

**Questionnaire April 2005**

**Q185 - Enforcement of IP Rights**

**Answer in the name of the Hungarian Group**

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**0. Implementation of the TRIPS Agreement**

*From a general view it would be interesting if the National Groups would illustrate the legal way in which the TRIPS provisions are implemented in their national laws. Is this implementation achieved by means of (written) legislation (or regulation) or is the implementation directly applied by the Courts? If there is (written) legislation, it would be useful for the present study if the National Groups could furnish the English translation of the text (if available).*

In Hungary the implementation of the TRIPS Agreement has been achieved by means of written legislation. Hungary ratified the TRIPS Agreement in 1994 (Parliament Resolution 72/1994) and promulgated it by Act IX of 1998 which entered into force on March 15, 1998. However, most of the Agreement's provisions had already been earlier incorporated into the Hungarian legal system by modification of the existing IP law.

**I. Article 43 TRIPS Agreement and Article 6 of the IP Directive**

**2. Questions to be answered regarding content, requirements and extent**

- a. *Does your country already provide for a mechanism in compliance with Article 43 (1) of the TRIPS Agreement and/or Article 6 (1) of the IP Directive?*

Yes. In the existing Hungarian law, compliance with Art 43 (1) of the TRIPS Agreement is provided by Section 104 (6) of the Patent Act<sup>1</sup>; Section 94 (6) of the Copyright Act<sup>2</sup>; Section 95 (5) of the Trademark Act<sup>3</sup>. The same provisions partly provide the mechanism for Art. 6 (1) of the Directive. However, there is neither explicit provision, nor established court practice for "sampling". Our

<sup>1</sup> Act XXXIII of 1995 on the Protection of Inventions by Patents (relating in this respect also to designs, utility models and microelectronic semiconductor protections)

<sup>2</sup> Act LXXVI of 1999 on Copyright

<sup>3</sup> Act XI of 1997 on the Protection of Trademarks and Geographical Indications

opinion is that if the infringing products are identical (same serial number, etc.), then only one copy is enough for the purposes of evidence. In case they are non-identical with each other then their infringing nature has to be proven separately.

b. *How does your system work and what are its specific requirements, in particular:*

- *Are these mechanisms arranged differently as to the different types of IP (i.e. patents, utility models, design models, trademarks, copyright)?*

No. The respective provisions are included in each IP law separately. The wording of these provisions is, however, the same.

- *According to Article 43 (1) of the TRIPS Agreement and Article 6 (1) of the IP Directive, the claimant must present reasonably available evidence sufficient to support the claim: Is there a comparable requirement in the laws of your national system? If yes, it will be interesting to know the extent to which the infringement must already be proven beforehand by the claimant.*

Yes. The provisions referred to at point a. stipulate: "If [...] one of the parties has already substantiated the plausibility of its statements to a reasonable extent, upon the request of the party providing proof, the court may order the other party to present the documents and other exhibits in his possession and to make an inspection possible."

- *How (clearly) and to what extent must the claimant "specify" the means of evidence to be produced that is within the control of the opposing party?*

The extent of specification is not defined in the law. However, according to the judicial practice, the claimant has to specify means of evidence to be presented by the opposing party in a clear and unambiguous manner in order to identify it.

- *Are there other requirements which must be fulfilled?*

Not at the level of written legislation. Based on the judicial practice, as further requirement to be fulfilled, the balance of convenience can be mentioned. A balance is to be drawn between the interest of the claimant and that of the opposing party, while public interest cannot be neglected either.

c. *Regarding the extent and enforcement of the order:*

- *Is it possible to get such an order only in view of proving the infringement or can the order also be focused on evidence which may be relevant for the determination of the extent of damages?*

Such an order can mainly be used to prove infringement, however, the evidence taken may be relevant also for the determination of the extent of damages.

- *Can such order also be used to identify the possible existence of evidence, i.e. are there any means in your system that enable the claimant to search for evidence?*

Not in civil proceedings.

- *How can the order be enforced?*

A court order for the production of evidence is an interlocutory decree in the course of the civil proceedings which cannot be enforced as such. If the order is not complied with within the deadline prescribed in the order, the court may impose a procedural fine.

- *Is it possible by means of such an order to effectively enter the private sphere of the opposing party (for instance premises)?*

It is not possible to enter the private sphere of the opposing party on the basis of such a court order.

- *What are the consequences if the order is not complied with by the opposing party. For example: Shift of burden of proof, or a solution comparable to the solution of Article 43 (2) of the TRIPS Agreement?*

IP laws do not contain special consequences explicitly. However, based on Section 206 of Act III of 1952 on the Code of Civil Procedure, non-compliance with such an order may be evaluated in favour of the requesting party, resulting in a situation close to the reversal of burden of proof. Besides, as a consequence of non-compliance with the order the opposing party may be fined as mentioned above.

- *Can such order be obtained in your country based on an IP right registered in another country but not registered or even applied for in your country?*

An order for the production of evidence can be made in all proceedings before a Hungarian civil court. Generally, IP rights can be litigated in case of and based on registration in or for Hungary. However, there are exceptions, e.g. some rights can be derived from unregistered but actually used trademarks or from unregistered well-known trademarks, or in cases of foreign registrations where Hungarian courts have jurisdiction according to provisions of the international private law.

- d. *Does your system provide for legal presumptions comparable to the stipulation of the second sentence of Article 6 of the IP Directive?*

There is neither explicit provision, nor established court practice for "sampling". In our opinion, if the infringing products were identical (same serial

number, etc.), then even a single copy would be enough for the purposes of evidence. In case the products are non-identical with each other, their infringing nature has to be proven separately.

e. *Questions regarding procedural aspects:*

- i) *What is the competent court? Who makes the decision, an administrative or a judicial body?*

The decision is brought by a judicial body. In infringement proceedings concerning IP rights the Metropolitan Court of Budapest acts as first instance. The second instance is the Court of Appeal of Budapest. As a rule, the taking of evidence shall be performed before the first instance court.

- ii) *How costly and time-consuming are these proceedings?*

Orders for the production of evidence are issued within the framework of the ordinary civil proceedings. There is no separate proceedings for taking evidence. Such an order may be issued on the first hearing or upon claimant's request even before the first hearing. The costs of producing evidence are taken into account in establishing the overall procedural costs of the proceedings; they are substantially lower than those in countries with full disclosure requirement.

- iii) *Is the order subject to appeal? By whom? Within what time limit? On what grounds? Before what court?*

Such an order is not subject to a direct appeal because it is an interlocutory decree relating to the conduct of the proceedings. It can be, however, objected to in the appeal against the decision on the merit.

- iv) *What kind of counter-arguments may successfully be asserted against such an order, or what counteractive measures can be taken by the respondent in order to lift the order?*

The proper counter-argument is always selected on a case-by-case basis. The opposing party may allege that the requested document is not relevant or is not in his possession, or the document contains commercial or business secrets.

- v) *What are the implications if either claimant or respondent or both parties are foreigners?*

The nationality or domicile of the parties makes no difference in principle.

- vi) *Is the order enforceable even if an appeal is pending?*

Not applicable, as direct appeals are not admissible against such orders.

### **3. Questions to be answered regarding limits**

- a. *Whether and how and through what procedures can secret information (business information, know-how etc. ) of the opposing party be protected in the laws of your system?*

Business information/secrets in the Hungarian law are protected under the Civil Code (CC) and by Act LVII of 1996 on the Prohibition of Unfair Market Practices and of Restrictions of Competition (CA). Business entities whose rights to business information/secret have been violated may, under the CC and the CA, have recourse to sanctions and compensations.

The CC determines the protection of industrial or business secret in the sphere of protection of rights attached to the person. According to Section 81 of the CC, the procurement and disclosure without authorization of private, industrial and business secrets, or any other abuse thereof, constitute the violation of the moral rights related to the person. Protection of business secret includes the protection of confidential intellectual property creations (e.g. know-how) as well.

Under Section 4 of the CA, it is prohibited to acquire or use business secret in unfair manner, further to disclose business secret to others, or to publish it, without authorization. According to the CA, the business secret is an item of fact, information, solution or data relating to business activity, the confidentiality of which is in the equitable interest of the owner and where the owner has made the necessary measures to keep the secret confidential. The CA specifies the notion of unfair acquisition, which includes also the case where the business information was acquired without the consent of the owner or with the assistance of a person in a confidential or commercial relationship with the owner.

- b. *In particular, are there in your system procedural possibilities to restrict the access to the information to specific persons involved in the proceedings (attorney only, neutral expert)? If so, how is this restriction legally implemented and ensured?*

According to Section 5 of the Code of Civil Procedure (CCP) the court pronounces in public its judgment in connection with the litigation between the parties. If necessary, for example in case of business information/secret, state secret or services secret, the court may exclude the public from the hearing in its entirety or partly. According to Section 119 of the CCP the parties, the prosecutor and other persons participating in the proceedings or their representative have the right, during the proceedings, to have access – without specific authorization – to the documents of the litigation and to make copies of them. Based on the above, if the judge excluded the public from the hearing, copies cannot be made of any procedural documents, and specific regulations are authoritative in these cases.

According to the above, it is not possible to restrict the access to the information to specific persons in civil procedures.

Under Section 55 of the CA the client, its representative and the prosecutor may have access any time during the proceedings to procedural documents and make copies or notes of/from them. In case an expert participates in the proceedings, the expert is entitled to have access to all documents, which include business information, bank or assurance information or secret etc. as well. The client and other participant of the proceedings could request the restriction on the access to the procedural documents, business information referring to the protection of business information.

c. *How can abuses be prevented?*

Abuses could be prevented only by the ruling of the judges. There are no specific rules in the Hungarian law in this regard.

d. *Is it possible for the opposing party to rely on privileges such as attorney/client privilege?*

*If so, are there different types of privileges?*

*What are the possible consequences if a fact cannot be proven due to the invocation of a privilege?*

In Hungarian civil procedures there are no discovery proceedings as such. Under the Hungarian law there are no different types of privileges for the legal profession.

The attorney/client privilege is ruled by Act XI of 1998 on Attorneys at Law. According to Section 8 an attorney at law is bound by confidentiality with regard to every fact and data about which he gets knowledge in the course of carrying out his professional duties.

There are similar confidentiality provisions in Section 15 of the Act XXXII of 1995 on Patent Attorneys.

Confidentiality pertains to all of the documents prepared by an attorney and all other documents in his possession that contain any fact or data subject to confidentiality. An attorney may not disclose any document or fact pertaining to his client in the course of an official inquiry conducted at the attorney's office, but he may not obstruct such proceedings of an authority in a criminal case.

A client, its legal successor or its legal representative may release an attorney from the obligation to maintain confidentiality. Neither an attorney nor an assistant attorney may, if so released, be questioned as a witness about any fact or data of which he gained knowledge as a defence counsel in a criminal case.

If, due to the invocation of the privilege, an alleged fact cannot be proven, the court will make its judgment based on the already submitted evidence, claims and documents and will not take into consideration those facts which have not been proven due to the privilege or the time limit of the submission.

- e. *What are the consequences if it turns out that the order was unjustified?*

The opposing party may claim his costs.

- f. *Is the order subject to a security bond?*

No. A security bond may be requested only for issuing an order for prior providing of evidence and not in case of an order for providing evidence in the normal course of proceedings.

#### **4. Questions to be answered regarding future improvements**

- a. *According to the opinion of the National Group, are there ambitions or motivations to further develop or improve your system?*

In the opinion of the Hungarian Group the Hungarian system is in compliance with Art. 43 (1) of the TRIPS Agreement and comes up to the requirements of Art. 6 (1) of the IP Directive. However, there are no provisions in the Hungarian law comparable with Art. 6 (2) of the IP Directive.

- b. *Are there any governmental or public ambitions in your country to improve or to change the existing systems?*

We have no information yet what the government's legislative proposal will contain regarding implementation of Art. 6 of the IP Directive. In professional circles there are some suggestions to complete the existing rules with stronger rights for the claimant.

- c. *Do you think that the laws of your national system are already in compliance with the said provisions of the IP Directive?*

Generally, it can be stated that provisions of the relevant Hungarian law - particularly Patent Law, Trademark Law, Civil Code, Code of Civil Procedure, and Law against Unfair Competition - are in agreement with the said provisions both of TRIPS and the IP Directive, except Art. 6 (2) of the IP Directive.

### **II. Article 50 of the TRIPS Agreement and Article 7 of the IP Directive**

#### **2. Questions to be answered regarding content, requirements and extent**

- a. *Do you have in your national law measures which could be deemed analogous to or comparable with the measures described above?*

Hungarian national law provides for legal measures analogous to or comparable with the provisions of the above-referred articles of TRIPS and the IP Directive. According to the Hungarian procedural law the civil actions,

such as intellectual property infringement actions, shall be adjudged by the judicial authorities in oral proceedings. The evidence-taking proceedings, comprising also actions for preserving and providing evidence, can certainly start prior to the first substantive hearing. The written preparation for the substantive proceedings, in the course of which documents and other kinds of evidence and proposals for taking evidence may be presented, is particularly significant and typical in IP infringement actions. Below, we summarize measures to preserve evidence relating to the alleged infringement which are explicitly or alternatively applicable even before the commencement of the legal proceedings.

### **Prior providing of evidence** (Code of Civil Procedure, Sections 207 to 211)

Upon the request of an interested party the competent court may order prior providing of evidence, either prior to starting civil action or in the course of the court proceedings, if

- it is likely that in course of the civil action or in a later phase thereof the taking of evidence would be hardly effective or significantly problematic;
- it is likely that the prior providing of evidence could help to terminate the civil action within a reasonable time period;
- the opposing party is liable to the shortage of a *res* (i.e. object);
- the prior providing of evidence is expressly allowed by special law.

An order for prior providing of evidence may be, depending on the decision of the court, subject to the deposit of a security by the interested party. Before making a decision on the request for prior providing of evidence, the court shall hear the opposing party. Nevertheless, if the opposing party is not known, or in case of urgency, the court may pass a decision *inaudita altera parte* as well. The results of the prior providing of evidence can be used in the court action by any party.

In the IP law no specific preconditions of ordering prior providing of evidence are expressly defined except the possibility for the court to require a security. The application of prior providing of evidence in IP infringement cases before starting the corresponding infringement action is hardly used by the parties. One reason of the lack of use may be that in this case the district court having jurisdiction in proceedings for prior providing of evidence is different from the court of the main action.

### **Preserving evidence by preliminary (or interlocutory) injunction** (Code of Civil Procedure, Section 156)

Interlocutory injunction can be requested only in connection with a court action. It is not allowed before starting the legal proceedings. In case of urgency the claimant shall file his request for preliminary injunction simultaneously with the action on the merits.

As to preserving evidence, following measures can be taken by way of interlocutory injunction:

- seizure of the alleged infringing goods, materials and implements used exclusively or primarily for the infringement;
- order that the opposing party provide information on relevant persons, relationships and other relevant circumstances in connection with his alleged infringing activity.

In course of adjudging the request for interlocutory injunction the court shall hear the opposing party. Nevertheless, if the opposing party does not reflect, upon the invitation of the court, to the preliminary injunction claim, the court takes that he does not oppose the request. In principle the court might adjudge the request for preliminary injunction in an *inaudita altera parte* procedure as well, but the special conditions therefore are not defined by the law, that course of action is therefore no real practice of the courts.

Our experience is that if the conditions for interlocutory injunction have been met and the alleged infringing goods and their location can be defined, the courts order seizure by preliminary injunction. Claims for obliging the opposing party by way of interlocutory injunction to provide relevant information are, however, almost always rejected with the reasons that such an obligation would result in irreparable consequences, therefore, such claims cannot be adjudged but in the proceedings on the merits of the case.

### **Preserving evidence by customs action**

Although not dealt with in the present questionnaire, it is to be mentioned that customs actions concerning goods suspected to be infringing products constitute effective measures for preliminary preserving evidence in trademark and copyright infringement cases in Hungary.

*b. If so, what are the differences?*

We think there are the following differences:

- Preliminary injunction cannot be claimed prior to filing the substantive action. Interlocutory injunctions are ordered typically long before the judgment of the case on the merits, but only in connection with a started infringement action.
- The preconditions for passing a decision *inaudita altera parte* are different from those in the IP Directive. According to the relevant provisions *inaudita altera parte* procedure is applicable in case of urgent necessity, or if the opposing party fails to attend to the hearing or fails to observe a term set by the court. The conditions of “irreparable harm to the rightholder” and “demonstrable risk of evidence being destroyed” are not mentioned in the present law.
- There is no regulation which could be deemed analogous to or comparable with the obligation that where preliminary injunction or prior providing of evidence has been ordered *inaudita altera parte*, “the parties affected shall be given notice without delay, after the execution of the measure at the latest.”

- In case of the prior production of evidence, there are no provisions corresponding to the time limit of “20 working days or 31 calendar days”. There is no time limitation for the use of the evidence taken in proceedings for prior providing of evidence.
- The claim of the opposing party relating to compensation for any injury caused by measures subsequently proved to be unfounded is based on the general provisions of the Civil Law, not on particular IP Laws.
- Hungarian law does not provide specific measures to protect witness' identity in civil proceedings.

c. *How does your system work and what are its specific requirements, in particular:*

i) *Are there differences as to the types of IP?*

The written law is essentially uniform as to the different types of intellectual property.

ii) *To what extent must the infringement already be proven beforehand by the claimant?*

For preliminary injunction the fact of infringement shall be substantiated and demonstrated by the claimant to an extent of reasonable probability. In case of prior providing of evidence the prerequisites are different as stated above.

iii) *How (clearly) and to what extent must the claimant “specify” the means of evidence to be produced?*

There is no specific provision to the extent of specification to be presented by the claimant. Our opinion is that in order to have a reasonable chance to obtain any preliminary measure to preserve evidence or a prior providing of evidence the required means of evidence shall be specified quite clearly and in detail.

iv) *Are there other requirements which must be fulfilled?*

There are no other requirements specified by law.

v) *Is the measure only applicable in view of proving the infringement or is it possible to apply it to evidence relevant for the extent of damages?*

The use of the evidence obtained by way of a prior production of evidence is not limited by the law.

vi) *Can such order also be applied to identify the possible existence of evidence, i.e. are there any means in your system enabling the claimant to search for evidence?*

No. Though the way of prior providing of evidence and the type of evidence are not specified by the law, we think it is not possible to obtain a preliminary order just for the purposes of enabling the claimant to search for evidence.

- vii) *How can the order be enforced? For instance, is it possible by means of such an order to enter the private sphere of the opposing party (for instance premises) and/or to effectively seize suspected “infringing” products? Who is entitled to enter the respondent’s private sphere?*

The preliminary order is enforceable, irrespectively of any appeal might be filed against it by the opposite party. In order to have the order enforced the claimant shall request a so-called “execution document” to be issued by the proceeding court, in the possession of which he can claim the execution of the order by way of the competent bailiff. If it is necessary for the effective execution, the bailiff may enter the private sphere of the affected party, he may visit business premises, factory, warehouses.

The order for prior providing of evidence cannot be enforced, however, the court may impose a procedural fine in case the opposing party does not comply with the order.

- viii) *What are the consequences if the opposing parties refuse access?*

If a preliminary order is under execution, the court may establish a fine as a sanction of non-compliance and the definite act may be enforced with police assistance.

- d. *What experiences have been made in the past with such measures?*

We are not aware of any IP case where prior providing of evidence occurred. As to preliminary injunctions we refer to the answers in connection with the specific questions.

### **3. Questions to be answered regarding limits**

Concerning points a to d, see the corresponding answers under part I, question 3.

- e. *What are the consequences if it turns out that the order was unjustified?*

In case of preliminary injunction and prior providing of evidence the security deposited beforehand – if the court ordered so – may be the source of compensation of damages in case the opposing party turns out not to have infringed the claimant’s rights, or the prior proceedings for providing of evidence was unfounded.

- f. *Is the order subject to a security bond?*

The court may request a security bond.

#### **4. Questions to be answered regarding future improvements**

##### *a. Does your system comply with the TRIPS Agreement?*

Mainly yes. Regulation on prior providing of evidence does not entirely comply with Art. 7 of the IP Directive and Art. 50 of the TRIPS Agreement. There is no time limit for the claimant to initiate the proceedings on the merits of the case. There are no clear provisions ensuring compensation of damages for the opposing party should there be no infringement or threat of infringement.

##### *b. Are there ambitions or motivation for further developments, improvements etc.?*

Yes. According to a recent study by renowned Hungarian IP scholars<sup>4</sup> in order to make prior providing of evidence easier to be ordered, the IP Acts should be completed to the effect that prior providing of evidence should be allowed even before the commencement of the infringement proceedings if the claimant can substantiate the probability of an actual infringement or the threat thereof.

##### *c. Are there any governmental or public ambitions in your country to change the existing systems in the near future?*

We think the present system will be amended, however, we are not aware of any legislative proposal.

##### *d. Do you think that the laws of your national systems are already in compliance with the said provision of the IP Directive or is there an imminent need for legal change?*

See our answer under a.

### **III. Article 47 TRIPS and Article 8 of the IP Directive**

#### **2. Questions to be answered regarding requirements, extent and enforcement**

##### *a. It would be interesting to know whether and how Art. 47 of the TRIPS Agreement is implemented in the laws of your system?*

Even though Art. 47 of the TRIPS Agreement is an optional one, it has been implemented into all the three main areas of Hungarian IP law. The respective provisions have entered into force in 1998.

The provisions in question are to be found in each Act among the remedies in case of infringement with the following wording:

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<sup>4</sup> Bacher, Vilmos – Faludi, Gábor: Law Enforcement in the Field of Intellectual Property (in Hungarian). Iparjogvédelmi és Szerzői Jogi Szemle, a Szabadalmi Közlöny és Védjegyértesítő melléklete, Vol. 110, No. 2, April 2005.

(2) In the event of patent/trademark/copyright infringement, the patent/trademark/copyright proprietor may – in accordance with the circumstances of the case – have recourse to the following civil law remedies:

[...]

c) he may demand that the infringer provides information on parties taking part in the manufacture of and trade in goods or performance of services which infringe on the patent/trademark/copyright, as well as on business relationships developed for the trade with the infringing goods [Section 94 (1) d) of the Copyright Act; Section 27 (2) c) of the Trademark Act; Section 35 (2) d) of the Patent Act].

These provisions fully cover the requirements of the TRIPS Agreement. Since it is up to the judge's consideration whether this obligation of information should be ordered and if so, to what extent, it is ensured that the obligation is proportionate with the seriousness of the infringement. However, the opposing party has the right to appeal against such order.

The obligation to provide information may be ordered at the end of the proceedings in the judgment if the infringement is established or – according to the procedural law – in the framework of a preliminary injunction since the claimant may ask for the ordering of any of those remedies which have been made in the letter of claim (Section 156 of Act III of 1952 on the Code of Civil Procedure). However, obligation to provide information is usually not ordered as preliminary injunction since – according to the judicial practice – it is irreversible, therefore it is contrary to the spirit of a preliminary injunction, namely that it is a temporary injunction which should be capable to be reversed should the claimant lose the case.

In connection with Art. 8 of the IP Directive it should be noted that the existing Hungarian provisions as quoted above do not provide for such a wide scale of persons who may be obliged to give information as it is prescribed in the IP Directive but the infringer itself and third persons in certain well defined cases as detailed above.

- b. *Do you think that the right holder must first prove that his property right is infringed in order to be entitled to assert this right?*

Yes. According to the authoritative provisions and the relevant court practice there are two ways for the right holder to assert the right in question. The first one is to request this type of information in his/her petition and if the infringement is proven, the court – depending on the consideration of the circumstances - may order the obligation to provide information as a consequence of the infringement in the final judgment. So in this case the answer is yes, the claimant has to prove the infringement to assert his right of information. The second way for the right-holder is to claim information in the request for preliminary injunction (together with requesting it in the main petition). According to Section 156 of the Code on Civil Procedure the court may order the fulfilment of what is requested in the claim in advance, in a preliminary injunction. In this case the claimant does not have to prove the

infringement, but other prerequisites of a preliminary injunction have to be established (such as the measure is necessary for the protection of the petitioner's rights deserving special equity and the detriments caused by the measure may not exceed the advantages caused by it). Although this way of asserting the right of information does exist in the wording of the law, it is rarely – if ever – ordered in the actual judicial practice since it is considered to be irreversible and thus contrary to the spirit of the temporality of preliminary injunctions.

- c. *Art. 8 of the IP Directive may also be directed against third parties if the activity is on a “commercial scale”. Consequently it would be interesting to know if any experiences have been made in your country regarding requests which are directed against third parties.*

There is no possibility in the Hungarian civil law system for requests directed against third parties, i.e. persons who are not involved in the court proceedings as opposing parties. It is a general principle that decisions and judgments in civil procedures are only binding to those who are engaged in the proceedings. Hence the claimant can only request the opposing party to be obliged to give information and since one cannot start a civil proceeding without having a legal basis for it, the claimant cannot sue people other than those who actually committed the infringement.

An exemption is provided by the Patent Act which states that the patentee may also act against the person who - without his authorization - delivers a thing (tool, appliance, equipment) related to an essential element of the invention, or offers it for delivery with the purpose of the realization of the invention, provided that he knows, or it is evident on the basis of circumstances, that the thing is suitable for the realization of the invention, or serves this purpose [Section 19 (3) of the Patent Act]. Based on this provision the so-called contributory infringer may also be sued and requested in the petition to be obliged to provide information.

Another exemption is provided by the Act CVIII of 2001 on Electronic Commercial Services which establishes that although intermediary service providers are exempted from liability under certain conditions in case of copyright infringement, it is not excluded that they can be sued by the right holder whose right has been infringed by the illegal information. However, against them the claimant may only claim the prevention or termination of the infringement. It is also ensured by the law that in case the intermediary service provider loses the case he cannot be obliged to pay for the claimant's legal costs, and his own legal costs must be paid by the infringer who lost the case. This implies that the intermediary service provider may only be sued – hence obliged to provide information - together with the infringer.

We may refer to a recent Supreme Court decision that has established the liability of a domain name registrar who failed to refuse the registration of a trademark infringing domain name. This implies that there may be a tendency to widen the liability of third persons which means a widening of the scope of

people who can be obliged to provide information. This can be regarded as a landmark decision extending trademark infringement liability to third persons.

- d. *Do you think that this right should also be enforceable in preliminary injunction proceedings?*

Although there is no provision in the TRIPS Agreement and in the IP Directive to this effect, we think such possibility would be welcome. Whenever an obligation to provide information by the opposing party is made possible, the obligation should also be ordered by the court in preliminary injunction upon a well-founded request of the claimant. However, as indicated earlier, in practice, providing information is usually not ordered in preliminary injunctions for it is thought to be irreversible and contrary to the temporality of preliminary injunctions. Namely, once the information is out, it cannot be withdrawn if the right-holder loses the case.

Ordering this obligation in a preliminary injunction would make it easier for the right holder to prove the volume of the infringement and to substantiate his claim for damages. Without this, the typical practice is that right holders usually lodge a claim for establishing the fact of infringement and it is only once the proceedings are over and the infringement is established that the opposing party and/or third persons are obliged to give information, and that – by means of a new claim for damages – the right holder gets in the position to learn the amount of damage to claim – maybe years after the infringement occurred. Hence, an order to provide information in preliminary injunctions would make enforcement of rightholder's IP rights more effective.

- e. *Are there any ambitions in your country to change the law in view of complying with the TRIPS Agreement?*

As stated above the TRIPS Agreement had been implemented even before it was promulgated by law. However, we think some adjustments have to be taken in order to comply with Art. 8 of the IP Directive.

### **3. Questions to be answered regarding limits**

Concerning points *a* to *d*, see the corresponding answers under part I, question 3.

- e. *What are the consequences if it turns out that the order was unjustified?*

In case of preliminary injunction the security deposited beforehand – if the court ordered so – is the source of compensation of damages in case the opposing party turns out not to have infringed the claimant's rights.

- f. *Is the order subject to a security bond?*

If the order is a preliminary injunction, the court may oblige the claimant to deposit a suitable security.

#### **4. Questions to be answered regarding future improvements**

- a. *According to the opinion of the National Group, are there ambitions or motivations to further develop or improve your system?*

Yes. As detailed above, right of information is practically impossible to enforce in the frame of preliminary injunction, which lengthens the duration of IP court proceedings and makes the estimation of damages more difficult.

- b. *Are there any governmental or public ambitions in your country to improve or to change the existing systems?*

We have no information yet what the government's legislative proposal will contain regarding Art. 8 of the IP Directive. However, in professional circles there are some suggestions to widen the scale of persons potentially falling under the obligation to provide information in accordance with the IP Directive.

- c. *Do you think that the laws of your national systems are already in compliance with the said provisions of the IP Directive?*

Partially. The existing Hungarian IP laws are definitely needed to be changed to achieve compliance with Art. 6 (1) (d).