



# GUIDE TO GOING GLOBAL

IPT

*Hungary*



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## INTRODUCTION

Welcome to the 2023 edition of DLA Piper's *Guide to Going Global – Intellectual Property and Technology*.

### GUIDE TO GOING GLOBAL SERIES

Many companies today aim to scale their businesses globally and into multiple countries simultaneously. In order to help clients meet this challenge, we have created a handy set of global guides that cover the basics companies need to know. The *Guide to Going Global* series reviews business-relevant corporate, employment, equity compensation, intellectual property and technology, and tax laws in key jurisdictions around the world.

### INTELLECTUAL PROPERTY AND TECHNOLOGY

Inside this guide, we outline crucial aspects of IPT laws in over 40 jurisdictions that are particularly relevant to businesses seeking to expand their operations globally. We also summarize some fundamental commercial terms that customarily appear in IPT-related agreements.

You will find answers to such common questions as:

- Which jurisdictions recognize moral rights?
- What does my business need to do to have an enforceable assignment of intellectual property from an employee, from a consultant?
- What kind of liability can be excluded from a commercial contract?

With this edition, we've also included a section for each country that discusses the enforceability of electronic signatures.

Our goal is to make the guide as readable and informative as possible, providing you just the background you need to get an overview of the IPT laws in the selected jurisdictions. This is not a substitute for professional legal advice. If you have questions regarding specific matters, we encourage you to contact one of our contributors listed in the contributors section of this guide. With nearly 500 dedicated IPT lawyers around the globe, DLA Piper's IPT group is ready to handle your legal needs wherever you do business.

Also, please note that the guide's use of the term "trademarks" also refers to service marks, unless specifically addressed separately. The summary of intellectual property covers only the most commonly used categories worldwide (for example, we have not addressed plant patents). We have also referred to international treaties and conventions with their most commonly used names and not their formal titles (such as the TRIPS Agreement, the Berne Convention, the Paris Convention and the Patent Cooperation Treaty).

We hope that you find this guide valuable and we welcome your feedback.

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This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

DLA Piper and any contributing law firms accept no liability for errors or omissions appearing in this publication and, in addition, DLA Piper accepts no liability at all for the content provided by the other contributing law firms. Please note that intellectual property and technology law is dynamic, and the legal regime in the countries surveyed could change.

## HUNGARY



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### INTELLECTUAL PROPERTY FRAMEWORK

#### *Overview*

Intellectual property rights are governed by individual state acts. In questions not specified by these acts, the Hungarian Civil Code (Act No. 5 of 2013 on the Hungarian Civil Code) is applicable.

Since Hungary is a member of the European Union, each intellectual property act shall be in line with the respective EU directives and regulations. In addition, certain EU regulations apply directly.

### COMMERCIAL CONTRACT FRAMEWORK

#### *Overview*

General contract law and the rules governing specific commercial contracts are set forth in the Hungarian Civil Code.

In general, the parties may freely agree on the contract terms, and they are free to define the content of a contract.

The Civil Code sets out general rules (eg, for termination of a contract and rules for the event of breach of a contract) that are applicable for a contract if the parties do not agree otherwise.

Among the provisions on special contracts, the Civil Code regulates the following main commercial contract types: transfer of property (eg, sale and purchase), contracts for professional services (including research contracts), commission contracts, lease agreements, deposit contracts, distribution and franchise agreements, credit and account agreements, security (guarantee) agreements and insurance agreements.

The acts on intellectual property rights lay down particular provisions on license agreements concerning artworks, trademarks, patents and designs.

There are special provisions with respect to contracts concluded by electronic means in Act 108 of 2001 on Electronic Commerce and on Information Society Services. For instance, the party using general terms and

conditions and providing for an electronic way for concluding the contracts must make its general terms and conditions available in a way that the other party will be able to store and open them anytime.

The Government Regulation No. 45/2014 (II. 26.) contains provisions on the particular rules of contracts with consumers. This regulation also sets forth the rules on contracts between distant parties.

## COPYRIGHTS

### *Nature of right*

All literary, scientific and artistic works are entitled to copyright protection on the basis of its individual and original character deriving from the intellectual creating activity of the author.

Copyright protection arises automatically, and no application or registration is needed. Registration is only optional and serves as proof for authorship in possible contentious cases.

The copyright owner is entitled to moral and economic rights. The economic rights of the copyright holder include the exclusive right to use (eg, reproduce, distribute, communicate to the public, broadcast, exhibit or perform) and to authorize others to use their work, or part of it, in any material or non-material form.

Under the moral rights of the author, the author is entitled to the right of first publication, the indication of his/her name on the work as the author of the work. The author also has a right for the protection of the integrity of the work.

### *Legal framework*

Act No. 76 of 1999 on Copyright. Hungary became signatory to the Berne Convention in 1922. Today, the version of 1971 of the Convention is implemented. As a member of the EU, Hungary has implemented several directives into its Copyright Act.

### *Duration of right*

Copyright generally lasts during the life of the author and for 70 years after the date of death of the author. The duration of protection for related rights is usually 50 years, although in certain works (eg, sound recordings), the term lasts for 70 years. The duration for protection regarding rights in films is 50 years.

### *Ownership / licenses*

According to the Hungarian Copyright Act, a work protected by copyright may have several authors. There are 3 categories for joint works:

- Joint works (if the parts of such work cannot be used independently)
- Connected works (if the parts of a joint work can be used independently)
- Jointly created works (the right holder of such work is a natural person or legal entity who initiated and coordinated the creative process of a work where the authors' contribution to the work and their rights

respectively cannot be separated from each other)

## *Remedies for infringement*

No prior registration required whatsoever for recourse to remedies in the event of copyright infringement.

The Copyright Act contains specific remedies. The following can be requested from the court: establishing the infringement, claim for cease and desist, amendment declaration, providing information on the infringement, termination of the injurious situation and restoration of the situation preceding the infringement and, among others, confiscating or destroying the products affected by the infringement as well as the tools and materials used for the infringement.

In regard to financial remedies, compensation for damages according to the civil law and restitution of the economic gains achieved through the infringement can be requested. According to the actual court practice, the minimum of the economic gains achieved with the infringement is the amount of the unpaid royalty.

Attorneys' fees of the copyright holder in a copyright infringement suit are recoverable, although the court has the power to reduce such fees.

It is also possible to prevent importation and distribution of goods that are infringing.

Injunctive relief is also a possible remedy that can be requested before initiating a lawsuit. Ex parte injunctive relief can also be requested.

Criminal penalties are available.

## **MASK WORKS / TOPOGRAPHIES**

### *Nature of right*

Microelectronic semiconductor topographies qualify for legal protection if they are original.

A topography is original if it is a result of an independent and intellectual creative effort and, at the time of its creation, it is not a commonplace in the industry. A topography consisting of standard elements may be registered if the combination of such elements is original.

A registration is required.

A topography shall mean the 3-dimensional combination in any form of the elements (of which at least 1 is active), and connections or parts thereof of a microelectronic semiconductor product, or such a 3-dimensional combination created for a semiconductor product to be manufactured.

The right owners have the exclusive right to exploit the topography and to authorize the exploitation thereof. Exploitation shall mean the reproduction, importation and distribution of the topography for commercial purposes.



The moral rights of the right holder are stipulated in the Hungarian Patent Act (see [Patents](#)).

## *Legal framework*

Act No. 39 of 1991 on the Protection of Microelectronic Semiconductor Topographies. EU Council Directive 87/54/EC has been implemented.

## *Duration of right*

The protection lasts for 10 years either from the first day of commercial exploitation anywhere in the world or from the day of filing the application for registration with the competent authority.

Must register within 2 years of first commercial exploitation.

## *Ownership / licenses*

If the topography was created by several persons, they shall be entitled to the protection jointly.

## *Remedies for infringement*

In the event of infringement the remedies set forth in the Hungarian Patent Act (see "[Patents](#)") can be exercised.

## **PATENTS**

### *Nature of right*

An invention is patentable if it is capable of industrial application, is new and involves an inventive step. An invention is new if it does not pertain to the state of technical knowledge. An inventive step shall mean an activity that is not obvious to an expert in the view of the state of technical knowledge. An invention is deemed susceptible of industrial application if it can be produced or used in any branch of industry or agriculture.

Registration is required. Patent protection commences upon publication of the application, with retroactive effect to the date of application.

The patent holder has the exclusive right to exploit the invention. In the framework of this, the patent holder may prohibit, among others:

- To manufacture, use, distribute, offer to distribute, store or import the patented product
- To use the patented method, or to offer it for use
- To manufacture, use, distribute, offer to distribute, store or import the product created with the patented method

In relation to the moral rights, the inventor has the exclusive right to publish its invention before the filing of the patent application. The inventor is also entitled to be informed of the invention's documentation as the inventor thereof.

## *Legal framework*

Act 33 of 1995 on the Patent Protection of Inventions. The relevant EU directives have been duly implemented.

## *Duration of right*

The term of the definitive patent protection shall be 20 years from the date of application. A yearly renewal fee shall be paid.

The term of the protection shall expire on the day which corresponds in number to the starting day or, if this day is absent in the month of expiry, on the last day of that month. Protection shall cease after the day of expiry.

## *Ownership / licenses*

The right to a patent belongs to the inventor or their legal successor.

If 2 or more persons have jointly created an invention, the respective share of authorship of the inventors shall be deemed equal, failing any indication originally filed in the patent application to the contrary.

If 2 or more persons have jointly created an invention, entitlement for patent protection shall be vested jointly in them or their respective successors in title. Where entitlement is vested in 2 or more persons, their respective share in patent rights shall be deemed equal, failing any indication to the contrary.

If the patent has more than one owner, each co-owner may freely dispose of their own share. In respect of the share, of any co-owner the other co-owners shall have pre-emption right vis-à-vis third persons.

The patent may be exploited by any of the co-owners individually; however, they must pay appropriate royalties to the other co-owners in proportion to their respective shares.

## *Remedies for infringement*

Article 35 of the Patent Act contains special remedies. The following can be requested from the court: establishing the infringement, claim for cease and desist, amendment declaration by the infringer, providing information on the infringement and, among others, confiscating or destroying the products affected by the infringement as well as the tools and materials used for the infringement.

In regard to financial remedies, compensation for damages according to the civil law and restitution of the economic gains achieved through the infringement can be requested. According to the court practice, the amount of such economic gain can be equal to the unpaid license fee, or with the net income (after the deduction of the costs) achieved through the infringement. In each case, the proportion of the patented part within the infringing product shall be taken into account.

Attorneys' fees can be recovered, although the court has the power to reduce such fees, should they be excessive.

Injunctive relief is also a possible remedy even before initiating a lawsuit. Ex parte injunctive relief can be requested as well.



## TRADEMARKS

### *Nature of right*

Any sign that is capable of (i) distinguishing the goods or services of one undertaking from those of other undertakings; and (ii) being represented in the trademark register, in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor. Trademark protection grants exclusive right for the trademark owner to use the trademark.

On the basis of this exclusive right of use, the owner may initiate proceedings against any party who, without their consent, uses in its business operations in connection with goods or services:

- i. A sign identical to the trademark in connection with goods and services which are identical to those specified in the specification of goods for which the trademark is registered
- ii. Any sign that consumers may confuse with the trademark due to the identity or similarity of the sign and the trademark, or due to the identity or similarity of the goods or services in question
- iii. Any sign identical or similar to the trademark, regardless of whether the goods or services that are listed in the specification of goods for which the trademark is registered are identical or not with the goods or services in connection to which the sign is used, to the extent that such trademark has a good reputation in the domestic market and the use of the sign without due cause would be detrimental to or unfairly exploit the trademark's distinctive character or reputation

### *Legal framework*

Act No. 11 of 1997 on the Protection of Trademarks and Geographical Indications.

As a result of its membership of the European Union, the following law applies in Hungary:

- i. The Trademark Directive
- ii. The Trademark Regulation

### *Duration of right*

Duration is 10 years. The right is renewable for successive periods of 10 years.

### *Ownership / licenses*

Any and all legal or natural persons are entitled to obtain trademark protection irrespective of whether they carry out business activity. It is also possible to obtain trademark protection jointly.

In case more persons apply for the application of a trademark jointly, the trademark protection belongs to them – unless otherwise indicated – in equal proportions.

In case more persons are entitled to a trademark, they are entitled to dispose over their portion individually. Co-owners are entitled to pre-emption rights regarding the portion of another party towards third persons.

## *Remedies for infringement*

Article 27 of the Trademark Act contains special remedies. The following can be requested from the court: establishing the infringement, claim for cease and desist, amendment declaration, providing information on the infringement, and among others confiscating or destroying the products affected by the infringement as well as the tools and materials used for the infringement.

In regard to financial remedies, compensation for damages according to the civil law and restitution of the economic gains achieved through the infringement can be requested.

Attorneys' fees can be recovered, although the court has the power to reduce such fees, should they be excessive.

Injunctive relief is also a possible remedy even before initiating a lawsuit. Ex parte injunctive relief can be also requested.

## **TRADE SECRETS**

### *Nature of right*

As a general rule, Act No. 54 of 2018 on the Protection of Trade Secrets provides protection for the trade secret that is being exchanged during the execution of an agreement, in case the parties fail to agree on such a provision of confidentiality themselves.

Trade secrets include any confidential fact, information and other data, or a compilation thereof, connected to economic activities, which are not publicly known in whole or in the complexity of its elements thus represent economic value, or which are not easily accessible to other operators pursuing the same economic activities, where the proprietor of the secret has taken reasonable efforts that may be expected in the given circumstances to keep such information confidential. The scope of the act also extends to know-how which means technical, economic and other practical knowledge of value, classified as a business secret, held in a form enabling identification, including accumulated skills and experience and any combination thereof.

### *Legal framework*

Act No. 54 of 2018 on the Protection of Trade Secrets.

Act No. 100 of 2012 on the Criminal Code.

### *Duration of right*

Potentially perpetual, as long as it does not become part of the public domain.

### *Ownership / licenses*

No special provisions applicable. Joint ownership is possible.

### *Remedies for infringement*

According to Hungarian law, it is a criminal offense if a person illegally acquires, uses or discloses a business secret for financial gain or advantage, or makes it available to others or publishes such information, causing pecuniary injury to others.

Act No. 54 of 2018 on the Protection of Trade Secrets also contains special remedies. For example, a person whose trade secrets have been violated, among others, shall have the right to demand:

- i. A court ruling establishing that there has been an infringement of rights
- ii. The cessation of or the prohibition of the use or disclosure of the trade secret
- iii. Destruction of the infringing goods or their withdrawal from the market
- iv. The termination of the injurious situation and the restoration of the previous state
- v. Restitution of the economic gains achieved through infringement

In the event of infringement of the right to trade secrecy, the proprietor of the trade secret may also demand compensation in accordance with the provisions of civil liability.

It is also common in Hungary to include a chapter into the contracts stipulating a confidentiality agreement, which would set out the amount of compensation (ie, penalty) the breaching party must pay in case of violation.

## OTHER KEY IP RIGHTS

### *Nature of right*

Not applicable for this jurisdiction.

### *Legal framework*

Not applicable for this jurisdiction.

### *Duration of right*

Not applicable for this jurisdiction.

### *Ownership / licenses*

Not applicable for this jurisdiction.

### *Remedies for infringement*

Not applicable for this jurisdiction.

## INTELLECTUAL PROPERTY IN EMPLOYMENT CONTEXT

## *Employees*

All acts related to intellectual property (eg, Patent Protection Act and Copyright Act) regulate generally when a work is made in the framework of an employment relationship.

Under the Copyright Act, the employer, as the legal successor of the author, automatically obtains economic rights once a work is handed over, if the preparation of the work was the author's obligation within the scope of their employment, in the absence of any agreement to the contrary (ie, "work for hire" doctrine).

The Patent Protection Act distinguishes the "service invention" and "employee invention." A "service invention" means any invention created by a person in the execution of their duties stemming from employment that includes to work out solutions within the domain of the invention. An "employee invention" means any invention created by a person who is not required to do so under their contract of employment; however, the exploitation of such invention falls within the sphere of activities of their employer.

In case of service inventions, patent rights shall be vested in the employer, as the inventor's successor in title. In case of employee inventions, patent rights shall be vested in the inventor; the employer, however, is entitled to exploit the invention. The employer's right of exploitation is non-exclusive; the employer shall not grant a license of exploitation. Special rules apply to the consideration to be paid to the employees for service inventions and employee inventions.

## *Consultants / contractors*

Customary for consultants and contractors to sign written agreements. In the absence of a written assignment of developments, consultants and contractors will retain ownership of the intellectual property developed by them, even if contracted and paid for by another party. Please note that, under Hungarian copyright laws – as a main rule (with software and filming rights being the main exceptions) – only a license can be acquired from the author, and the copyright itself cannot be transferred in its entirety.

## **KEY COMMERCIAL CONTRACT CONSIDERATIONS**

### *Registration of commercial agreements*

No general registration required.

Registration of licenses for patents, trademarks and designs are possible but not obligatory.

### *Recognized language of commercial agreements*

There is no limitation in connection with the language of license agreements. Both parties shall understand the language of such agreements. If, however, the signatory of a contract does not speak the language in which the contract is executed, the contract may be null and void.

### *Country-specific issues for online content*

There are special provisions regarding the liability of intermediary service providers for the transmitted illegal content. In given circumstances, they shall not be liable. This in many cases includes complying with notice and

takedown requests from rights holders.

## *Enforceability of online/clickwrap/shrinkwrap terms*

Generally viewed as enforceable if conspicuous and if users have an opportunity to review and indicate affirmative assent (eg, check a box).

## *Governing law*

Governing law and venue for resolution of disputes specified in a commercial contract will generally be accepted and recognized. As a member of the EU the regulations on applicable law (Rome I, 593/2008/EC and Rome II, 864/2007/EC) and jurisdiction (1215/2012/EU) shall be applicable.

Dispute resolution means litigation in courts unless an alternative dispute resolution procedure, such as mediation or arbitration, is specified in the contract.

## **KEY COMMERCIAL CONTRACT TERMS**

### *Enforceability of warranty disclaimers*

As a principal rule stipulated in the Civil Code, warranty cannot be disclaimed in consumer contracts.

In license agreement, the licensor warrants according to the general rules that the subject matter of the license agreement is appropriate for the contractual use or exploitation.

The Trademark Act and the Patent Act contains special warranty rules that refer to the general rules of the Civil Code.

In the event a license agreement qualifies as a consumer contract, warranty cannot be validly disclaimed. In other cases, the warranty disclaimers are enforceable, although, given the fact that the new Hungarian Civil Code entered into force in 2014, there is no court practice to corroborate this.

The 1-year term of statutory warranty can be reduced, but not in the context of consumer contracts.

### *Enforceability of exclusions/limitations of liability indemnification*

Any contractual term limiting or excluding liability for deliberate non-performance of an obligation or for non-performance resulting in loss of life, or harm to physical integrity or health, shall be null and void, so such terms are not enforceable.

## *Indemnification*

Considering that no special indemnification rules regulate commercial contracts, the general contractual rules of the Civil Code shall apply to them.

Indemnities stated in contracts are recognized and enforceable.

Indemnification provisions generally have 3 distinct obligations: defense, indemnify (ie, pay damages) and hold

harmless (ie, indemnifying party responsible for any other liability arising out of the claim).

Caps on liability under indemnification provisions can be enforceable.

## *Electronic signatures*

Act No. 222 of 2015 sets out the General Rules for Trust Services and Electronic Transactions (hereinafter referred to as Trust Services and Electronic Transaction Act).

Further procedural acts regulate the enforceability of electronic signatures, such as Act No. 130 of 2016 on the Code of Civil Procedure.

Electronic documents shall be considered valid if an electronic signature or seal is placed on such document in accordance with the Trust Services and Electronic Transaction Act. In line with the eIDAS Regulation (Regulation 910/2014/EU), the electronic signature can be either:

- Advanced electronic signature or
- Qualified electronic signature

Advanced electronic signature shall mean an electronic signature that meets the following requirements:

- i. It is capable of identifying the signatory
- ii. It is uniquely linked to the signatory
- iii. It is created using electronic signature creation data that the signatory can, with a high level of confidence, use under their sole control
- iv. It is linked to the data signed therewith in such a way that any subsequent change in the data is detectable

A qualified electronic signature shall mean an advanced electronic signature that is created by a qualified electronic signature creation device, and which is based on a qualified certificate for electronic signatures.

It shall be noted that, in family and succession law cases, the exclusive use of electronic signatures and documents is not permitted.

Under the Code of Civil Procedure, when an electronic document is signed by an advanced or qualified electronic signature or seal, that shall mean that such document corresponds with the requirements of written form and shall be considered not forged. If a private electronic document is signed by a qualified or advanced electronic signature or seal, such document shall be considered a private document with full probative force.

An electronic document made on a public document in a specific form by a body authorized to draft public document within its sphere of authority and executed by a qualified or advanced electronic signature or seal, and – if so prescribed by the relevant legislation – a time stamp shall have the same probative force as the original paper-based public document.



If the electronic signature placed on the electronic document fulfills the above detailed requirements, then it is valid and enforceable. In a court procedure, an electronic document signed with a qualified electronic signature has the same probative force as a paper-based private document with full probative force.

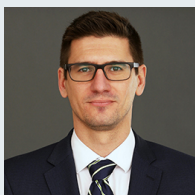
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