

Question Q236

National Group: Hungarian Group

Title: Relief in IP proceedings other than injunctions or damages

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Questions

The Groups are invited to answer the following questions under their national laws.

I. Analysis of current law and case law

1) What forms of Additional Relief are available in IP proceedings?

The current forms of Additional Relief available in IP proceedings have been established as a result of the implementation of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (Hereinafter: "Enforcement Directive"). The Enforcement Directive has been elaborated in light of the TRIPS agreement. Therefore, the following forms of Additional Relief may be sought in Hungarian IP proceedings:

- declaratory relief;
- order to provide information;
- order to give satisfaction by way of a declaration (corrective advertising);
- publication of judgement;
- enrichment (return of profits);
- seizure;
- transfer infringing goods to a specific person;
- recall of the infringing goods from the chain of distribution;
- definitive removal of the infringing goods from the market;
- destruction;
- alteration of infringing goods.

We did not include injunctions and damages into our analysis of the forms of Additional Relief pursuant to the Working Guidelines' respective instructions.

- 2) Are those forms of Additional Relief available for all types of IPRs? If not, please indicate what types of Additional Relief are available for what types of IPRs.

Yes, the above mentioned forms of Additional Relief are available for all IPRs. The scope of the Enforcement Directive covers all types of IPRs. Therefore, Additional reliefs are regulated in Hungary in the same way for each type of IPR. Further, the same claims can be enforced in case of unfair competition (violation of a trade secret and/or look alike).

Note: In answering questions 1 and 2, the Groups may find the tabular format set out in Annexure B useful. This is intended as a guide only. There may be other forms of Additional Relief and other IPRs applicable under various national laws. If a form of Additional Relief is outside the scope of this question (e.g. it is in the nature of provisional or interim relief), the Groups are invited to identify that fact but should not feel obliged to address the remaining questions in relation to that form of (provisional/interim) Additional Relief.

- 3) Having regard to the types of Additional Relief available addressed by questions 1 and 2, what are the criteria for the grant of that relief? There may be different criteria for the different types of Additional Relief identified. Hence, the Groups are asked to address the individual criteria for each type of Additional Relief that is available in IP proceedings in their country.

In general, IPR holders are entitled to choose among the available forms of Additional Reliefs by claiming one or more Additional Reliefs. Additional Reliefs may be claimed irrespective of the culpability of the infringer; only the infringing activity should be established when granting them.

Declaratory relief

There are no specific criteria for the grant of this relief; the declaration of the infringement by the court is the precondition for the possibility to grant other Reliefs. Typically, this form of Additional Relief is claimed together with other types of Relief.

Order to provide information

Hungarian IP laws give an indicative list of the type of data that may be requested to be provided in IP proceedings regarding the infringement. However, according to the court practice, the condition of granting this relief is that the IPR holder exactly specifies the type of the data requested and gives justification why the requested data is necessary and relevant to be disclosed. The defence on trade secrets of the infringer is not applicable if the IP holder's request for providing data is appropriate (in particular the data are necessary for the fact-finding procedure to establish the turnover and profit of the infringing products). The handling of trade secrets is ensured via the rules of the Civil Procedure Code.

Order to give satisfaction by way of a declaration (corrective advertising)

Publication of judgment

These two types of Additional Relief are connected to each other, but do not necessarily mean the same: the IPR holder may also claim, as a satisfaction, the publication of the infringer's own declaration and it may also be ordered without granting publication of the judgment.

The form of satisfaction is not specified by the laws. Pursuant to the current court practice, the IPR holder must exactly determine the details of the satisfaction requested: the form, the length, and the highest cost of the requested publication.

Same applies to the other relief, the publication of the decision: in order for the relief to be granted, the IPR holder has to exactly determine which part of the decision should be published, together with the place, the length and the highest cost of the requested publication.

Enrichment (return of profits)

This form of relief is available as a separate remedy from damages. Based on this civil remedy, the court may order the infringer to pay the IPR holder the enrichment obtained by the infringement of the IPR. The enrichment is calculated on the total net income less the incurred costs. The only condition for the grant of this remedy is that the infringement be declared by the court and that the enrichment of the infringer be in connection with the infringing activity. No intent on side of the infringer has to be established. The amount of the infringer's enrichment must be proven by the IP holder; however, the court can order the defendant to provide certain data.

Seizure, transfer to a specific person, recall, or definitive removal from the market of the infringing goods, destruction, alteration of infringing goods

Although the seizure of infringing products, their packaging, equipment and materials exclusively or principally used for the infringement is an individual civil remedy, it is necessary to be ordered for the granting of other reliefs. This remedy may be ordered even if the above listed goods are not in the possession of the infringer, but their holder knew or had reasonable grounds to know about the infringement.

The recall and the definite removal of the above specified goods from the market are each other's alternative. Recall is possible when the infringing nature of the goods can be removed. If it is not possible, the court may order the destruction of the goods.

Definitive removal of the infringing goods from the market may either result in the goods' destruction or their use for charity purposes. Destruction of the infringing goods may only be ordered if the infringing nature of the goods cannot be removed.

We are still not aware of any cases where the actual scope of an order of recall or removal would have been interpreted by court, e.g. how far a recall shall go in case of a retail chain, how can a recall be enforced in case the defendant fails to do so, etc. In case of narrow interpretation of the scope of recall, the infringing party shall be ordered to make an offer to re-purchase the infringing goods from its customers. The offer shall be made at the purchase price, and shall cover the costs of the customer in case of returning the infringing goods as well. In case of broad interpretation, the infringer shall contact all retailers (i.e. the entire distribution chain) who were involved in the distribution of the products. It can be difficult if the product is distributed via a large number of retailers. It shall be noted that retailers usually do not keep significant stock. In practice it has happened that a pharmaceutical company sued for patent infringement both the allegedly infringing generic companies, and the wholesalers of the pharmaceutical products, and the court ordered as preliminary injunction the wholesalers to recall the products as well.

- 4) Is there any element of judicial discretion in relation to the grant of any form of Additional Relief addressed in questions 1 and 2? If so, how is that discretion applied?

Yes, there is. In general, all remedies shall be ordered by the court "in accordance with all the circumstances of the case", which means that the court can decide not to order some kinds of remedies under certain circumstances.

In case of order to give satisfaction, the court may consider what level of the publicity is appropriate in a given case and therefore may order satisfaction differently from that it was claimed by the IPR holder, however, only if it is favourable to the infringer.

Similarly, regarding publication of the judgment, the court may decide on the manner of the publicity, and therefore, this relief may only be ordered to the extent justified by its purposes.

Instead of the destruction, the court may order that the seized equipment and materials be auctioned pursuant to the proceedings of judicial execution. In such case, the court will decide how the amount obtained through the auction should be used. It is to be noted that this rule does not apply to seized products and packaging.

When ordering recall or definitive removal of the goods from the market, the court has to take into consideration the interests of third parties and ensure the proportionality of the measures to the seriousness of the infringement.

- 5) Are any particular forms of Additional Relief invariably ordered in certain circumstances? If so, what types of Additional Relief and in what circumstances? Does that occur pursuant to mandatory statutory regulation, or by reason of the practice of the relevant court (or applicable administrative body)?

Yes, there are. Declaration of the infringement by the court is a precondition for the use of all other forms of Additional Relief. Thus, if the infringement is proven in the court proceedings the judge will declare it in its decision.

In case of ordering the removal or recall of the infringing goods from the market, the seizure of the goods may be also ordered by the court as an enforcement action.

- 6) Are there any specific considerations relevant to particular IPR holders? If so, what considerations are relevant and in respect of what IPR holders?

Yes, there are. Patentee may also take action against indirect infringements. According to Art 19 (3) of Act XXXIII of 1995 on the protection of inventions by patents, the patentee is also entitled to prevent any person not having his consent from supplying or offering to supply a person not entitled to exploit the invention, with means relating to an essential element of the invention to implement it - when such person knows or it is obvious from the circumstances that those means are suitable and intended for implementing the invention.

- 7) Can a court (or applicable administrative body) order any form of Additional Relief directly against a non-party to an IP proceeding?

No, it can't. According to Act III of 1952 on the Civil Procedure, the party against whom relief can be sought has to be a party to the civil proceedings. This rule applies in IP proceedings as well.

- 8) If yes to question 7:

a) in what circumstances;

b) what forms of Additional Relief may be ordered; and

c) in respect of what types of IPR infringement?

- 9) Is a court (or applicable administrative body), in making an order for Additional Relief against an IPR infringer who is a party to the IP proceeding, obliged to consider the impact of such order on any non-party? If so, how does the court (or applicable administrative body) fulfil that obligation?

In general, all remedies shall be ordered by the court "in accordance with all the circumstances of the case", which means that in case a remedy would have a serious impact on third parties, the court can decide not to order some kinds of remedies under such circumstances. Example: the court may order instead of destruction that the infringing nature of the goods shall be removed or the goods shall be used for charity purposes.

- 10) If yes to question 7 or 9, is the court (or applicable administrative body) obliged to give any relevant non-party an opportunity to be heard? If so, how is that effected?

Third parties may intervene into the proceedings to support the success of any of the parties if the intervener has legitimate interest. (Example: the importer of the goods is sued for infringement, and the manufacturer intervenes in order to support the allegedly infringing importer).

II. Proposals for harmonisation

Groups are invited to put forward proposals for the adoption of harmonised rules in relation to Additional Relief in IP proceedings. More specifically, the Groups are invited to answer the following questions:

- 11) What forms of Additional Relief should be available in IP proceedings, and for what types of IPRs?

In view of the Hungarian Group, the set of claims which can be enforced under the Enforcement Directive provides appropriate tools to the IP holder against infringers.

In order to avoid divergent interpretation, it seems reasonable to define what kind of actions is required by the infringer if the court orders recall.

We note that effective enforcement mechanism is required in addition to the legislation on the Additional Relief.

Harmonization of the potential claims is necessary to provide the same level of protection for IP holders. In case of cross-border injunction, the enforcement of the court's decision can be frustrated if the specific claim is not known in the country where enforcement is sought.

- 12) What should the criteria be for the grant of the types of Additional Relief identified in response to question 11?
- 13) Should there be any specific considerations relevant to particular IPR holders? If so, what should those considerations be and in respect of which IPR holders?
- 14) Should any particular form of Additional Relief be mandatory in certain circumstances? If so, what types of Additional Relief and in what circumstances?

If the infringement can be established, it seems to be justified that the court grants declaratory relief, and enjoins the infringing party from any further violation of the law. This follows from the nature of the exclusive IP rights.

In case of the other Additional Reliefs, the court shall have the possibility to grant such reliefs which are justified in light of all circumstances of the case.

- 15) Should a court (or applicable administrative body) be empowered to order any form of Additional Relief directly against a non-party to an IP proceeding?

No. This would be against the principle of fair trial. Even if non-parties could be heard the claims to be enforced against the infringer as well as the claims (provision of data and injunction) against the contributor in the retail chain are sufficient.

- 16) If yes, to question 15:

- a) in what circumstances;
- b) what forms of Additional Relief should a court (or applicable administrative body) be empowered to order; and
- c) in respect of what types of IPR infringement?

- 17) Should a court (or applicable administrative body), in making an order against an IPR infringer who is a party to the proceeding, be obliged to consider the impact of such order on any non-party? If yes, how should the court (or applicable administrative body) fulfil that obligation?

As set forth above, when the court grants the Additional Relief, it will take into consideration all circumstances of the case. However, the court shall take into consideration the exclusivity nature of IP rights.

- 18) If yes to question 15 or 17, should the court (or applicable administrative body) be obliged to give any relevant non-party an opportunity to be heard? If so, how should that be effected?

No.

- 19) Please provide any other proposals in respect of harmonisation as to the types of Additional Relief that should be available in IP proceedings and the conditions in which such relief should be ordered.

Summary

In Hungary, the current forms of Additional Reliefs available in IP proceedings are based on the Enforcement Directive. Additional Relief are available for all IPRs. In view of the Hungarian Group, the set of claims which can be enforced under the Enforcement Directive provides appropriate tools to the IP holder against infringers.

In order to avoid divergent interpretation, it seems reasonable to define what kind of actions are required by the infringer if the court orders recall.

Effective enforcement mechanism is required in addition to the legislation on the Additional Relief.

Harmonization of the potential claims is necessary to provide the same level of protection for IP holders. In case of cross-border injunction, the enforcement of the court's decision can be frustrated if the specific claim is not known in the country where enforcement is sought.

Zusammenfassung

In Ungarn die jetzige Regelung der verfügbaren Zusätzlichen Rechtsbehelfen in Verfahren geistiges Eigentum betreffend, beruhen auf der Richtlinie an der Durchsetzung der Rechte des Geistigen Eigentums. Die Zusätzlichen Rechtsbehelfe stehen bei allen geistigen Eigentumsrechten zur Verfügung. Die Ungarische Gruppe ist der Ansicht, daß die Ansprüche, die gemäß der Richtlinie an der Durchsetzung der Rechte des Geistigen Eigentums durchsetzbar sind, bieten angemessenen Mittel für die Rechteinhaber gegen Rechtsverletzer.

Um abweichende Interpretationen zu vermeiden, es scheint angebracht zu bestimmen, welche Maßnahmen der Rechtsverletzer durchzuführen hat, wenn das Gericht den Rückruf der Waren anordnet.

Wirksames Mechanismus der Rechtsdurchsetzung ist notwendig zusätzlich zur Gesetzgebung an Zusätzlichen Rechtsbehelfen.

Die Harmonisierung der möglichen Ansprüchen ist notwendig um den Rechteinhaber die gleiche Höhe von Schutz bieten zu können. Im Falle von grenzübergreifenden Unterlassungsklagen, die Durchsetzung der Gerichtsentscheidungen kann daran scheitern wenn der gegebene Anspruch in dem Land wo er durchzusetzen wäre, nicht bekannt ist.

Résumé

En Hongrie, les formes actuelles de réparation additionnelle disponibles dans les procédures relatives à la propriété intellectuelle sont basées sur la directive sur l'application des droits de propriété intellectuelle. Les réparations additionnelles sont disponibles concernant tous les droits de propriété intellectuelle. Conformément à l'avis du Groupe Hongrois, l'ensemble des réparations pouvant être appliquées conformément à la directive sur l'application des droits de propriété intellectuelle prévoit d'outils appropriés aux titulaires des droits de propriété intellectuelle à l'encontre les contrefacteurs.

Afin d'éviter des interprétations contradictoires, il semble raisonnable de définir le type de mesure requis au cas où le tribunal ordonne rappel.

En outre de la législation sur les réparations additionnelles, l'existence d'un mécanisme d'application efficace est nécessaire.

L'harmonisation des réparations potentielles est nécessaire pour que le même niveau de la protection soit garanti aux titulaires des droits de propriété intellectuelle. En cas d'injonction transfrontalier, l'exécution de la décision du tribunal peut être frustrée si la réparation spécifique n'est pas connue dans le pays où l'exécution est demandée.