

Kluwer Trademark Blog

Sleep like a log or bark like a dog? Dormant trademarks in Hungary and in the EU

Aron Laszlo (Oppenheim Legal) · Tuesday, September 12th, 2017

‘Dormant trademarks’ are unused trademarks which remain on the register until the competent authority declares them revoked (this denomination comes from Verena von Bomhard’s article ‘Dormant Trademarks in the European Union – Swords of Damocles?’, *The Trademark Reporter*, Vol. 96 September-October, 2006 No. 5). Under current Hungarian rules these dormant trademarks can cause trouble if the trademark owner re-commences their use. The same issue concerns several other EU jurisdictions, including Spain.

Facts of a hypothetical case

Beta intends to introduce a new product on the market in 2012. The trademark search finds a conflicting Hungarian and a conflicting EU trademark registered for *Alpha* since 2005. The trademarks have never been used and could be revoked at the time of the search. However, *Beta* decides not to “clean” the register of the dormant marks. *Beta* files a Hungarian and an EU trademark application, which are registered in 2014. Shortly, *Beta*’s product becomes successful. *Alpha* commences the distribution of his competing product in 2015. In 2016, *Beta* receives a C&D letter from *Alpha* requesting *Beta* to surrender their trademarks and to terminate the distribution.

According to the Hungarian Trademark Act, if the right holder fails to use the trademark for five consecutive years, legal consequences apply. E.g. the trademark may be revoked, oppositions and cancellation requests based on unused trademarks shall be rejected. The EU Trademark Regulation contains *mutatis mutandis* the same provisions.

Opposition

In the above case, *Alpha* could not prevent the registration of *Beta*’s trademark applications in Hungary or in the EU in 2013, since *Alpha* had not used its prior trademarks when *Beta*’s trademark applications were published. The opponent shall prove use of the prior trademarks on the day of publication of the application upon the applicant’s request. That was the cut-off day before the reform of the EU trademark law, which moved the cut-off date to the application date.

Invalidity proceedings

Alpha may decide to request the declaration of invalidity of the *Beta*’s trademarks after *Alpha* has revived its prior dormant trademarks.

Under Hungarian law, a trademark may not be declared invalid, if it conflicts with an earlier trademark, whose genuine use at the time of filing the invalidity claim is not proved upon the owner's request. *Alpha* can easily prove genuine use of its trademarks at the time of filing the invalidity claim against *Beta's* trademarks. Therefore *Alpha* will prevail against *Beta's* Hungarian trademark.

Regarding the EU trademark, the outcome of the case will be different due to the *double use requirement*. *Alpha* shall prove genuine use of its own trademarks at the time of filing the invalidity claim, and at the application or priority date of *Beta's* EU trade mark. *Alpha's* invalidity claim would be unsuccessful since *Alpha's* trademarks were vulnerable to cancellation due to non-use at the time when *Beta* filed its own EU trademark application.

Infringement action

In Hungary, *Alpha* can successfully sue *Beta* for trademark infringement once *Alpha* has commenced the use of its dormant trademarks. Firstly, *Alpha's* trademark cannot be revoked for non-use. Secondly, Hungarian courts follow the interpretation of the preliminary ruling delivered in the FCI case (Case no. C-2561/11. Fédération Cynologique Internationale v. Federación Canina Internacional de Perros de Pura Raza), whereby one can infringe another's mark even if one is using a validly registered trademark. Therefore, *Alpha* does not need to invalidate *Beta's* later trademarks before bringing the infringement action against *Beta*.

Again, the outcome is different under EU law. EUTMR Article 13a (as of 1 October 2017: Article 16) regulates the intervening right of the owner of a later registered trade mark as a defence in infringement proceedings. Thus, *Alpha* shall not be entitled to prohibit the use of *Beta's* registered EU trade mark, where *Beta's* later EU trade mark could not be declared invalid pursuant to the double use requirement. It means that the amendment of the EUTMR has introduced the double use requirement for infringement procedures, as well.

Conclusion

Today, dormant marks may cause trouble in Hungary and in several other jurisdictions, but not in the EU. On the other hand, as the double use requirement is incorporated in the new Trademark Directive, Hungarian provisions shall be aligned with the EU laws until the transposition deadline of 14 January 2019.

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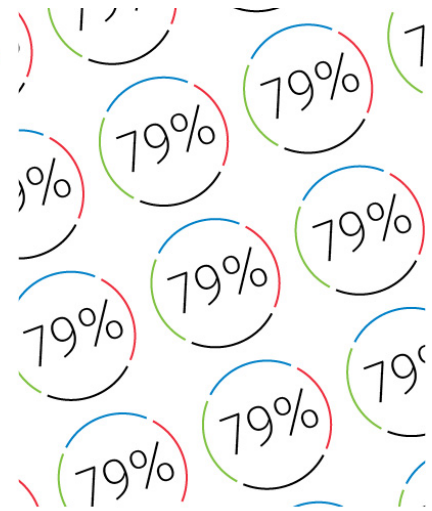
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