

August 22, 2018

Ministry of Justice  
Hungarian Government

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**C.c.** András Jókúti ([andras.jokuti@hipo.gov.hu](mailto:andras.jokuti@hipo.gov.hu))

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

Dear Sirs,

The International Trademark Association (INTA) appreciates the opportunity to provide input on the Draft Amendment of the Hungarian Trademark Act (the “Draft Amendments”), following the consultation launched by the Hungarian Ministry of Justice.

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 trademark 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](http://www.inta.org).

The Draft Amendments are an important legislative act, which will not only regulate an important aspect of the daily life of Hungarian consumers, but also, by providing the adequate protection to trademarks, facilitate trade and promote innovation and competition. After all, **trademark-intensive industries account for nearly 22% of all direct jobs in Hungary and for 38% of Hungarian GDP<sup>1</sup>**. An efficient protection of trademarks is therefore crucial to protect consumers and the business community.

INTA has been engaged from the very beginning on the reform of the EU trademark system and has earlier submitted comments to the Hungarian Intellectual Property Office (HIPO), on the preliminary version of the Draft Amendments which aim to implement Directive (EU) 2015/2436 (the “Directive” or “TMD”) into Hungarian law, i.e. into the Hungarian Trademark Act (“TMA”).

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<sup>1</sup> In 2013, [http://ec.europa.eu/internal\\_market/intellectual-property/docs/joint-report-epo-ohim-final-version\\_en.pdf](http://ec.europa.eu/internal_market/intellectual-property/docs/joint-report-epo-ohim-final-version_en.pdf)

INTA acknowledges that the final Draft Amendments have been improved and tend towards a balanced implementation of the Directive. Nevertheless, INTA would like to stress the following remaining concerns, which could impact brand owners:

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

The Draft Amendments intend 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 strongly disagrees with the proposed deletion. INTA proposes that Article 3(1)(c) TMA is kept as an absolute ground, and that bad faith is also 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 abuses and various dishonest practices (e.g. interim injunctions) turned against the rightful brand owners.

Even if the Ministry does not wish to acknowledge bad faith as a relative ground for refusal, the Draft Amendments should at least maintain the existing possibility of filing third party observations on the basis of bad faith, as an absolute ground for refusal. We take note that the official reasons to the Draft Amendments mention a slowdown of the application proceedings as a result of allowing observations. However, we believe that the benefits for brand owners and consumers of keeping the possibility to prevent the registration of trademarks filed in bad faith outweigh the negative effects that this may have in terms of timing in the processing of applications. In any case, such possible negative impact should be limited by the observant’s particular role in the proceedings: the observant is not a party to the proceedings and its only procedural right is to file the observation. Moreover, no oral hearing has to be held in case of an observation and the observant cannot appeal the HIPO’s decision.

INTA believes that if no observation can be filed on the basis of bad faith, the number of bad faith applications will significantly increase.

### **2) 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 respectfully requests that the prohibition of Article 5(4)(c) TMD is included into the Hungarian national legislation as a relative ground for refusal and invalidity. This would allow foreign trademark owners the right to oppose bad faith applications.

INTA believes that this provision would be helpful to reinforce the guarantees of validity of trademark registrations in the national register.

### **3) 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, in particular small-and-medium-sized companies.

INTA stands ready to support the Ministry of Justice and HIPO in their 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  l  ne Nicora, Chief Representative Officer-Europe at [hnicora@inta.org](mailto:hnicora@inta.org) and Carolina Oliveira, INTA Policy Officer -Europe at [coliveira@inta.org](mailto:coliveira@inta.org).

Sincerely yours,



Etienne Sanz de Acedo  
Chief Executive Officer  
International Trademark Association