
Intellectual Property

Recordal of License Contracts over Mark and Franchise Contracts

Before the Law on Commercial Contract takes effect, contracts for the licensing of marks ("**license contracts**") in Cambodia are governed by the existing laws, namely the Law on Marks, Trade Names and Acts of Unfair Competition of 2002 ("**Trademark Law**") and the Sub-Decree on the Implementation of the Law Concerning Marks, Trade Names and Acts of Unfair Competition of 2006 ("**Sub-Decree**"). According to Article 52 of the Trademark Law, a license contract is required to be recorded with the register of the Department of Intellectual Property of the Ministry of Commerce ("**MOC**"), so that it can be used to assert against unauthorised use of a mark by a third party. However, the Trademark Law is silent on franchise contracts of the same nature.

On 12 March 2015, MOC issued Notification No. 0738 on the Recordal of License Contract and Franchise Contract ("**Notification**") to fill in the gap of the Trademark Law. Based on the Notification, both license contracts and franchise contracts must be registered and recorded with the register of the MOC to obtain protection against unauthorised use of a mark by a third party.

In addition to the above Notification, on 13 January 2020, MOC issued Prakas No. 036 MOC.IP.PR on the Recordal of License Contract over Mark and Franchise Contract ("**Prakas**") with 27 clauses dealing with the requirements, procedures and supporting documents required for the recordal of license contracts, sub-license contracts, franchise contracts, and sub-franchise contracts, which are more comprehensive than the ones provided in the Notification.

Chapter 3 of the Prakas stipulates the validity period, and rights and obligations in relation to the registration of the recordal of license contracts and franchise contracts. Mainly, the rights of the licensee/franchisee include the following:

- a. To file a complaint with the competent court or authorities for them to issue a provisional decision or take action along land border to control any breaches or potential breaches over the use of a mark, or acts of unfair competition over the mark stipulated in the Trademark Law and applicable laws, as well as to request the competent court to issue a decision on damage and other remedies in accordance with applicable laws.
- b. In the event that the licensor/franchisor rejects or fails to file a complaint against the breach over the use of a mark or acts of unfair competition over the mark as requested by the licensee/franchisee, the licensee/franchisee can file the complaint directly with the competent court in accordance with the relevant legal procedures.

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- c. In the event that the licensor/franchisor rejects or fails to request the competent authorities to take actions in relation to the breach over the use of a mark or acts of unfair competition over the mark as requested by the licensee/franchisee, the licensee/franchisee can request directly to the competent authorities in accordance with the rights granted under the license contract or franchise contract.
- d. File jointly with the licensor/franchisor a complaint against any breach over the use of mark or acts of unfair competition over the mark to demand compensation resulting from the breach.

According to the past regulations, the recordal of a license contract or franchise contract will be valid for the term of such license contract or franchise contract. However, this validity period has been amended by Article 14 of the Prakas provides that this validity period may only be five years from the date of the recordal, or less than five years in accordance with the validity of each contract and its mark registration. The recordal can be extended for another five years from the expiry of such recordal, and the extension will be based on the validity of each contract and its mark registration.

Last but not the least, this new Prakas also gives any interested person the right to challenge the decision on such recordal and raise this with the Complaint Resolution Committee or a competent court within 90 days from the date of publication of such recordal in the Publications Bulletin of the Department of Intellectual Property Rights of MOC. The decision issued by the Complaint Resolution Committee may also be challenged before a competent court within 90 days from the date of issuance of such decision.

Contacts



HENG Chhay
Managing Partner

T +855 23 963 112 / 113
F +855 23 963 116
heng.chhay@rajahtann.com



HOUT Sotheary
Partner

T +855 23 23 963 112 / 113
F +855 23 963 116
hout.sotheary@rajahtann.com

Our Regional Contacts

RAJAH & TANN | *Singapore*

Rajah & Tann Singapore LLP

T +65 6535 3600
sg.rajahtannasia.com

R&T SOK & HENG | *Cambodia*

R&T Sok & Heng Law Office

T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP
Shanghai Representative Office**

T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

Assegaf Hamzah & Partners

Jakarta Office

T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office

T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

RAJAH & TANN | *Lao PDR*

Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*

Christopher & Lee Ong

T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

RAJAH & TANN | *Myanmar*

Rajah & Tann Myanmar Company Limited

T +95 1 9345 343 / +95 1 9345 346
F +95 1 9345 348
mm.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8894 0377 to 79 / +632 8894 4931 to 32
F +632 8552 1977 to 78
www.cagatlaw.com

RAJAH & TANN | *Thailand*

R&T Asia (Thailand) Limited

T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

Rajah & Tann LCT Lawyers

Ho Chi Minh City Office

T +84 28 3821 2382 / +84 28 3821 2673
F +84 28 3520 8206

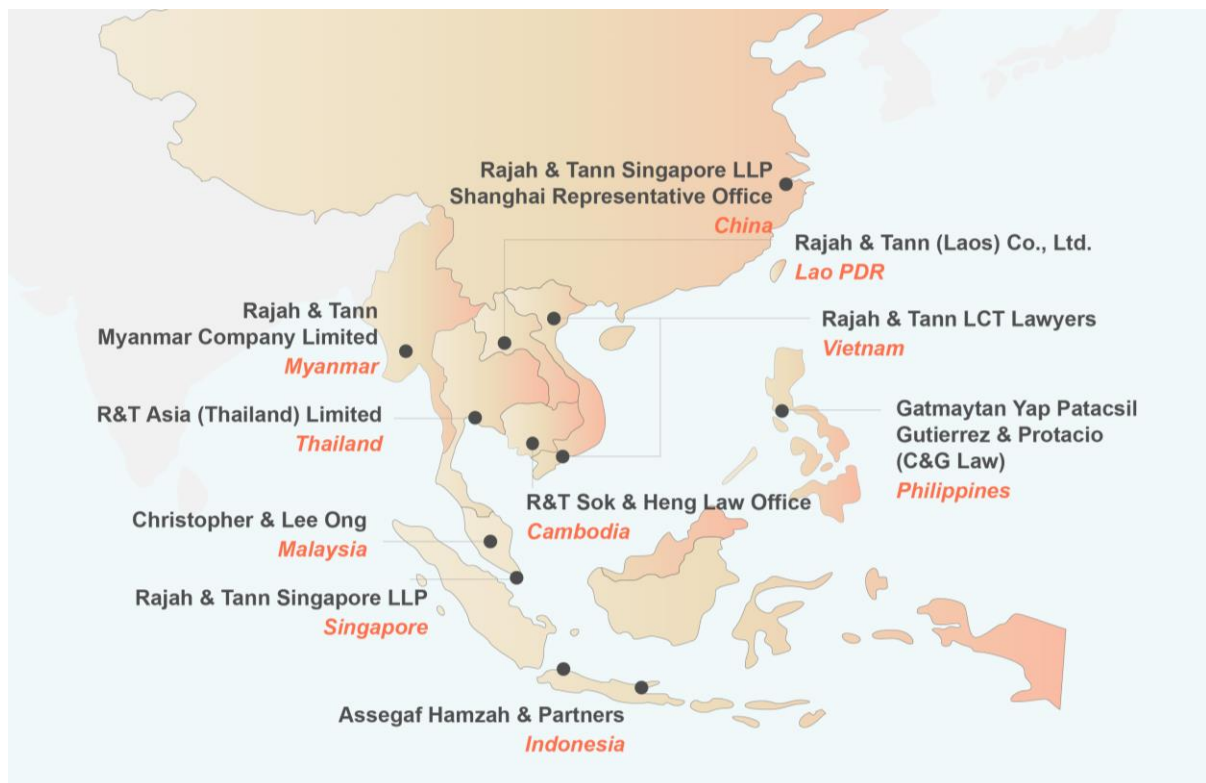
Hanoi Office

T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

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