National Patent Litigation—South Korea

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I. Available Relief

A number of options are available to a patentee or an exclusive licensee who has been recorded as such with Korean Intellectual Property Office (KIPO) through a civil main action. Generally, injunctions against infringement and monetary damages are available for patent infringement actions. In addition, one can demand the destruction of the means by which the infringement have been committed, including the products obtained through use of infringing process, the removal of the facilities used for infringement and other measures necessary to prevent infringement.

Additionally, a preliminary injunction action can be filed as a separate action from the civil main action. A criminal action may be sought for infringement of technical IP rights, including patents, utility models, and designs, but in reality, criminal prosecution is almost never used.

II. Fact-finding and Preservation of Evidence

Evidence Preservation

By statute, the plaintiff in a patent infringement action can request the court for preservation of documents prior to filing the complaint, but the courts often deny such request due to irreparable harm that may be caused on defendants regarding trade secret issue.

Fact-finding

There is limited discovery available in Korea and it is conducted entirely by and under the supervision of the court. The Civil Procedure Act provides that a party may petition the court to order production of certain documents from the other party or a third party, inspection of the other party's or a third party's sites, and examination of witness and parties by summons. In addition to the discovery measures provided in the Civil Procedure Act, Article 132 of the Patent Act also specifies that the court may, upon request by a party, order the other party to submit "materials necessary for proving the relevant infringement or calculating the amount of losses caused by the relevant infringement." If the party controlling such materials refuses to submit the materials because it has "a reasonable ground" to do so, the court can inspect the materials in camera to determine whether the cited ground is indeed reasonable. The Patent Act was amended in 2016 to add that asserting the requested material is a trade secret will not be considered "a reasonable ground" if such material is necessary for proving infringement or calculating the amount of losses and that the court shall protect the trade secret by limiting the access to and scope of such trade secret. If a party refuses to comply with the court's order, the court may deem the other party's claim regarding the material is true, essentially allowing adverse inference against the non-compliant party. The parties will usually present their expert witnesses on technical matters, but the court may request or appoint experts for their opinion by providing affidavits or testimony.

III. Strategic Options

1. Warning/Notice Letters

Writing of warning or notice letters is not required for filing a patent infringement action and serves little purpose other than to provide notice to the potential defendant of alleged infringement activities.

2. Preliminary Relief

As mentioned above, a separate preliminary injunction action can be filed that is procedurally different from the main civil action. A preliminary injunction action can be filed to seek provisional seizure of infringing products and provisional disposition. Due to its provisional nature, showing of a *prima facie* valid claim and an immediate or present danger of irreparable harm to the patentee or the exclusive licensee is required for relief. For preliminary injunction to convert into permanent injunction, one needs to file a separate civil main action at the district court. Preliminary injunction action and a civil main action can be filed separately or concurrently.

The appeal from the preliminary injunction action will be in front of a High Court, rather than the Patent Court.

3. Main Proceedings

No jury trial is available in civil cases in Korea. Patent infringement cases are, therefore, tried in front of a three-judge panel, with the most senior judge presiding. After the complaint has been filed, the defendants have 30 days to answer the complaint. For a preliminary injunction action, there will be a first hearing within two to three weeks of the defendants' answer; for a civil main action, it would be approximately three to four months before the first hearing. The parties will exchange a few rounds of briefs prior to the first hearing to prove its case and provide the defences and reduce the issues for the litigation proceeding. If the case is not decided after the first hearing, there will be several hearings following the first hearing in three to five-week intervals (two to three week intervals in case of preliminary injunction action) during which

different evidence and witness testimony will be provided. Because the evidence gathering is largely dictated by the court through motion practices, the first few hearings are usually focused on plaintiffs trying to obtain evidence of infringement that is not in their control. Between hearings each party will submit briefs to cover the issues that were raised during the previous hearing as ordered by the judge, and these briefs serve as main record for the judges. There is no statutory procedure for Korean courts to conduct separate claim construction similar to Markman hearing in the U.S. The claim construction is usually conducted through lawyer arguments and expert testimony relying on the rules of construing the claims terms as stated below. There is no certainty as to the court's application of either party's proffered construction of disputed terms in the claims until the court issues its decision.

District courts may also appoint technical assistants, who are current KIPO officials dispatched to the district courts on two-year terms, to aid the judges with the technology at issue in the litigation. Courts sometimes appoint technical experts to provide judges with assistance on the technical aspects of the patent at issue, who usually hold a technology explanatory session for that purpose. Court-appointed experts are independent and neutral and provide its technical opinion on the scope of the patent and infringement allegations. In addition to the court-appointed experts, each side will usually present expert witnesses on technical matters who offer testimony as to their expert opinions. Once the judge is satisfied with the amount of evidence and the resolved legal issues, the judge will announce that it is ready to rule on the case. A civil main action usually lasts between 12 to 24 months, while a preliminary injunction action will last between six to 12 months before the judgment.

Pursuant to the Court Organization Act Article 62-2, amended December 12, 2017, starting on June 13, 2018, IP infringement cases at the Seoul Central District Court and other cases under the Patent Court's jurisdiction can be conducted in a foreign language by the agreement of the parties. Such option is available for a case in which (i) a foreign national is a party, (ii) a major part of discovery requires it to be conducted in the foreign language, or (iii) similarly international issues as (i) or (ii) are present. This is an extension of the Patent Court's efforts to become more attractive and accessible to foreign litigants who are considering enforcing their IPs in Korea. The self-described ultimate goal is to make Korea the "hub state" in Asia when it comes to IP infringement litigations involving multinational parties. According to the current plan, the presiding judge will be conducting the trial in Korean, with simultaneous translation provided. The documents submitted to the court may also be in the foreign language, without needing to provide a translated copy in Korean. The court's decision and order will issue in Korean, but a translated copy will be sent to the parties.

4. Claim Amendments During Pending Proceedings

Claim amendment is available at any time by application to the Intellectual Property Trial and Appeal Board (IPTAB), even during the infringement action, except when the patent is a subject of an invalidity proceeding, during which process the patentee may amend the claims prior to providing its answer to the IPTAB. For those patent claims that are subject to the invalidity proceeding, the claims can only be amended to narrow the scope of the claims or to clarify an ambiguous description. Once the patentee applies for the claim amendment to the IPTAB, the proposed amendment will undergo the re-examination for the patentability. Infringement actions involving the patent in an amendment proceeding are sometimes stayed at the court's discretion pending the amendment decisions from the IPTAB.

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5. Protective Letters

There is no provision in the Korean patent litigation system for the filing of protective letters.

6. Declaratory Actions for Non-Infringement

Theoretically, a potential defendant can initiate a civil action requesting the court to find lack of infringement by certain products, but it is rarely used in practice. What is more commonly used is the Trials to Confirm Scope of Rights at the IPTAB, where either the patentee or the potential infringer can ask the board to "confirm the scope of rights in the patent" to determine whether certain products come under the protection of the patent at issue. For a potential infringer (*i.e.*, plaintiff) to file a declaratory action in front of IPTAB, it merely needs to show that it is in the same business area as the patent claim defines and that it has a plan to make, use or sell a related product; unlike the declaratory judgment in the U.S., an actual controversy between the parties is not required. The plaintiff must specify the alleged infringing product or process, and once the declaratory action is instituted, the plaintiff may seek a declaratory judgment of non-infringement, invalidity, or unenforceability, or a combination of the aforementioned. A finding of the product being outside of the patented scope can be

used as evidence in an infringement action against the defendant, although due to the bifurcated system of Korea, the district court does not necessarily defer to the IPTAB's findings.

7. Enforcement Prior to Grant

Enforcement of patent prior to grant is not available in Korea.

8. Customs Seizure

Korea Trade Commission (KTC) is a government agency that investigates unfair acts of importation, the sale of an imported product, exportation, and manufacture for export of a product in violation of intellectual property rights of another similar to U.S. ITC. KTC has the authority to issue temporary relief or corrective measures including a penalty. Similar to the ITC investigation in the U.S., a patentee can file a complaint with KTC claiming patent infringement by imported and exported products. KTC will then institute an investigation to be completed within six months. The procedure is largely conducted through documentary submissions and a hearing may be conducted. At the conclusion of the investigation, the Office of Investigation issues an initial determination regarding infringement and remedy and the initial determination is then reviewed by KTC and a final determination is issued. If a violation is found, KTC can issue a temporary relief or corrective measure to ban imports of infringing products at the ports of entry, destroy the infringing products or impose a penalty, or both.

IV. Procedural Aspects

1. Court System and Specialization

Prior to 2016, patent infringement action could be filed in any of the fifty-six district courts around the country. As of January 1, 2016, however, that number has been reduced to five specialized IP district courts, including Daejeon, Daegu, Busan, Gwangju and Seoul Central District. The change was implemented to improve expertise of district courts in IP matters. Of the five specialized IP district courts, Seoul Central District Court is the most popular venue by far, handling majority of the patent infringement actions in the country.

As stated above, the appeals of the patent cases from the civil main actions and the invalidation proceeding at the IPTAB go to the Patent Court, a specialized court dedicated to patent-related matter similar to the Federal Circuit in the United States. Appeal from the preliminary injunction will be reviewed by the High Court, a general appellate court.

2. Bifurcation

Korea has a bifurcated system in which infringement and invalidation are decided in separate proceeding and by different courts. Infringement actions are filed at the district courts while invalidation actions are filed at the IPTAB. However, the infringement action court may review the invalidity of the asserted patent if it finds the patent is clearly invalid to dismiss the underlying infringement action based on the grounds of an abuse of rights.

If both the infringement and invalidation actions are pending before the district court and the IPTAB on parallel tracks, then either party may request that the infringement action be stayed pending the outcome of the invalidity action. Such request is sometimes granted, as the invalidity action is usually faster, but it is subject to the court's discretion.

While the first instance courts may differ for infringement and invalidity actions, the Patent Court has the exclusive jurisdiction for the appeal of the civil main action and the invalidity decision by the IPTAB.

3. Who Can Sue

Article 126 of the Patent Act states that the patentee and the exclusive licensee, whose rights have been recorded with the KIPO, may file a complaint to seek enforcement of the patent rights.

4. Who Can be Sued

Article 126 of the Patent Act states that the patentee or an exclusive licensee may file a complaint to seek injunction against, or prevention of, infringement against a person who infringes, or is likely to infringe, his/her rights. The potential defendant includes not only a single actor that performs all the elements defined in a patent claim, but also multiple joint infringers who may not individually perform all the elements, but collectively, perform all elements together. In addition, one may be liable for contributory infringement under Patent Act Art. 127 when manufacturing, assigning, leasing, or importing a thing used exclusively for practicing the patented process or producing the patented product.

5. Admissibility of Evidence

See above under Main Proceeding.

6. Structure of the Proceedings

See above under Main Proceeding.

7. Timing including Preparation

See above under Main Proceeding.

8. Costs and Cost Reimbursement

The cost of litigating a patent may vary widely based on many factors, including the complexity of the relevant technology, the parties' litigation style and strategy, soundness of the patent claims, and the venue. Due to lack of any significant evidence gathering and the bifurcated nature of the litigation, the cost of litigating or defending one's case in a patent infringement action in Korea is quite inexpensive compared to the U.S. In providing a rough estimation of the costs, it can range between U.S. $100,000 to U.S. one million.

In the civil actions, Korean law allows a party and the counsel to arrange to be compensated on a contingency fee basis, but the Supreme Court held in Case No. 2015 Da 200111 (June 23, 2015) that it is not allowed to defend a criminal using the contingency fee arrangement.

Theoretically, prevailing party to an infringement action is entitled to recover certain costs incurred during the litigation, such as attorney's fees, filing fees, court-appointed expert's fees, etc. However, in actuality, the recoverable amount is limited to the statutory limit and is generally only a fraction of the actual amount spent.

9. Enforcement of Decisions

At the conclusion of the trial, the presiding judge will issue a final judgment, and if infringement is found, then the final judgment will include the remedies sought by the plaintiff, including an injunction, monetary damages, and others. Once the judgment is issued, the prevailing party can enforce the judgment against the property or assets of the unsuccessful party. If the patentee prevails in a preliminary injunction action, the injunction is immediately enforceable whether the judgment is appealed by the defendant; in the meantime, the plaintiff is required to post a bond for the injunction. If the patentee prevails in a civil main action, then the court may order a provisional execution of an injunction by the plaintiff's request, which is immediately enforceable. The defendant may file a request for stay of the enforcement of injunction pending the appeal, which usually is granted on the condition that the defendant post a bond.

10. Appeal

As stated above, all appeals of infringement actions based on the civil main action and invalidation actions at the IPTAB are appealed to the Patent Court, which can review any and all issues on de novo basis while also relying on the record in the lower courts. New evidence can be introduced for the first time if it is accompanied by a good reason as to why it could not have been submitted at the lower court. Preliminary injunction decisions are reviewed at the High Court of relevant jurisdiction with similar standard of review as the Patent Court.

The outcome of the second instance appeal can be appealed to the Supreme Court as of right, meaning the Supreme Court has to review once the case is in front of it. However, the Supreme Court's review is limited to the legal issues only.

11. Service Abroad

The Republic of Korea is a signatory to the Convention of 15 November 1965 on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters, also called The Hague Service Convention, therefore, any service abroad to another signatory state of The Hague Service Convention will need to follow the steps required by the Convention. For all other countries, the service will need to be customized to the requirements of the target states for the service therein.

12. Influence of Foreign Decisions

Korean courts usually do not give deference to foreign decisions as persuasive. If the disputed issue involves an area of developing law where Korean legal jurisprudence has not covered, Korean courts may look to precedents in foreign jurisdictions as referential guidance, in particular if the facts and legal issues are identical or similar.

13. Protection of Confidential Information

For all patent-related proceedings, either party to the litigation may apply for the court to enter a protective order prohibiting the parties from disclosing confidential information to those outside of the litigation.

V. Claim Construction

1. Most Important Rules for Literal Claim Construction

Patent Act Art. 97 states that "[t]he scope of protection of a patented invention shall be determined by the descriptions of the claims." The scope of the claim is, therefore, determined by the claim itself. The meaning of the words used in the claims should be interpreted using the plain and ordinary meaning of the words. When the meaning of the terms within a claim is not clear, one may to look to the patent specification and drawings to gain a better understanding of the meaning of the terms. If the terms are not understandable even after consulting the specification and drawings, one would seek how a person of the ordinary skill in the art would have interpreted the terms at the time of the invention. The prosecution history may be taken into consideration as well, but usually at the request of the parties.

2. Doctrine of Equivalents

The doctrine of equivalents has been generally recognized in Korea. According to the decisions of Korean courts, even if all elements of a claim is not literally present in a product or a process, a finding of patent infringement is possible under the doctrine of equivalents if certain requirements are met, including the following:

1) The accused product or process uses the same principle to solve the same problems as the invention of the patent;
2) The accused product or process use equivalent element or elements to achieve substantially the same effect as the corresponding claim element;
3) The equivalent element is obvious to a person of

ordinary skill in the relevant art such that it is easily conceivable;

4) The accused product or process utilizes the prior art or what would have been obvious for the person of ordinary skill in the art to devise using the prior art; and

5) The equivalent element was not purposefully excluded from the patent claims during the patent's prosecution.

The plaintiff has the burden to allege and prove the first three elements, while the defendant has the burden to allege and prove the next two elements.

VI. Liability

1. Direct Infringement

Direct infringement is an unauthorized practice of the patented invention, and "practice" is defined under Patent Act Art. 2 as follows:

(a) An invention of a thing: Manufacturing, using, assigning, leasing, or importing the thing or offering to assign or lease the thing (including displaying the thing for the purpose of assigning or lease);

(b) An invention of a process: Using the process;

(c) An invention of a process of manufacturing a thing: Using, assigning, leasing, or importing the thing manufactured by the process or offering to assign or lease the thing, other than the activities specified in item (b).

2. Indirect Infringement

Patent Act Art. 127 provides the following activities also constitute infringement:

Conducting either of the following activities for business purposes shall be deemed infringement of a patent or an exclusive license:

1. If the patent is for the invention of a thing: Manufacturing, assigning, leasing, or importing the thing used exclusively for manufacturing such thing or offering to assign or lease such thing;
2. If the patent is for the invention of a process: Manufacturing, assigning, leasing, or importing a thing used exclusively for practicing the process or offering to assign or lease the thing

This provision is similar to contributory infringement concept, although the text does not label the proscribed activities in terms of indirect or contributory infringement.

3. Divided Infringement

There is no statutory provision in the Patent Act for divided infringement concept. There have been a few decisions by the Korean courts that found infringement by a principal infringer who had directed or controlled the other joint infringers who practiced relatively minor element of the method claim at issue. However, the jurisprudence on this particular issue has not been well settled and still being debated on by the scholars.

VII. Particular Defenses

1. Limitation of Claims

Statute of Limitation is a defence to patent infringement. The limitation period for patent infringement claims is consistent with most civil claims, which is 10 years from the date on which the action accrued, or three years from the date the claimant became aware of the damages and the identity of the infringer.

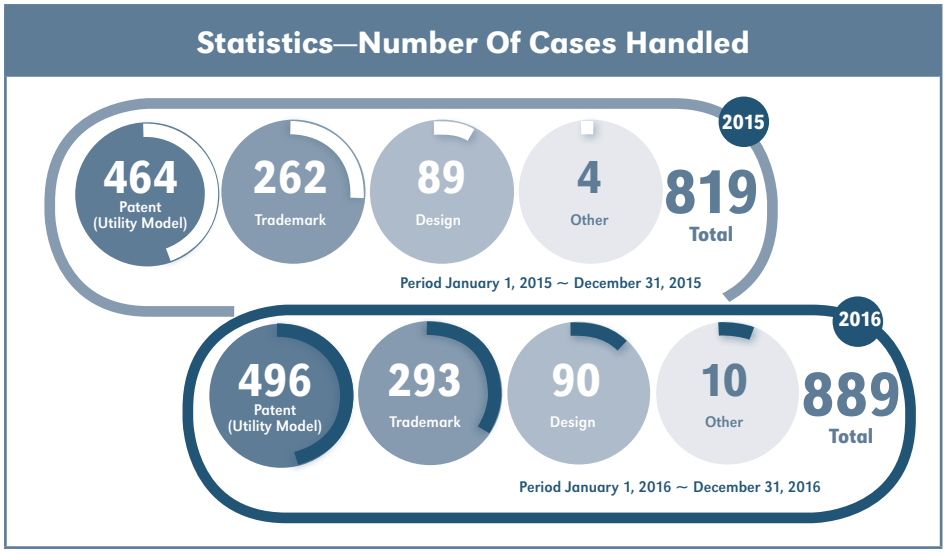
2. Exhaustion

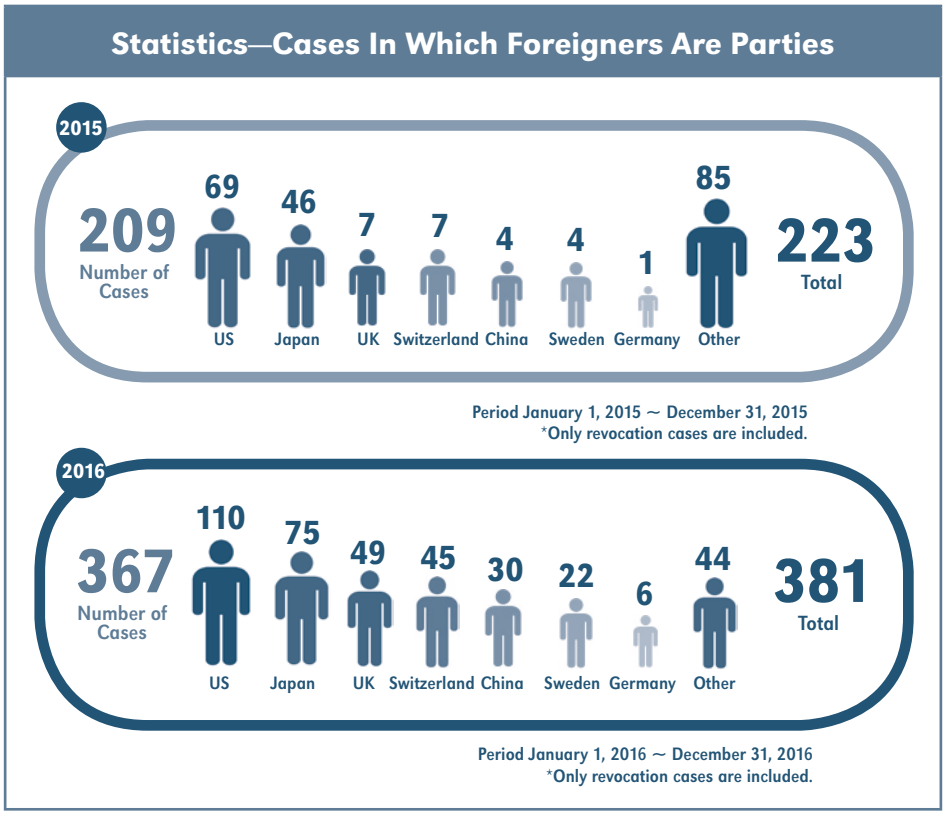
Although there is no statutory provision for the concept of patent exhaustion, *i.e.* Korean Patent Act does not explicitly provide for the patent exhaustion, the Korean court has recognized the principle of exhaustion of the patent right. Korean courts have interpreted the law that, when a patentee or a licensee who has been granted a license from the patentee transfers a patented product in Korea, for the patented product, the patent right shall be deemed to have been exhausted, and the patentee may no longer exercise its patent right against such patented product. However, there have not been many cases in which patent exhaustion was at issue in Korea, so the legal principle is not yet well developed in a comprehensive manner. For example, it cannot be said that the specific criteria or standard has been well established when it comes to judging whether exhaustion principle is applicable to a patent claiming an invention of a method or process.

3. Conversion of an Invalid Patent Into a Utility Model

In Korea, a utility model requires an examination and registration by the KIPO, similar to a patent. One can choose to file either application based on the same invention. A pending patent application during the examination period, and even within 30 days of the rejection of such application, may be converted into an application for a utility model under the Utility Model Act, Art. 10. However, once a patent is issued, the same underlying invention cannot apply for a utility model in Korea. Therefore, an issued patent that has been ruled to be invalid through an invalidity proceeding cannot be converted into a utility model under Korean law.

VIII. Statistics





The Patent Court at *https://patent.scourt.go.kr/patent_e/judicial/judicial_02/index.html.* ■

Available at Social Science Research Network (SSRN): *https://ssrn.com/abstract=3271172.*