

To create a culture that respects and protects IP, we are making continuous efforts to raise public awareness of counterfeit products. In response to the growth of online markets, we expanded our crackdown efforts with the establishment of an online police squad equipped with digital forensics equipment to track online transactions of counterfeit goods. We are also operating the IP DESK system to create and protect the IP rights of Korean companies in foreign markets.

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# Reinforcing IP Protection

# Enhancing the Protection of IPRs in Korea

## 01 Enhancing the crackdown on counterfeit goods

In September 2010, we launched the Special Police Squad for Trademark Rights to enhance the crackdown of counterfeit goods in Korea and established offices in Seoul, Busan, and Daejeon. In 2012, the squad has criminally arraigned 302 individuals guilty of producing or selling counterfeit goods and confiscated 131,599 counterfeit goods.

Due to the growth of the e-commerce market, online transactions of counterfeit goods through internet shopping malls have rapidly increased. As a result, in December 2011 we established an online police squad based in Seoul equipped with digital forensics equipment to firmly crackdown on online transactions of counterfeit goods. We plan to extend the strong crackdown on counterfeit goods by continuing to file criminal charges against habitual sellers of counterfeit goods online and also shutting down online shopping malls and blocking access to such websites.

< Crackdown achievements of counterfeit goods >

Category		Before the implementation of the police squad (Jan. - Aug. 2010)	After the introduction of the police squad			
			Sept-Dec. 2010	2011	2012	Total
Criminal arrests	Individuals	15 (joint crackdown)	45	139	302	486
	Confiscated goods	2,860	28,629	28,589	131,599	188,817



## 02 Raising consumer awareness of IP protection

To raise awareness of IP protection, we have conducted various activities with the public. We collaborated with civic consumer groups to launch clean campaigns nationwide urging consumers to buy genuine goods and conducted 21 training sessions to encourage all types of consumers to voluntarily participate in the eradication of counterfeit goods distribution. In addition, we improved publicity on IP protection and the damaging effects of counterfeit goods through various media channels including TV advertisements, portal sites, and social media networks. Moreover, we produced and distributed educational videos on the protection of IP for children and held classes comparing genuine and counterfeit goods. Lastly, we held an advertisement contest on the protection of IPRs with college students.



## 03 Improved systems to protect corporate trade secrets

In June 2012, we established the Trade Secret Protection Center (<http://www.tradesecret.or.kr>), a specialized and exclusive organization to support and provide relevant information on the protection of corporate trade secrets.



We produced banners and videos to raise awareness on and publicize the severity of leaking trade secrets in areas of major business operations, while also providing field training to improve understanding of the trade secret protection system. The training materials are produced for both online and offline usage.



To alleviate the burden of proving ownership of trade secrets during trade secret infringement litigations, we also introduced the Trade Secret Certification Service system in November 2010, which had a total of 16,068 cases by the end of December 2012. The system works by combining the hash values extracted from e-documents of trade secrets and the authorized time value from trusted third-parties to create a time stamp. The time stamp is then registered with KIPI (Korea Institute of Patent Information) to prove the existence of original copies of trade secrets and the time of their initial possession.

In addition, we developed a standard management system for companies struggling to manage their trade secrets to allow them to manage their trade secrets at a low cost and with minimum staff requirements. We piloted the supply of this system to a select group of companies that suffer from trade secret leaks.

We plan to prepare a legal basis for the Trade Secret Certification Service system by amending laws related to trade secret protection and illegal competition prevention. We will also improve the system by expanding the range of penalizing regulations for infringing trade secrets from “companies” to “those in possession of trade secrets” in 2013.

# Enhancing the Protection of IPRs in Korea

## 04 Reward system for reporting counterfeit goods

Korea had previously been on the counterfeiting watch list presented by United States Trade Representative (USTR), but has since been absent for four consecutive years from 2009. This is attributed to continued government-wide efforts to tackle the distribution of counterfeit goods and piracy in Korea. It is necessary for relevant organizations to crack down strictly in order to eradicate the distribution of counterfeit goods; however, unless there is a change in people's perceptions, and also cooperation from the public and private sectors, this will have a limited effect. Therefore, from 2006 onwards, we have operated a prize money system for those reporting counterfeit goods to improve reporting of counterfeit goods distribution and also raise public awareness on the illegality of counterfeit goods.

Those subject to reports are manufacturers, distributors, and sellers of counterfeit goods. Citizens are required to report the illegal activity using their real names, in principle, to ensure reliability and reduce false reporting. In 2012, a total of KRW 152.5 million was awarded in prize money for 163 reportings. Among the types of reportings, wholesale and retail distribution accounted for the largest number of cases at 123, with KRW 110 million awarded in prize money.

There were a total of 1,043 reportings submitted during the seven-year span from 2006, when the system was first introduced, to 2012 and KRW 1.6105 billion in prize money has been awarded. The counterfeit goods uncovered had an equivalent value of KRW 2.6846 trillion when matched to the genuine price of the goods.

By having individuals voluntarily report counterfeiting activities, we have laid the foundations for a wider public acknowledgement of the seriousness and illegality of counterfeit goods. Further, the costs saved and the price of the goods seized far outweighs the budget spent to manage the system. As such, the system is an indispensable tool to tackle the distribution of counterfeit goods and we plan to continue developing the policy in future.

## 05 Enhancing cooperation among IPR protection organizations

According to the 2011 data of Statistics Korea, goods transactions through online shopping malls rapidly rose by almost three times in six years, from KRW 10 trillion in 2005 to KRW 29 trillion in 2011. We held a meeting with various organizations such as the Korea Communications Standards Commission, trademark holders including Louis Vuitton and Nike, and businesses responsible for the open market, like online shopping malls, to discuss policy measures to protect IPRs in Korea. With the growth of open markets, there is a need to stem the distribution of counterfeit goods and create a network of IP protection. At the meeting, we exchanged information on our current IPR protection policies and projects with the participants and discussed ways to enhance cooperation for the successful crackdown of counterfeit goods.

In addition, we held a workshop with police officers and civil servants of local governments responsible for preventing illegal competition to enhance mutual cooperation and reinforce the capacity of the civil servants responsible for the crackdown of counterfeit goods.

# Building Global IP Protection Systems

## IP Desk

In an effort to enhance the protection and creation of IPRs of Korean companies in foreign markets, we are operating IP Desks.

In 2012, we managed IP Desks in eight cities including Beijing, Shanghai, Qingdao, Shenyang, and Guangzhou in China, Bangkok in Thailand, Ho Chi Minh City in Vietnam, and Los Angeles in the United States. In 2013, we plan to establish an additional IP Desk in New York.

IP Desks provide consultation services related to the registration and protection of IPRs to Korean companies planning on advancing or having already advanced into foreign markets. We also hold briefings and seminars to share information on how to prevent infringements.

We are also making efforts to build cooperative channels with foreign organizations involved in IPRs to protect Korean companies abroad. We invited civil servants responsible for IPR protection in China, Thailand, and Vietnam to participate in a training session in Korea. We further held an ROK-PRC IPR protection strategy seminar in December 2012 to discuss cooperative measures to prevent IPR infringement.

