

Question Q219

National Group: Hungary

Title: **Injunctions in cases of infringement of IPRs**

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Questions

I. Analysis of current law and case law

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

Availability:

1. Are injunctions for infringement of an IPR available on a provisional/preliminary basis?

Yes.

2. Are injunctions for infringement of an IPR available on a permanent basis?

Yes.

Criteria:

3. If yes to question 1, what are the criteria for the grant of an injunction on a provisional/preliminary basis?

a) The applicant shall prove that its IP is protected, and he is the owner or such a licensee of the IPR, that is entitled to enforce the IP right (altogether rightholder).

b) According to Section 156 (1) of the Civil Court Procedure, a preliminary injunction shall be granted in order to prevent imminent damage and/or to maintain the status quo and/or the situation of the applicant requires equitable protection,

c) the detriment caused by the preliminary injunction should not exceed the benefits which may be thereby gained,

d) the continuous infringement is still likely.

The Court may order the applicant to provide an adequate security.

The shall provide any reasonably available evidence in order to satisfy the Court with a sufficient degree of certainty that the applicant is the rightholder and the applicant's right is being infringed, or that such infringement is imminent.

4. If yes to question 2, what are the criteria for the grant of an injunction on a permanent basis?

On condition that the claimant requests the Court to enjoin the infringer, and if the infringement is declared by the Court, and future infringements are realistic in light of the circumstances of the case, the permanent injunction in the final judgement is ordered.

5. If not addressed in answering questions 3 and 4, does the criteria for the grant of an injunction differ depending on whether the injunction sought is on a provisional/preliminary or permanent basis? If so, how?

Please see our answer above.

6. Are the criteria for the grant of an injunction equally applicable to infringement of all IPRs?

Generally the criteria for the grant of preliminary injunction are the same for all the IPRs; there is only two additional element set forth in the patent law (see below the first and second paragraph of point 7.

7. If no to 6, are there any specific criteria or considerations for the grant of an injunction for particular IPRs? If so, what criteria apply and to which IPRs?

In case of preliminary injunction based on a patent, when assessing the detriment caused it shall also be taken into consideration (as a specific limitation) if the injunction obviously and considerably prejudices public interest or the legitimate interests of third parties.

Furthermore it is also expressly stated in the Hungarian patent act that eventual decisions (national or European) on revocation should be taken into consideration, while adjudicating on the preliminary injunction. Under the current legal provisions in IPR cases the Court has the right not to grant the injunction but to request the potential infringer to deposit a bond in lieu of continuing the sales of the allegedly infringing products. (This rule constitutes the implementation of Section 9 of the EU Enforcement Directive: *Member States shall ensure that the judicial authorities may, (...) "make such continuation [of the infringing acts] subject to the lodging of guarantees intended to ensure the compensation of the rightholder"*). However, there is no practice on this issue.

8. Are there any specific criteria or considerations for particular subject matter, for example, pharmaceutical patents? If so, what criteria or considerations apply to what subject matter?

No.

9. Are there any specific considerations relevant to particular IP holders, for example, NPEs? If so, what considerations are relevant and to what IPR holders?

No.

Discretion:

10. Is there any element of judicial discretion in relation to the grant of an injunction for infringement of IPRs? If so, how does the discretion apply?

The permanent injunction – at least theoretically – is not a mandatory statute of the Hungarian law, yet it generally follows a finding of infringement, when requested by the IPR holder.

11. Are there any circumstances in which a court must grant an injunction for infringement of an IPR? If so, in what circumstances?

Yes. If the infringement of the IPR is proved, the Court shall grant the permanent injunction in its final judgement.

12. Are there any circumstances where infringement of an IPR is proved and no permanent injunction is available? If so, in what circumstances?

No.

Scope:

13. Is an injunction granted only against named parties to the infringement proceeding, or is an injunction available more broadly against potential infringers such as customers or manufacturers who are not parties to the proceeding?

The injunction is granted only against the named parties of the proceeding.

14. Is there a specific form of words used by your courts to describe the scope of the grant of an injunction? If so, what is the 'formula'?

No.

15. Is the grant of an injunction referable to the item(s) alleged to infringe the relevant IPR, or may the grant of an injunction be broader in scope? If it may be broader, what is the permissible scope of the injunction?

The scope of the injunction is bound *per definitionem* by the Plaintiff's claim.

Judicial trends and practice:

16. Is there any discernible trend in your country as to the willingness or otherwise of courts to grant or refuse injunctions for particular IPRs or in relation to particular subject matter?

No.

17. What, if any, has been the impact of the *eBay v Merc-Exchange* decision or any tendency of the courts in your jurisdiction to treat final injunctions as discretionary? Please explain whether the *eBay v Merc-Exchange* decision has been relied on or cited by your courts, and in what circumstances. Alternatively, or in addition, has there been any legal commentary on any potential implications of the *eBay v Merc-Exchange* decision in your jurisdiction?

There is no impact, up to now.

II. Proposals for harmonisation

The Groups are invited to put forward proposals for the adoption of harmonised rules in relation to injunctions for infringement of IPRs. More specifically, the Groups are invited to answer the following questions:

Availability of provisional/preliminary injunctions:

18. Should there be a test or criteria for the grant of a provisional/preliminary injunction for the infringement of an IPR? If yes, what should that test or those criteria be?

Yes, there should be criteria as follows.

The preliminary injunction shall be ordered only if:

- it is necessary in order to prevent immediate damage to the IPR owner;
- the infringement is continuous or likely to be continued; and
- the detriment caused by the preliminary injunction does not exceed the benefits which may be thereby gained (as a kind of equity).

19. If no, what principles should be considered in determining whether to grant an provisional/preliminary injunction?

Availability of permanent injunctions:

20. Should there be a test for the grant of a permanent injunction for the infringement of an IPR? If yes, what should that test be?

No.

21. If no, what principles should be considered in determining whether to grant a permanent injunction?

In our view the essence of an IPR is the exclusivity; the point of the law is exposed as not the authorisation to use the IPR, but rather a ban on everyone else using it; the point is not only the positive permission to put the IPRs to use, but rather the aim of burdening everyone else with the negative obligation to abstain from doing so.

In accordance with the above standpoint, it is our view that the *inherent limitations* defined in the different IPRs legislation (i.e. compulsory licensing in case of patents; right of pre-utilisation; in case of trademarks the use of own names, the use of characterisation of the product, etc.) and the *external competition law limitation* (i.e., prohibition of abuse of dominant position, discriminating in licensing terms among market participants, etc.) properly serve the public interest for the use of the technical solutions and give protection to the potential infringers against the misuse of IPRs and the misuse of permanent injunction. (ECJ's practice on the application of competition law rules relating to IPRs: Volvo, C-238/87, Magill, C-241/91, C-242/91, Bronner, C-7/97, IMS Health, C-418/01, Microsoft, T-201/04; Syfait and Others v. Glaxosmithkline, C-53/13.9)

So it is not reasonable to define conditions, in the framework of the legal harmonization, of the enforcement of the injunction in case of establishment of the infringement.

Discretion:

22. In what circumstances, if any, should the grant of an injunction automatically follow a finding of infringement of an IPR?

As we stated in point 21. it is our view that injunction shall automatically follow a finding of infringement if it is requested by the IPR holder, because the injunction is the essence of the IPR protection.

23. In what circumstances, if any, should the grant of an injunction be denied notwithstanding a finding of infringement of an IPR?

If the concerned IPR ceased to exist or expired in the meantime, there is no reason to place an injunction for the future.

Differences between IPRs:

24. Should the above test/principles apply equally to all IPRs?

Yes.

25. If no, what should any differences be and why?

Scope:

26. Should an injunction be granted only against named parties to infringement proceeding, or should an injunction be available more broadly against potential infringers such as customers or manufacturers who are not parties to the proceeding?

According to our view the injunction shall be limited to the parties of the procedure. This follows from the fundamental right of due process.

Notwithstanding the foregoing it has to be mentioned that it is a crucial problem of the enforcement how to withdraw from circulation infringing products in the most effective way. Although the right owner claims the withdrawal of the infringing products according to the Hungarian law, the executor cannot take any steps against the distributors, he can only order the infringer to make an offer to the distributors for the redemption (repurchasing) of the infringing products. We propose AIPPI to further examine and analyse the enforcement and effectiveness of the claim to withdraw from commercial circulation infringing products.

27. What is the appropriate scope of an injunction prohibiting an infringer from committing further infringing acts? For example, should the injunction relate simply to the IP the subject of the allegation of infringement, or should the injunction be broader in scope? If broader, what is the permissible or desirable scope?

In our view the injunction should relate simply to the IP or the product which is covered by the IP (if there exists such a product).

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Note: It will be helpful and appreciated if the Groups follow the order of the questions in their Reports and use the questions and numbers for each answer. If possible type your answers in a different colour. Thank you for your assistance.

Summary:

The essence of an IPR is the exclusivity and the aim of burdening everyone else with the negative obligation to abstain from using the rightholder's IPR. Therefore the possibility of the injunction is the essence of the IPR. However, the injunction shall not be unlimited or automatic, especially in case of preliminary injunction, where the merits of the case have not been decided, yet. In case of preliminary injunctions a harmonisation of the criteria's of limitation of the injunction are seems to be useful in international level.

In case of the limitation of permanent injunction, no further harmonisation needed, because the inherent limitations in the different IPRs legislation and external competition law limitation are properly serve the public interest for the use of the technical solutions and give protection to the potential infringers against the misuse of IPRs and the misuse of the permanent injunction.

Zusammenfassung

Das Wesen des geistigen Eigentums besteht in seiner Ausschließlichkeit, sein Ziel besteht darin, dass der Berechtigte in einer Art negativer Pflicht Drittpersonen zur Enthaltung von der Nutzung des geistigen Eigentums des Berechtigten verpflichtet. Demzufolge besteht das Wesen des geistigen Eigentumsrechtes in der Untersagung. Die Untersagung kann jedoch nicht automatisch oder unbeschränkt sein, insbesondere nicht im Falle einer einstweiligen Verfügung, wenn das Wesen der Angelegenheit noch nicht entschieden ist. Im Falle von einstweiligen Verfügungen erscheint es nützlich, die Kriterien (bzw. Einschränkungen) für die Anordnung der Verfügung auf internationaler Ebene anzugleichen.

Im Falle einer rechtskräftigen Untersagung ist keine weitere Angleichung erforderlich, weil die inneren Beschränkungen der das geistige Eigentum regelnden Rechtsvorschriften bzw. die äußeren Beschränkungen des Wettbewerbsrechtes im Zusammenhang mit der Nutzung geistiger Produkte dem öffentlichen Interesse in entsprechendem Maße gerecht werden und auch gutgläubige Marktteilnehmer gegen den Missbrauch geistigen Eigentums schützen.

Résumé

L'essence du DPI (droit de propriété intellectuelle) est l'exclusivité, son but étant, en guise d'une sorte d'obligation négative, d'obliger les tierces personnes à s'abstenir d'utiliser le droit de propriété intellectuelle des ayants droit. En conséquence, l'essence du droit de propriété intellectuelle est l'interdiction. Cependant, l'interdiction ne peut pas être automatique ou illimitée, en particulier lors de mesures provisoires, quand le mérite d'une affaire n'est pas encore décidé. Dans le cas de mesures provisoires, il semble utile d'harmoniser au niveau international les critères (et, respectivement, les limites) de la prise de ces mesures. En cas d'interdiction définitive, une harmonisation supplémentaire n'est pas nécessaire, parce que les limites internes des règles juridiques réglementant la propriété intellectuelles ou plutôt les limites extérieures du droit de concurrence, servent convenablement l'intérêt commun quant à l'utilisation du produit intellectuel, et elles protègent aussi les acteurs de bonne foi du marché contre les abus de DPI.