



Study Question

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Bad faith trademarks

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I. Current law and practice

Bad faith - prior third party use or filing

1 Does your Group's current law provide for an action against the application or registration for a trademark in a jurisdiction by a party (Party A), if that trademark or a similar sign is already used in one or more jurisdictions by another party (Party B), but is not registered in the jurisdiction where Party A has filed the trademark?

If yes, please answer questions 2) – 7). If no, please go to question 8).

Yes

Please Explain

Yes, provided that the trademark application in or for Hungary was filed in bad faith. The basis is Art. 3(1)(c) of the Trademark Act according to which "a sign shall not be granted trademark protection if ... its registration was applied for in bad faith" [corresponding to Art. 3(2)(d) of the Trademark Directive]. In case of an application for a trademark of an unrelated prior third party all relevant factors of the case shall be taken into consideration in order to assess whether the applicant acted in bad faith (Decision of the Court of Appeal of Budapest, No. 8.Pf.20.417/2003/3, 3 July 2003, TICKETRON). It should be taken into account that the facultative Art. 4(4)(g) of the Trademark Directive has not been implemented in Hungary.

Please note that in the following report reference is made to the Hungarian Trademark Act of 1997 (hereinafter: Trademark Act) and the Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate laws of the Member States relating to trade marks (Codified version) (hereinafter: Trademark Directive).

2 Is the application or registration as described under question 1) above denoted as "bad faith"? If not, what is it called?

No

It is called...

An application or registration described under question 1) is not sufficient per se to conclude that the application was filed in bad faith. In this respect the Hungarian case law is in harmony with the preliminary ruling of the ECJ of 27 June 2013 in the Case C-320/12 Malaysia Dairy.

3 Are the following factors relevant for proving an application or registration as described under question 1) in your jurisdiction?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services

Please Explain

- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)

Please Explain

- the degree of legal protection enjoyed by Party B

Please Explain

- other

Please Explain

Whether Party B's trademark is well-known in the sense of Art. 6bis of the Paris Convention, or qualifies as a trademark having a reputation in Hungary [Art. 4(1)(c) of Trademark Act].

4 Is any one or more of the above factors sufficient on their own, or will the assessment instead always take the specific circumstances of the case into account? If one or more of those factors are sufficient on their own, please identify those factors.

No

Please Explain

The assessment shall take all factors and the specific circumstances of the case into account. In the proceedings before the Hungarian Intellectual Property Office good faith of a party shall be presumed [Art. 6(2) of Act No. CXL of 2004 on General Provisions of Administrative Proceedings and Services].

5 Which of the following factors are relevant to establishing whether there was or should have been knowledge as described under question 3) above?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

- whether Party A operates in the same or a similar field of business as Party B

Please Explain

- whether the earlier sign is well known or enjoys a reputation

Please Explain

- whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.)

Please Explain

- other

Please Explain

Whether Party B's trademark is known in Hungary and the level of knowledge in the relevant public.

6

Is the degree of similarity between the signs relevant? Please explain why in either case.

Yes

Please Explain

In the situation as described under question 1) the signs should be identical or highly similar in order that any bad faith on the part of Party A may be established.

7

Is the degree of similarity between the goods/services relevant? Please explain why in either case.

Yes

Please Explain

Of course, the identity or similarity of the goods/services is also a prerequisite unless Party B's trademark have a reputation also in Hungary.

Repeat filings

8

Can the filing of a trademark in your Group's jurisdiction by a trademark owner for a trademark identical or similar to a trademark it already owns in that jurisdiction be refused or cancelled on the ground that the previous trademark fails to meet applicable genuine use requirements?

If yes, please answer questions 9) -11). If no, please go to question 12).

Yes

Please Explain

The filing of a trademark application in or for Hungary by the owner of a previous trademark not meeting genuine use requirements may constitute an act in bad faith if the trademark as filed was identical or substantially identical with the previous trademark and the goods/services were also identical, and the aim of the filing was to circumvent genuine use requirements. Nevertheless, we are not aware of any case law in Hungary on this issue. There was a case where the Hungarian Intellectual Property Office established bad faith in a repeat filing, however, for lack of appeal the decision became final without Court review.

9

Is the application or registration as described under question 8) above denoted as "bad faith"? If not, what is it called?

No

It is called...

There is no such "denotation" in the Hungarian case law.

10 Which of the following factors are relevant when assessing whether a trademark as described under question 8) should be refused or cancelled?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

- the degree of overlap between the goods/services

Please Explain

- whether or not the signs are identical

Please Explain

- other intentions (e.g. the filing of an updated version of a trademark to meet evolving market requirements)

Please Explain

- the number of goods/services

Please Explain

- other

Please explain how the above factors influence the assessment.

We think the assessment would be greatly influenced by the intention of the applicant. Even in the case of identical signs and identical or overlapping goods/services, there might be a due cause for the owner to refile. A small difference between the trademarks and/or enlargement or shifting of the list of goods/services may constitute due cause.

11 Are the answers to questions 8) -10) above different if the previous trademark is no longer in force? Please explain.

It may happen that an abandoned trademark will be revived by the previous owner or his successor in title provided there are no interleaving rights of third parties. Generally, such refiling cannot be considered as an act in bad faith. Similarly, it does not constitute bad faith if a third party revives a formerly well-known, but meanwhile forgotten trademark (Decision of the Metropolitan Court of Budapest No. 3.Pk.25.401/2014/6 'Hamerli'). However, there is a provision in the Hungarian trademark law that the owner of a registered trademark the protection of which lapsed for lack of renewal may object to a third party's application for an identical or similar sign with respect to identical or similar goods/services within a period of two years after the lapse, unless the lapsed trademark had not been genuinely used [Art. 5(2)(b) of Trademark Act]. Due to this provision the previous owner practically has an exclusive right to refile his trademark within a two-year period, provided the lapsed trademark was genuinely used.

Defensive marks

12 Is it permissible under your Group's current law to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, is there a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)?

If yes, please answer question 13). If no, please go to question 14).

Yes

Please Explain

According to the Hungarian trademark law there are no use or intent to use requirements at the filing of a trademark application. Therefore, a bad faith filing cannot be established on the basis that there was no intent to use. In this respect the Hungarian trademark law is in harmony with the EU trademark law. Of course, for such a trademark there are genuine use requirements after a period of five years counted from the date of registration.

13 Is the application or registration as described under question 12) above denoted as "bad faith"? If not, what is it called?

No

It is called...

According to Hungarian trademark law a trademark application as described under question 12) does not constitute an application filed in bad faith. The notion "defensive trademark" ("defenzív védjegy" in Hungarian) has been used in the literature. Apart from defence with respect to a trademark actually used the purpose of such filing may be to obtain registration for a trademark ready for possible use in the future. Such trademarks are common e.g. in pharmaceutical and beverage industries and are called in the literature "reserve trademarks" ("tartalék védjegy" in Hungarian, "Vorratsmarke" in German).

Other

14 Does any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith ¹⁶ under your Group's current law? If so, what conduct and how is it denoted, ie as "bad faith" or something else?

¹⁶ Including fraud within the context of this Study Question, as explained on p. 1 at paragraph 5.

There are some other types of conduct of the applicant that may amount to bad faith filing under the Hungarian trademark law. They are discussed in a paper of Dr. István Gödölle: Bad Faith in Trademark Law, Proceedings of the Hungarian Group of AIPPI, No. 30, 2003, pp. 19–60. Such conducts may be classified as follows.

1. Pre-emption or breach of trust

If a person obtains knowledge legally or illegally that somebody else intends to use a mark to identify goods or services and thereafter that person submits a trademark application for the very mark in his name, such conduct may be deemed filing in bad faith. Of course, the opposing party has to produce evidence that the mark has been invented or designed by him and the applicant has taken the trademark from him, which might be a difficult exercise. There was such a case at the OHIM (Decision of the First Cancellation Division, No. 128C000382325/1, 7 September 2001, DEPRO). We are not aware of any published case law in Hungary.

2. Abuse of partnership relationship

It may happen that partners in a business relationship jointly use a non-registered trademark. If one of the partners, usually after deterioration of the relationship, submits a trademark application in order to exclude the other partner(s) from further use of the trademark, it may constitute a filing in bad faith (Decision of the Hungarian Supreme Court, No. Pkf.IV.24.838/2000/2, 14 February 2001, ALOHA FILM). Bad faith filing may occur in a similar situation when the applicant used the trademark applied for with tacit permission of a third party and filed the application after the permission had been withdrawn (Decision of the Court of Appeal of Budapest, No. 8.Pkf.25.188/2015/3, RENO UDVAR).

3. Abuse of agency or representation relationship

In case an agent or representative files an application for a trademark of his principal without the consent of the principal, the latter may oppose such application or may request the assignment thereof according to Art. 6 and Art. 19(5) of Trademark Act, respectively. Nevertheless, it may be that such a filing by the agent or representative amounts to bad faith filing (Decision of the Trademark Board of the Hungarian Patent Office, No. M9301801/8, 25 April 2000, GOLDEN LADY; Decision of the Hungarian Intellectual Property Office, No. M1400803/18, 18 December 2014, GYURMALIN).

4. Bad faith of previous retailer or supplier

In a commercial relationship if a retailer files an application for the trademark of his commercial partner, it may constitute bad faith filing (Decision of the Metropolitan Court of Budapest, No. 3.Pk.22.142/2000/6, 14 May 2001, CHENON CS; Decision of the Metropolitan Court of Budapest, No. 3.Pk.23.849/2000/10, 3 October 2001, VIPER-ULTRA-HORNET).

The same situation may happen with a supplier (Decision of the Metropolitan Court of Budapest, No. 1.Pk.22.021/2003/5, 13 February 2004, WESTSIDE; Decision of the Court of Appeal of Budapest, No. 8.Pkf.25.439/2015/5, 17 November 2015, TOTYA).

5. Bad faith in filing several applications

There may be situations where several trademark applications are submitted by the same applicant and the selection of the trademarks and/or the timing of the applications indicate a wrongful intention, therefore, the applications may be deemed as filed in bad faith (Judgment of the General Court of the EU, Case T-82/14, 7 July 2016, LUCEO). We are not aware of any published case law in Hungary.

Type of proceedings

15 In which proceedings can the grounds, insofar as they are available under your Group's current law, described in your response to questions 1), 8), 12) and 14) above be invoked in your jurisdiction?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select either of the last two boxes, please describe further.

- ex officio by the trademark/IP office

Please Explain

- a cancellation action (before the trademark/IP office)

Please Explain

- other

Please Explain

Observations filed by third party with the Hungarian Intellectual Property Office evidencing that the trademark application was filed in bad faith. The third party shall not be a party in the application proceedings. If the Hungarian Intellectual Property Office would register the trademark in spite of the observations, the third party may initiate cancellation (invalidity) proceedings before the Office.

II. Policy considerations and proposals for improvements of your current law

6.a Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against the application or registration of a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

6.b Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the refiling of a trademark by a trademark owner as described above under question 8) above

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

6.c Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the filing of a trademark by a trademark owner without an intent to use such for part or all of the goods/services claimed as described above under question 12) above.

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

6.c Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against other conduct as described in your response to question 14) above.

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

17 Are there any other policy considerations and/or proposals for improvement to your current law falling within the scope of this Study Question?

The Hungarian Group does not think that the ground for refusal or invalidity "filing in bad faith" in the Trademark Act shall be described in more detailed manner, or a definition of "bad faith" would be desirable. Due to the subjective personal character of this ground and the many forms in which bad faith behaviour may appear, we are of the opinion that it is better to let the authorities and courts to construe the term "filing in bad faith" in the case law.

Proposals for harmonisation

18 Does your Group consider that harmonisation in any or all of the four areas described in question 16) above is desirable?

If yes, please respond to the following questions without regard to your Group's current law.

Even if no, please address the following questions to the extent your Group considers your Group's current law could be improved.

Yes

Please Explain

The Hungarian Group thinks that a harmonisation is desirable so that the "filing in bad faith" as a ground for refusal and invalidity be included in statutory trademark law of each jurisdiction. We do not think that any further harmonisation would be necessary.

19 Does your Group consider there should be a harmonised definition of bad faith?

Please tick or fill in only the applicable box. If you have different reasons for selecting "no" or "yes" to those identified, please explain.

No

Please Explain

Bad faith - third party use or filing

20 Should it be possible to take action against the application or registration for a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark?

If yes, please answer questions 21) – 25). If no, please go to question 26).

No

Please Explain

The Hungarian Group is of the opinion that harmonisation is not necessary.

21 Which of the following should be relevant factors for proving an application or registration as described under question 20)?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

22 Should any one or more of the above factors be sufficient on their own, or should the assessment instead always take the specific circumstances of the case into account? If one or more factors should be sufficient on their own, which should they be?

23 Which of the following should be relevant when establishing whether there was or should have been knowledge as described above under question 21) above?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

24 Should the degree of similarity between the signs be relevant? Please explain why or why not.

25 Should the degree of similarity between the goods/services be relevant? Please explain why or why not.

Repeat filings

26 Should it be possible to refuse or cancel the filing by a trademark owner of a trademark identical or similar to a trademark it already owns in your Group's jurisdiction on the grounds that it fails to meet applicable genuine use requirements?

If yes, please answer questions 27) – 28). If no, please go to question 29).

No

Please Explain

The Hungarian Group thinks that harmonisation is not necessary.

27 Which of the following factors should be relevant when assessing whether a trademark as described under question 26) above should be refused or cancelled?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

28 Should the answers to questions 26) - 27) above be different if the previous trademark is no longer in force? if so, how?

Defensive marks

29 Should it be permissible to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, should there be a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)? Please explain.

The Hungarian Group is of the opinion that no harmonisation is necessary in this respect.

Other

30 Should any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith ¹⁷? If yes, please explain.

¹⁷ Including fraud within the context of this Study Question, as explained on p. 1 under paragraph 5 above.

We do not think so.

Type of proceedings

31 In which proceedings should it be possible to invoke the grounds described in your response to questions 20), 26), 29) and 30) above, insofar as they should be grounds for action in your view?

Please tick or fill in all boxes. If you select either of the last two boxes, please describe further

Other

32 Please comment on any additional issues concerning bad faith (or equivalent concepts) in the context of trademark law you consider relevant to this Study Question.

Please indicate which industry sector views are included in part "III. Proposals of harmonization" on this form:

Please enter the name of your nominee for Study Committee representative for this Question (see Rule 12.8, Regulations of AIPPI). Study Committee leadership is chosen from amongst the nominated Study Committee representatives. Thus, persons not nominated as a Study

Committee representative cannot be in the Study Committee leadership.
István GÖDÖLLE