

Mongolia's new patent law and practice

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A year has passed since the entry into force of the 2021 patent law reform package. The new law brought substantial changes to the patenting process by strengthening applicants' rights in relation to the Intellectual Property Office of Mongolia (IPOM). Meanwhile, IPOM has adapted work to the new procedural rules, whereas publication of patent applications is expected to be implemented in the close future.

Uyanga Delger explains the changes to the country's patent law and practice – and the history behind the need for extensive reform.

The Parliament of Mongolia approved a sweeping patent law reform package in April 2021, along with reforms on the country's trademark law. The new patent law has been in force since September 23, 2021.

The reforms brought substantial changes to the patenting process by strengthening applicants' rights in relation to the Intellectual Property Office of Mongolia (IPOM). A new application and examination guideline was issued by IPOM decision No. A/119 of 19th October 2021. IPOM has adapted work to the new procedural rules, whereas publication of patent applications is expected to be implemented.

Background of the 2021 reforms

Mongolia is member of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and the Patent Cooperation Treaty (PCT) since the 1990s. The mining boom of the 2000s brought global companies to the country.

Compared to 1990s, the number of patent applications tripled in the 2000s, especially for patent applications filed by non-residents. Since 2006, on average, every second patent application in Mongolia has been filed from abroad through the PCT, according to the World Intellectual Property Organization (WIPO).

The 2010s shed light on reality in the 'frontier market', when disputes related to patent grants and intellectual property enforcement started being initiated on behalf of foreign companies and investors.

The 2021 reforms address patent grant process before IPOM to introduce procedure closer to PCT standards. The reforms did not aim at reforming patent enforcement.

Mongolia received legislative assistance from WIPO for drafting the 2021 reforms.

Origins of the current law

Patent law was introduced to Mongolia by the Civil Law of 1963, when Mongolia was a satellite state of the former Soviet Union. The economy was owned and controlled by the state.

Patents were granted for industrially applicable inventions in the technical field if they were novel and beneficial to the state economy. The law did not contain a definition of prior art, on the basis of which novelty should be examined. In fact, such a definition was not 'desirable'. The systematic issue of data reliability and a centrally planned economy's pricing system required space for subjective assessment on patentability by the examining authority.

The patenting process was implemented under the state authority. Overall, the patenting process was determined by the state as if the state was the applicant itself. The law did not

facilitate prompt filing by setting minimum standards for filing. In a state-planned economy, where both private enterprise and market competition were eliminated, such facilitation was not necessary.

After confirmation of receipt of the application, a further written notice was usually not given to the applicant from the examining authority. The law did not regulate communication between the applicant and the examining office. A search report was not issued. The substantive examination was performed *ex officio*; filing of a separate request for substantive examination was not required. The applicant was not asked to respond to examiner's opinion before the decision on patentability was adopted. The final decision of the examining authority on patentability was not controlled by courts.

When the examining authority decided for grant of patent, the description and claims were published. Invalidation was possible for patents, but was not used in practice.

Patent enforcement was a foreign term at that time, because the economy was owned by the state, and individuals did not have right to challenge the state.

After the collapse of the former Eastern Bloc, Mongolia joined the PCT in 1991 and the World Trade Organization (WTO) in 1997. A new patent law was enacted in 1993 and was reformed several times. Until the 2021 reforms, these reforms did not change the previous patenting process in its main feature.

The definition on prior art was, for example, not included in the law until the 2021 reforms. IPOM examined a patent application based on its own application and patent grant database, whereas it accepted international preliminary reports on patentability for PCT national entries. This practice resulted in different patentability criteria and patenting process for direct and PCT applications.

A brand new phenomenon of the 1990s was that patent enforcement became legally and factually possible in the competition economy created by privatization and liberalization. Nevertheless, Mongolia still follows the tradition deeply rooted in the previous system. Patents are enforced in administrative procedure before IPOM and the General Customs Authority. In this law enforcement system, civil courts do not play a role.

Patentability criteria

Patents are granted today for industrially applicable inventions in the technical field if they are novel and involve an inventive step. The inventive step criteria was introduced by the 1993 law. In the 1990s and early 2000s, the term 'inventive step' was partly understood and applied more closely to the previous term 'beneficial'. Today, inventive step should be understood and applied in the same meaning as Article 33(3) of the PCT.

The 2021 reforms introduced a definition on 'prior art' in Article 5.2.1 of the Patent Law (PL). According to the new law, the prior art comprises of all knowledge available to the public anywhere in the world by written or oral disclosures and any published patent and utility model application or patented invention or utility model prior to the filing or priority date of the patent application.

Today, one may conclude that Mongolia's law is harmonized to the PCT standards as result of evolution of the patentability criteria over the past three decades and the inclusion of the prior art definition into the law.

Patenting process

The 2021 reforms introduced substantial changes to the law and made the patenting process closer to the global standards set by the PCT. The patenting process consists of the following phases:

a) *Direct application or PCT national phase entry*

Art. 16.7 PL makes clear that assignment deed, inventor declaration and power of attorney for representation by a local agent may be filed later. IPOM may not reject the receipt of an application if, for example, the power of attorney is not included in the initial filing. Likewise, priority of an earlier application in a member of the Paris Union and/or WTO can be claimed after the application filing (Art. 21.3 PL).

For direct application or PCT national phase entry, the request for registration, the description, the claims, and the abstract should be filed for obtaining a filing receipt. According to Art. 22.1 PL, IPOM should issue a filing receipt within three working days. Application number with the indication of the date of receipt shall be given with the filing receipt.

b) *Formality checks for recognition of the filing date*

For recognition of the filing date, all patent documents prescribed in Art. 16 and Art. 21 should be filed with IPOM. Art. 22.2 stipulates that formality check should be performed within 10 working days from the date of the application filing. The office shall give a notice to the applicant if the filing date is accorded. In case of a deficiency, IPOM shall issue a notice and demand the applicant to respond within two months with the possibility of extending the deadline to further three months.

c) *Examination of certain aspects of substantive requirement and the formality examination*

If all documents prescribed in Art. 16 and Art. 21 are provided and the filing date is accorded, IPOM should start with examination to prepare the application for search report. The examination at this stage includes the list of non-technical subject matter listed in Art. 6 PL and exceptions to patentability defined in Art. 7 PL and formality requirements on description, claims, abstract and drawings according to Art. 17, 18, 19 and 20 PL.

Art. 22.10 PL makes clear that IPOM should give a notice to the applicant if formal requirements are not met, and the applicant shall have opportunity to respond to the notice and to amend the application documents within two months from the receipt of the notice.

If the formal requirements according to Art. 17, 18, 19 and 20 PL are satisfied, IPOM shall give a notice to the applicant.

d) *Search*

The new Patent Law introduced rules on search to make it an independent phase of the patenting process. The applicants shall receive a search report according to Art. 24.2 PL.

e) *Publication*

Since the 1990s, IPOM has been publishing the abstract, claims and drawings when the decision for grant of patent was issued. The description was not published.

The new law prescribes that the patent specification, including the description and the search report, shall be published before the substantive examination. According to Art. 24.6 PL, the publication should take place within 30 days from the date of the notice of the search report to the applicant.

Art. 24.6 PL has not been implemented until today. A published statement on implementation date does not exist.

f) Substantive examination

Until the 2021 reforms, applicants were not required to file a request to substantive examination. IPOM performed the substantive examination *ex officio* after the recognition of the filing date.

According to the new law, a demand for examination shall be filed and the examination fee shall be paid within 15 months from the filing date. IPOM shall perform the substantive examination within 12 months from the date of the publication of the search report.

The relevant forms for communication between IPOM and the applicant are published in the Guideline of IPOM (Decision No. A/119 of 19th October 2021). The applicants are receiving IPOM notices according to the new Patent Law for all patent applications filed on and after 23 September 2021.

Patent enforcement

Patents have been enforceable in Mongolia since 1990s. Today, product piracy is becoming a challenging issue, alongside with counterfeits. The Organization for Economic Cooperation and Development (OECD) noted in its 2017 report the prevalence of transshipment of fake sunglasses, optical products and medical equipment en route to the EU via Mongolia.

In Mongolia, law enforcement is dispersed across state agencies. Courts do not play a direct role in the areas that were traditionally reserved to state agencies. An example of such an area is patent enforcement. The factual consequence of this system is that patents are not enforced by civil courts.

IPOM is the primary state authority responsible for patent enforcement, whereas criminal police, the competition authority, the customs authority and other authorities may be involved in an enforcement action. All these authorities have separate infringement procedures. An attempt to codify the inspection procedures before the state agencies was made in 2017.

The 2017 reforms on administrative inspection procedure brought IPOM under the control of the State Prosecution Office. From the perspective of human rights protection, the reforms may have been positive. An efficient law enforcement is, however, not created by these reforms.

A typical patent infringement case is normally complex. It may have aspects of consumer protection or competition law issues. Additionally, rights should be enforced on the border. If many agencies are involved, an infringement case could circulate in the state bureaucracy without settling the dispute and bringing results. It may become unreasonably complicated and costly to right holders.

In the future, efficient law enforcement is only thinkable if civil courts play the major role in patent enforcement. Mongolia has a modern civil law and civil procedural code that comply with standards set by the TRIPS Agreement. A regulatory change or reform for transition to the civil court-centred law enforcement is barely needed.

Mongolia's real challenge is the lack of political will to encourage the courts in the areas that are traditionally reserved to the government. The reforms for reducing the overload of civil courts or creating a trade court may additionally accelerate the transition.

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