

Strategies for Brand Protection

–Korean Anti-Counterfeit Laws and Measures–

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“당신이 그것을 만들 수 있다면, 당신은 그것을 위조 할 수 있다.” 거의 모든 제품은 위조 될 수 있고 위조되어 왔다. 오늘날, 모조품 문제는 세계 무역의 7%를 차지하는 국제적인 병폐가 되었다. 많은 이해 관계자들의 지속적인 노력에도 불구하고 위조 상품의 문제는 보다 기발하고도 애매한 수단을 통해 계속 줄어들지 않고 있다. 그러나 위조는 방지 될 수 있다. 지식 재산권의 관점을 통해 위조 문제에 접근함으로써, 이 논문은 한국에서 위조에 대응하기 위해 가능한 민사, 형사 및 통관 대책과 정부의 발의를 설명한다.

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I. The Counterfeit Problem

Counterfeit goods have become a global epidemic. While it is difficult to gauge the overall impact of counterfeit goods precisely, it is unmistakable that counterfeiting has grown in toe with the exponentially globalizing economy. Consequently, the costs – both seen and unseen – of counterfeit goods can only be immense. By some estimates, counterfeiting has cost the global economy more than US\$ 1.7 trillion annually.¹⁾ This figure accounts for as much as seven percent of global trade, which is staggering indeed.²⁾

The costs exacted by counterfeiting, however, are not limited to global trade. Counterfeit goods not only impose significant drain on business and global economy but also stifle investments in creativity and innovation, undermine brand recognition and goodwill, and jeopardize consumer health and safety.³⁾ In addition, counterfeiting impacts myriad stakeholders, including brand manufacturers, wholesalers, retailers, shippers, insurance carriers, bankers, customs officers, and countries dealing with counterfeit goods inside and outside of their borders on a daily basis.⁴⁾

Given the pervasiveness and impact, it is imperative to take proactive steps to fight counterfeiting. The first step in any fight is to define and understand precisely the underlying problem, and thus, Part II of this Article will begin by characterizing counterfeiting as fundamentally an issue of intellectual property rights. From this characterization, Part III will explore the sources of law in Korea that will enable the fight against counterfeit goods to be waged, and hopefully, in an effective manner. Part IV will discuss the measures and remedies that are available to leverage the sources of law in Korea to produce tangible outcomes in civil, criminal, and customs settings. Part V will conclude this Article by describing the recent

1) BASCAP, *Roles and Responsibilities of Intermediaries: Fighting Counterfeiting and Piracy in the Supply Chain*, Mar. 2015, <<https://iccwbo.org/publication/roles-responsibilities-intermediaries/>>, last visited May 5, 2017.

2) Kevin Lewis, *The Fake and the Fatal: The Consequences of Counterfeits*, the Park Place Economists, Vol. XVII 47 (2009) (analyzing the global counterfeiting problem, its origin and effects, and suggesting steps for decreasing the incidence of counterfeiting in the United States).

3) Peggy E. Chaundry & Alan Zimmerman, *Protecting Your Intellectual Property Rights 7* (Springer Science + Business Media New York 2013).

4) *Id.* at 11.

efforts of the Korean Intellectual Property Office (KIPO) and other government agencies in curbing the flow of counterfeit goods into Korea.

II. What is a Counterfeit Good?

The most readily visible and common counterfeit goods are products from the fashion industry, and thus, it is often understood by the public that counterfeit goods are mere non-genuine “knock-off” goods that are – but not always – of inferior quality compared to genuine goods. While this commonplace understanding of a “counterfeit good” is not entirely inaccurate, it merely constitutes one of many descriptions of counterfeit goods rather than a workable definition that will lay the foundation to take measurable actions. To be able to fight and formulate strategies against counterfeit goods, it is necessary to define and thereby understand the essence of counterfeit goods precisely. Only then will it be possible to formulate strategies for brand protection and stem the rising tide of counterfeit goods efficiently and effectively.

There are various competing definitions for a “counterfeit good”. However, there is a fundamental thread that tie them all. Article 51 of the Agreement on Trade-Related Aspects of Intellectual Property⁵⁾ (TRIPS), at footnote 14(a), captures this tread succinctly by defining “counterfeit goods” as follows:

“Any goods bearing *without authorization* a trademark, which is *identical* to the trademark validly registered in respect of such goods, or which *cannot be distinguished* . . . and thereby, *infringe* the rights of trademark owners.⁶⁾” (Emphasis added).

5) Agreement on Trade-Related Aspects of Intellectual Property Right, or TRIPS, is an international agreement entered into in 1994 among the member nations of the World Trade Organization (WTO) that sets minimum standards for regulation of intellectual property in the WTO member nations.

6) Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 57, December 15, 1993, 33 I.L.M. 81, available at <http://www.wipo.int/wipolex/en/other_treaties/details.jsp?treaty_id=231>, last visited May 4, 2017.

The tread encapsulated in this definition is the unauthorized use of trademarks, and by manufacturing, selling, and distributing counterfeit goods, an unscrupulous counterfeiter infringes on the intellectual property rights of legitimate intellectual property right holders. It is this realization and acceptance that counterfeiting is an act of unauthorized trademark use that allows the stakeholders to formulate collaborative and holistic strategies to fight the persistent and growing problem of counterfeiting.

III. Sources of Law for Fighting Counterfeit Goods

The primary sources of law in Korea for legitimate holders of intellectual property rights – the trademark owners (or exclusive licensee) – to take remedial actions against counterfeiters are the Trademark Act and the Unfair Competition Prevention and Trade Secret Protection Act (UCPA).

1. Trademark Act

Korea is a “first-to-file” jurisdiction.⁷⁾ To obtain reliable protection of trademark rights in Korea, a trademark owner must register its trademarks with the KIPO. Once registered, the Trademark Act provides the trademark owners with the exclusive right to use and to prevent others from using trademarks that are either identical or similar on identical or similar goods or services to the designated goods or services of the registered trademarks.⁸⁾ The following acts are deemed to constitute an infringement of the exclusive right conferred on a trademark owner under the Trademark Act:

- the act of using a trademark identical to a registered trademark of another person on goods similar to the designated goods, or using a trademark similar to the registered trademark of another person on goods identical or similar to the designated goods;⁹⁾

7) Trademark Act; Act No. 14033 of Feb. 29, 2016 [hereinafter Trademark Act] at art. 35.

8) *Id.* at art. 89.

9) *Id.* at art. 108(1)(i).

- the act of delivering, selling, forging, imitating, or possessing a trademark identical or similar to a registered trademark of another person for the purpose of using or causing a third party to use such trademark on goods identical or similar to the designated goods;¹⁰⁾
- the act of manufacturing, delivering, selling or possessing equipment for the purpose of forging or imitating a registered trademark of another person or causing a third party to forge or imitate such registered trademark;¹¹⁾ and
- the act of possessing goods identical or similar to the designated goods bearing a registered trademark of another person or any other similar trademark for the purpose of transferring or delivering such goods.¹²⁾

The acts that constitute infringement of the exclusive rights conferred on the trademark owners can be categorized broadly as acts of *direct* infringement or *indirect* infringement. The latter category is different from “contributory infringement” that imposes secondary liability on a person who did not actually engage in the infringing conduct itself.¹³⁾ In fact, under the Trademark Act, there are no statutory causes of action for “contributory infringement.”

2. Unfair Competition Prevention and Trade Secret Protection Act

The Trademark Act protects trademarks that are registered with the KIPO. However, unregistered trademarks are not void of legal protection. Unregistered trademarks that have attained widely-known status regionally or nationally within Korea are protected under the

10) *Id.* at art. 108(1)(ii).

11) *Id.* at art. 108(1)(iii).

12) Trademark Act at art. 108(1)(iv).

13) Jong Kyun Woo, *Trade Marks and Related Rights*, in *Intellectual Property Law in Korea* 101, 119 (Byung Il Kim & Christopher Health ed., 2015) [hereinafter *Trademark and Related Rights*]; see also Hoo Dong Lee et. al., *Border Measures to Prevent the Importation of Counterfeit Products*, Special Report to Anti-Counterfeiting Committee of the Asian Patent Attorney Association (Nov. 2011), available at <http://www.apaaonline.org/pdf/APAA_59th_council_meeting_Manila/AntiCounterfeitingCommitteeReports2011/3-SpecialTopic2011-KOREA%20Anti-CounterfeitingCommittee.pdf>, [hereinafter *Border Measures*] (providing an overview of the border measures to combat counterfeit goods in Korea).

UCPA.¹⁴⁾ Specifically, Article 2(1)(a) of the UCPA proscribes acts that cause confusion by using another's name, trade name, trademark, container for goods or packaging [trade dress], etc. that is widely-known in Korea and identical with or similar to the designations showing another's goods, or by selling, distributing, importing, or exporting goods bearing such trademarks.¹⁵⁾ In addition, acts that damage the distinctiveness/reputation, give false indication or cause confusion as to the place of origin, production, or process, and create misconception as to the quality of goods are also proscribed under the UCPA as acts of unfair competition.¹⁶⁾

The threshold requirement for protection under UCPA is that the unregistered trademark be widely known in Korea. Unfortunately, the UCPA does not expressly stipulate the standard by which an unregistered trademark would be found to be widely known. Here, the Korean courts have given some guidance on the issue opining that it is not necessary for the unregistered trademark to be widely known throughout the whole country.¹⁷⁾ Rather, the unregistered trademark will be deemed to have achieved widely-known status if it is widely known in discrete regions of the country.¹⁸⁾ Further, in determining whether the unregistered trademark is widely known, it is sufficient that only those consumers and traders that deal with the trademarks (*e.g.*, wholesalers and retailers) be familiar with the unregistered trademark.¹⁹⁾

Despite this apparent ease of determining whether an unregistered trademark is widely known in Korea or not, in most cases, it is quite difficult to demonstrate that an unregistered trademark is, in fact, widely known. Therefore, the remedies available under the UCPA are typically reserved for only the most famous trademarks that happen to be unregistered in Korea.

14) Unfair Competition Prevention and Trade Secret Protection Act; Act No. 14033 of Feb. 29, 2016 [hereinafter UCPA] at art. 2(1)(a).

15) *Id.*

16) *Id.* at art. 2(1)(d) – 2(1)(f).

17) Supreme Court Decision, 2010 Do 6187 (Decided on May 9, 2012).

18) *Id.*

19) *Id.*

IV. Remedies Available Against Counterfeit Goods in Korea

Imagine that a trademark owner (or exclusive licensee) has discovered that counterfeit goods of its products are being bought and sold in Korea. More importantly, through preliminary investigation, the trademark owner identified the primary counterfeiter manufacturing or importing the counterfeit goods, and thereafter, selling and distributing those counterfeit goods to Korean consumers. The trademark owner has decided to act against the counterfeiter. In Korea, the trademark owner can seek preliminary injunction, permanent injunction or other equitable remedies, damages, and criminal enforcement. Further, if the counterfeiter is importing the counterfeit goods from abroad, the trademark owner may have recourse through customs to suspend the importation of counterfeit goods at the border.²⁰⁾

1. Preliminary Injunction

Preliminary injunction is available to trademark owners (or exclusive licensee) against counterfeiters to prevent infringement or to suspend ongoing infringement of trademark rights. Recourse to a preliminary injunction action, which is a separate legal action from a main action, provides an expedited method of obtaining provisional relief. To succeed in a preliminary injunction action, the trademark owners must establish their ownership and validity of the trademark-at-issue, similarity of the trademark-at-issue and the accused trademark on a similar designated good (*i.e.*, a *prima facie* showing of infringement), and necessity for the grant of provisional relief.²¹⁾ In determining whether there exists a necessity for provisional relief, the Korean courts engage in an inquiry of balancing whether (i) the trademark owner has suffered irreparable injury; (ii) the remedies available at law are inadequate to compensate

20) In addition to civil remedies (preliminary injunction, permanent injunction (and other equitable remedies), and monetary damages), criminal penalties, and border measures, it is possible for a trademark owner to file a petition with the Korea Trade Commission (KTC). Given its limited role and effectiveness in addressing the inflow of counterfeit goods to Korea, the topic of remedial measures available at the KTC, and thus, redress for import-related injuries, has been excluded.

21) Trademark and Related Rights at 133; *see also* Jay (Young June) Yang, *Issues of Enforcement, in* Intellectual Property Law in Korea 247, 270-271 (Byung Il Kim & Christopher Health ed., 2015) [hereinafter *Issues of Enforcement*].

the trademark owner for the irreparable injury; (iii) the balance of hardships between the trademark owner and the infringer (*i.e.*, the counterfeiter) weighs in favor of a provisional relief; and (iv) the public interest would not be disserved by granting the provisional relief.²²⁾

A preliminary injunction action can result in a faster relief for the trademark owners. If successful, the trademark owner could obtain provisional relief within two to four months from the date of initiating the preliminary injunction action.²³⁾ Meanwhile, an *ex parte* temporary restraining order or other type of emergency relief is not available for trademark owners in Korea.²⁴⁾

As a general proposition, however, it is difficult to obtain such provisional relief in Korea. A preliminary injunction order can be issued with or without a bond. However, in most instances, the Korean courts will require the trademark owner to post a security bond before the preliminary injunction order will be issued.²⁵⁾ Further, there is no US-style discovery system under Korean civil procedures, and thus, it is incumbent upon the trademark owner to proffer evidence necessary to establish a *prima facie* showing of infringement.²⁶⁾ Even if the trademark owner has carried its burden of proof, the Korean courts will not issue a preliminary injunction order unless the trademark owner has used the trademark-at-issue before initiating the preliminary injunction action or has immediate intent to use the trademark-at-issue in commerce.²⁷⁾ Given the difficulty in obtaining a preliminary injunction order, the trademark owners often choose to proceed with the main action where more expansive and permanent remedies are available.

22) *See e.g.*, Trademark and Related Rights at 133 (describing the procedures for obtaining a preliminary injunction order in the Korean courts).

23) *Id.* at 261.

24) *Id.*

25) *Id.*

26) Trademark and Related Rights, *supra* note 14, at 133.

27) *Id.*

2. Permanent Injunction and Other Equitable Relief

A trademark owner (or exclusive licensee) may seek permanent injunction and other equitable relief by initiating a main action at the regional district courts. The procedure for seeking a permanent injunction is similar to the procedure outlined above for obtaining a preliminary injunction. However, there are important differences.

Although comparably difficult to obtain, the value of a preliminary injunction is speed; it is possible for a trademark owner to have a preliminary injunction order as early as two months following the commencement of a preliminary injunction action.²⁸⁾ However, the timeframe for obtaining a permanent injunction order at the first instance is usually between six and twelve months, and thus, is significantly longer.²⁹⁾

Despite this genuine drawback, there are substantial benefits for a trademark owner in seeking a permanent injunction through a main action. Specifically, the trademark owner is not required to prove necessity for provisional relief in seeking a permanent injunction order.³⁰⁾ In addition, the burden of proof that the trademark owner must carry is lower; rather than the need to present a *prima facie* showing of infringement, the trademark owner would only need to show a reasonable likelihood of infringement.³¹⁾ Given that there are only limited evidence-gathering mechanisms available in a civil action in Korea, the lower standard of proof could have the effect of increasing the likelihood that the trademark owner would be successful in enjoining the activities of the counterfeiter.

In addition to permanent injunction, the trademark owner can also seek other equitable relief such as compelling the counterfeiter to destroy the counterfeit goods and the means for manufacturing the counterfeit goods.³²⁾ Further, it is possible for the Korean courts to order the counterfeit goods be seized along with the materials and equipment for manufacturing the counterfeit goods to be held in custody of the bailiff.³³⁾ Lastly, although not commonly

28) Issues of Enforcement, *supra* note 22, at 261.

29) *Id.*

30) *See id.* at 280-281 (highlighting the critical differences between a preliminary injunction action and a permanent injunction action).

31) *Id.* at 281.

32) Young Sun Cho, Intellectual Property Law in South Korea 131 (Wolters Kluwer 2015).

granted, the Korean courts could mandate the counterfeiter to take actions that would restore the goodwill of the trademark-at-issue that has been damaged or tarnished, for instance, by issuing corrective or remedial statement in media outlets.³⁴⁾

3. Monetary Damages

A trademark owner (or exclusive licensee) may claim compensation for damages against a counterfeiter who intentionally and negligently handled counterfeit goods, and thereby, infringed on the trademark rights of the trademark owner. The burden, however, for proving the amount of damages rests on the trademark owner. As explained, given the lack of an expansive discovery mechanism in Korea, the trademark owner may face difficulties in proving the amount of damages incurred as a result of the counterfeiting activities.

To alleviate the burden on the trademark owners to prove the amount of damages, the Trademark Act provides for four different methods of determining the amount of monetary damages as follows:

- Lost Profits: If the counterfeiter sold counterfeit goods, the amount of damages is calculated by multiplying the number of articles – the counterfeit goods – sold with the profit-per-unit that the trademark owner would have earned in the absence of the counterfeit goods. Here, it is important to note that the actual damages cannot exceed the lost profits that the trademark owner could have earned but for the sale of the counterfeit goods – that is, in the absence of any infringement;³⁵⁾
- Infringer's Profits: The amount of damages is calculated based on the profits derived by the counterfeiter – the infringer of the trademark owner's trademark rights – by selling the counterfeit goods;³⁶⁾
- Reasonable Royalty: The amount of damages is calculated based on the amount that a hypothetical licensee would have been willing to pay the trademark owner to license the

33) *Id.*

34) Issues of Enforcement, *supra* note 22, at 281.

35) Trademark Act at art. 110(1).

36) *Id.* at art. 110(2).

trademark-at-issue. In other words, the amount of damages is an approximation of the reasonably royalty that the counterfeiter would have paid to the trademark owner if the counterfeiter has properly taken a license to the trademark-at-issue from the trademark owner and sold genuine products;³⁷⁾ and

- Judicial Determination: If the amount of damages cannot be determined by analyzing the lost profits, infringer's profits, or reasonably royalty, then the Korean courts will determine the amount of damages based on their examination of the evidence, the facts, and the arguments from the trademark owner and the counterfeiter.³⁸⁾

When initiating a main action to claim for damages, the trademark owner, at its discretion, will select the method for calculating the amount of damages. Typically, the trademark owner will choose to claim for damages based on lost profits or infringer's profits as this will most likely yield the highest amount in damages.

It is important to note that the Korean courts do not recognize exemplary or punitive damages. However, following the US - Korea Free Trade Agreement, amendments were introduced to the Trademark Act to enable the trademark owners to claim for statutory damages for up to KRW 50 million in lieu of claiming for actual damages.³⁹⁾ The newly-introduced statutory damages provision applies to limited cases where an infringing party – the counterfeiter – uses a trademark that is *identical* with or *substantially indistinguishable* from the trademark owner's registered trademarks on goods or services that are *identical* with or *substantially indistinguishable* from the trademark owner's goods or services.⁴⁰⁾ This new amendment is tailor-made to address the difficulty in proving the amount of damages in civil actions involving counterfeit goods. Therefore, in addition to the four methods described above, the trademark owners seeking to claim damages should consider whether claiming for statutory damages would be the more appropriate means of being made whole in light of the underlying facts.

37) *Id.* at art. 110(3).

38) *Id.* at art 110(6).

39) *See e.g.*, Trademark and Related Rights, *supra* note 14, at 135 (addressing the amendments to the Trademark Act that introduces statutory damages as one form of relief for trademark owners in Korea).

40) *Id.*

4. Criminal Enforcement

Criminal proceedings are usually initiated by the trademark owner (or exclusive licensee) by filing a criminal complaint with the investigative authorities, which include the police and the prosecutors.⁴¹⁾ Alternatively, the investigative authorities may initiate criminal proceedings in trademark cases by conducting raids and seizing counterfeit goods.⁴²⁾ However, it is not common for the investigative authorities to carry out raids or seize counterfeit goods on its own initiative.

For majority of the cases, it is up to the trademark owners to act by filing a criminal complaint or in some cases by urging the investigative authorities to take action against the counterfeiters.⁴³⁾ The investigative authorities will then consider various factors in determining whether to conduct a search and seizure, such as: (i) whether the scale of the counterfeit goods production and/or sales is sufficiently large; (ii) whether detailed information on the location to be raided (*e.g.*, manufacturing site or large-scale warehouses) is available; and (iii) whether the brand at issue is widely known in Korea. It is important to realize that the investigative authorities are sensitive to internal evaluation and/or press coverage, which might accompany a search and seizure. From the perspective of investigative authorities, the scale of counterfeit goods becomes an important determining factor. In practice, even if there is evidence of counterfeit sales (*e.g.*, actual counterfeit goods themselves or sales receipts), as a general proposition, the investigative authorities will be reluctant to conduct search and seizure against the counterfeiters unless the scale of counterfeit dealing is large.

Both the Trademark Act and the UCPA contain provisions that allow the trademark owners (or exclusive licensees) to take criminal actions against infringers. For trademark infringement, the Trademark Act provides for criminal penalties of a fine of up to KRW 100 million or imprisonment for up to seven years.⁴⁴⁾ If the trademark-at-issue is widely known in Korea,

41) *Id.*

42) *Id.*

43) *See e.g.*, Issues of Enforcement, *supra* note 12, at 281 (noting the limited usefulness of criminal proceedings in Korea to impose criminal penalties on an infringer of intellectual property rights).

44) Trademark Act at art. 230.

then the criminal penalties can be based on unfair competition under the UCPA that will result in a fine of up to KRW 30 million or imprisonment for up to three years.⁴⁵⁾

In practice, criminal enforcement cases are rare in Korea.⁴⁶⁾ However, the trademark owners can avail themselves to the criminal proceedings for a different but perhaps equally important reason – that is, as an evidence-gathering mechanism. As explained, given that Korea lacks pre-trial discovery, and further, the initial burden of proof in establishing infringement rests on the trademark owners, the criminal proceedings can serve as means to gather evidence of infringement as a prelude to initiating a civil action against the counterfeiter. If the trademark owners are successful in persuading the investigative authorities to carry out raids and seize counterfeit goods, then such tangible evidence obtained could be advantageous to the trademark owners in a civil action irrespective of whether the trademark owners are able to impose criminal penalties on the counterfeiter or not.

5. Customs Measure at the Border

The Korea Customs Service (KCS) is the enforcement agency at Korea's borders established to control the importing and exporting of goods.⁴⁷⁾ For a trademark owner, it is possible to take actions through the KCS to obtain a *de facto* injunction against suspected counterfeit goods, which could be indefinite provided that the trademark owner has initiated a main action for trademark infringement against the counterfeiter that is pending.⁴⁸⁾

The KCS protects trademarks through the trademark recordation system.⁴⁹⁾ A trademark

45) UCPA at art. 18(3).

46) Issues of Enforcement, *supra* note 12, at 281.

47) See Border Measures, *supra* note 14 (describing the procedural requirements of the remedial measures available at the border through the KCS); see also Issues of Enforcement, *supra* note 12, at 249 (opining on the effectiveness of border measures through the KCS).

48) *Id.* at 249.

49) The required documents for recording a trademark with the KCS are as follows:

- (1) Certificate of Trademark Registration;
- (2) Materials or documents proving that an exporter/importer engaged in acts of trademark infringement, if available;
- (3) Materials or documents demonstrating that an exclusive licensee exists in Korea and is engaged in the manufacture and sale of genuine goods;
- (4) Materials or documents that can be used to distinguish between genuine and non-genuine goods, if available;

owner seeking to protect its trademarks through the KCS must record its trademarks with the KCS. Only trademarks registered with the KIPO can be recorded with the KCS. The recordation will be valid for three years, and the recordation is not automatically renewed.⁵⁰⁾

The KCS will begin actively monitoring the inflow and outflow of goods at the border once the recordation becomes effective. If the KCS discovers any goods that are suspected as counterfeit goods, the KCS will temporarily seize and detain the suspected counterfeit goods.⁵¹⁾ Concurrently, the KCS will notify the trademark owner of the recorded trademark as well as the party importing the suspected counterfeit goods – the importer – in Korea.⁵²⁾ Once the trademark owner receives the notice from the KCS, the trademark owner will have seven working days to inspect the suspected counterfeit goods to determine whether they are genuine products.⁵³⁾ The seven-day period can be extended if the trademark owner makes a petition for further detainment by (i) posting bond equal to 120% of the taxable value of the suspected counterfeit goods and (ii) by submitting evidence of trademark infringement.⁵⁴⁾ In the event the KCS determines that further detainment is warranted, the KCS will notify the trademark owner and the importer that the suspected counterfeit goods will be detained for an additional period of ten days.⁵⁵⁾ If the trademark owner has initiated a main action against the importer for trademark infringement or has filed a petition to the Korea Trade Commission (“KTC”), the KCS will generally refrain from releasing the suspected counterfeit goods until a decision has been rendered by the Korean courts or by the KTC.⁵⁶⁾

Given that parallel importation of genuine products is generally permitted in Korea, it is possible that the suspected counterfeit goods are, in fact, genuine in many cases. Therefore, the importer of suspected counterfeit goods is not without recourse and can challenge the detainment and request for release. To challenge the detainment, the importer can submit

and

(5) Power of attorney, if someone other than the trademark owner (or exclusive licensee) seeks trademark recordation.

50) Trademark and Related Rights, *supra* note 14, at 137; *see also* Border Measures, *supra* note 14.

51) *Id.*

52) *Id.*

53) *Id.*

54) *Id.*

55) Border Measures, *supra* note 14.

56) *Id.*

a petition for release and evidence of non-infringement (*i.e.*, goods are genuine), and concurrently, post a bond equal to 125% of the bond posted by the trademark owner.⁵⁷⁾ The KCS will then consider whether to grant or deny the petition within fifteen days.⁵⁸⁾ However, as noted above, if the trademark owner has initiated a main action against the importer or filed a petition at the KTC, then the KCS will not release the detained suspected counterfeit goods for the duration of the main action or KTC proceedings absent a compelling reason for release.⁵⁹⁾

For trademark owners, it is important to understand that the only remedy obtainable through the KCS is the seizure of the suspected counterfeit goods at the border. There are no other penalties that the trademark owners can petition the KCS to impose on the importer of the suspected counterfeit goods.⁶⁰⁾ However, under the Customs Act, the KCS does have wide discretion to investigate shipments into and out of Korea on its own, and thus, if the KCS discovers goods at the border that is clearly infringing trademark rights, then the KCS has the discretion to carry out an investigation or refer the matter to the prosecutors for criminal investigation.⁶¹⁾

V. Government Initiatives

The Korean government has taken a proactive and engaged approach to protect intellectual property rights in Korea. Recognizing that government efforts are key to curbing counterfeit goods effectively, the KIPO has undertaken aggressive initiatives to accomplish four strategic objectives of (i) strengthening the crackdown of counterfeit goods in Korea; (ii) enhancing consumer awareness of the importance and value of intellectual property rights, including trademark rights; (iii) bolstering the capacity to protect intellectual property rights and

57) Trademark and Related Rights, *supra* note 14, at 138.

58) *Id.*

59) *Id.*

60) *Id.*

61) *Id.*

cooperation amongst stakeholders; and (iv) improving the fundamentals of the intellectual property regime in Korea.⁶²⁾

In February of 2009, the KIPO launched the Special Judicial Police Force (SPJF) and established three regional offices in Seoul, Daejeon, and Busan to intensify the crackdown activities on counterfeit goods, especially in areas where sales of counterfeit goods are most prolific.⁶³⁾ The SPJF is particularly notable given that it has the authority to criminally arraign those engaged in manufacturing, distributing, and selling counterfeit goods, and thereafter, to refer the matter to the prosecutors for indictment.⁶⁴⁾ Furthermore, as online transactions of counterfeit goods have grown at an exponential rate through e-commerce platforms, the KIPO has created an online police squad, including the “Brand Police,” to take actions against online sellers of counterfeit goods, and also, receives reports of manufacture, distribution, and sales of counterfeit goods through all channels of distribution, both online and offline.⁶⁵⁾ In addition, public institutions such as the Korea Intellectual Property Protection Association (KIPRA) support the initiatives of the SPJF and local governments, which also have authority to investigate and take actions to frustrate the distribution of counterfeit goods.⁶⁶⁾

In the fight against counterfeit goods, it is also important to focus on transforming the mindset of consumers as to the propriety of purchasing counterfeit goods. Concurrently with its efforts directed specifically to counterfeit goods and the facilitators of counterfeit goods, the KIPO has focused on raising consumer awareness on the illegality of purchasing counterfeit goods. Recently, the KIPO has aggressively utilized media sources, such as TV ads, newspaper ads, portal sites, blogs, and twister, and further, engaged in public campaigns aimed at developing good social consensus that foster a culture of consuming genuine goods.⁶⁷⁾ Further,

62) See Korean Intellectual Property Office, *2012 Anti-counterfeiting Activities of KIPO*, available at <<http://www.kipo.go.kr/upload/en/download/AntiCounterfeiting2012.pdf>>, last visited May 6, 2017. [hereinafter 2012 KIPO Report] (setting forth the initiatives of the KIPO and strategic goals for advancing the level of intellectual property regime in Korea to be commensurate with advanced countries, such as the United States and Germany).

63) *Id.*; see also, Trademark and Related Rights, *supra* note 14, at 136.

64) See Korean Intellectual Property Rights Information Service, *2015 Annual Report*, available at <http://eng.kipris.or.kr/enghome/guide/add_service/patent_assay.jsp>, last visited May 5, 2017. [hereinafter 2015 Annual Report] (outlining recent efforts to enhance intellectual property protection in Korea and providing statistics on the results of such efforts).

65) 2012 KIPO Report, *supra* note 63.

66) *Id.*

the KIPO works closely with foreign chambers of commerce, such as the European Chamber of Commerce and the American Chamber of Commerce, to improve and strengthen the cooperation with foreign companies to create a more conducive business environment and robust protection of intellectual property rights.⁶⁸⁾

VI. Conclusion

Counterfeiting is a global epidemic that can only be addressed by employing a collaborative and holistic strategy through a prolonged effort by all stakeholders, including the brand manufacturers, who owns the trademarks, the consumers, and the government. As the status of Korea continues to grow as an economic power on the world stage, and more importantly, as a creator of intellectual property, the need to adopt a more aggressive and responsible role in the area of intellectual property rights protection is more significant than ever before. This is not a simple or easily obtainable goal. However, as described in this Article, Korea is taking concrete steps to achieve the goal by making counterfeiting more difficult, more risky, and less profitable for the would-be counterfeiters.

67) *Id.*; see also 2015 Annual Report, *supra* note 65 (reporting that, as of 2015, national awareness campaigns have been carried out in thirteen cities, and further, since 2011, KIPRIS has conducted a total of ninety-six consumer training sessions).

68) See 2012 KIPO Report, *supra* note 63 (noting that KIPO is seeking measures to support foreign companies to operate in an amicable environment in Korea for the protection of intellectual property rights of foreign companies).

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[Abstract]

Strategies for Brand Protection -Korean Anti-Counterfeit Laws and Measures-

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“If you can make it, you can fake it.” Almost any product can be and has been counterfeited. Today, the problem of counterfeit goods has become a global epidemic that accounts for as much as seven percent of global trade. Despite sustained efforts by many stakeholders, the problem of counterfeit goods continues to grow unabated through more creative and elusive means. However, it is possible to defend against counterfeiting. By approaching the problem of counterfeiting through the lens of intellectual property rights, this Article will describe the civil, criminal, and border measures that are available and the government initiatives that are in place to fight counterfeiting in Korea.

[Key Words] Economy, Intellectual Property (IP), Intellectual Property Rights (IPR), Korea IP Enforcement, Enforcement, Trademarks, Counterfeits, Counterfeiting, Trademark Act, Unfair Competition Prevention and Trade Secret Act, Korean Intellectual Property Office (KIPO), Korea Intellectual Property Protection Association (KIPRA)

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