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Enhancing IP Protection

In order to foster a culture that both respects and protects intellectual property, we are striving to raise public awareness of counterfeit products. In response to the growth boom of online markets, we expanded our crackdown efforts by establishing a virtual law enforcement division equipped with digital forensic equipment for tracking online transactions of counterfeit goods. We also operate an IP Desk program to create and protect the IP rights of Korean companies in foreign markets.

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Fairness

Activities to protect IPs in Korea

01

Enhancing IP protection against counterfeits

In September 2010, we launched the Special Police Squad for Trademark Rights as a way of enhancing law enforcement on counterfeits, and we established offices in Seoul, Busan, and Daejeon. The squad has criminally arraigned 376 individuals found producing and/or selling counterfeit goods, and, in 2013, was responsible

for seizing a total of 822,360 counterfeit items.

Due to the boom in e-commerce, online transactions of counterfeit goods via internet shopping sites have been rapidly increasing. To efficiently handle this issue, in December of 2011, we established a virtual law enforcement division based in Seoul and equipped them with digital forensic equipment to firmly regulate online transactions of counterfeits. We plan to expand our efforts by continuing to restrict sellers of online counterfeit goods and also by shutting down or blocking access to offending websites.

< Law enforcement results >

Category		Before police squad (Jan. - Aug. 2010)	After introduction of police squad				
			Sept.-Dec. 2010	'11	'12	'13	Total
Criminal arrests	No. of individuals	15 (joint crackdowns)	45	139	302	376	862
	No. of confiscated goods	2,860	28,629	28,589	131,599	822,360	1,011,177



02

Raising awareness of IP protection

We conducted a series of public awareness activities and collaborated with civic consumer groups to launch national campaigns urging consumers to buy genuine goods. We conducted 22 training sessions and encouraged consumers to volunteer in helping stanch the flow of counterfeit goods. In addition, we used various media outlets—including televised advertisements, portal websites, and social media networks—to publicize the urgent need for IP protection and the damaging effects of counterfeits.

We developed cartoons to raise awareness of IP protection among children and young teens, then conducted practical learning on how to distinguish genuine goods from counterfeit. We also increased our online presence through publicity on various social media websites.



03

Amended laws related to IP protection

In July 2013, we amended the Unfair Competition Prevention and Trade Secret Protection Act to better respond to diverse new types of unfair competition. The main amendments are as follows:

First, a new clause was inserted for the further definition of unfair competition, thereby establishing a broader legal basis for punishing acts involving unauthorized use of another person's creative achievements—in other words, acts that violate fair commercial practice or competition order.

Second, a legal basis was prepared for the Trade Secret Certification Service that examines original documents in order to certify trade secrets. This

service alleviates the difficulty of proving trade secret ownership during infringement litigation. We are confident it will provide effective rights protection for trade secret holders.

Third, we prepared regulations for a system that provides compensation for the reporting counterfeit goods. We prepared a legal basis for the system



in hopes of effectively tackling the distribution of counterfeit goods, as well as raising public awareness of their illegality and destructive potential.

Fourth, we expanded the legal definition of trade secret possessors from "enterprises" to "individuals" as a way of increasing the scope of punishable trade secret violations. This became necessary due to the increasing involvement of individuals in economic activities and the growing need to protect their trade secrets from leaks.

04

Improved systems to protect corporate trade secrets

In June of 2012, we established the Trade Secret Protection Center

(<http://www.tradesecret.or.kr>), a specialized and exclusive organization that provides useful information for protecting corporate trade secrets.

We produced a series of TV commercials to raise awareness and publicize the severity of trade secret leakage. We also provided field training for improved understanding of the trade secret protection system.

To alleviate the difficulty of authenticating trade secret ownership during infringement litigations, we also introduced, in November of 2010, the Trade Secret Certification Service, which received a total of 49,485 cases by the end of December 2013. This service operates by taking the hash values from trade secret e-documents and combining them with authorized time values from trusted third-parties, thereby creating time stamps. Time stamps are then registered with the Korea Institute of Patent Information (KIPI) to prove the existence of original copies of trade secrets, and well as and their initial dates of possession.



In addition, we developed a standard management system to provide low-cost management with minimal staff requirements for companies struggling to effectively manage their trade secrets.

05

Reward system for reporting counterfeits

Since 2006, we have implemented a reward system to encourage the reporting of counterfeit goods and their distribution, as well as to raise public awareness of the harmful effects of counterfeits.

The manufacturers, distributors, and sellers of counterfeits are all subject to reporting. Citizens are required to identify themselves when reporting illegal activities, thereby ensuring reliability and cutting down on false reports. In 2013, an amount of KRW 84 million was awarded in a total of 101 cases. Wholesale and retail distribution accounted for the largest number of cases at 55, with an amount of KRW 38 million awarded.

There have been 1,144 cases submitted during the 8 years since the system was first introduced in 2006, with a total of KRW 1.69 billion awarded. The seized counterfeit goods were valued at KRW 2.84 trillion when matched to the retail

prices of the genuine articles.

By encouraging individuals to voluntarily report counterfeiting activities, we have paved the way for a wider public understanding of the harmful effects of counterfeits.

06

Collaboration with Korea Customs Service

On June 2013, we cooperated with the Korea Customs Service in actively protecting IPRs by signing an MOU to address the problem of imported and exported goods that infringe on them.

IPR infringement issues are becoming increasingly global. July 2013 marked the second anniversary of the Republic of Korea-European Union Free Trade Agreement (ROK-EU FTA), and the items that fall under IPR protection when passing through Korean customs will expand from trademarks and copyrights to also including patents and design rights—proof that the IPR protection environment is rapidly changing.

The Korea Customs Service remains fully responsible for imported and exported goods crossing Korean borders, while we remain in possession of manpower expert in IPRs—rendering this a golden opportunity for both organizations to forge an active alliance.

Helping Industries Protect IPs Overseas



Such an alliance would make it possible for our examiners and trial judges to work alongside the Korea Customs Service in determining whether imported and exported goods passing through customs infringe on IPRs. This would help ensure the precise and timely protection of IPRs.

In addition, this collaboration, by implementing rapid customs screening and authentications, as well as taking stiff countermeasures against businesses that falsely advertise counterfeits as genuine, is expected to minimize the damage caused to consumers by counterfeit goods, which have seen a trafficking increase with online vendors over recent years.

In the future, both organizations plan to actively conjoin their work so as to enhance the effectiveness of IPR protection.

IP Desk

In an effort to enhance the protection and creation of IPRs of Korean companies in foreign markets, we operate IP Desks. By 2013, we had IP Desks in 9 cities including Beijing, Shanghai, Qingdao, Shenyang, and Guangzhou in China, Bangkok in Thailand, Ho Chi Minh City in Vietnam, and Los Angeles and New York in the



United States. In 2014, we plan to establish additional IP Desks in regions where IP disputes commonly occur.

IP Desks provide consultation services on the registration and protection of IPRs to Korean companies that are either active in or preparing to enter foreign markets. We also hold briefings and seminars to share information on preventing infringements.

We are also making efforts to build cooperative channels with foreign organizations involved in IPRs. We invited civil servants responsible for IPR protection in China, Thailand, and Vietnam to participate in a training session in Korea. In December 2013, we dispatched delegates and business representatives overseas to work on ways to create a favorable IP protection environment.