

Q281



National Group: Hungary
Title: Trade marks and the internet and social media
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Questions

I. Current law and practice

Please answer the below questions with regard to your Group's current law and practice.

- 1) In your Group's current laws or regulations, are there any provisions that specifically concern trade mark protection on the internet or social media? Please answer YES or NO. If YES, please list these.

YES. The protection of trademarks valid in Hungary is governed by *Act XI of 1997 on the Protection of Trade Marks and Geographical Indications* ('**Trademark Act**'). Although the law also briefly mentions the display of trademarks in electronic form (Art 13), it does not contain specific regulations regarding the display of trademarks on the internet or social media.

The *Act CVIII of 2001 on Electronic Commerce and on Information Society Services* ('**E-Commerce Act**') applies to the so called "notice and takedown" procedure that provides the holders of trademarks the opportunity to block or remove access to information society services that are allegedly infringing their trademark rights. (For more detail see the Group's answer to question 3.)

The Group was on the understanding that the question refers to laws or regulations, where regulations could be understood to include instruments of self-regulation as well. With this understanding the Group believes it is also relevant to mention the Domain Registration Policy established by the Scientific Association of Council of Hungarian Internet Providers by means of self-regulation pursuant to Section 15/A of the E-Commerce Act. The purpose of the Domain Registration Policy is to ensure the unified order of the delegation, registration and maintenance of public domains under .hu ccTLD. Section 2.2.1 of the Domain Registration Policy specifically sets out that when choosing the domain name to be delegated, the applicant

shall act with utmost care that the application, the domain name, or the use of the domain name does not violate the rights of other persons or entities, including trademark rights.

- 2) Is there any authority in the country or region of your Group which deals with trade mark infringement matters on the internet or social media, which is different from the authority for traditional off-line trade mark infringement matters? Please answer YES or NO. If YES, please specify which.

NO. All cases related to trademark infringements including infringements that take place on the internet or social media fall within the exclusive jurisdiction of the Metropolitan Court of Budapest. The Metropolitan Court of Budapest also acts as the European Union trade mark court and is competent to take substantive decision on whether an EU trade mark has been infringed.

- 3) Is there any special mechanism/procedure available in the country or region of your Group to handle trade mark infringement matters on the internet or social media? Please answer YES or NO. If YES, please clarify which.

YES. There is a special course of action called "notice and takedown" procedure available in Hungary with the purpose of giving the rightholders the opportunity to block or remove access to information society services that are allegedly infringing their copyrights or trademark rights prior to initiating - often lengthy - legal proceedings to establish infringement and pursue any further claims. The procedure was introduced to the Hungarian law in accordance with the *Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market*, and is regulated by the provisions of Section 13 of *Act CVIII of 2001 on Electronic Commerce and on Information Society Services ('E-Commerce Act')* as follows.

The trademark proprietor - or a person authorized by the proprietor - is entitled to notify the service provider specified in the E-Commerce Act in writing (in a private document with full probative force or in an authentic instrument) for removing the allegedly infringing information. The notification shall include the subject matter of the infringement, the facts supporting the infringement, and the data necessary to identify the infringing information as well as the contact information of the proprietor.

The service provider's exemption from liability is conditional upon its immediate (i.e. 12 hours from the receipt of the notification) action to remove or disable access to the allegedly infringing information. Concurrently, in 3 working days from receipt of the notification the service provider shall inform the person who provided the infringing information (the information provider) of the identity of the proprietor and the details of the notice.

Considering that the procedure is initiated before any infringement is established, the E-Commerce Act allows the information provider to object the removal of the information in question in writing within 8 days from being informed of the notice. The objection shall contain the particulars for the identification of the removed information as well as for the identification of the information provider. Upon receipt of the objection the service provider shall proceed without delay to restore access to the allegedly infringing information, and simultaneously send a copy of the objection to the proprietor. As the proprietor receives the objection and therefore it is informed of the identity of the information provider, the proprietor will be in the position to take legal action before court or other competent authority to establish the infringement and pursue further claims.

It should also be highlighted that to prevent legal abuse of the procedure, the service provider shall refuse to comply with a notice if it has already taken the measures prescribed in the E-Commerce Act upon the notification of the same proprietor with the exception of where the removal of the information or the disabling of access to it was ordered by the court or another authority.

The law also allows the proprietor and the service provider to enter into a contract with respect to the application of the notice and takedown procedure. In the contract the parties may not derogate from the law, however, they may agree on matters which are not regulated by law, and they may also agree on applying less formal communication requirements (accepting authentic copies of private documents, applying electronic communication methods if the addressee acknowledges receipt thereof).

Notice and takedown action may be a good tool to challenge trademark infringements on the internet, especially where online platforms do not have their own procedure for effective take down of illicit or infringing contents. In practice, service providers tend to comply with these steps, as it is necessary for them to be exempt from liability for providing the infringing information.

4) What ways of use of a trade mark on the internet and social media might constitute trade mark infringement if there is no permission from the trade mark owner? Please choose one or more answers from the following choices:

a) use to sell a product or service online;

b) use as a keyword (in a search engine or ranking at a platform);

c) use as a metatag;

d) use as a hashtag;

e) use in a review posting;

f) use as the name of a social media account or an online shop name;

g) use for a comparison;

h) use to endorse or promote another party's product or service;

i) other, namely

5) Are there any different tests applying to online trade mark infringement compared with traditional off-line trade mark infringement? Please answer YES or NO. If YES, please state which.

NO.

6) What factors are taken into account when assessing whether there is jurisdiction regarding the use of a trade mark online (on a website or app)? Please choose one or more answers from the following choices:

a) whether the consumers in your country or region can access the website or app;

- b) whether the server of the website or app is located in your country or region;
- c) whether the website or app uses a local language of your country or region;
- d) whether the website or app allows to pay in the local currency of your country or region;
- e) whether goods/services are delivered to consumers in your country or region by the user of the trade mark on that website or app;
- f) whether there is any business facility of the user of the trade mark in your country or region;
- g) whether there are any promotional activities targeting consumers in your country or region by the user of the trade mark;
- h) other, namely

7) a) Can the use of another party's trade mark as a keyword in keyword search advertisement services⁷ without the trade mark owner's permission infringe that trade mark? Please answer YES or NO.

YES.

b) If YES, under which conditions is trade mark infringement established?

Hungarian courts consistently apply the case-law and conditions set by the Court of Justice of the European Union (CJEU).

The CJEU addressed keyword advertising as trademark infringement in several preliminary rulings (e.g., in cases C-278/08 BergSpechte, C-236/08 Google France, C-558/08 Portakabin, and C-323/09 Interflora). According to the case-law of the CJEU, the trademark proprietor is entitled to prohibit the advertiser from advertising, on the basis of a keyword identical with or similar to their trademark which that advertiser has selected - without the consent of that proprietor - in connection with an internet referencing service, for goods or services identical with or similar to those for which that mark is registered, if that use is liable to have an adverse effect on the functions of its trademark, namely on the function of indicating origin, on the advertising function or on the investment function of the trademark.

The origin indicating function is adversely affected where the advertising displayed does not enable reasonably well-informed and reasonably observant internet users, or enables them only with difficulty, to ascertain whether the goods or services concerned by the advertisement originate from the proprietor or an undertaking economically linked to that proprietor or, on the contrary, originate from a third party.

The advertising function of a trademark is adversely affected where the use of a mark identical with or similar to the proprietor's trademark adversely affects the proprietor's use of its trademark as an instrument of marketing and commercial strategy.

The trademark's investment function is adversely affected if the use of a mark identical with or similar to the proprietor's trademark substantially interferes with the proprietor's use of its trademark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty.

The CJEU also introduced specific rules for trademarks with reputation: the proprietor of a trademark with a reputation is entitled to prevent a competitor from advertising on the basis of a keyword corresponding to that trademark, where the competitor thereby takes unfair

advantage of the distinctive character or repute of the trademark (free-riding) or where the advertising is detrimental to that distinctive character (dilution) or to that repute (tarnishment).

In the majority of cases related to keyword advertising the courts established trademark infringement based on the fact that the paid advertisement was unclear about the origin of the advertised products or services, therefore, reasonably well-informed and reasonably observant internet users are not able to ascertain whether the goods or services concerned by the advertisement originate from the proprietor of the trademark or an undertaking economically linked to it or, on the contrary, originate from a third party (e.g. in case no. P.22010/2017 "AJTÓHÁZ", P.20.808/2018 "FESSNEKI"). In particular, case law (in case no. P.22.000/2013 "CSOKICSŐ" confirmed by the Supreme Court) confirms that for establishing trademark infringement, the defendant does not need to use the plaintiff's trademark in the text of the paid advertisement, it may be sufficient to use it only as a keyword. In another case (case no. P.23897/2011 "Gyermekrák Alapítvány") the court considered the nature of paid advertisements when rejected the claim for infringement and concluded that if the proprietor wishes its advertisement to appear above that of its competitor using a keyword identical to the proprietor's trademark, it can achieve this goal by paying a higher price for its advertisement. Yet, experience has shown that in trademark infringement cases related to keyword advertising, Hungarian courts tend to refer to the CJEU's case-law and findings in general, without assessing those conditions in detail, and without evaluating the particular circumstances of the case.

8) a) Do one or more online market platforms in the country or region of your Group8 provide services to stop trade mark infringement on their platform? Please answer YES or NO.

YES.

b) If YES, what services are provided? Please tick the below boxes that apply (in the comment box you may specify if these differ for different platforms):

X notice and take-down

- shop-shut down
- initiative policing and investigation of trade mark infringement
- authentic products verification
- trade mark recording system
- other, namely

9) a) According to your Group's current laws and practice, can a social media influencer bear liability for his or her endorsement of a product or service infringing another party's trade mark? Please answer YES or NO.

YES.

b) If YES, under which conditions is trade mark infringement established?

The Hungarian Group is not aware of any case law addressing the liability of a social media influencer for his or her endorsement of a product or service infringing another party's trade mark. Nevertheless the Hungarian Trademark Act acknowledges that third party participants may be subject to particular, limited legal consequences in relation to trademark infringement (they may be prohibited from the trademark infringement or may be ordered to provide data in relation to the infringement; according to Article 27 (4)-(5) of the Trademark Act).

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

- 10) Could your Group's current law or practice relating to the use by third parties of trade marks on the internet and social media be improved? If YES, please explain.

NO.

- 11) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

NO.

III. Proposals for harmonisation

Please consult with relevant in-house / industry members of your Group in responding to Part III.

- 12) Do you believe that there should be harmonisation in relation to trade mark protection on the internet and social media? Please answer YES or NO.

YES.

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

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

- 13) Should there be any provisions that specifically concern trade mark protection on the internet or social media? Please answer YES or NO.

NO.

- 14) Should there be any authority to deal with trade mark infringement matters on the internet or social media, which is different from the authority for traditional off-line trade mark infringement matters? Please answer YES or NO.

NO.

- 15) Should there be any special mechanism/procedure to handle trade mark infringement matters on the internet or social media? Please answer YES or NO.

NO.

- 16) What ways of use of a trade mark on the internet and social media should constitute trade mark infringement if there is no permission from the trade mark owner? Please choose one or more answers from the following choices:

a) use to sell a product or service online;

b) use as a keyword (in a search engine or ranking at a platform);

c) use as a metatag;

d) use as a hashtag;

e) use in a review posting;

f) use as the name of a social media account or an online shop name;

g) use for a comparison;

h) use to endorse or promote another party's product or service;

i) other, namely

- 17) Should there be any different tests applying to online trade mark infringement compared with traditional off-line trade mark infringement? Please answer YES or NO. If YES, please state which.

NO.

- 18) What factors should be taken into account when assessing whether there is jurisdiction regarding the use of a trade mark online (on a website or app)? Please choose one or more answers from the following choices:

a) whether the consumers in the country or region can access the website or app;

b) whether the server of the website or app is located in the country or region;

c) whether the website or app uses a local language of the country or region;

d) whether the website or app allows to pay in the local currency of the country or region;

e) whether goods/services are delivered to consumers in the country or region by the user of the trade mark on that website or app;

f) whether there is any business facility of the user of the trade mark in the country or region;

g) whether there are any promotional activities targeting consumers in the country or region by the user of the trade mark;

h) other, namely

19) a) Should the use of another party's trade mark as a keyword in keyword search advertisement services⁹ without the trade mark owner's permission infringe that trade mark? Please answer YES or NO.

YES.

b) If YES, under which conditions should trade mark infringement be established?

We agree with the current practice of the Hungarian courts in this regard (see Question No. 7).

20) a) Should online market platforms provide services to stop trade mark infringement on their platform? Please answer YES or NO.

YES.

b) If YES, what services should be provided? Please tick the below boxes that apply:

X notice and take-down

shop-shut down

initiative policing and investigation of trade mark infringement

X authentic products verification

X trade mark recording system

other, namely

21) a) Should a social media influencer bear liability for his or her endorsement of a product or service infringing another party's trade mark? Please answer YES or NO.

YES.

b) If YES, under which conditions should trade mark infringement be established?

Based on the wording of the question, the Hungarian Group understands that a social media influencer is considered a natural person who is engaging only in endorsement of third party products and/or services.

If the advertiser (the trademark infringer) engages in the course of the promotion of its goods/services the media influencer, requesting his/her endorsement, the influencer should not be liable per se for the infringement, but he/she should be considered to be a person who has contributed in economic scale to the infringement and against whom the trade mark proprietor may enforce only particular claims, e.g. injunctive relief and claiming information on the origin and distribution networks of the infringing goods or services [See Sections 27(4) and 27(5) of Trademark Act].

In view of the Hungarian Group, however, the influencer should be liable as an infringer if it is the influencer's advertising activity which results in the infringement. In this case, the trade mark holder shall have the right to enforce against the influencer all available claims of trademark infringement, i.e. also the claims to pay compensation (for damages caused by the advertising), to pay his/her enrichment (i.e. the revenue received for the advertising), and to publish the apologies for the infringement.

The reason of the proposal is that the influencer carries out its activity to create the promotion in a commercial manner, the influencer promotes not only third party's product, but creates also his/her own „brand” as influencer, therefore, it is reasonable to be liable for such activities.

Further, the Hungarian Group finds it necessary to establish a definition of the influencer.

- 22) Please comment on any additional issues concerning any aspect of trade marks and the internet and social media you consider relevant to this Study Question.

N/A

- 23) Please indicate which industry/cultural sector views provided by in-house counsel are included in your Group's answers to Part III.

N/A