

Licensing Montenegro (ME)

Trademark Licence Agreement

In Montenegro a licence has to be granted in writing. It is permitted to license both trademark applications and registrations. A licence may be recorded with respect to some or all of the applied for/registered goods and/or services. Although the law does not expressly state whether the licence automatically terminates with the sale of a registered trademark, the legal presumption is that in this situation, the registered licence should be considered terminated as it constitutes a contract between two specific parties where the proprietor is no longer the proprietor of the licensed trademark, so the licensor is no longer the licensor. If a new trademark owner is interested and intends to enter into a license agreement with the same licensee, a new agreement must be concluded between the new licensor and the old licensee and registered before the Montenegrin IP Office (IPO).

The new amendments of the Law on Trademarks that entered into force on January 18, 2023, complied provisions of the Montenegrin Trademark Law with the provisions of the Singapore Treaty on the Law of Trademarks related to licenses.

A license may be exclusive or non-exclusive. An exclusive license is a license on the basis of which the licensee acquires the exclusive right to use the trademark, if any right is expressly agreed. A non-exclusive license is a license on the basis of which the licensee does not acquire the exclusive right to use the trademark.

Information about the license agreement entered in the Registry shall be changed or deleted at the request of the trademark holder or licensee.

The trademark holder may invoke the rights conferred by that trademark against a licensee who contravenes any provision in his licensing contract with regard to:

- its duration;
- the form covered by the registration in which the trademark may be used;
- the scope of the goods or services for which the license is granted;
- the territory in which the trademark may be affixed; or the quality of the goods manufactured or of the services provided by the licensee.

A trademark cannot be the subject of a compulsory license.

Entries in the Registry upon issued Decision.

License agreement entries in the Registry are published in the Official Gazette.

The terms and form of the license agreement as well as the obligations and rights of both the licensor and licensee are all defined in the Law of Contract and Torts of Montenegro (Official Gazette of Montenegro No. 47/2008, 4/2011 and 22/2017). This Law prescribes, inter alia, the following obligations of the licensor and the licensee:

1. Obligations of the licensor:

- the subject of the agreement should be transferred to the licensee within the prescribed time limit;
- to provide the licensee with all instructions and information necessary for successful use of the subject of the licence agreement;

- to provide the licensee with guarantee that he has the exclusive right to use the subject of the agreement, that there is no lien on it and that it is not restricted in favour of a third person;
- to protect and defend the assigned right against all third parties' requests;
- should an exclusive license be stipulated, the licensor will not be entitled to use the subject of the license agreement alone, or in part, nor shall he entrust that to another party within the limits of territorial scope of the license agreement.

2. Obligations of the licensee:

- to use the subject of the license in the manner, within the scope and in the limits stipulated by the agreement;
- to place the goods bearing the licensed trademark on the market only if they are of the same quality as those manufactured by the licensor;
- to place an indication on the goods stating that they are manufactured according to a license agreement;
- to pay the licensor the stipulated fee, at the time and in the manner stipulated by the agreement (should the stipulated fee be obviously inadequate in relation to the revenue realized by the licensee through the use of the subject of licence, the interested party may request a change in the stipulated fee).

Recordal

There are statutory provisions for the recordal of a license before the local IPO. An unrecorded license agreement is valid between the entities which entered into such an agreement, but it has no effect on third parties. There is no time frame for a recordal.

The License agreement is entered in the Registry at the request of the trademark holder or licensee, provided that the following documentation is submitted to the authority along with the request for the recordal of license:

- a certified copy of the license agreement or the agreement on the transfer of recorded license, which proves the contractual parties and the rights to be licensed, i.e., the rights from the recorded license which are to be transferred, or
- a certified statement on granting or transfer of a recorded license, signed by the licensor and the licensee and
- original power of attorney, simply signed in the name of the licensor or the original power of attorney, simply signed in the name of the licensee (since both licensor or licensee are allowed to file the request for recordal of a licensee into the Registry)

The contracting parties can freely determine the terms of the agreement, but it must contain:

1. The names and addresses of licensor and licensee
2. The remuneration
3. The duration of the license
4. The scope of goods/services
5. The territory in which the license is to be used

Effectiveness

A license becomes effective and enforceable against third parties as from the date of matriculation of the license agreement into the Trademark Registry (this date is date of issuance of the Decision on recordal of license).

Infringement Proceedings

There is an evidentiary presumption that use by a recorded licensee is permitted use. Infringement proceedings may be initiated only by the trademark holder, as well as by the licensee to the extent that he has acquired the right to use the trademark.

The licensee can initiate proceedings for trademark infringement, only with the consent of the trademark holder.

The acquirer of an exclusive license can initiate proceedings for trademark infringement if, after written notification, the trademark holder, does not initiate the proceedings himself within a certain period no longer than 15 days.

The licensee, in order to obtain compensation for the damage he has suffered, has the right to intervene in the infringement proceedings initiated by the trademark holder.

These provisions referring to the licensee also apply to all authorized users of a collective trademark.