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## **Introduction of the Right to Seek Prohibitory Measures for the Improper Use of Technical Data**

### **Approval of the Partial Amendment to the Cooperative Partnerships Act by the State Council**

Approval of the partial amendment to the Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises

Promoting the eradication of technology theft from SMEs by preventing the spread of damage caused by the improper use of technical data occurring in consignment transactions through the introduction of the right to seek prohibitory measures

Ministry of SMEs and Startups (MSS, Minister OH Youngju) announced that a partial amendment to the Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises ('Cooperative Partnerships Act') passed the State Council meeting on September 10, 2024, allowing for the prohibition or prevention of improper use of technical data in consignment relationships.

In the past, the MSS has strengthened post-remedial measures for the improper use of technical data occurring in consignment relationships through amendments to the Cooperative Partnerships Act, including: 1) enhancing the punitive damages system and 2) improving the court's authority to request documentation to support the substantiation of damages.

However, the current law lacks a means of seeking prohibitory measures to prevent damage for consignment businesses that have suffered or are likely to suffer harm due to improper use of technical data in consignment transactions. As a result, consignment businesses cannot take separate remedial actions to prevent the further spread of damage until administrative measures from the MSS or a court's judgment on damages are obtained.

With the introduction of the right to seek prohibitory measures, consignment

businesses that suffer damage will now be able to directly petition the court for the prohibition or prevention of violations of the relevant law.

The amended Cooperative Partnerships Act is set to be implemented on December 11, 2024 (Wednesday), following the approval and promulgation by the State Council, after a three-month grace period.

The main provisions of this amended law are as follows.

- ① Request for prohibiting or preventing the improper use of technical data  
[newly added, Article 28-11 (1)]

In cases where a consignment business has suffered or is likely to suffer harm due to the improper use of technical data occurring in a consignment relationship, it is possible to file a request with the court for the prohibition or prevention of such acts.

- ② Request for the disposal or removal of goods and equipment  
[newly added, Article 28-11 (2)]

When requesting the prohibition or prevention from the court, it is also possible to seek additional necessary measures, such as the disposal of items that contributed to the improper use of technical data or the removal of provided equipment.

KIM Woo-soon, Director-General for Technology Innovation Policy at the MSS, stated, “The introduction of the right to seek prohibitory measures through this legislative amendment will complement post-remedial measures like punitive damages, and we expect that it will minimize potential disadvantages arising from technology theft by promptly blocking the spread of damage.”

He added, “We will promote various initiatives for awareness and training targeting SMEs and industry associations in conjunction with the formal implementation of the newly introduced prohibition request system on December 11, 2024 (Wednesday), so that they can actively utilize it in the field.”