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Lee & Ko's ***IP Perspective*** is the Lee & Ko IP & Technology Group's periodic report aimed at providing news and updates about notable decisions, major trends and key developments in Korea's IP legal landscape. As a service to clients and friends, it is written and edited by the firm's IP attorneys. Designed to not only provide more information, ***IP Perspective*** includes Lee & Ko's in-depth analyses, opinions, and expert outlook on the latest IP and legal trends in Korea, Asia, and beyond.

In this issue, we cover a broad range of IP litigation and strategy considerations, including:

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Introduction of Attorney-Client Privilege and the Korean-Style Discovery System

The amended Attorney Act, which primarily introduces the Attorney-Client Privilege (hereinafter **ACP**), is scheduled to take effect on February 20, 2027. This amendment marks the first statutory enactment of ACP in Korea, protecting communications and materials between attorneys and clients from disclosure during discovery or evidence gathering in Korean litigation.

Furthermore, a Korean-Style Discovery System is being introduced for the first time through amendments to the Act on Promotion of Cooperation between Large and Small / Medium Enterprises (hereinafter the **Cooperation Act**). Key features include: (1) the introduction of an expert fact-finding system, (2) the establishment of evidence preservation orders, and (3) the implementation of a party examination system. These measures focus on substantially strengthening access to evidence in disputes involving technology misappropriation. The Korean-Style Discovery System under the Cooperation Act applies when a commissioning enterprise improperly uses or provides a commissioned enterprise's technical data for its own benefit or that of a third party (an act defined as **misappropriation of technical data**). This system is scheduled to commence on February 20, 2028.

I. Introduction of ACP through the Amendment of the Attorney Act

1. Contents of the Korean ACP System

While many countries, including the United States, have long recognized ACP as a core right essential for legal assistance—protecting the confidentiality of documents, data, and information exchanged between a client and its attorney regarding case representation or legal consultation—Korea had not previously institutionally recognized ACP.

Under the existing Attorney Act, Article 26 only stipulated a broad duty of confidentiality, stating that "an attorney or former attorney shall not disclose secrets learned in the course of their duties," without guaranteeing a right to maintain such confidentiality.

The amended Attorney Act now provides that:

1) An attorney and a client (or prospective client) may refuse to disclose confidential communications made for the purpose of providing or receiving legal assistance regarding a legal case or matter;

2) An attorney may refuse to disclose documents or materials prepared for litigation, investigation, or inquiry related to a case for which the attorney is retained;

3) However, disclosure is permitted in exceptional cases, such as: With the client's consent; where there is a significant public interest need (e.g., if the attorney is an accomplice to the client, if the client is involved in illegal activities, or if the client uses or intends to use the communications or materials for illegal purposes);

or if necessary for the attorney to exercise or defend their own rights in a dispute with the client.

The amended law will take effect on February 20, 2027. Please refer to the details below:

Article 26-2 (Right to Maintain Confidentiality, etc.)

① An attorney and a client or a prospective client (hereinafter referred to as "**client, etc.**" in this Article) may refuse to disclose the contents of confidential communications made between them for the purpose of providing or receiving assistance regarding a legal case or legal matter.

② An attorney and a client may refuse to disclose documents or materials (including those created or managed in electronic form; hereinafter the same in this Article) prepared by the attorney for litigation, investigation, or inquiry related to a case for which the attorney is retained.

③ Notwithstanding paragraphs 1 and 2, the contents of communications under paragraph 1 or the documents / materials under paragraph 2 may be disclosed in any of the following cases:

1. Where there is consent from the client, etc.;
2. Where there is a significant public interest need, such as when the attorney is an accomplice to the client, etc., or is involved in criminal or other illegal acts by the client, etc. (e.g., destruction of evidence, harboring criminals, handling stolen goods), or when the client, etc. uses or intends to use the communications or documents/materials for illegal acts;
3. Where necessary for the attorney to exercise or defend its own rights in a dispute arising between the attorney and the client, etc.;
4. Where special provisions exist under other laws.

Supplementary Provisions

Article 1 (Effective Date):
This Act shall take effect one year after its promulgation.

Article 2 (Application of Provisions on Right to Maintain Confidentiality, etc.):
The amended provisions of this Act shall also apply to communications under paragraph 1 or documents/materials under paragraph 2 (including those created or managed in electronic form) that occurred prior to the enforcement of this Act.

2. ACP Prior to the Implementation of the Amended Attorney Act

Since the previous Attorney Act did not explicitly codify the ACP system, it was unclear whether confidential communications or legal consultation materials between an attorney and a client could be withheld from investigation or trial proceedings. Consequently, investigative authorities repeatedly seized documents and electronic information generated between attorneys and clients.

In this regard, in February 2024, Lee & Ko successfully argued in a case where prosecutors seized communication materials between its client (an asset management company) and Lee & Ko attorneys that such materials were protected by attorney-client privilege, rendering the seizure illegal. This argument was partially accepted by the court (Seoul Southern District Court Decision No. 2023Bo4, rendered on February 23, 2024). Recently, the Supreme Court rejected the prosecutor's appeal, upholding Lee & Ko's position by ruling that "the seizure of legal consultation documents, etc., generated between a suspect or defendant and their defense counsel (including prospective counsel) potentially infringes upon the constitutional right to receive legal assistance and, in principle, should not be permitted" (Supreme Court Decision No. 2024Mo730, rendered on February 20, 2026).

Although the Supreme Court ruling confirmed that ACP could be recognized based on the Constitution even before the amended Attorney-Act's effective date of February 20, 2027, the specific requirements and scope of its application remained unclear.

3. Key Features of the Newly Introduced Korean ACP System

The key features of the newly introduced ACP system, examined by article, are as follows:

1) Article 26-2, Paragraph 1

This provision extends protection not only to current clients but also to prospective clients. It grants the right to refuse disclosure individually to the attorney, the client, and the prospective client. Specifically, it stipulates that the attorney is an independent holder of this right, rather than merely exercising the client's right on their behalf.

The right applies only to communications regarding legal cases or legal matters; thus, it cannot be invoked for non-legal business communications, even with an attorney. Furthermore, since the right is defined as the ability to keep confidential communications undisclosed; therefore, if the content is disclosed to a third party, the right can no longer be exercised, even if the communication was initially confidential.

2) Article 26-2, Paragraph 2

This paragraph expands the scope to include documents or materials prepared for "inquiries" in addition to litigation and investigations. This provides a legal basis to refuse submission demands during administrative investigations or on-site inspections, beyond general civil and criminal proceedings.

While early drafts of the amendment sought to protect "documents, materials, or objects submitted by the client to the attorney," this was limited in the final version to documents or materials created by the attorney related to the case. This limitation aims to prevent potential side effects, such as the intentional storage of items or evidence with an attorney to evade disclosure. Notably, the right under this paragraph belongs to both the attorney and the client; prospective clients cannot exercise this specific right.

3) Article 26-2, Paragraph 3

This paragraph stipulates four exceptions where the right to maintain confidentiality does not apply:

(1) Client consent;
(2) Significant public interest needs related to illegal acts;
(3) Necessity for the attorneys to exercise their defense rights;
(4) Special provisions under other laws.

While items 1, 3, and 4 are relatively clear, item 2 involves terms like "other illegal acts" and "significant public interest needs," whose interpretation may be contentious. The scope of these exceptions is expected to become clearer through future court interpretations.

4) Supplementary Provisions

The amendment will take effect on February 20, 2027, one year after promulgation. It also applies retroactively to communications and documents created before the enforcement date.

4. Implications and Expected Future Issues

With this amendment, the attorney-client privilege is now explicitly recognized as a legal right, which is expected to substantially guarantee the right to legal assistance and strengthen the defense rights of suspects and defendants during investigations and trials. Since this right is recognized only when receiving assistance from an attorney under the Attorney Act, it is also expected to positively foster trust between clients and attorneys.

In Korean legal practice, where a discovery system from common law did not exist, discussions on attorney-client privilege have traditionally centered primarily around criminal cases (especially search and seizure by investigative agencies). However, as explained in Section II below, with the introduction of Korean-Style Discovery System through the amendment of the Cooperation Act and its expected adoption in other laws, ACP is anticipated to play a crucial role in civil disputes as well.

Meanwhile, it is expected that practical precedents will be established by court rulings on parts where there is room for dispute regarding the interpretation of the amended law. For instance, various issues are expected to arise, such as:

- Whether communications between in-house counsel and employees can be included in the scope of ACP protection;

- How to set the scope of ACP protection in relation to each employee when the client is a corporation;
- How to distinguish the scope of protection for communications or documents where legal affairs and non-legal business are mixed;
- And whether identical or similar rights should be guaranteed for those performing roles similar to attorneys (e.g., patent attorneys).

II. Introduction of the Korean-Style Discovery System through the Amendment of the Cooperation Act

1. Contents of the Korean-Style Discovery System

The amended Cooperation Act, dated February 19, 2026, explicitly codifies the Korean-style Discovery System for the first time. Its main contents are as follows:

1) Introduction of the Expert Fact-Finding System (Article 40-6, etc.)

A new system allows the court to appoint an expert to conduct fact-finding in damages lawsuits arising from the misappropriation of technical data[1] under the Cooperation Act.

If the court finds that:

① There is a substantial probability that the opposing party committed misappropriation of technical data;

② The burden on the opposing party is not excessive; and

③ It is difficult for the applicant to collect evidence by other means,

the court may, upon application, designate an expert in the relevant field. The designated expert may then enter the opposing party's offices, factories, or other managed locations to question the opposing party and its employees, inspect or copy materials, and operate, measure, or test devices as necessary (Article 40-6).

Thus, while unlimited investigation is not permitted, the court can actively initiate investigation procedures if the requirements are met upon application.

Additionally, reflecting the newly introduced ACP system, the Cooperation Act allows parties to apply to exclude communications or documents/materials under Article 26-2 of the Attorney Act (hereinafter **communications, etc.**) from the scope of such investigations. However, if deemed necessary to confirm the existence of such excluded communications, the court may order the submission of a list of such materials upon application by the opposing party (Article 40-7).

1 The amended Cooperation Act expands the scope of misappropriation of technical data to include acts committed prior to the execution of the consignment or commission contract. This addresses the previous limitation where misappropriation was only recognized if it occurred after a formal execution of the consignment or commission contract.

2) Introduction of the Evidence Preservation Order System (Article 40-11, etc.)

To ensure the effectiveness of the expert fact-finding system, an Evidence Preservation Order System has been introduced.

Under the amendment, the court may issue a preservation order upon application not only when a lawsuit for damages regarding misappropriation of technical data has already been filed but also when such a lawsuit is reasonably expected to be filed, provided that:

① Sufficient facts exist to identify the materials subject to the order; and

② Failure to issue the order would likely cause irreparable damage to the applicant.

This measure effectively prevents the destruction or concealment of case-related evidence. Regarding the preservation period, the court may order the preservation of materials for a term not exceeding one year, which may be extended by up to one year upon the application of a party. (Article 40-11, Paragraph 1). Furthermore, if a third party holds the materials, the court may order preservation conditional upon the applicant paying the necessary costs for the preservation (Article 40-11, Paragraph 5).

If the person possessing, managing, or storing the materials fails to comply with the order, the court may deem the applicant's claims regarding the facts intended to be proven by the materials as true (Article 40-11, Paragraph 6). Additionally, anyone who intentionally destroys or renders materials unusable in violation of an evidence preservation order may face imprisonment for up to 7 years or a fine of up to 100 million KRW (Article 41, Paragraph 4).

To prevent abuse of the preservation order system, if the applicant of the preservation order fails to file the main lawsuit within 7 days after the order is issued, the court must order the applicant to prove the filing of the complaint within a period of at least 2 weeks. Failure to submit such proof allows the court to cancel the order ex officio or upon the opposing party's application and assign the costs to the applicant (Article 40-11, Paragraphs 9 and 10).

3) Introduction of the Party Examination System (Article 40-12, etc.)

Upon application by either party, the court may decide to conduct mutual examinations of necessary persons (including the parties themselves) to verify facts or materials related to proving misappropriation of technical data or calculating damages. Such applications by the parties can only be made when attorneys are retained.

In making this decision, the court must consider:

① Whether the number of examinees, scope, method, and location of the examination impose an excessive burden on the opposing party; and

② Whether it is necessary for verifying materials/facts asserted by the parties or for preserving evidence (Article 40-12, Paragraph 1).

If an examination is conducted, both parties must audio or video record the testimony (Article 40-12, Paragraph 3). Considering the ACP introduced in the Attorney Act, a party may request the deletion of any testimony concerning "communications, etc." included in the recordings (Article 40-12, Paragraph 9). Furthermore, if a party obstructs the examination process without just cause (e.g., failing to appear, refusing to take an oath or testify), the court may impose sanctions, such as deeming the opposing party's claims regarding the facts intended to be proven by the testimony as true (Article 40-12, Paragraph 11).

4) Supplementary Provisions

The amended Cooperation Act will take effect on February 20, 2028, two years after its promulgation. The delayed effective date aims to facilitate the uniform introduction of the discovery system across other laws such as the Patent Act, Utility Model Act, Unfair Competition Prevention and Trade Secret Protection Act, Subcontracting Fairness Act, and Civil Procedure Act, as well as to allow time for building court information systems related to the discovery system. Consequently, with the enactment of this law, the discovery system is expected to expand beyond intellectual property fields, such as the Patent Act, to encompass civil litigation as a whole.

2. Implications

This amendment is hailed as a pivotal turning point, marking the first introduction of a Korean-Style Discovery System. As its application is expected to expand to other intellectual property laws and general civil litigation, it is projected to bring profound changes to legal practice alongside the Attorney-Client Privilege. While the Korean civil and commercial dispute framework has traditionally adhered to the principles of 'party submission of evidence' and the 'plaintiff's exclusive burden of proof,' the expansion of this discovery system is expected to weaken the principle of 'party submission of evidence'. Consequently, it will likely facilitate a shift toward a dispute resolution structure centered on substantive discovery and the rectification of information asymmetry.

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The Development and Current Status of the Doctrine of Equivalents in Korea

I. The Doctrine of Equivalents in Korea

Since the Korean Supreme Court first recognized the doctrine of equivalents in 2000 (Supreme Court Decision No. 97Hu2200, rendered on July 28, 2000), it has progressively refined the doctrine through a series of subsequent decisions. This article surveys the development and current status of the doctrine of equivalents in Korea, focusing on the leading cases.

II. The Five-Part Test for Equivalence

Supreme Court Decision No. 97Hu2200, rendered on July 28, 2000, involved a process for manufacturing an antimicrobial agent. In that case, the patented process and the defendant's process shared the same starting material and final product. They differed, however, in that the patented process obtained the target substance by reacting the starting material with substance A, whereas the defendant's process obtained the same target substance by reacting the starting material with substance B and then decomposing the resulting intermediate.

In that decision, the Supreme Court articulated a five-part test for infringement under the doctrine of equivalents and found equivalence on the facts before it:

1. The two inventions must share the identical or common technical idea or principle for solving the problem.
2. The substituted element in the accused invention must achieve substantially the same function and effect as the corresponding element in the patented invention.
3. The substitution must have been obvious, in the sense that a person having ordinary skill in the art could readily have conceived of it.
4. The accused invention must not have been publicly known at the time of the patent application, nor readily derivable by a person skilled in the art from prior art existing at that time.
5. There must be no special circumstance showing that the substituted element in the accused invention was intentionally excluded from the scope of the patent claims during patent prosecution.

Each part of this test is discussed in turn below.

III. The First Part of the Test: Identity of the Principle for Solving the Problem

1. Meaning of the First Part

The first part of the five-part test asks whether the patented invention and the accused invention share the same technical idea, or more precisely, the same principle for solving the problem. Application of this part of the test necessarily raises the question of how the technical idea or problem-solving principle of the patented invention and that of the accused invention should be detemined. Some earlier decisions appeared to treat the "principle for solving the problem" as conceptually close to the invention's technical objective and, at times, considered this part together with the second part of the test, namely substantial identity of function and effect.[2]

In 2009, the Supreme Court explained that the first part of the test is satisfied where the substituted element in the accused invention pertains to a non-essential part of the patented invention, such that the accused invention retains the characteristic element of the patented invention (Supreme Court Decision No. 2007Hu3806, rendered on June 25, 2009).[3] The Court further stated that, in identifying those characteristic features, a court should not merely extract claim elements in a formalistic manner, but should instead conduct a substantive inquiry, in light of the detailed description in the specification and the prior art existing at the time of filing, into the problem-solving principle underlying the distinctive solution adopted by the patented invention, as compared with the prior art. That decision was generally understood to mean that the first part of the five-part test turns on *whether the accused invention contains the characteristic element of the patented invention.*

In 2014, however, the Supreme Court reformulated the inquiry. It held that, in determining whether the first part of the test is satisfied, the court should not formally isolate certain claim elements, but should instead examine, in light of the detailed description and the prior art at the time of filing, what constitutes the "core of the technical idea" underlying the distinctive solution particular to the patented invention (Supreme Court Decision No.2013Da14361, rendered on July 24, 2014). This formulation suggests that the inquiry is *not* confined to whether the accused product or process incorporates the patented invention's "characteristic element" as such, but rather *whether it embodies the same core technical idea.*

Because equivalence may therefore be found even where the accused invention does not include the patented invention's characteristic elements, so long as it shares the same core technical idea, the 2014 decision is commonly understood as having broadened the scope of equivalence under Korean law.[4]

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2 *See, e.g.,* Supreme Court Decision No. 2004Da29194, rendered on February 25, 2005.

3 In this case, the infringement under the doctrine of equivalents was not found on the ground that the characteristic element of the patented invention was not included in the defendant's product.

4 In fact, in this case, infringement under the doctrine of equivalents was found even though the characteristic features of the patented invention were not present in the defendant's invention, on the ground that the two were substantially identical in their technical idea.

2. Determining the Principle for Solving the Problem

Under the 2014 framework, a court must identify the core of the technical idea distinctive to the patented invention in order to apply the first part of the five-part test. The 2014 decision, however, offered only general guidance, requiring reference to the specification and prior art without prescribing a more concrete methodology.

The Supreme Court addressed this issue in its January 31, 2019 decision (Supreme Court Decision No. 2017Hu424, rendered on January 31, 2019. There, the Court held that the detailed description of the invention should serve as the principal basis for identifying the core of the technical idea and that courts should not redefine that core by resorting to alternative configurations not intended by the inventor. The Court explained that consideration of prior art is justified in order to assess objectively the substantive value of the patented invention and to determine how broadly or narrowly the problem-solving principle should be defined depending on the degree to which the invention contributed to technological progress.

At the same time, the Court cautioned that courts should not replace the core technical idea discernible from the detailed description with a different technical idea drawn from prior art not mentioned in the specification. The Court reasoned that such an approach could impose unforeseeable harm on third parties who relied on the specification and avoided using the technical idea actually disclosed there, only to be found later to have appropriated a judicially reconstructed "core" based on different prior art.

These decisions suggest that the Supreme Court seeks to anchor the first part of the five-part test in the technical idea disclosed in the detailed description, while preventing that core from shifting depending on the particular prior art references later introduced by the defendant.

IV. The Second Part of the Test: Identity of Function and Effect

The second part of the five-part test asks whether the substituted element in the accused invention achieves substantially the same function and effect as the corresponding element in the patented invention. The function and effect of a patented invention are closely related to the core of its technical idea, because that core necessarily encompasses the means by which the invention solves a technical problem and produces a technical result.

Consistent with this understanding, the Supreme Court has held that the question whether the accused product or process achieves substantially the same function and effect should be assessed primarily by asking whether it solves the same technical problem that had remained unresolved in the prior art and was solved by the patented invention (Supreme Court Decision No. 2018Da267252, rendered on January 31, 2019). The Court further stated that, if the core of the technical idea underlying the distinctive solution particular to the patented invention, as identified in light of the detailed description and the prior art existing at the time of filing, is implemented in the accused product or process, then the second part of the test is satisfied. Accordingly,

where the first part of the five-part test is satisfied, the second part will often be satisfied as well.

That said, under Decision No. 2017Hu424, the core of the technical idea is identified primarily through the detailed description, and it remains possible that what the inventor regarded as the core technical idea was, in fact, already disclosed in prior art not cited in the specification. Recognizing this possibility, the Supreme Court held in Decision No. 2018Da267252, issued the same day, that where the supposed core technical idea was already publicly known at the time of filing, or was effectively no more than what was already known, it cannot be considered distinctive to the patented invention, nor can the invention be said to have solved a technical problem left unresolved by the prior art. In such cases, the Court explained, the second part of the five-part test cannot be resolved simply by asking whether that technical idea is embodied in the accused product or process. Rather, the analysis must proceed by comparing the specific functions or roles of the individual elements whose equivalence is at issue.

V. The Third Part of the Test: Ease of Substitution

The third part of the five-part test asks whether the substitution would have been readily conceivable to a person having ordinary skill in the art. A key question is how this inquiry relates to the standard for inventive step. If the threshold under the third part were materially different from the inventive-step standard, there could be a grey area in which a variation is not patentably distinct from the patented invention, yet still falls outside the scope of equivalence. In that event, the variation would be neither patentable nor covered by the patented claim.

The Supreme Court has not articulated a definitive position on this relationship, and Korean case law is generally understood not to treat the third part of the five-part test as fully coextensive with inventive-step analysis.[5]

A separate issue concerns the relevant time for evaluating ease of substitution. If the scope of patent protection is determined with reference to the prior art as of the filing date, then, in principle, the third part of the test might also be expected to proceed as of that date. The Supreme Court, however, has taken a different view. Emphasizing that the doctrine of equivalents exists because there are inherent linguistic limitations in claim drafting, and that tolerating minor modifications designed to evade infringement would deprive patent rights of effective protection, the Court held that materials that became publicly available after the filing date but before the time of infringement may also be considered in determining whether the substitution was readily conceivable (Supreme Court Decision No. 2022Hu10210, rendered on February 2, 2023).

5 **Intellectual Property Litigation Practice (4th ed.),** Intellectual Property Litigation Practice Study Group of the IP High Court, p. 457.

VI. The Fourth Part of the Test: Exclusion of Prior Art

Even before formally adopting the doctrine of equivalents, the Korean Supreme Court had already established the principle that where the accused invention consists solely of publicly known technology, there is no proper basis for comparing it with the patented invention for purposes of identity or similarity. Accordingly, such an invention falls outside the scope of the patent right regardless of the scope of the claims or the degree of similarity between the two (Supreme Court Decision No. 96Hu1750, rendered on November 11, 1997).

This principle was later incorporated into the five-part test as its fourth part. Korean law further developed this part of the test so that equivalence is denied not only where the defendant's technology is identical to prior art, but also where it could readily have been derived from prior art (Supreme Court Decision No. 97Hu2200, rendered on July 28, 2000). This principle applies not only under the doctrine of equivalents but also in cases involving literal infringement (Supreme Court Decision No. 2002Da60610, rendered on September 23, 2004).

VII. The Fifth Part of the Test: Prosecution History Estoppel

The fifth and final part of the five-part test concerns prosecution history estoppel. Under Korean law, where a particular element was intentionally excluded from the claims during prosecution, that element is treated as excluded from the scope of the patent right.

- **Scope of Prosecution History Relevant to Estoppel**

  The Supreme Court recently clarified that the determination whether a particular element was intentionally excluded should not be made solely by comparing the original and amended claim language. Rather, the inquiry must take into account the prosecution history as a whole, including the examiner's comments, as well as the applicant's amendments, written arguments, stated reasons for amendment, and discernible intent (Supreme Court Decision No. 2022Hu10210, rendered on February 2, 2023). The Court further explained that the mere fact that the claims were narrowed during prosecution does not by itself mean that all configurations lying between the pre-amendment and post-amendment claim language were intentionally excluded. Such exclusion may be found only where, considering the various circumstances revealed in the prosecution history, including the reason for amendment, it can be concluded that the applicant intended to disclaim a particular configuration — for example, where the applicant narrowed the claims in order to avoid prior art cited in an office action and thereby excluded a configuration appearing in that prior art.

  Thus, even where claim amendments were made, the Supreme Court does not apply estoppel mechanically. Instead, it adopts a flexible approach that considers the circumstances surrounding the amendment and the applicant's intent as revealed through the prosecution history.

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Pharmaceutical Patent Disputes in Korea's Biosimilar Era: Key Issues and Emerging Trends

I. Expiry of Compound Patents on Blockbuster Drugs and the Rise of Biosimilar Competition

Korean media outlets have reported a number of compound patents on global blockbuster drugs which are set to expire in Korea between 2025 and 2026, heralding what is being called a "patent cliff." Notably, many of these blockbuster drugs are biologics. Given the accelerating entry of biosimilars into the Korean pharmaceutical market, patent disputes in the pharmaceutical sector are expected to increase significantly in the coming years.

In Korea, Samsung Bioepis and Celltrion have long led the biosimilar market, establishing robust product portfolios through aggressive development strategies. Recently however, major domestic pharmaceutical companies traditionally focused on chemical drugs and generics—such as Daewoong Pharmaceutical and Dong-A ST—are also stepping up their efforts to enter and expand biosimilar businesses. This shift may be a strategic move to diversify their revenue streams and strengthen global market presence, aligning with the growing international biosimilar market.

Considering the large number of blockbuster biologic drugs facing expiry of compound patents and the expanding involvement of Korean pharmaceutical and biotech firms in the biosimilar industry, pharmaceutical patent disputes in Korea are expected to become more frequent and complex.

Last year, in our last IP Perspective (2025 3rd Edition), Lee & Ko examined the latest legal trends concerning the boundary between research activities for clinical trials and patent infringement, focusing on the Korean Supreme Court's decision in the Prevnar case, the so-called "Bolar exception."

Building on that discussion, this article aims to explore key legal and practical issues in Korea's pharmaceutical patent disputes against the backdrop of compound patents expiring for blockbuster drugs and the intensifying competition in the biosimilar market.

II. The Growing Significance of Medicinal Use and Dosage-Regimen Patents in Korea: Observation of How Infringement Standards Are Evolving

Originators typically protect their pioneering pharmaceutical products by a layered portfolio of patents, including not only compound patents but also those covering medicinal uses, dosage regimens, formulations, and manufacturing methods. In therapeutic areas such as oncology and immunosuppression—where biologics are frequently used—drugs are often first approved for an initial indication, followed by the progressive development of additional indications, new dosage regimens, or combination therapies with other drugs, which collectively align with clinical trial pipelines.

In Korea, inventions relating to dosage and administration methods are treated as a form of medicinal use invention. Moreover, elements concerning dosage and administration are recognized as components of a pharmaceutical composition, meaning that inventions directed to the dosage and administration of a drug are formally categorized not as method inventions but as product inventions (Supreme Court Decision No. 2014Hu768, rendered on May 21, 2015; hereinafter, the **2015 Supreme Court Decision**). Prior to the 2015 Supreme Court Decision, dosage-regimen elements such as administration schedule or dosing amount were not independently recognized as essential components of an invention. However, the 2015 Supreme Court Decision marked a turning point by holding that administration schedule and dosage can be considered integral elements of a patented invention. The Supreme Court reasoned that when administration methods (e.g., frequency) and dosage are specified in conjunction with a disease indication or therapeutic effect in a pharmaceutical invention, such administration and dosage parameters confer a new functional meaning to the pharmaceutical product. In substance, the Court viewed these features as essentially equivalent to a medicinal use indication.

However, medicinal use inventions are conceptually based on translating method-type technical ideas into product claims. As such, the "use" component typically lacks physical embodiment. Moreover, since the time of use is often temporally distant from the time of manufacture, it is generally difficult to determine the specific intended use of a product — including administration method and dosage — at the time of its production, export, or other acts of commercial exploitation. For this reason, assessing patent infringement for medicinal use inventions based on the timing of product manufacturing can present significant challenges.

Furthermore, generic and biosimilar manufacturers often adopt "skinny label" strategy to circumvent later-issued use or dosage-regimen patents by excluding such patented indication or dosage regimen from their product label. Infringement determination becomes even more complex when generic and biosimilar manufacturers employ the skinny label strategy.

In Korea, there are only a very limited number of lower-court rulings addressing infringement of medicinal use inventions, and they fall far short of forming a well-established legal framework. To date, there is no definitive Supreme Court precedent establishing a clear standard for infringement of use or dosage-regimen patents. Given the anticipated increase in relevant disputes, case law development in this regard warrants close attention.

Going forward, in disputes involving use and dosage-regimen patents, all stakeholders will need to develop novel legal arguments and conduct in-depth assessments of fact-specific circumstances favorable to their positions. Formulating comprehensive and forward-thinking strategy in this regard – well before actual litigation – is especially critical for originator companies, for example when planning defense strategies in anticipation of biosimilar entry or even at the stage of designing patent portfolios.

III. Establishing Strategic Timelines and Scenarios for Biosimilar Patent Disputes

Not only the types of patents subject to dispute but also the timing of when a dispute will arise and who will trigger the initiation of such dispute are of utmost importance when formulating response strategy. These factors influence not only when each party begins preparing for patent litigation but also may significantly shape the overall strategic direction.

In Korea, since the implementation of the patent linkage system, the timeline for relevant event triggers and corresponding types of disputes have become somewhat standardized. Generic companies generally aim to enter the market as soon as it becomes legally possible because the generic company which obtains the first generic market approval can enjoy 9-month generic exclusivity. For this reason, they would proactively file negative scope confirmation actions or invalidation trials approximately one to one and a half years before submitting market approval application, which can be submitted immediately after the expiration of the original drug's data exclusivity period (previously called the post-market surveillance period). In this scenario, generic pharmaceutical companies would often utilize the negative scope confirmation action as a major pathway for resolving pharmaceutical patent disputes concerning patents with design-around strategies. Generic companies have favored this negative scope confirmation action strategy because its unique jurisprudence allowed the companies to seek the IPTAB's confirmation of non-infringement for a product which 'may be practiced in the future', even if such product did not precisely match the product actually practiced by them.

However, we have observed in recent trial filing trends in Korea that in the case of biopharmaceuticals, negative scope confirmation actions are not utilized as actively as in the field of generic chemical drugs, most likely because the practical benefit of obtaining the first-approval marketing authorization under the patent linkage system is relatively smaller for biosimilars compared to chemical generics.

This phenomenon may stem from the following factors. First, in the case of generic chemical drugs, the bioequivalence test and approval review periods are relatively short and predictable, with multiple products often receiving approval around similar times.In contrast, biosimilars require a long time from clinical trials to approval review, and their predictability is low. Second, considering that the approval review takes in average more than one year, the benefit conferred from the 'first-mover advantage' achievable through a negative scope confirmation action and the 9-month generic exclusivity granted under the patent linkage system becomes somewhat moot. Third, since the number of competing biosimilars is small, the competition to secure such generic exclusivity under the patent linkage system is less intense, thereby reducing the incentive to file negative scope confirmation actions.

Consequently, biosimilar pharmaceutical companies often do not proactively file trials regarding patents for which they have implemented design-around strategies. In such cases, patent disputes typically commence only when the originator takes active enforcement measures by filing infringement lawsuits or requesting positive scope confirmation actions.

In summary, whereas originators used to primarily focus on formulating defense-oriented strategies to respond to proactive trial filings by generic companies, now they must actively consider when and on what cause of action the originators can take proactive enforcement measures before the biosimilar product enters full-scale production and sales. Subsequently, originators now need to deliberate on methods and strategies for collecting evidence to initiate such active enforcement measures more thoroughly than in the past. Overall, this shift demands new strategic considerations for originators.

IV. Border Enforcement of Patents in Korea: KTC Investigation and KCS Border Measures

Traditionally, main action (civil action) and preliminary injunctions have been the primary enforcement measures for patentees in Korea. However, the increasing number of cases before the courts has sometimes slowed down the enforcement progress, necessitating patentees to seek other more swift enforcement measures. Accordingly, patentees have been more attentive to two such measures: Korea Trade Commission (**KTC**) investigation and border enforcement through registration with the Korea Customs Service (**KCS**).

KTC is a quasi-judicial body that investigates unfair trade practices and determines whether an import or export at issue is causing injury to Korean industry. Similar to the ITC practice in the United States, a patentee may request KTC to investigate whether a certain import or export amounts to unfair trade practice. KTC investigation measure confers several meaningful benefits for patentees. Namely, once KTC commences investigation, it has authority to proactively conduct investigations on allegedly unfair practices, such as by inspecting alleged infringer's premise. This may elicit evidence that may not otherwise be found in traditional enforcement measures. Furthermore, KTC investigation is fast paced. KTC is required by rule to make decision within 10 months at the latest. If KTC investigation finds that an import/export at issue amounts to unfair trade practice, KTC has authority to impose administrative fines, suspend import/export activities, and confiscate the infringing goods.

While KTC investigation is closely connected with KCS, a patentee may also independently register its patent with KCS for border enforcement purposes. By registering a patent with the KCS, a patentee can request customs authorities to monitor the import and export of goods suspected of infringing the registered patent. Once a patent is registered, if customs officials identify potentially infringing goods during the clearance process, they are required to notify the patent registrant. The registrant may then, upon posting a bond, request suspension of customs clearance for the suspected goods.

Patent registration with KCS serves as a proactive measure, allowing patentees to prevent potentially infringing products from entering the Korean market before they reach domestic distribution channels. On the other hand, KTC investigation may provide an early result useful for a patentee to enforce its patents and protect its proprietary interest.

Given the increasing movement of biopharmaceutical and biosimilar products through global supply chains, KTC investigation and patent registration with the KCS are now meaningful supplementary enforcement options for patentees. This border control mechanism deserves attention as part of a comprehensive IP enforcement strategy in Korea.

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Recent Supreme Court Ruling on Reforming Luxury Bags

The Supreme Court recently issued its first ruling on whether the act of "reforming" (remodeling) famous branded products by disassembling them to create new products constitutes trademark infringement (Supreme Court Decision No. 2024Da 311181, rendered on February 26, 2026). While both the first and second instance courts ruled that such "reforming" acts constituted trademark infringement (Seoul Central District Court Decision No. 2022Gahap513476, rendered on October 12, 2023[6]; IP High Court Decision No. 2023Na11283, rendered on October 28, 2024), the Supreme Court diverged from this view, holding that the act of reforming for personal use does not, in principle, constitute trademark infringement.

I. Overview of the Case

The defendant, a reforming business operator, from 2017 to 2021, reformed genuine bags provided by owners of Louis Vuitton (hereinafter **Plaintiff**) bags into different forms of bags or wallets and returned these reformed products to the original owners. Consequently, the Plaintiff filed a lawsuit in 2022 against the defendant, seeking an injunction against trademark infringement and damages.

The main issues in this judgment were:

① Whether the defendant's reforming acts constituted "use of a trademark" under the Trademark Act; and

② Whether the Plaintiff's trademark rights had been exhausted.

II. Court's Decision

1. Whether it Constitutes "Use of a Trademark" under the Trademark Act

Under the Trademark Act, "use of a trademark" refers to the act of using a trademark as an indication of source on goods, i.e., items offered in commerce (Article 2, Paragraph 1, Subparagraph 11 of the Trademark Act).

The courts of first and second instance held that the reformed products constitute 'goods' insofar as they possess exchange value, even if they were not actually distributed in the market. The courts ruled that trademark use was established because the defendant used fabric bearing the plaintiff's registered trademark, thereby creating the appearance that the plaintiff was the source of the reformed products. Specifically, the act of manufacturing reformed products using such fabric and returning them to the owners was deemed to constitute both the 'act of displaying a trademark on goods' under Article 2(1)11(a) of the Trademark Act and the 'delivering goods' under subparagraph (b) of the same Article.

6 For a detailed analysis of the district court's decision, please refer to our last IP Perspective (2024 1st Edition).

In contrast, the Supreme Court held that displaying a trademark on an item used strictly for personal purposes and not offered for commercial transactions does not constitute 'use of a trademark' under the Trademark Act. Consequently, trademark infringement — which presupposes the actual use of a trademark — cannot be established in such circumstances.

Accordingly, the Court ruled that when an owner of a registered trademark product engages in reforming, displaying the trademark on the reformed product does not constitute "use of a trademark" as long as the product is not distributed in the marketplace and is used solely for personal purposes.

In this regard, the Court held that since the owner's act of reforming a product for personal use is permitted, there is no need to restrict such permission only to cases where the owner performs the reformation personally. The court found no legal basis to distinguish between an owner's self-reformation and the entrustment of such an act to a third party.

Therefore, even if a professional reformer's activities constitute a business operation, such acts are performed at the owner's request as an exercise of their ownership rights, and the resulting product is intended solely for the owner's private use. Consequently, the Court ruled that, in principle, a reformer's act of displaying a trademark on a reformed product does not constitute 'use of a trademark'.

However, even if a reformer ostensibly provides services for an owner's personal use, such acts may constitute 'use of a trademark' and thus amount to trademark infringement if 'special circumstances' exist — specifically, where the reformer effectively controls and leads the entire process to produce and sell reformed goods as their own products within the stream of commerce. The Court held that the existence of such special circumstances must be determined by comprehensively considering various factors, including the background and details of the request, the primary decision-maker regarding the product's purpose and form, the nature of the compensation received, the source and proportion of materials used, and the ownership of the final product. The burden of proof for these special circumstances rests with the trademark owner asserting the infringement.

Furthermore, the Court ruled that a reformer may bear joint legal liability for infringement if it provided services despite knowing, or having reason to know, that the owner requested the reformation for commercial distribution rather than personal use.

2. Whether the Plaintiff's Trademark Rights Were Exhausted

The doctrine of trademark exhaustion refers to the principle that once a product bearing a registered trademark has been lawfully sold, the trademark owner can no longer assert their rights regarding its subsequent distribution. Accordingly, under this principle, the purchaser—the owner of the goods—is free to use, profit from, or dispose of the product, and such exercise of ownership rights generally includes the act of reforming the product.

However, according to established judicial precedents, the doctrine of exhaustion does not apply if the degree of reformation is so significant that it impairs the identity of the original product, effectively amounting to the production of a new product. In such cases, trademark infringement may still be an issue (Supreme Court Decision No. 2002Do3445, rendered on April 11, 2003[7]). Following this logic,

the courts of first and second instance in the present case found that the defendant's reformation went beyond mere repair and impaired the product's original identity, meaning the plaintiff's trademark rights were not exhausted.

Nevertheless, the Supreme Court held that even when the act could be evaluated as producing a substantially new product, as long as the reformed product is used solely for personal purposes and is not offered for commercial transactions in the marketplace, the act of displaying the trademark during the reformation process does not constitute 'use of a trademark' under the Trademark Act. Therefore, the Court concluded that trademark infringement could not be established.

III. Significance and Implications of the Ruling

This case is the first case that established the legal doctrine regarding whether a reformer's activities constitute trademark infringement. The Supreme Court's decision is highly meaningful because it declares for the first time that, in principle, a reformer's acts performed for an owner's personal use do not constitute trademark infringement, while simultaneously providing for an exception where infringement may be established under special circumstances. Furthermore, the Court has set forth specific criteria for determining the existence of such special circumstances, offering clear guidance for future cases.

7 Supreme Court Decision No. 2002Do3445, rendered on April 11, 2003: In this case, the defendant collected empty disposable camera containers from Fujifilm, loaded them with new film from another company, and resold them in new packaging. The court ruled that using the body of a spent disposable camera to replace essential and intrinsic parts—such as the film—and repackaging it constituted a modification that impaired the original identity of the product, exceeding the scope of simple processing or repair. Ultimately, the Court viewed this as a new production act, allowing Fujifilm to assert its trademark rights and ruling that the exhaustion doctrine did not apply. A key distinction is that while the newly produced cameras in that case became subjects of commercial trade, the reformed products in the current case were merely returned to their original owners and did not become separate subjects of commerce.

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