

July 16, 2018

Viktor Łuszcz,
President,
Hungarian Intellectual Property Office (HIPO)
7, II. János Pál pápa tér
1081 Budapest

via e-mail to viktor.luszcz@hipo.gov.hu
C.c. András Jókúti (andras.jokuti@hipo.gov.hu)

Re: Comments on the planned amendments of the Hungarian Trademark Act

Dear President Łuszcz,

The International Trademark Association (INTA) appreciates the opportunity to provide input on the Draft Amendment of the Hungarian Trademark Act, following the consultation launched by the Hungarian Intellectual Property Office (HIPO).

The International Trademark Association (INTA) is a global association of brand owners and professionals dedicated to supporting trademarks and related intellectual property (IP) to foster consumer trust, economic growth, and innovation. INTA's members are more than 7,200 organizations from 191 countries, including 15 in Hungary. The Association's member organizations represent some 31,000 trade mark professionals and include brand owners from major corporations as well as small and medium-sized enterprises, law firms and nonprofits. There are also government agency members as well as individual professor and student members. Further information about our Association can be found at www.inta.org.

INTA has been engaged from the very beginning of the reform of the EU trademark system and respectfully submits the following comments on the Draft Amendments provided to INTA by HIPO, which aim to implement Directive (EU) 2015/2436 (the "Directive" or "TMD") into Hungarian law, i.e. into the Hungarian Trademark Act ("TMA").

1) Deletion of Bad Faith as an Absolute Ground for Refusal (Pre-Registration)

The Amendment Proposal intends to delete Article 3(1)(c) TMA: "[a] sign may not be granted trade mark protection if: [...] (c) its registration was applied for in bad faith".

INTA does not agree with the proposed deletion and proposes that Article 3(1)(c) TMA is kept and, in addition, that bad faith is introduced as a relative ground.

The intended deletion of Article 3(1)(c) means that a trademark application cannot be disputed on the basis of bad faith before its registration. On the contrary, it would be appropriate to make the dishonest appropriation of trademarks more difficult by extending the possibilities to prevent the registration of trademarks filed in bad faith to opposition proceedings.

It is very important for businesses to be able to prevent the registration of bad faith trademarks, since registered trademarks may give way to abuse and various dishonest practices (e.g. interim injunctions) turned against the rightful brand owners.

2) Geographical Indications (GI) as Relative Grounds for Refusal Concerning GIs registered in Hungary

Article 3(4)(a) TMA aims to limit the ground for refusal based on GIs registered in Hungary to “goods which are similar” to the products bearing the geographical indication”.

INTA does not agree with the limitation of the ground for refusal to similar goods and proposes the deletion of the underlined text.

The limitation of the ground for refusal to “similar goods” only appears in the provision based on GIs registered in Hungary (Article 3(4)(a) TMA). The same limitation does not appear in the subsequent provisions of the TMA based on GIs registered in the EU (Article 3(4)(b) TMA) or taking effect in Hungary by the virtue of international agreements (Article 3(4)(c) TMA). Since Article 109(2) TMA does define the scope of protection of GIs, as do the respective EU regulations and international agreements on GIs, a distinction of the scope seems to be unfounded.

3) Prior Actual Use

Article 5(2)(a) TMA has been rephrased but does not reflect the case law of the CJEU which applies the rule to identical and similar signs.

Under the proposed Article 5(2)(a) TMA, which aims to implement Article 5(4)(a) TMD, *a sign shall not be granted trademark protection where it is genuinely used by a third party in the course of trade in Hungary, without registration, prior to the date of application or priority of the trademark, and the prior user could prohibit the unauthorized use of this sign based on a legal title.* INTA proposes to amend the language of the rule to reflect that the ground for refusal shall be applied to identical as well as similar signs.

Current practice of the Hungarian courts, which are also reflected in the Guidelines of the Hungarian IP Office, limits the application of 5(2)(a) TMA to identical or substantially identical signs. INTA believes that this does not follow the rules of passing-off the Hungarian Competition Act, which actually apply via this rule of the TMA. Moreover, this does not follow the case of the CJEU (T-318/06 and T-321/06 “Generalóptica”; T-114/07 and T-115/07 “Lastminute.com”) which has applied the same rule to similar signs, as well.

In the same sense, according to Paragraph 3.5.2 of Section 4 Part C of the European Union Intellectual Property Office's (EUIPO) Guidelines for Examination of EU trademarks: “[f]or example, unregistered marks are generally protected against subsequent marks in the event of a likelihood of confusion and, thus, in accordance with the same criteria that are applicable to conflicts between registered marks, namely, identity or similarity of the signs, identity or similarity of the goods or services, etc. In these cases, the criteria developed by the courts and by the Office for applying Article 8(1) EUTMR may easily be transported into Article 8(4) EUTMR, unless the party claims that the relevant case-law of the national courts follows a different approach.”

4) Trademark Applied for in Bad Faith - Confusion with Foreign Earlier Trademark

The TMA does not opt for the implementation of Article 5(4)(c) TMD: “[a]ny Member State may provide that a trade mark is not to be registered or, if registered, is liable to be declared invalid where, and to the extent that: [...] the trade mark is liable to be confused with an earlier trade mark protected abroad, provided that, at the date of the application, the applicant was acting in bad faith.”

INTA suggests including the prohibition of Article 5(4)(c) TMD as a relative ground for refusal and invalidity in national legislation.

INTA believes that this provision helps protect foreign trade mark owners and reinforce the guarantees of validity of trade mark registrations in the national registers. This right for refusal would give foreign trademark owners the right to oppose bad faith applications and enter into the registration proceeding as a party.

5) Rights Acquired Before the Filing Date

The language used in Article 12(2) TMA is not clear as to which rights qualify as “rights acquired before the filing date or the priority date of the registered trade mark”.

INTA proposes to clarify the language of Article 12(2) TMA.

INTA believes that the language used in Article 12(2) TMA is not sufficiently clear. It is not clear, which rights qualify as “rights acquired before the filing date or the priority date of the registered trade mark”: e.g. rights that cannot be cancelled due to the double use requirement, or rights of local significance, or any rights (e.g. domain names, company names, trade names) acquired before the filing date or priority date of the trademark. These rights prevail over a later trademark, therefore it is essential for right holders to know against which prior rights they cannot enforce their trademark rights.

INTA understands that the language of the TMD is not sufficiently clear either but this does not preclude the national lawmaker to use a wording that explains which rights are covered by Article 12(2) TMA.

6) Agent marks – Uniform Language

The language used in relation to agent marks should be uniform in Articles 6 and 14 TMA.

The TMA amends the definition of agent marks in Article 6: an agent mark is a trademark “applied for by the representative or agent of the owner of a trademark”. INTA believes that the same language should be used in Article 14(1) TMA, which establishes the right to prohibit the use of the agent mark (injunction) and/or the right to request the assignment of the agent mark: “Ha egy védjegy jogosultjának képviselője, illetve az ügynöke – a védjegy jogosultjának engedélye nélkül – [...]”. The same applies to Article 14(2) TMA.

7) Date of Commencement of Grace Period in Case of International Registrations

The date of commencement of the grace period in case of international registrations designating Hungary in Article 18(3) TMA, does not fully correspond to the date of registration as defined in Article 76/P TMA.

Article 76/P TMA defines the date of registration of International Registrations designating Hungary. Article 18(3) TMA defines the starting date of the grace period for International Registrations designating Hungary. The dates do not coincide where HIPO confirms the protection of the designation in Hungary to the World Intellectual Property Office (WIPO).

In accordance with Article 18(3) TMA, the grace period in case of international registrations designating Hungary shall be calculated from the day following the last day of the period when the Hungarian IP Office may communicate a provisional refusal (which corresponds to Article 76/P(5c) TMA), or from the day the protection has been (partly) accepted following a provisional refusal (which corresponds to Article 76/P(5) TMA or Article 76/P(5e) TMA). On the other hand, where the Hungarian IP Office sends a notification to WIPO that the protection of the Hungarian designation has been accepted, the date of registration is the date of such notification under Article 76/P(5d). This possibility is not contemplated in Article 18(3) TMA.

INTA believes that Article 18(3) TMA should also refer to the date of registration as defined in Article 76/P(5d) so that the dates coincide. Accordingly, we recommend that Article 18(3) TMA is amended so that the starting date of the grace period of international registrations designating Hungary where HIPO notifies WIPO that the protection in Hungary is accepted is the date of such notification. We suggest that the amendment to Article 18(3) TMA is worded as follows:

Az (1) bekezdésben említett ötéves időszakot a Magyarországra kiterjedő hatállyal lajstromozott nemzetközi védjegy tekintetében a lajstromozás a 76/P. §-ban [vagy: a 76/P § (5), (5c), (5d) vagy (5e) pontjában] meghatározott napjától kell számítani.

(In the case of an international trademark registered with protection in Hungary, the five-year period mentioned in (1) shall be calculated from the day defined in Article 76/P TMA [alternatively: Article 76/P Paragraph (5), (5c), (5d) or (5e) TMA]).

8) Deleting Obsolete Company Form

19(2) TMA, 107(2) TMA – Reference to business association without legal personality

INTA suggests to delete the reference to business associations without legal personality (*jogi személyiség nélküli gazdasági társaság*) from the above mentioned provisions.

The company category “business association without legal personality“ has become obsolete with the entry into force of the new Civil Code of Hungary (Act V of 2013). The references to business associations without legal personality have been deleted from several provisions of the TMA. We recommend that the remaining two references (19(2) TMA, 107(2) TMA) be deleted too.

9) Right to Intervention of Licensees

Article 29(3) TMA is meant to implement Article 25(4) TMD: “[a] licensee shall, for the purpose of obtaining compensation for damage suffered by him, be entitled to intervene in infringement proceedings brought by the proprietor of the trade mark.”

The current wording of Article 29(3), which is the translation of Article 25(4) TMD conflicts with Article 41 of the Code of Civil Procedure, which stipulates that “[a]ny person who has a legal interest as to the outcome of an action pending between others may intervene on behalf of a party in the same interest with a view to facilitating his success.” This provision entails that a third party (e.g. a licensee) may only intervene on behalf of a party to the litigation (e.g. the plaintiff) and not on their own behalf. It further means that interveners cannot assert their own claims, that is, claim their own damages. .

Therefore we propose to delete the text “*for the purpose of obtaining compensation for damage suffered by him*” and generally enable licensees to intervene. This would clarify that the licensee is allowed to intervene but not to claim his own damages which would have to be requested in separate proceedings.

10) Separate Renewal Request

Article 65(2) TMA provides that the payment of the renewal fee shall not be considered as a renewal request.

INTA believes that Article 65(2) TMA shall be amended so that it implements the option provided for in Article 49(1) TMD. This means that the payment of the renewal fee shall be considered as

a renewal request (with respect to the existing scope of the trademark). The same regime applies to patents under Hungarian law. The current rules are disadvantageous for trademark owners who do not have a legal representative.

INTA stands ready to support HIPO in its efforts towards the implementation of the EU trademark reform. We hope you will find these comments useful. Should you wish to further discuss any of the points we have raised or additional issues, please contact H el ene Nicora, Chief Representative Officer-Europe at hnicora@inta.org and Carolina Oliveira, INTA Policy Officer - Europe at coliveira@inta.org.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Etienne Sanz de Acedo". The signature is stylized and cursive.

Etienne Sanz de Acedo
Chief Executive Officer
International Trademark Association