

Trademark protection in Mongolia

The exclusive rights of the trademark holder will be granted or entitled when the trademark is officially registered with the General authority of Intellectual property and trademark certificate is issued.

"Trademark" means distinctive expression used by an individual or a legal entity, engaged in manufacturing of goods or the provision of services, in order to distinguish the goods or services from those of others. It may be expressed in words, figures, letters, numerals, three-dimensional configurations, colours, sounds, scents and/or any combinations thereof.

Trademark registration: For registering the trademark, the following documents are required:

1. Application form, which shall contain followings:
 - 1.1 a request for registration of the trademark;
 - 1.2 if the applicant is a legal person, then its official name and address, its organisational form, its seal or stamp, and a signature of a competent official;
 - 1.3 if the applicant has an official representative (Power of attorney), then his/her surname, name of father /mother/, given name and address, and a signature of the applicant or his/her official representative;
 - 1.4 if the applicant wishes to claim the priority date, then a declaration claiming the priority of an earlier application;
 - 1.5 trademark to be registered;
 - 1.6 trademark description;
 - 1.7 if the applicant wishes to claim colour or a trademark which is a three-dimension mark, then a statement to that effect;
 - 1.8 if the trademark is a collective mark, then a statement to that effect;
 - 1.9 if the trademark is a certification mark, then a statement to that effect;
 - 1.10 in cases where the trademark is expressed in characters other than Cyrillic or Latin script, or where it is in a foreign language, a translation of the trademark into Cyrillic script or a translation thereof;
 - 1.11 classification of trademark and list of the names of goods and services pertaining to the trademark.
2. Receipt of state stamp duties payment.
3. Other supporting documents related to collective trademark use, certification trademark use, documents related to priority date and POA.

Trademark registration process takes 9 months and can be extended for additional 6 months.

When the trademark is registered, its certificate shall be issued for 10 years term and can be extended for additional 10 years.

The exclusive rights of the trademark holder shall be enforced within registered list of goods and services.

Exclusive rights: The trademark holder shall have the following exclusive rights:

- a. To own the registered trademark;
- b. To allow use of the registered trademark;
- c. To transfer the registered trademark;
- d. To demand cessation of use of registered trademark without permission;
- e. To demand cessation of use of similar trademark by a third party which misleads the customers; and
- f. To demand payment for incurred loss due to action stated in (d) and (e).

The uses of the trademark are as follows:

- a) Using trademark for production, its packing and service;
- b) Using trademark for supply to market or for storage for supplying to the market and serving the product;
- c) Clearing the product with trademark through customs; and
- d) Using the trademark on letter, introduction and other document, internet and advertising.

The only allowed use of the registered trademark under the law is a licensing agreement. In accordance with the licensing agreement, trademark holder may allow use of the trademark by a third party. As outlined by the law, the licensing agreement shall be registered with the intellectual property authority and only then the agreement shall be considered as valid.

Use of trademark on internet or advertising: The use of the trademark on internet including *Facebook page* and website or used in advertising shall be considered as a use of the trademark. Therefore, the user of the trademark shall get permission from the trademark holder prior to use of the trademark.

If the trademark user does not comply with this procedure, the trademark holder is entitled to demand cessation of the use of trademark and claim a caused loss of the breach. The caused loss shall be defined in monetary amount and the loss shall be proved by evidences.

In order to protect its legitimate rights as a trademark holder, the trademark holder may file a claim to the supervisory department of the Intellectual property authority regarding a breach of its exclusive right entitled under the law.

Options to protect the exclusive rights:

If an individual or legal entity uses the trademark without permission, the trademark holder may protect its exclusive rights and file the claim to the authorities:

- a) Intellectual property authority;
- b) Customs authority; and

c) Court.

Enforcement action by Intellectual property authority: In case of trademark infringement, the trademark holder may file a claim to the supervisory department of Intellectual property authority. The claim shall be supported by the evidence of trademark infringement. The assigned state inspector will work on trademark infringement.

The inspection shall start within 3 days from submission date of the claim. The inspection shall last for 14 days and can be extended for 30 days.

The state inspector can impose following sanctions to the trademark infringement case:

- Oblige to cease the use of trademark and undertake corrective action or cease action within defined term;
- Oblige to cease sell of product or destroy product; and
- Impose penalty specified in Law of Offence (please see Section: Liabilities).

In case state inspector's action is not satisfactory to the claimant, he/she can file a claim to the senior inspector and court.

Enforcement action by the Customs authority: For protecting or fighting with fake products to be supplied and sold in the market, trademark holder or its authorised entity or individual under the licensing agreement can register the trademark at customs authority on basis of the registered trademark certificate at its registry. The customs authority shall not clear fake products with registered trademark through the customs if there is any complaint.

The trademark holder can file a claim on ceasing to clear the products by the customs if there is an infringement of its trademark rights and cleared products through the customs illegally, or there are solid grounds that illegal or fake products are under the customs inspection to the Customs authority. The claim shall contain information about trademark holder, intellectual property and detailed description of the products which cleared the customs illegally and defining term for measures which will be undertaken by the customs authority.

The state inspector of the Customs authority is authorised to impose same sanctions to a trademark infringer.

Enforcement action by the courts:

a. If state inspector and its senior inspector have not performed satisfactory to the trademark holder's claims for protecting its exclusive rights, the trademark holder may file a claim to the court.

b. If trademark infringement caused a loss in form of monetary or non-monetary such as damage to the business reputation etc., the trademark holder is entitled to file claim for compensation of caused loss to the court. However, the caused loss shall be proved by evidence in order to claim caused loss.

c. The criminal sanction will be imposed to the defaulted entity and individual by the court. In this case, if defaulted party has manufactured, supplied, sold and stored fake products with the registered trademark; the criminal sanction will be imposed.

Liabilities on trademark holder rights:

Trademark infringement shall be classified as an offence or a crime under the relevant law.

Trademark infringement – Offence: In accordance with article 8.5 of Law on Offence of Mongolia, the state inspector of the intellectual property authority can impose the following liabilities to the trademark infringement if any individual or legal entity has violated the trademark holder's exclusive rights.

- (i) *The items used to conduct offence, illegally earned income and illegally earned property as result of offence shall be confiscated,*
- (ii) *To suspend the operation of defaulted individual or legal entity;*
- (iii) *To indemnify or recover aggrieved individual or entity's loss; and*
- (iv) *To impose penalty with amount of to 300,000MNT (app 125USD) a defaulted individual and 3,000,000MNT (app 1,250USD) for a legal entity for breach of the trademark holder's rights unless the trademark rights violation shall not be liable for criminal sanction.*

It is a sole discretion of the state inspector of the intellectual property authority whether to impose one liability or combined liabilities of two or three of the above listed liabilities to the individual or legal entity which conducted trademark infringement.

Trademark infringement – Crime: Under paragraph 1 of article 18.16 of Criminal code of Mongolia , the trademark holder may file a claim to the court in order to protect its exclusive rights if forgery of a trademark is manufactured, stored, transported, sold and passed through by the customs and caused loss that is more than minimum amount (caused loss of more than 300,000MNT or app 125USD), a defaulted party shall be punishable by a fine ranging from 2,700,000MNT (app. 1,119USD) to 5,000,000MNT (app.2072USD) or do community beneficial work between 240 and 700 hours, or restrict travelling from 3 months up to 6 months, or imprisonment from 6 months up to 1 year.

If this crime has been committed consistently and by the organised criminal group, a defaulted party shall be punishable by a fine ranging from 2,700,000MNT (app. 1,119USD) up to 14,000,000MNT (app.5802USD) or do community beneficial work between 240 and 700 hours, or restrict travelling from 6 months up to 3 years, or imprisonment from 6 months up to 3 years.

It is a sole discretion of the judge whether to impose one sanction or combined sanctions of two or three of the above listed sanctions to the individual or legal entity which committed the trademark related crime.

The state stamp duties for filing a claim to the court is 70,200MNT (app 29USD) in order to protect its rights. If the trademark holder is claiming its loss which can be expressed in monetary amount, the state stamp duties shall be defined by certain percentage of the claiming amount under the claim.

If there is sufficient evidence of trademark infringement, there is a high percentage of success on claim.

For more information or any queries, please feel free to contact V. Bolormaa, Partner and Advocate of Absolute Advocates Law Firm (Associate office of GRATA International in Ulaanbaatar) by bvolodya@gratanet.com or 976 99085031.