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NEWSLETTER

Labor and Employment Group

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Seoul High Court Recognizes Delivery Riders as Employees

On July 3, 2026, the Seoul High Court (**Court**) rendered a significant decision (Case No. 2024Na2037832), holding that a delivery rider working through a delivery-agency platform qualifies as an “employee” within the meaning of the Labor Standards Act (**LSA**). The Supreme Court’s *TADA* ruling in 2024 (Case No. 2024Du32973) established the general framework for determining employee status of platform workers generally; this is the first decision applying the *TADA* framework to recognize a delivery-platform rider as an employee.

The significance and ramifications of this decision are analyzed in greater detail below:

1. Rationale

In determining employee status, courts examine the substance of the parties’ relationship rather than its contractual form — specifically, whether the individual performed work to earn wages in a subordinate employer-employee relationship. Here, taking into account the particular characteristics of platform businesses, the Court pointed to several factors supporting a subordinate employer-employee relationship between the platform company (**Company**) and the delivery rider (**Rider**):

- The Company’s operation was not limited to matching riders with customers — it built and operated the entire delivery service platform, and Riders could work only through the Company’s application.
- The Company set key terms for the job in advance, including delivery procedures and compensation mechanisms.

- Through the application's algorithm and direct instructions from managers, the Company exercised significant supervision and control over how Riders carried out their work.
- The Company exercised de facto control over Riders' work hours and location through a combination of penalties and incentives.
- The circumstances did not support an independent-contractor characterization, since Riders' operations depended entirely on the application and they were unable to develop their own clientele.

Importantly, the most decisive factor was **the manner and extent to which the Company controlled and supervised the Riders in the course of their work**. The ruling rests on the finding that the Company exercised direct control over how the work was performed — not just its outcome — based on evidence that the Company's managers tracked Riders' location, routes, and delivery counts in real time; used group chats to circulate work rules; encouraged Riders to cancel dispatch or log on for work; and, in some cases, directly canceled certain dispatches or blocked certain Riders' ability to cancel their own dispatches.

2. Analysis

One of the key factors in determining employee status is the presence of the employer's supervision and control. The Court's ruling reinforces this stance; in an independent-contractor arrangement, the Company would be expected to evaluate only the outcome of the work. Here, however, there existed numerous instances in which the Company monitored and directly intervened in the *process* of the Riders' work in real time, which the Court found to be a sufficient basis to recognize an employment relationship.

That said, there are several aspects of the Court's reasoning that are vulnerable to criticism:

- In finding that the Riders were subject to the Company's control, the Court cited not only the penalties used by the Company — e.g., limitations on the number of bundled deliveries a Rider could accept — but also incentives designed to encourage Riders to accept dispatches, characterizing both as evidence of "de facto compulsion" over Riders' work hours and location.

- The Riders were given the freedom to decide whether to work or not as well as their own work hours. The Court did not assign sufficient weight on this factor, despite the fact that one's freedom to decide work hours has typically weighed against a finding of employee status.
- The Riders were permitted to use multiple delivery platforms concurrently. The Court nonetheless found that the Riders were "exclusive" to the Company during the hours the Rider was logged into the Company's application.
- The Court also stated that, pending legislative reform, courts should exercise greater latitude in applying the LSA's framework rather than routinely denying employee status. This reasoning bears structural resemblance to the 2018 landmark *JEI Corporation* decision in which the Supreme Court expanded the scope of "employees" under the *Trade Union Act*. Importing such logic into the determination of "employee" status under the LSA — a narrower, more specifically defined concept — is likely to elicit criticism.

More significantly, much of the Court's reasoning was drawn not from the Company's own management practices, but from the structural features of the delivery-platform business model. For instance, the Court pointed out that (i) Riders were integrated into the organization as workforce performing the Company's core service function; (ii) the compensation structure was set unilaterally by the Company; and (iii) fluctuations in a Rider's economic gains reflected the Company's own policy choices, rather than business risk genuinely borne by an independent contractor. These elements are not unique to the Company — they are systemic features common to most delivery agencies or platforms that operate their own delivery teams.

3. Implications

If upheld by the Supreme Court, the legal framework the Court created could extend to other platform-based services — e.g., couriers, logistics, manpower provision. Moving forward, it remains to be seen whether structural factors alone — without clear evidence of supervision and control — will be sufficient to establish employee status in litigation. Given the growing momentum behind legislative proposals to introduce a "presumption of employee status" for gig workers — which would shift the burden onto companies to prove that a worker is not an employee — it is fair to

expect that the Court's ruling, if upheld, could have a far-reaching impact on platform business models across industries.

In light of this decision, platform companies are advised to proactively assess their employee-status risk before a dispute materializes. Because employee status determination is a fact-intensive inquiry that requires a closer look into the underlying circumstances of each case, companies should recalibrate their contract structure and operational practices to minimize the indicators of supervision and control that the Court relied on in this decision. In doing so, the following checklist may be a useful starting point:

■ **Field-level Supervision Practices**

Whether local managers get directly involved in how the work is performed (e.g., location tracking, group-chat directives, or intervention in work decisions).

■ **Algorithm and App Design**

Whether the application's incentive structures or penalties could be perceived as "de facto compulsion" over work hours or location.

■ **Contract Terms and Structure**

Whether the grounds and procedures for terminating a service agreement with independent contractors are clearly documented and properly structured.

Lee & Ko's Employment and Labor Practice Group has successfully handled a wide range of litigation and advisory matters concerning the employee status of platform workers. Drawing on this experience, we are able to offer practical, tailored solutions to the legal issues that may arise in the wake of this decision, as well as effective strategies for addressing them. Should you need any assistance in this area of law, please do not hesitate to contact Lee & Ko.

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