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South Korea

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A. Enforcement procedures and evidence

1. Initial considerations

1.1 Civil enforcement and the alternatives

There are several options in enforcing patents in Korea. A civil court action is the most popular option for patent infringement. The Patent Act provides the following civil remedies: (i) injunctive relief (preliminary and/or permanent); (ii) compensation for damages; (iii) restoration of injured business goodwill or reputation; and (iv) destruction of articles by which an act of infringement was committed (including the products obtained by the infringement in cases of a process patent for manufacturing the products), the removal of equipment used for infringement, or other measures necessary to prevent infringement.

Additionally (although very rarely used), criminal action for patent infringement is possible in Korea. In a criminal case, an infringer may be subject to criminal penalties such as imprisonment for up to seven years or a fine of up to 100 million Korean Won (Article 225 of the Patent Act). When a representative officer or employee of a company commits the infringement, both the company and the individual may each face criminal penalties. The representative officer may face both monetary penalties and imprisonment while the company may be subject to a fine of up to 300 million Korean Won (Article 230 of the Patent Act).

Although alternative dispute resolutions such as arbitrations are available if both parties agree, they are not commonly used in Korea for patent infringement disputes. One of the main reasons is that the alleged infringers typically like to use invalidation actions as a defence. Under the Civil Procedure Act, the courts have discretion to transfer pending litigation cases to mediation. However, in practice, this has been very rarely utilised. The Patent Court has transferred some cases to mediation but they have rarely been concluded by mediation. In addition, the Korean Intellectual Property Office (KIPO) has established the Intellectual Property Disputes Mediation Committee to mediate disputes on patents, utility models, designs and trademarks. Only a small

number of patent disputes relating to relatively simple technology between domestic parties have been handled by this Committee. All remedies are generally available in mediations as long as the parties are in agreement. In arbitrations, remedies may be similar to those in civil actions but there may be a little more leeway.

If the infringing product is imported into or exported from Korea, an action before the Korea Trade Commission (KTC) may be another option for enforcing a patent. Historically, KTC actions have been mainly used for trademark or design cases. However, in recent years, a few patent cases per year have been brought before the KTC. The KTC may issue administrative remedies, such as the suspension of exports, imports and the manufacture or sale of infringing products. The KTC may also block customs clearance or order the destruction of infringing products or order an infringer to place a notice of correction in a generally circulated publication. Further, the KTC may also impose a fine of up to 30% of the value of the traded goods.

Finally, since 2013, Customs Office actions have been available for enforcing patents. A patentee must record its patent and provide information on potential infringer(s) to the Customs Office, which will monitor and report to the patentee if they find the import or export of infringing products. The patentee may request the Customs Office to hold clearance of the products by posting a bond in the amount of 120% of the value of the seized product. The Customs Office may hold the clearance for a total of 20 days during which the patentee needs to file a civil or criminal action against the infringer. However, this forum is rarely used mainly because it is difficult to prove patent infringement in a very short period of time.

1.2 Anticipated costs

The costs for a district court main infringement action vary widely depending on a number of factors including the aggressiveness of the parties involved, the difficulty of proving infringement, the strength of the patent being asserted, whether related administrative actions such as invalidation actions, scope confirmation actions and/or correction actions are filed, use of expert(s) for testimony or testing, and the like. Thus, it is very difficult to provide a meaningful estimate without any specifics. However, it is generally understood that the costs for Korean patent litigations are relatively cheaper than the costs in other major jurisdictions, especially because discovery is limited and is entirely conducted by, and in the presence of, the court or a judge appointed by the court in Korea.

Official court fees for patent litigation are relatively nominal, but may increase in proportion to the amount of damages sought. As such, it is generally recommended to claim a part of the damages when filing a complaint and then increase the amount at a later time considering the chances of success and after additional information is obtained regarding the true damages amount.

A preliminary injunction action is not a part of a main infringement action but a separate action. However, a preliminary injunction action is on a much faster track and has even more limited discovery than a main infringement action. Thus, the costs for a preliminary injunction action are lower, for example, about half the costs of a main infringement action.

The costs for appeals to the Patent Court (in the case of a main infringement action) or the High Court (in the case of a preliminary injunction action) are generally similar to, or in some cases greater than, the costs at the district court, mainly because the review at the Patent Court or High Court is substantially *de novo*. Thus, both parties can (and often do) submit new arguments and evidence during the appeal proceedings. However, the costs for appeals to the Supreme Court are generally much lower than the costs for the district court or the appellate court proceedings since the Supreme Court only reviews questions of law and does not hold oral hearings.

Further, the prevailing party may recover some of its litigation costs and attorney fees, although the amount is nominal compared to actual attorney fees.

1.3 Jurisdiction

An infringement action should be filed with the district court having jurisdiction (i) where the defendant has a place of residence or business, or (ii) where the unlawful act was committed. However, even if an action is brought in a jurisdiction that does not satisfy one of the above requirements, if the defendant agrees or does not challenge the court chosen by the plaintiff, then the court's jurisdiction may be recognised.

Additionally, starting from 2016, five district courts (Seoul Central, Daejeon, Daegu, Busan and Gwangju), have been designated as courts where patent infringement claims can be brought (depending on which court satisfies the relevant venue requirements). Among these district courts, the Seoul Central District Court has nationwide jurisdiction over main infringement actions. Thus, any patent infringement claims can be filed with the Seoul Central District Court. Further, the Seoul Central District Court has four panels exclusively for intellectual property matters, one of which exclusively reviews preliminary injunction actions. Thus, the Seoul Central District Court has the most experience and expertise in handling patent infringement cases.

Appeals against the district court decisions should be filed with the Patent Court (in the case of a main infringement action) and one of the five High Courts depending on which appeal court has jurisdiction over the district court case (in the case of a preliminary injunction action).

Appeals against the Patent Court decisions or the High Court decisions should be filed with the Supreme Court, the highest court in Korea. The Supreme Court has discretion as to whether or not it will review a particular case, and generally will only hear cases involving legal issues of material

importance. Supreme Court cases are typically decided by panels consisting of four Justices. In cases of special importance, such as where the Supreme Court may issue a ruling that contradicts or reverses an earlier ruling, the Supreme Court Justices may decide the case *en banc*. For intellectual property matters, senior research judges with special expertise in intellectual property law support the Supreme Court Justices where necessary.

1.4 **Extra-territorial effect**

Actions cannot have an extra-territorial effect. Any action, either civil or administrative, is only effective in Korea. For a further discussion, see part B of this chapter, sections 4 and 5.

1.5 **Infringement versus invalidity**

Korea has a bifurcated system in which infringement and invalidity are decided in separate proceedings by different bodies. In particular, although the invalidity of a patent can be raised as a defence in a district court infringement action, in principle, a patent can only be invalidated through an administrative action called an ‘invalidation action’, which should be filed with the Intellectual Property Trials and Appeals Board (IPTAB) within KIPO. Thus, most patent litigations in Korea are comprised of two actions: (i) a regular infringement lawsuit filed with a district court; and (ii) an invalidation action filed with the IPTAB. An invalidation action can be filed at any time once a patent is registered, even before (or regardless of whether) an infringement action is brought.

Appeals against IPTAB decisions in invalidation actions may be filed with the Patent Court, whose decisions may be appealed to the Supreme Court.

1.6 **The parties to infringement proceedings**

A patentee and/or an exclusive licensee who is registered on the patent register can sue for patent infringement. However, a non-exclusive licensee generally cannot sue for infringement, although it may bring an action claiming damages against the infringer if it is the only non-exclusive licensee and the patentee agreed not to grant a non-exclusive licence to any other party. The defendant may be an individual or entity who directly or indirectly infringes the patent.

Domestic or foreign individuals, corporations, associations or foundations which are not corporations, but which are provided with a representative or administrator, or an appointed party representing a group having a common interest may become a party to a lawsuit. Thus, a foreign company may be sued if it commits an act of infringement (eg, offering for sale) in Korea.

1.7 **Adding/removing parties**

Parties may be added or removed subject to the court’s discretion. However, the Korean courts accept additions or removals of parties under very limited

circumstances. For example, if a patent right has been transferred to a third party, then the third party may be added as a plaintiff upon approval from the court. Even in this case, the plaintiff who transferred the patent right cannot be removed unless the defendant agrees.

1.8 Duration

In a typical case, it takes about six to 10 months for a preliminary injunction action and 10–18 months for a main infringement action seeking a permanent injunction from the district court. If a damages claim is added, then the main infringement action will take longer.

If an invalidation action is also brought against the patent, then the district court may stay the proceedings of the infringement action until the IPTAB renders a decision in the invalidation action (or even until the Patent Court or Supreme Court decides the invalidation appeals). In this case, the district court case may take much longer.

An appeal of an infringement action takes about eight to 14 months to obtain a decision from the Patent Court (in the case of a main action) or several months from the High Court (in the case of a preliminary injunction action). An appeal to the Supreme Court takes either four months (if the court summarily dismisses the appeal without any substantive review) or about one to two years (if the court decides to fully review) to obtain a decision from the Supreme Court.

1.9 Expediting proceedings

There is no way of expediting the court proceedings. However, there are points to consider. Unlike the courts in some other countries, Korean courts do not render interim decisions. As such, if the plaintiff claims damages as well as injunctive relief in an infringement action, then this will likely delay the entire proceedings. Thus, it is recommended to bring a damages claim separately after a favourable decision on the infringement issue is rendered in the preliminary injunction or main action.

However, actions before the IPTAB (eg, invalidation actions or scope confirmation actions) may be expedited so that a decision may be issued in about six to 10 months if there is a pending infringement action.

1.10 Representation

Attorneys-at-law can represent parties in infringement actions before the district court. Patent attorneys or attorneys-at-law who have registered before KIPO can represent the parties in invalidation actions and other administrative actions (such as confirmation-of-scope actions, correction actions) before the IPTAB and are also allowed to bring appeals of these actions before the Patent Court and the Supreme Court.

It is typical to have both patent attorneys and litigation attorneys working

together in patent litigation to address both technical and litigation issues that may arise. The patent attorney's involvement in an infringement action is necessary because the validity issue is almost always raised in a patent infringement action. It is also helpful to work with patent attorneys having relevant technical expertise when assessing infringement.

1.11 Level of proof required for establishing infringement

Under Korean law, both infringement of a patent and validity of the patent must be established by a preponderance of the evidence.

1.12 The sources of procedural rules

The procedural rules for patent infringement actions are found in the Civil Procedure Act. Further, the procedural rules for patent invalidation actions are found in the Patent Act and, if not specified in the Patent Act, then the Civil Procedure Act should be followed.

1.13 Stages of a proceeding

The overall stages of a typical patent infringement action and a related administrative action (invalidation action) are shown below.

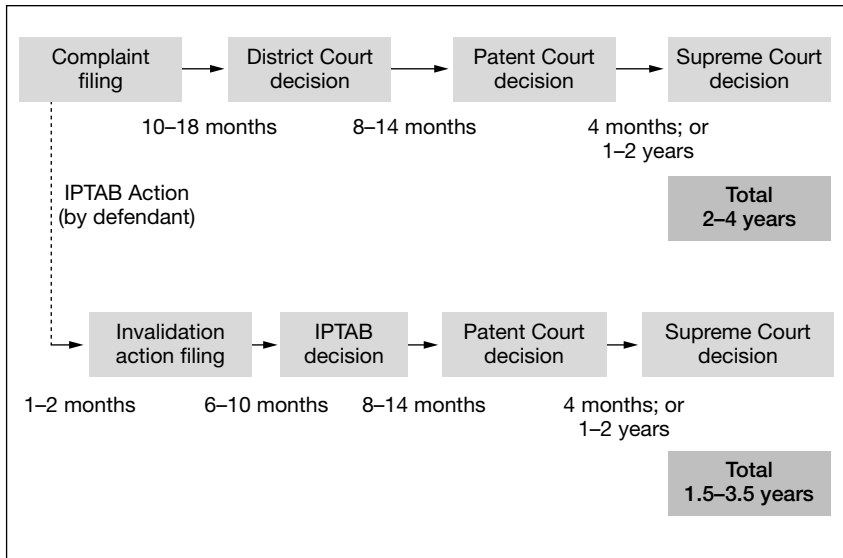
In a typical case, if an infringement action is filed with the district court, the accused infringer almost always files an invalidation action. Then, the invalidation action will be reviewed under an expedited review system under KIPO's Directive since there is a pending related court action. Oftentimes, the patentee will amend its patent claims by way of a correction petition in response to the invalidation action. In the meantime, the district court holds a series of hearings to review the infringement issue (and also validity issues). The IPTAB reviews the invalidation action under a fast track and thus decisions are generally issued in about six to 10 months, mostly before the district court renders a decision in the infringement action. In some cases, the district court may decide to stay its proceedings until the IPTAB decides the related invalidation action if the invalidity of a patent is the only key issue.

The losing party in the invalidation action may then file an appeal to the Patent Court. The losing party in the infringement action may file an appeal to the Patent Court (or the High Court in the case of a preliminary injunction action). The Patent Court generally holds two to three hearings; at least one of the hearings is a technical presentation hearing. It generally takes about eight to 14 months for the Patent Court to decide appeal cases. Typically, the invalidation appeal case proceeds first to the Patent Court since the IPTAB decides the invalidation action earlier than the district court in the infringement action. Thus, the Patent Court will usually decide the invalidation appeal case first. Depending on the issues in the infringement action, the Patent Court may stay the infringement decision.

The losing party from the Patent Court (or the High Court in the case of a preliminary injunction action) in the invalidation and infringement actions may file appeals to the Supreme Court. The Supreme Court has discretion as to whether to review a particular case. If the Supreme Court chooses not to review the merits of a case, it will issue a summary dismissal within about four months. If an appeal is accepted, the Supreme Court will render a decision in about one to two years.

In principle, remedies are not enforceable until the court decisions become final and conclusive (ie, all appeals have been exhausted or waived). However, the district court may allow provisional enforcement of remedies when it renders a decision in favour of the plaintiff. Then, the district court decision can be enforced even during an appeal to the Patent Court. On the other hand, the defendant may file a petition to stay or suspend the provisional enforcement, which may be granted if the defendant posts a bond in an amount determined by the court.

Figure 1. Main infringement action with parallel invalidation action



2. Pre-action measures

2.1 Rules on pre-action correspondence between parties

There are no prerequisites in Korea that need to be satisfied prior to filing a lawsuit. Sending a cease and desist letter is not a prerequisite for initiating an infringement action in Korea, even when damages are sought. However, it is customary (and usually desirable) since a cease and desist letter may result in an amicable settlement, obviating the need for an expensive and time-consuming court action.

2.2 Risks of unjustified threats by plaintiff

Sending a cease and desist letter may be considered as an interference of business or a violation of fair-trade laws if the letter was sent frivolously or if the letter unfairly interferes with the business of the recipient. Thus, a cease and desist letter should be sent only when the patentee has a reasonable basis for the accused infringer's infringing acts. Further, the plaintiff may have to bear liability for damages caused by an unjustified threat to the accused infringer or a third party (eg, customers of the accused infringer) if it is found that the plaintiff wrongfully enforced its patent rights intentionally or negligently.

2.3 Pre-action procedures for obtaining evidence

As a general rule, in a Korean civil litigation, a party must produce its own evidence to the court. Pre-trial discovery is not available in Korea. Only limited discovery is available after an infringement action is filed with the court.

However, a very exceptional procedure for preservation of evidence may be possible even before filing (or during) an infringement action. While the Civil Procedure Act does not provide any kind of seizure mechanism for the purpose of gathering evidence, there is an exception in cases where, for example, evidence is likely to be destroyed or disappear, or where a witness will not be available to testify during the hearing. In such cases, the plaintiff may petition the court to inspect or secure evidence or take testimony, even before filing of the complaint. This procedure may be sought in either *ex parte* or *inter partes* proceedings. Courts are generally very reluctant to grant this request unless the risk of losing evidence is very clear. However, there have been several patent infringement actions where *ex parte* raids were allowed.

2.4 Procedure for obtaining a preliminary injunction

An action for seeking a preliminary injunction is a separate action from a main infringement action. It is an *inter partes* proceeding. Thus, the court proceedings in preliminary injunction actions are very similar to those of main infringement actions, although the court generally holds fewer hearings (usually just one or two hearings) for preliminary injunction actions than for main infringement actions. The respondent is given opportunities to present briefs and evidence in rebuttal and make arguments at the hearings. It generally takes about six to 10 months to obtain a decision in a preliminary injunction action.

Before enforcing the preliminary injunction order, the plaintiff should deposit a security bond to reimburse the defendant for possible damages if the injunction is later overturned. If a preliminary injunction order is enforced but later determined to have been wrongfully issued, the plaintiff is presumed to have been negligent in enforcing the injunction, and thus, is likely to be found liable for any damages to the defendant as a result of the injunction. While this

presumption is theoretically rebuttable, in practice, the presumption is extremely difficult to overcome.

2.5 Other injunctive relief (such as freezing assets)

A patentee or an exclusive licensee may seek a provisional attachment of the defendant's assets in order to secure its right to claim damages. Further, the patentee or an exclusive licensee may demand the destruction of articles by which an act of infringement was committed (including products obtained by the act of infringement in cases of a process patent for manufacturing the products), the removal of equipment used for the act of infringement, or other measures necessary to prevent the infringement (Article 126(2) of the Patent Act).

2.6 Relation between bringing a preliminary injunction and starting proceedings on the merits

A preliminary injunction action is not a part of the main infringement action but a separate action. Thus, a preliminary injunction action may be brought either alone or together with a main action. A preliminary injunction is issued only if the plaintiff establishes a *prima facie* showing of infringement and the necessity for provisional relief. The courts will consider various factors, such as the adequacy of damages to redress the injury to the plaintiff from infringement. The courts generally weigh the irreparable harm to the plaintiff due to continuing infringement against the economic harm resulting to the defendant from the grant of an injunction. It is generally recommended to bring a preliminary injunction action first, and then to file a main infringement action at a later time (eg, after obtaining a favourable decision in the preliminary injunction action in order to seek damages, if any).

2.7 Possibility for defendant to file protective letters

Protective letters are not available in Korea. In Korea, a preliminary injunction is issued only after the court has held hearings where both parties attend. Thus, protective letters are not needed.

This is an extract from the chapter 'South Korea' by Hyun-Jin Chang, John J Kim and Young Kim in Patent Enforcement in the UK and Trans-Pacific Countries, published by Globe Law and Business.