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Samsung Ordered to Pay Inventor W6 Billion

A court has ordered Samsung Electronics to pay a former employee W6 billion in compensation for patented technologies he invented while working for the electronics giant (US\$1=W1,084). It is the largest compensation ever awarded by a company to an employee for an invention.

The former worker, identified only by his surname Chung, filed the lawsuit with the Seoul Central District Court in 2010, seeking a total of W18.5 billion in compensation.

After earning a PhD at a prominent U.S. university, Chung began working for Samsung in 1991 as a chief researcher. He worked there until 1995 and developed image-compression technologies for high-definition TVs. His inventions led to 10 local patents and 28 overseas patents, while an additional 17 patents in the U.S. and two in Hong Kong were added based on Chung's inventions since he left Samsung. Those patented technologies eventually became global standards that other companies must pay a fee to use.

Samsung made W62.56 billion in profit from 2000 to 2007 from Chung's patents, the court said. He sued Samsung in April of 2010 saying he deserved a larger compensation than he had been given. But Samsung refused, claiming Chung relinquished his rights to the patents by accepting W220 million in compensation in two payments in 1999 and 2002.

The two sides failed several times to reach a settlement and the case dragged on for two years.

"Considering the huge profits Samsung Electronics made using Chung's patents, the rate of compensation should be considered to be 10 percent," the court said.

That results in W6 billion or 10 percent of the W62.5 billion profit minus the W220 million Chung has already received.

Samsung objects the company's support for Chung in developing the patents was not duly taken into account and is considering an appeal.

Legal experts hope the landmark ruling will have a positive effect on spurring innovation at Korean companies. "There are cases where companies do not inform their staff about the rewards they are entitled to for new inventions," said one patent attorney. "If Korean businesses provide adequate compensation for inventions to their workers, it will encourage them to work harder to develop new technologies and bring about innovation."

englishnews@chosun.com / Nov. 30, 2012 12:24 KST

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