

ACT ON FAIR LABELING AND ADVERTISING

Act No. 5814, Feb. 5, 1999

Amended by Act No. 7315, Dec. 31, 2004

Act No. 7794, Dec. 29, 2005

Act No. 7988, Sep. 27, 2006

Act No. 8852, Feb. 29, 2008

Act No. 8863, Feb. 29, 2008

Act No. 9785, Jul. 31, 2009

Act No. 10167, Mar. 22, 2010

Act No. 11050, Sep. 15, 2011

Act No. 12096, Aug. 13, 2013

Act No. 12380, Jan. 28, 2014

Act No. 15142, Nov. 28, 2017

CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of this Act is to prevent unfair labels and advertisements for products and services that deceive or mislead consumers in labeling and advertising, and to promote provision of correct and useful information to consumers, thereby establishing fair trade order and protecting consumers.

Article 2 (Definitions)

The definitions of terms used in this Act shall be as follows:

1. The term "label" means characters or figures written on or attached to containers or packages of products (including attachments and contents), bulletins in places of business or certificates specifying rights to products, etc., such as gift certificates, membership cards and purchase rights, and containers or packages indicating characteristics of products, in order that business entities or business entities' organizations (hereinafter referred to as "business entities, etc.") may inform consumers of any of the following matters concerning products or services (hereinafter referred to as "products, etc."):

- (a) Matters on the relevant business entities or other business entities, etc.;

- (b) Matters on details, terms of transactions and other matters concerning transactions of products, etc. of the relevant business entities or other business entities, etc.;
2. The term "advertising" means that business entities, etc. widely inform or publicize any of the following matters to consumers through newspapers and Internet newspapers defined in subparagraphs 1 and 2 of Article 2 of the Act on the Promotion of Newspapers, Etc., periodicals defined in subparagraph 1 of Article 2 of the Act on Promotion of Periodicals, Including Magazines, broadcasting defined in subparagraph 1 of Article 2 of the Broadcasting Act, telecommunications defined in subparagraph 1 of Article 2 of the Framework Act on Telecommunications and in other methods prescribed by Presidential Decree;
3. The term "business entity" means a business entity defined in subparagraph 1 of Article 2 of the Monopoly Regulation and Fair Trade Act;
4. The term "business entities' organization" means a business entities' organization defined in subparagraph 4 of Article 2 of the Monopoly Regulation and Fair Trade Act;
5. The term "consumer" means a person who uses products produced or provided by business entities, etc.

CHAPTER II PROHIBITION, ETC. AGAINST UNFAIR LABELING OR ADVERTISING

Article 3 (Prohibition, etc. against Unfair Labeling or Advertising)

(1) No business entity, etc. shall place any of the following labeling or advertising that is likely to undermine fair trade order by deceiving or misleading consumers, or compel other business entities to do so:

1. False or exaggerated labeling or advertising;
2. Deceptive labeling or advertising;
3. Unfairly comparative labeling or advertising;
4. Slandorous labeling or advertising.

(2) Detailed concerning labeling or advertising referred to in each subparagraph of paragraph (1) shall be prescribed by Presidential Decree.

Article 4 (Public Notification of Material Information and Integrated Announcement)

(1) The Fair Trade Commission may publicly notify matters that business entities, etc. shall include in labeling or advertising (hereinafter referred to as "material information") and the methods of labeling or advertising (including online labeling or advertising; hereinafter the same shall apply), where any of the following matters is required for protecting consumers or maintaining fair trade order, in consideration of characteristics of products, etc. or fields of trade: Provided, That matters prescribed to be labeled or advertised by other statutes shall be excluded herefrom:

1. Matters, the omission of which in labels or advertisements often causes damage to consumers;
2. Matters, the omission of which in labels or advertisements is likely to lead to any of the following situations:
 - (a) Where consumers' inaccurate knowledge of major defects or functional limits of products, etc. has a decisive influence on their decision to purchase products, etc.;
 - (b) Where lives, bodies or property of consumers are likely to be jeopardized or injured;
 - (c) When consumers' rational choices are substantially interrupted, or fair trade order is likely to be substantially undermined.
- (2) Where the Fair Trade Commission intends to provide public notification under paragraph (1), it shall consult in advance with the heads of the relevant administrative agencies. In such cases, the Fair Trade Commission may hold a public hearing to hear opinions of business entities' organizations, consumer organizations registered under Article 29 of the Framework Act on Consumers (hereinafter referred to as "consumer organizations"), or other interested parties, when deemed necessary.
- (3) In providing public notification on material information, the Fair Trade Commission may make integrated announcement on matters prescribed to be included in labels or in advertisements and matters restricted or prohibited in labels or in advertisements by other statutes (hereinafter referred to as "integrated announcement") in order to provide comprehensive information to interested parties, including consumers and business entities.
- (4) Where a statute concerning matters subject to integrated announcement has been enacted or amended, the heads of the relevant administrative agencies shall report it to the Fair Trade Commission before the enforcement date of such statute to ensure that integrated announcement on such matters is made.
- (5) Where business entities, etc. place labeling or advertising, they shall include material information publicly notified under paragraph (1) in such labeling or advertising.

Article 4-2 Deleted. <by Act No. 10167, Mar. 22, 2010>

Article 5 (Verification, etc. of Details of Labels and Advertisements)

- (1) Business entities, etc. shall be able to verify matters concerning facts included in labels or advertisements they have placed.
- (2) Where business entities, etc. are likely to violate Article 3 (1) and verification prescribed in paragraph (1) is deemed necessary, the Fair Trade Commission may request relevant data from the relevant business entities, etc. upon specifying details of the request.
- (3) Business entities, etc. in receipt of a request to submit data necessary for verification pursuant to paragraph (2) shall submit the data, within 15 days after receipt of such request, to the Fair Trade Commission: Provided, That the Fair Trade Commission may extend a period for submission, when any justifiable ground exists.

(4) The Fair Trade Commission may keep the verification data submitted by business entities, etc. under paragraph (3) and make it available for public perusal or disclose it to the public in other appropriate means if it is deemed necessary to prevent consumers from being misled about products or to maintain fair trade order: Provided, That this shall not apply where such data is business secrets of business entities, etc. and is likely to disturb business activities of such business entities, etc. if disclosed to the public.

(5) When business entities, etc. in receipt of a request to submit verification data pursuant to paragraph (2) continue placing labeling or advertising without submitting such data within a period for submission referred to in paragraph (3), the Fair Trade Commission may order business entities, etc. to suspend placing labeling or advertising until they submit the verification data.

Article 6 (Prohibition against Restrictions on Labeling or Advertising by Business Entities' Organizations)

(1) Any business entities' organization shall not restrict labeling or advertising of business entities who belong to the relevant business entities' organization, except as otherwise provided by statutes: Provided, That this shall not apply where the Fair Trade Commission deems it necessary for protecting the interests of consumers and maintaining fair trade order.

(2) When the Fair Trade Commission intends to approve restrictions on labeling or advertising placed by business entities' organization pursuant to the proviso to paragraph (1), it shall consult in advance with the heads of the relevant administrative agencies.

(3) The Fair Trade Commission may issue orders to take any of the following measures when business entities' organizations violate the main sentence of paragraph (1):

1. Suspension of the relevant violation;
2. Revision of articles of association or regulations prescribing the relevant violation;
3. Other measures necessary for correcting violations.

Article 7 (Corrective Measures)

(1) Where business entities, etc. engage in unfair labeling or advertising in violation of Article 3 (1), the Fair Trade Commission may issue any of the following measures to the relevant business entities, etc. to correct such violation:

1. Suspension of the relevant violation;
2. Publication of the fact that a corrective order has been issued to the relevant business entities, etc.;
3. Corrected advertising;
4. Other measures necessary for correcting violations.

(2) Matters necessary for publishing the fact that a corrective order has been issued to business entities, etc. and for corrected advertising pursuant to paragraph (1) 2 and 3 shall be prescribed by Presidential Decree.

Article 7-2 (Commitments Decision)

(1) Business entities, etc. (hereafter referred to as “applicant” in this Article through Article 7-5) under investigation or deliberation by the Fair Trade Commission may file an application with the Fair Trade Commission for a commitments decision under paragraph (3) for improvement of trade order, such as voluntary removal of consumer misconceptions caused by the act subject to the relevant investigation or deliberation (hereafter referred to as “relevant act” in this Article through Article 7-5), remedy of consumer damage, etc.: Provided, That in cases falling under any of the following, the Fair Trade Commission shall proceed with the deliberation procedures under this Act without rendering a commitments decision:

1. In cases constituting a ground for accusation under Article 71 (2) of the Monopoly Regulation and Fair Trade Act applicable mutatis mutandis to Article 16 (3);

2. Where the applicant withdraws the application before a commitments decision is rendered.

(2) In cases where an applicant files an application under paragraph (1), the application shall be in writing, specifying each of the following matters:

1. Facts that establish the relevant act;

2. Commitments for active improvement of trade order, such as discontinuance of the relevant act and removal of consumer misconceptions;

3. Commitments to remedy or prevent damage to consumers, other business entities, etc.

(3) If the Fair Trade Commission deems that the commitments under subparagraphs 2 and 3 of paragraph (2) (hereinafter referred to as “commitments”) satisfy all of the following requirements after completing investigation into the facts of the relevant act, it may suspend the deliberation procedures and render a decision that is to the same effect as the commitments (hereinafter referred to as “commitments decision”). In such cases, it may modify the commitments after consultation with the applicant:

1. The commitments are in balance with the corrective measures and other sanctions that can be expected if the relevant act is found to violate this Act;

2. The commitments are deemed appropriate to recover a fair and free trade order or to protect consumers, other business entities, etc.

(4) A commitments decision of the Fair Trade Commission shall not mean an admission that the relevant act violates this Act, and no one shall assert the relevant act as a violation this Act on the ground that the applicant obtained a commitments decision.

Article 7-3 (Procedures for Commitments Decisions)

(1) The Fair Trade Commission shall determine whether to commence the procedures for a commitments decision, in overall consideration of the necessity of a prompt measure, the necessity of direct compensation for consumer damage, and other relevant matters.

(2) The Fair Trade Commission shall provide an opportunity to present opinions for a period of 30 days or longer prior to rendering a commitment decision, by notifying interested persons, such as a reporting person, of the following matters, or publishing the following matters on the official gazette or the Web site of the Fair Trade Commission:

1. Outline of the relevant act;
2. Provisions of applicable statutes;
3. Commitments (in cases where the commitments have been modified pursuant to the latter part of Article 7-2 (3), referring to the modified commitments);
4. Other information that helps reporting persons' or other interested persons' understanding in relation to the relevant act: Provided, That it shall exclude any information that is inappropriate for disclosure, for protection of confidentiality in business or privacy or on public interest grounds.

(3) The Fair Trade Commission shall notify the head of relevant administrative agencies of the matters prescribed under paragraph (2) and hear his/her opinions, and consult with the Prosecutor General.

(4) The Fair Trade Commission shall, in cases where it intends to render or revoke a commitments decision, shall undergo the deliberation and decision of a relevant meeting under the classification of Article 37-3 of the Monopoly Regulation and Fair Trade Act applicable mutatis mutandis to Article 16 (1).

(5) The applicant who has obtained a commitments decision shall submit to the Fair Trade Commission a plan for performance of the commitments decision and the result of the performance in accordance with the decision under paragraph (4).

(6) Other details such as the method of written applications under Article 7-2 (2), the method of reference to opinions under this Article, the procedures for deliberations and decisions may be determined and publicly notified by the Fair Trade Commission.

Article 7-4 (Revocation of Commitments Decisions)

(1) The Fair Trade Commission may, in cases falling under any of the following, revoke a commitments decision:

1. Where the commitments have become inappropriate due to a remarkable change in facts such as market conditions that made the basis for the commitments decision, and other relevant matters;
2. Where the commitments decision has been based on incomplete or incorrect information provided by the applicant, or has been obtained by the applicant by fraud or other improper means;
3. Where an applicant fails to perform the commitments decision without good cause.

(2) In cases where the Fair Trade Commission revokes a commitments decision pursuant to paragraph (1) 1, if the applicant files an application for a commitments decision pursuant to Article 7-2 (1), the Fair Trade Commission may render a commitments decision again. In such cases, the provisions of Article 7-2 through 7-5 shall be applied.

(3) In cases where the Fair Trade Commission revokes a commitments decision pursuant to paragraph (1) 2 or 3, it may resume the deliberation procedures concerning the relevant act that have been suspended

pursuant to Article 7-2 (3).

Article 7-5 (Charge for Compelling Performance, etc.)

- (1) The Fair Trade Commission may impose charges for compelling performance in an amount of up to two million won per day until a commitments decision is performed or revoked, on a person who fails to perform a commitments decision within a reasonable period without good cause.
- (2) With respect to imposition, payment, collection and refund, etc. of the charges for compelling performance, Article 17-3 (2) and (3) of the Monopoly Regulation and Fair Trade Act shall apply *mutatis mutandis*.

Article 8 (Temporary Suspension Orders)

- (1) The Fair Trade Commission may order business entities, etc. to temporarily suspend labeling or advertising, when such labeling or advertising fall under both of the following subparagraphs:
 1. Where the relevant labeling or advertising is obviously suspected to violate Article 3 (1);
 2. Where the relevant labeling or advertising is likely to cause irrecoverable damage to consumers or rival business entities, and thus prevention of such damage is deemed urgently required.
- (2) Where labeling or advertising by business entities, etc. is deemed to fall under both subparagraphs of paragraph (1), consumer organizations and other agencies or organizations prescribed by Presidential Decree may request the Fair Trade Commission to issue an order to temporarily suspend labeling or advertising thereof in writing (including electronic documents).
- (3) A person who protests against an order issued under paragraph (1) may file an objection to the Fair Trade Commission within seven days after receipt of such order.
- (4) If a person subject to an order issued under paragraph (1) files an objection under paragraph (3), the Fair Trade Commission shall, without delay, notify the Seoul High Court of such fact, and the Seoul High Court, in turn, shall proceed to a trial in accordance with the Non-Contentious Case Procedure Act.
- (5) Article 15 of the Non-Contentious Case Procedure Act shall not apply to a trial held under paragraph (4).

Article 9 (Penalty Surcharges)

- (1) The Fair Trade Commission may impose penalty surcharges on business entities, etc. who have placed labeling or advertising in violation of Article 3 (1), up to the amount of sales prescribed by Presidential Decree (referring to operating profits in cases of business entities prescribed by Presidential Decree: hereinafter the same shall apply) multiplied by 2/100: Provided, That it may impose penalty surcharges up to 500 million won on business entities, etc. prescribed by Presidential Decree, when the relevant violator has no sales or it is impractical to calculate the amount of sales.
- (2) The Fair Trade Commission may impose penalty surcharges up to 500 million won on business entities' organizations which have restricted labeling or advertising by business entities, etc. in violation of

the main sentence of Article 6 (1).

(3) The Fair Trade Commission shall take into account of the followings when it imposes penalty surcharges pursuant to paragraph (1) or (2):

1. Substance and severity of a violation;
2. Duration and frequency of a violation;
3. Scale of profits generated from a violation;
4. Degree of effort by business entities, etc. to prevent damage of consumers and to compensate for such damage for consumers.

(4) When a corporation that is the business entity that has violated Article 3 (1) merges with another corporation, penalty surcharges shall be imposed and collected by deeming that the violation committed by the corporation has been committed by a corporation surviving the merger or established after such merger.

(5) Criteria for imposition of penalty surcharges under paragraph (1) or (2) shall be prescribed by Presidential Decree.

CHAPTER III COMPENSATION FOR DAMAGE

Article 10 (Obligation to Compensate for Damage)

(1) Where any person has suffered damage from unfair labeling or advertising which violates Article 3 (1), business entities, etc. shall be obligated to compensate for such damage to the aggrieved person.

(2) No business entities, etc. obligated to compensate for damage pursuant to paragraph (1) shall be exempted from such obligation, on the ground that damage has not been caused by intention or negligence.

Article 11 (Recognition of Damages)

Where it is recognized that damage is caused by the act of violating Article 3 (1), but it is impracticable to verify the damages in light of the character of the case, the court may recognize reasonable damages based on the gist of the entire arguments and the outcome of investigating evidence.

CHAPTER IV SUPPLEMENTARY PROVISIONS

Article 12 (Duty of Confidentiality)

Any commissioner of the Fair Trade Commission who has performed or performs duties prescribed in this Act, public official, executive officer or employee of the Korea Consumer Agency established under Article 33 of the Framework Act on Consumers (hereinafter referred to as the “Korea Consumer Agency”) who has participated in the investigation of violations under Article 16-2, and person who held such position shall neither divulge any confidential information on business entities, etc., known to him/her in

the course of performing his/her duties, nor use such information for any purpose other than for the enforcement of this Act. <Amended by Act No. 12096, Aug. 13, 2013>

Article 13 (Consultation on Enactment, etc. of Statutes Related to Restrictions, etc. on Labeling or Advertising)

When the heads of the related administrative agencies intend to enact or amend statutes which stipulate restrictions on labeling or advertising by business entities, etc. or imposition of the duty to place labeling or advertising on business entities, etc., they shall consult in advance with the Fair Trade Commission.

Article 14 (Voluntary Regulations concerning Labeling or Advertising)

- (1) Business entities, etc. may voluntarily determine regulations, standards, etc. concerning labeling or advertising (hereinafter referred to as "voluntary regulations") to prevent violations of Article 3 (1).
- (2) Voluntary regulations shall be appropriate for preventing violations of Article 3 (1), and shall not restrict labeling or advertising placed by business entities, etc. and information provided to consumers, without justifiable grounds.
- (3) Business entities, etc. may request the Fair Trade Commission to examine whether voluntary regulations determined under paragraph (1) violate Article 3 (1).
- (4) The Fair Trade Commission in receipt of a request to examine voluntary regulations under paragraph (3) shall notify the applicants of the results of the examination within 60 days of receipt of such request.
- (5) Where voluntary regulations violate paragraph (2), the Fair Trade Commission may order business entities, etc. to make a correction thereof.

Article 14-2 (Voluntary Review Organizations, etc. on Labels or Advertisements)

- (1) A person who operates an organization aimed at preventing unfair labeling or advertising (hereinafter referred to as "voluntary review organization, etc."), including deliberations (referring to determination as to whether labeling or advertising violate statutes or voluntary regulations, regardless of the title; hereinafter the same shall apply) on whether labeling or advertising by business entities, etc. violate Article 3 (1) or voluntary regulations, may report thereon to the Fair Trade Commission, as prescribed by Presidential Decree.
- (2) A voluntary review organization, etc. shall make determinations in accordance with Article 3 (1) or voluntary regulations, in deliberating on labeling or advertising, and shall restrict labeling or advertising by business entities, etc. or information provided to consumers without justifiable grounds.
- (3) The Fair Trade Commission may request data on details, results, etc. of deliberation from a voluntary review organization, etc.
- (4) Where details, results, etc. of deliberation by a voluntary review organization, etc. violate paragraph (2), the Fair Trade Commission may request correction thereof, and the voluntary review organization, etc. shall comply with such request except in extenuating circumstances.

(5) Where the Fair Trade Commission determines that labeling or advertising is subject to deliberation by a voluntary review organization, etc., it may request a voluntary review organization, etc. to deliberate on such labeling or advertising.

(6) The Fair Trade Commission shall not order business entities, etc. to take corrective measures prescribed in Article 7 when business entities, etc. have corrected unfair labeling or advertising in accordance with the results of deliberation by a voluntary review organization, etc. on labeling or advertising subject to deliberation, which has been requested by the Fair Trade Commission pursuant to paragraph (5): Provided, That this shall not apply where violations of this Act are repeated or corrective measures of the voluntary review organization, etc. are deemed impractical to prevent damage to consumers or rival business entities, even when business entities, etc. have taken corrective measures in accordance with the results of deliberation by the voluntary review organization, etc.

(7) When a voluntary review organization, etc. (including a voluntary review organization of business entities' organizations recognized by the Fair Trade Commission under the proviso to Article 6 (1), and deliberation agencies, to which deliberation has been delegated by other statutes) which has reported pursuant to paragraph (1) deliberate on labeling or advertising, which has been requested by the Fair Trade Commission under paragraph (5), the Fair Trade Commission may subsidize expenses incurred therein within budgetary limits.

Article 15 (Cooperation from Heads of Relevant Agencies, etc.)

(1) The Fair Trade Commission may hear opinions from the heads of the relevant administrative agencies or other agencies and organizations if deemed necessary for the enforcement of this Act.

(2) The Fair Trade Commission may request the heads of the relevant administrative agencies or other agencies and organizations to conduct necessary investigations or submit necessary data if deemed necessary for the enforcement of this Act.

(3) The Fair Trade Commission may request necessary cooperation from the heads of the relevant administrative agencies or other agencies and organizations if deemed necessary for ensuring that business entities, etc. comply with orders issued under Article 6 (3) or 7 (1).

(4) Where the Fair Trade Commission finds justifiable grounds to conduct an ex officio investigation deeming that finance or insurance business entities, etc. have violated Article 3 (1), it shall notify the Financial Services Commission of such violation so that the Financial Services Commission deals with it, instead of conducting such investigation.

(5) The Financial Services Commission, upon being notified under paragraph (4), shall deal with such notification in good faith in accordance with finance- or insurance-related statutes, and inform the Fair Trade Commission of results thereof.

Article 16 (Application Mutatis Mutandis of the Monopoly Regulation and Fair Trade Act)

(1) Articles 37-3, 42, 43, 43-2, 44, 45, and 52 of the Monopoly Regulation and Fair Trade Act shall apply mutatis mutandis to deliberation and resolution of the Fair Trade Commission pursuant to this Act, and Articles 53, 53-2, 54, 55 and 55-2 of the Monopoly Regulation and Fair Trade Act shall apply mutatis mutandis to filing objections and instituting litigation against dispositions by the Fair Trade Commission under this Act (excluding temporary suspension orders issued under Article 8 (1)), exclusive jurisdiction over an action of appeal, and handling cases. *<Amended by Act No. 12380, Jan. 28, 2014>*

(2) Article 49 of the Monopoly Regulation and Fair Trade Act shall apply mutatis mutandis to recognition of, reporting, etc., on violations of this Act, and Article 50 (1) through (4) and Articles 50-2, 50-3, and 51 of the Monopoly Regulation and Fair Trade Act shall apply mutatis mutandis to investigations by the Fair Trade Commission, hearing of opinions, and recommendation for correction, etc. *<Amended by Act No. 12096, Aug. 13, 2013>*

(3) Articles 55-4 through 55-7 of the Monopoly Regulation and Fair Trade Act shall apply mutatis mutandis to extension of a payment deadline of penalty surcharges, installment payments, duty of joint and several payment of penalty surcharges, collection of penalty surcharges, disposition on default, surcharges on refund of penalty surcharges under this Act, and Article 71 of the Monopoly Regulation and Fair Trade Act shall apply mutatis mutandis to accusation of offences pursuant to Article 17 of this Act.

Article 16-2 (Investigations of Violations)

(1) If deemed necessary to conduct an investigation under Article 16 (2), the Fair Trade Commission may organize a joint investigation team with the Korea Consumer Agency. In such cases, the organization of the investigation team, the detailed method and procedures for the investigation, and other necessary matters shall be prescribed by Presidential Decree.

(2) The Fair Trade Commission may provide allowances or travel expenses, within the budget, for executive officers and employees of the Korea Consumer Agency who participate in the investigation referred to in paragraph (1).

(3) Executive officers and employees of the Korea Consumer Agency who perform the relevant affairs under paragraph (1) shall be deemed to be a public official in applying penalty provisions under Articles 129 through 132 of the Criminal Act.

CHAPTER V PENALTY PROVISIONS

Article 17 (Penalty Provisions)

Any person who falls under any of the following subparagraphs shall be punished by imprisonment with labor for not more than two years or by a fine not exceeding 150 million won:

1. A business entity, etc. who places unfair labeling or advertising in violation of Article 3 (1), or who compels other business entities, etc. to do so;

2. A person who fails to comply with orders issued under Article 6 (3) or Article 7 (1).

Article 18 (Penalty Provisions)

Any person who divulges any confidential information of business entities, etc. known to him/her in the course of performing his/her duties, or uses such information for any purposes other than for the enforcement of this Act, in violation of Article 12, shall be punished by imprisonment with labor for not more than two years or by a fine not exceeding 20 million won. <Amended by Act No. 15142, Nov. 28, 2017>

Article 19 (Joint Penalty Provisions)

If the representative of a corporation (including organizations without legal personality; hereafter the same shall apply in this Article), or an agent or employee of, or other person employed by, a corporation or an individual commits a violation under Article 17 in connection with the business of the corporation or the individual, not only shall such violator be punished, but also the corporation or the individual shall be punished by a fine under the relevant Article: Provided, That this shall not apply where such corporation or the individual has not been negligent in giving due attention and supervision concerning the relevant duties to prevent such violation.

Article 20 (Administrative Fines)

(1) Where business entities, etc. fall under any of the following cases (excluding subparagraph 5), such entities shall be subject to an administrative fine not exceeding 100 million won, and where business entities, etc. fall under subparagraph 5, such entities shall be subject to an administrative fine not exceeding 30 million won, and any executive officer, employee or other interested person of a corporation or business entities' organization fall under any of the following cases, he/she shall be subject to an administrative fine not exceeding 10 million won:

1. Where a business entity or a person fails to include publicly notified material information in labeling or advertising in violation of Article 4 (5);
2. Where a business entity or a person fails to submit verification data in violation of Article 5 (3);
3. Where a business entity or a person fails to suspend labeling or advertising in violation of Article 5 (5);
4. Where a business entity or a person fails to comply with a temporary suspension order, in violation of Article 8 (1);
5. Where a business entity or a person fails to comply with an order to take corrective measures in violation of Article 14 (5);
6. Where a business entity or a person fails to appear without any justifiable ground in violation of Article 50 (1) 1 of the Monopoly Regulation and Fair Trade Act which is applied mutatis mutandis under Article 16 (2);

7. Where a business entity or a person fails to file a report or submit necessary data or articles pursuant to Article 50 (1) 3 or paragraph (3) of the same Article of the Monopoly Regulation and Fair Trade Act which is applied mutatis mutandis under Article 16 (2) or who files a false report or submits false data or articles;

8. Where a business entity or a person refuses, interferes with or evades an investigation conducted under Article 50 (2) of the Monopoly Regulation and Fair Trade Act which is applied mutatis mutandis under Article 16 (2).

(2) Any person who fails to comply with an order to maintain order issued under Article 43-2 of the Monopoly Regulation and Fair Trade Act which is applied mutatis mutandis under Article 16 (1) shall be punished by an administrative fine not exceeding one million won.

(3) Administrative fines under paragraph (1) or (2) shall be imposed and collected by the Fair Trade Commission, as prescribed by Presidential Decree.

ADDENDA

Article 1 (Enforcement Date)

This Act shall enter into force on July 1, 1999.

Article 2 (Transitional Measures concerning Corrective Measures, Penalty Surcharges and Penalty Provisions)

Taking corrective measures, imposing penalty surcharges and applying penalty provisions to any violation of Articles 23 (1) 6 and 26 (1) 5 of the former Monopoly Regulation and Fair Trade Act before this Act enters into force shall be governed by former provisions.

Article 3 (Transitional Measures concerning Fair Competition Regulations)

Fair competition regulations about labeling or advertising deliberated upon by the Fair Trade Commission under Article 23 (4) and (5) of the former Monopoly Regulation and Fair Trade Act as at the time this Act enters into force shall be deemed voluntary regulations about labeling or advertising deliberated upon under Article 14.

Article 4 Omitted.

Article 5 (Relationship with other Statutes)

A citation of the former Monopoly Regulation and Fair Trade Act or provisions thereof in force as at the time this Act enters into force shall be deemed a citation of this Act or the corresponding provisions hereof in lieu of the former provisions, if such corresponding provision exists herein.

ADDENDA <Act No. 7315, Dec. 31, 2004>

Article 1 (Enforcement Date)

This Act shall enter into force on April 1, 2005. (Proviso Omitted.)

Articles 2 through 10 Omitted.

ADDENDA <Act No. 7794, Dec. 29, 2005>

(1) (Enforcement Date) This Act shall enter into force three months after the date of its promulgation.

(2) (Applicability to Period for Submission of Verification Data) The amended provisions of Article 5 (3) and (5) shall apply from the first labeling or advertising placed by business entities, etc. after this Act enters into force.

ADDENDA <Act No. 7988, Sep. 27, 2006>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation. (Proviso Omitted.)

Articles 2 through 13 Omitted.

ADDENDA <Act No. 8852, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation. (Proviso Omitted.)

Articles 2 through 7 Omitted.

ADDENDA <Act No. 8863, Feb. 29, 2008>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDA <Act No. 9785, Jul. 31, 2009>

Article 1 (Enforcement Date)

This Act shall enter into force six months after the date of its promulgation.

Articles 2 through 9 Omitted.

ADDENDUM <Act No. 10167, Mar. 22, 2010>

This Act shall enter into force on the date of its promulgation.

ADDENDUM <Act No. 11050, Sep. 15, 2011>

This Act shall enter into force on the date of its promulgation.

ADDENDA <Act No. 12096, Aug. 13, 2013>

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation: Provided, That the amended provisions of Articles 12 and 16-2 shall enter into force three months after the date of its promulgation.

Article 2 (Transitional Measures concerning Right to Claim Compensation for Damage)

In applying provisions of the right to claim compensation for damage, the former provisions shall apply to any labeling or advertising placed before this Act enters into force, notwithstanding the amended provisions of Article 11.

ADDENDUM <Act No. 12380, Jan. 28, 2014>

This Act shall enter into force three months after the date of its promulgation.

ADDENDUM <Act No. 15142, Nov. 28, 2017>

This Act shall enter into force six months after the date of its promulgation.

Last updated : 2019-03-25