

Hungary

Contributing firm

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1. Legal framework

National

The laws and regulations governing trademarks in Hungary are as follows:

- Act 11/1997 on the Protection of Trademarks and Geographical Indications (wording that entered into force on April 15 2006);
- Act 102/2003 amending industrial property and copyright legislation;
- Act 9/1969, for registrations before January 1 1997;
- Act 83/1995 on the Use of National Symbols or Other Appellations Referring to the Republic of Hungary (wording that entered into force on November 1 2005);
- Section 184(A) of Act 53/1994 on Judicial Litigation for the Violation of IP Rights, as modified by Law 165/2005 on Court Execution;
- Minister of Justice Decree 16/2004 (IV 27) on the formal requirements of trademark applications and applications for geographical indications;
- Minister of the Economy and Transport Decree 19/2005 (IV 12) on the administrative fees of industrial property rights-related procedures of the Hungarian Patent Office; and
- Government Decree 87/1998 (V 6) on the protection of geographical indications of agricultural products and foodstuffs.

International

The following treaties and conventions apply in Hungary:

- the Paris Convention for the Protection of Industrial Property (promulgated by Decree-Law 18/1970);
- the Madrid Agreement on the International Registration of Marks (promulgated by Decree-Law 29/1973);
- the Protocol (1989) to the Madrid Agreement on the International Registration of Marks (promulgated by Act 83/1999);
- the Common Regulations under the Madrid Agreement and Protocol;
- the World Intellectual Property Organization Trademark Agreement (promulgated by Act 82/1999);
- the Common Regulation under the Madrid Agreement and Protocol on the International Registration of Marks (promulgated by Minister of Justice Decree 4/2005 (III 11));
- the Nice Agreement on the International Classification of Goods and Services (promulgated by Decree-Law 18/1970 and International Contract 1983);
- the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks;
- the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (promulgated by Decree-Law 1/1982);
- the Regulation under the Lisbon Agreement (promulgated by Decree-Law 1/1982); and
- the Hungary-Swiss Agreement on Appellations of Origin and Other Geographical Indications (promulgated by Decree-Law 27/1981).

The following EU laws and regulations also apply:

- the IP Enforcement Directive (2004/48/EC);
- the First Council Directive (December 21 1988) on the Harmonization of the Legal Regulations concerning Trademarks in the Member States;
- the First Trademark Directive (89/104/EEC);
- the Community Trademark Regulation (40/94);
- Council Regulation 2081/92/EEC on the protection of geographical indications and designations of origin for agricultural products and foodstuffs;
- Commission Regulation 2868/95/EC implementing the Community Trademark Regulation 40/94;
- Commission Regulation 2869/95/EC on the fees payable for trademarks, designs and

utility models to the Office for Harmonization in the Internal Market;

- Commission Regulation 216/96/EC on the procedural rules of the boards of appeal of the Office for Harmonization in the Internal Market; and
- Council Regulation 3295/94/EC on measures to prohibit the release for free circulation, export, re-export or entry for a suspending procedure of counterfeit and pirated goods.

2. Unregistered marks

An unregistered trademark will enjoy protection if it is well known in Hungary under the terms of the Paris Convention. An unregistered well-known mark might thus constitute relative grounds for refusal of a subsequent trademark application filed by a third party.

A mark will not enjoy trademark protection if another party has effectively used the mark on the national market, without registration, from an earlier date.

3. Registered marks

Ownership

Under Hungarian law, any natural or legal person may obtain trademark protection.

The trademark owner has the exclusive right to use the trademark in relation to the goods or services for which the mark is registered or to allow others to use the trademark by agreement.

The owner is also entitled to take legal action against others who infringe the registration by using an identical or similar trademark for identical or similar goods or services.

Scope of protection

Any sign that is capable of being represented graphically can be protected as a trademark.

Protected: The signs that may be granted protection include:

- words and combinations of words, including personal names and slogans;
- letters and numerals;
- figures and pictures;
- designs and graphics;
- flat or three-dimensional figures, including the shape of the goods or their packaging;
- colours and combinations of colours, light signals and holograms;
- sound signals; and
- combinations of the above.

Not protected: Signs for which protection is excluded by law (absolute and/or relative grounds for refusal) cannot be registered as trademarks. These include the following.

Absolute grounds for refusal: A trademark will not be registered if the mark:

- has no distinctive capacity or consists exclusively of signs which may serve in commercial circulation to designate the type, quality, quantity, intended purpose, value or geographical origin of the goods or services, or which are permanently and customarily used in colloquial language or trade practices;
- consists exclusively of the shape that results from the nature of the goods;
- has acquired a distinctive character through use;
- conflicts with public order or moral standards;
- deceives consumers regarding the type, quality, geographical origin or other characteristic of the goods or services;
- was submitted for registration in bad faith; or
- covers exclusively:
 - a sovereign symbol of a state or a sign reserved for state or international

authorities and organizations defined in the Paris Convention for the Protection of Industrial Property;

- any decoration, emblem or escutcheon or any official warranty or authentication sign whose use is of public interest; or
- a sign of high symbolic value, particularly religious symbols;

Trademark protection may be granted to a sign which includes an element of the signs set out above with the consent of the appropriate authorities.

Relative grounds for refusal: Trademark protection may not be granted to a sign:

- with later priority which is identical to an earlier trademark and is registered for identical goods or services as the earlier trademark;
- which, due to its identity with or similarity to an earlier trademark or the identity or similarity of the goods or services covered by the trademarks, consumers may confuse with that earlier trademark;
- if the use of the later trademark would take unfair advantage of or be detrimental to the distinctive character or repute of the earlier trademark without due cause;
- if the likelihood of confusion on the part of the public is based on an association made between the sign and the trademark;
- if it conflicts with an earlier trademark which the proprietor has not used in accordance with the law;
- which infringes a third party's earlier right, in particular his or her name or personal portrait;
- which infringes an earlier copyright or a third party's industrial rights, including any conflict with the names of plant species;
- which was previously used by others in the domestic territory without registration if the use of the sign without the consent of the earlier user would be deemed unlawful;
- which, with regard to identical or similar goods, is identical or similar to a trademark

whose protection has terminated due to expiration at an earlier point in time, if two years have not passed since such termination (the 'grace period'); or

- which was submitted for registration by the representative or the agent in his or her own name without proper authorization by the proprietor.

Statement of consent

A sign shall not be refused trademark protection based on relative grounds for refusal if the proprietor of the earlier conflicting right grants approval to the registration.

4. Procedures

Examination

At a minimum, a trademark application must include:

- an indication that trademark protection is sought;
- information identifying the applicant (its name and address);
- a representation of the sign (if it is in colour or a logo, a printed layout must be enclosed);
- a list of the goods or services for which registration is sought according to the Nice Agreement; and
- the name of the representative (if any).

The application fee must be paid within two months of the filing date. This deadline may not be extended.

If the trademark application satisfies the formal requirements, the Hungarian Patent Office (HPO) will carry out a substantive examination of the application to ensure it satisfies all legal requirements. If this substantive examination reveals any irregularities, the HPO will invite the applicant to rectify the irregularities or to submit comments, depending on the nature of the

objection. The HPO will reject a trademark application, in whole or in part, if it does not meet the registration requirements even after the irregularities have been remedied or comments submitted. If the applicant fails to respond to the invitation, the application will be considered to have been withdrawn. The HPO carries out a substantial examination only where there may be absolute grounds for refusal.

Opposition

The owner of an earlier registered trademark or its licensee may file an opposition against a trademark application within three months of official publication of the application.

The HPO will decide on the opposition on the basis of a written submission and a hearing, if necessary.

Registration

If the trademark application satisfies all legal and formal requirements, and any oppositions are successfully overcome, the sign will be registered as a trademark by the HPO and published in the *Official Gazette* of the HPO.

Removal from register, cancellation and surrender

Trademark protection lapses if the registration is not renewed within the 10-year period of protection. However, once protection has expired, a six-month grace period begins to run during which renewal can still be requested.

Trademark protection may also cease if the trademark owner surrenders protection. The HPO must be notified in writing of the surrender and the date of surrender. If a third party's right of use or other right is recorded in the Trademark Register, the surrender will take effect only if that third party has consented.

Revocation

Anyone may seek the revocation of a trademark for non-use if the trademark owner does not

begin to use the mark within five years of registration, or if it fails to use the mark for five successive years.

Non-use can be established for all or only some of the goods and services for which the mark is registered.

Evidence furnished to show use must be "serious" in order to prove continuous use.

Invalidation

A trademark will be revoked if it emerges that it did not meet the registration requirements at the time of registration (see section 3 above).

If the grounds for revocation apply to only some of the goods or services for which the trademark is registered, protection will be restricted accordingly.

5. Enforcement

Complexity

The enforcement of registered and unregistered trademarks is complex.

Infringement proceedings against the unjustified use of a registered trademark may be brought before the Metropolitan Court. The trademark owner may seek the following civil law remedies, depending on the circumstances:

- a court ruling establishing that trademark infringement has occurred;
- cessation of the trademark infringement and a prohibition against further infringement;
- a court order requiring the infringer to provide information on other participants in the manufacture and marketing of the infringing goods or services, and on business relationships established through the infringement;
- an apology from the infringer in the form of a statement or other appropriate form and

publication of the same by the infringing party or at its expense, where necessary;

- restitution of the profits realized through the infringement; and
- seizure of assets and materials used exclusively or predominantly in the infringement, as well as of the infringing goods and their packaging.

In the case of an unregistered trademark, a legal action can also be initiated before the Metropolitan Court for violation of competition law.

If a person puts its own products on the market using the characteristic appearance, packaging, markings or description of a competitor without that competitor's consent, the aggrieved competitor can seek the following civil law remedies:

- a court order establishing that a violation of law has occurred;
- cessation of the violation and a prohibition against any further violation;
- an apology from the infringing party in the form of a statement or other appropriate form and publication of the same by the violating party or at its expense, where necessary;
- remediation of the injurious situation, restoration of the status quo prior to the violation and confiscation or destruction of the goods manufactured or placed on the market as a result of the violation, as well as of any special devices or facilities used in their manufacture;
- compensation for damages in accordance with the rules of civil law;
- conclusion of a contract, in case of an unjustified refusal to enter into a business relationship corresponding to the nature of the transaction; and
- disclosure of information on other participants in the manufacture and marketing of the infringing goods and on business relationships established through the infringement.

These remedies are based on civil law. Penal law remedies are also available where the infringement causes consumer confusion.

Anyone who produces, without authorization, a product with a distinctive appearance, packaging, labelling or name from which a competitor or its product can be recognized, or who acquires such a product for the purpose of placing it on the market, is guilty of a felony and may be punished by up to three years' imprisonment.

If the infringer fails to comply with the court order, the trademark owner may seek the execution of the order by the court. However, this step is seldom needed in trademark matters.

In order to facilitate the swift identification of counterfeit products, a legal regulation has been established on the basis of which Customs may provide a continuous monitoring service, either *ex officio* or at the request of a trademark owner.

Timeframe

The timeframe for enforcement will depend on whether the unsuccessful party lodges an appeal. It takes between two and three years before a final decision is issued. This timeframe is sometimes even longer in cases involving cancellation, revocation or invalidation, as these proceedings involve an additional stage: they are initially decided by the HPO, whose decision may be appealed before the Metropolitan Court at first instance and finally before the Metropolitan Board of Appeal.

6. Ownership changes – legalization requirements

Trademark protection can be transferred by contract. Trademark protection for any of the goods or services for which a trademark is registered can also be transferred. The

assignment document must be signed by both parties, but no legalization is required.

The same requirements apply in case of merger or changes of ownership.

7. Areas of overlap with related rights

Legislation in certain other legal fields is closely related to trademark law. For example, in the case of the unjustified use of unregistered marks, competition law provisions may apply (the Act on the Prohibition of Unfair and Restrictive Market Practices (57/1996)).

Moreover, where a trademark also qualifies for copyright protection, the copyright regulations will apply (the Act on Copyright (76/1999)).

8. Online issues

Domain name registration is governed not by law, but by self-regulation as provided in Section 15A of Act 108/2001, issued by the Scientific Association of Hungarian Internet Service Providers Council. An English translation of the regulations is available at www.domain.hu/domain/English.

The regulations distinguish:

- the procedural rules of delegation for non-priority applications; and
- the procedural rules of delegation for priority applications.

The procedural rules of delegation for priority applications state that: "Such applications shall have priority in applying for delegation directly under the '.hu' public domain and where the selected domain name is [among others] the trademark as a series of characters...

registered in favour of the domain applicant or in favour of the beneficiary party authorizing the domain applicant."

The procedural rules of delegation for non-priority applications to be delegated directly under the '.hu' public domain state that: "Prior to honouring the non-priority applications submitted, the registry shall list them publicly on the website showing the time of entry in the records until 14 days after entry in the records. Should objections be made to the delegation of the announced domain name in a manner and by the deadlines stated in Article 9 hereof, then the applications received in respect of the particular domain name shall not be dealt with until the legal dispute is resolved either by the opinion of the consulting board or by disregarding the action of the board."

Therefore, this is the case if a party other than the trademark owner submits an application for registration.

The trademark owner may bring proceedings against the unjustified registration of a domain name that infringes its trademark. The registrar and the recorder will execute the final court decision on the choice and use of the domain name.

