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KFTC'S RECENT ENFORCEMENT AGAINST UNFAIR TERMS IN STANDARDIZED CONTRACTS

As public awareness and interest in the regulation of standardized terms and conditions continue to grow, the number of consultations and review requests submitted to the Korea Fair Trade Commission (the "KFTC") regarding unfair terms in standardized contracts has steadily increased. In response, the KFTC has stepped up enforcement of the Act on the Regulation of Terms and Conditions (the "T&C Act") to protect consumer rights by correcting unfair terms in standardized contracts used in various industries.

In 2024, the KFTC handled 168 cases involving unfair terms in standardized contracts, an increase of approximately 50% from 112 cases in 2023. In May 2025, it conducted a comprehensive review of the terms of use adopted by 23 companies involved in the creation, publication, and distribution of webtoons and web novels on online platforms. The review resulted in the correction of 1,112 unfair clauses across 141 sets of terms of use, spanning 21 distinct types of violations.

The following provides an overview of key corrective actions taken by the KFTC on standardized terms since 2024, particularly those that may serve as useful references for legal and compliance practice.

I. KEY CORRECTIVE ACTIONS

1. Clauses Prohibiting the Counterparty from Dealing with Competitors (April 2024)

Some value-added network (VAN) providers included clauses in their standardized contracts with VAN agencies that barred the agencies and their employees from working with competitors or required prior written notice or approval before doing so. The KFTC noted that businesses should generally be free to choose their transaction counterparties based on their own operational and strategic needs. Clauses that unreasonably restrict competition or pressure counterparties to abandon competitors violate the principles set forth in the Monopoly Regulation and Fair Trade Act. Accordingly, the KFTC found that the clauses constituted unfair terms in violation of the T&C Act.

2. Clauses Unilaterally Granting Derivative Work Rights to the Service Provider (April 2024)

Some webtoon service providers included clauses in their standardized contracts with webtoon creators that broadly granted themselves the right to create derivative works, in addition to the right to use the original content. The KFTC found that even when a service provider holds the right to publish or serialize the original work, the right to create derivative

works belongs to the original author under Article 22 of the Copyright Act. Webtoon creators retain the exclusive right to decide whether, when, and with whom to produce derivative works. Accordingly, the KFTC determined that such clauses constituted unfair terms in violation of the T&C Act.

3. Clauses Infringing on Moral Rights (May 2025)

Some webtoon and web novel platform operators included clauses in their standardized contracts with authors that either required the authors to waive their right of attribution and right of integrity, or allowed the platform operators to infringe those rights. The KFTC found that these rights constitute moral rights of the authors under the Copyright Act and are inherently personal to the authors and non-transferable. Authors cannot waive them at will, and they retain the right to decide whether to be credited and to preserve the integrity of their work. Accordingly, the KFTC determined that such clauses constituted unfair terms in violation of the T&C Act.

4. Clauses Allowing for Arbitrary Suspension or Restriction of Services (October 2024)

Some financial institutions included clauses in their standardized service contracts that set out vague and broadly worded grounds for suspending or restricting service use, such as “operational necessity” or “other reasons determined by the bank.” The KFTC held that suspending, restricting, or modifying a customer’s use of services must be based on legitimate and specific grounds. When the justification is overly abstract or subject to the provider’s unilateral discretion, it may be unforeseeable to the customer and therefore unfair. Accordingly, the KFTC found that such clauses both allowed the provider to alter or suspend its obligations without sufficient justification and placed customers at an unfair disadvantage, in violation of the T&C Act.

5. Clauses Permitting Overbroad Collection and Use of Personal Data and User Content (November 2024)

Some platform operators included clauses in their standardized contracts that allowed for the broad collection of users’ personal data or the sharing of such data with third parties without specifying key details such as the recipient, specific data to be shared or retention period. Certain clauses also required users to waive their rights to the content they provided on the platform and to grant the platform a permanent license to use it.

The KFTC found that under the Personal Information Protection Act, businesses must obtain the data subject’s consent to collect only the minimum personal information necessary, and must clearly specify the details when sharing it with third parties. Unless exceptional circumstances apply, using or providing personal information for purposes beyond those originally intended is prohibited. In addition, under the Copyright Act, a licensee may use copyrighted content only within the scope of the license granted. Accordingly, the KFTC determined that clauses imposing overly broad waivers of users’ rights to their personal information and content were unfair and in violation of the T&C Act.

6. Clauses Defining Grounds for Termination in Vague or Overly Broad Terms (October 2024)

Some financial institutions included clauses in their standardized contracts that defined grounds for termination in vague or overly broad language, such as “violation of the terms” or “improper conduct.” The KFTC found that contract termination must be exercised with caution, even in the event of the counterparty’s breach, if the breach is minor and does not significantly affect the continuation of the contract. Grounds for termination must therefore be specified in clear and concrete terms. Accordingly, the KFTC determined that such clauses constituted unfair terms in violation of the T&C Act.

7. Clauses Treating Silence as Consent (October 2024)

Some financial institutions included clauses in their standardized contracts that treated a customer’s silence or failure to respond as an expression of intent or consent. The KFTC noted that such “presumed consent clauses” can lead to significant legal consequences, as they may result in the creation of obligations or changes in legal status without any explicit action by the customer. For this reason, the KFTC emphasized that these clauses must be clearly and individually disclosed, and should be permitted only in exceptional circumstances. In the case at issue, however, the clause presumed the customer’s intent solely based on silence, without separate notice, creating a risk that legal consequences could arise without the customer’s awareness. Accordingly, the KFTC determined that the clause constituted an unfair term in violation of the T&C Act.

8. Clauses Shifting Liability to Users by Citing Intermediary Status in Online Transaction (October 2024)

Some platform operators included clauses in their standardized contracts that exempted themselves from all liability for damages arising from the use of intermediary services provided by the platform operators, shifting full responsibility to the user. The KFTC found that platform operators also owe a duty of care as responsible intermediaries to ensure that users can access and use the service properly. If they fail to fulfill this duty, they should be liable for resulting damages. Therefore, the KFTC found that the clauses that categorically exempt platform operators from liability regardless of fault or the degree of responsibility constituted unfair terms in violation of the T&C Act.

9. Clauses That Exclude Essential Items from Basic Packages to Mislead on Price (November 2024)

Some wedding service providers offered basic “studio, dress, and makeup” packages that included only minimal services, while charging additional fees for scores of essential items such as dress fittings, photo files (original and edited), and early-morning makeup service. Although consumers typically expect these items to be part of the basic offering, wedding service providers excluded them or treated them as required add-ons, creating the impression of a lower overall price for the basic package. The KFTC found that this practice unfairly shifted costs onto consumers, especially given their vulnerable bargaining position expecting a wedding which is one of the most important events in their lives, the difficulty of

price comparison and the lack of real alternatives for these essential items. Accordingly, the KFTC determined that the clauses constituted unfair terms under the T&C Act.

10. Clauses Enabling Broad Use and Removal of User Content Without Notice (November 2024)

Some platform operators included clauses in their standardized contracts that allowed them to delete or restrict user-generated content without prior notice, or to use such content broadly for purposes unrelated to service provision. These clauses also failed to provide users with the right to request the cessation of use of their own posts.

The KFTC found that, except in exceptional circumstances, such as when a post clearly violates the law or poses a risk of irreparable harm, platforms should not delete or restrict user content without prior notice. In addition, any use of user-generated content must be limited to what is necessary for providing the service, and users must be allowed to request that such use be discontinued at any time. Accordingly, the KFTC determined that these clauses constituted unfair terms in violation of the T&C Act.

II. IMPLICATIONS

Any clause that violates the T&C Act becomes null and void, and the KFTC takes actions to induce companies to revise or remove such unfair terms. The KFTC also publishes press releases highlighting that the unfair terms have been rectified. Accordingly, businesses are advised to ensure that their terms and conditions do not include unfair provisions similar to those found to be in violation of the T&C Act in the above cases.

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