

# Chapter 8

## Republic of Korea

Authors:

Judge Kyuhong Lee, Sang-Wook Han, Judge Kwangnam Kim and Unjung Park

## 8.1 Overview of the patent system

### 8.1.1 Evolution of the patent system

The Patent Act states its purpose in Article 1 as being “to promote technical development by protecting and encouraging inventions and promoting their use in order to contribute to industrial growth.” It was enacted with the aim of protecting the interests of both inventors and the users of inventions.<sup>1</sup> With the ultimate goal of industrial growth, a balance between public and private interests has been the overarching theme in the continuous evolvement of patent law and the patent system. Patent law protects inventions that contribute to the technical development of society by compensating for the time, effort and costs incurred in their production. By contrast, inventions lacking an inventive step or otherwise falling short of the criteria for being a protectable invention are put into the public domain for everyone’s use.

A patent right is a property right and is thus protected under the general provision of the Constitution guaranteeing property rights,<sup>2</sup> as is often seen in the constitutions of other countries. In addition, Article 22(2) of the Constitution specifically sets forth that “the rights of authors, inventors, scientists, engineers and artists shall be protected by the law,” focusing on the implied notion that a patent right, as a property right, should be exercised to the degree that corresponds to its actual value and in a manner that promotes justice and fairness.<sup>3</sup> In search of the right balance, the patent litigation system has contributed in many ways to realizing the purpose of Article 1 of the Patent Act. For example, it has worked to determine whether a specific invention is worth protecting, defined the scope of patent rights to decide what remains in the public domain and has held those who have infringed others’ patent rights liable.

The first Patent Act of the Republic of Korea was enacted on October 5, 1946, pursuant to Order No. 91 of US martial law. The 1946 Patent Act installed the Patent Bureau within the Ministry of Commerce and Industry and launched the Tribunal and the Appellate Tribunal under the Patent Bureau. The Tribunal took charge of *inter partes* cases, such as the scope of rights confirmation and invalidation cases, while the Appellate Tribunal took charge of appeals against the *inter partes* decisions of the Tribunal and of cases filed against rejections of patent applications. The decisions of the Appellate Tribunal were appealable to the Supreme Court only when statutory violations were at issue. While the Patent Act had been amended numerous times since then, and the Patent Bureau was reestablished as the Korean Intellectual Property Office (KIPO) in 1977, the patent trial system – starting with the Tribunal, leading to the Appellate Tribunal and then to the Supreme Court – survived up until the Patent Court opened.

### 8.1.2 Patent application trends

Figure 8.1 shows the total number of patent applications (direct and Patent Cooperation Treaty (PCT) national phase entry) filed in the Republic of Korea from 2000 to 2021.

## 8.2 Korean Intellectual Property Office and administrative review proceedings

### 8.2.1 Korean Intellectual Property Office and the Intellectual Property Trial and Appeal Board

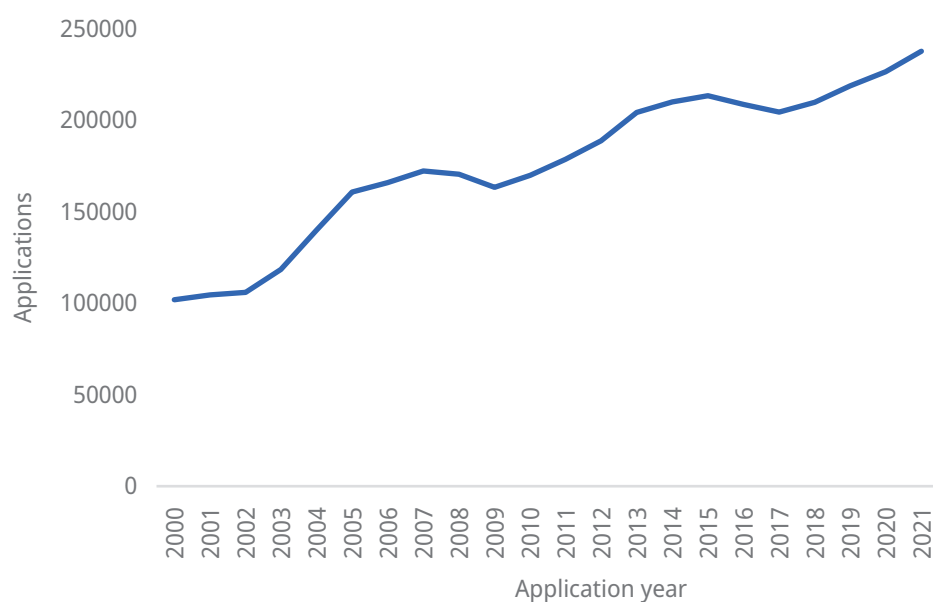
The KIPO is under the management of the Minister of Trade, Industry and Energy and is responsible for handling administrative affairs regarding patents, utility models, designs and trademarks and conducting examinations and trials thereon.<sup>4</sup> It also revises laws and establishes policies relating to industrial property rights. The KIPO was initially established as the Patent Bureau on May 23, 1949, and was renamed the KIPO on March 12, 1977, along with the launch of the Tribunal and the Appellate Tribunal under its management. Subsequently, in March 1998, the Tribunal and the Appellate Tribunal were integrated into the Intellectual Property Trial and Appeal Board (IPTAB).

1 Daebeobwon (Sup. Ct), Jan. 19, 2012, 2010Da95390.

2 Daehanminkuk Hunbeob (Constitution of the Republic of Korea), art. 23.

3 Daebeobwon (Sup. Ct), Jan. 19, 2012, 2010Da95390.

4 Jeongbujojikbeob (Government Organization Act), art. 37(4).

**Figure 8.1 Patent applications filed in the Republic of Korea, 2000–2021**

Source: WIPO IP Statistics Data Center, available at [www3.wipo.int/ipstats/index.htm?tab=patent](http://www3.wipo.int/ipstats/index.htm?tab=patent)

The IPTAB is a special administrative appeals institution established to address disputes over the creation, change, extinguishment and scope confirmation of industrial property rights (i.e., patents, utility models, designs and trademarks). It is largely responsible for trials against rejections of applications, trials to invalidate registrations and trials to confirm the scope of rights. As will be discussed later in Section 8.3.1.4, administrative appeal procedures were simplified into a single-step process with the establishment of the Patent Court and as the Tribunal and Appellate Tribunal were integrated into the newly installed IPTAB. The IPTAB has three divisions: Appeals boards, a Litigation division and a Trial Policy division. The Appeals boards handle various trials and appeals related to the rejection of applications, the invalidation and cancellation of registrations, corrections, and the confirmation of the scope of industrial property rights granted in connection with patents, utility models, designs and trademarks. Consisting of a panel of three administrative judges, each board is in charge of a specific area. The Litigation division represents the Commissioner of the KIPO in revocation suits in the Patent Court. The Trial Policy division oversees general affairs relating to the operation of the IPTAB.

## 8.2.2 Administrative review proceedings

There are two types of IPTAB proceedings: *ex parte* and *inter partes* proceedings. An *ex parte* case is an appeal against an examiner's decision to reject an application and involves only the petitioner. From March 2017, the IPTAB has also started hearing "patent opposition" challenges *ex parte*. In *inter partes* cases, a petitioner and a defendant dispute over a granted right. *Ex parte* and *inter partes* trial cases include the following trials:

- *ex parte* proceedings:
  - appeal against a decision to reject an application;
  - trial for correction;
  - patent opposition;
- *inter partes* proceedings:
  - trial for invalidation; and
  - trial to confirm the scope of rights.

The majority of IPTAB patent proceedings can be classified into the following categories based on their subject matter:

- appeal against a decision to reject an application – when an applicant receives a decision of rejection from an examiner, they may pursue an appeal within 30 days of the date of receipt of the certified copy of the decision (Article 132-17 of the Patent Act);
- trial for correction – a patent holder may pursue a petition for the correction of a granted patent or utility model for the reasons of narrowing a claim, correcting a clerical error, or clarifying an ambiguous description (Article 136 of the Patent Act);
- trial for invalidation – an interested party may seek a trial to retroactively invalidate the granted patent right based on statutory invalidation grounds (Article 133 of the Patent Act);
- trial to confirm the scope of rights – an interested party may seek a trial to confirm whether a technology that is being practiced or will be practiced by a third party falls within the scope of a granted patent (Article 135 of the Patent Act); and
- patent opposition – any person may request a patent opposition, within six months of the publication of the grant of the patent, to revoke the patent based on prior art (Article 132-2 of the Patent Act).

### 8.2.2.1 Patent trial procedures

Hearings may be held orally or in writing. Unless requested otherwise, hearings are conducted generally in writing. An oral hearing is held upon request from the parties or if the presiding administrative judge finds it necessary.<sup>5</sup>

A panel of three or five administrative judges hears a case and participates in deliberations to reach a conclusion by a majority vote before rendering the final decision.<sup>6</sup> An applicant who is dissatisfied with the final decision of the IPTAB may appeal to the Patent Court. A Patent Court decision is appealed to the Supreme Court.

### 8.2.2.2 Effects of Intellectual Property Trial and Appeal Board decisions: *non bis in idem*

If an IPTAB decision on a case becomes final and conclusive, no person may demand a retrial based on the same facts or evidence. However, this requirement does not apply where the final and conclusive ruling is a rejection.<sup>7</sup> The term “same facts” means certain facts that stem from the same cause with respect to the same right. Thus, although causes such as lack of novelty, inventive step or industrial usability would all result in the same outcome of patent invalidity, they all constitute separate facts. The term “same evidence” includes not only the evidence submitted before a previously confirmed IPTAB decision but also any supplementary evidence that is not compelling enough to overturn the confirmed decision. Therefore, if new evidence is submitted, but it is compelling enough to overturn the confirmed decision, it is not in breach of the *non bis in idem* principle.<sup>8</sup>

### 8.2.2.3 Relationship between revocation suits and administrative patent trials

Litigation for the revocation of an IPTAB decision is a judicial process carried out by the Patent Court under the judicial branch of the government prioritizing the adversarial system and the principle of pleadings that the parties are responsible for making arguments and submitting materials for the court to consider to reach its conclusion. Administrative patent trials are administrative appeal procedures handled by the IPTAB under the executive branch of the government and operate under the inquisitorial system. In this regard, revocation suits and administrative trials are fundamentally different.<sup>9</sup>

An IPTAB trial has some similarities to a (judicial) appellate proceeding in that an IPTAB decision is the subject matter of a revocation suit, as a district court decision is the subject matter of an appeal. However, it should be noted that IPTAB trials are fundamentally different from appellate trials in general due to the aforementioned aspect. They are not linked to each other in terms of instance, such as the courts of the first and second instance. This means that arguments or materials presented in an IPTAB trial cannot be automatically treated as presented in a revocation suit in a court because the latter requires arguments and materials to be newly presented or submitted for the court to consider them.

<sup>5</sup> Teukheobeob (Patent Act), art. 154(1).

<sup>6</sup> Patent Act, art. 146.

<sup>7</sup> Patent Act, art. 163.

<sup>8</sup> Daebeobwon (Sup. Ct), March 11, 2005, 2004Hu42.

<sup>9</sup> IP Litigation Research Committee of the Patent Court of Korea, *Intellectual Property Law Theory and Practice* 14 (4th ed. 2019) [hereinafter IP Litigation Research Committee, *Intellectual Property Law Theory and Practice*].

## 8.3 Judicial institutions

### 8.3.1 Judicial administration

#### 8.3.1.1 Overview of Korean courts

The Republic of Korea has a three-level court system consisting of district courts, high courts and the Supreme Court. By type, there is the Supreme Court, high courts, district courts, the Patent Court, family courts, the administrative court and the bankruptcy court. Among the courts exercising specialized functions, the Patent Court is at the level of the high courts, while the family, administrative and bankruptcy courts are at the level of district courts. By level and region, courts are classified as follows: the Supreme Court is the court of last resort, located in Seoul; high courts handle appeals filed against judgments rendered by panels of district courts and are located in the six major cities, Seoul, Daejeon, Daegu, Busan, Gwangju and Suwon; and there are 18 district courts across the country, which hear cases of first instance (by a single judge or a panel) as well as appeals filed against decisions rendered by single judges. District courts may have branch courts within their respective jurisdictions. There are currently 42 branch courts nationwide.<sup>10</sup>

Each trial is presided over by either a single judge or a panel of three judges. The judicial power of a high court, the Patent Court or an administrative court must be exercised by a panel of three judges (Article 7(3) of the Court Organization Act). The judicial power of a district court, family court or bankruptcy court is exercised by a single judge by default. However, certain district court cases are adjudicated by three-judge panels: any civil case where the value of the subject of the lawsuit exceeds KRW 500 million and any criminal case subject to capital punishment or imprisonment, with or without labor, for an indefinite term or for not less than one year in the short term (Article 32(1) of the Court Organization Act; such cases are referred to as “civil panel cases” and “criminal panel cases,” respectively).

Every court case in the Republic of Korea is presided by a judge, and no jury trial system is in place. Some criminal panel cases are eligible for public participation upon the request of the parties.<sup>11</sup> However, a public participation trial is different from a jury trial under Anglo-American laws in that the verdict and sentencing opinions that the jurors may offer in a public participation trial do not bind the court.<sup>12</sup> As explained later in Section 8.9.2.2., all criminal patent cases are single-judge cases and, therefore, not eligible for public participation. Figure 8.2 shows the judicial structure of the Republic of Korea.

#### 8.3.1.2 Types of patent cases

Patent lawsuits are broadly classified into civil, administrative and criminal lawsuits. Civil patent lawsuits are further divided into cases on the merits and preliminary injunction cases. Merits cases involve infringement;<sup>13</sup> the transfer, grant or extinguishment of patent rights; compensation for employee inventions; royalty payments; and so on. Administrative patent lawsuits are generally cases seeking the revocation of IPTAB decisions such as decisions upholding the examiner's rejection to grant a patent or decisions ruling that a patent is invalid. Criminal patent lawsuits involve the acts punishable under Chapter XII of the Patent Act.<sup>14</sup>

#### 8.3.1.3 Enforcement of concentrated jurisdiction over patent cases

Until 2015, the Patent Court had exclusive jurisdiction only over cases seeking the revocation of IPTAB decisions. Civil patent cases, such as infringement suits, like any other civil cases, were heard by district courts nationwide in the first instance and then appealed to the high courts or to the appellate divisions of district courts.<sup>15</sup> This bifurcated system sent revocation cases for rejections and invalidations to the Patent Court and sent infringement and other civil cases to general civil courts. This two-track framework left room for contradictory outcomes in the Patent

10 For an organizational chart of the judiciary, see <https://eng.scourt.go.kr/eng/judiciary/organization/organizational.jsp>

11 Gugminui Hyeongsajapan Chamyoe Gwanhan Beobryul (Act on Citizen Participation in Criminal Trials), art. 5(1).

12 Act on Citizen Participation in Criminal Trials, art. 46(5).

13 Typical examples are claims for permanent injunction, claims for compensatory damages and claims for reinstatement of the reputation of patentees (Articles 126, 128 and 131 of the Patent Act, respectively).

14 A typical example is the offense of patent right infringement (Article 225 of the Patent Act).

15 International Intellectual Property Law Research Center, *Comparative Research on Exclusive Jurisdiction over IP Litigation* 6 (2019) [hereinafter International Intellectual Property Law Research Center, *Comparative Research on Exclusive Jurisdiction*].



```
graph TD; SC[Supreme Court] --> PC[Patent Court]; SC --> HC[High Courts (6)]; SC --> ADCD[Appellate Divisions of District Courts (19)]; PC --> IPTAB["Intellectual Property Trial and Appeals Board (IPTAB)  
(administrative instance)"]; PC --> DC6_1["District Courts (6)¹"]; HC --> DC60["District Courts (18) & Branches (42) (total 60)"]; ADCD --> DC60; DC6_1 --> AI[Administrative Jurisdiction]; DC6_1 --> CJ1[Civil Jurisdiction]; DC60 --> CJ2[Civil Jurisdiction]; DC60 --> CRJ[Criminal Jurisdiction];
```

The diagram illustrates the hierarchy of the Indian judicial system:

- Supreme Court** is at the apex.
- Below the Supreme Court are three main branches:
  - Patent Court**:
    - Leads to the **Intellectual Property Trial and Appeals Board (IPTAB)** (administrative instance).
    - Leads to **District Courts (6)¹**.
  - High Courts (6)**:
    - Leads to **District Courts (18) & Branches (42) (total 60)**.
  - Appellate Divisions of District Courts (19)**:
    - Leads to **District Courts (18) & Branches (42) (total 60)**.
- A box labeled **Appeals on preliminary injunctions** receives input from **District Courts (6)¹** and **High Courts (6)**.
- Four types of jurisdiction are indicated by triangles below the main branches:
  - Administrative Jurisdiction**: Associated with the IPTAB.
  - Civil Jurisdiction**: Associated with District Courts (6)¹ and District Courts (18) & Branches (42) (total 60).
  - Civil Jurisdiction**: Associated with District Courts (18) & Branches (42) (total 60).
  - Criminal Jurisdiction**: Associated with District Courts (18) & Branches (42) (total 60).

exclusive jurisdiction of the Patent Court, and appeals from the Patent Court went to the Supreme Court, allowing for the full adjudication of the factual and legal issues by the judiciary.<sup>19</sup>

The Patent Court first opened in Seoul but relocated on March 1, 2000, to Daejeon, the home of the KIPO and the Daedeok Science Town, where government-funded research institutes and laboratories of private companies, as well as educational institutions, such as the Korea Advanced Institute of Science and Technology, were concentrated.<sup>20</sup> The court shared a building with the Daejeon High Court and the Daejeon District Court at the time of the relocation but later moved to the current Patent Court building on September 1, 2003, in response to the constant rise in the number of IP disputes, preparing itself for broader jurisdiction, more cases and more judges.

The Patent Court consists of the Chief Judge, judges, judicial technical examiners, judicial technical researchers, the International Intellectual Property Law Research Center and the Administration Bureau. The Chief Judge is in charge of the overall management of judicial administrative affairs, leading and supervising court officials, and serves as the presiding judge for trials of the special division.

The Patent Court currently has five general divisions, each consisting of three judges. Cases are randomly assigned to one of the five divisions. However, a special division may be formed – consisting of the Chief Judge and two judges from general divisions – to preside over certain cases: cases that could possibly become important precedent or call for further research, cases that carry great weight and are thus expected to significantly influence society, and cases that lack sufficient precedents for reference but with those of a similar nature pending in several

20 Woosoo Kim et al., *Reflection on the Past 20 Years and Future of Patent Court* (2018), at 5-6.

divisions. A case meeting any of these criteria in a general division may be reallocated to the special division.<sup>21</sup>

Judicial technical examiners and judicial technical researchers provide support for adjudication, focusing on technical issues in the cases assigned to them based on their respective fields of technical expertise. Their roles and responsibilities are explained in greater detail in Section 8.6.7.6.2.

The International Intellectual Property Law Research Center consists of judicial researchers (judges) and nonjudge, full-time researchers. It conducts long-term research projects on major subjects that call for comparative studies as well as ad hoc projects for specific issues in ongoing cases. It also takes charge of the court's international exchanges and cooperation.

### 8.3.2 Specialized intellectual property judiciary

#### 8.3.2.1 Specialized patent courts and divisions

In relation to patent trials, the Republic of Korea operates both a specialized court system and a specialized division system. As discussed in Section 8.3.1.4, the Patent Court serves as the specialized patent court of the Republic of Korea. It is at the level of a high court and has jurisdiction over the entire country, exercising exclusive jurisdiction over civil appeals and revocation cases.<sup>22</sup>

The six district courts that came to have jurisdiction over first-instance civil patent cases after the enforcement of the jurisdictional concentration – namely the Seoul Central District Court, Daejeon District Court, Daegu District Court, Busan District Court, Gwangju District Court and Suwon District Court – all have specialized IP divisions. Preliminary injunctions go to the IP divisions in the case of the Seoul Central District Court, whereas a separate division for preservative dispositions is in charge of preliminary injunctions in the five other district courts.<sup>23</sup> For criminal patent cases, there is no separate specialized court or division.

To summarize by case type, civil patent cases are heard by the specialized divisions in the district courts in the first instance and by the specialized court (Patent Court) in the second instance. Administrative patent cases, or revocation cases, go to the Patent Court. In the case of criminal patent cases, no particular specialized court or division is in charge.

#### 8.3.2.2 International divisions

More and more foreign parties are litigating their patent cases in the Republic of Korea. Comprising a third of all patent cases, such cases created a need for better language access for foreign parties. In response, the Patent Court and the Seoul Central District Court established International divisions to handle certain IP cases with the goal of providing equal judicial access to all parties, effective as of June 13, 2018 (Article 62-2 of the Court Organization Act). As a result, parties can now make oral arguments or submit documents in a foreign language in these courts if permission is given to handle the case as an “international case.”

A case may be handled as an international case when a party to the lawsuit is a foreigner or a foreign company, there is a need to examine material evidence in a foreign language, or there are other circumstances that make the case “international” in nature.<sup>24</sup> Consent of the adverse party is required. The court may also refuse to permit to proceed as an international case if significant delay is expected.<sup>25</sup> Application and consent are made in writing before the first trial date, either in the Seoul Central District Court or in the Patent Court, barring exceptional circumstances.<sup>26</sup> The effect of the permission is limited to the level of the court.<sup>27</sup>

21 Patent Court Bylaws on Case Assignment, art. 6.

22 In addition to patent cases, the Patent Court has exclusive jurisdiction over revocation cases and civil appeals relating to trademark and design rights. However, it does not have exclusive jurisdiction over copyright cases, meaning that a civil appeal in a copyright case will go to one of the high courts or the appellate division of a district court.

23 Courts generally have a division exclusively responsible for preservative dispositions, such as provisional attachment and garnishment. In the case of the Seoul Central District Court, which takes many patent cases for preservative disposition, an IP division is reserved for preservative dispositions for patents (60th Civil Division). Preservative dispositions for patents are handled by the division in charge of general civil cases in other courts.

24 Supreme Court Regulations on Establishment and Operation of the International Division, art. 5 (Supreme Court Regulations).

25 Supreme Court Regulations, art. 5.

26 Supreme Court Regulations, art. 6.

27 Supreme Court Regulations, art. 7.



In an international case, parties may make oral arguments in a permitted foreign language or file briefs or exhibits in the foreign language without translation.<sup>28</sup> Interpretation is provided by the court on the trial date.<sup>29</sup> Due to practical considerations regarding actual demands, the permitted foreign language is currently limited to English under the current Supreme Court regulations, but other languages may also be permitted upon petition by the party.<sup>30</sup> Decisions are rendered in Korean, and the decision in Korean is the basis for calculating the appeal period or the effect of the judgment.<sup>31</sup> Parties will be given a translation of the decision in the foreign language after the service of the authentic copy of the decision.<sup>32</sup> In case of an appeal, the notice of appeal may be filed in the permitted foreign language.<sup>33</sup>

### 8.3.2.3 Specialized patent judges

Korean judges rotate between courts. Most judges are assigned to different courts every three to four years and to different roles every one to two years. There are no express requirements to qualify as a judge in the specialized court or division. However, it is understood that securing specialized judges is crucial for the efficient and fair management of patent cases. The Patent Court has thus worked to bring in judges who have majored in science, engineering or IP; judges who have exclusively handled IP matters in other courts; or judges who have served as attorneys or patent attorneys in the field for many years. In addition, it has been making progressive efforts to secure them for longer periods. The term of service of patent court judges tends to be longer than that of general courts.

### 8.3.3 Judicial education on intellectual property

The Judicial Research and Training Institute offers an annual IP Litigation Training Program for judges who are handling patent cases for the first time and provides an Advanced IP Litigation Training Program every two years on particularly interesting subjects in IP practice. In addition, judges dealing with patent cases also actively share their academic and practical insights through an online community of the judges currently working on or interested in patent cases, practice research committees in the Patent Court, and joint seminars between the Patent Court and the Seoul Central District Court.

## 8.4 Patent invalidity

### 8.4.1 Revocation cases

Revocation actions refer to those seeking judicial review and subsequent revocation of IPTAB decisions. The IPTAB decides on the invalidity of patent registration, confirms the scope of patent rights and reviews the examiners' rejections of patent applications. Given that IPTAB decisions are administrative dispositions and that revocation actions are administrative lawsuits filed to contest such dispositions, the Administrative Procedure Act is applicable to revocation actions, and the Civil Procedure Act also applies *mutatis mutandis* to those actions pursuant to Article 8(2) of the Administrative Procedure Act.<sup>34</sup>

#### 8.4.1.1 Territorial jurisdiction

While Article 8(1) of the Administrative Procedure Act stipulates that "[e]xcept as otherwise provided for in other Acts, administrative suits shall be governed by this Act," Article 186(1) of the Patent Act sets forth that the Patent Court has exclusive jurisdiction over revocation actions.<sup>35</sup> Revocation actions were the only type of cases that fell under the exclusive jurisdiction of the Patent Court before the jurisdictional concentration.

28 Supreme Court Regulations, art. 12.

29 Supreme Court Regulations, art. 11.

30 Supreme Court Regulations, art. 9.

31 Supreme Court Regulations, art. 16.

32 Supreme Court Regulations, art. 17.

33 Supreme Court Regulations, art. 18.

34 Daebeobwon (Sup. Ct), Sep. 13, 2012, 2012KaHeo15.

35 The court of first instance in revocation actions, among all other administrative actions in general, must be an "administrative court having jurisdiction over the location of the defendant." Where a revocation action is filed against a defendant who is a central administrative agency or its head, it may be instituted with an administrative court having jurisdiction over the location of the Supreme Court. Haengjeongsosongbeob (Administrative Litigation Act), art. 9.

#### 8.4.1.2 Jurisdiction by court level

The Patent Court's decision on a revocation case may be appealed to the Supreme Court (Article 186(8) of the Patent Act). In the Patent Act and other applicable laws, there is no special provision regarding the appeal procedure, so the procedures in general civil actions apply *mutatis mutandis* to the appeals in revocation cases (Article 8(2) of the Administrative Procedure Act).

#### 8.4.2 Administrative patent lawsuits

Administrative litigation, as a type of judicial process, is a procedure wherein a court judges a dispute over legal relations under public law. Administrative litigation associated with patents is classified into (i) legal proceedings seeking the revocation of decisions rendered by the IPTAB as prescribed in Article 186 of the Patent Act, (ii) administrative lawsuits against administrative dispositions (other than the IPTAB decisions) imposed by the government or the Commissioner of the KIPO,<sup>36</sup> and (iii) legal proceedings against IPTAB decisions, rulings or adjudications on compensation or considerations prescribed in Article 190 of the Patent Act.<sup>37</sup> For administrative litigation falling under the first category, the Patent Court has exclusive jurisdiction. For administrative litigation falling under the second and third categories, the administrative court with jurisdiction over the location of the defendant's administrative agency, or the Seoul Administrative Court, has jurisdiction pursuant to Article 9 of the Administrative Litigation Act. Accordingly, legal proceedings against dispositions of the Korea Trade Commission, which serves the equivalent role as the United States International Trade Commission, should also be filed with the Seoul Administrative Court or any other competent court, not with the Patent Court. Administrative litigation falling under the first category always requires the IPTAB's decision before lodging a lawsuit with the Patent Court.<sup>38</sup> However, administrative litigation falling under the other two categories may be instituted without going through the adjudication process.<sup>39</sup>

Among the three types of administrative litigation concerning patents, legal proceedings falling under the first category – namely, litigation for the revocation of IPTAB decisions, or revocation suits – are most frequently used to contest the invalidation of patents. Thus, in the following paragraphs, we focus only on revocation suits.

##### 8.4.2.1 Characteristics of revocation suits and applicable laws

As explained above, litigation for the revocation of IPTAB decisions is a type of administrative litigation, filed against dispositions or omissions of an administrative agency as prescribed in Article 3(i) of the Administrative Litigation Act. The Supreme Court has ruled that appeals suits include *ex parte* cases filed against the Commissioner of the KIPO and *inter partes* cases filed against patent holders or parties interested.<sup>40</sup>

The Patent Act is first applicable to revocation suits. For matters not prescribed in the Patent Act, the provisions of the Administrative Litigation Act apply *mutatis mutandis* because lawsuits seeking the revocation of IPTAB decisions basically have the characteristics of administrative litigation. At the same time, matters not specifically stipulated in the Administrative Litigation Act are governed by the Civil Procedure Act.<sup>41</sup> Therefore, the litigation and evidence collection procedures explained later in Section 8.6 are also generally applicable to revocation suits.

##### 8.4.2.2 Scope of revocation suits

For appeals suits in general, a revocation suit can only be filed against the original disposition (namely, the principle of original dispositions), with the exception of cases where the adjudication itself is legally flawed (namely, the principle of exceptional adjudication).<sup>42</sup> It should be noted that the Patent Act only allows the filing of a suit against the adjudication on an administrative appeal when it comes to litigation for the revocation of IPTAB decisions.<sup>43</sup> A decision to reject a patent

36 This includes legal proceedings seeking the revocation of written rejections or the revocation of various correction recommendations pursuant to art. 203 of the Patent Act.

37 This includes legal proceedings against prohibitions on the filing of patent applications in a foreign country for inventions necessary for national defense (art. 41 of the Patent Act) and against compensation payable upon expropriation of patents (art. 106 of the Patent Act).

38 Patent Act, art. 186(6).

39 Administrative Litigation Act, art. 18(1).

40 See, e.g., Daebeobwon (Sup. Ct), May 28, 2009, 2007Hu4410.

41 Administrative Litigation Act, art. 8(2).

42 Administrative Litigation Act, art. 19(1).

43 For legal proceedings falling under the categories (ii) and (iii) in Section 8.4.2, a suit can only be lodged against the original disposition, not the adjudication thereon.

application or to allow patent registration cannot be the subject matter of a revocation suit. If the applicant opposes any such decision, they must go through the IPTAB trial process before filing a suit against the IPTAB decision. Accordingly, the plaintiff must state in the complaint that their demand is to “revoke the decision of the IPTAB rendered on [date] with respect to [administrative trial case number],” not as “[patent number] shall become null and void.”

#### 8.4.2.3 Litigants to a revocation suit

In ordinary administrative litigation, a person with legal interests to seek revocation of a disposition has the standing to sue<sup>44</sup> so that the person subject to the disposition or a third party all have standing as the plaintiff. However, a revocation suit may only be instituted by a party to the IPTAB trial, an intervenor in the IPTAB trial or a person who sought to intervene in the IPTAB trial but was denied.<sup>45</sup>

In *ex parte* revocation suits, such as those concerning an examiner’s rejection, the Commissioner of the KIPO is named as the defendant. However, in *inter partes* revocation suits seeking invalidation of patents or confirmation of the scope of patent rights, the petitioners or respondents in the IPTAB proceeding have standing as the defendant.<sup>46</sup> In other words, in an *inter partes* revocation suit, the party who has received an unfavorable ruling in the *inter partes* administrative proceeding becomes the plaintiff, and the other party becomes the defendant. In a revocation suit against an IPTAB decision affirming the petitioner’s request, the petitioner is named as the defendant. If the petitioner’s request was denied at the IPTAB, the defendant in the revocation suit is the respondent in the IPTAB proceeding.

#### 8.4.2.4 Period of filing a revocation suit

A revocation suit must be filed within 30 days from the date when a certified copy of the relevant IPTAB decision or ruling was served.<sup>47</sup> Any revocation suit filed after this period is considered unlawful and is dismissed.<sup>48</sup> The 30-day period can never be extended or shortened by the court, unlike other adjustable periods.<sup>49</sup> However, the presiding judge of the IPTAB may, *ex officio*, grant an additional period for the benefit of a person living in a remote area or in an area with poor access to transportation.<sup>50</sup> In practice, an additional period of 20 to 30 days is granted to foreigners overseas. Where the presiding judge of the IPTAB grants an additional period after the lapse of the initial 30 days, the revocation suit will still be dismissed because of the lapse of the initial period even if the application for extension had been filed with the IPTAB prior to the lapse of the initial period.<sup>51</sup>

#### 8.4.2.5 Scope of examination in a revocation suit

According to the majority view and judicial precedent, the subject matter of a revocation suit is usually the unlawfulness of a disposition.<sup>52</sup> Thus, the unlawfulness objectively present at the time of disposition, in any facet of the administrative disposition, including the procedure and elements thereof, becomes the subject matter of a revocation suit. As with other lawsuits seeking the revocation of administrative dispositions, litigation for the revocation of IPTAB decisions also goes through an examination of unlawfulness from both substantive and procedural perspectives. However, there is an issue as to whether the scope of examination in revocation suits against IPTAB decisions is limited to the grounds and evidence claimed in the IPTAB trial. There are two conflicting theories regarding this issue: the limitation theory and the nonlimitation theory.

For *inter partes* cases, the Supreme Court has upheld the nonlimitation theory on the following grounds: first, a revocation suit is classified as an appeals suit because it is filed against the IPTAB’s decision, which is an administrative disposition; therefore, the subject matter of the revocation suit is substantive or procedural unlawfulness in the decision; second, the litigant may

44 Administrative Litigation Act, art. 12.

45 Patent Act, art. 154(1).

46 Patent Act, art. 187.

47 Patent Act, art. 186(3).

48 When it is clear that the period for filing a lawsuit has lapsed, the court may reject the relevant lawsuit without designating a date for hearing – in accordance with art. 8(2) of the Administrative Litigation Act and art. 219 of the Civil Procedure Act – by finding that the lawsuit is unjustifiable and has defects that are not rectifiable.

49 Patent Act, art. 186(4).

50 Patent Act, art. 186(5).

51 Teukheobeobwon (Pat. Ct), April 25, 2007, 2006Heo11572.

52 Daebeobwon (Sup. Ct) May 28, 2009, 2007Hu4410.

argue and prove, in the process of the revocation suit, the reasons for the unlawfulness of the decision even if it did not rule on such reasons, and the court presiding the revocation suit may examine and judge on such reasons and take them as the basis for its decision unless there are special circumstances not to do so.<sup>53</sup>

For *ex parte* cases, an administrative agency's disposition limiting a party's right without prior notice or an opportunity to submit opinion is unlawful and shall be revoked unless an exception applies, according to the Supreme Court.<sup>54</sup> The Supreme Court has taken the same position in patent rejection cases. In a suit seeking revocation of an IPTAB decision upholding a patent rejection, it held that the Commissioner of the KIPO may not raise a new ground of rejection that was not raised before the examiner or the IPTAB because the plaintiff was not given an opportunity to submit opinion disputing the new ground.<sup>55</sup> Nonetheless, this limitation is only applicable to the Commissioner of the KIPO (the defendant) and not to the patent applicant (the plaintiff). In light of the foregoing, the Supreme Court's decision is generally viewed as having intended to protect the procedural rights of the applicant rather than having been based on the limitation theory.

Further, if the Commissioner of the KIPO claims new grounds in a revocation suit in line with the essence of the grounds for rejection and for which the applicant was given an opportunity to submit their opinion in the examination or IPTAB trial phase (and are thus just supplementary to the already notified grounds for rejection), such grounds may be admitted and serve as the basis for judging whether the IPTAB decision should be revoked.<sup>56</sup>

#### 8.4.2.6 Litigation procedures for revocation suits

##### 8.4.2.6.1 Submission of a complaint

A revocation suit is initiated when the plaintiff submits a complaint to the competent court. The plaintiff must describe the following matters on its complaint in detail.<sup>57</sup>

- the procedural background on the IPTAB trial;
- a summary of the administrative decision (the arguments of the parties and the decision thereon by the IPTAB at the trial stage);
- parts admitted and not admitted among the grounds for the decision;
- all arguments relating to the grounds for revoking the decision;
- a notice of related cases (e.g., pending IPTAB trial or lawsuit on the same patent); and
- the plaintiff's opinion on the overall litigation proceedings, including any plan to request evidence.

Additionally, the plaintiff must be careful not to overlook the following basic evidentiary documents and requisite attachments, along with a power of attorney for litigation, a corporate register or a certificate of corporate nationality (if the party is a foreign corporation), and a certificate of service of the administrative decision.<sup>58</sup>

- for a revocation case on rejection – the IPTAB decision, patent application, examiner's preliminary rejection, amendment, opinion and final rejection;
- for a revocation case on invalidation – the IPTAB decision, original register, publication of registration and evidence relating to prior art; and
- for a revocation case on the scope of rights – the IPTAB decision, original register, publication of registration, explanatory documents and the drawings of the invention for review in the scope of rights confirmation action.

Once a revocation suit is lodged (upon submission of a complaint), the IPTAB decision subject to the revocation is prevented from being treated as final and conclusive. For this, the Patent Court requires that the purpose of a revocation suit, or an appeal against the revocation suit, be notified to the President of the IPTAB without delay.<sup>59</sup>

53 See, e.g., Daebeobwon (Sup. Ct), Oct. 24, 2003, 2002Hu1102.

54 Daebeobwon (Sup. Ct), Oct. 27, 2016, 2016Du41811.

55 See, e.g., Daebeobwon (Sup. Ct), Feb. 26, 2003, 2001Hu1617.

56 See, e.g., Daebeobwon (Sup. Ct), Feb. 26, 2003, 2001Hu1617.

57 Patent Court, *Practice Directions for Revocation Trial in the Patent Court of Korea*, ch. II(1)(A) [hereinafter Patent Court, *Practice Directions for Revocation Trial*].

58 Patent Court, *Practice Directions for Revocation Trial*, ch. II(1)(B).

59 Patent Act, art. 188(1).

#### **8.4.2.6.2 Submission of answer**

No later than three weeks from the service of the plaintiff's complaint or brief containing the specific cause of action, the defendant must submit an answer, including the following matters, together with evidence cited in the answer and explanatory documents for evidence:

- an answer to the plaintiff's demand;
- the parts admitted and not admitted among the plaintiff's arguments;
- detailed rebuttal arguments on the parts not admitted among the plaintiff's arguments;
- other arguments relating to the grounds necessary to maintain the decision;
- a notice of related cases;
- acceptance or denial of evidentiary documents submitted by the plaintiff; and
- the defendant's opinion on the overall litigation proceedings, including a plan to request evidence.

#### **8.4.2.6.3 Preparatory hearing**

As in a civil patent suit, once key issues of a revocation suit are specified through the presentation of written arguments between the parties, a hearing date is immediately designated, and sometimes a date for a preparatory hearing as well. Preparatory hearings are usually conducted via conference call and supervised by a presiding judge serving as a commissioned judge. The following matters are generally discussed in the course of a preparatory hearing:<sup>60</sup>

- the dates and number of trials and the matters to be addressed in each;
- deadlines for the submission of arguments and evidence (including deadlines for the submission of comprehensive briefs and an affidavit of an expert witness, and the number of submissions and length of briefs);
- whether to request evidentiary methods requiring a substantial amount of time, such as verification, appraisal and expert witness, and the deadlines for such requests;
- whether to designate a technical advisor;
- whether to hold a technical explanatory session by the parties;
- whether to first hold a hearing for claim construction;
- how to proceed the trial if a trial for correction or petition for correction is pending;
- whether to hold a parallel hearing if relevant cases, such as invalidation, confirmation of the scope of rights and infringement, are pending; and
- confirmation and summary of disputed issues.

#### **8.4.2.6.4 Internal technical explanatory session**

Once a date for the hearing is determined in a revocation suit, an internal technical explanatory session is held before the hearing date to increase the court's understanding of technical issues. During the session, a technical examiner explains the background of relevant technology, along with other technical issues relating to the invention at issue and prior arts. Unlike civil patent cases, where internal technical explanatory sessions may be omitted because there are no technical issues, an internal technical explanatory session is held in almost all revocation suits.

#### **8.4.2.6.5 Hearing**

As in civil patent suits, during a hearing of a revocation suit, the examination of evidence, documentary evidence and so on are conducted in connection with the arguments of both parties, along with the identification and sharing of key issues, presentation of oral arguments regarding the key issues, and filing of applications by both parties for further evidence. Revocation suits often involve professional knowledge and complex issues relating to patents, so it usually takes a significant amount of time for parties to prepare their arguments. Accordingly, revocation suits are given sufficiently more time than for civil suits in general. For a civil patent case of first instance, hearings are conducted on multiple occasions, with an interval of about one month, before closing arguments. For a revocation suit, the court usually closes arguments after the first round of intensive or concentrated examination of each issue. This is because revocation suits rarely involve a dispute over relevant facts and instead focus only on the judgment of technical issues such as inventive step. Moreover, in most cases, the first hearing is often arranged as a technical explanatory session. Arguments in a revocation suit may also be presented in a foreign language so long as both parties consent and the court permits.

60 See Patent Court, *Practice Directions for Revocation Trial*, ch. III(3)(C).

#### 8.4.2.6.6 Relationship between invalidity and infringement proceedings

The Civil Procedure Act also applies *mutatis mutandis* to revocation suits (administrative patent lawsuits), except as otherwise provided for in the Patent Act and the Administrative Litigation Act.<sup>61</sup> Therefore, revocation suits and civil patent suits have almost the same litigation and evidence collection procedures. Moreover, patent infringement suits and revocation suits are also very similar in terms of the key issues, considering that the grounds for invalidation of a patent may also be contended in a patent infringement suit. The difference is that a patent infringement suit deals with various issues concurrently, including whether the product of the other party falls within the scope of protection of the patent at issue, whether there are grounds for invalidation of the patent, and the assessment of damages. In a revocation suit, by contrast, only some of those key issues are contested, and such suits thereby progress more quickly.<sup>62</sup>

#### 8.4.2.7 Examination in parallel with an infringement suit

Related cases with the same registration number of IP rights are, in principle, allocated to the same judicial panel. If the parties to a case are the same, and the same or similar IP rights are assigned to different judicial panels, they may be allocated to the same judicial panel through a reallocation procedure. The parties must notify the judicial panels of such circumstances if related cases are allocated to or pending before different judicial panels.<sup>63</sup>

When an infringement case and a revocation case of IPTAB decision involving the same patent right are pending concurrently before the same judicial panel and are litigated by the same parties – and when the need for a parallel hearing is recognized – the court will, in principle, hold the trial on both cases in parallel.<sup>64</sup>

#### 8.4.2.8 Evidence collection procedures

In revocation suits, the types of evidence and the process of requesting for evidence and conducting evidence examination are similar to those in civil litigation.<sup>65</sup> The difference is that, in a revocation case, the court may examine evidence *ex officio* if necessary.<sup>66</sup> However, this does not mean that the “doctrine of *ex officio* detection of facts” is adopted for the court to collect evidence on an *ex officio* basis. The principle of pleadings remains the governing rule, and the “doctrine of *ex officio* examination of facts” is adopted to allow the court to examine evidence and acknowledge facts by its own authority to the extent that its examination is supplementary and performed on the evidence available on record.<sup>67</sup>

#### 8.4.2.9 Appeal

The Patent Court’s decision in a revocation case may be appealed to the Supreme Court.<sup>68</sup> The appeal procedure in revocation cases is the same as that of civil cases, as discussed in Section 8.8.<sup>69</sup>

#### 8.4.2.10 Effect of a decision revoking an Intellectual Property Trial and Appeal Board decision

Once a court decision revoking an IPTAB decision becomes final and conclusive, the revoked decision becomes void without having the need for any action to be taken by the IPTAB. Additionally, administrative judges of the IPTAB must review the case and render another decision.<sup>70</sup> The grounds on which revocation was rendered are binding upon the IPTAB with respect to the case.<sup>71</sup> For example, if a patent application of the plaintiff (the applicant) was rejected, followed by the IPTAB’s ruling to dismiss the application, and subsequently the Patent Court’s decision revoking the IPTAB’s ruling became final and conclusive in a revocation suit, the patent will be registered by the following process:

61 See Section 8.4.2.1.

62 E.g., the key issue in a patent invalidation case is likely to be whether there are grounds for invalidation of the patented invention, whereas the key issue in a case seeking confirmation of the scope of protected rights will be whether the invention at issue falls within the scope of protection of the patented invention.

63 See Patent Court, *Practice Directions for Revocation Trial*, ch. IV(3)(C).

64 See Patent Court, *Practice Directions for Revocation Trial*, ch. IV(3)(A).

65 See Section 8.6.7 for more details.

66 Administrative Litigation Act, art. 26.

67 IP Litigation Research Committee, *Intellectual Property Law Theory and Practice*, at 96.

68 Patent Act, art. 186(8).

69 See Section 8.8.2 for a discussion of the Supreme Court.

70 Patent Act, art. 189(2).

71 Patent Act, art. 189(3).



1. The patent application is submitted.
2. An examiner rejects the patent application.
3. The IPTAB dismisses the applicant's appeal.
4. The Patent Court revokes the IPTAB's decision.
5. The decision is appealed to the Supreme Court, which affirms the appellate court's (the Patent Court's) revocation.
6. The IPTAB revokes the rejection of the patent application, granting the appeal pursuant to the binding force of the judicial decision.
7. The examiner grants the patent.

## 8.5 Patent infringement

A patentee enjoys the exclusive right to practice their patented invention for business purposes.<sup>72</sup> Therefore, any person who is neither a patentee nor an exclusive licensee and who practices a patented invention for business purposes without permission from the patentee or the exclusive licensee is committing an act of infringement.

A patentee can grant exclusive license of the patent right to others<sup>73</sup> and an exclusive licensee enjoys the monopoly on the right to exploit the patented invention within the scope of the exclusive license granted by the patentee.<sup>74</sup> The grant of exclusive license must be registered to take effect.<sup>75</sup> A patentee can grant nonexclusive license as well.<sup>76</sup> A nonexclusive license is different from an exclusive license in that a nonexclusive licensee does not enjoy monopoly and nonexclusive licenses can be granted to multiple licensees. Registration is not needed for a nonexclusive license to be effective between the parties but is necessary to be effective against a third party.<sup>77</sup>

Because a nonexclusive licensee does not have the power to exclude others from exploiting the patent, they may not seek damages or injunction for patent infringement. In contrast, an exclusive licensee has the power to exclude others, and can seek damages or injunction on their own as such. In case exclusive license is granted over the entire scope of the patent right, the common view is that the patentee retains the authority to file for injunction nonetheless, because the patentee has an interest in preventing infringing acts to remove obstacles in exploiting the patent right for their own purpose upon expiration of the exclusive license.<sup>78</sup> Meanwhile, the same does not apply to damages. The patentee may not independently seek damages arising from infringement of the patent right for which an exclusive license is granted without joining the exclusive licensee.<sup>79,80</sup>

Once patent infringement is established, the patentee may seek compensation for damages against the infringer (Article 750 of the Civil Act; Article 128(1) of the Patent Act) or file a claim for restitution of unjust enrichment (Article 741 of the Civil Act). Further, they may also seek a preliminary or permanent injunction against the infringer (Article 126 of the Patent Act) or the recovery of reputation in certain circumstances (Article 131 of the Patent Act). Patent infringement may also incur criminal liability (Article 225 of the Patent Act).

To establish patent infringement, the patentee should contend and prove that they are the owner of the patent and that the defendant has practiced<sup>81</sup> the patent, and the defendant's products or methods must be found as falling within the scope of protection of the patentee's patent right.

<sup>72</sup> Patent Act, art. 94.

<sup>73</sup> Patent Act, art. 100(1).

<sup>74</sup> Patent Act, art. 100(2).

<sup>75</sup> Patent Act, art. 101.

<sup>76</sup> Patent Act, art. 102(1).

<sup>77</sup> Patent Act, art. 118(2), (3).

<sup>78</sup> IP Litigation Research Committee, *Intellectual Property Law Theory and Practice*, at 484, 485.

<sup>79</sup> Daebeobwon (Sup. Ct), Oct. 11, 2002, 2002Da33175. The case concerns trademark rights but the rationale is equally applicable to patent rights.

<sup>80</sup> The patentee and the exclusive licensee are hereinafter collectively referred to as the patentee in the context of the protection a right holder is entitled to. Likewise, a patent and an exclusive license are collectively referred to as the patent, unless specified otherwise.

<sup>81</sup> The defendant's "practice" of a patent means any of the following for business purposes: (i) manufacturing, using, assigning, leasing or importing the patented product, or offering to assign or lease the product (including displaying the product for the purpose of assigning or leasing); (ii) using or offering to use the patented process; or (iii) otherwise being about to commit any of these acts.

## 8.5.1 Claim construction

### 8.5.1.1 Relationship between claims and scope of protection

The scope of protection of a patented invention is the objective scope that the effects of the patent reach and is determined by what is stated in the claims.<sup>82</sup> Accordingly, the scope of protection should be determined before the issue of infringement, and such a determination involves claim construction. Claim construction is also done before deciding whether the invention at issue lacks novelty or an inventive step. It is a matter of legal decision or evaluation, not of fact-finding, and thus may not be done via confession.

### 8.5.1.2 Principles of claim construction

Claims state the scope of the patented invention for which the applicant seeks to receive protection. The scope of the claims must be determined based on what is stated in the claims and cannot be broadened or narrowed based on other statements (e.g., detailed descriptions or drawings). Nevertheless, reference to the descriptions or drawings of the invention is necessary to accurately understand the technical meaning of the claims. Thus, claims should be construed in an objective and reasonable manner based on contemplation of the technical meaning sought to be expressed by the wording of the claims, on the basis of the general meaning of the wording used in the claims but also in reference to the detailed description and drawings.<sup>83</sup> In other words, one should mainly look to the wording of the claims for claim construction (the principle of literal interpretation), but the descriptions or drawings of the invention, as well as the general technical knowledge at the time of filing, should also be given weight (the principle of reference to description).

Further, one may also refer to other documents containing the applicant's arguments in the prosecution history, such as specifications, amendments and written arguments presented by the applicant in the course of filing, as well as opinions presented by the KIPO examiner (the principle of reference to prosecution history). However, reference to these documents should never be used to broaden or narrow the meaning of the wordings used in the claims.

## 8.5.2 Infringement analysis

### 8.5.2.1 Comparison of the patented invention with the infringing product or process

A defendant's product or process infringes the patent only if it falls within the protected scope of the patent. In practice, the plaintiff breaks down the disputed claim into elements and compares them with the corresponding elements of the defendant's product or process. The defendant provides their answer on whether the elements are appropriately identified and compared, and the court subsequently intervenes to ensure that both parties have the same understanding of the matter. A one-to-one comparison chart is often produced to compare the elements. The elements must be as confirmed in the claim construction process.

For the defendant's product or process to fall within the scope of protection of the patented invention, every element stated in the claims, and their organic combination, must be included in the defendant's product or process. If any of the elements is missing, the defendant's product or process does not fall under the protected scope of the patented invention (all elements rule).

### 8.5.2.2 Literal infringement

Literal infringement is the most basic type of infringement. It is established when all of the elements and the way the elements are organically combined (as specified by a literal interpretation of the claims) are found in the defendant's product or process.

### 8.5.2.3 Infringement by equivalence

Infringement by equivalence is established when the elements of the defendant's product or process are not literally identical but are equivalent to the corresponding elements of the patented invention.

Infringement by equivalence has positive and negative requirements. In terms of positive requirements, (i) both inventions must have adopted the same principle to solve the problem

<sup>82</sup> Patent Act, art. 97.

<sup>83</sup> See, e.g., Daebeobwon (Sup. Ct), Oct. 25, 2007, 2006Hu3625.



(identity of solution principles); (ii) in spite of any replacement, the defendant's product or process must have a substantially identical effect as the patented invention (substantial identity of effects); and (iii) the replacement must be self-evident to the extent that any person of ordinary skill in the art would have easily conceived of it (easiness of replacement). In terms of negative requirements, (iv) the defendant's product or process must not be a free-to-practice technology that is in the public domain; and (v) the replaced element in the defendant's product or process must not have been purposefully excluded from the scope of claims in the prosecution process. The patentee has the burden of proof as to the positive requirements, whereas the infringer has the burden of proof as to the negative requirements.

To determine whether the patented invention and the defendant's product or process use the same principle to solve the problem, the superficial deduction of features recited in the claims does not suffice. Instead, the essence of the technical idea underlying the solution that is unique to the patented invention, in comparison with prior arts, should be identified in reference to the detailed description of the invention along with known technologies at the time of filing and be put under substantive review.<sup>84</sup>

#### 8.5.2.4 Indirect infringement

In addition to direct infringement, the Patent Act regulates certain indirect acts as constructively constituting infringement. Under Article 127(1) and (2), the manufacturing, assigning, leasing, importing or offering to assign or lease a product exclusively used for manufacturing a patented product or for practicing a patented process, if done so for business purposes, are also deemed infringement.<sup>85</sup> The purpose of this provision is to deem acts that are yet to reach the stage of practicing all elements of the patented invention as constituting infringement under certain circumstances if it is highly plausible that such acts would lead to the practice of all elements of the patented invention. The provision thereby offers effective relief against foreseeable future infringement.<sup>86</sup>

The patentee has the burden of proof. To prove indirect infringement, the patentee must show that the alleged good is used in practicing the patented invention (the use requirement), that the alleged good is exclusively used in practicing the patented invention (the exclusivity requirement) and that the alleged good is made for business purposes.

#### 8.5.3 Defenses

When the patentee argues and proves all required elements to show infringement under each claim for injunction or damages and so on, the defendant should contend and prove contradicting facts to defeat the claim. The means of defense available to the defendant are classified into "denials,"<sup>87</sup> for which the burden of proof lies with the plaintiff, and "defenses," for which the burden of proof is on the defendant. The following sections focus on defenses.

The accused patent infringer denying infringement must disclose the product or process actually used. Under the amended Patent Act, the defendant denying infringement in spite of a *prima facie* showing by the plaintiff that the defendant is using the patented product or process must provide details regarding the product or process the defendant is actually using. If the defendant refuses to provide such details without adequate justification, the court may presume that the defendant actually committed the infringing act as claimed by the plaintiff.<sup>88</sup>

##### 8.5.3.1 Abuse of rights

Whether the issue of inventive step of a patented invention can be examined and determined in an infringement case was subject to dispute until a Supreme Court decision in 2012. Ruling *en banc* in its 2010Da95390 decision on January 19, 2012, the Supreme Court expressly upheld the so-called defense of abuse of rights, forbidding the exercise of patent rights in an infringement suit when the patented invention lacks an inventive step, stating that

84 See, e.g., Daebeobwon (Sup. Ct), Jan. 31, 2019, 2017Hu424.

85 Patent Act, art. 127.

86 See, e.g., Daebeobwon (Sup. Ct), July 23, 2015, 2014Da42110.

87 E.g., denial is a defendant's argument that the plaintiff's patent right does not exist or that the defendant's implementation of the disputed technology does not fall within the scope of the plaintiff's patent right. Likewise, a refutation against the plaintiff's argument on infringement by equivalence also constitutes denial.

88 Patent Act, art. 126-2.

Even before when the administrative decision invalidating the patent is finalized, claims for damages or injunctions based on the patent may constitute an abuse of the rights and be impermissible when it is clear the patented invention lacks an inventive step and will be invalidated by the administrative invalidation proceeding. When the defense is raised that the patentee's claim for damages or injunction constitutes an abuse of rights, the court handling the infringement suit is entitled to review and determine the inventive step issue in order to decide whether the defense is well-grounded.<sup>89</sup>

Deciding when a lack of an inventive step is "clear" may be an issue, but, in practice, the clarity requirement is considered met and is not independently examined so long as the judge finds the patented invention lacks an inventive step in the infringement suit.<sup>90</sup>

This Supreme Court decision dealt with a case where the inventive step of the patented invention was denied, but it is also considered equally applicable to cases where a patented invention lacks novelty or sufficient description so as to be invalid or is in violation of the first-to-file rule. However, the Supreme Court had held that a patented invention lacking novelty or sufficient description had no protectable scope of right even before the 2010Da95390 decision.<sup>91</sup>

The plaintiff may submit a reply of correction of the patented invention in response to the defendant's defense of abuse of rights. It is possible to "correct" a patent to narrow the claims, correct typographical errors or clarify ambiguous language, either during an IPTAB invalidation proceeding or by filing a separate correction petition at the IPTAB, provided that the correction does not substantially alter the nature of what is claimed.

#### 8.5.3.2 Free-to-exploit technology

The defendant may raise a defense of free-to-exploit technology to argue that the defendant's product or process only implemented technology that was publicly known or could be easily derived from what was publicly known. The Supreme Court has held as follows:

In determining whether the technology the defendant exploits falls within the scope of rights of the patented invention, the comparison between the two is unnecessary to conclude that the exploited technology does not fall within the patented scope if the defendant's product only consists of publicly known technologies or can be easily practiced by any person of ordinary skill in the pertinent art from publicly known technologies.<sup>92</sup>

This analysis resembles that given for inventive step but is different in that what is compared with the prior art or publicly known technology is the defendant's infringing product, not the patented invention. In practice, the defense of free-to-exploit technology is rarely seen in infringement cases because the defendant can use the defense of abuse of rights to argue that the patented invention lacks an inventive step.<sup>93</sup>

#### 8.5.3.3 Known technology

As discussed above, the Supreme Court has held that patent rights may not be exercised when the invention consists only of technologies that were already publicly known or in public use at the time of the filing, whether or not the IPTAB has ruled on the invalidity of the patented invention. The defendant bears the burden of contention and proof to demonstrate that the patented invention is a publicly known technology. Such a defense of known technology may be asserted in addition to the defense of free-to-exploit technology, but, in practice, it is less frequently asserted than the defenses of abuse of rights or of free-to-exploit technology.<sup>94</sup>

89 Daebeobwon (Sup. Ct), Jan. 19, 2012, 2010Da95390 (*en banc*).

90 The judge in a patent infringement lawsuit may determine whether the invention lacks an inventive step, irrespective of whether an administrative trial to invalidate the patent or a lawsuit to revoke the decision therefrom is filed or whether a decision has been rendered in such proceedings.

91 Daebeobwon (Sup. Ct), Jul. 26, 1983, 81Hu56 (*en banc*); Daebeobwon (Sup. Ct), Dec. 27, 2001, 99Hu1973.

92 Daebeobwon (Sup. Ct), Sep. 23, 2004, 2002Da60610.

93 However, the defense of free-to-exploit technology is very frequently raised in lawsuits seeking the revocation of administrative confirmations of the scope of rights where the inventive step may not have been disputed.

94 IP Litigation Research Committee, *Intellectual Property Law Theory and Practice*, at 499.

### 8.5.3.4 Patent exhaustion

Even though it is not expressly stipulated in the Patent Act, reselling or using a patented product is generally deemed acceptable and does not constitute patent infringement so long as the product is lawfully transferred from the patentee. This is called the “exhaustion doctrine” or “first sale doctrine.” A defendant may raise the defense of patent exhaustion in a patent infringement lawsuit.

The Supreme Court has acknowledged the doctrine of patent exhaustion as applicable to product inventions by ruling as follows:

When a patentee or licensee of a product patent lawfully sells the product implementing the patented invention in the territory of the Republic of Korea, the effects of the patent right shall not extend to the acts of using, assigning or leasing the product by the assignee or buyer with regard to the assigned product because the patent right on that product has achieved its purpose and is thus exhausted.<sup>95</sup>

### 8.5.3.5 Limited effect or lawful practice of patent right

In addition to the above defenses, the defendant may also assert defenses such as that:

- the effect of the patent is limited (Articles 96 and 181 of the Patent Act);
- the defendant has an exclusive or nonexclusive license granted by the patentee;
- the defendant has a statutory license granted under Articles 103, 104, 105, 122, 182 or 183 of the Patent Act, or
- the defendant is granted a compulsory license under Articles 98, 106, 107 and 138 of the Patent Act.<sup>96</sup>

## 8.6 Judicial patent proceedings and case management

### 8.6.1 Key features in patent proceedings

Though civil patent litigation typically refers to patent infringement suits, it also encompasses the transfer, grant and extinguishment of patent rights; compensation for employee invention; and royalty payments. When a third party without a lawful title practices a person's patented invention, the patentee may seek an injunction and compensatory damages through an infringement lawsuit. Challenges in infringement suits often come from the fundamental problem that evidence is concentrated on the defendant's possession, which generally makes it difficult to prove the infringement and consequential damages. Taking this into account, the Patent Act shifts the burden of proof or constructively deems certain acts to be patent infringement to protect patentees – shown, for example, in Article 129 (presumption of manufacturing process), Article 130 (presumption of negligence) and Article 127 (acts deemed to be infringement). In addition, the Patent Act also has special provisions to further relieve the burden of proof, such as Article 126-2 (obligation to disclose the actual product or process in use), Article 132 (order to submit materials) and Article 128-2 (obligation to explain matters for appraisal). In response, the defendant may dispute the accused infringement on the ground that there are circumstances restricting the exercise of the patent right, such as that its effect is limited under Article 96 of the Patent Act or that the exercise of the right would be abusive because the patent was exhausted or lacked an inventive step, or they may argue that exploiting the patent is justified because there is a license or simply that the technology adopted by the alleged infringer is a free-to-practice technology.<sup>97</sup>

In the absence of any justifying cause or upon the failure of justification, a patentee may obtain civil relief from the patent infringement. A patentee may seek the prevention or prohibition of infringement via an injunction against the party that has infringed or is likely to infringe the patent (Article 126(1) of the Patent Act) and, additionally, seek disposal of the means by which the infringement has been committed (Article 126(2) of the Patent Act) and seek measures to recover the patentee's reputation (Article 131 of the Patent Act). A patentee may also claim for damages or restitution of unjust enrichment against the infringer with respect to the damage or loss

<sup>95</sup> Daebeobwon (Sup. Ct), April 11, 2003, 2002Do3445.

<sup>96</sup> IP Litigation Research Committee, *Intellectual Property Law Theory and Practice*, at 504.

<sup>97</sup> See Section 8.5.3 for a discussion of defenses.

caused by the infringement.<sup>98</sup> Preliminary injunctions are a useful tool when the decision of the main lawsuit is yet to be finalized: a patentee may ask the court to grant, in advance, the relief that would be awarded at the disposition of the main lawsuit based on the patentee's right to seek an injunction against infringement.

A lawsuit seeking compensation for employee inventions is often where patent law, civil law and labor law cross paths. An employee is entitled to fair compensation when the employer succeeds from them a patent, utility model or design right arising out of the employee invention – or the rights to acquire them – or is granted an exclusive license in the respective right under the contract or employment regulations (Article 15(1) of the Invention Promotion Act). In such cases, the employee may file a claim seeking compensation for their invention when they believe that the employer did not pay them fair compensation.

This section focuses on the procedural matters that are common among civil patent lawsuits.<sup>99</sup>

#### 8.6.1.1 Procedure

A civil action is generally initiated by filing a complaint with the court having jurisdiction over the district where the defendant maintains its residence or place of business. As will be discussed in Section 8.6.2.1, a civil patent case over patent and other listed IP rights goes to one of the six district courts, with the Seoul Central District Court having concurrent jurisdiction. Service of process is conducted exclusively by the court. The defendant is typically served with the complaint by mail or through other means of delivery at the defendant's domicile, place of residence or place of business. If all such locations of the defendant are unknown, the court may conduct service by public notice.

Unlike in the United States, where trials in a civil proceeding generally refer to a single event that may last days or weeks depending on the complexity of the case, a civil action in the Republic of Korea may consist of several trials, each of which takes place only for the day, three to five weeks apart, with the first trial ordinarily scheduled two or three months from the filing of the complaint. At each trial, the parties typically submit briefs and evidence in support of their cases, and trials in most civil actions tend to be short unless a witness is called. However, patent infringement trials are significantly longer than other types of civil cases because they often involve presentations on the relevant technologies, and more substantive oral arguments are exchanged by the parties.

Generally, trials 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 8–12 months from the initiation of the lawsuit. Cases in which both an injunction and damages are claimed generally require additional corroboration and a brief submission and usually take longer than cases in which no claim for damages is made – about 12–18 months.

The IP divisions of the Seoul Central District Court, which are in charge of most civil patent cases, as well as the Patent Court, which has exclusive jurisdiction over appeals of such civil cases, provide practice directions for parties to follow in the litigation at each level.<sup>100</sup>

#### 8.6.1.2 Electronic litigation system

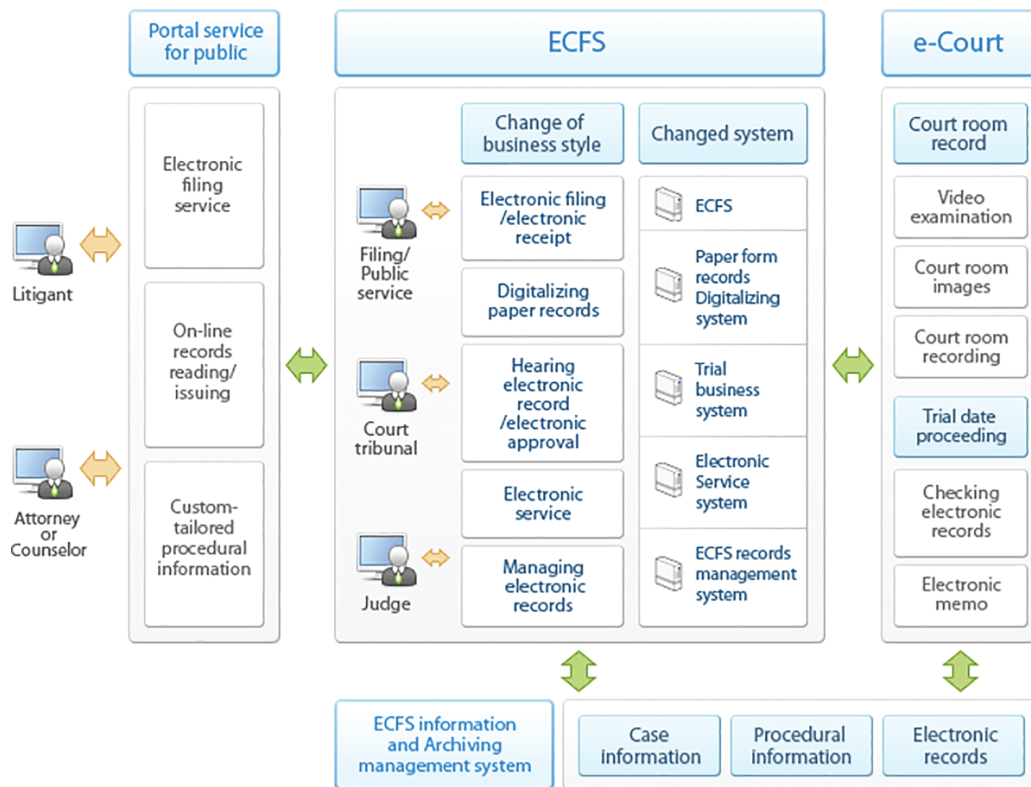
The Electronic Case Filing System (ECFS, <http://ecfs.scourt.go.kr>) is the Korean judiciary's electronic litigation system, which enables the paperless processing of civil actions. While not mandatory, it is often used in civil proceedings. Most civil patent lawsuits are processed through the ECFS, reflecting the high rate of attorney representation in patent cases. Figure 8.4 maps the ECFS.

Litigants and their attorneys can file and manage cases and access court information and procedures electronically through the system. All court documents, briefs, documentary

<sup>98</sup> See Section 8.7 for a discussion of civil remedies.

<sup>99</sup> See Sections 8.5, 8.7.2 and 8.6.6 for discussions of patent infringement lawsuits, lawsuits seeking compensation for employee inventions and lawsuits seeking preliminary injunctions, respectively.

<sup>100</sup> Seoul Central District Court, *Procedural Guidelines for Intellectual Property Litigation in the Seoul Central District Court* (Jan. 6, 2020), [https://seoul.scourt.go.kr/seoul/info/Procedural\\_Guidelines\\_eng.pdf](https://seoul.scourt.go.kr/seoul/info/Procedural_Guidelines_eng.pdf); Patent Court of Korea, *Practice Directions for Civil Appellate Trial in the Patent Court of Korea* (June 14, 2016), [hereinafter Patent Court, *Practice Directions for Civil Appellate Trial*] <https://patent.scourt.go.kr/dcboard/new/EngDcNewsListAction.work?gubun=547>

**Figure 8.4 Map of the Electronic Case Filing System**

Note: ECFS = Electronic Case Filing System.

Source: Computer Data Management Bureau, Supreme Court of Korea

evidence and digital evidence can be uploaded to the system without mailing them or physically visiting the court. After filing a case via the electronic system, the plaintiff or petitioner receives email and text message notifications when the other party submits documents to the court. If the defendant or respondent consents to e-filing, they may also receive electronic notices of the plaintiff's or petitioner's filings. These notifications and electronic access to case records allow all parties using the ECFS to promptly check the current status of the proceedings.

The ECFS also allows judges and court officials to manage cases much more efficiently by electronically viewing the case records and checking the case statuses in a speedy manner. The ECFS has rapidly replaced the conventional paper-based process. During trials and hearings, all case records can be retrieved from the central database and displayed on monitors and larger screens in courtrooms. The electronic files are closed to the public, and only the litigants, their attorneys and the court can access them, for privacy and security reasons. However, the public may access published court decisions online via the judiciary's online decision search service.

## 8.6.2 Venue, jurisdiction and case assignment rules

### 8.6.2.1 Territorial jurisdiction

#### 8.6.2.1.1 Interpretation of relevant laws

Article 24 of the Civil Procedure Act and Article 28-4 of the Court Organization Act provide territorial jurisdiction over IP rights, following the enforcement of jurisdictional concentration, as follows:

- Civil Procedure Act:

Article 24 (Special Forum for Intellectual Property and Other Rights)

(1) A lawsuit concerning an international transaction and an intellectual property right, excluding a patent, utility model, design, trademark, and plant variety rights [hereinafter referred to as "patent and other listed IP rights"] may be brought to a district court in the jurisdictional area of a high court which has

jurisdiction over the location of a competent court pursuant to Arts. 2 through 23: Provided, That the district court in the jurisdictional area of Seoul High Court shall be limited to the Seoul Central District Court. <Amended by Act No. 10629, May 19, 2011; Act No. 13521, Dec. 1, 2015>

- (2) A lawsuit concerning patent and other listed IP rights shall be under the exclusive jurisdiction of the district court in the jurisdictional area of a high court which has jurisdiction over the location of a competent court pursuant to Arts. 2 through 23: Provided, That the district court in the jurisdictional area of Seoul High Court shall be limited to the Seoul Central District Court. <Newly Inserted by Act No. 13521, Dec. 1, 2015>
- (3) Notwithstanding paragraph (2), a party may bring a lawsuit concerning patent and other listed IP rights to the Seoul Central District Court. <Newly Inserted by Act No. 13521, Dec. 1, 2015>

– Court Organization Act:

Article 28-4 (Judicial Power)

The Patent Court shall judge the following cases: <Amended by Act No. 13522, Dec. 1, 2015; Act No. 14033, Feb. 29, 2016>

1. Cases of first instance provided in Art. 186 (1) of the Patent Act, Art. 33 of the Utility Model Act, Art. 166 (1) of the Design Protection Act, and Art. 162 of the Trademark Act;
2. Appeals of the cases under Art. 24 (2) and (3) of the Civil Procedure Act;
3. Cases falling under the jurisdiction of the Patent Court under other Acts. [Wholly Amended by Act No. 12886, Dec. 30, 2014].

In sum, lawsuits concerning patent and other listed IP rights fall under the exclusive jurisdiction of the district court that is located where a high court is seated (Article 24(2) of the Civil Procedure Act),<sup>101</sup> with concurrent original jurisdiction to the Seoul Central District Court over all lawsuits concerning patent and other listed IP rights (Article 24(3) of the Civil Procedure Act).<sup>102</sup> As Article 24 sets forth exclusive jurisdiction, any agreement to the contrary is void, and a court without jurisdiction will not become competent by the party arguing on the merits of the case, waiving the jurisdictional defense.<sup>103</sup> Meanwhile, the Patent Court has exclusive jurisdiction over appeals of lawsuits concerning patent and other listed IP rights (Article 28-4(2) of the Court Organization Act). This exclusive jurisdiction is enforceable irrespective of subject matter jurisdiction – that is, regardless of whether it is a small claims case or whether it was heard by a single judge or a panel in the first instance. Therefore, an appeal of a small claims case concerning patent or other listed IP rights falls under the exclusive jurisdiction of the Patent Court, notwithstanding that such an appeal usually goes to an appellate division of a district court in other types of cases.<sup>104</sup>

Notably, the exclusive jurisdiction provision does not apply to a civil patent case, in a broad sense, so long as the case is considered a “lawsuit concerning IP rights *excluding* patent and other listed IP rights.”<sup>105</sup> For such cases, jurisdiction will be determined in accordance with Articles 2 to 23 of the Civil Procedure Act, with a chance of the special forum under Article 24(1) of that Act. As such, whether a case is considered a “lawsuit concerning patent and other listed IP rights” is critical in determining jurisdiction over civil patent actions. In the sections that follow, the meanings of “patent and other listed IP rights” and “concerning” are explored in further detail.

Exclusive jurisdiction is particularly reserved for lawsuits concerning patent and other listed IP rights because adjudication of these lawsuits often requires expert knowledge and technical understanding. Concentrating the cases to specific courts is an effort toward the appropriate protection of IP rights that allows judges specialized to handle such cases, equipped with

101 Such courts are the Seoul Central District Court, Daejeon District Court, Daegu District Court, Busan District Court, Gwangju District Court and Suwon District Court. The Seoul Eastern District Court, Seoul Southern District Court, Seoul Northern District Court and Seoul Western District Court – in addition to the Seoul Central District Court – are all located where the Seoul High Court is seated. However, exclusive jurisdiction has been conferred only on the Seoul Central District Court (Minsasosongbeob [Civil Procedure Act], art. 24(2) proviso).

102 In practice, this is also called “concurrent jurisdiction” or “selective exclusive jurisdiction.”

103 IP Litigation Research Committee, *Intellectual Property Law Theory and Practice*, at 8.

104 See Daebeobwon (Sup. Ct), Feb. 27, 2020, 2019Da284186.

105 Because “patent and other listed IP rights” is defined as patent, utility model, trademark, design and plant variety rights, a typical example of an IP right *excluding* these rights would be a copyright.



appropriate experience and a tailored system, to thoroughly and promptly review these challenging cases.<sup>106</sup>

By type of lawsuit (i.e., which cases are lawsuits “concerning” patent or other listed IP rights), patent infringement lawsuits are exemplary of those that require expert knowledge or technical understanding. Thus, the cases subject to exclusive jurisdiction include those seeking an injunction against infringement, disposal and destruction, recovery of reputation, and damages. Likewise, claims to transfer or extinguish patent registration due to assignment or termination thereof, claims to establish or extinguish exclusive or nonexclusive license due to license agreement or termination thereof and claims for remuneration from employee invention also fall under this exclusive jurisdiction. It is the same with royalty claims, as they often involve disputes over whether the technology implemented by the defendant is subject to the license agreement, demanding expert knowledge or technical understanding for resolution. In addition, cases seeking confirmation as to the attribution of patent or other listed IP rights are also subject to exclusive jurisdiction, since issues of attribution should be resolved before the above issues.

#### **8.6.2.1.2 Transfer**

A court lacking jurisdiction over a lawsuit concerning patent and other listed IP rights should transfer the case to a competent court. A competent court may also decide to transfer a case to another that has jurisdiction under Articles 2 to 23 of the Civil Procedure Act – either *ex officio* or by granting the request of a party – when the transfer is necessary to avoid significant damage or delay (Article 36(3) of the Civil Procedure Act).

However, the literal interpretation of Article 36(3) of the Civil Procedure Act suggests that it is not applicable to appeals. There has, therefore, been a demand for the insertion of a provision similar to Article 24(3) of the Civil Procedure Act to allow the discretionary transfer to a court of general appellate jurisdiction when significant damage or delay is expected.<sup>107</sup>

#### **8.6.2.1.3 Preliminary injunction cases**

Article 303 of the Civil Execution Act stipulates that “[t]he court having jurisdiction over the merits, or the district court having jurisdiction over the location of disputed subject matter, shall exercise jurisdiction over preliminary injunction trials.” Accordingly, preliminary injunction cases may be brought to any district court having jurisdiction over the location of the disputed subject matter, in addition to the six district courts prescribed in Article 24(2)–(3) of the Civil Procedure Act that award exclusive jurisdiction. However, Article 28-4(ii) of the Court Organization Act only sets forth that the Patent Court will hear “appeals among cases under Article 24(2) and (3) of the Civil Procedure Act,” meaning that the Patent Court is not competent to hear appeals of preliminary injunction cases. Thus, it should be noted that preliminary injunction cases were left out of the jurisdictional concentration. Such appeals go to the high court that is competent to hear the appeal from the district court that handled the first-instance case.

### **8.6.2.2 Subject matter jurisdiction**

#### **8.6.2.2.1 Definition**

The Court Organization Act requires that the judicial power of a district court be exercised by a single judge in principle but, exceptionally, allows cases defined in Article 32(1) to be heard by a three-judge panel (Articles 7(4)–(5) and 32(1) of the Court Organization Act). The term “subject matter jurisdiction” under Korean law refers to the allocation of cases of first instance between single judges and three-judge panels in district courts.

#### **8.6.2.2.2 Claims for monetary awards (e.g., compensatory damages)**

A claim for monetary awards (e.g., compensatory damages) with the value of the subject of the lawsuit exceeding KRW 500 million is brought to a three-judge panel in the district court, while a claim with the value of the subject being KRW 500 million or less is brought to a single-judge bench.<sup>108</sup> The value of the subject of a lawsuit is calculated on the basis of the benefits as claimed by the lawsuit (Article 26(1) of the Civil Procedure Act). If multiple claims are joined in one lawsuit,

<sup>106</sup> Daebeobwon (Sup. Ct), April 10, 2019, 2017Ma6337.

<sup>107</sup> Seoul National University R&DB Foundation, *A Study on Countermeasures to Prevent Abuse of Litigation Resulting from Strengthened Protection of Patent Rights* 75–76 (Dec. 2015).

<sup>108</sup> Rules on the Subject-Matter Jurisdiction in Civil and Family Litigation, art. 2. The amount is raised from KRW 200 million to 500 million on March 1, 2022.

the value of the subject of the lawsuit is determined by summing the values of all claims (Article 27(1) of the Civil Procedure Act). A case that originally belongs to a single-judge bench may be handled by a panel court upon its decision to take the case (Article 32(1)(i) of the Court Organization Act). On such occasions, the Seoul Central District Court assigns the cases to panel courts via panel decisions, regardless of the value of the subject of the lawsuit.<sup>109</sup>

#### **8.6.2.2.3 Cases on injunction, registration of transfer and extinguishment of registration**

Cases seeking an injunction against patent infringement or the transfer or extinguishment of patent registration are lawsuits over property rights for which the value of the lawsuit cannot be calculated. Such lawsuits fall under the jurisdiction of district court panels.<sup>110</sup> Thus, a case seeking an injunction along with damages not exceeding KRW 500 million also goes to a district court panel.

#### **8.6.2.3 Jurisdiction by court level**

In civil patent cases, for lawsuits concerning patent and other listed IP rights, the Patent Court has exclusive appellate jurisdiction, irrespective of the subject matter jurisdiction in the first instance (Article 28-4(ii) of the Court Organization Act).

For an appeal of a lawsuit concerning IP rights other than patent and other listed IP rights, judicial power is vested in either a panel of a district court, if the lower court's decision was rendered by a single judge of the district court (Article 32(2) of the Court Organization Act), or the high court, if the lower court's decision was rendered by a panel of a district court (Article 28(i) of the Court Organization Act).

The Supreme Court is the court of last resort for all types of civil patent cases.

### **8.6.3 Statements of case**

Parties must submit written briefs in advance in order for the trial to proceed in a focused manner.<sup>111</sup> Briefs should be filed in due time to give the other party a chance to prepare their response.<sup>112</sup> A brief containing a new offensive or defensive method should be filed at an appropriate time for it to be served to the other party at least seven days before the trial or preparatory hearing.<sup>113</sup> The following lists a few points of caution per issue in preparing briefs.<sup>114</sup>

- Contention on the inventive step – the brief should contain an element-by-element chart identifying the elements in the prior art and comparing them with the corresponding elements of the patented invention. To argue that the patented invention lacks an inventive step based on a combination of multiple prior arts, the brief should specify the primary prior art and provide a detailed explanation of how the prior arts are combined and the reasons why such a combination can be easily obtained by a person having ordinary skill in the art.
- Contention on infringement – the brief should specify, in detail and both individually and graphically, the product or process practiced by the defendant by listing the product name and product type number and attaching drawings or pictures so that the enforcing authority can identify them without further deliberation. The defendant's product or process should be described in detail so that it can be compared with the patented invention by element and graphically described to maintain identity with the actual product or process practiced by the defendant. The brief should contain an element-by-element chart comparing the patented invention and the defendant's product or process.
- Contention on damages – a claimant seeking compensatory damages should specify the legal provisions serving as the basis for calculating the amount of damages and identify the exhibit number associated with each legal element set forth in the provisions. To dispute the facts

<sup>109</sup> It varies by district courts whether cases belonging to a single judge bench can be assigned to a panel upon the panel's decision on adjudication. For example, the Daegu District Court has both three-judge and single-judge IP divisions, so the subject matter jurisdiction is determined based on the value of the subject of the lawsuit.

<sup>110</sup> Minsasosong deung injibeob (Act on the Stamps Attached for Civil Litigation and Others), art. 2(4); Rules of the Stamps Attached for Civil Litigation and Others, art. 18; Rules on the Subject Matter Jurisdiction in Civil and Family Litigation, art. 2.

<sup>111</sup> Civil Procedure Act, art. 272(1).

<sup>112</sup> Civil Procedure Act, art. 273.

<sup>113</sup> Civil Procedure Rules, art. 69-3.

<sup>114</sup> IP Litigation Research Committee, *Intellectual Property Law Theory and Practice*, at 187-88.



alleged by the claimant, the other party should provide a detailed answer rather than a simple denial.

#### 8.6.4 Early case management

Unless the case is to be decided without a trial, the presiding judge must set the trial date without delay and usually fixes a date as soon as the defendant files an answer disputing the complaint.<sup>115</sup> The judge will evaluate how hotly the case is disputed, how complex it is, whether it is well suited for mediation or whether there is a particularly urgent need for adjudication and sets the earliest practical date for a trial as the first trial date. Where early mediation is likely to settle the case, the case may be referred to the mediation court or mediation center before the first trial date is set.

#### 8.6.5 Preparatory hearings

A preparatory hearing is an opportunity to sort out the arguments and evidence of the parties to enable an effective and focused trial.<sup>116</sup> In most cases, issues are trimmed via the exchange of briefs, and the process advances straight to trial. Preparatory hearings are held only in exceptional cases, where arguments and evidence need to be sorted out in advance. In civil patent lawsuits, a preparatory hearing will be scheduled only in complex cases to coordinate case management and primarily in the form of a video conference. The following matters are often discussed at a preparatory hearing:

- trial date and time, as well as the issues to be addressed in the trial;
- deadlines to state contentions and submit evidence (including deadlines for the submission of comprehensive briefs and expert witness affidavits, the maximum number of submissions and the length of briefs);
- whether to use an evidence production method that requires a substantial amount of time, such as inspection, appraisal and expert witnesses, and the deadlines for such methods;
- whether to designate a technical advisor;
- whether to hold a technology review session by the parties;
- whether to hold separate hearings by legal issue, such as infringement, invalidity, assessment of damages and so on;
- how to proceed litigation procedures if a related case is pending before the IPTAB; and
- whether to refer the case to a mediation procedure.

#### 8.6.6 Provisional measures

Two types of civil actions are available to enforce IP rights: a main suit, where both a permanent injunction and damages may be sought, and a petition for provisional disposition, where only a preliminary injunction may be sought, and damages are not recoverable. A preliminary injunction proceeding is a relatively quick method for enforcing IP rights.

A plaintiff may petition a district court to issue a preliminary injunction to prevent further infringement by an accused infringer before the infringement issue is decided in the main suit. Unlike permanent injunctions in the main suit, a preliminary injunction will not be granted merely because the patent is shown to be valid and infringed; the plaintiff must demonstrate the likelihood of infringement and the necessity for provisional relief. In determining the latter, 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 the form of relief to redress the injury to the plaintiff by the infringement and the likelihood that the patent will be invalidated. 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 because

<sup>115</sup> Civil Procedure Act, art. 258(1).

<sup>116</sup> Civil Procedure Act, art. 279(1).

witnesses are generally not permitted to take the stand during hearings. Typically, very little discovery is allowed in a preliminary injunction action, so the claimant should make all efforts to gather sufficient evidence of infringement before initiating the action. Courts are often reluctant to grant preliminary injunctions if expert testimony or tests are required to establish infringement. Therefore, the primary form of evidence used in preliminary injunction actions is documentary evidence.

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. A defendant can raise a defense of abuse of right to avoid enforcement of the patent, which would be based on the likely invalidity of the asserted patent, although the patent cannot be formally invalidated in a preliminary injunction proceeding. The court has discretion to grant additional hearings for further arguments and evidence upon the parties' request.

When the court determines that it is ready to resolve the case, it will close the hearings and render a decision. Granting a preliminary injunction, the court may prohibit the defendant from continuing the manufacture or sale of the infringing goods, order that the infringing articles or other articles used to infringe be transferred to the custody of a court bailiff, or instruct the court bailiff to post an appropriate public notice of the order on the premises of the defendant.

Due to the provisional nature of such proceedings, the court generally requires the plaintiff to post a security deposit or bond 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 the issuance of a preliminary injunctive order will be returned when the injunction becomes final upon any appeals.

However, if a preliminary injunctive order is later found to have been improperly issued, the right holder that petitioned for the injunction may be liable for tort under Korean law. The right holder will be held liable for ordinary damages suffered by the defendant due to the preliminary injunction, 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 has been improperly issued, the right holder is rebuttably presumed to have been negligent in enforcing the injunction.

The district court's decision on a preliminary injunction may be appealed to the high court.<sup>117</sup> Alternatively, the plaintiff may file an action for a permanent injunction or other relief at the district court. A defendant subject to a preliminary injunction may challenge the order 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 proceedings, the defendant may request that the court compel the plaintiff to institute the main suit for a permanent injunction or damages in connection with the enjoined activities. If such a request is made, the court will instruct the plaintiff to file a main complaint within a certain timeframe. If the complaint is not filed by the specified deadline, the court will revoke the preliminary injunction.

### 8.6.7 Evidence

In general, the Civil Procedure Act does not provide pre-trial discovery processes like depositions and interrogatories in the United States. Instead, evidence is produced during trials. In exceptional cases where certain evidence may not be available during the trial unless it is timely preserved, a party may request a court order to examine evidence prior to filing the lawsuit. All requests for evidence production are made by petition to the court, and the court will exercise its discretion in granting or dismissing the petition, balancing the need for the evidence and any delay or harm that may be caused by the production of the evidence. Any party that submits documentary evidence or files requests for witnesses, inquiry of facts, entrustment to send a certified and authenticated copy, order to submit documents, inspection, appraisal and so on must specify, in detail, the matters to be substantiated by the evidence.

<sup>117</sup> See Section 8.6.2.1.3 for a discussion of jurisdiction.

#### 8.6.7.1 Documentary evidence

Documentary evidence submitted in civil patent cases includes patent specifications, general books (technical literature), published materials, patent gazettes or laid-open gazettes, and patent registers. Any product, model, photograph, video or other material capturing or using the patent can also be submitted as evidence to help in the understanding of technical aspects of the patent. In principle, documentary evidence must be submitted in its original copy. However, in practice, it is acceptable to submit a scanned version of the original copy unless the other party disputes the existence or authenticity of the original copy, in which case the nonconverted original copy must be made available for examination on the trial date. Any document written in a foreign language must be submitted along with a translated version,<sup>118</sup> the exception being for documents written in the permitted language in an international case.<sup>119</sup>

#### 8.6.7.2 Inspection

Either party may ask the court to inspect samples of the other party's products (e.g., the accused's infringing articles) or conduct an on-site inspection of the other party's property (e.g., the defendant's manufacturing facility). The petitioner may also request that the court order the other party or a third party to submit the product to be inspected, if the petitioner does not already have a sample of the product in its possession. Upon submission, the court may choose to inspect it directly or may appoint an expert to inspect the product and submit an opinion based on 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 premise may be necessary to prove infringement in a case involving a manufacturing process. If a petition for an on-site inspection is granted in such a manufacturing process case, the court will usually appoint an expert witness to accompany the judges to help perform the inspection and identify the relevant manufacturing process.

#### 8.6.7.3 Court-appointed expert evaluation

The court can also appoint independent experts to provide testimony on complex technical issues that require input from experts (Article 335 of the Civil Procedure Act). The court may appoint an expert at the request of one of the parties or at its own discretion. Further, the court may ask public institutions, schools, organizations that have appropriate facilities, or foreign public institutions to provide their expert opinion (Article 341 of the Civil Procedure Act).

The court may appoint one or more experts to conduct testing or to 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 one or more experts at its discretion. 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 or other disqualifying grounds. The court has broad discretion regarding the selection of its own expert or in denying a petition for an expert.

Each party may petition to disqualify a potential expert by indicating that the person is incapable of providing a fair and true opinion (e.g., the expert was granted research funds by a party or its affiliates) or that they are not properly qualified. The Civil Procedure Act does not limit court-appointed experts based on their nationality or residence; the sole requirement is that the person has the necessary knowledge and experience to provide the expert opinion.

Court-appointed experts, like witnesses, are required to take an oath before the court that they will provide their opinion based upon what they believe to be true and correct and be subject to criminal punishment for perjury. Further, if necessary, a court-appointed expert may enter a party's premise with the court's approval. This is an exercise of the court's power by the court-appointed expert.

#### 8.6.7.4 Orders promoting evidence production

In civil cases, a party seeking to file documentary evidence possessed by the opposing party or a third party may request that the court order the holder of the document to submit the document

<sup>118</sup> Civil Procedure Act, art. 277.

<sup>119</sup> See Section 8.3.2.2 for more details.

(a “document submission order”).<sup>120</sup> If the respondent does not comply with an order under the Civil Procedure Act, the court may find what is alleged by the petitioner as to the contents of the document to be true.

Taking into account the distinct nature of patent cases, where evidence is often concentrated in the other party’s possession, the Patent Act expands the scope from documents specifically to materials more broadly and has enhanced the disadvantage to the noncompliant party (a “material submission order”). Failure to comply with a material submission order may result in the court admitting not only the petitioner’s contention about what is in the material but also the contention about the fact sought to be established by the materials as valid under certain conditions. The following sections discuss the document submission order under the Civil Procedure Act and the material submission order under the Patent Act.

#### **8.6.7.4.1 Document submission order**

Under Article 343 of the Civil Procedure Act, a party may petition the court to order the other party or a third party to submit a document known to be relevant to the merits of the case. Under Article 345 of the Act, a petition requesting the court to order document submission must clearly indicate the document title, its purpose, the person holding the document, the facts the document proves and the basis for the obligation to produce the document. The holder of the document has the obligation to produce the document under Article 344 if (i) they are a party and have referred to the document in the lawsuit, (ii) the petitioner is legally entitled to demand delivery or perusal of the document from the 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, with some exceptions as prescribed in the provision.

Beginning July 9, 2019, accused patent or utility model infringers must also respond to credible infringement claims with evidence rather than with simple denials (which have been common where the evidence of infringement is entirely within the defendant’s premises and therefore difficult for the plaintiff to obtain through court orders). 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 practicing or else risk the court presuming that the accused infringing activity has actually taken place.

#### **8.6.7.4.2 Material submission order**

The Patent Act has been amended (partial amendment by Law No. 14112, effective June 30, 2016) to expand the scope of submission orders from “documents” to “materials,” which may also include electronic files, video clips or any other nondocumentary form of data. The Act was amended to also prevent parties from refusing to comply on the basis that the materials contain trade secrets. Under the amended law, the petitioning party should first establish, via an *in camera* proceeding if necessary, that the materials actually contain trade secrets. Even if successful, the material holder cannot simply refuse to comply with the order if such evidence is deemed necessary to prove infringement. Instead, the holder may request that the court limit the scope of disclosure or the persons who can access the materials.

If a requested material is withheld without justification, the amended law permits the court to presume that the other party’s claim based on the facts sought to be proved through the material is true. These changes were designed to make it easier for patent litigants in the Republic of Korea to obtain the necessary evidence regarding infringement and damages. The amendment applies to all infringement actions filed on or after June 30, 2016. The court preserves broad discretion in granting requests for submission orders.

#### **8.6.7.5 Evidence preservation (before or during an infringement action)**

Evidence preservation is a tool used to obtain evidence that is otherwise difficult to secure. Petitions to preserve evidence have been granted in some patent infringement cases. To be successful, the petitioner should establish that there is a likelihood or reasonable probability of patent infringement and establish the necessity for evidence preservation. If successful, the court will issue a ruling that states to the effect of “(1) evidence examination shall be conducted with regards to this case and (2) the respondent is hereby ordered to submit materials.” In the annex

120 Civil Procedure Act, art. 343.

to the ruling, the subject<sup>121</sup> the place<sup>122</sup> and date of examination will be specified for evidence examination, as well as the facts to be proven and the subject materials<sup>123</sup> for material submission.<sup>124</sup>

A petition for evidence preservation can be filed either before or during an infringement action. Before filing an infringement action, the petition for evidence preservation should be submitted to the district court having jurisdiction over the place of residence of the party possessing the alleged evidence or the location of the evidence intended for inspection, and the case will be heard by a single judge. After filing a lawsuit, the petition can be submitted to the court where the lawsuit has been filed, and the case will usually be heard by the same panel reviewing the lawsuit.

### 8.6.7.6 Experts

#### 8.6.7.6.1 Witnesses (including expert witnesses)

Although documentary evidence is the most frequently used form of corroboration in civil patent litigation, the use of witness examination to prove factual background has been gradually increasing. It is particularly common in civil patent cases to conduct expert witness examinations of people who are acknowledged to have expertise in the particular technology. Expert witness examination is different from other witness examination in that the latter focuses on the facts that the witness has actually experienced in person, whereas an expert witness in a patent case is mostly called upon to testify on matters such as (i) the technical level of a person having ordinary skill in the art at the time of filing of the patent, (ii) the disclosure of the prior art, (iii) analysis and comparison of the infringing goods, (iv) the amount of loss caused by the infringement and (v) the reasonable amount of royalty, among others. To call an expert witness to the stand, the petitioner must submit a “Basic Statement for Expert Witness” to the court. This form is available in the practice directions of the Patent Court and the IP divisions of the Seoul Central District Court.<sup>125</sup>

The Civil Procedure Act prescribes several ways that experts may provide their opinions to the court. Expert testimony may be submitted either through a declaration or through direct testimony before the court. Declarations are the more commonly used method. 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.

Expert witnesses may also be called to testify at the trial, usually upon a request by a party. The questions to be asked must be submitted to the court in writing prior to the trial. Direct examination usually requires only a very brief answer. Whether to allow expert testimony is at the court’s discretion, and, if it is allowed, the other party will have the opportunity to cross-examine the witness. Questions for cross-examination and redirect examination need not be presented to the court in advance. The court may also appoint experts to evaluate the disputed technologies or damages-related facts.<sup>126</sup>

#### 8.6.7.6.2 Technical expert support

##### 8.6.7.6.2.1 Judicial technical examiners

The Patent Court has judicial technical examiners providing full-time expeditious and effective support in dispute resolution through the specialized examination of issues surrounding technical matters in patent or utility model cases.<sup>127</sup> The judicial technical examiners in the Patent Court have expert knowledge and experience in scientific and technical fields, such as machinery, communications, electrics and electronics, chemistry, drugs, agriculture, and construction. They come from a variety of backgrounds: for example, KIPO examiners, patent

121 Typically the accused product (final or semi-final product).

122 Typically where the infringing act took place, such as the respondent’s factory.

123 The same as the subject of evidence examination in most cases.

124 See e.g., Seouljoongangjibangbeobwon (Seoul Central Dist. Ct), Aug. 24, 2017, 2017KaGi50496; Seouljoongangjibangbeobwon (Seoul Central Dist. Ct), April 4, 2019, 2019KaGi50261.

125 See IP Divisions of the Seoul Central District Court, *Procedural Guidelines for IP Litigation*, ch. IV(2); Patent Court, *Practice Directions for Civil Appellate Trial*, ch. V.

126 See Section 8.6.7.3 for a discussion of court-appointed evaluators.

127 Beobwonjojikbeob (Court Organization Act), art. 54-2(1). Technical expert support in the Patent Court mainly comes from judicial technical examiners and judicial technical researchers. The main difference between the positions is that judicial technical examiners are dispatched from the KIPO, and judicial technical researchers are directly hired by the court. However, since their roles are practically very similar, both are hereinafter collectively referred to as judicial technical examiners.

attorneys and researchers in the relevant fields, often with Master of Science or PhD degrees. The KIPO also dispatches its division heads to the Patent Court as judicial technical examiners.

Upon the request of the judicial panel, judicial technical examiners provide opinions on technical matters in suits involving patents and utility models and, if deemed necessary by the panel, participate in preparatory hearings and trials and ask questions to the parties with the permission of the presiding judge.<sup>128</sup> In principle, each patent case of the Patent Court has a judicial technical examiner having expertise in the field assigned to the case, and the judicial panel holds a technical explanatory session before the trial, during which the judicial technical examiner helps the judges to understand the technical issues of the case.<sup>129</sup> The IP divisions of the Seoul Central District Court, in charge of most of the first-instance patent cases, and the Supreme Court, in charge of the final trials of all patent cases, have judicial technical examiners as well.

#### 8.6.7.6.2.2 *Technical advisors*

In addition to judicial technical examiners, the court may choose to appoint a technical advisor to provide expert opinion on a particular issue of the case. Technical advisors are selected from a pool of registered experts in a wide variety of technical fields, including machinery, communications, electrics and electronics, chemistry, drugs, agriculture, and construction. Most of them are researchers of national research institutes or professors teaching in graduate schools.

Technical advisors participate in the litigation by either submitting written opinions or attending on the trial date to provide explanations or opinions on technical matters and, with the permission of the presiding judge, to ask questions to the parties or witnesses. These experts are bound by confidentiality obligations in connection with the cases in which they participate and are deemed government employees for the purpose of the bribery provision under the Criminal Act.<sup>130</sup>

Technical advisors are distinguished from judicial technical examiners in that they are outside professionals appointed on a case-by-case basis, whereas judicial technical examiners work full-time at the court.

### 8.6.8 Technology tutorials and technical briefing sessions

#### 8.6.8.1 Pre-trial internal technical explanatory session

Judicial panels of the Patent Court hold technical explanatory sessions in the preparation of trials concerning patents or utility models to better understand the relevant technologies. At these sessions, technical experts, such as judicial technical examiners, explain the relevant technologies in the context of the party's argument by using drawings, products, miniatures, computer graphics and video equipment.

#### 8.6.8.2 Technology review session on the date of trial

On the trial date, the court hears the arguments stated by the parties, examines the relevant evidence and identifies the issues with the parties. The parties present their oral arguments and produce further evidence. In cases involving complex technical issues, technology review sessions are often held on the trial date. Each party or its legal counsel prepares presentation materials and explains the relevant technology by, for example, showing video clips, photographs or drawings in the session. The parties are advised to submit their materials for technology review prior to the trial date. The materials are often filed in PDF or slideshow format and become a part of the court record once filed. Since most civil patent cases are processed via the electronic system, the parties electronically submit video files and other materials before the trial date. In cases where the parties' consent and the court's approval are obtained, trials may be conducted

128 Regulations on Judicial Technical Examiners, art. 4(1).

129 The function of the technology explanatory session is similar to that of technical tutorials in the US in that both are aimed at enhancing the technical understanding of the judges. The two are different, however, in that technology explanatory sessions are held within the court with no participation of the parties or their counsels. The judicial panel will first educate themselves with the technical issues of the case with the help of the judicial technical examiner (a court employee with a neutral standpoint) before they hear the arguments from counsels. Counsels will have their opportunities to explain the disputed technologies from their viewpoints in a technology review session during the trial.

130 Civil Procedure Act, art. 164-8 (constructive treatment as government employee in imposing criminal punishment). Technical advisors are treated as government employees in imposing criminal punishment under art. 129 through art. 132 of the Criminal Act.



in a foreign language.<sup>131</sup> Another important process that takes place on the date of trial is evidence examination.

## 8.6.9 Protecting trade secrets in litigation

### 8.6.9.1 Limited access to trade secrets

Access to trade secrets may be restricted by court orders. Upon a party's request, the court can order that only the parties to the lawsuit may access or copy the portions containing trade secrets in the court record or request delivery of the authentic copy, certified copy or abstract of the portions containing trade secrets in the court decision or trial record.<sup>132</sup> However, this restriction cannot regulate a party's divulgence to others of trade secrets learned in the course of litigation, which may instead be prevented by a confidentiality protective order.

### 8.6.9.2 Confidentiality protective order

A party may refuse to produce a document on the grounds that it contains confidential information (e.g., a trade secret). In that case, the court may order the party to present the document to the court for an *in camera* review. Neither the parties nor their counsels can participate in such review.

Where it is necessary for a party to disclose a trade secret in litigation alleging violation of the Unfair Competition Prevention and Trade Secret Protection Act, then, under Article 14-4 of the Act, the party may petition the court to issue a confidentiality protective order to prevent any unauthorized disclosure of the trade secret thereafter. Under the Act, a "trade secret" is defined as information of a technical or business nature that can be used in business activities and is generally unknown to the public and possesses independent economic value, the secrecy of which is maintained through substantial efforts.

The Act protects trade secrets disclosed in litigation using confidentiality protective orders, a violation of which may be subject to criminal punishment. Upon a party's request, the court may issue an order prohibiting the opposing party, its counsel or any other person who becomes aware of the trade secret through the litigation from using the trade secret for purposes other than conducting the litigation and from disclosing the trade secret to anyone other than the persons to whom the confidentiality protective order was issued.

A party petitioning for a confidentiality protective order must establish that a brief or evidence already submitted or to be submitted contains trade secrets and that any use or disclosure of the trade secret for purposes other than conducting the litigation would likely impede the business operation of the relevant party. The petition must specify the facts to support that these criteria are met, the person(s) who should be subject to the order and the facts sufficient to identify the trade secrets to be protected by the order.

Once the order is issued, the persons subject to the order are prohibited from using or disclosing the trade secret for purposes other than the particular lawsuit. Such prohibition includes the cross-use of the relevant materials or information in other lawsuits domestic or foreign. Any party violating the confidentiality protective order in the Republic of Korea or overseas without justification may be imprisoned for up to five years or fined up to KRW 50,000,000. Such violations may be penalized only after a complaint is filed by the party that requested the confidentiality protective order.

### 8.6.9.3 Protecting trade secrets by orders to submit documents and materials

When the court orders the submission of a document to decide whether it is subject to the obligation to produce documents, the court must take measures to protect the document from disclosure to others.<sup>133</sup> The document should be reviewed *in camera* so that it remains sealed from the other party or third parties. Likewise, when a party refuses to submit materials upon a court order, the court may order the submission of the materials to decide whether the party has a good reason to refuse submission, but only with proper measures to prevent others from accessing the materials.<sup>134</sup>

<sup>131</sup> See Section 8.3.2.2 for more details.

<sup>132</sup> Civil Procedure Act, art. 163(1).

<sup>133</sup> Patent Act, art. 347(4).

<sup>134</sup> Patent Act, art. 132(2).

### 8.6.10 Trial

A civil lawsuit typically involves a series of trial dates for oral arguments that are three to five weeks apart from each other. The court will render its decision in three to four weeks after the trial is closed (see Section 8.6.1.1). On the first trial date, the court will identify the disputed issues of the case and hold technology review session (see Section 8.6.8.2). The court will then visit any remaining issues and hold evidence examination or witness examination in subsequent trial dates. At the end of each date, the court will schedule the next trial date and notify the parties what issues should be addressed on that date. Before the next trial, parties will submit briefs and evidence on the issues for the court's review in advance. Upon going through the issues on the next trial date, the court will decide whether it has heard enough from the parties to render a decision.

### 8.6.11 Alternative dispute resolution

#### 8.6.11.1 Meaning and scope

Alternative dispute resolution (ADR) refers to any legal means of resolving disputes without litigation and trial. ADR is classified into judicial, administrative and private ADR according to the characteristics of the responsible institution. In terms of the method of settling disputes, ADR can also be classified into settlement, mediation and arbitration. The salient features of litigation and ADR are compared in Table 8.1.

**Table 8.1 Comparison of litigation and alternative dispute resolution**

Feature	Litigation	Alternative dispute resolution		
		Settlement	Mediation	Arbitration
Participation	Involuntary	Voluntary	Voluntary	Voluntary
Effect of adjudication	Claim preclusion, executory power	Agreement <sup>1</sup>	Agreement <sup>1</sup>	Same as a final and conclusive judgment
Scope of effect	National	International	International	International
Presider	Judge	—	Selected by the parties	Selected by the parties
Procedural formalities	Conducted according to the Civil Procedure Act etc.	Informal	Informal	Involves less formality <sup>2</sup>
Outcome	Written reasoned judgment	Agreement	Agreement	Reasoned arbitration award
Disclosure	Disclosure required	Nondisclosure	Nondisclosure	Nondisclosure

<sup>1</sup> Settlement and mediation by the court both have the same effect as a judgment.

<sup>2</sup> Except those contrary to the mandatory provisions, parties may agree on the arbitral proceedings. However, if they fail to reach an agreement, the arbitral proceedings will be conducted in accordance with the Arbitration Act.<sup>135</sup>

In the following sections, we discuss the systems both of settlement in litigation and of mediation falling under the category of judicial ADR. The judicial ADR systems discussed below are only applicable to civil patent lawsuits and not to administrative or criminal patent lawsuits.

#### 8.6.11.2 Settlement in litigation

The term “settlement in litigation” refers to an agreement that parties to an ongoing lawsuit can reach before the judge through mutual concessions on their claims for the rights or legal relationships at issue. Any settlement reached between the parties out of court is only considered a settlement agreement in private law and does not have the same effect as a settlement in litigation.<sup>136</sup>

##### 8.6.11.2.1 Process

Settlement in litigation may be reached at any time while the lawsuit is pending. Thus, a case may be settled in litigation at the appellate court or the Supreme Court, even after the argument is closed and the judgment is rendered, so long as the judgment is not confirmed as final and conclusive.

<sup>135</sup> Joongjaebeob (Arbitration Act), art. 20(1)–(2).

<sup>136</sup> Minbeob (Civil Code), art. 731.



In principle, any settlement in litigation can only be reached by the parties' verbal statement in court on the date of hearing. If the parties make a statement regarding the settlement agreement, this will be written down in the court record for trial to have the same effect as a final and conclusive judgment. This may be done on a date of hearing, preparatory hearing or examination of evidence, or a separate hearing date for settlement may be scheduled. In addition, a settlement is considered as reached if either party has expressed the intent of settlement in their brief, authenticated by a notarial office, and the other party has appeared in court on the hearing date and accepted such intent to settle.<sup>137</sup>

#### **8.6.11.2.2 Effect**

When a settlement in litigation is stated in the court record for trial, such protocol has the same effect as a final and conclusive judgment.<sup>138</sup> Therefore, the settlement closes the lawsuit, and the settlement record serves as the source of executory force for compulsory execution.<sup>139</sup> Given the fact that a record of settlement in litigation has the same effect as a final and conclusive judgment and thus has the effect of *res judicata*, neither party may assert the nullity of the settlement between themselves even if its content is in violation of mandatory provisions unless the record is revoked by a quasi-retrial.<sup>140</sup>

#### **8.6.11.2.3 Recommendation of a settlement**

A court, commissioned judge or entrusted judge may, on the case during the pendency of action, render *ex officio* a ruling of settlement recommendation to fairly settle the case by taking account of the parties' interests and all other circumstances, within the boundary of the gist of the claim.<sup>141</sup> A ruling of settlement recommendation has the same effect as a judicial settlement when neither party raises an objection within two weeks of the date of receiving the ruling from the court or when such an objection is withdrawn or waived.<sup>142</sup>

As explained in Section 8.6.11.2, a settlement agreement in private law, which is reached between the parties out of court, does not have the same effect as a settlement in litigation. In private settlements, the parties may resort to the settlement recommendation system. In some cases, the court may render a ruling of settlement recommendation after the closing of argument but before pronouncing a judgment, based on its review of the case records in their entirety.

### **8.6.11.3 Mediation**

The civil mediation system is a dispute resolution method wherein a neutral third party (or a mediator) intervenes in the negotiation process, with the consent of the parties, to help them easily settle the dispute. It is similar to a settlement in litigation in that an agreement should be reached between the parties but different in that the mediator more actively recommends and facilitates an agreement between the parties.

#### **8.6.11.3.1 Institutions**

Mediation cases may be dealt with by either a mediation judge, standing commissioner, mediation council or a court handling the lawsuit serving as a mediation institution.<sup>143</sup> These are, respectively, called mediation by a mediation judge, mediation by a standing commissioner, mediation by a mediation council and mediation by a court of the lawsuit.

Courts also operate a mediation system with external institutions, entrusting them with the handling of mediation cases through memorandums of understanding. Some courts operate all of the mediation institutions, and others have only some of them, as each court sees fit.

#### **8.6.11.3.2 Proceedings**

Mediation proceedings may be initiated by either party's filing of a request for mediation with a court or by a court of the lawsuit's referral to mediation.<sup>144</sup> Thus, a case could first start with

<sup>137</sup> Civil Procedure Act, art. 148(3).

<sup>138</sup> Civil Procedure Act, art. 220.

<sup>139</sup> Minsajiphaengbeob (Civil Execution Act), art. 56.

<sup>140</sup> Daebeobwon (Sup. Ct), Oct. 8, 1999, 98Da38760.

<sup>141</sup> Civil Procedure Act, art. 225.

<sup>142</sup> Civil Procedure Act, art. 231.

<sup>143</sup> Minsajojeongbeob (Judicial Conciliation of Civil Disputes Act), art. 7.

<sup>144</sup> Judicial Conciliation of Civil Disputes Act, arts 2, 6.

mediation but return to litigation after the mediation fails;<sup>145</sup> or it could start with litigation, be referred to mediation, and then return to litigation after mediation fails.

Mediation proceedings usually take place in a court's mediation chamber on a scheduled date but may also be conducted in any other appropriate venue other than the courthouse.<sup>146</sup> Mediation proceedings may be sealed from the public; however, a mediation judge may allow nonparties to attend the sealed proceedings where appropriate.<sup>147</sup>

#### **8.6.11.3.3 Completion and effect of mediation**

Mediation is duly reached by putting the matters agreed upon between the parties into the record.<sup>148</sup> Accordingly, once mediation is reached at the mediation hearing, authentic copies of the mediation record are sent to the parties, and the mediation has the same effect as a judicial settlement in litigation.<sup>149</sup>

With respect to cases where agreement has not been reached or where the terms of the agreement are deemed inappropriate, a mediation judge or judge at the court of the lawsuit in charge of mediation may render a ruling to ensure a fair resolution of the case, taking into account *ex officio* the interests of the parties and all other relevant circumstances to the extent not contrary to the purpose of the request for mediation.<sup>150</sup> This is called a "ruling in lieu of mediation" or "mandatory mediation ruling." As with a ruling of settlement recommendation, a mandatory mediation ruling has the same effect as a judicial settlement if neither party files an objection against the decision within two weeks from the date on which they received an authentic copy of the decision.<sup>151</sup>

Mediation proceedings are closed when mediation is not constituted or when an objection is filed against a mandatory mediation ruling. In such cases, the case is shifted to litigation if a lawsuit was filed before the mediation proceedings; if mediation was sought without filing any lawsuit, a lawsuit is regarded to have been filed at the time the request for mediation was made.

#### **8.6.11.3.4 Current mediation systems of the Patent Court**

Since January 1, 2016, the Patent Court has had exclusive jurisdiction over appellate cases involving patent infringement. On March 10, 2016, the Patent Court established the Internal Regulations on Patent Court Mediation Commissioners. The Patent Court has taken these regulations as the basis for operating a mediation council consisting of legal professionals (e.g., former judges with profound experience in patent litigation) and technical experts (e.g., those from research institutions and university professors). Furthermore, a mediation judge system has been in place since February 27, 2017, to manage mediation cases in a systematic manner and to facilitate early mediation.<sup>152</sup> The Patent Court also operates a mediation system whereby it may entrust external institutions, such as the Korean Commercial Arbitration Board, with the handling of mediation cases through memorandums of understanding.

#### **8.6.11.4 Arbitration**

Arbitration refers to a procedure to settle a dispute that the parties can resolve through reconciliation – not by a judgment of a court but by an award of an arbitrator.<sup>153</sup> Given that arbitration is determined by an award of an arbitrator, it is fundamentally different from settlement and mediation reached by an agreement between the parties. In this respect, arbitration has a lot in common with the general litigation system but is still different in that arbitration is not disclosed to the public in principle, allows more flexibility in terms of procedural formalities and usually relies on a single-instance resolution.

145 In such cases where the complainant files a lawsuit, they must supplement the amount of the stamp to reflect the amount of the stamp to be affixed to the complaint less the amount of the stamp affixed to the written request for mediation. Judicial Conciliation of Civil Disputes Act, art. 36(2).

146 Judicial Conciliation of Civil Disputes Act, art. 9. For instance, even though mediation by the Patent Court should be conducted within the Patent Court, it may also take place in the mediation chamber in the Seoul Central District Court, and, in some cases, hearings for mediation are held in the office of a commissioner for the convenience of the parties.

147 Judicial Conciliation of Civil Disputes Act, art. 20.

148 Judicial Conciliation of Civil Disputes Act, art. 28.

149 Judicial Conciliation of Civil Disputes Act, art. 29.

150 Judicial Conciliation of Civil Disputes Act, art. 30.

151 Judicial Conciliation of Civil Disputes Act, art. 34(4).

152 The use of mediation judges has gradually gained momentum, thereby increasing the number of applications and the success rate. In 2019, 45.8 percent of cases were successfully mediated, and this included not only patent cases but also trademark and design cases.

153 Arbitration Act, art. 3(1).

For mediation cases pursuant to the Judicial Conciliation of Civil Disputes Act, a case may be freely referred to mediation during the course of litigation or may be returned to the litigation procedure. For arbitration cases, however, a court should dismiss the action that has been brought in a matter that is the subject of an arbitration agreement when the defendant raises, as a defense, the existence of an arbitration agreement, provided that the court does not find the arbitration agreement null and void, inoperative or incapable of being performed.<sup>154</sup>

An arbitration agreement takes effect when the parties agree in writing to settle by arbitration – not by a judgment of a court – all or part of the dispute that has already arisen or might arise in the future in respect of legal relationships under private law. The effectiveness of an arbitration clause as an arbitration agreement is determined based on an overall consideration of the meaning of arbitration as defined in the Arbitration Act, the nature and form of the arbitration agreement, and specific circumstances, including the content of the relevant arbitration clauses and the background to the parties' decision to have the arbitration clause. Optional arbitration clauses only take effect when either party opts for an arbitration procedure, not a judgment of a court, and pursues dispute resolution via arbitration, and the other party participates in the arbitration procedure without objection.<sup>155</sup>

Given that arbitral proceedings are conducted for an award, it is difficult to link them with litigation proceedings, unlike mediation, which relies on an agreement between the parties. Therefore, even though it is technically possible, there have been very few cases wherein arbitration proceedings were initiated after withdrawing the lawsuit in the course of litigation proceedings due to reasons such as having an *ex post* arbitration agreement.

## 8.7 Civil remedies

A right holder is mainly entitled to two forms of relief from patent infringement – injunction and damages. They may be sought together or separately.<sup>156</sup> Other forms of remedies include measures necessary to reinstate the goodwill or reputation of the right holder. For employee inventions, the employee may seek compensation for employee invention for what they invented in relation to the duties of the employment.

### 8.7.1 Recovery of goodwill and reputation

When the plaintiff in a patent infringement lawsuit (i.e., the patentee or exclusive licensee) demands that the defendant put up advertisements in newspapers or any other periodical publications for explanatory purposes and as measures necessary to reinstate the plaintiff's goodwill or reputation – in lieu of or in addition to compensatory damages – the plaintiff should specify in their demand in the complaint the specifics of such advertisements, such as the contents, size, font size and so on.

### 8.7.2 Compensation for employee inventions

#### 8.7.2.1 Overview

An employee invention refers to an invention, utility model or creation protected under the Patent Act, Utility Model Act or Design Protection Act, respectively [hereinafter collectively referred to as an "invention" unless otherwise specified], that an employee, executive officer of a corporation or government employee [hereinafter collectively referred to as an "employee" unless otherwise specified] makes in connection with their duties, where it falls within the scope of the business of the employer, the corporation, or the national or local government, and where the activities that have led to the invention fall within the present or past duties of the employee (Article 2(ii) of the Invention Promotion Act). An employer is automatically entitled to a free nonexclusive license to an employee's invention (Article 10(1) of the Invention Promotion Act). Where the employer succeeds, under a contract or employment regulations, the patent, utility model or design rights related to the employee's invention – or the right to acquire them – or is to be granted an exclusive license to the right, the employee is entitled to fair compensation (Article 15(1) of the Invention Promotion Act).

<sup>154</sup> Arbitration Act, art. 9(1).

<sup>155</sup> See Daebeobwon (Sup. Ct), Aug. 22, 2003, 2003Da318.

<sup>156</sup> Parties often seek injunction only because significant time will be spent on assessing damages award if the injunction claim is consolidated with claim for damages.

Provisions concerning compensation for employee inventions fall within the sphere governed jointly by civil law, labor law and patent law. Such provisions are regarded as compulsory provisions intended to protect employees, who are often in the weaker position at the negotiation table, so that the distinct legal nature of the employee invention is acknowledged, and the employee enjoys compensation for the invention separately from the wages compensating them for their service. Typical defenses against the claim for compensation are that the statute of limitations has run (10 years, as in general credit cases) or that a certain amount was already paid to the employee and should be deducted accordingly.

#### 8.7.2.2 Elements

The plaintiff should contend and prove (i) that they invented the employee invention; (ii) that the defendant, who is the employer, succeeded from the plaintiff the patent, utility model or design right – or the rights to acquire them – for the employee invention; (iii) that the employer earned sole and exclusive profits generated by the employee invention; and (iv) the scope of compensation for the employee invention.

First, to prove the fact that the plaintiff is the inventor of the employee invention, it must be established that (i) they are an employee; (ii) the invention falls within the scope of business of the employer; and (iii) the invention falls within the present or past duties of the employee. More importantly, the plaintiff must have contributed to the completion of the invention. The advancements of science and technology in modern society often require a group of departments or multiple parties to cooperate for inventions, raising the issue of inventorship. An employee can be a co-inventor only if they have had a mutually cooperative relationship with others for the completion of the invention. More specifically, the employee must have contributed to the actual creation of a technical idea by, for example, (i) suggesting, adding or supplementing a concrete idea to solve technical problems of the invention; (ii) embodying a new idea through experiments; (iii) providing a specific means or method to achieve the purpose and effects of the invention; or (iv) providing detailed advice or guidance to enable the creation of the invention.<sup>157</sup>

Second, considering that the employer is entitled to a nonexclusive license for free even if they do not succeed the right relating to the employee invention (Article 10(1) of the Invention Promotion Act), the term “employer’s profits,” when calculating the amount of compensation for the employee, refers to the profits the employer is expected to earn by acquiring a sole and exclusive position to practice the employee invention that surpasses a nonexclusive license.<sup>158</sup>

Third and most importantly, all these elements must be taken into consideration to reach a fair sum for compensation. The Invention Promotion Act sets forth the following factors for calculation:

- A. the profits the employer anticipates obtaining with the employee invention. This is calculated by product sales revenue × hypothetical royalty rate × contribution ratio of the exclusivity of the right;
- B. the employee’s ratio of contribution, with respect to the employer’s contribution, to the completion of the invention. This is calculated by (1 – the employer’s contribution ratio) (Article 15(6) of the Invention Promotion Act);
- C. if the employee invention is a joint invention, the employee’s ratio of contribution with respect to co-inventors; and
- D. if the product that embodies the invention is a part or component of a multicomponent final product, the employee’s ratio of contribution to the final product. In this case, the sales revenue of the final product should be used for (A).

The resulting formula calculation for the amount of compensation is  $A \times B \times C \times D$ : the amount of the employer’s profits × the ratio of the employee’s contribution with respect to the employer’s contribution × the ratio of the employee’s contribution with respect to co-inventors (for joint inventions) × the ratio of the employee’s contribution to the final product (for inventions that form a part or component of a multicomponent final product).

157 See Daebeobwon (Sup. Ct), July 28, 2011, 2009Da75178.

158 See Daebeobwon (Sup. Ct), Sep. 8, 2011, 2009Da91507.

### 8.7.3 Permanent injunction

Once patent infringement is established, as discussed in Section 8.5, the patentee may seek a court order preventing the defendant from manufacturing, using or assigning the defendant's products or using its processes.<sup>159</sup> The patentee may also seek an order for the defendant to take actions, for example, to destroy the products by which the infringement had been committed.<sup>160</sup> These are different forms of permanent injunctions. In this section, we focus on the issues arising in relation to injunctions.

#### 8.7.3.1 Elements

There are five elements to a permanent injunction.

*The person seeking an injunction against infringement (i.e., the patentee).* The plaintiff must be registered as the patentee when argument at the fact-finding trial is closed. A nonexclusive licensee is not entitled to file a claim for an injunction against infringement because they do not have the exclusive rights to practice the patent. If a group of persons jointly own the patent right, one of them may independently file for an injunction because the exercise of the claim is an act of preservation.

*The party subject to the injunctive order (i.e., the person committing infringement).* The patentee may seek an injunction against a person who infringes or is likely to infringe on their patent right by practicing the patented invention without legitimate authority to do so. Nonetheless, a request for disposal or other actions under Article 126(2) of the Patent Act should be made to the person who owns or has the right to dispose of the infringing product or facilities subject to the destruction order.<sup>161</sup> In cases where a group of persons has practiced the patented invention, and such acts individually constitute patent infringement,<sup>162</sup> the patentee may seek an injunction on each act against each of the infringers.

*Practicing the patented invention for business purposes.* To constitute patent infringement, the infringing party must have exploited the patented invention for business purposes. Practicing the invention for personal or household purposes does not constitute infringement. As long as the patented invention was practiced for business purposes, the number and scale of the practice, as well as whether any profit was derived therefrom, are irrelevant. Implementation for nonprofit business operations is still a practice for business purposes.

*Specification of the infringing act and the defendant's duty to disclose the specific act.* The plaintiff should specify each infringing act committed by the defendant. When the defendant disputes the specified infringing act, the burden of proof rests on the plaintiff. The Patent Act requires the defendant to disclose their actual conduct, and, where they fail to present the specific conduct without any justifiable reason, the court may deem the specific infringing conduct as alleged by the plaintiff to be true.

*Infringement or likelihood of infringement.* The patentee may seek an injunction against the implementation of the patented invention by the other party if the other party is currently committing an infringing act or, even if not, is likely to commit the infringing act in the future.

#### 8.7.3.2 Scope

There are three elements to the scope of a permanent injunction.

*Claim for an injunction.* Once the aforementioned requirements for patent infringement are met, the court's default move is to automatically issue a permanent injunction as per the plaintiff's claim, usually to prohibit the practices of the other party that amount to patent infringement. If the patented invention pertains to a part or component of the defendant's product, issues may arise as to what extent the permanent injunction covers the whole product and whether the plaintiff may also claim for destruction of the whole product in addition to the injunction. The law on this issue is unsettled. Some lower courts have issued injunctions only against the infringing

<sup>159</sup> Patent Act, art. 126(1).

<sup>160</sup> Patent Act, art. 126(2).

<sup>161</sup> See *Daebeobwon* (Sup. Ct), Dec. 23, 1996, 96Da16605.

<sup>162</sup> E.g., where person A manufactures the infringing products while person B sells and person C uses those products.

part and have ordered the destruction of the manufacturing equipment on the ground that the infringing part could be detached and separately traded from the rest of the product.<sup>163</sup>

*Claim for disposal of infringing products.* The patentee may demand the disposal of the products that constituted infringement (including the products obtained by the infringement if the relevant invention is a product by process invention), the removal of the facilities used for the infringing act, and other measures necessary to prevent infringement.<sup>164</sup> A claim for the disposal of such products must accompany a claim for injunction and may not be independently sought. The products to be disposed of should be clearly specified in an appendix. The court will dismiss a claim for any unspecified part in the plaintiff's demand in the complaint.

*Other measures necessary to prevent infringement.* The Patent Act allows the patentee to claim for "other measures necessary to prevent infringement." However, a far-fetched and unlimited interpretation of the term may cause an excessive burden to the other party beyond the protectable scope of the patent right. The need for such measures should be determined after balancing the potential disadvantage to the other party if the measure is issued and the potential disadvantage to the patentee if the claim is dismissed.<sup>165</sup>

An example of a court order for an injunction against infringement is as follows:

- A. The defendant shall not produce, use, assign, lease, import, offer to assign or lease, or display to assign or lease each product described in [Appendix 1] PRODUCTS practiced by the defendant.
- B. The defendant shall discard finished goods and semi-finished goods (articles that have the structure of finished goods but are not yet completed) of each product described in [Appendix 1] PRODUCTS practiced by the defendant in the head office, branch office, office, business office, plant, or warehouse of the defendant. The defendant shall also discard all equipment used solely for the production of the goods.

#### 8.7.4 Damages

The Patent Act articulates its own provision for the patentee's right to seek compensatory damages from infringement in Article 128(1) as follows: "[a] patentee or exclusive licensee may claim for compensation for the damages caused by a person who has willfully or negligently infringed the patent or exclusive license." Nonetheless, patent infringement is generally viewed as a type of tort under the Civil Act. Accordingly, as in cases of a tort, the plaintiff in a lawsuit seeking compensatory damages has to contend and prove that (i) the plaintiff is the patentee, (ii) the infringer has willfully or negligently infringed the patentee's patent right, (iii) the infringer's patent infringement is unlawful, (iv) the infringer was capable of assuming liability at the time of the infringement, (v) the patentee suffered damages, and (vi) there is proximate causation between the infringement on the patent right and the damages suffered by the plaintiff.<sup>166</sup>

##### 8.7.4.1 Elements

Damages may be awarded only upon the showing of infringement. As the criteria for establishing infringement have been discussed in detail above, the following discussion focuses on other elements for receiving damages.

*Claimant (i.e., the patentee).* The claimant seeking damages must be the patentee or exclusive licensee. For a jointly owned patent, it is the judicial practice to award damages only in proportion to each right holder's percentage of ownership. A nonexclusive licensee does not have standing, as the right has no exclusive effect, but a sole nonexclusive licensee may be successful in a tort claim based on infringement of credit.

*The party responding to the claim for damages (i.e., the infringer).* In most cases, the defendant in a lawsuit seeking damages for patent infringement is the direct infringer. Where indirect

<sup>163</sup> IP Litigation Research Committee, *Intellectual Property Law Theory and Practice*, at 492.

<sup>164</sup> Patent Act, art. 126(2).

<sup>165</sup> IP Litigation Research Committee, *Intellectual Property Law Theory and Practice*, at 494.

<sup>166</sup> *Intellectual Property Law Theory and Practice* at 528.



infringement is established under Article 127 of the Patent Act, the indirect infringer is also liable to compensate for the damages. Further, as in cases of tort under the Civil Act, any person who has aided or abetted patent infringement is also held liable for damages jointly with the patent infringer. In cases where patent infringement is divided among multiple parties,<sup>167</sup> joint tort prescribed in Article 760 of the Civil Act may be established. Views are split on whether the objective element that each tortfeasor's act jointly occurred is sufficient to establish joint tort (objective joint tort theory) or whether the subject element of the tortfeasors' knowledge of acting jointly or conspiring to act should also be met (subjective joint tort theory).

*Willfulness or negligence.* A damages claim requires willfulness or negligence to succeed. However, the intent element is rarely disputed in practice because the Patent Act sets forth that "a person who infringes a patent or exclusive license of any third person shall be presumed negligent regarding such infringement."<sup>168</sup> The amended Patent Act effective on January 8, 2019, added a provision allowing the court to enhance damages up to three times the actual damages if the infringement of the patent or exclusive license of another person is deemed to be willful. This new provision is expected to be one of the key issues that draw attention in practice.

#### **8.7.4.2 Calculation of damages**

The patentee may seek compensation for any damages sustained as a result of the infringement from any person who has willfully or negligently infringed the patent or exclusive license. The Patent Act provides that an infringer is presumed to have infringed with negligence. The Patent Act recognizes four grounds in assessing damages: (i) loss suffered by the patentee, (ii) the profits earned by the infringer (which is presumed to be the amount of damages suffered by the plaintiff), (iii) reasonable royalty (at the minimum) and (iv) damages determined at the court's discretion based on an examination of the evidence and a review of overall arguments. Discretionary damages may be awarded if the nature of the case makes it difficult to produce evidence proving the actual damages incurred.

An action for damages resulting from infringement must be filed within three years from the date the plaintiff became aware of the damages caused by the infringement or within 10 years from the date of the infringement, whichever is earlier. The plaintiff must identify the alleged infringer. An action for damages based on an infringer's unjust enrichment may be filed within 10 years.

##### **8.7.4.2.1 Lost profits**

The patentee's lost profits as the basis for the award of damages is stipulated in Article 128(2) of the Patent Act. This provision was recently amended to ensure fair compensation by clarifying that, on top of lost profits, the patentee may also recover reasonable royalties for the infringing goods that were transferred in excess of the right holder's production capacity (partial amendment by Law No. 17422, effective from December 10, 2020).

For units that were within the patentee's production capacity, lost profits may be awarded for the number of units that the patentee would have sold but for the infringement. For these units, the damages may be calculated by multiplying the number of units of the infringer's transferred articles by the profit per unit that the patentee could have sold in the absence of the infringement (Article 128(2)(i) of the Patent Act). This excludes the number of units the patentee could not sell due to reasons other than the infringement (if any) and the number of units that were outside of the right holder's production capacity.

While the lost profit approach had been around before the amendment to the Patent Act, the pre-amendment statute did not answer the lingering question as to whether the patentee could also recover damages for the number of units that were outside of their production capacity. In response, the amended Patent Act effective on December 10, 2020, added a provision that, if the transferred amount of the infringer's articles exceeds the patentee's own production capacity, the patentee can recover reasonable royalty for the excess (Article 128(2)(ii) of the Patent Act).

This new provision clarified that an amount equivalent to the royalty prescribed in Article 128(5) of the Patent Act can be awarded as damages for the infringing products transferred to third

<sup>167</sup> This refers to cases where none of the parties practice all of the elements of a patented claim severally, but, when taken together, their joint act implements all elements of the claim.

<sup>168</sup> Patent Act, art. 130.

parties that (i) exceed the quantity calculated by deducting the number of units actually sold from the number of units that could have been produced by the patentee or (ii) could not be sold due to any reason other than the infringement. The amendment clarified that a reasonable royalty for practicing the patented invention may be recovered for the above units (except for those for which the patentee could not have earned royalties even without the infringement: e.g., any number of units for which the patentee could not have granted an exclusive or nonexclusive license on the patent or for which the exclusive licensee could not have granted a nonexclusive license on the exclusive license).

#### **8.7.4.2.2 Infringer's profits**

As it is relatively easier to establish the amount of profits gained by the infringer than the actual loss incurred to the patentee from the patent infringement, the infringer's profit is often presumed to be the patentee's lost profit. The "profit" here includes all types of profits earned by the infringer through the infringement on the patent right without specific limits. In practice, the net profit theory (i.e., profit = sales revenue – [fixed costs + variable costs]) and the marginal profit theory (profit = sales revenue – variable costs. Unlike the net profit theory, fixed costs are not deducted) are commonly adopted. While less challenging than proving lost profits, an infringer's profits may also be difficult to prove without proper evidence. This has led courts to resort to awarding discretionary damages, as discussed below in Section 8.7.4.2.5.

#### **8.7.4.2.3 Reasonable royalties**

A patentee can recover reasonable royalties that they would have ordinarily received. The patentee should contend and prove (i) the infringement on the patent right, (ii) the sales revenue or quantity of the products manufactured and sold, and (iii) the reasonable amount of royalty that would have been received by the patentee. The patentee is not required to contend and prove specific occurrences of loss.

To determine the reasonable royalty for a particular patent, the following may be considered:

- the objective technical value of the patented invention;
- license agreements with third parties for the patented invention, if any;
- license agreements with the defendant in the past, if any;
- royalties that may be received for similar inventions in the same technical field;
- the remaining term of the patent;
- the type of the patentee's use of the patent;
- the existence of substitute technologies for the patented invention; and
- the infringer's profits from the infringement.<sup>169</sup>

The reasonable royalty provision does not set forth a ceiling for damages. Therefore, when the amount of loss exceeds the reasonable royalty, the patentee may also seek compensatory damages for the excess amount in accordance with the principle of compensation for actual harm.

#### **8.7.4.2.4 Reduced damages**

For balanced protection of both sides, the Patent Act protects the patentee by presuming the infringer's negligence in Article 130 and prescribing the method of calculating damages in Article 128(2)–(5) while providing a protective measure for the infringer in Article 128(6). Article 128(6) prescribes that the court may consider the lack of willfulness or lack of gross negligence by the infringer when awarding damages, so the infringer should contend and prove as such to argue that an award should be reduced. However, even if the amount of damages is reduced accordingly, the reduced amount may not be lower than a reasonable royalty.

#### **8.7.4.2.5 Calculation at the court's discretion**

When the nature of the relevant facts makes it extremely difficult to prove the underlying facts for establishing the amount of damages under any of the preceding grounds, even though the occurrence of harm itself has been acknowledged, the Patent Act allows the court to determine a reasonable amount of damages by taking into account the overall purport of the arguments and other relevant circumstances found based on the evidence, notwithstanding the provisions of

<sup>169</sup> See *Daebeobwon* (Sup. Ct), April 27, 2006, 2003Da15006.



Article 128(2)–(6). However, discretionary awards are by no means arbitrary, and most court decisions clearly state the calculation basis even when the amount of damages has been determined at the court's discretion.

#### 8.7.4.2.6 Enhanced (treble) damages

The amendment to the Patent Act effective on July 9, 2019, included provisions for an enhanced damages system that provides compensation up to three times the amount of damages when an infringement was willful. The term “willful” means that the infringer committed the act while being aware of the fact that the act would result in patent infringement. Under the amended Patent Act, in determining willfulness, the court should comprehensively consider the following factors: (i) whether the infringer is in a superior position to the patentee, (ii) willfulness or how well the infringer was aware of the likelihood that the infringing act would cause harm, (iii) the significance of the harm to the patentee, (iv) the economic benefits to the infringer resulting from the infringement, (v) the frequency and length of the infringing act, (vi) the criminal penalty for the infringing act, (vii) the financial status of the infringer, and (viii) the level of effort the infringer exerted to provide relief.

## 8.8 Appellate review

### 8.8.1 Appellate-level courts

A party in a civil infringement action involving patent or other listed IP rights may appeal the decision of the district court to the Patent Court. Other IP infringement cases generally must be appealed to one of the high courts (or to an appellate panel of the district court in some cases).<sup>170</sup> Unless dismissed on procedural grounds, appellate proceedings are conducted on a substantially *de novo* basis. In other words, while the appellate court will generally rely heavily on the record of the lower court, it is typical for the court to admit new evidence and arguments from the parties.

If a party requests to introduce new evidence in the appellate proceeding, the party must provide a detailed explanation for the failure to submit the evidence in the lower court. The court will then determine whether to admit the evidence in consideration of the circumstances, including whether significant harm to the other party is expected from a delay in court proceedings or whether an expedited proceeding is necessary.<sup>171</sup>

Unlike in the court of first instance, where hearings are often held multiple times, the appellate court usually closes the hearing after the first issue-by-issue review unless a new piece of evidence is introduced. In most cases, each party holds a technology review session explaining the technology from its viewpoint, followed by oral arguments for about 20 minutes.<sup>172</sup> After both parties have presented their cases, the judicial panel asks questions by issue.<sup>173</sup>

When an infringement case and a revocation case of IPTAB decision involving the same patent or other listed IP rights are pending concurrently before the same judicial panel and are litigated by the same parties, and when the need for parallel hearing is recognized, the court will, in principle, hold the trial on both cases in parallel.<sup>174</sup>

The appellate court will generally try to render a decision within six months to one year from the filing of the appeal. However, this timeframe may be significantly longer for complex cases.

### 8.8.2 Supreme Court

A decision by the appellate court may be appealed to the Supreme Court (the highest court in the Republic of Korea). The Supreme Court generally only hears cases dealing with legal issues of material importance, such as legal issues of first impression. Otherwise, the appeal will be summarily dismissed without a review of the merits of the case, typically within four months from the date of transfer of litigation records to the Supreme Court.

<sup>170</sup> See Section 8.6.2.1 for a discussion of jurisdiction.

<sup>171</sup> Patent Court, *Practice Directions for Civil Appellate Trial*, ch. V(1)(A).

<sup>172</sup> See Section 8.6.8.2 regarding these technology review sessions.

<sup>173</sup> Patent Court, *Practice Directions for Civil Appellate Trial*, ch. IV(1)(A).

<sup>174</sup> Patent Court, *Practice Directions for Civil Appellate Trial*, ch. IV(3).

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. These appeals are usually handled by a panel of four justices. However, the Supreme Court may choose to review the appeal *en banc* when the usual four-justice panel seems insufficient, such as when there is a need to overrule precedents.

## 8.9 Criminal proceedings

Chapter XII (penalty provisions) of the Patent Act provides for criminal punishment for certain acts related to patent rights – lawsuits related thereto are called criminal patent lawsuits. Such acts include patent infringement,<sup>175</sup> the divulgence of confidential information,<sup>176</sup> perjury,<sup>177</sup> false indication,<sup>178</sup> fraud<sup>179</sup> and a breach of orders to maintain confidentiality.<sup>180</sup> Of these, we will mainly discuss patent infringement in this section because it is the most common in practice.

### 8.9.1 Offense not punishable against the victim's will

Previously, patent infringement was an offense subject to prosecution only upon complaint, meaning that it could not be prosecuted without the victim's complaint. However, with the amendment of Article 225(2) of the Patent Act on October 20, 2020 (partial amendment by Law No. 17536), patent infringements committed thereafter became an offense that cannot be prosecuted against the express will of the victim but are prosecutable without the victim's official complaint.

### 8.9.2 Jurisdiction

#### 8.9.2.1 Territorial jurisdiction

Unlike civil patent cases, there is no provision on territorial jurisdiction specifically carved out for criminal patent cases. Thus, like in any criminal case, the court having jurisdiction over the place of the offense, the place of domicile or residence of the defendant, or the place where the defendant is presently located has territorial jurisdiction over the criminal patent case.<sup>181</sup>

#### 8.9.2.2 Subject matter jurisdiction

For civil cases, the judicial power of a district court is exercised by a single judge, in principle, while the cases defined in Article 32(1) of the Court Organization Act may exceptionally be judged by a panel of the district court (Articles 7(4)–(5) and 32(1) of the Court Organization Act). Article 32(1)(iii) of the Court Organization Act dictates that, except for certain types of cases, a panel should preside over cases that may result in “capital punishment, imprisonment with or without labor for an indefinite term or for not less than one year in the short term.” However, such punishments are not applicable to the patent crimes defined in Chapter XII of the Patent Act. Therefore, all criminal patent cases are handled by a single-judge bench.

175 Patent Act, art. 225 (“(1) Any person who infringes a patent or an exclusive license shall be punished by imprisonment with labor for not more than seven years or by a fine not exceeding 100 million won. (2) No person shall be prosecuted for committing an offense under paragraph (1) against the victim's express will”).

176 Patent Act, Art. 226 (“Any current or former employee of the Korean Intellectual Property Office or the Korean Intellectual Property Trial and Appeal Board who divulges or pirates confidential information that he/she has become aware of regarding an invention claimed in a pending patent (including an invention claimed in a pending international patent application) in the course of performing his/her duties shall be punished by imprisonment with labor for not more than five years or by a fine not exceeding 50 million won”).

177 Patent Act, 227(1) (“Any witness, expert witness, or interpreter who makes a false statement under oath taken under this Act in his/her testimony, expert opinion, or interpretation before the Korean Intellectual Property Trial and Appeal Board shall be punished by imprisonment with labor for not more than five years or by a fine not exceeding 50 million won”).

178 Patent Act, 228 (“Any person who violates Article 224 shall be punished by imprisonment with labor for not more than three years, or by a fine not exceeding 30 million won”).

179 Patent Act, 229 (“Any person who obtains a patent, the registration of an extension of the valid term of a patent, or an administrative ruling or decision on a request for cancellation of a granted patent in his/her favor by fraud or other improper means shall be punished by imprisonment with labor for not more than three years or by a fine not exceeding 30 million won”).

180 Patent Act, 229-2(1) (“Any person who breaches an order to maintain confidentiality issued under Article 224-3(1), inside or outside of the Republic of Korea, without just grounds shall be punished by imprisonment with labor for not more than five years or by a fine not exceeding 50 million won”).

181 Hyeongsasosongbeob (Criminal Procedure Act), art. 4(1). Jurisdiction of each court is determined in accordance with Annex 3 of the Gagegub Beobwonui Seolchiwa Gwanhalguyeoge Gwanhan Beobryul (Act on the Establishment and Jurisdiction of Courts of Various Levels) as prescribed in art. 4(i) of the same Act.

### 8.9.2.3 Jurisdiction by court level

As stated above, criminal patent cases go to single judges in district courts or their branches and are appealed to panels of district courts (Article 32(2) of the Court Organization Act). Appeals thereof are heard by the Supreme Court.

## 8.9.3 Investigation

### 8.9.3.1 Investigators and initiation of investigation

The Criminal Procedure Act amended on January 1, 2021 has excluded violation of the Patent Act from the offenses subject to initiation of investigation by a prosecutor. As a result, the primary investigators of patent infringement in the Republic of Korea were divided into general judicial police officers and special judicial police officers of the KIPO.

At the same time, the provision that required a patentee to file a complaint within six months from the date on which they became aware of the infringer was no longer applicable. Patent infringement was changed from an offense subject to prosecution only upon complaint to an offense not punishable against the victim's will, and a special judicial police officer may recognize patent infringement if they discover it. However, in practice, patent infringement is brought as a criminal case after the patentee has analyzed whether the infringer's act constitutes infringement. Therefore, the primary investigation into most patent infringement is still initiated upon a patentee's complaint.

As described above, a two-track investigation system is in place for criminal patent infringement – by general judicial police officers and special judicial police officers. After the primary investigation by them, the case may be transferred to the prosecutors' office from each but in different manners. A general judicial police officer transfers the case to the prosecutors' office if they decide to acknowledge the allegation or, even when they decide not to acknowledge the allegation, if there is an objection by the patentee (Articles 245-5(1) and 245-7(2) of the Criminal Procedure Act). When a special judicial police officer conducts a primary investigation, they express their opinion on whether to acknowledge the allegation and transfer all cases to the prosecution (Article 245-10(5) and (6) of the Criminal Procedure Act).

The prosecution may directly conduct a supplementary investigation into the transferred patent infringement case, request a judicial police officer to conduct the supplementary investigation (Article 197-2(1) of the Criminal Procedure Act) or direct a special judicial police officer to reinvestigate the case (Article 245-10(2) of the Criminal Procedure Act). If the prosecution finds an offense directly related to the transferred offense in its direct supplementary investigation, it may additionally recognize and investigate the offense (Article 4(1)(c) of the Prosecutors' Office Act).

### 8.9.3.2 Designation of a focal prosecutors' office and establishment of a specialized investigation department

Since 2014, the prosecution has been responding to criminal cases that require professional and technical backgrounds by designating focal prosecutors' offices and establishing specialized departments. In relation to patent offenses, in November 2015, the Daejeon District Prosecutors' Office, which is situated close to the Patent Court and the KIPO, was designated as a focal prosecutors' office for patent offenses. In February 2018, the Patent Offense Investigation department was established. In March 2018, the Suwon District Prosecutors' Office was designated as a focal prosecutors' office for advanced industry protection. Finally, in February 2019, the Industrial Technology Offense Investigation department was established (its scope of work was expanded when it became the National Defense Business and Industrial Technology Offense Criminal department).

### 8.9.3.3 Patent investigation advisor system

A patent investigation advisor system is in place under the prosecution to provide focal prosecutors' offices and specialized investigation departments with technical advice on new patent infringement, trade secret and other such cases. Patent investigation advisors are appointed via two procedures: three patent investigation advisors (experienced patent attorneys) are directly hired by the Supreme Prosecutors' Office, and six patent investigation advisors are

dispatched from the KIPO (Grade IV officials at the KIPO).<sup>182</sup> Patent investigation advisors provide advice not only on the cases of the prosecutors' office to which they belong but also on the cases of other district prosecutors' offices through transfer.<sup>183</sup> However, even if the suspect is investigated by the Daejeon District Prosecutors' Office (where patent investigation advisors are located) through the transfer procedure, the actual trial is held by the court having territorial jurisdiction over the criminal case (i.e., the court having jurisdiction over the place of domicile or residence of the suspect, the place where the suspect is presently located or the place of offense).

#### 8.9.3.4 Disposition by prosecutor

With respect to transferred cases, a prosecutor directly renders a nonindictment decision if the allegation is not proved or if the authority to indict is not vested. However, for a specialized case transferred to the Daejeon District Prosecutors' Office, the prosecutor of the Daejeon District Prosecutors' Office may either directly render a nonindictment decision or, after the necessary investigation at the Daejeon District Prosecutors' Office, return the case to the prosecutor of the district having territorial jurisdiction over the case for the final disposition. If the prosecutor of the Daejeon District Prosecutors' Office decides not to indict, the appeal process will be handled by the Daejeon High Prosecutors' Office.

In 2020, a total of 212 cases were filed with the prosecution in relation to criminal violations of the Patent Act, including patent infringement, accounting for only about 1.1 percent of the 18,943 cases concerning IP-related offenses that year.<sup>184</sup> The total number of cases processed in 2020 was 385. Of these 385 cases, indictment decisions were made for only 33 cases; a majority of the remaining cases were closed with "allegation not proved" or "no authority to indict."<sup>185</sup>

#### 8.9.4 Trial and hearing

For criminal patent infringement to be established, (i) a valid patent right should exist, (ii) the product or process practicing the patent right should be within the protective scope of the patent right, (iii) the alleged infringer's practice of the patent right should be unlawful, (iv) the alleged infringer should have the ability to fulfill their legal responsibility, and (v) the alleged infringer should have intent. We will mainly discuss requirement (ii) below, as it is most challenged in practice.

##### 8.9.4.1 Whether the practiced product or process falls within the protected scope of the patent right

As in a civil patent lawsuit, the protective scope of a patented invention should be defined first to determine patent infringement. Thus, an interpretation of the scope of claims is required first, with a focus on the language and text stated in the scope of claims (principle of literal interpretation), while also taking into account the descriptions and drawings of the invention and common technical knowledge at the time the application was filed (principle of reference to the descriptions of the invention).<sup>186</sup>

Additionally, to determine patent infringement, the elements stated in the patented invention's scope of claims and the elements of the infringing product or process should be compared based on claim construction, and the elements that are stated only in the descriptions of the invention should not be compared. To fall within the protective scope of a patented invention, the

<sup>182</sup> Patent investigation advisors hired by the Supreme Prosecutors' Office through the first procedure are dispatched to the criminal division of the Seoul Central District Prosecutors' Office exclusively for IP right- and culture/art-related cases (Criminal Division VI) and provide advisory services there. Of the patent investigation advisors dispatched through the second procedure, four work at the Daejeon District Prosecutors' Office (focal prosecutors' office for patent offenses) while two serve at the Suwon District Prosecutors' Office (focal prosecutors' office for industrial technology offense), providing advisory services there.

<sup>183</sup> E.g., cases with IP issues, such as patent infringement, are transferred from prosecutors' offices across the country (except Seoul) to the Daejeon District Prosecutors' Office – the focal prosecutors' office for patent offenses – for investigation.

<sup>184</sup> Institute of Justice, *2021 Offense White Paper* (2022), at 125. This figure includes all violations of the Trademark Act; Copyright Act; Unfair Competition Prevention and Trade Secret Protection Act; Music, Video and Game Act; Game Industry Promotion Act; Music Industry Promotion Act; Promotion of the Motion Pictures and Video Products Act; Design Protection Act; Patent Act; and Utility Model Act.

<sup>185</sup> Institute of Justice, *2021 Offense White Paper* at 281. Of the 33 cases with indictment decisions, two were brought to formal trials, and thirty one were closed with summary indictments. Of the remaining cases filed with the prosecution in relation to Patent Act violations, 250 were closed with "allegation not proved," and 66 were closed with "no authority to indict." Because patent infringement is an offense not punishable against the victim's will, there is "no authority to indict" if the victim and the suspect settle during the investigation.

<sup>186</sup> See Section 8.5.1 for more details.

defendant's product or process must include all elements of the patented invention. If only some of the elements of the patented invention are included, with the rest missing, then the product or process does not fall within the protective scope of the patented invention in principle.<sup>187</sup>

Patent infringement includes both literal infringement and infringement under the doctrine of equivalents. Therefore, patent infringement may be established in a case where the elements of the defendant's product or process are not literally identical but instead equivalent to the corresponding elements of the plaintiff's patented invention.

However, whether indirect infringement can constitute patent infringement is an issue. Court precedent takes the position that indirect infringement is fundamentally a preparatory act of infringement, and, since the punishment of a preparatory act of a criminal act requires a specific provision therefor, the provision to punish patent infringement cannot itself be used in punishing indirect infringement, a preparatory act of infringement.<sup>188</sup>

#### 8.9.4.2 Grounds for patent invalidation in criminal patent infringement cases

In cases where the elements of a patented invention are identical to those of the prior art known at the time of patent application and thus lack novelty, the patented invention has no scope of the right worth protecting regardless of the absence of an invalidation decision, and, thus, patent infringement is not established.<sup>189</sup>

Whether a lack of inventive step can be reviewed in a criminal patent lawsuit is an issue. As discussed above, in a civil patent lawsuit, the defendant typically argues against the plaintiff's patent infringement claim to the effect that it is an abuse of rights based on a clearly invalid patent right that lacks an inventive step, and such a defense has been upheld as valid.<sup>190</sup> Although there has not yet been explicit precedent in a criminal lawsuit, it is a common view that no criminal infringement will be found if the patented invention is found to be lacking an inventive step upon review. However, in practice, if a lack of an inventive step is alleged, the trial will generally proceed in consideration of the progress of the related judicial and administrative trials.

#### 8.9.4.3 Intent and unlawfulness

Criminal patent infringement requires the infringer's intent. The term "intent" here refers to the awareness and acceptance of patent infringement;<sup>191</sup> it cannot be readily concluded that an infringer has criminal intent on the sole basis of a registered patent. Where a right holder becomes aware of another person's act of infringement, they may secure evidence of intent by sending a warning letter to the infringer.

However, the Criminal Act provides that "[w]hen a person commits a crime mistakenly believing that his or her act does not constitute a crime under the laws and regulations, he or she shall not be punishable if the misunderstanding is based on reasonable grounds."<sup>192</sup> In this regard, an issue arises as to whether this provision applies when a defendant has been advised, for example, by a patent attorney on patent infringement. Courts tend to take a strict view as to whether such advice may be construed as a justifiable ground for the misunderstanding of law: the mere fact of receiving advice is not enough to escape punishment.

#### 8.9.4.4 Number of offenses

As the legal interest sought in a patent infringement lawsuit is to protect the patent right, then even if one person has committed multiple infringements, a single comprehensive offense may be established if the unity and continuity of their criminal intent is recognized.<sup>193</sup> In other words, in such cases, multiple infringements are treated as one offense. In addition, regardless of whether the right holder is the same, only one offense of infringement is established for each patent right.

187 Daebeobwon (Sup. Ct), Jan. 12, 2006, 2004Hu1564.

188 Daebeobwon (Sup. Ct), Feb. 23, 1993, 92Do3350.

189 Daebeobwon (Sup. Ct), Feb. 27, 2004, 2003Do6283. Additionally, if there is a description defect in the scope of claims of a patented invention, the scope of right cannot be acknowledged even before a decision invalidating the patent is finalized, and practicing an invention in the same or equivalent relationship with a patented invention whose scope of right is not acknowledged as above does not constitute patent infringement (Daebeobwon (Sup. Ct), Oct. 14, 2005, 2005Do1262).

190 Daebeobwon (Sup. Ct), Jan. 19, 2012, 2010Da95390 (*en banc*).

191 Daebeobwon (Sup. Ct), Jan. 14, 2010, 2008Do639.

192 Hyoungbeob (Criminal Act), art. 16.

193 Daebeobwon (Sup. Ct), Feb. 14, 2008, 2007Do9659.

### 8.9.5 Sentencing

The statutory punishment for patent infringement is imprisonment with labor for not more than seven years or a fine not exceeding KRW 100 million. In general, factors to be considered in sentencing include whether the patented invention is actually practiced by the patentee, whether the defendant is in a competitive relationship with the patentee, whether the infringement is literal infringement or infringement under the doctrine of equivalents, the degree of infringement, the degree of damage inflicted on the victim by the infringing act, whether an agreement was reached, and the degree of intent to infringe.

As seen in Section 8.9.3.4, there has been a very limited number of cases where a person has actually been indicted and subjected to a criminal patent lawsuit. Most of these indicted cases were closed by an agreement between the defendant and the victim in criminal proceedings, and guilty decisions were rarely made. Even if a person were to be found guilty, they are, in practice, rarely sentenced to imprisonment; instead, they are mostly sentenced to a fine and probation.

#### 8.9.5.1 Forfeiture and joint penal provision

Any article created by patent infringement or obtained by such infringement can be confiscated or ordered to be delivered to the injured party upon the injured party's request.<sup>194</sup>

If a representative of a corporation or an agent, employee or other worker of a corporation or individual commits patent infringement in connection with the business of the corporation or individual, then not only will the offender be punished by a fine, but also the corporation or individual. However, this does not apply where the corporation or individual has not been negligent in giving due attention and supervision concerning the relevant business to prevent such an offense.<sup>195</sup>

### 8.9.6 Appeals

As a criminal patent case is a single-judge case at the district and branch courts, an appeal from the decision is judged by the three-judge panel of the district court (Article 32(2) of the Court Organization Act), and an appeal from the panel's decision is judged by the Supreme Court.

<sup>194</sup> Patent Act, art. 231(1).

<sup>195</sup> Patent Act, art. 230.