

**World
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Hungary

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A Global Guide

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Legal framework

Design law in Hungary primarily consists of:

- local protection for national industrial designs under the Design Act (XLVIII/2001), as harmonised with the EU Designs Directive (98/71/EC); and
- EU-wide protection for registered and unregistered designs under the EU Community Design Regulation (6/2002).

Hungarian design law accepts the overlap of different protection regimes for the same product. Thus, as well as industrial design protection, parties acquiring or enforcing design rights may make use of trademark and copyright protection and unfair competition law.

Hungarian national industrial design registrations are administered by the designs department of the Hungarian Intellectual Property Office (HIPO). Registered Community designs are administered by the Office for Harmonisation in the Internal Market (OHIM).

The national industrial design protection regime grants legal protection for the appearance of the whole or part of a product. A 'product' is defined as any industrial or

handicraft item, including parts intended to be assembled into a complex product, packaging, get-up, graphic symbols and typographic typefaces. However, the definition excludes computer programs.

Design protection will be granted to any design which:

- is new on a global level and thus differs from any existing design in more than immaterial details; and
- has individual character, thus producing a different overall impression on the informed user than any existing design.

The assessment of individual character takes into account the designer's degree of freedom in developing the design, considering the nature of the corresponding product and the relevant industrial or handicraft sector.

The industrial design protection regime conforms to the imperative exclusion clauses of the EU Designs Directive (eg, excluding the features of a product which are solely dictated by its technical function). It also excludes designs which use a distinctive sign that either infringes a prior industrial property

right (eg, a registered trademark) or has been used effectively by another party in Hungary (eg, an unregistered trademark), where the use of the sign in the design without consent would be against the law.

Unregistered designs

When Hungary joined the European Union in 2004 it adopted the EU Design Regulation, which provides for the unregistered Community design, a *sui generis* right for protection of industrial designs in Hungary. The regulation provides protection as an unregistered Community design through disclosure. Such protection is provided for only three years from the date on which the design is first made available to the public within the European Union. However, no use is required: the design must simply be disclosed in such a way that, in the normal course of business, the disclosure could reasonably have become known to the relevant circles operating within the European Union. In order for a Community design court to treat an unregistered Community design as valid, the rights holder need not prove that the design has individual character as defined by Article 6 of the EU Design Regulation; it need indicate only what constitutes the individual character of that design – that is, which elements of the design give it its individual character (eg, see the European Court of Justice (ECJ) decision in *Karen Millen Fashions Ltd v Dunnes Stores*).



Hungarian design law follows a bifurcated national system. Thus, invalidity proceedings against national registered designs may be launched only before HIPO

While it seems that unregistered Community design protection is a quick and cheap protection regime, its relatively strict rules for establishing ownership and validity and for enforcement against third parties can discourage its use. For example, an unregistered Community design confers on the rights holder only the right to prevent copying. Thus, an accused infringer may escape charges of infringement if it can prove that the infringing use resulted from an independent work of creation by a designer who may reasonably be thought to be unfamiliar with the prior design. A recent ECJ ruling implied that the burden of proof may shift towards the accused infringer (ie, to prove an independent work of creation) if copying can be presumed or is substantiated by the rights holder. Accordingly, national courts are likely to shift the burden of proof away from the rights holder (see the ECJ decision in *H Gautzsch Grosshandel GmbH & Co KG v Münchener Boulevard Möbel Joseph Duna GmbH*).

Registered designs

To obtain a national registered design, the designer or its successor in title must file a national design application with HIPO. Foreign applicants filing national industrial design and international design applications under the Hague Agreement must be represented by an authorised patent attorney or an attorney at law with residence in Hungary. Domestic applicants need not have a representative; however, professionals may help to prepare applications if necessary.

An application for a national design must contain:

- the application for registration;
- a representation of the design;
- a description of the product in which the design is incorporated or to which it is applied; and
- any other documents, as necessary.

The representation must clearly indicate the nature of the design for which protection is requested.

Several designs may be combined in one application, provided that the products that correspond to the designs:

- all belong to the same international classification; or
- all contain similar features which produce a unified overall impression on the informed user.

Procedures

Registration

HIPO examines whether the application conforms with the conditions prescribed at

the date of filing – that is, whether the filing fee was paid and whether the application contains:

- reference to the right to design protection;
- the required information identifying the applicant;
- a representation of the design; and
- a description of the product according to the design or reference to the priority document.



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Katalin Szamosi is the managing partner of SBGK Attorneys at Law. Dr Szamosi is a board member of the National Board Against Counterfeiting, the Hungarian Association for Innovation and the Hungarian Association for the Protection of Industrial Property and Copyright; vice president of the Hungarian Trademark Association; and a member of the International Trademark Association, the European Communities Trademark Association, the International Association for the Protection of Intellectual Property, the International League of Competition Law and the Licensing Executives Society. Her practice areas include advice and contract drafting in technology transfer matters; contentious patent, trademark, industrial design and copyright-related matters; representation before the General Court; arbitration in domain disputes; mediation; and advice on consumer protection and antitrust matters.



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National and Community trademark applications and national utility model applications should be planned carefully in order to avoid any involuntary disclosure which may undermine the novelty of a later design application

HIPO then notifies the applicant of the date of filing. Next, it carries out the novelty search and draws up a search report based on the representation of the design.

The search report lists those documents which may be taken into consideration in connection with the novelty and individual character of the application (eg, other designs, representations and data). HIPO then sends the search report and copies of the cited documents to the applicant, on request and on payment of a fee.

If the design and application meet all examination requirements, HIPO grants protection for the design at least one month from the date of publication.

Invalidity

Hungarian design law follows a bifurcated national system. Thus, invalidity proceedings against national registered designs may be launched only before HIPO. Any party may apply for a declaration of invalidity against a design, provided that the design does not satisfy the requirements for protection; however, certain grounds for invalidity may be invoked only by certain persons prescribed by law. HIPO will request the holder of the design to deliver its response and will subsequently adopt a decision – after written preparations – at an oral hearing. HIPO may:

- declare the design invalid;
- amend the design;
- limit the rights conferred by the design; or
- reject the invalidity application.

The HIPO decision may be challenged by a petition for alteration before the Metropolitan Court of Budapest.

Declaration of non-infringement

Any party which anticipates being charged with an alleged design infringement may pre-emptively request HIPO to issue a finding to the effect that its product does not infringe on the specified design. The final resolution adopted for the declaration of non-infringement precludes proceedings from being instituted against the same product for infringement of the specified design. The HIPO decision may be challenged by a petition for alteration before the Metropolitan Court of Budapest.

Enforcement

Where the subject matter of a design application or a protected design has been taken unlawfully from another party's design, the injured party or its successor in title may claim a statement to the effect that it is wholly or partly entitled to design protection and may claim damages under the rules of civil liability.

Any person who unlawfully exploits a protected design commits design right infringement. The rights holder may have recourse to civil remedies against the infringer in the same way that a patentee has recourse against the infringer of its design under the Patent Act. Where a design right is infringed, the holder may request the customs authorities to act to prevent infringing goods from coming onto the market.

In the event of design right infringement, the rights holder may institute court proceedings and request one or more of the following actions:

- a declaration of infringement;
- an injunction forcing the infringer to cease the infringement;

- restoration of the status before the infringement;
- the provision of detailed information and rendering of accounts concerning the infringement;
- destruction of the infringing products;
- restitution of economic gains; and
- damages under the rules of civil liability.

Ownership changes and rights transfers

The rights conferred by a design may be assigned, transferred and encumbered – apart from the rights of the designer stemming from the design. The rights holder may authorise the exploitation of its design in return for a fee under a design licence contract. Design licence contracts are governed by the Patent Act.

A ‘service design’ is any design developed by a person in the execution of his or her duties stemming from employment, including to solve problems directly or indirectly related to the design. The right to a service design vests in the employer, as the designer’s successor in title. An ‘employee design’ is any design developed by a person who is not required to do so under his or her employment contract, where the use of such design nonetheless falls within the sphere of activities of his or her employer. The right to an employee design vests in the designer; however, the employer is entitled to exploit the design. The employer’s right of use is non-exclusive and the employer may not license use of the design. The provisions of the Patent Act governing service and employee inventions also apply to service and employee designs and to the appropriate remuneration of designers.

Related rights

National and Community trademark applications and national utility model applications should be planned carefully in order to avoid any involuntary disclosure which may undermine the novelty of a later design application; similarly, design applications can affect later applications for other IP rights. It is therefore advisable to coordinate IP right acquisition procedures at both national and international level.

Trademark rights may be used to protect the design of a product, provided that the

design fulfils the requirements for protection defined by trademark law. Two-dimensional designs can be protected as device marks, while three-dimensional (3D) designs can be protected as shape marks. Although a trademark right might serve the rights holder for an indefinite period, it can be more difficult to acquire than a design right, due to potential exclusion on technical and aesthetic functionality grounds by HIPO.

Unfair competition law may be used to protect the packaging of a product or its 3D appearance. Unfair competition law may be used even if no registered right is available; further, the scope of protection based on unfair competition law may be broader than that granted by a registered design, since it applies the principle of imperfect consumer recollection. However, it may be used only against direct competitors and places a heavy burden of proof on the plaintiff (eg, substantial evidence is needed to prove market recognition).

Copyright law may be used to protect works of applied art, design drawings and industrial designs, provided that they are eligible for copyright protection. Although EU directives have partially harmonised national copyright laws, the requirements for copyright protection for designs or works of applied art have not yet been harmonised. However, the ECJ decision in *Infopaq* harmonised the level of originality required for copyright protection, introducing the standard of the “author’s own intellectual creation”. **WTR**



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