

Question Q239

National Group: Hungary

Title: **The basic mark requirement under the Madrid System**

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Questions

The Groups are invited to answer the following questions under their national laws. If both national and regional laws apply to a set of questions, please answer the question separately for each set of laws.

I. Current law and practice

1) Is your country party to (i) the Madrid Agreement Concerning the International Registration of Marks, (ii) the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks and/or (iii) the Trademark Registration Treaty?

- (i) Yes
- (ii) Yes
- (iii) No

2) a) To the extent it can be established, in how many published cases was a central attack used in the past ten years in your country?

There are yearly about 3 cases according to the information obtained from the WIPO Gold database; there were 28 cases in the past ten years where the international registration was cancelled because the basic Hungarian application or registration ceased to have effect.

Although the data relating to these 28 cases do not explicitly indicate the reason why the basic registration/application ceased to have effect, it can be assessed that in each case (except one where the application was most probably rejected for an absolute ground) there was a central attack or a resignation/withdrawal due to a third party intervention.

b) If these cases contain important considerations regarding the rationale, effect and effectiveness of a central attack, please summarise such.

The data available about these cases do not contain any guidance for such considerations. However, in the opinion of the Hungarian Group, in assessing the option of central attack, the following considerations arise.

From the point of view of the holder of an earlier trademark or other right (attacking party): central attack is very simple and cost saving because a total cancellation can be achieved in a single process.

From the point of view of the owner of the attacked trademark:

The country of origin is generally the main manufacturing and/or trading territory of the applicant for an international registration. Therefore, if the trademark is challenged successfully in the country of origin, it is usually reasonable for the trademark owner to choose another trademark for all countries, anyway.

- 3) a) In your experience, is the system of international registrations often used (rather than alternatives, such as the filing of separate national registrations)?

Yes.

- b) If the answer is no, is this because it is difficult to obtain the basic application or registration and/or are there other reasons? If so, which are those other reasons?
- c) If the answer is yes, is this because it is more efficient in terms of costs or otherwise and/or are there other reasons? If so, which are those other reasons?

Cost saving, efficiency, simplicity and central management covering many countries at the same time are the most important factors for using the system of international registrations. The filing through the Office of origin is also referred to as a specific practical advantage.

- 4) If your country is party to the Protocol: is transformation often used in your jurisdiction? Why, or why not?

There are very few cases where a cancelled international registration is transformed into a Hungarian national trademark application. We think the main reason for this is the fact that successful central attacks generally constitute a fair solution which is accepted by the losing party as well. In our experience quite often trademarks applied for in bad faith are eliminated by central attack, and such cancellation decisions usually have an efficient retentive effect to continue such activities. The cost factor is believed to be one of other reasons for this.

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

5) a) Should the basic mark requirement be abolished? Why, or why not?

The basic mark requirement should not be abolished. The Hungarian Group is of the opinion that the basic mark requirement shall be maintained because of the following advantages:

- it establishes a fair balance between duties of national and international trademark authorities;
- it may provide for the applicant an early warning for not to pursue hopeless cases;
- it is in line with the “natural growth” of businesses, especially SMEs;
- it has been proven as a basis for a well functioning system.

Alleged disadvantages of the basic mark requirement (e.g. loss of priority due to a lengthy national registration process or loss of trademark rights in all designated countries due to a central attack) have been eliminated by the Protocol, so there is no justified reason for its abolishment.

b) If the answer to (a) is yes, how should the new system work:

i) should any national registration or application qualify as a basic registration?

or

ii) should there be new central filing at WIPO with WIPO functioning as a mailbox receiving applications and forwarding those to the designated jurisdictions for examination?

or

iii) should WIPO even do more, such as engaging in harmonisation (see below under III)?

c) Do you foresee problems in the implementation of such a new system? If so, which?

The problems of the above options are the following:

Ad (i): “Offshore” national registrations may flood to countries with less strict practice; a system resulting applications not reflecting real economic activities is highly avoidable.

Ad (ii): The effectiveness of cancelling abusive (e.g. bad faith) applications would be lost.

Ad (iii): Harmonisation seems to be impossible as many countries with different cultural and legislative backgrounds are involved; e.g. absolute ground objections are often connected to language or other national issues.

6) a) Should the dependency on the basic mark be abolished? Why, or why not?

The dependency on the basic mark should not be abolished.

Also with reference to the considerations and advantages in point 2b above, the dependency on the basic mark establishes a cost saving, efficient and central tool, especially against abusive (e.g. bad faith) trademark applications.

It is emphasized that a less frequent explicit appearance of central attack cases does not mean that dependency is unimportant. An advantageous indirect effect is that dependency represents an effective retentive force against abusing the efficient international trademark registration system. The possibility of a central attack may result in withdrawals and very

often in limitations upon agreements of the parties which are not necessarily appearing in the statistics.

- b) If not, should the dependency be changed? If so, how (e.g. to a different period, to applying in case of particular cancellation grounds only or to having effect only in jurisdictions where the attacker has prior rights)? Why?

Changing the dependency period is not supported by the Hungarian Group. The small number of central attack cases shows that the present dependency period is not too long. The start and development of businesses take time, especially in multi-country expansions, so owners of prior rights need the present dependency period for having a good chance to notice a later conflicting trademark. Further, the acquiescence period is also 5 years in many countries, being in line with the present dependency period.

- 7) Do you support a freeze of the application of the five year dependency clause and what are your considerations in this respect?

The Hungarian Group does not support a freeze of the application of the five year dependency clause.

- 8) a) Do you find that the basic mark requirement does not function well in the context of translations, transliterations and transcriptions in countries with different writing systems/languages? If so, would you support a change to the Madrid System with the purport that, when assessing genuine use, use of a translated, transliterated or transcribed mark is considered use of the mark? Please list any requirements such use should meet in your view (e.g. identical pronunciation and/or meaning).

In the opinion of the Hungarian Group the basic mark requirement functions well also in countries with different writing systems/languages. Conditions of genuine use should not be regulated in the Madrid System, but should be assessed by the national authorities according to the national provisions.

- b) Are there any other aspects relating to the basic mark requirement that do not function well and if so, what should be changed?

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III. Proposals for harmonisation

Is harmonisation desired? If yes, please respond to the following questions *without regard* to your national laws.

- 9) Should absolute and relative grounds be harmonised, enabling the examination of international registrations to be handled by WIPO, as well as possibly also oppositions and cancellation actions (in a manner similar to Community Trademark registrations handled by OHIM), or should such not be harmonised (because it may not be feasible or for other reasons)? Note that this question only aims to ask whether such harmonisation is desired as a result of a change to the basic mark requirement; the question as to how such a new system should look exceeds the scope of this working question.

Harmonisation seems to be infeasible and is not desired due to the national and language aspects of absolute grounds. Harmonisation would result in that only trademarks within the "narrowest free cross section" would succeed, which would make the system bulky and less efficient.

- 10) Please briefly list your considerations for the answer given under 9) (which may e.g. relate to feasibility, efficiency, costs, the potential need for new judicial authorities, etc.).

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Summary

The Hungarian Group is in favour of maintaining the basic mark requirement and the dependency on the basic mark in the present form.

Zusammenfassung

Die ungarische Landesgruppe unterstützt die Erhaltung des Erfordernisses der Basismarke und die Abhängigkeit von der Basismarke in der aktuellen Form.

Résumé

Le Groupe Hongrois est favorable au maintien de l'exigence de la marque de base et de la dépendance par rapport à la marque de base dans la forme actuelle.