Korea Introduces Treble Damages in Infringement Cases and Reverses the Burden of Proof

Korea has officially adopted punitive damages for willful infringements of a patent right or a trade secret. Effective July 9, 2019, any intentional infringement of a patent right or its exclusive license in Korea shall be imposed punitive damages. The amount is up to three times the damages recognized by the court. The adoption of punitive measures is to ensure that the infringed right holders can be fully compensated and to curb unethical business practices in which competing market players prefer to infringing and paying damages, rather than negotiating and paying the appropriate licensing fees as provided by law.

This new provision was included in an amendment bill of the Korean Patent Act and was passed by the National Assembly of Korea on December 7, 2018. The amendment bill also shifts the burden of proof, in patent infringement litigation, to the party denying a specific act of the alleged infringement. If the accused party fails to justify the specific act with sufficient evidence, the court may assume the allegedly infringing act to be true.
Reversal of Burden of Proof in Patent Litigation

Current Korean Patent Act and Civil Procedure Act 目前韓國《專利法》及《民事訴訟法》規定：

Burden of proof borne by patentees 專利權人承擔舉證責任:
- Prove a specific mode of infringement 提供明確侵權模式;
- Identify infringing products or services 鑑別侵權產品或服務

Limited scope of discovery 限定舉發範圍:
- No extensive discovery as provided in US patent litigation 沒有用美國專利訴訟制度之證據開示;
- A party can merely ask the court to order the other party to produce materials 僅可請求法院下令對方提出資料

⇒ Challenging burden to patentees 形成專利權人的舉證負擔

Amendment of Patent Act adding §126-2 《專利法》新增第126條之2

- If an alleged infringer denies the product or process that the patentee claims, the alleged infringer should produce specific information of the accused product or process.
  若被控侵權者否認專利權人主張，該被控侵權者應提出被控侵權物或製成的具體資料
- Any refusal to do so without a legitimate reason creates a presumption that the Patentee’s assertion regarding the mode of practicing a patent at issue is true.
  若被控侵權者拒絕配合卻無正當理由，法院將推定專利權人主張的侵權情況屬實
  ⇒ Burden of proof shifted to an alleged infringer / 舉證責任轉移至被控侵權者;
  ⇒ Effective from July 9, 2019 / 2019年7月9日生效;
  ⇒ No retroactive effect: applicable to litigation commencing after the effective date. / 法不溯及既往：適用於修法生效後發生的侵權行為。

Amendment of Patent Act 韓《專利法修法》

**Current Patent Act 現行法律**
1. Loss incurred by willful or negligent infringement / 故意或過失侵權導致之損失；
2. Profits gained by willful or negligent infringement / 故意或過失侵權行為之獲利；
3. Usual license fees / 一般授權費；
4. Reasonable damages (when extremely impracticable to verify facts necessary for evidencing the loss) / 合理損失賠償（當證明損失的事實依據難以判定...）

**Amended Patent Act 修法內容**
1. Loss incurred by willful or negligent infringement / 故意或過失侵權導致之損失；
2. Profits gained by willful or negligent infringement / 故意或過失侵權行為之獲利；
3. Reasonable license fees / 合理授權費；
4. Reasonable damages (when extremely impracticable to verify facts necessary for evidencing the loss) / 合理損失賠償（當證明損失的事實依據難以判定...）
5. A court may increase by up to three times the recognized damages upon finding of willful infringement. 法院若認定侵權行為出於故意，可加重損失賠償金額最高三倍。

⇒ Effective from July 9, 2019 年 7 月 9 日生效；
⇒ No retroactive effect: applicable to infringements occurring after the effective date. 新法不溯及既往：適用於修法生效後發生的侵權行為。
Under the current Patent Act, the burden of proving a specific act of infringement in patent litigation lies with the accuser. The right holder has the obligation to identify an infringing product or service; but, in most cases, such evidence is not publicly or easily available. The defendant may win the lawsuit by simply denying the allegation. The Act and the Korean Civil Procedure Code were amended in 2016 so that the court may order the alleged infringer to produce materials necessary to verify the alleged infringement. It however doesn’t bring a substantial change in the situation.

**Eight Factors in Damage Calculations**

According to the newly added provisions, Articles 128 (8) and 128 (9) of the Korean Patent Act, the court will consider the following eight factors in determining whether the act of
infringement is willful or intentional, as well as the amount of damages to be awarded.

- whether an infringer is in a dominant position (superior status);
- the degree to which an infringer recognized the willfulness of his misconduct or potential damages that a Plaintiff may sustain;
- the scope of damages suffered by a Patentees;
- economic benefits that an infringer obtained as a result of the infringing act;
- the period and frequency of the infringing act;
- penalties arising from the infringing act;
- the scope of an infringer’s assets; and
- the degree of remedial efforts by an infringer.

The adoption of treble damages for willful infringement is expected to redress certain distortions in the technology market and to encourage licensing between companies, as well as aid the infringed right holders to sufficiently recover their damages through litigation. The provisions regarding the punitive damages will be applicable to infringements occurring after the effective date of the revised Acts.

Reference:

- 韓國《專利法》2013 年中英對照版 (Act No. 11690, Mar. 23, 2013)
- 韓國《專利法》2016 年英文版 (Act No.14112, 29. Mar, 2016., Partial Amendment)
- Lee International IP & Law Group, Korea Introduces Punitive Damages , Newsletter No. Spring 2019
- Dong-Jae LEE, Patentee’s Alleviated Burden of Proof in
Patent Infringement Lawsuit under Recent Revisions of the Korean Patent Act, Retrieved 30 April, 2019