

# WORLD TRADE ORGANIZATION

RESTRICTED

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**Council for Trade-Related Aspects  
of Intellectual Property Rights**

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## REVIEW OF LEGISLATION

### MONGOLIA<sup>1</sup>

The present document reproduces the introductory statement made by the delegation of Mongolia, the questions put to it and the responses given in the review of its legislation at the Council's meeting of 1-2 December 1998.<sup>2</sup>

## I. INTRODUCTORY STATEMENT

The existing legislation concerning intellectual property in Mongolia consists of the Constitution of the Mongolia, the Law of Mongolia on Patents, the Law of Mongolia on Copyright, the Law of Mongolia on Trademarks and Trade Names, the Law of Mongolia on Technology Transfer and the Civil and Criminal Codes of Mongolia.

The new Constitution of Mongolia was enacted in 1992, which recognizes intellectual property as the property of the author and the wealth of the nation.

Based on the new Constitution, separate Laws on Copyright and Patents have been enacted since September 1993 reflecting the issues of modern scientific and technological development.

### A. COPYRIGHT

Under the Copyright Law of Mongolia, copyright means moral and economic rights of the author with regard to his or her artistic, literary and scientific works and any natural or legal person who has created a work shall be deemed the author.

The following are protected by copyright: scientific and literary works either in written or oral form, musical works, works of fine art or applied art, works of architecture including drawings relative thereto, choreographic works, works of contortionists and pantomimes, dramatic works, cinematographic works including works expressed by a process analogous to cinematography, photographic works including works expressed by a process analogous to photography, plans, drawings, sketches and models relative to science and technology, computer programmes, sound recordings and visual recordings, derived works and other works which express the creative activity of the author's intellect.

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<sup>1</sup> As regards laws and regulations relevant to the area under review and notified by Mongolia under Article 63.2 of the Agreement, reference is made to documents IP/N/1/MNG/1, IP/N/1/MNG/1/Add.1, IP/N/1/MNG/C/1/Rev.1, IP/N/1/MNG/P/1, IP/N/1/MNG/T/1 and IP/N/6/MNG/1.

<sup>2</sup> The minutes of this meeting have been circulated as document IP/C/M/21.

However, the compilation of data is not covered by the Copyright Law. The Government of Mongolia has approved and submitted to the Parliament a draft Law to amend the Copyright Law in which the protection of the compilation of databases is reflected.

The draft Law does not provide protection to the following:

- (1) legislation and other legal documents;
- (2) court decisions, official documents;
- (3) speeches made in court and at political meetings;
- (4) translation of documents referred in (1), (2), (3) of this paragraph;
- (5) news;
- (6) ideas, procedures, methods of operation, or mathematical concepts.

According to the draft Law to amend the Copyright Law, a copyrighted work shall be protected automatically since its creation, and the author may register with the Intellectual Property Office his work or contract of transfer of rights or transaction thereof, if he so wishes.

Under the draft Law to amend the Copyright Law, copyright in works created, amended, performed, compiled based on folklore, or cinematographic and phonographic works or similarly created derived works shall be protected by this law.

The protection consists of moral and economic rights:

1. the moral right includes, among others, the right
  - to use his or her own name, or a pseudonym for the work or leave it anonymously;
  - to demand that his name be mentioned;
  - to preserve the integrity of the work.
2. the economic right includes, among others, the right to authorize:
  - reproduction of the work;
  - change, alteration and translation of the work;
  - communication of the work to the public;
  - making available of the work to the public
  - commercial rental of works to the public (draft law)

The authors or the copyright owners have the right to receive royalty and remuneration for the work used.

The term of protection of copyright is the life of the author plus 50 years after his death.

Pseudonymous works are protected for 75 years computed from 1 January of the year of first publication of the work.

The term of copyright in derived works shall be 25 years computed from 1 January of the next year after the work was created.

The term of copyright in photographic works and works of applied art shall be 25 years from the making of such work. (draft law).

The draft law also provides protection to the performers' rights under neighbouring rights. The term of rights of performers' and producers of phonograms is 50 years.

For the infringement of copyright a fine of up to 250,000 tugriks<sup>3</sup> is imposed by the judge and the infringing goods be seized according to the draft law.

#### B. TRADEMARKS, TRADE NAMES

Under the Law on Trademarks and Trade Names, legal guarantee for trademarks, trade names, to protect the rights, legal interests of their owners, to regulate relations with regard to ownership, exploitation, expenditure of trademarks, trade names is ensured.

"Trademark" means a letter, numerals, figurative elements, or an image expression of their combination that have specific meaning used by a legal entity, or a person, who carry out production and service activities, for the purpose of distinguishing their trades and service from others and shall be registered if all these requirements are met.

Names of origin of goods shall be registered only by collective mark.

An economic entity shall have a nominal name and exclusive rights to use it. A trade name shall enter into force after being registered in the state register and a certificate being issued.

A legal person or individual who wishes to register a trade name or trademark shall make an application with respect to that trademark or trade name to the Intellectual Property Office.

Within 20 days of receiving an application for a trade name, the Intellectual Property Office shall examine the materials relevant to the application and, if the application meets the requirements set out in Articles 4 and 5 of this Law, shall record the date it received the application as the filing date.

If an individual or legal person applies to register a trademark within six months from the date of exposing the goods in the following exhibitions, the filing date shall be recorded as the date of exposure of the goods at the exhibition:

- (1) an exhibition organised by a competent central or local administrative body;
- (2) an exhibition organised on the authority of a competent central or local administrative body;
- (3) an exhibition organised in a foreign country;

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<sup>3</sup> 1 US\$ = 850 tugriks.

- (4) an exhibition organised in the territory of a member country of the Paris Convention by, or with the permission, of the Government of that country.

Based on the conclusions of its examination, the Intellectual Property Office shall decide whether to register a trademark or trade name within six months from the filing date of application. If necessary, the Intellectual Property Office may extend the term for up to six months.

The Intellectual Property Office shall publish in the press the bibliography and graphical representations of registered trademarks and trade names.

A certificate of trademark or trade name shall be valid for a period of ten years from the date of its issuance.

The period of validity of a certificate of trademark or trade name may be extended on the application of the owner for a period of ten years each time.

For granting or extending the term of a certificate of trademark or trade name, a fee shall be paid in accordance with the rate and amount provided in the Law of Mongolia on Stamp Duties.

An owner of a trademark or trade name has the following rights:

- (1) to use the registered trademark or trade name for his or her own goods and services;
- (2) to own, exploit, and/or dispose of his or her registered trademarks or trade name;
- (3) to permit others to use the registered trademark or trade name by way of licence contract;
- (4) to transfer the trademark to others;
- (5) to get information and confirmation from the Intellectual Property Office on registered trademarks and trade names;
- (6) if his or her registered trademark or trade name is used unlawfully by others, to require such to cease and to be protected against breach of his or her rights;
- (7) to demand cessation of the use of trademarks or trade names that are similar to previously registered trademarks and trade names and to be compensated for losses suffered.

An owner of a trademark may transfer, in whole or in part, the right to own the trademark to others by way of inheritance or other means.

The right to own a trademark may be transferred by way of contract. The contract shall be in writing and executed with the signature of both parties, and may be certified by notary if they so wish and shall be registered in the Intellectual Property Office.

A licence contract shall be registered in the Intellectual Property Office.

Collective marks and use of the names of the geographical origin of goods shall not be transferred to others by licence contract.

Breach of the legislation on trademarks and trade names is held not to constitute a criminal offence, a judge shall impose a fine of up to 250,000 tugriks, profits gained from the unlawful use of a trademark or trade name shall be paid to the owner of the trademark or trade name, profits gained from the sales of goods shall be transferred to the State ownership and production and service activities shall be stopped.

#### C. PATENTS

Under the Patent Law of Mongolia, authors of patented inventions, industrial designs and utility models are protected.

A patent shall be granted to the author of an invention, a person who has created a product or process which is absolutely new, involves an inventive step and is industrially applicable, or to a natural person or legal entity to whom the author has assigned his right concerned.

The discoveries, scientific theories and mathematical methods; computer programs and algorithms; schemes, rules or methods for doing business, performing mental acts or playing games; solutions which are contrary to public order, morality, environment or human health shall not be considered inventions.

A patent application for an invention or industrial design shall be filed with the Intellectual Property Office by the author, a natural person or a legal entity to whom the right concerned has been assigned.

An application for an invention shall contain a request, a description of the invention, claim(s) and an abstract. Where required, it shall contain relevant drawings or references.

An application for an industrial design shall contain a request, a drawing of the industrial design and a description. The applicant may claim in the request the priority right on the basis of the filing date of earlier national, regional or international applications. In that case, the relevant documents shall be attached to the application.

Where the applicant has no permanent residence or principal place of business activities on the territory of this country, he shall be represented by a patent agent practising in this country.

An application shall be written in Mongolian. Where it is written in another language, the applicant shall, within two months from the date of filing the given application to the Patent Office, furnish the Mongolian translation.

The Intellectual Property Office shall, within 20 days from the date of receipt of an application for an invention or industrial design, carry out the formality check and if all the requirements are met, it shall accord as the filing date the date of receipt of the application.

The Intellectual Property Office shall, based on the examination report and within nine months from the filing date, make a decision whether a patent is to be granted. When required, the Office may extend this period of time up to 12 months.

If a decision is made to grant a patent, the claim(s) of the invention or the drawing of the industrial design and the bibliography concerned shall be published in the Patent Gazette.

Patents for inventions and industrial designs shall be valid for the term of 20 and ten years respectively.

The patent shall belong to the author who was the first to file his application to the Intellectual Property Office or, if the priority is claimed, to the author who has filed the application with the earliest priority date.

The right to a patent for an invention or industrial design which has been created in the course of execution of his official duties or contractual obligations shall belong to the employer (financing person) unless otherwise provided in the contract.

The owners of the patent have the exclusive right to exploit his invention or industrial design and to assign his right to a patent. A patented invention or industrial design may be exploited only with the consent of the patent owner.

Any interested person may exploit a patented invention or industrial design by concluding a licence contract with the patent owner where the method, ways, limits, scope and duration of the exploitation of the invention or industrial design and the rights and obligations of the contracting parties; the amounts of payment for the exploitation of the invention or industrial design and the ways of payment are reflected. A licence contract shall be registered with the Intellectual Property Office.

In the following cases a compulsory licence may be granted by the decision of the Intellectual Property Office in respect of a patented invention at the request of any interested person:

- (i) when the invention must be worked for reasons of public interest, particularly national security, food supply or health care;
- (ii) when the patent owner fails to prove to the Patent Office that the invention has not been worked during the period of four years from the filing date of a patent application or three years from the date of the grant of a patent (whichever period expires the last) due to the absence of any condition to exploit it in Mongolia;
- (iii) when the patent owner makes unacceptable conditions and terms for the exploitation of the invention.

The patent owner may appeal against the decision to the court if he disagrees with the decision of the Office.

Fees shall be paid for the maintenance of a patent and for the registration of a licence contract. The fees shall be payable to the Patent Office, the amount of the fee is determined by the Law of Mongolia on Stamp Duty (Article 6).

Any interested person may request the court to invalidate a patent.

Appeals and disputes on all other matters shall be considered and settled by the court.

For a violation of the patent legislation a fine of up to 250,000 tugriks shall be imposed by the judge unless any criminal liability is provided.

#### D. ENFORCEMENT

Article 150 of the Criminal Code stipulates that "a fine of 50,000–150,000 tugriks or a corrective labour for up to one and a half years shall be imposed for infringement of copyright of scientific, literary and artistic works, illegal reproduction and publication, distribution, sale, enforcing for acquiring co-authorship". It also stipulates that a fine of 60,000-250,000 tugriks or a corrective labour for up to one and a half years shall be imposed for advanced distribution of copyrighted works,

invention without their consent, for infringement of inventors' rights, enforcing for acquiring co-authorship.

Article 169 (1) of the Criminal Code stipulates that a fine of 50,000-150,000 tugriks or imprisonment for up to three years shall be imposed for the forgery of label, address, type, quality of products, illegal use or delivery of marks, label of product of local or foreign origin.

The Civil Code of Mongolia regulates compensation of damages caused by infringement of intellectual property rights. The criteria for deciding the amount of compensation which is paid to a patentee who has suffered from the infringement of his patent is regulated by regulations stipulated in the Civil Code of Mongolia. This means the decision on the amount of compensation is up to the judge.

The infringement of intellectual property rights is solved like civil cases under the regulation stipulated in the law of judicial procedures for civil remedy based on the law of intellectual property or Civil Code.

Under the Customs Law, the Customs authorities may suspend the importation of suspect goods. However, there is no provision or regulation concerning seizure of infringing goods. The Government is now preparing a draft related to border measures and provisional measures in connection with intellectual property rights protection.

#### E. INTERNATIONAL ACTIVITIES

Mongolia is a member of the following conventions:

The Convention Establishing the World Intellectual Property Organization since 1979.

The Paris Convention for the Protection of Industrial Property since 1985.

The Madrid Agreement concerning the International Registration of Marks since 1985.

The Patent Cooperation Treaty (PCT) since 1992.

The Hague Agreement concerning the International Deposit of Industrial Designs since 1997.

The TRIPS Agreement of the WTO since 1997.

The Berne Convention for the Protection of Literary and Artistic Works since 1998.

#### F. ADMINISTRATION OF INTELLECTUAL PROPERTY

The Intellectual Property Office was established in August 1996 by the Parliament as the Government agency within the competence of the Minister for Justice.

It combined the functions of the former Patent and Copyright Offices. The main functions of the Office are to draft laws on intellectual property, to organize activities to develop human resources and to increase public awareness of intellectual property matters.

The Office also develops cooperation with non governmental organizations, collecting societies, private sectors in the field of intellectual property protection.

The Intellectual Property Office organizes meetings, seminars and training for intellectual property rights owners and also makes contact with local newspapers and television to publish or broadcast information for public about intellectual property rights.

The Minister of Justice has recently issued an order to include intellectual property protection issues in the curriculum of the Universities and Law Institutes of the country. The Intellectual Property Office is also preparing reading material on intellectual property in the Mongolian language.

## **II. REPLIES TO QUESTIONS POSED BY THE EUROPEAN COMMUNITIES AND THEIR MEMBER STATES**

### **A. COPYRIGHT AND RELATED RIGHTS**

1. *Please explain whether and how Mongolia provides full retroactive protection to works, phonograms and performances from other WTO Members as required by Articles 9.1, 14.6 and 70.2 of the TRIPS Agreement, each of which incorporate by reference or rely upon Article 18 of the Berne Convention. Please give the date to which such protection extends back with respect to each category of subject-matter.*

The existing legislation of Mongolia does not provide retroactive implementation. However we think that the Copyright Law may be amended to provide retroactive protection to works, phonograms and performances.

2. *Please clarify whether and how compilations of data are protected under Mongolian copyright legislation (Article 10 of the TRIPS Agreement).*

The existing Copyright Law does not provide protection to compilation of data. The draft law on Amendments to the Copyright Law that was submitted by the Government to the Parliament provides protection of compilation of data.

3. *Article 6 of the Copyright Law attributes certain competences to the Intellectual Property Office e.g. "receiving applications in respect of copyright in works" and "make determinations on them or granting certificates in respect of works". Please describe in more detail the responsibilities of this Office, in particular against the background that the enjoyment and the exercise of copyright shall not be subject to any formality (Article 9 of the TRIPS Agreement in conjunction with Article 5(2) of the Berne Convention).*

The new draft law provides no formality for copyright protection.

4. *Please clarify whether and how Article 11 of the TRIPS Agreement (rental rights with respect to computer programs and cinematographic works) is implemented in Mongolian legislation.*

As computer programs and cinematographic works are protected by copyright, the provision of Article 9 (3) provides right to rental.

5. *Article 13 of the Copyright Law provides for the requisition of a work in cases of "immediate public interest". Please clarify how "immediate public interest" is interpreted. Furthermore, please describe any cases where Article 13 was applied.*

Under Article 13 of the Copyright Law, "immediate public interest" means public health, food supply, defence that ensures the interest of the population. For instance, there was no case relating to the implementation of Article 13.

6. *Article 20 of the Copyright Law provides for the protection of derivative works for a term of protection of 25 years. Article 9 of the TRIPS Agreement in conjunction with Article 2(3) of the Berne Convention states that derivative works i.e., translations, adaptations, arrangements of music and other alterations of a literary or artistic work shall be protected as original works (i.e. term of protection 50 years) without prejudice to the copyright in the original work. Against this background, please explain in more detail how the term "derivative works" is interpreted and how such works are protected. Please also explain how such works relate to the original work under Mongolian Copyright Law.*

Although Article 20 (2) of the Copyright Law provides the term of protection for derivative works for 25 years, derivative works, under Article 3 (12), are protected as original works. This difference shall be amended by the draft law on amendments submitted to the Parliament.

7. *Article 21.2 of the Copyright Law provides that sound and visual recordings may be used for a non-commercial purpose without the consent of the right holder. Please clarify the scope of "non-commercial purpose" and give some examples.*

The reply to this question will be provided later.

8. *Article 21.4 of the Copyright Law seems to provide for a term of protection of only 25 years for producers of sound and visual recordings. However, the TRIPS Agreement foresees in Article 12 a general term of protection of 50 years and more specifically, for producers of sound recordings in Article 14.5, a term of protection also of 50 years. Please explain.*

According to the draft law, this term is amended up to 50 years.

9. *Please explain how the term "public benefit" in Article 23 of the Copyright Law is interpreted and applied.*

Under Article 23 of the Copyright Law, "public benefit" means to meet the requirements of public interest.

## **B. TRADEMARKS, GEOGRAPHICAL INDICATIONS AND INDUSTRIAL DESIGNS**

### **1. Trademarks**

1. *Article 3 ("Definition") of the Trademark Law does not mention combinations of colours as possible trademarks. Please explain how this complies with Article 15 of the TRIPS Agreement, which expressly includes such types of trademarks in the scope of protection.*

Although Article 3 of the Trademark Law does not mention combinations of colours as possible trademarks, Article 7 (5) stipulates that "If an applicant wishes to register a sign, a collective mark of form of volume, or of colour, he or she shall address this in the application and shall attach a copy of the procedure for use of the mark to the application". This means that combinations of colours may be registered as possible trademarks. Moreover, Article 2 (2) of the Trademark Law says that "If an international treaty to which Mongolia is party is inconsistent with this law, then the provisions of the international treaty shall prevail." As Mongolia is member of the WTO and implements the TRIPS Agreement, Mongolia shall register combinations of colours as a trademark.

2. *In Article 4.2 (iv) of the Trademark Law it is stated that "a thing which may lead to wrong way" is not considered as being a trademark. Please clarify what is meant by this.*

Under Article 4 (2) (iv) of the Trademark Law, the meaning of "a thing which may lead to wrong way" is a mark which the consumers may confuse with other marks.

3. *Please explain whether and how Mongolian legislation implements Article 16.2 and 16.3 of the TRIPS Agreement which provides for a specific (enhanced) protection of well-known marks beyond what is covered by the Paris Convention.*

Article 4 (3) (6) of the Trademark Law stipulates that trademarks similar to common trademarks of Mongolia shall not be registered. The criteria to determine the well-known marks may be explained by the Supreme Court which has jurisdiction to make explanations of legislation. The above provision may be interpreted as implementing the provisions of Article 16.2 and 16.3 of the TRIPS Agreement.

4. *It appears that Article 11 of the Trademark Law provides for a term of protection of 20 years (ten + ten) at the most. Please explain how this complies with Article 18 of the TRIPS Agreement, which states that "the registration of a trademark shall be renewable indefinitely".*

Article 11 (2) of the Trademark Law stipulates that "the period of validity of a certificate of trademark or trade name may be extended on the application of the owner for a period of ten years". This means each time the extension is valid for ten years.

5. *Please clarify whether, under Mongolian legislation, the owner of a registered mark has the right to assign the mark with or without the transfer of the business to which it belongs (Article 21 of the TRIPS Agreement).*

Article 16 (1) of the Trademark Law stipulates that "An owner of a trademark may transfer, in whole or in part, the right to own the trademark to others by way of inheritance or other means". This means that the owner of a trademark has the right to assign the mark with or without the transfer of the business to which it belongs.

## **2. Geographical indications**

6. *Please explain in detail whether and how Part II, Section 3 of the TRIPS Agreement is implemented in Mongolian legislation.*

The Law on Trademarks and Trade Names says that "place of origin" means the name of the country, city, village or place where goods are produced which have characteristics directly linked with its geographical conditions and the customs of its people. Article 4 (4) of the Law says that "the name of the origin of goods shall be registered only by way of a collective mark." However, these provisions do not comply with the requirements of Section 3 of Part II of the TRIPS Agreement and the Government has started a separate draft law on geographical indications.

## **3. Industrial designs**

7. *Please explain in detail whether and how Article 25.2 (protection of textile designs) of the TRIPS Agreement is implemented in Mongolian legislation.*

There is no special provision regarding textile designs. However, in Mongolia the textile design is protected as an industrial design under the Patent Law.

C. PATENTS, LAYOUT-DESIGNS (TOPOGRAPHIES) OF INTEGRATED CIRCUITS AND PROTECTION OF UNDISCLOSED INFORMATION

**1. Patents**

1. *Article 3.1 of the Patent Law defines an "invention as an absolutely new solution that relates to a product or process, that has been created for the first time, and the essence of which depends upon the basis of a law of nature". Against the background of this latter condition, please explain how it is interpreted and how the term "invention" relates to "discovery".*

Under the Patent Law, discovery and invention relate to each other by that provision, we grant patents only to industrially applicable solutions.

2. *The Patent Law provides for the protection of inventions and innovations. Please clarify how the two relate to each other (on the basis of concrete examples, if possible). Furthermore, Article 4.1 of the Patent Law states that "a patent shall be granted to the author of an invention". Article 17 of the Patent Law describes the "rights of patent owners". Nevertheless, Article 15 of the Patent Law provides for the "rights of creators of inventions". Article 19 of the Patent Law seems to distinguish as well between the exploitation of a patented invention and an invention (by concluding a licence contract). Against this background, please clarify and explain the relationship between a "patent" and an "invention" including its legal consequences.*

The draft law on amendments to the Patent Law provides protection of utility models instead of innovations. Patent means a legal document granted by competent authorities to determine the solution as an invention. Invention is a solution not legally protected.

3. *Article 4.5(5) of the Patent Law excludes from patentability the "prophylaxis of human and animal diseases". Please explain how this is interpreted and applied (on the basis of concrete cases, if possible).*

The method of diagnoses and treatment of human beings and animals is excluded from patentability.

4. *Article 4.5(6) of the Patent Law excludes from patentability "plant varieties". Article 27.3(b) of the TRIPS Agreement states that "Members shall provide for the protection of plant varieties either by patents or by an effective sui generis system or by any combination thereof". Please explain whether and how plant varieties are protected under Mongolian legislation.*

The draft law provides protection to plant varieties.

5. *Article 20 of the Patent Law sets out certain criteria for the granting of compulsory licences. However, Article 31 of the TRIPS Agreement does not seem to be implemented in its totality. Please explain.*

Article 20 of the Patent Law does comply with Article 31 of the TRIPS Agreement, however there is a discussion to improve the provision of that Article.

6. *Please explain whether and how Article 34 (reversal of the burden of proof in case of process patents) of the TRIPS Agreement is implemented in Mongolian legislation.*

It is possible to reflect the provisions of Article 34 of the TRIPS Agreement in the Patent Law. The defendant is responsible to determine the difference in process patents according to the law on civil proceedings.

**2. Layout-designs (topographies) of integrated circuits**

7. *Please explain whether and how Part II, Section 6 of the TRIPS Agreement is implemented in Mongolian legislation.*

There is no provision regarding layout-designs of integrated circuits and protection of undisclosed information.

**3. Protection of undisclosed information**

8. *Please explain whether and how Part II, Section 7 of the TRIPS Agreement is implemented in Mongolian legislation.*

See the response to question 7.

**D. ENFORCEMENT**

*The intellectual property rights enforcement system of Mongolia contains major shortcomings. Although contained in the TRIPS Agreement, the intellectual property rights enforcement system of Mongolia neither foresees administrative procedures and remedies, provisional measures or special measures related to border measures. This represents a clear violation of the WTO Accession Protocol of Mongolia. The following questions are, therefore, asked only on a preliminary basis.*

1. *According to Article 41 of the TRIPS Agreement, WTO Members are obliged to ensure:*

- (a) that enforcement procedures are available under their laws so as to permit effective action against any act of infringement of intellectual property rights; and*
- (b) that such procedures include expeditious remedies but provided;*
- (c) that such procedures provide safeguards against abuse.*

*Thus, in relation to (c) in particular, safeguards are built into the procedural obligations specified in the TRIPS Agreement. Article 41.4 of the TRIPS Agreement provides that parties to proceedings shall have an opportunity for review by a judicial authority of at least the legal aspects of initial judicial decisions on the merits of a case. Please clarify the implementation of this provision in Mongolia.*

On breach of contract of use of intellectual values, Article 288 of the Civil Law of Mongolia provides that "The party which has not performed or has improperly performed its obligations under the contract shall be liable under the law or under the provisions and terms of the contract."

Article 5 of the Civil Procedure Code of Mongolia provides that "civil proceedings shall be conducted without discrimination with regard to ethnic origin, language, race, age, sex, social origin and status, property, occupation and post, religion, opinion or education, and type and size of property of economic entities."

Article 6 of the Civil Procedure Code of Mongolia says, "the judge shall be independent and liable only under the law."

Article 122 of the said Code provides that "the court shall inform its decision to the parties to proceedings within 10 days."

2. *According to Article 42 of the TRIPS Agreement, means to identify and protect confidential information have to be provided. Concerning Mongolia's reply to question no. 4 of the Checklist of Issues on Enforcement<sup>4</sup>, please explain what is meant by "unless otherwise prescribed by law".*

Article 8 of the Law of Mongolia on the Prohibition of Unfair Competition says that "Business entities are prohibited from carrying out the following activities which are deemed to be inconsistent with fair competition:

- sale, publication or dissemination of scientific, technological or trade information without the consent of the owner."

This provision does not apply to the reverse engineering of goods, which can be marketed freely.

3. *Concerning Mongolia's reply to question no. 5 of the Checklist of Issues on Enforcement<sup>4</sup>, please explain in more detail all remedies that may be ordered for injunctions, damages (including recovery of profits, expenses and attorney's fees), destruction and disposal of infringing goods and materials for their production, etc., in all areas covered by Part II of the TRIPS Agreement, notably copyright and related rights, trademarks and patents.*

Article 396 (3) of the Civil Code of Mongolia provides that "A person who has unfairly acquired others' property is liable to make restitution to the owner or to the persons entitled to its possession, use, disposal of any income, benefits and fruit which has been derived or ought to have been derived from such a property from the moment of such acquisition of the property, and person who has acquired such possession of others' property is liable to make such restitution from the moment it knew or ought to have known of such acquisition, or to pay its price."

4. *Please clarify whether the answer given by Mongolia to question no. 6 of the Checklist of Issues on Enforcement<sup>4</sup> applies to infringing acts in all areas or only to patents and copyright.*

The answer given to question no. 6 of the Checklist applies to infringing acts in all areas of intellectual property.

5. *Concerning Mongolia's reply to question no. 7 of the Checklist of Issues on Enforcement<sup>4</sup>, please clarify to what extent public authorities and/or officials are liable and what "remedial measures" are applicable.*

In reply to question no. 7 of the Checklist, Article 337 (1) of the Civil Code which stipulates that "a person who causes damage to life, health, dignity, reputation, goodwill or property of another is liable to compensate fully for such damage" shall be applied.

6. *Concerning Mongolia's reply to question no. 22 of the Checklist of Issues on Enforcement<sup>4</sup>, please clarify whether criminal procedures can be initiated ex officio.*

A prosecutor has the right to initiate a criminal case.

7. *Concerning Mongolia's reply to question no. 24 of the Checklist of Issues on Enforcement<sup>5</sup>, please explain in more detail the penalties and remedies that may be imposed, including destruction*

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<sup>4</sup> Document IP/N/6/MNG/1.

*and disposal of infringing goods and materials for their production, by category of intellectual property right.*

Answers given to the question no. 24 of the Checklist are the provisions of the Criminal Code of Mongolia. There is no special provision in the Criminal Code on disposal or destruction of goods.

8. *According to Mongolia's reply to question no. 25 of the Checklist of Issues on Enforcement<sup>5</sup>, courts have to decide within two months in civil and criminal proceedings. Please explain whether this applies also to the Appeal and Supreme Court.*

The term of two months that is mentioned in the reply to question no. 25 of the Checklist does not include the term of proceedings of the court of the first instance and file register.

### **III. REPLIES TO QUESTIONS POSED BY JAPAN**

1. *Article 21.1 of the Law on Trademarks and Trade Names (1997) provides that profit gained from sale of goods shall be transferred to state ownership, while it is stipulated that the profits gained from the unlawful use of trademarks or trade names are attributable to the holder of the trademarks or trade names. Does the above-mentioned provision comply with Article 45 of the TRIPS Agreement, where the provision of Article 21.1 of the Law on Trademarks and Trade Names (1997) in fact denies, to the owner of trademarks or trade names, the opportunity to compensate the damage caused by the unlawful use of trademarks or trade names?*

The Civil Code of Mongolia regulates compensation for damages caused by infringement of intellectual property rights. The provision of Article 21 (1) of the Law on Trademarks and Trade Names determines one of the penalties for the person who infringes the rights of the owner of trademarks and trade names.

2. *With regard to Article 21.2 of the Law on Trademarks and Trade Names (1997), please explain specifically what kinds of penalties are imposed on a person who has infringed other's trademark or trade name.*

The penalties referred to in Article 21 (2) of the Law on Trademarks and Trade Names are the penalties imposed on a person who has infringed others' trademark and trade names, which are reflected in Article 150 of the Criminal Code and Civil Code (see the reply to question 12 below).

3. *With regard to Article 28.2 of the Patent Law (1993), please explain specifically what kinds of penalties are imposed on a person who has infringed other's patent.*

With regard to Article 28 (2), a person who has infringed intellectual property rights shall, according to the provisions of Article 150 of the Criminal Code, be subject to a fine of up to 250 000 tugriks<sup>6</sup> or corrective labour for up to one and a half years.

4. *With regard to Article 28.3 of the Patent Law (1993), please indicate the criteria for deciding the amount of compensation which is paid to a patentee who has suffered from the infringement of his patent.*

With regard to Article 28 (3), the criteria for deciding the amount of compensation which is paid to a patentee who has suffered from the infringement of his patent is regulated by regulations

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<sup>5</sup> Document IP/N/6/MNG/1.

<sup>6</sup> 1 US\$ = 850 Tugriks.

stipulated in the Civil Code of Mongolia. This means the decision on the amount of compensation is up to the judge.

5. *Please explain if Mongolia provides:*

- (i) *judicial procedures for civil remedy for the infringement of intellectual property rights; and*
- (ii) *border measures against goods infringing intellectual property rights.*

The infringement of intellectual property rights is solved like civil cases under the regulation stipulated in the law of judicial procedures for civil remedy based on the law of intellectual property or Civil Code. Custom authorities may suspend the importation of suspected goods. However, there is no provision and regulation concerning seizure of infringing goods. The Government is now preparing a draft related to border measures and provisional measures in connection with intellectual property rights protection.

6. *Please explain whether the following subject matters are patentable: (1) plants and animals, and (2) plant and animal varieties.*

Under the provision of Article 4 (5) (6) of the Patent Law of Mongolia, plants and animals, and plant and animal varieties are excluded from patentability. This provision does not comply with Article 27.3 of the TRIPS Agreement; the Government of Mongolia has submitted a draft to the Parliament to correct this situation.

7. *Please explain how the obligation under Article 34.1 and 34.2 of the TRIPS Agreement regarding the shift of the burden of proof in civil proceedings for patent infringement related to a process patent is implemented.*

Article 377 of the Civil Code of Mongolia says "If a tortfeasor proves that such damage did not occur due to its own fault, it shall not be liable for such damage in other cases except those provided by the Law". In this connection, the defendant shall prove his innocence. A person who uses a process similar to a patented process shall have a right to a patent after the proof of difference.

8. *Please explain the remedies which the judicial authorities order regarding the infringement of copyright and related rights, patents, industrial designs, trademarks and layout-designs (topographies) of integrated circuits, including injunctions, damages, destruction or disposal of infringing goods, materials or implements for their production.*

The infringement of intellectual property is solved under the provisions of Article 28 (1) of the Patent Law, Article 21 (1) of the Law on Trademarks and Trade Names, Article 24 (1), (2) of the Copyright Law. In criminal cases, the infringement is solved by fine or imprisonment, for civil cases it is solved by disposal and destruction of goods under judicial procedures for civil remedy law.

9. *Please explain whether the amount of damages which judicial authorities order the person who has infringed intellectual property rights to pay the right holder is adequate compensation for the injury the right holder has suffered, and what criteria and the way for calculation are adopted in order to decide the amount for compensation.*

In order to decide the amount of compensation, the real damage and the income which will have been gained shall be taken into consideration. The calculation of the claimant or the owner of the right shall also be taken into consideration. Afterwards, the examiner shall work on the estimation and shall make the report. This is regulated by the Judicial Procedures for Civil Remedy Law.

10. *Please explain whether the amount of damages which judicial authorities order the person who has infringed intellectual property rights to pay the right holder includes investigation expenses and appropriate attorney's fees.*

Under Articles 50 and 51 of the Judicial Procedures for Civil Remedy Law, the expenses of the court shall be paid from the state budget and the following costs shall be paid by the parties:

- (a) expenses relating to transport, lodging, boarding of examiner, interpreter, and expenses for work, which was charged by the court out of his or her job;
- (b) expenses relating to transportation and food, lodging, salary and wages of witnesses;
- (c) investigation fee;
- (d) cost for storing evidence.

Attorney's fees must be borne by the complainant.

11. *Please describe to what extent the amount of damages has been estimated by courts since 1 January 1996. Please also explain whether the amount of damages was adequate compensation for the injury the right holder had suffered, and how such civil procedures were consistent with Article 45 of the TRIPS Agreement.*

There is no difference in deciding the amount for compensation since 1 January 1996. The court has the right to decide to pay the full amount for compensation. That is consistent with Article 45 of the TRIPS Agreement.

12. *Please explain the kinds and amounts of penalties (imprisonment or fines) in criminal cases. Please also explain whether these penalties are consistent with Article 61 of the TRIPS Agreement which requires provisions for a sufficient deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity.*

Article 150 of the Criminal Code stipulates that a fine of 50 000 – 150 000 tugriks or a corrective labour for up to one and a half years shall be imposed for infringement of copyright of scientific, literary and artistic works, illegal reproduction and publication, distribution, sale, enforcing for acquiring co-authorship. It also stipulates that a fine of 60 000 – 250 000 tugriks or a corrective labour for up to one and a half years shall be imposed for advanced distribution of copyrighted works, invention without their consent, for infringement of inventors' rights, enforcing for acquiring co-authorship.

Article 169 (1) of the Criminal Code stipulates that a fine of 50 000 – 150 000 tugriks or imprisonment for up to three years shall be imposed for the forgery of label, address, type, quality of products, illegal use or delivery of marks, label of product of local or foreign origin.

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