involving patents, utility models, trademarks, designs, or plant variety rights may appeal the decision of the district court to the Patent Court. Other IP infringement cases generally must be appealed to the High Court (or an appellate panel of the district court, in some cases).

Appeal proceedings are conducted on a substantially *de novo* basis. In other words, while the appellate court generally will rely heavily on the record of the lower level court when reviewing a case, it also typically will admit new evidence and arguments from the parties. Although the appellate court generally will try to render a decision within six months to
one year of an appeal being filed, this timeframe may be significantly longer for complex cases.

A decision by the appellate court may be appealed to the Supreme Court (the highest court in Korea). The Supreme Court will only hear cases dealing with legal issues of general material importance, such as legal issues of first impression. Otherwise, the appeal will be summarily dismissed prior to review of the merits of the case, typically within four months from the date of transfer of litigation records to the Supreme Court. If the case is accepted for substantive review, the Supreme Court will decide the case in view of the evidence presented to the lower courts, and will typically render a decision within one to two years from the date of appeal.

(B) Preliminary Injunction Actions

A plaintiff may petition a district court to issue a preliminary injunction (and any other orders necessary) to prevent further infringement by an accused infringer. Preliminary injunctions are a relatively speedy method of enforcing IP rights in Korea.

1.1 Two Requirements for Preliminary Injunction Actions

Unlike an injunction in a main suit, a preliminary injunction will not be granted merely because an IP right is shown to be valid and infringed. To obtain a preliminary injunction, the plaintiff must demonstrate: (i) likelihood of infringement, and (ii) necessity for provisional relief. In determining the necessity for provisional relief, courts will balance the irreparable harm to the plaintiff arising from the ongoing infringement with the economic harm to the defendant if the injunction is granted. Courts will also consider the adequacy of damages to redress the injury to the plaintiff from the infringement, and the likelihood of invalidation of the subject IP right.

1.2 Procedural Characteristics

Absent exceptional circumstances, preliminary injunction actions are generally *inter partes* proceedings conducted through a series of mandatory hearings. The initial hearing is typically scheduled within two to three weeks from the date the petition is filed. During the court’s review, the plaintiff must submit evidence of infringement, such as brochures and samples of infringing products. Witness testimony is usually limited to affidavits, since witnesses generally are not permitted to take the stand during hearings.

Once the plaintiff has established the likelihood of infringement and the necessity for
provisional relief, the defendant is given an opportunity to introduce arguments and evidence in rebuttal. The court has discretion to grant additional hearings to present further arguments and evidence, if requested by the parties. Once the court determines that it is ready to resolve the case, it will close the hearings and render a decision.

Pursuant to the issuance of a preliminary injunction, the court may:

1. Prohibit the defendant from continuing the manufacture or sale of the infringing goods;
2. Order that the infringing articles or other articles used to infringe be transferred to the custody of a court bailiff; and/or
3. Instruct the court bailiff to post an appropriate public notice of the order on the premises of the defendant.

The injunction is enforced by the bailiff at the plaintiff’s expense.

1.3 Preliminary Injunctive Relief and Security Deposit Requirement

The court generally requires the plaintiff to post a security deposit or bond in order for preliminary injunctive relief to issue, for the purpose of compensating the enjoined party for damages resulting from the injunction in the event the injunction is later overturned or revoked. A deposit posted by the plaintiff upon issuance of a preliminary injunctive order will be returned when the injunction becomes final, including any appeals.

1.4 Risks Associated with Executing a Preliminary Injunctive Order that Is Later Overturned

Execution by an IP right holder of a preliminary injunctive order that is later found to have been improperly issued is a form of tort under Korean law. The right holder will be held liable for ordinary damages suffered by the defendant due to such execution, as well as any extraordinary damages that were reasonably foreseeable to the right holder at the time of execution. If a preliminary injunction executed by an IP right holder is determined to have been improperly issued, the right holder is rebuttably presumed to have been negligent in enforcing the injunction.

1.5 Appeals

If a district court denies a petition for a preliminary injunction, the plaintiff may appeal the denial to the High Court. Alternatively, the plaintiff may file an action for a permanent
injunction and/or other remedial measures at the district court. A defendant against whom a preliminary injunction is ordered may challenge the injunction by filing a request for reconsideration with the same court that issued the injunction. A preliminary injunction may be enforced while an appeal or challenge is pending.

As an alternative and in addition to the above appeal proceedings, a defendant may request the court to compel the plaintiff to institute a main suit for a permanent injunction and/or damages in connection with the enjoined activities. If such a request is made, the court will instruct the plaintiff to file a main suit complaint within a certain timeframe. If the complaint is not filed by the specified deadline, the court will revoke the preliminary injunction.

2. KOREA TRADE COMMISSION ACTION

2.1 Statute and KTC

The Korea Trade Commission ("KTC") is a government agency within the Ministry of Trade, Industry & Energy that is responsible for overseeing and administering relief for import-related injuries in Korea and serves to prevent and remedy unfair trade practices that harm domestic industry. Under the Act on the Investigation of Unfair International Trade Practices and Remedy against Injury to Industry (the "Unfair Trade Act"), a party may petition the KTC to investigate unfair trade practices, including the import and export of goods that infringe IP rights, and to impose corrective and penal measures.

2.2 Unfair International Trade Practices

Under the Unfair Trade Act, unfair trade practices include the importation of products that infringe another’s patent, utility model, design, trademark, copyright, neighboring rights, etc., under the laws of Korea or treaties to which Korea is a party, as well as the sale of such infringing products in Korea. Unfair trade practices under the Act also include the export and the manufacture for the purpose of export of infringing products, and the supply of infringing products from overseas into Korea.

2.3 Procedures

The KTC has the authority to commence an investigation on its own, or upon petition by any interested party. If an investigation is initiated by petition, the petitioner must request
an investigation within one year\(^2\) from the occurrence of the suspected unfair trade practices. Once the request is made, the KTC must decide within twenty days whether to proceed with the investigation. If an investigation is initiated, the KTC is supposed to issue a decision on the investigation within six months from the date the investigation begins. The KTC may extend this deadline (twice, for up to two months each time) for justifiable reasons, such as the existence of a pending related dispute (e.g., a court action or an administrative action), a petition for extension filed by one of the parties based on reasonable grounds, or difficulties in investigating substantive matters.

During its investigation, the KTC may call interested parties and witnesses to give evidence, request expert opinions,\(^3\) or consult with concerned business groups, experts, etc. The KTC may also visit the site of the violation, the interested parties, and any associated facilities, to review relevant documents or conduct interviews. For certain types of unfair trade disputes, investigative committees also may be formed including members of relevant administrative agencies or government-sponsored research institutes. If deemed necessary, the KTC may hold hearings or meetings with the involved parties.

2.4 Remedies

Several remedies may be sought by a petitioner in a KTC action: (i) corrective measures (e.g., suspension of import and sale, destruction of infringing goods), and (ii) monetary penalties.

Upon consultation with the Minister of Trade, Industry and Energy, the KTC has the authority to impose administrative remedies, such as the suspension of exports, imports, sales or manufacture of infringing products. The KTC can also block customs clearance of or order the destruction of infringing goods, as well as order the violator to place a notice of correction in a generally-circulated publication. The KTC may also impose a fine of up to 30% of the value of the traded goods. A fixed pre-set fine may be imposed if no goods have been traded or if calculation of the traded amount is difficult.

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2) Under the revised Unfair Trade Act, effective June 11, 2020, the one year period will be extended to two years.

3) The revised Guidelines for the Unfair Trade Act dated March 13, 2017 provide that any expert opinion must be noticed to the applicant and the respondent, and the parties must be given an opportunity to submit a response to any such expert opinions.
2.5 Provisional Measures

To prevent irreparable injury to domestic industry that may arise during the pendency of the investigation, the KTC may issue provisional measures to halt unfair trade practices on a temporary basis. Any party who is or is likely to be irreparably harmed due to the trade practice under investigation may request the KTC to issue a provisional measure to cease or prevent such irreparable harm. The party making the request must submit a security deposit to the KTC to compensate for any wrongful injury that could result from imposing the requested provisional measure. The security deposit may be submitted at any time before the KTC issues a decision on the provisional measure.

2.6 Appeals

If an order is issued imposing corrective measures or a penalty, the respondent may file an objection with the KTC within thirty days of receiving notification of the order. The objection must be cleared within sixty to ninety days of its filing (depending on if the KTC decides an extension is necessary) for the order to remain in force.

In addition, whether or not an objection is filed, a respondent may file an administrative appeal to the Central Administrative Appeals Commission, or an administrative litigation at the Administrative Court to appeal the KTC order, within ninety days of being notified of the order.

The petitioner cannot file an objection to a KTC order, but may directly file an administrative appeal or administrative litigation to review the order if necessary, again within ninety days of notice of the order.

3. CUSTOMS ACTION

3.1 Statutes

As part of the Free Trade Agreement with the European Union, effective July 1, 2013, Korea introduced customs actions based on patent and design rights (but excluding utility models). Prior to this revision, customs actions were only available for actions to enforce trademarks, copyrights, plant variety rights, and geographical indications. Through a customs action, an IP right holder may request that the Korea Customs Service (“KCS”) suspend the release of goods to be imported and/or exported that infringe its IP right.

The substantive requirements and procedures for customs actions are described in the Customs Act, the Presidential Enforcement Decree of the Customs Act, and the Guidelines
for Customs Clearance Procedures for Protection of Intellectual Property Rights ("Customs Guidelines").

3.2 Procedures

Korean customs actions generally move quickly. The deadlines for the various actions by the IP right holder, the importer/exporter and the KCS are usually on the order of days to a few weeks. The entire matter might be decided within one to two months.

There are four scenarios in which a customs action for the suspension of release of infringing goods may come about, three involving a specific request from the IP right holder, and the fourth involving a sua sponte action by the KCS. These scenarios are described below.

3.2.1 Suspension of Release of Goods upon Request from Right Holder

Under the first scenario, the IP right holder registers its IP right with the KCS in advance. Such a registration is valid for ten years, and can be renewed. If the KCS finds goods that potentially infringe a registered IP right, it will notify the right holder and the relevant importer/exporter. Within seven days of receiving the notice, (i) the right holder may file a request for suspension of release, together with evidence showing infringement and a security deposit in the amount of 120% of the taxable value of the goods; and (ii) the importer/exporter may submit evidence or other materials showing non-infringement.

Under the second scenario, the right holder does not register its IP right in advance. If the KCS nevertheless finds goods that it suspects infringe an IP right, the KCS may notify the right holder and the importer/exporter. Within five days of receiving notice, (i) the right holder may file a request for suspension of release along with evidence showing infringement and a security deposit equal to 120% of the taxable value of the goods; and (ii) the importer/exporter may submit evidence or other materials showing non-infringement.

Under the third scenario, a right holder may file a request to suspend the release of specific goods to be imported/exported, by providing the importation/exportation information of the infringing goods (i.e., scheduled date, name of the importer/exporter, flight number, etc.), evidence showing infringement and a security deposit equal to 120% of the taxable value of the goods.

Under any of the scenarios above, the KCS may, at its discretion, designate a committee to review the request for suspension. An ad hoc committee will be formed composed of five members, including two or more outside experts such as a customs specialist, attorney-at-law or a patent attorney. The KCS may also consult with KIPO, other relevant authorities,
or outside experts, and may also request the IP right holder to furnish experts, testing facilities or other information deemed necessary for its review.

When the KCS receives a suspension request from the right holder, the KCS generally will suspend the release of the goods absent "special reasons." Although the Customs Guidelines do not specifically define "special reasons," a reasonable interpretation is that the KCS generally will suspend the release unless there is no prima facie evidence of infringement. If the KCS decides to suspend release, it will send a suspension notice to the right holder and the importer/exporter.

The duration of the initial suspension of release is up to ten days. If the right holder establishes that a court proceeding for infringement has been filed within ten days of the right holder’s receipt of the notice of suspension, the KCS may continue the suspension.

Upon the KCS’s decision to suspend the release of goods, the importer/exporter may file a request with the KCS to release the goods. Along with the request, the importer/exporter must provide a security deposit in the amount of 120% of the taxable value and submit evidence of non-infringement, while the right holder’s deposit is returned. The KCS will inform the right holder of the importer/exporter’s request, at which point the right holder may submit additional evidence of infringement. The KCS will decide whether to release the detained goods within fifteen days of receiving the importer/exporter’s request.

3.2.2 KCS’s Sua Sponte Suspension of Release of Goods
Under the fourth scenario, the KCS may act sua sponte to suspend the release of goods, without the need for a separate request by the right holder, if it is clear that an IP right has been infringed in connection with the goods (e.g., pursuant to a final court decision or a Korea Trade Commission decision). No security deposit is required from the right holder under this scenario if the KCS determines that the imported/exported goods clearly infringe an IP right and decides to suspend release of the goods.

If the KCS decides sua sponte to suspend the release of goods, the importer/exporter is not entitled to file a request for the release of the detained goods, but instead must appeal the decision as explained below.

3.3 Appeals

A decision by the KCS either to suspend the release of allegedly infringing goods or to release such goods may be appealed to the Administrative Appeals Commission within ninety days of receiving the KCS’s decision, with a further appeal to the Administrative Court possible within ninety days of receiving the decision of the Administrative Appeals Commission. Alternatively, a KCS decision may be directly appealed to the Administrative...
Court within ninety days of receiving the KCS decision, bypassing the Administrative Appeals Commission entirely.

Even if an importer/exporter appeals a KCS decision to suspend the release of goods, this will not automatically stay enforcement of the KCS decision – a stay of enforcement must be separately requested when the appeal is filed. Under Article 23(2) of the Korean Administrative Litigation Act, a party may request a stay if there exists an immediate danger of irreparable harm if the KCS decision is executed. In practice, establishing irreparable harm may be difficult, as the potential harm arising from suspension of the release of goods is typically viewed as not being “irreparable” to the extent the right holder has provided a security deposit in connection with the suspension. However, it may be possible to show irreparable harm in certain situations, such as if the goods are irreplaceable and the failure to supply the goods to customers due to the suspension is likely to result in substantial non-monetary damages (e.g., termination of customer relationships, harm to the reputation of the goods or supplier, etc.).

4. CRIMINAL ACTIONS

4.1 When Criminal Penalties May Be Imposed

An infringement of another’s patent, utility model, design, trademark or copyright rights may lead to criminal prosecution, with possible imprisonment or fines imposed on the infringer. Misappropriation of trade secrets and improper conduct under the unfair competition laws may also result in criminal prosecution. In most cases, a formal criminal accusation is necessary to indict infringers of IP rights.

In the past, prosecutors generally have been reluctant to pursue criminal patent infringement actions unless the case is simple and clear-cut, due to the complex nature of most patent cases. However, the Daejeon District Prosecutor’s Office has established a special patent investigation department to aggressively conduct investigations against patent infringement. On the other hand, trademark owners will commonly file a criminal complaint as the fastest means of enforcing their trademark rights, usually urging the prosecutor to take actions such as search and seizure of infringing merchandise.

4.2 Investigation Procedures

In most cases, criminal prosecution involving infringement of IP rights is initiated either by a formal criminal accusation, or through crime evidence or information provided by a right holder or victim. A criminal accusation or crime information may be filed with either the prosecutor’s office or the police, and in IP-related cases, may also be filed with the
Special Judicial Police ("SJP") within KIPO, which also has authority to conduct criminal investigations (including raids) in connection with IP infringement.

Generally, the initial investigation will be conducted either by the police or the SJP (if a complaint or information is filed with the prosecutor’s office, usually the case will be referred to the police who will initiate the investigation).

4.2.1 Informal Investigation
The police usually will begin with an informal investigation of the criminal accusation or information. The informal investigation may include viewing physical evidence and interviewing individuals who may have knowledge of the alleged wrongdoing.

4.2.2 Formal Investigation
If, as a result of the informal investigation, the police believe there is sufficient evidence of criminal wrongdoing, the police will commence a formal investigation and summon the alleged wrongdoers for interrogation.

If necessary, the police may obtain a search-and-seizure warrant from the court to search the office, factory, or store of the accused and seize the relevant property of the accused, including infringing goods. If the police find it necessary to arrest or detain the accused for investigation, they must petition the prosecutor’s office for an arrest warrant from the court. If the accused is arrested, the police have ten days to complete their formal investigation following the arrest before they refer the case to the prosecutor’s office.

The police may choose not to arrest the accused, in which case internal police guidelines allow three months to complete the formal investigation (though this is not always strictly observed).

Regardless of whether the accused is arrested, an accused who is a foreign national may have his/her passport confiscated by the police.

Upon completion of their investigation, the police must refer the case to the prosecutor along with their opinion on whether an indictment is warranted, and other related matters. Once the police refer the investigation to the prosecutor, the prosecutor may choose to conduct his/her own investigation, or may instruct the police to re-investigate the case if the prosecutor finds the investigation to be incomplete.

If the infringer is arrested, the prosecutor has ten days from the date the case was referred to the prosecutor to complete his/her investigation (this deadline may be extended once for an additional ten-day period). If the alleged wrongdoer is not under arrest, the prosecutor has three months to complete the investigation, pursuant to internal guidelines (similar to the timeframes applicable to the police).
4.2.3 Indictment
Upon completion of the investigation described above, the prosecutor must determine whether to indict the accused or to drop the charges. If the accused is formally indicted by the prosecutor, the case will proceed to trial in a district court having jurisdiction over the matter.

4.2.4 Appeal of Non-indictment
In the event that the prosecutor decides not to indict the alleged wrongdoer, the accuser may appeal the decision to the competent High Prosecutor's Office within thirty days of receiving the written decision. If the High Prosecutor's Office dismisses the appeal, the accuser may further appeal to the Supreme Prosecutor's Office within thirty days of receiving the dismissal notice. If still no indictment issues, the accuser may petition the Constitutional Court to revoke the order not to indict.

4.3 Court Procedures

4.3.1 Summary Offenses
The prosecutor may request that the court agree to conduct a summary proceeding in cases where the only sanctions sought by the prosecutor are fines. In such proceedings, no oral hearings are conducted.

4.3.2 Ordinary Criminal Action
If the prosecutor decides to indict the accused, and the accused is arrested, the accused's trial must be completed within six months from the date of the accused's original arrest. The trial is conducted by the relevant district court. If the accused is not arrested, there is no time limit for the completion of the trial. However, in cases involving infringement of IP rights, even if there is no arrest, the trial ordinarily takes less than a year.

If arrested, an accused may file a motion for release on bail at any time after indictment. The court typically will issue a decision on such a motion within one week.

4.3.3 Appeal
Either party in a criminal action may appeal the decision of the district court (the first level trial court), usually to an appellate panel of the district court. A notice of intent to appeal must be submitted within seven days after the district court's decision. If the accused has been arrested, any appeal must be completed within four months of the original court judgment. However, there is no time limit for the appeal if the individual is not under arrest. The appellate court's decision may be further appealed to the Supreme Court.
Part B. Proceedings for Invalidation and Confirmation of Scope of IP Rights, etc.

1. INTELLECTUAL PROPERTY TRIAL AND APPEAL BOARD (IPTAB)\(^4\)

The IPTAB operates as the first level tribunal for all intellectual property matters except for infringement of IP rights. Specifically, the IPTAB reviews actions seeking to invalidate, cancel, and confirm the scope of patents, utility models, designs, and trademarks, along with appeals from final rejections of applications for IP rights.

A panel in the IPTAB is ordinarily composed of three KIPO trial examiners who have been trained to resolve intellectual property disputes. In addition to reviewing briefs and supporting evidence, the IPTAB actively relies on oral hearings and technical presentations in deciding cases.

2. PATENT COURT

The Patent Court reviews all appeals of IPTAB decisions, including those in invalidation actions, scope confirmation actions, correction actions and trademark cancellation actions. Since January 1, 2016, the Patent Court also has been responsible for reviewing all appeals of civil infringement cases involving patents, utility models, designs, trademarks, and plant variety rights.\(^5\) In principle, an appeal must be filed within thirty days of receiving the written decision in an IPTAB case, although an additional period of time (not more than twenty days) may be allowed for an appellant who resides in a remote area.

As a court of law, the Patent Court is composed of five panels, each comprising three appellate-level judges. Recognizing that the judges of the Patent Court may not have the scientific background necessary to handle all patent issues, the Court Organization Act provides that former KIPO trial examiners with particular technical expertise may be selected for the purpose of assisting the Patent Court. Under the Act, the technical examiners’ role is generally described as supplementing the judges’ lack of specialization in the relevant technological field and assisting the judge in adjudicating intellectual property matters. Furthermore, with the permission of the court, technical examiners may examine witnesses and parties during a trial or hearing, and also may provide their opinions during consultations with the court. However, technical examiners are not permitted to vote on

\(^4\) Further detail on proceedings at KIPO can be found in Chapters 1, 3, and 4.
\(^5\) Prior to January 1, 2016, all civil IP infringement appeals were heard by the High (general appeal) Court.
the outcome of a case.

A Patent Court appeal case is reviewed *de novo*, meaning new arguments and evidence may be presented by the parties. Typically, one or two hearings are held before the Court closes the appeal, and the parties generally exchange a number of written briefs before each hearing. The discussion in Part A, Section 1-(A)-1.3 above regarding evidence examination for a main suit (see Page 111) also applies to the Patent Court. It generally takes about eight to twelve months to obtain a decision from the Patent Court, which may be appealed to the Supreme Court.

### 3. SUPREME COURT

If a Notice of Appeal is filed with the Supreme Court, a notice confirming receipt of the appeal generally will be issued within two to three weeks from the filing date. A detailed appeal brief must then be submitted within twenty days of receiving the confirmation notice. Generally, no hearing or further supplemental brief is required by the Supreme Court before issuing its decision. However, supplemental briefs are commonly filed, and may be submitted at any time before the case is closed.

The Supreme Court will determine whether it will review the appeal within four months of its receipt of the case records. If it chooses to review the appeal, the Supreme Court will typically render a decision in about one to two years.

For the past several years, the Supreme Court has been increasingly strict about when it will grant review, and has issued summary dismissals in many cases without any substantive review (similar to denial of *certiorari* in the US). Therefore, the formulation of the grounds for appeal is of critical importance.
Abbreviations

CA  Copyright Act
CNC  Certificate of Nationality of Corporation
CPA  Civil Procedure Act
CPDC Copyright Protection Deliberation Committee
DA  Design Protection Act
DOA  Deed of Assignment
FTA  Free Trade Agreement
GI  Geographical Indication
IARA Internet Address Resource Act
IDRC Internet Address Dispute Resolution Committee
IPTAB Intellectual Property Trial and Appeal Board
ITA Prevention of Divulgence and Protection of Industrial Technology Act
KCC Korea Copyright Commission
KCPB Korean Copyright Protection Board
KCS Korea Customs Service
KIPO Korean Intellectual Property Office
KISA Korea Internet & Security Agency
KPA Korean Patent Act
KTC Korea Trade Commission
MAH Marketing Approval Holder
MCST Ministry of Culture, Sports and Tourism
MFDS Ministry of Food and Drug Safety
MOTIE Ministry of Trade, Industry and Energy
PAA Pharmaceutical Affairs Act
PCT Patent Cooperation Treaty
POA Power of Attorney
PPH Patent Protection Highway
PTA Patent Term Adjustment
PTE Patent Term Extension
SJP Special Judicial Police
TMA Trademark Act
TRIPS Trade-Related Aspects of Intellectual Property Rights
UCPA Unfair Competition Prevention and Trade Secret Protection Act
UMA Utility Model Act
WIPO World Intellectual Property Organization