

Ex-Samsung exec charged with stealing trade secrets to create copycat chip factory in China

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The logo of the Samsung Electronics Co. is seen at its office in Seoul, South Korea on Jan. 31, 2023. South Korean prosecutors have arrested and indicted a former executive of Samsung Electronics suspected of stealing trade secrets while attempting to establish a copycat computer chip plant in China. Credit: AP Photo/Ahn Young-joon, File

South Korean prosecutors have arrested and indicted a former executive of Samsung Electronics suspected of stealing trade secrets while attempting to establish a copycat computer chip plant in China.

The Suwon District Prosecutors' Office said Monday that the unnamed 65-year-old unlawfully obtained Samsung's factory blueprints and clean-room designs from 2018 and 2019 while trying, unsuccessfully, to replicate a chip factory in the Chinese city of Xi'an, near where Samsung operates a plant.

The technology allegedly stolen by the man's China-based company would have been worth at least 300 billion won (\$233 million) for Samsung, prosecutors said. They charged six people employed by the man with "active participation" in the tech theft.

South Korea is highly sensitive to breaches of technologies related to [semiconductors](#), which accounted for nearly 17% of its total exports in 2022. Samsung, the world's largest manufacturer of computer memory chips, didn't immediately comment on the charges.

In a statement, prosecutors described the arrested man as an "undisputed top domestic expert in [semiconductor manufacturing](#)." After an 18-year career at Samsung he held executive roles for a decade at SK Hynix, another major South Korean chip maker which trails Samsung in the memory chip market.

The man later created chip manufacturing companies in China and Singapore with the backing of Chinese and Taiwanese investors and lured more than 200 chip experts from Samsung and Hynix with higher pay before arranging to smuggle out crucial technologies from Samsung, prosecutors said.

The manufacturing secrets allegedly taken from Samsung included

processing blueprints and "basic engineering data" for designing clean-room environments to prevent contamination during semiconductor manufacturing, which prosecutors described as "core national technologies."

"The suspect ... attempted to duplicate an entire (Samsung) factory to manufacture and mass-produce semiconductors in China," said the prosecutors' office, who described his crime as incomparable in damage and scale to previous theft cases.

It said South Korea's semiconductor industry would have been "irreversibly damaged" and the country's security interests greatly compromised if the factory was actually built and produced chips similar to Samsung's products.

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