



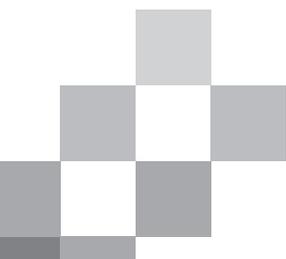
STRATEGY OF THE HUNGARIAN PATENT OFFICE 2007 – 2010

Hungarian Patent Office

**Strategy of the
Hungarian Patent Office
2007–2010**

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I. PREFACE

1.1. Precedents

The Hungarian Patent Office (hereinafter referred to as the HPO or the Office), established in 1896 by virtue of Article 23 of Act XXXVII of 1895 on Patents for Inventions, is the government office responsible for the protection of intellectual property. The detailed rules regulating the legal status, the management, the functions and the competence of the Office are defined by Act XXXIII of 1995 on the Protection of Inventions by Patents (Patent Act) and by Act LVII of 2006 on Central State Administrative Organs and on the Legal Status of Government Members and State Secretaries (CO Act). Pursuant to the CO Act the HPO is functioning under the direction of the Government and the rights of supervision [see Article 1(f) of Decree 8/2006. (XII. 23.) ME of the Prime Minister] are exercised by the Minister of Economy and Transport.

By virtue of Article 115/G of the Patent Act, the HPO's functions and competence include:

- a) official examinations and procedures in the field of industrial property;
- b) performance of certain tasks in connection with copyright and rights related to copyright;
- c) central governmental information and documentation activities in the field of intellectual property;
- d) participation in the preparation of intellectual property legislation;
- e) preparation and implementation of the Government's strategy for the protection of intellectual property, initiation and execution of governmental measures required for this purpose;
- f) performance of professional tasks of international and European co-operation in the field of intellectual property protection.

The functions and competence of the HPO are not confined to the official examinations and procedures in the field of patents but they extend to all titles of protection, i.e. trademarks, geographical indications, utility models, designs, plant varieties, topography protection and copyright as well as to the granting of supplementary protection certificates for medicinal or plant protection products. Besides Part VI of the Patent Act, the detailed rules governing the functions and competence of the HPO are set out in its Deed of Foundation and its Rules on Organisation and Operation.

By 1 January 2003 Hungary successfully acceded to the European Patent Convention (EPC) and it became a Contracting State of the European Patent Organisation. Since 2003 the Office has fulfilled the tasks of a national patent authority of a Contracting State in relation to the operation of the European patent system. On 1 May 2004 Hungary became a Member State of the European Union. As a result of this accession the HPO has taken part in performing the tasks arising from the operation of the Community

protection systems (i.e. the protection systems for trademarks, designs, plant varieties and geographical indications).

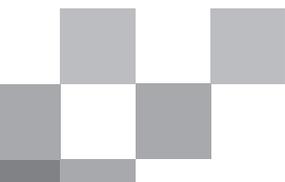
As a national industrial property authority the HPO participates in the operation of the global application and registration systems established by the following international agreements: the Patent Cooperation Treaty, the Madrid Agreement and the related Protocol Concerning the International Registration of Marks (the so-called Madrid system), the Hague Agreement Concerning the International Registration of Industrial Designs and the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration.

In 2005 the HPO outlined its mid-term strategy for the second half of the decade. The preparation of this strategy was necessitated by the changes of the national and international environment, the new challenges facing the Office, the conscious reforms introduced from inside as well as by the demand of more efficient exploitation of the resources. The strategy of 2005 determined 5 directions for action and development: 1. development of new official and international roles and positions in order to improve the competitiveness of the Hungarian economy; 2. support of domestic innovation by developing and strengthening the quality user support activities of the Office; 3. task-oriented, efficient operation of the Office; 4. development and utilisation of the knowledge capital by personnel and organisational consciousness; 5. purpose-oriented and co-ordinated management of the information technological and communications assets. This strategy defined the main fields for intervention with regard to our vision for the future. The strategic objectives were taken into consideration when preparing and realising the 2006 and 2007 annual office work plans that functioned as activity plans and served to set concrete tasks.

This strategic document, as a further development of the strategy elaborated for the period of 2005–2008, determines, with consideration to its Statute and Deed of Foundation, the mission of the Office for the period 2007–2010. It defines the strategic pillars and, based on the analysis of the present situation and having regard to the vision for the future outlined as a target status, it details the strategic tasks. The mid-term strategy of the Office is determined by the concepts of serving public interest, efficiency, transparency and future consciousness.

1.2. Mission statement

The mission of the Hungarian Patent Office, as the government office responsible for the protection of intellectual property and an authority offering quality services, is to efficiently operate and develop the industrial property and copyright systems necessary for the growth of the knowledge-based, innovative and competitive economy.



Our mission, in line with the Government's programme and the strategy of the Ministry of Economy and Transport for the period 2007–2010, is determined by the recognition of the fact that intellectual property protection has become the *key element of an enterprise-friendly business environment* that encourages innovation; it has become a *precondition of competitiveness*. The objective of the HPO is to make the industrial property protection of technical creations and of distinctive signs used in competition as well as the copyright protection of literary, scientific and artistic creations (and the related performances) strategically important, *integral parts of the national scientific, research and development, innovation system*. We fulfil our mission in a frame of reference characterised by *international excellence, intensive European co-operation and business efficiency*. The regulatory and institutional system of intellectual property should *contribute to the development of the high-tech leading sectors producing high added value and they should improve the market positions of the domestic creative industry*.

The perspectives of the HPO's official activities are provided by the *new and renewed tasks* arising from the changing global and European systems, along with the ever-higher *customer demands* for excellent quality, properly differentiated official services that guarantee legal certainty for the undertakings.

Our national interests concerning the preservation and the development of the domestic industrial property and copyright infrastructure shall be served by the support of the partnership-based *networking models* developed in international and European co-operations.

A well-defined strategic direction is represented by the intellectual property *information, education and promotion policies* based on the application of modern tools, the objective of which is the improvement of social awareness and the recognition of intellectual property, as well as a purpose-oriented enrichment of the knowledge gained at research centres and that of the business culture. It is indispensable to facilitate the existing co-ordination in the *fight against infringements of intellectual property rights (piracy and counterfeiting)*.

The realisation of the basic strategic objectives, the mission of the HPO, are served by making the modern regulation, adjusted to the European and the international requirements, more transparent, coherent and streamlined, as well as by the adoption of measures aiming to improve the efficiency of the operation of the HPO as a government office. To achieve the latter aim the further *dynamic and modern* operation of the Office, in line with the reform of public administration, is indispensable, such as the predictable economic management of the Office, the sustainable *development of the human resources* that enriches and at the same time preserves the Office's knowledge capital, while the purpose-oriented and co-ordinated management of the information technological and communications *assets* will also be necessary.



1.3. Our strategy's links with the Programme of the Government and with other strategies

1.3.1. Link with the Programme of the Government

Competitiveness and innovation-friendly environment

The Programme of the Government of the Republic of Hungary, the New Hungary Programme, defines intellectual property protection as the key element of an innovation-friendly legal and economic environment. Effective protection of intellectual property has become an element of competitiveness worldwide. The leading sectors producing high added value can only develop and grow with the aid of a regulation and an institutional system that protect intellectual property. Moreover, these high-tech sectors are in fact based on intellectual property protection that ensures legal protection of new intellectual creations. As the Programme of the Government also stresses: we are only "able to respond to the challenges of the fast changing world with continuous innovation". Therefore, "a national scientific research and development, innovation system" should be established that "can respond to the aspects of both international excellence and business efficiency".

According to the Programme of the Government, therefore, "the flow of working capital" into "6-7 branches of industry that rely on the knowledge and talent of Hungarian engineers" should be promoted, as well as "the international scientific and technological partnerships of Hungarian businesses, the research-development and innovation-oriented investments of foreign companies in Hungary". The "market chances of the domestic creative industry" should also be improved.

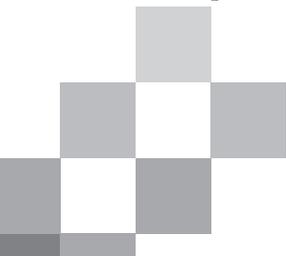
Efficient utilisation of intellectual property

The Programme of the Government considers intellectual property protection being in the service of these objectives. According to the Programme: "We support the acquisition, renewal, maintenance, protection and enforcement of industrial rights, and the adaptation and importation of foreign technologies that are important for domestic businesses". Thus "we shall establish a system of rules and regulations that promotes the efficient use of intellectual property".

1.3.2. Link with the strategy of the Ministry of Economy and Transport

Tool for making the economy more dynamic

The strategy of the Ministry of Economy and Transport takes into account intellectual property and especially the HPO as contributors to making the economy more dynamic. It expects from the HPO to fulfil a strategic role in encouraging innovation and R&D by providing intellectual property protection.



Legal certainty in intellectual property protection

The strategy of the Ministry of Economy and Transport defines as an important element of the enterprise-friendly business environment the aim that “when strengthening regulation, increasing legal certainty, the protection of intellectual property rights ... must be focused on”.

1.3.3. Intellectual property in the STI strategy

Intellectual property: playing a central role

Protection of intellectual property forms an integral part of the Government’s mid-term science, technology and innovation policy (STI) strategy for 2007–2013 [Government decision 1023/2007. (IV. 5.) Korm.]. The HPO is also responsible for the execution of numerous tasks deriving from the STI strategy.

IP actions in the STI strategy

The STI strategy sets as an aim, *inter alia*, the promotion of intellectual property protection by supporting the acquisition of protection abroad on the one hand, and by means of the VIVACE programme among SMEs on the other hand. It extends to the assessment, evaluation and effective utilisation of the intellectual assets of public research institutes. For this purpose it encourages research institutes to elaborate their own strategy for intellectual property management. The strategy encompasses dissemination of innovation management knowledge covering IP as well, improvement of the acceptance by society of R&D&I and the increased enforcement of IP aspects in the operation of competition systems.

1.3.4. Other strategic connections

Due to the far-reaching nature of intellectual property extending to the whole economy, our strategy gets into contact with several governmental programmes, strategic lines and professional policy efforts. Without claiming completeness, the following can be mentioned.

Due to the strong European integration character of intellectual property, the main lines of our proactive professional diplomacy are determined by the *Government’s European policy strategy* [Government decision 2147/2007. (VIII. 8.) Korm.].

The Government’s programmes of *electronic public administration* provide important guidelines for the development of our official operation and information technology infrastructure.

Our efforts aiming to create the conditions necessary for the effective enforcement of



intellectual property rights and to restrain counterfeiting are in close connection with the “*New Order and Freedom*” *Programme of the Government*.

1.3.5. Outlook on European and global strategies

Scenarios for the future

Globalisation, information society, the numerous results of technical progress, several inner contradictions of the intellectual property system and its conflicts with other professional policies as well as its upvaluation from innovation and competitiveness policy aspects prompted industrial property and copyright institutions all over the world to intensively undertake future studies and to create strategies. Scenarios for the future of intellectual property are prepared at global and European fora and at national level. The intensive international and European co-operation characteristic of intellectual property forces us indeed to shape our strategy consciously taking into account these scenarios.

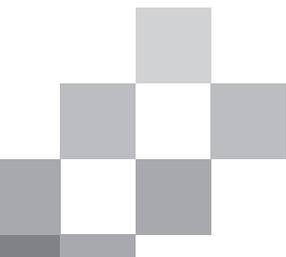
Global efforts

Global challenges – in particular issues relating to information society, biological and cultural diversity, international harmonisation and the needs of developing countries – are in the centre of interest in the *World Intellectual Property Organization* (WIPO), a UN agency specialised in intellectual property.

In the *Council for TRIPS of the World Trade Organization* (WTO), trade-related aspects of intellectual property rights are dominant. Important strategic issues are the solution of public health problems by means of intellectual property (e.g. by compulsory licensing) and the improvement of the international protection of geographical indications.

It is a remarkable development that intellectual property questions are already on the agenda of WHO and UNESCO. The former established an intergovernmental working group on public health, innovation and intellectual property, and elaborated a global strategy and a plan of action on the subject. The latter allotted an important role to intellectual property in its recently adopted agreement on cultural diversity.

The so-called trilateral co-operation between the US, the Japanese and the European patent offices is of strategic importance. In the system of relations of industrialised countries the fight against the infringement of intellectual property rights – piracy and counterfeiting – is already a top priority (e.g. in the form of the draft of the so-called *Anti-Counterfeiting Trade Agreement*). The OECD also deals with this topic dedicatedly.



European prospects for the future

The *European Patent Office* (EPO) published its study “*Scenarios for the Future*” in the summer of 2007, which attempts to outline the future of intellectual property over a span until 2025. Four scenarios are taken into account depending on whether out of the factors to be considered geopolitical forces, market rules, demands of the knowledge-based society or the “self-laws” of technological progress can in the long run get a dominant role in shaping intellectual property protection.

In the European Union intellectual property is expected first of all to substantively contribute to the implementation of the Lisbon Strategy. The European Commission keeps on the agenda the introduction of the integrated European patent litigation and the Community patent in order that patents might really promote innovation and improve Europe’s competitiveness. The EU’s “*Broad-based innovation strategy*” also builds on the use of intellectual property tools. The conclusions of the European Council adopted in December 2006 and March 2007 invited the European Commission to submit a comprehensive intellectual property strategy in 2008. In the field of copyright, the European Union expressly endeavours to bring single market aspects into line with the demand for the preservation of cultural diversity. Intellectual property has become *a central element of the common commercial policy* and also influences to a great extent the development of other (e.g. agricultural or public health) policies of the EU.

National initiatives

As a result of the above-mentioned factors, intellectual property (or patent) strategies are born at national level as well. In the spring of 2007 the US patent office published its strategic plan for the period until 2010. In the United Kingdom the *Gowers Review* surveying the IP situation and determining the directions of development in the form of more than fifty recommendations on governmental request was completed at the end of 2006. Similar works can be found in several other European countries (e.g. Denmark, France and the Netherlands). These national strategies also offer appropriately adaptable examples and models; they can be taken into account as a kind of strategic “*best practices*”.

1.4. Pillars of our strategy

The implementation of the HPO’s mission and vision requires co-ordinated progress in several strategic fields. These strategic fields were already identified by the HPO’s previous mid-term strategy for the period between 2005 and 2008. It is reasonable to envisage the continuation and revised renewal of the strategic objectives again in these strategic fields, which only required a slight adjustment of the borderlines of these fields, not affecting the essence.



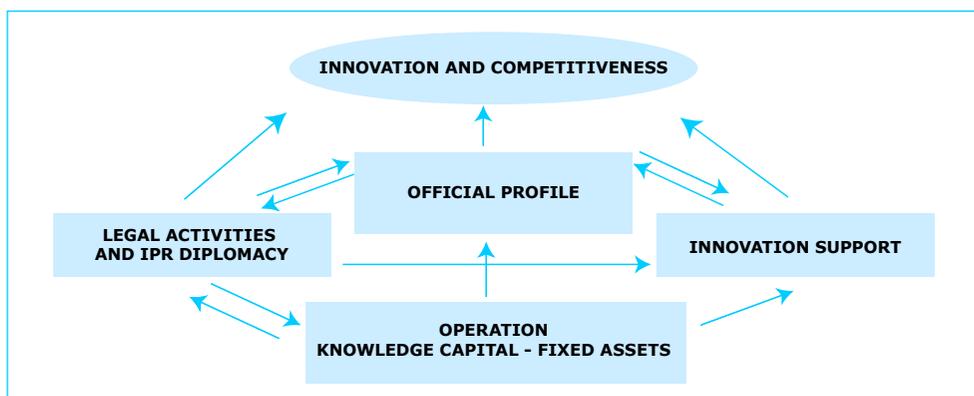
The main action and development lines are as follows:

1. *renewed official profile* contributing to the improvement of the competitiveness of the Hungarian national economy – in compliance with the requirements of the European and international co-operation, and in the service of the differentiated needs of customers;
2. preparation of legislation aimed at clear and *customer-friendly regulation* as well as, linked to a proactive economic diplomacy, a *successful IPR diplomacy* that forms the European and global system of conditions in harmony with national interests;
3. support of national innovation and *enrichment of the stock of tools* stimulating competition by strengthening the character of an office *providing quality services*;
4. *task-driven, efficient official operation* in the renewed Hungarian public administration; development and utilisation of the necessary institutional knowledge capital by personal and corporate consciousness, furthermore the effectual and co-ordinated management of information and communication *fixed assets* with this end in view.

Accordingly, the pillars of the strategy are:

1. IPR authority
2. legal activities and IPR diplomacy
3. innovation support
4. institution strengthening

Pillars of our strategy in the service of innovation and competitiveness



II. ANALYSIS OF THE SITUATION

Intellectual property

Intellectual property provides for a fair return on the costs necessary for research and development, investment in high-tech industries and in cultural industry as well as for marketing and for the preservation of consumer confidence. Intellectual property *creates a temporary monopoly*, i.e. an exclusive right for use, utilization and licensing. On the other hand, the licence agreements to exploit intellectual property are *basic legal tools for the commercialisation of intellectual property*, without which *franchising* or *technology transfer* could not take place. Intellectual property is the breeding-ground for, and protective shell of, innovation; it adds fuel to the motor of competitiveness.

Intellectual property is traditionally divided into two categories:

- industrial property and
- copyright.

Industrial property provides legal protection for technical creations of the intellect as well as for the signs that distinguish between different goods and services (in short: distinctive signs).

Protection of technical creations of the intellect is served by:

- patents;
- supplementary protection certificates of certain products;
- plant variety protection;
- utility model protection;
- topography protection of microelectronic semiconductor products.

Legal protection of distinctive signs is served by:

- trademarks;
- geographical indications (indications of source and appellations of origin).

Copyright provides protection for literary, scientific and artistic works, and by neighbouring or related rights for the performances related to their use. The following are entitled to these latter rights:

- performers;
- producers of phonograms;
- broadcasting organisations (radio or television);

- producers of cinematographic works;
- producers of databases.

All titles of industrial property protection and copyright listed above are also regulated by international agreements (with the exception of related rights). The legal provisions of the European Union also extend, with the exception of utility model protection, to all titles of protection mentioned above. The Hungarian legislation of industrial property and copyright protection *has been in full harmony with the Community legislation* since 1 May 2004.

Copyright protection does not depend on fulfilling formal requirements or on the official decision on recognition or registration: the *author is entitled* to the whole spectrum of copyrights – both economic and moral rights – *from the moment of the creation of the work*. On the other hand, *industrial property protection commences with an official decision*, which, according to the nature of the procedure, is preceded by an examination aiming to establish whether the solution in the application or the distinctive sign fulfils the criteria of protection laid down by legislation. Besides the official granting procedures further official tasks are *the decision on legal disputes concerning industrial property rights, the registration of these rights and the provision of official information related to them*.

Works are entitled to copyright based on their individual, original nature arising from the intellectual activity of their authors. If the individual, original nature (which is the precondition for legal protection) exists there is no need for ranking competing demands for protection. On the other hand, the precondition for industrial property protection is novelty and the lack of conflict with earlier rights: this necessitates the *ranking of the competing demands for protection, the comparison of the intellectual achievements and the safeguarding of the acquired rights*. These tasks are incumbent on the industrial property authorities: it is their decisions that bring industrial property rights into existence and make them cancelled.

The HPO: government office responsible for the protection of intellectual property

The HPO, as the government office responsible for the protection of intellectual property, *fulfils more than 550 public tasks prescribed by legislation*. Since 2003, as a consequence of Hungary's accession to the protection systems operated by the European Union and to the European patent system, the scope of the Office's tasks *has been further widened by more than 20 new types of duties* (e.g. keeping the register of European patents, forwarding the European patent applications, administration concerning the translations of European patents, transmittal of Community trademarks, administration concerning seniority). In addition, European integration requires further efforts in the course of performing the earlier official tasks as well, and there are tasks directly arising from the prevailing international and European provisions. For example, the fact that the search of earlier rights had to be extended to Community trademarks in the case of trademark

applications examined by the HPO, implied the duplication of the amount of the data to be searched; besides, the Office also performs trademark search for the Office for Harmonization in the Internal Market (OHIM) responsible for Community trademarks.

It is a regrettable fact that there is a widely accepted, rather superficial and simplified approach that measures the overall performance of an industrial property authority only in terms of the number of patent applications filed via the national route. This approach is erroneous, firstly, because *industrial property authorities*, apart from the promotion activities, the customer-friendly services, the counselling and awareness-raising, *do not have any means to affect the number of patent applications*. But this approach is even more erroneous for the reason that the entire workload of an industrial property authority (be it purely its official workload, or, as part of it, the patent workload only), comprises far more different types of tasks than those related to the patent applications filed via the national route. Thus, *the performance of an office can only be measured accurately in terms of its actual, very complex tasks*.

The workload illustrating the performance of the HPO comprises very diverse types of cases, and different tasks. The considerable size of the official workload is indicated by the fact that *in 2006 the number of cases that required concrete actions was higher than 144 000*. The number of applications filed via the national route reached 5600, the number of applications filed via the international route was 6600, and almost 70 000 search reports were prepared concerning Community trademark applications. *The number of registered rights exceeded 214 000*. The number of applications for registration was higher than 7300. In addition, *the Office gave general information on industrial property matters in almost 20 000 cases*.

2.1. Patent protection

2.1.1. The role and position of patent protection in the world

With patent protection, the state ensures an exclusive right to the right holder enabling the exploitation of the subject matter of the invention for a limited period of time. The basic function of the patent system is to provide for the return on the costs of research and development, to encourage the disclosure and realisation of inventions and to promote creativity. These aims are achieved by creating, with the temporary prohibition of imitation, a legally protected licensing position. The patent system is based on a delicate balance created between the considerations of stimulating innovation on the one hand, and those of competition policy and other (e.g. public health) concerns on the other.

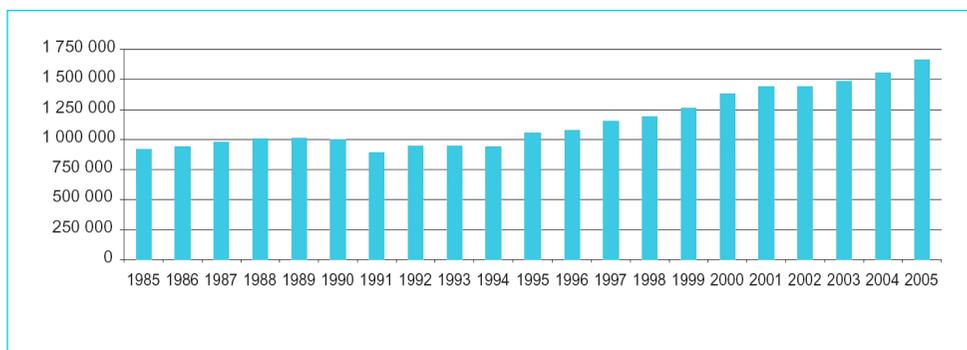
Today the patent is a “world success” and, at the same time, to a certain extent, the victim of its own success. Globalisation, international competition and growing business activity make the legal protection of the results in research, development and innovation ever more important. In 2005, the initial year of the currently valid Office Strategy, 1.6



million patent applications were filed worldwide, out of which 145 000 were international applications filed in the framework of the PCT. Beside the USA, Japan and Europe that showed intense patent activity earlier as well, the patent activity of other dynamically developing countries (China, South-Korea, India) is also increasing, demonstrating a rapid catch-up progress.

On a world scale, the continually and considerably increasing number of applications shows a heterogeneous territorial breakdown. The workload, and part of this the backlog, of the three “big” offices, the American (USPTO), the Japanese (JPO) and the European (EPO) offices has dramatically increased in the past decade. The danger of this phenomenon is that not only innovation but also the normal trade relations and competition can be impeded. One cause of this is the legal uncertainty dragging on, the other being the deterioration of quality on an international scale: the growing number of the so-called trivial patents that do not enrich the state of the art (the common wealth of knowledge). The solution to this problem requires strong measures, the initial steps of which have been taken so far by the above-mentioned countries (patent systems). It is necessary *to improve efficiency*, but to achieve this aim the *enhancement of international co-operation* is indispensable, not only on a trilateral level but also by the *sharing of tasks with adequately prepared national offices*. The HPO is suitable and prepared for the latter. The improvement of the quality of patent search and examination, the increase of the observance of the rules and the professional rigour are also global requirements. These are *traditional and recognised strengths of the HPO*.

Worldwide Patent Filings by Year of Filing 1985–2005



Source: WIPO Statistics Database, <http://www.wipo.int/ipstats/en/statistics/patents>

2.1.2. The European patent system

The European Patent Convention (EPC) was signed in 1973, on the basis of which the European Patent Organisation was established. Its two bodies are the European Patent Office and its supervising body, the Administrative Council comprising the representa-

tives of the Contracting States. By virtue of the EPC the examination of a European patent application and the granting of a European patent are performed centrally at the EPO; following the grant, however, a European patent becomes a patent with the same effect as a patent granted via the national route in each Contracting State of the EPO in which the right holder has had it validated. The EPC was revised in November 2000, the new text (EPC 2000) took effect on 13 December 2007.

Not even the European patent system could avoid the global trends. The number of European patent applications was 208 502 in 2006. The number of pending issues (back-log) is increasing year by year. The EPO Contracting States as well as the users (and their organisations) regularly, repeatedly criticise the EPO in relation to its efficiency and quality.

The directions for development of the European patent system were set by the so-called “strategic debate”, which was concluded by the establishment of the European Patent Network (EPN).

2.1.3. The position of Hungary as a Contracting State of the EPO – the official tasks of the HPO concerning patents

The main impact of the accession to the EPC was that the monopoly of the national authority came to an end. In return, the Hungarian applicants may undertake to obtain European protection *under more favourable conditions* and the domestic patent attorneys became entitled to be representatives before the EPO. Since the accession to the EPC the foreign and domestic applicants may have obtained patents for the territory of Hungary via two routes: via the national route, when the examination of the patent application and the grant of the patent are performed by the HPO, and via the European route, when it is the EPO that grants the patent on the basis of the European patent application, following which the right holder validates the European patent for the territory of Hungary at the HPO. (The application for both national and European patents may be based on PCT applications.)

*Number of patent cases aimed at Hungary under international treaties
2002–2006*

	2002	2003	2004	2005	2006
International PCT designations	93 053	99 077	121 264	136 488	149 056
EURO-PCT*	50 000	60 000	62 000	67 000	74 000
European patent applications*	160 000	166 000	180 000	197 000	208 000
Granted European patents designating HU	0	0	260	2 783	10 357
Filed translations of the text of European patents	0	0	18	169	973

*round number

Following the accession to the EPC the patent applications filed via the national route by foreign applicants as well as the PCT-applications entering the national phase have been diverted, in line with the expectations, to the centralised, European route (but as valid rights they affect Hungary). For years the stagnating volume of 700-800 patent applications filed by domestic applicants has shown a *low patent activity*, which has correlated with the *insufficient intensity of domestic research and development and innovation activities, weak IP awareness and the ownership conditions of the Hungarian economy*. In international comparison, the domestic patent application indexes correspond to the low development level of the Hungarian economy and the level of innovation activity.

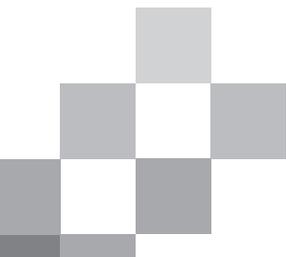
The government measures aiming at the stimulation of innovation, the production of goods and services representing high added value, as the only possible directions for the development of the Hungarian economy, will of necessity entail the growth of technical creations for which efficient legal protection will have to be provided.

*Number of patent applications and requests filed via the national route
2002–2006*

	2002	2003	2004	2005	2006
National applications filed by domestic applicants	842	756	738	699	715
National applications filed by foreign applicants	485	117	63	57	32
PCT applications entering the national phase	4579	3937	1856	519	177

In the European Union, as a result of the development of the regional approach, particularly as regards the small and medium-sized enterprises (SMEs), the *raison d' être* for obtaining protection for the territory of only one or a couple of countries will still survive in the future. Patent granting carried out in national procedure, based on substantial examination will thus remain a *principal task* of the HPO's official patent activity, not only in the medium term but in the long term as well. This will require, on the one hand, a dynamic and innovative economic environment and industrial property awareness, on the other. The Office will contribute, with its own means, to the achievement of these aims in the future as well.

As a result of the measures taken by the Office, the volume of the pending patent cases decreases year by year, *by the end of 2007 presumably 11 000 cases will be underway*, which means a 15% decrease compared to the results of 2006. At the end of December 2006 the number of valid patents were 8 408, out of which 38.5% were pharmaceutical patents. Only 15% of all valid patents were in Hungarian ownership, 85% of the right holders were foreigners: 22% of the patents belonged to German, 19% to American, 8% to French proprietors.



Following 1 January 2003 *most of the foreign applicants* have also requested protection for the territory of Hungary *via the European route*, i.e. in a procedure before the EPO. The other segment of the official patent activity is related to the validation of European patents in Hungary (and the receiving of translations). In 2004 there were only few but in 2006 there were a considerable number (987) of European patents validated in Hungary. *In the medium term the number of European patents validated will predictably reach 10 000 per year*, especially if we decrease the (translation) costs entailed in national validation.

Important tasks related to the patents granted both via the European and the national route include the procedures concerning revocation, decision on lack of infringement and description interpretation, which currently affects not more than 1-3% of the granted rights. Their rate and importance will certainly increase as a result of the Community and Hungarian measures taken in order to enforce industrial property rights.

2.1.4. Substantial patent examination work – in the framework of international co-operation

Since its establishment the HPO has performed substantial examination and it counts on the maintenance of this function *as part of the national sovereignty* in the future, too. A basic precondition for this official activity is the existence of *technical expertise covering all fields of technology*, to which end *it is inevitable to maintain an adequate number of experts*. Without these capacities neither the Community or the international obligations can be fulfilled, nor can be, as prescribed by law, the demands of the domestic customers satisfied on a high quality level. The number of the HPO's examiners would just suffice to cope with the current workload, but it *has to be increased* in order for the HPO to function as a PCT authority, which will constitute a strategic point in its development.

The high level of technical and industrial property knowledge, the search and examination experience as well as the availability of data sources and technology all together form a *reliable basis* for the expected quality of the domestic and international official patent activities. In order to maintain its expertise in examination and its good international reputation, the HPO has also undertaken to perform search and examination in English language, along with the preparation of English language search reports, particularly in regional relations. Our guiding principle is to form working relations in high technology areas.

2.1.5. Patent quality management system

Since 1 July 2006 the HPO, as an inevitable precondition for its substantial collaboration in the international and the European patent systems, *has performed patent search and substantial examination in the framework of the quality management system*. As part of this, we have also prepared and implemented methods to measure customer satisfaction.



2.1.6. Electronic register and application

The electronic register established by the HPO contains the data, prescribed by law, of the applications and granted rights concerning patents, plant varieties, supplementary protection certificates and European patent cases. In these official matters the *records are kept exclusively electronically*. The e-register is available at the website of the HPO and, since the data are public, *may be inspected by anyone*.

The industrial property laws, which were modified in this respect with regard to Act CXL of 2004 on the general rules of official procedures and services, drew up the schedule for introducing the electronic registration system into the official procedures of the HPO. On this basis, after implementing the electronic reception of trademark applications on 1 January 2007, the HPO made possible the *electronic filing* of patent, utility model and design applications and requests for renewal of trademark registrations on 1 July 2007.

2.2. Trademark, design and utility model protection

2.2.1. Trademark protection

Trademarks are the most important type of distinctive sign. A trademark as a distinctive sign serves to *identify and distinguish* the different goods and services and to *better inform* the customers. Trademarks are indispensable tools in our every day life and, as they are generally recognised competition tools, economic competition could not have developed and could not operate without them. Trademarks have diverse functions in a market economy (e.g. in the field of *marketing, advertising* or *franchise*). Trademarks can only fulfil their diverse economic functions by means of legal protection, i.e. by trademark protection. Trademark protection provides an undertaking with the *exclusive right* for the utilisation of a trademark.

The intensification of international competition can also be detected in the rising number of trademarks. In 2006 the WIPO received 37 224 trademark applications for international registration, filed via the Madrid system, that is 12% more than in the previous year; 15 205 requests for renewal of trademark registrations were granted. The leading countries are: Germany, France and the USA. In the same year 77 000 Community trademark applications were filed with the OHIM, that is 19% more than in 2005, and the number of renewals reached 13 000. 65% of the Community applications originated in the Member States of the EU, 15% in the USA and 5% in the Asian countries.

Trademark protection can be obtained for the territory of the Republic of Hungary *via three routes*: the national, the international or the Community route. National trademark protection provides exclusive rights in the territory of Hungary, international trademark protection may extend to the territories of several states, while the territorial effect of

Community trademark protection coincides with the total territory of the Member States of the European Union. At the end of 2006 the number of *valid national trademarks* was 50 516, that of the *international trademarks* valid in Hungary was 152 254, and the number of *Community trademark registrations* valid also in Hungary was 358 277. Each new request for trademark protection has to be judged bearing in mind these numbers of valid protection.

*Trademarks valid in Hungary
(2002–2006)*

TITLE OF PROTECTION	2002	2003	2004	2005	2006
National trademarks	44 650	46 399	46 986	48 292	50 516
International (Madrid) trademarks	144 286	147 387	148 016	149 436	152 254
Community trademark registrations	–	–	237 032	296 780	358 277

Trademarks granted in the national, the international or the Community route are equivalent but because of the different territorial effects they satisfy different customer demands; thus the applicants can choose the optimal solution to meet the needs of their economic activities. National trademarks primarily serve the needs of SMEs oriented towards the domestic market as well as the bigger undertakings using local distinctive signs created specifically for the domestic market. Consequently *more than 70%* of the national trademark applications are filed by natural persons, legal persons or business associations without legal personality, which are domiciled in Hungary. Consequently, the HPO faces the *most domestic customer demands* in the field of trademark protection; *it shows its “image” as an authority to the domestic public primarily in administering trademark cases*. Applying for international trademark protection supposes an economic activity covering several countries, while Community trademark protection is practical for the undertakings entering the market of the whole territory or a considerable part of the European Union. Although the number of international and Community trademark applications of domestic businesses is low (in 2006 these numbers were 252 and 204 respectively), the Community trademark applications have shown a promising upward tendency in the past years.

The number of national trademark applications is substantially influenced by the economic situation of domestic businesses. The decreasing tendency of trademark applications filed via the national route, which started in 2005, has turned, *showing a slight increase*, since the number now is over 4000. In case of international trademark applications the decisive factor is the range of economic opportunities that foreign companies envisage in the Hungarian market, i.e. whether they also plan to enter the market with their goods and services in Hungary. The decrease in the number of international trademark applications correlates with the effect of the interface established between the Community and the international protection systems, as a result of which the Community system has exerted a slight diverting effect. The continuous decrease in the number

of foreign applications aimed at Hungary in the international (Madrid) co-operation since the year of accession to the EU, and the fact that in 2006 this number was already only slightly over 5000 is attributable to the effects of the Community trademark system.

Main figures of trademark applications aimed at Hungary under international treaties and filed via the national way (2002–2006)

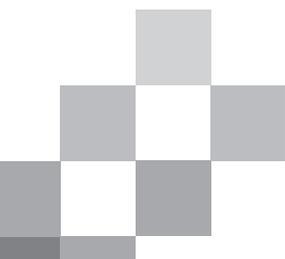
	2002	2003	2004	2005	2006
International (Madrid) trademark applications	8 500	8 784	6 664	5 897	5 123
Community trademark applications	–	–	58 852	64 789	77 411
National trademark applications	5 944	5 677	5 119	4 174	4 237

From the aspect of meeting customer demands it is of utmost importance to *reduce the duration of registration procedure* in the case of national trademarks. To this aim, the HPO has already taken many steps. To attain the goal of reducing the duration of procedure, also set by the Government's programme, we managed to reduce the average 18 to 20 month-long duration of procedure at the beginning of 2005 to 12 to 14 months in 2006, which is equivalent with the *European average*. In 2007 the Office further reduced the duration of procedure with regard to trademarks: in the case of applications without formal and substantive problems the *whole duration of procedure can be reduced to 9 to 10 months*. The HPO offers accelerated services concerning certain official procedures in line with customer demands: the last modification of the Trademark Act made it possible to carry out, on the request of the customer, an *accelerated procedure* concerning trademark registration or cancellation of trademarks.

2.2.2. Design protection

In a modern market economy the outlook, “packaging” of a product is often as important for a customer, if not more important, than the inner quality, that is, its usefulness, value or technical level. Regarding the latter, competition is more and more balanced, this is the reason why design gets ever more importance in raising the marketability of products. Design can fulfil its economic and cultural roles by the aid of legal protection, that is, design protection. Design protection provides for the creator of a design the exclusive right for utilisation. Design protection serves to protect the appearance of industrial or handicraft products. The role of design is the “*image of innovation*”.

For the territory of Hungary design protection can be obtained via three routes: via national, international or Community route. More than 95% of the applicants applying for protection in the national way are domestic legal or natural persons, therefore, this title of protection primarily enriches the marketing tools of domestic enterprises. The



low number of domestic applications show, however, that the *domestic firms do not use* this marketing tool *to a desirable extent*. Hungarian applicants also lag behind the European average in the number of Community applications per one million inhabitants: the European average is seven times higher than the Hungarian one.

The launching of the Community design system in 2003 and the accession of Hungary to the European Union in 2004 generated a considerable reduction in the number of international applications designating Hungary. Since 1 January 2008 the European Union has been a Contracting State of the Hague Agreement, thus, further reduction can be expected in the number of international applications directly designating Hungary.

Number of design applications filed under international treaties designating Hungary, filed via the Community or the national way (2002–2006)

	2002	2003	2004	2005	2006
DESIGN PROTECTION					
Applications filed under the Hague Agreement	984	782	301	353	371
<i>Number of designs</i>	3 588	3 371	1 388	1 170	1 522
Applications for Community design	–	–	14 048	16 817	16 603
<i>Number of designs</i>	–	–	53 892	63 657	64 530
Design applications filed in the national way	444	390	371	262	260
<i>Number of designs</i>	730	717	1 290	961	730
UTILITY MODEL PROTECTION					
Utility model applications filed in the national way	351	316	296	268	285

2.2.3. Utility model protection

Utility model protection serves as a *fast and cost-effective* title of protection for the solutions of technical problems raised by everyday life and the development solutions that *do not reach the level of patentable inventions*. The scope of solutions to be protected is narrower than that of the patentable inventions, and the level of inventive step required for protection is also lower. Domestic applicants make use of this title of protection in more than 90%, which demonstrates its important role in national enterprise development and in the stimulation of the economy.

2.2.4. Protection of geographical indications

The marketing tool provided by the utilisation and the legal protection of geographical indications, namely, indications of source and appellations of origin, shall be highly con-

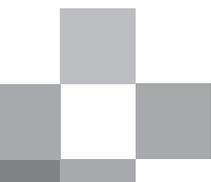
sidered with regard to a successful appearance in both domestic and international marketplaces, especially in the case of agrarian products and foodstuffs. Many of the defining elements of Hungary's *image in the foreign markets* are under protection as geographical indications (e.g. Szeged paprika, Gyula sausage, Makó onion, Tokaj wine).

2.3. Copyright

The HPO has performed functions and competence in the field of copyright since 2000. Act LXXVI of 1999 on Copyright (CA) attached the Body of Experts on Copyright (BEC) to the HPO and the Statute of the Office was complemented by the copyright-related tasks. The HPO has *given its opinion on the tariffs determined by the organisations performing collective management of rights* since 2004, it was also then that the competence of the *Mediation Board* operating within the BEC was completed concerning certain issues of free use. Since 2006 the HPO has been keeping a *voluntary register of works* by virtue of the authorisation of the CA. Among others, the main copyright-related tasks are as follows: *elaboration of copyright-related draft legislation; performing tasks related to international and European co-operation* in the field of copyright; *examination of the effectiveness of copyright legislation; analysis of the application of law in practice*; participation in the information, promotion and education service activities concerning intellectual creation and intellectual property protection; operating the BEC; giving opinion on the tariffs concerning each mode of use determined by the organisations performing collective management of rights and on schedules of fees concerning other conditions of use prior to their ministerial approval, as well as keeping the voluntary register of works.

Hungarian copyright legislation is considerably determined by the international and European legislation. The CA is *fully harmonized* with all international treaties and European Community directives on copyright. Currently eight Community directives, some of them re-codified, regulate the individual areas and institutions of copyright. Uniting these directives into a single consistent copyright directive is on the agenda of the European Union. From the international treaties concerning copyright the WIPO Internet Treaties of 1996 should be pointed out, which provide responses to the challenges of the digital technologies in copyright. Since 1996, however, the pace of development in international copyright law has slowed down: approximation attempts in copyright under the aegis of WIPO have repeatedly failed: international treaties on the legal protection of database producers, audio-visual performances, broadcasting organisations have failed to be concluded. The negotiations in preparation of these treaties have collapsed, on the one hand, because of the differences between the European legislation and that of the US, and, on the other hand, because of the different expectations of the developed and developing countries concerning these treaties.

Among the most important challenges that copyright has to face the following should be mentioned: the *digital development*; the *sustainability of the traditional system of col-*



lective management of rights in the internal market of the European Union without frontiers; the *anti-copyright* movements standing up against the monopoly and regulation given by copyright and questioning the social role and importance of copyright; as well as the issue of *enforcement of rights*.

The challenges of information society require the adaptation of copyright and its legal practice to the reorganised technological and business environment. At the same time the opportunity offered by digitalisation helps the archiving of the wealth of knowledge and creation, the preservation of cultural diversity: in this field *striking and preserving a balance* between the interests of right holders and the demands for education, culture, scientific research and free access to information *are of vital importance*. The opportunities offered by technological development also affect television and radio broadcasting: both the *Digital Switchover Strategy* and the *National Audiovisual Media Strategy* deal with the relationship between digital broadcasting and copyright.

The issue of rights enforcement is also an acute problem in the field of copyright. Hungary is being criticized year after year not only by the interest groups engaged in copyright enforcement, but also by the Office of the United States Trade Representative (USTR) in its annual Special 301 Report prepared on the intellectual property protection situation of the states qualifying as trade partners (among others Hungary). According to the data published in 2007 by the *International Intellectual Property Alliance* (IIPA), a private sector coalition to represent the U.S. copyright-based industries in bilateral and multilateral relations, in Hungary 42% of the business software industry, 40% of the entertainment software industry and 35% of the sound recordings and musical compositions industry comprise counterfeit products. According to the *Hungarian motion picture anti-piracy organisation* (ASVA) the film industry lost HUF 6 billion due to piracy last year; in Hungary out of 10 downloads 9 are illegal, out of 10 DVD-Rs 9 are pirated. According to the anti-piracy organisations in Hungary there is an estimated loss of HUF 100 billion per year in the industries concerned due to copyright infringement. All this requires a decisive and concerted governmental action.

2.4. Legal activities and IPR diplomacy

2.4.1. Sound legal framework – European ties

Tradition and internationalism

The development of the Hungarian industrial property and copyright protection systems has been characterised by century long traditions and intensive international and European orientation. Hungary has been party to the basic international industrial property and copyright treaties for a long time. The intellectual property protection systems have traditionally been developed under strong European influence.



After the change of regime our industrial property and copyright laws have been quickly renewed and modified in accordance with the needs of the market economy. In this codification procedure, concluded both on the basis of the Europe Agreement establishing an associated status for Hungary and as a preparation for the accession to the European Union and the EPC, European harmonization has played a guiding role.

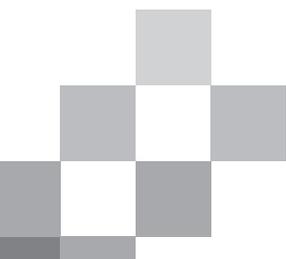
The HPO and the Hungarian intellectual property protection system, relying on this existing sound legal framework, could, in an up-to-date legal environment, successfully respond to the challenges of the European integration.

In the European organizations

The HPO took a proactive and, in line with its professional competence, decisive role in the preparation for, and in the process of, the accession to the EPO as well as in the negotiation of the intellectual property issues during the EU accession negotiations (e.g. reaching an agreement favourable to the National Health Insurance Fund on the supplementary protection certificate for medicinal products).

Since the accession to the European Union the HPO has been responsible for the operation of the expert group responsible for intellectual property of the Interministerial Committee for European Affairs. In the decision making procedures of the European Union we have developed and represented the Hungarian position in many issues of great significance (e.g. Community patent and Community patent litigation; in the so-called “software patent“ debate; in the issue of design protection of spare parts; in the topic of supplementary protection certificate for paediatric medicinal products or in the question of compulsory licensing reconciling patent exclusivity with the health care aspects of developing countries). The HPO participated in preparing and representing the Hungarian position, which resulted in the fact that *the proceedings commenced on the subject of the “tokaji” appellation of origin before the European Court of Justice were concluded in favour of Hungary.*

It is due to the action of the HPO that in the EPO we managed to avoid further centralisation of the European patent system that could have been to the detriment of the smaller and the Central and Eastern European countries, and also that the *European Patent Network* (EPN) could be established, which presupposes the substantial co-operation between the national patent offices. The Hungarian IPR diplomacy has also contributed to the recognition of the indispensable role of national patent offices in the Community trademark and design protection systems.



Quality work in the codification and legal harmonization

In line with the aforementioned, the HPO, maintaining its traditions, has taken an active part in the *overall renewal of the legal environment* of intellectual property in Hungary (meeting the requirements of market economy as well as those of the European integration). The high quality of the intellectual property legislation is regularly praised in the Hungarian Parliament with great emphasis. Both the Hungarian and the European professionals recognize the Hungarian legislation as being *up-to-date and of good quality*. The codification work of the HPO, generally in co-operation with the Ministry of Justice, can be compared to that of a ministry.

For a long time the HPO's activity in the preparation of legislation has been characterized by *close co-operation* with the interested circles and interest groups, *publicity and transparency* (the HPO used to publish the draft legislations on its website much before it became a legal obligation), and a codification method that is based on wide consultations. When drafting IPR legislation *it has become common practice to prepare impact assessments*: e.g. accession to the EPO and the related measures to that aim were preceded by the preparation of an overall impact assessment, and during the accession negotiations on the subject of supplementary protection certificate for medicinal products the successfully represented Hungarian position was also based on the assessment and presentation of its impacts; a detailed impact assessment was worked out in the debate of the patentability of computer-implemented inventions, as well as in the so-called software patent debate. To date impact assessment is considered as an integral and generally established part of the preparation of legislation in the HPO.

2.4.2. IPR centre of the region

The HPO *representing professional excellence* has a leading role in our region. It is the driving force of the co-operation between the Visegrád countries, and it also maintains a special relationship with the Romanian authority. On the request of the WIPO and the European Commission the experts of the HPO have already conducted several important professional missions, among others, in Albania, Bulgaria, Croatia, and Romania. Several national offices of our region have requested the HPO to perform patent researches for them.

2.4.3. International and European projects

It is the HPO's ambition to highly exploit the possibilities of the international and the European projects. Only to mention a few:

- in 2006 among the national offices of the 25 Member States of the EU it was only the Danish and the Hungarian national offices that submitted successful and excellent projects in technical co-operation to the OHIM responsible for the operation of the Community trademark and design systems;

- the HPO is a member of the consortium that received support from the European Commission's eContent programme for the development of a web-based service (eMage- and eMark projects) that makes it easier for customs officers to recognize counterfeited products;
- in 2005 the EPO Patent Information Conference and the PATINNOVA'05 of the European Commission were co-organized in Budapest;
- firstly in the Central European region and thirdly in Europe the HPO (in co-operation with WIPO) has made a survey *on the economic contribution of copyright-based industries in Hungary*.

2.4.4. Professional representation tasks

The HPO fulfils the task of *representation of the Hungarian government* in the WIPO, in the TRIPS Council of WTO, in the EPO, in the governing bodies of the OHIM and the Community Plant Variety Office (CPVO) as well as, in an agreed order, in the expert groups of the EU Council. Besides, relying on the recognition of its professional activities, the HPO could achieve that its managers and experts could occupy important elected positions in the above-mentioned organizations and bodies.

2.4.5. Economical mission policy

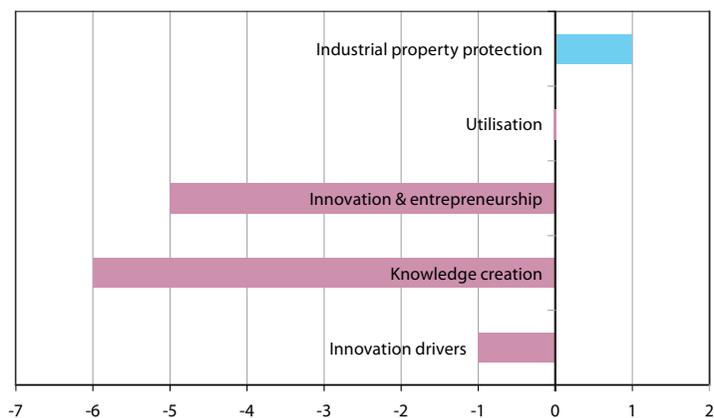
Our successful professional diplomacy is based on a target-oriented and economical mission policy: in 2006, about 63% of the total missions abroad were directed towards the fora of the EU or of the European Patent Organisation, and WIPO meetings also represented a high proportion. 60% of the costs of the trips were reimbursed by the receiving organisations.

2.5. Innovation support

2.5.1. Innovation support targeted at specific groups

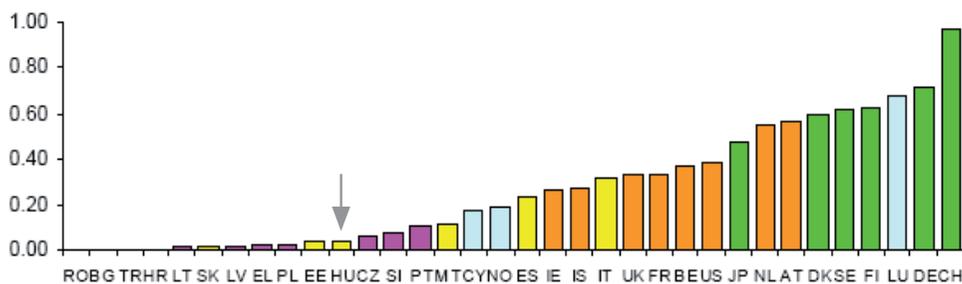
The Lisbon Strategy defined innovation as a basic factor determining the economic competitiveness of the European Union. As regards the enforcement of the Lisbon goals, Hungary is considered as a country lagging behind the competitors, where the ratio of R&D investments does not reach 1% of the GDP. This falls short of the 3% set by the European Union as a goal to be achieved by 2010. According to the *European Innovation Scoreboard*, which regularly measures the innovation performances of 34 countries, on the basis of the composite innovation index, in 2006 Hungary was ranked 25th; this ranking demonstrates the backwardness of Hungary. With respect to industrial property indicators closely correlated with the position of domestic innovation, we are at the end of the middle group, taking the 24th place. In 2006, out of the innovation indicators the survey showed an improvement only in the field of industrial property protection.

Change in the Hungarian innovation indicators
(2005–2006)



Source: http://trendchart.cordis.europa.eu/tc_innovation_scoreboard.cfm

Ranking of Hungary in the field of intellectual property protection in 2006



Source: European Innovation Scoreboard 2006, Comparative analysis of Innovation Performance, p. 4
http://www.proinno-europe.eu/doc/EIS2006_final.pdf

22-23% of the domestic SMEs (16-17 thousand companies) are innovative enterprises, while 75% thereof are totally inactive in terms of innovation. According to a survey conducted jointly by the HPO and the Hungarian Chamber of Commerce and Industry, 72% of SMEs do not expend on product development at all. *Not more than 16% of them meet the Lisbon expectations*, while in the case of 84% of the SMEs the innovation activity is underfinanced also at present.

The HPO contributes to the support of domestic innovation with its own special range of tools. Following the European trends, the innovation supporting and awareness-raising activity carried out since the 1990s has aimed at meeting the specific needs of the following four target groups by means of *customer service, education, network building*

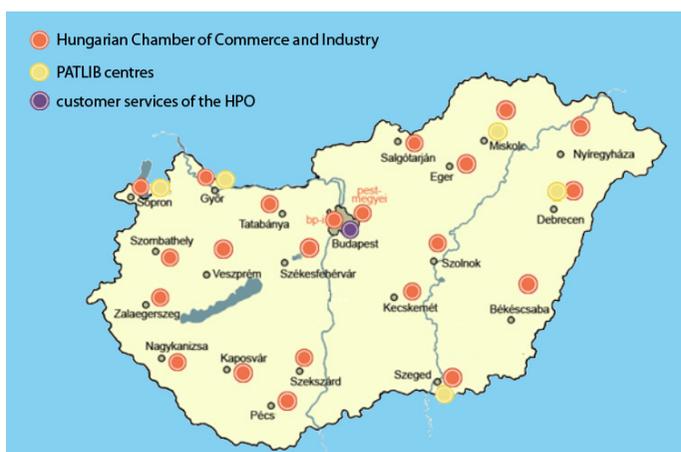
and the website: support of SMEs within the framework of the VIVACE programme; R&D university knowledge centres; governmental and official sphere; intellectual property support to circles of IP specialists and the public at large.

2.5.2. VIVACE programme

The HPO launched the Action Plan Promoting Industrial Property Competitiveness of Entrepreneurs, the so-called *VIVACE programme*, in 2003 in co-operation with the Hungarian Chamber of Commerce and Industry and with the financial support of the Ministry of Economy and Transport. The programme was aimed at heightening the awareness of the industrial property system within SMEs. The HPO's activity supporting the enterprises' innovation and its range of services won international recognition. *VIVACE was placed among the 15 best European IP supporting programmes*, being the only one out of the similar initiatives of the new Member States. No similar complex programmes are offered by government organisations in Central and Eastern Europe.

The VIVACE programme has three pillars, namely: 1. *development of industrial property services*, including network development; 2. *development of industrial property education*; 3. *participation in the development of economic incentives* facilitating the acquisition of protection (tenders, tax refund). The national industrial property information network established within the framework of the programme receives the requests of enterprises at 25 information points of the Chamber, while the 5 PATLIB centres set up at university knowledge bases (Miskolc, Szeged, Debrecen, Sopron, Győr) are mainly at the disposal of researchers and teachers. By means of this service network, intellectual property information reached 45 000 enterprises. In the first two years of the programme more than 26 000 requests were received, i.e. more than 10 000 enterprises availed themselves of the opportunities offered by the VIVACE programme.

National intellectual property information network



The HPO takes part in the establishment of the international innovation supporting, IP awareness-raising best practice and it joined certain projects launched by the European Commission in the field of innovation and intellectual property protection (e.g. IP4INNO project).

2.5.3. Co-operation with knowledge centres

The HPO maintains close connections with higher education institutions, the intensity of which is meritorious also in international comparison. As a result of its co-operation with the most important universities of the country, intellectual property education was introduced in *15 higher education institutions*. In the past three years 5300 persons received industrial property training, which is a rare number even in the industrialised countries.

In order to encourage the intellectual property activity of Hungarian universities, university knowledge centres and public research institutes and to promote the economic utilisation of their research results, the HPO launched an action programme. Within this framework the HPO issued *methodological guidelines* providing assistance for the above institutes to elaborate their IP regulations, introduced IP training courses on a quarter-yearly basis to the researchers of the *Hungarian Academy of Sciences*, elaborated an *online accessible e-learning* package in the field of patents and prepared a so-called *Startup Guide* containing business advice for startup artistic enterprises.

The European Patent Office endorses the establishment of technology transfer offices at universities and at PATLIB centres with the participation of national offices. The HPO joined this programme in the pilot phase already.

2.5.4. Awareness-raising in the governmental sphere

The HPO promotes the enhancement of awareness of the industrial property system and the dissemination of industrial property culture among governmental, law enforcement and border authorities and civil organisations by means of several tools and programmes. For example, in 2006 it provided intermediate industrial property training to the staff of the *Hungarian Police Headquarters*. It ensured free access to its distance teaching system for *ministries and for the authorities concerned* on registration. It participated in the eMage project funded by the European Commission, a *facility to filter out counterfeit products* and support the enforcement of rights, and in the eMarks project aiming at the market validation of the former service.

Intellectual property aspects, constituting a condition of successful innovation activity, should, as a basic principle, be represented as strongly as possible in the *system of R&D&I tenders*. As regards the majority of innovation supporting tenders, it is already possible – although only optionally – to *claim the costs of the acquisition of industrial property protection*. Tenders promoting the obtainment of protection abroad or further-

ing the exploitation of intellectual property have also appeared. In addition to this, *SMEs can deduct the costs of acquiring domestic protection from the taxable amount.*

2.5.5. Broadened range of services

Taking into account the international experience of offices providing quality services, mainly that of the British, Danish and Austrian offices, the HPO is gradually developing its *fee-based higher-level* industrial property services extending beyond the free-of-charge information activity of the customer services. As from 1 May 2004, any trademark proprietor can ask for trademark monitoring, by means of which applications conflicting with his trademark can be filtered out. Since November 2005, an applicant can request an opinion on the chances of his invention's patentability in the early phase of the procedure (novelty search complemented with written opinion). Since July 2006, fee-based higher-level services in the field of patent and trademark search (express patent search, simplified trademark filtering) have provided indispensable industrial property tools for the actors of the Hungarian economy to make well-founded business decisions. From November 2007, customers can get a preliminary search report regarding a trademark application or an already registered trademark.

Since the autumn of 2007, the HPO has offered five patent search services in a *new, uniform package* both to domestic and foreign customers (novelty search, novelty search with preliminary patentability report, preliminary patentability report, validity search and freedom to operate search). The development of this search package, which can be requested also *in English, French and German* languages, was stimulated by the fact that the European Patent Office transferred the so-called *special searches*, performed exclusively by it until now, to 14 national offices participating in the European Patent Network, among them the HPO.

An important step on the road to *becoming a regional industrial property competence centre* was the launch of the CETMOS project aiming at the simplification of trademark searches, implemented on the basis of Austrian and Hungarian professional co-ordination. With the Austrian and Hungarian national offices taking a leading role, the project has led to the establishment of a new regional service network, not existing before on European level, with the co-operation of nine Central European countries (Austria, Bulgaria, Czech Republic, Croatia, Hungary, Poland, Romania, Slovakia and Slovenia).

2.6. Institution management

2.6.1. Government office with independent financial management

The legal status and financial management of the HPO are laid down in the Act on central state administrative organs and on the legal status of Government members and state secretaries as well as in the Patent Act. By virtue of these Acts, the HPO is the govern-

ment office responsible for the protection of intellectual property; *it has an independent financial management, covers its operational costs from its own revenues (which cannot be transferred to the central budget, unless otherwise provided by the Act on Public Finance), and may form a financial reserve from its revenues.* As a government office, it is a budgetary organ, whose budget represents an *independent title* within the budget chapter of the Ministry of Economy and Transport headed by the supervising minister.

The HPO is self-financing, it fulfils the obligations deriving from its functions and competence practically without any budgetary subsidy, *solely to the debit of its revenues. Fees for industrial property administrative services, fees and reimbursements due to the HPO under international procedures, fees for the Office's services and other revenues* serve as resources of expenses necessary to perform the tasks. 90% of the annual revenues are made up of fees for administrative services.

The HPO's revenue planned for 2007 was HUF 3 477 million, thus the available appropriation of revenues and expenditures was less than in the previous years. The fulfilment of an obligation to pay HUF 502.9 million into the central state budget ordered by law in 2007 to improve the balance of public finance meant *a heavy financial burden.* The shortage of revenue will presumably continue in 2008 and there will remain an obligation to pay HUF 321 million into the central state budget.

2.6.2. Highly qualified human resources

The HPO, as a central budgetary organ, performs its tasks with *controlled staff and wages management*, almost exclusively with *civil servants.* Owing to central rules, since 2003 it has been forced to continuously reduce the work force, as a result of which the staff number decreased by about 20%, it was 218 persons at the end of 2006. The recently adopted Government decision 2186/2007. (X. 18.) Korm. determined for the HPO a staff number of 215 persons. This is *critically low* even in international comparison: the staff of the Czech and Danish offices, whose functions and size of clientele are most similar to those of the HPO, are higher by about 20% (252 and 250 persons, respectively). The staff number of the Polish, Finnish, Swedish and Spanish national offices is above 400 persons each, which is almost double the HPO's.

At the end of 2006, the proportion of persons performing basic activities was as high as 72%, that of persons performing functional activities was 19% and auxiliary activities were performed by 9%.

One of the most valuable assets of the HPO is its highly qualified personnel having internationally recognised expertise. At the end of 2006, 79.8%, or 178 persons, had higher qualification, 23.9% of them had two or more degrees. Remarkable is the high number of persons having academic degrees (40), advanced level and intermediate level industrial property qualification was obtained by 95 and 57 persons, respectively. The HPO's officials speak several languages: 135 persons possess altogether 213 language



certificates. Besides these impressive qualification indicators, it is much more important that the HPO's officials have the special expertise necessary to conduct industrial property procedures. This *unique and irreplaceable knowledge base is jeopardised* by the annually recurrent, centrally ordered work force reductions, and this loss can, if at all, only be repaired at heavy costs.

The *Hungarian industrial property professional culture and professionalism* are organised around the HPO. Preservation of the circles of invaluable industrial property specialists and the effective utilisation of their knowledge are in the interest of domestic high-tech sectors, the research and development workshops and the innovative SMEs.

In the HPO there is a *long-standing tradition of a quantitative and qualitative requirement system broken down by persons*. As regards the introduction of the principle of performance in public service, the HPO was ahead of the objective of the Government programme, as the system of differentiated requirements and incentives based on performance measurement has been operating in the industrial property official fields for more than ten years.

2.6.3. Structure with the attached bodies

The *President* is at the head of the organisational hierarchy as a *one-person responsible senior executive*. He exercises his rights of direction and supervision directly as well as indirectly through the *Vice-Presidents* and the *Director General for economic affairs*. The HPO's *organisational structure has been stable for a long time*; the staff of 215 persons is grouped into 7 departments. The profiles of the organisational units coincide on the whole with the structure existing in the international practice (e.g. with that of the Czech or Danish offices). This stability did not exclude the adaptation of the inner structure and operation to challenges facing the institution, priority tasks or environmental impacts. The HPO's working culture is characterised by *horizontal co-operation* and a *strong project approach*. The organisational structure ensures the professional direction on the basis of the linear organisational model, at the same time *task-driven and advisory functions* characteristic of staff management have also emerged, furthermore, rules on the establishment and operation of *teams responsible for individual projects* have been adopted.

The functions of the HPO and the activity of the President are facilitated by bodies having jurisdiction laid down by legislation: these are *the Hungarian Council for the Protection of Intellectual Property*, the *Body of Experts on Industrial Property*, the *Body of Experts on Copyright*, the *Board for Patent Attorney Examination* and the *Hungarian Design Council*.

2.6.4. Information technology data assets

Following from its basic activity, the HPO possesses *valuable data assets*. Therefore, an important element of asset management is to manage data assets in the service of public interest and also to generate international influence. As a result of technical progress, the proportion of paper information carriers decreased, and *more than 90%* of industrial property information *are stored in electronic format*. The HPO ensures storage on high-capacity storage devices and publication and availability in databases on *CD-ROM, DVD* and on the *Internet*. Due to legal prescriptions, storage, accessibility and, as necessary, moving of paper carriers must be maintained.

Since the '90s, the *Uniform Record System* (ENYV) has also served as a source of official data supply, which has worked from the outset as a system of inner development. ENYV forms the backbone of specific information technology services, supports administration in each title of protection and covers the whole life cycle of industrial property cases. Further derived databases and the relevant systems work together with ENYV. These are e.g. the daily updated electronic register accessible also on the Internet or the *Public Industrial Property Aggregate Collection for Search* (PIPACS) containing the data of all titles of industrial property protection in a uniform, integrated system. PIPACS is very popular and is used to a large extent both nationally and internationally.

The official journal of the HPO is the monthly published Gazette of Patents and Trademarks, which entered its 112th year. Since January 2006, the Gazette has been published electronically and since January 2008 it is issued twice a month with respect to its trademark columns.

The stock of the Patent Library is stored on traditional (paper and microcarriers) and on electronic (CD-ROM, DVD-ROM) carriers. This means approximately *10 million paper and electronic patent documents each, which do not overlap*. Some part of the paper collection is a repository of important documents of the history of technology. With the incursion of electronic carriers, collection of paper documents ceased, except for the Hungarian patent specifications, from the end of the '90s.

The total data asset of the Industrial Property Professional Library has been processed in the Huntéka *integrated computerised library system* and is accessible and retrievable both on the Intranet and the Internet *for any user*.

The *integrated management system*, the SAP, has been working in the HPO since 2002, furthermore, an in-house developed system of managing internal demands and an institutional integrated labour system have also been introduced. Preparations are underway to introduce a *general and uniform electronic document management system*.

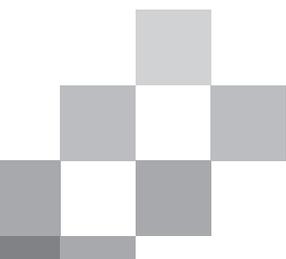


2.7. SWOT analysis

The HPO conducted the SWOT analysis evaluating the strengths, weaknesses, opportunities and threats separately for institutional operation and professional activity; the result is summarised in the following two tables. All these give direction, as a good compass, for the careful planning of the strategic objectives and actions and are also useful for feedback and control.

INSTITUTIONAL OPERATION

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ■ Highly qualified and creative community having competitive knowledge and strong professional dedication ■ Firm commitment of management ■ Co-operative, flexible, innovative community ■ Up-to-date infrastructure/fixed assets ■ International recognition ■ Near-to-market operation ■ Interdisciplinarity ■ Proactivity 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ■ Uncertain exterior environment, incalculable central interventions (workforce reduction and curtailment of resources) ■ Narrowing of retaining capacity, loss of expertise, workforce migration ■ Lessening of incentives and internal interestedness ■ Long-term planning becomes unfeasible ■ Internal resistance to changes ■ Demand for services surpassing our capacities
<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ■ Unevenness of experiential age pyramid/capacity/workload ■ Centrally prescribed dysfunctional financial frames ■ Lack of organisational flexibility within the Office ■ Culture of execution (monitoring), feedback ■ Eventuality of user-centred communication 	<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ■ Broadening of rights, obligations and tasks deriving from the government office status ■ Role of economic development integrator ■ Role of innovation "litmus paper" ■ European patent network, filling up of regional vacuum, becoming a regional centre ■ Involvement of international and domestic sources ■ Cultural opening, role of catalyst ■ Management of our own revenues



PROFESSIONAL ACTIVITY

Strengths	Threats
<ul style="list-style-type: none"> ■ Qualitative official operation, provision of quality services ■ Stable legal status ■ Developed international social capital, European influence ■ Innovative foresight, proactive action, initiative ■ Professional traditions, prestige, management of traditional values by using the most recent knowledge ■ Overall competence (horizontal and vertical) in management and execution ■ High-level, internationally recognised specialised knowledge and expertise ■ Effective ability to enforce professional interests ■ Awareness of the norms of official culture 	<ul style="list-style-type: none"> ■ Critical staff number compared with the duties, lack of time and money for developments ■ Fall in demands, decline and stagnation of R&D activity, deterioration of competitiveness of SMEs ■ Anti-patent, anti-copyright movements, anti-monopolism ■ Black economy gains ground ■ Weakness of intellectual property awareness ■ Further centralisation in Europe
Weaknesses	Opportunities
<ul style="list-style-type: none"> ■ Conflict of increasing specific workload and demand for targeted technical knowledge ■ Operation of the judiciary system, situation of law enforcement in general ■ Insufficiency of easy-to-understand communication ■ More sensitive survey of user demands because of lack of social awareness ■ Non-market regulation under market conditions (management of intellectual property assets) 	<ul style="list-style-type: none"> ■ Besides the national office status becoming a regional/EU competence centre in a globalised environment ■ Broadening official role in networked co-operation (PCT, CETMOS) ■ Initiation of international projects and new national projects ■ EU presidency in 2011 ■ QMS in all official fields, introduction of ISO/CAF ■ Development of the training system (e-learning) ■ Innovation in the focus of the Government: strong catalysation of creative industry ■ Inclusion of the possessed knowledge base in the governmental decision-making process

III. TARGET STATUS – VISION FOR 2010

**The HPO – as a competence centre playing a decisive regional role
in the European networked co-operation –
stimulates an innovation-based dynamic economy
with competitive, differentiated and flexible,
internationally recognised official activity and services.**

**In this, it relies on a transparent and consolidated regulatory background,
preserved and continually developed knowledge capital
as well as on a self-supporting operation within calculable circumstances,
forming its environment by means of communication capable of dialogue.**



IV. STRATEGIC OBJECTIVES – ACTIONS, MEASURES TO BE TAKEN

The implementation of the HPO's mission and vision requires coordinated progress in several strategic fields. This chapter *identifies, adjusted to the strategic pillars, the individual objectives and presents actions and measures necessary for their implementation*. Where appropriate, it describes the tools necessary to achieve the objectives and also gives the *indicators*, which may contribute to the monitoring the implementation of the strategy.

4.1. Renewed official profile

For the HPO facing new operational circumstances and accommodating itself to a reorganised set of relations within the European integration, official examinations and procedures in the field of industrial property (and in certain cases: copyright) will still remain, in the long run, the basic activities. The maintenance of the official profile and capacity in a renewed form is an inevitable institutional-infrastructure precondition for the strengthening of innovation and competitiveness in Hungary.

The main specified aims attached to the renewed official profile are the following:

- We will develop *new forms of activities* by further developing the European and the international co-operation.
- We will make the activities of the HPO recognised on the basis of the relevant international and *European quality management practice and control systems*.
- We will *streamline* the official activity, we will *simplify* the procedures and, where appropriate, we will *accelerate* and *enrich* the procedures in order to better serve the differentiated customer demands.
- We will *restructure* the basic official *administration and information systems* and *harmonise* them with the European and Hungarian electronic government programmes.
- We will also make publicly known and recognised the HPO's *official tasks and services concerning copyright*.

4.1.1. Creation of new forms of activities by further developing the European and the international industrial property co-operation

New role in the European and the international co-operation

In the international patent co-operation it is the PCT system, administered under the aegis of the WIPO, that has a decisive role. In this system by filing of a single international application a patent may be claimed in more than 130 Contracting States of the PCT. However, "world patent" cannot be obtained, even in the PCT system, since, in order to obtain actual protection, subsequent to the international phase, the proce-

dures of the national phase should be carried out in each Contracting State. Besides the International Bureau of WIPO, the so-called international search and preliminary examining authorities (PCT-authorities) undertake a considerable part of the operating of the PCT system. In the so-called international phase it is these authorities that fulfil the search and preliminary examination tasks. In order to obtain the PCT-authority status the requirements based on the PCT concerning examining capacity, documentation and quality management, have to be complied with. In Europe, besides the EPO, currently the Finnish, the Spanish, the Swedish and, with limited authority, the Austrian national offices operate (also in accordance with the Protocol on Centralisation of the EPC) as PCT-authorities. Besides them, in order to obtain PCT-authority status, the national offices of certain Scandinavian states have united their examining capacities in an international organisation specifically established to this aim. This organisation (the Nordic Patent Institute) started its operation on 1 January 2008. More and more national offices worldwide qualify themselves as PCT-authorities. This way, they not only make the quality of their examining capacity and official activity recognised globally, but also (and primarily), by offering the most favourable conditions, open up the possibilities of obtaining international protection for their national industry.

The basic strategic objective of the HPO is to create the necessary conditions for a PCT-authority status up until 2010 (the most important being to increase the number of patent examiners), and, within this strategic planning period, to be able to start the preparations for taking steps in order to obtain the necessary international authorisation. By the end of this period the organisational solution necessary to achieve this aim should be crystallised, i.e. whether the HPO should aspire for a PCT-authority status independently or in regional co-operation.

The favourable effects of the HPO's operation as a PCT-authority are expected to exceed the boundaries of the Office and even those of the industrial property system. By its positive impact it could *revitalise* the whole Hungarian industrial property "infrastructure", it could balance the adverse effects arising from the reduction of the linguistic (translation) requirements in the European protection systems, and it could contribute to Hungary's becoming of a *regional centre* in certain areas of R&D and innovation.

European networked co-operation

As a result of the so-called strategic debate having taken place in the EPO during the last years, a new horizon opened up for the European patent system. What has been at stake is no less than:

- providing equal rights and equal rank to the Contracting States and to the national patent policies;
- restoring, and even strengthening, the democratic legitimacy of the EPO and the directing role of the Administrative Council comprising the representatives of the Contracting States;
- improving effectiveness and quality within the whole European patent system; and



- the strategic decision whether the European patent system should move towards further centralisation or rather towards networking.

The debate essentially aimed at maintaining, and even strengthening, the expertise necessary to operate the national industrial property infrastructure and to serve the needs of the domestic industry, while preserving, with an increased efficiency, the central role which the EPO plays in the European patent granting procedure. The strategic debate was concluded by a decision of the EPO Administrative Council's session in June 2006, which established the European Patent Network (EPN). This decision set the directions of the development of the EPN as follows:

- utilising the *search results* of national offices in the procedures before the EPO;
- applying the *European quality management system* to official patent searches and examinations;
- transferring the EPO's *non-official* search and other (e.g. classification) tasks to the national offices;
- *renewing the technical co-operation* between the EPO and the national offices on the basis of the so-called partnership concept;
- measuring the workload to be expected in mid-term in order to define the EPO's substantive work that could be *outsourced to the interested national offices*.

The European Commission has also appraised the outcome of the strategic debate within the EPO, in line with the fact that the *political agreement reached in the European Council in 2003 also assigned substantive work* to the patent offices of the Member States. Since then the pillars of the EPN have started to be established. The HPO has an ambitious and proactive role concerning all the elements of the EPN. The strategic tasks of the years 2008 and 2009 will be to become fully integrated into the *European quality management system*, to participate in the *EPN user support activities*, to utilise effectively the *technical co-operation* with the EPO and to keep the issue of *outsourcing* on the agenda of the EPO.

The early and complete implementation of the decisions on the EPN will also *facilitate the competitiveness of the domestic industry and the improvement of the innovation potential and industrial property position thereof*. On behalf of Hungary we have always supported the “networking” model of the European patent system as opposed to further centralisation, since the patent system can only remain this way in the service of the European competitiveness and of the domestic industries (especially SMEs). The success and productivity of the European supranational organisations (like the EPO) do not show as close a correlation with the competitiveness of the European industry as those of the *national infrastructure*.

“On the departure and arrival sides” of the European systems

The operation of both the European patent system and the Community protection systems of the European Union presupposes the collaboration of the national industrial

property institutions. The national industrial property system has an inevitable role both in the departure for obtaining European (Community) protection (“on the departure side”) and in the enforcement of the European (Community) rights granted (“on the arrival side”). The effective operation of the interfaces between the European supranational protection systems and the national ones can considerably contribute to the strengthening of the competitiveness and the market position of the domestic enterprises. It is our important strategic objective that the HPO performs during the period up until 2010 the new *tasks* arisen since 2003 or 2004 in relation to the European patent system and the Community titles of protection (trademark, design, plant variety and geographical indication) *in line with the expectations of the clients and the interested European offices* (EPO, OHIM) on an ever higher level.

4.1.2. Making the activities of the HPO recognised on the basis of the relevant international and European quality management practice and control systems

Quality service in the EPN

The precondition of a substantive participation in the EPN under construction is to meet the requirements of the European quality management system. In the official patent activity of the HPO, in accordance with the previous mid-term strategy, a quality management system complying with the European requirements has been set up and started to operate in the past years. With the maintenance and further development of this system the HPO will be able to smoothly integrate *into the EPO’s quality management system* in the course of 2008. This way, the HPO may offer official activities and services recognised on a European level to its clients; the latter being able to use the HPO’s search and examination results as “European products” in their European and international patent strategies.

Quality in all titles of protection

It is our aim to *extend* the quality management set up in the patent field, with the necessary adaptations, *to all titles of protection* as from 2009. *We wish to provide quality work in all activities of the HPO.*

Measuring customer satisfaction

With the arrangements outlined in the previous mid-term strategy the HPO has already introduced the measurement of customer satisfaction *in all of its official activities*. The task of the period ahead is to evaluate and utilise the results obtained. On the basis of the feedback from our customers we have to improve continuously the quality of our official activities and services.



Implementing the CAF system and obtaining the ISO certificate

By 2010 we will *implement the CAF system* (Common Assessment Framework) for the assessment of the HPO's activities and we will obtain the *ISO certificate* with respect to certain official activities.

4.1.3. Streamlined official activities offering a wide range of procedural options

Consolidation of the regulation and the administration

Regulatory and administrative consolidation is an absolute precondition of the *customer-oriented development* of the official activities. Consolidation of the legal environment, which has been exposed to numerous modifications earlier (e.g. due to the accession to the EPC and to the EU and to the entering into force of the Act CXL of 2004 on the general rules of official procedures and services), and a predictable and crystallised jurisdiction are as much necessary as providing a solid basis for the internal administration of the official procedures. It is inevitable to complete these *tasks in order to further enrich the procedural options tailored to customer demands* and to *continue the simplification and acceleration of the procedures*.

Further simplification and acceleration of the administration

By relying on the measures taken previously and the impressive results achieved so far, we will further explore and effectively utilise the possibilities of accelerating the procedures. It is our aim to finely *adjust the duration of our official procedures absolutely fitting to the different business, marketing and other needs of our clients*. We will explore further possibilities for simplification and acceleration of procedures on the basis of the feedback received from our clients and our own officers. In this activity we also count on the co-operation of our clients. By the end of 2008 we intend to *provide registered trademarks not later than in one month* for the enterprises interested in entering the market promptly, by the particularly accelerated procedure introduced by the modification of the Act XI of 1997 on the protection of trademarks and geographical indications in 2007.

Competitive national official profile

The special “pitfall-situation” emerged in the centralised European (and Community) protection systems offers an opportunity of breakthrough for the national offices. The *quality* of the official work done by the EPO and the OHIM *has fallen victim to quantity*. These offices can only cope with the flow of applications and, as a consequence, with the intense pressure for performance to the detriment of the quality of their search and examination work. This appears to be an opportunity, or rather, a demand for the national industrial property authorities: by their high quality official services better tailored to the needs of customers they *have to fill the gaps left open* by the incomplete and insufficient operation of the European offices. In this effort, in this “market”, the national industrial



property offices (while looking for each other's alliance) *have already become competitors*. In this regard, the official profile of the HPO should be renewed by taking into consideration the similar developments introduced in other national offices.

Profile development and rationalisation of the organisation

The HPO substantively contributes to the governmental review of public tasks. As part of this activity, we plan to *take over from the Ministry of Economy and Transport*, as a result of the profile development and rationalisation of the organisation of the Ministry, certain *public tasks concerning industrial property* (e.g. granting permission to use our national symbols as trademarks).

4.1.4. Electronic administration

In implementing the electronic administration the HPO has achieved impressive results by having established, in accordance with its previous mid-term strategy, the electronic registration system and by having created the possibility of initiating procedures in an electronic way (mostly: electronic filing of applications) concerning the most important industrial property matters and those that occur in the largest number.

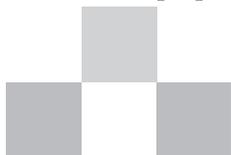
Based on these results we can further develop the HPO's basic record and registration-information systems. We enhance the developments in harmony with the European and Hungarian electronic governance programmes, with particular attention to the following:

- we will set up an *authoritative register* and a *record of applications* respectively *concerning all titles of protection*, exclusively in electronic form, with uniform and valid data assets *accessible online*;
- gradually but dynamically we will widen the range of electronically *received applications and electronically administered official matters or services* and will increase the proportion of electronically administered cases.

The time limit of extending our electronic administration will be largely determined by the *future availability* of the HPO's development *capacities* and *resources* for this purpose; it will also be affected by the conditions of participating in certain European and Hungarian government projects.

4.1.5. Growing official responsibilities in copyright cases

Since the turn of the millennium the HPO has been the government office responsible for the protection of intellectual property; it is since then that it has taken up copyright tasks as well. In the last period, in line with the previous office strategy, the HPO's competence concerning copyright has dynamically developed. On the one hand, it has provided the HPO an opportunity for fulfilling the governmental duties of intellectual property protection in a professionally coherent way, and, on the other hand, it has ful-



filled important practical needs (e.g. by the work of the Body of Experts on Copyright or by the voluntary register of works).

Our strategic objective is to make the HPO's official tasks and services concerning copyright publicly known and recognised, by this strengthening the HPO's role in the field of copyright. The main directions for actions are as follows:

- keeping the voluntary register of works;
- establishment of a system for the *authorisation of orphan works* (in the course of 2008, after the legal framework has been established);
- *alternative dispute resolution* and support of the activities of courts and interested authorities by operating the Body of Experts on Copyright and the Mediation Board;
- contribution to the government *control of the collective management of rights*.

In the timeframe of this strategy it is to be examined whether it would be expedient to change the name of the HPO, and if yes, when and under what conditions, to better reflect the actual functions of the HPO, i.e. that as a government office it is responsible for the whole spectrum of intellectual property (industrial property and copyright). The widening functions concerning copyright raises the issue whether an *internal organisational and human resource development* will be necessary in the coming years.

4.2. Customer-friendly regulation and proactive IPR diplomacy

Intellectual property protection is highly regulated on both European and international level. The existence of a transparent and consolidated regulation is not a purpose in itself, but it is the pledge of legal certainty necessary for the success of high-risk, long-term innovation and competitive entrepreneurial activities. Intellectual property is also characterised by extended and intensive international co-operation and by the advancement of European integration.

Therefore, a clear and customer-friendly regulation constitutes an individual pillar of our strategy, as well as a proactive IPR diplomacy in European and global co-operation. The main specific aims attributed to this pillar are as follows:

- We will strengthen the *legal certainty of undertakings and the enterprise-friendly nature of the business environment* by transparent, clear, predictable and coherent regulation; we will establish a legal framework that will offer benefits to the customers without being detrimental to the public interest.
- We will encourage the reform of the European patent system alongside our national interests. In the course of these efforts we will apply the requirements of *cost-effectiveness, equal chances and opportunities, legal certainty and democratic legitimacy*, and we will support the endeavours aimed at improving the competitiveness and the global positions of the European industry.
- We will support, in accordance with the Government's European policy strategy, a *balanced development of the Community protection systems* relying on the national industrial property infrastructure.

- We will *proactively* take part in the improvement of the global frameworks of intellectual property protection.
- We will effectively utilise the opportunities offered by the European and international *projects* and *technical co-operation frameworks*.
- As one of the centres of excellence, we will play a decisive role in regional co-operation with the *Central European* countries.

4.2.1. Clear and consolidated regulation – in the service of customers, with respect to public interest

Code of industrial property

The industrial property laws adopted or re-adopted after the change of regime in Hungary regulate each title of protection separately. This fact has resulted in many parallels along with the risks of regulatory contraventions. Deregulation is also encouraged by, and the coherence of regulation is also improved by, the fact that *by 2010 we will prepare the draft of a comprehensive code of industrial property extending to all titles of protection*. Preparing the code will offer an opportunity for regulatory consolidation, which is an absolute necessity since our industrial property laws have been significantly modified several times in the course of Hungary's European integration process and due to the alterations of the domestic legal environment.

More effective representation of various considerations of intellectual property protection

It is our aim to *enforce* the various considerations of intellectual property protection *more effectively* in the course of the *preparation of Hungarian legislation and government decisions* (especially in issues of science- and technology policies, consumer protection, civil- and criminal law, enforcement of rights, taxation and accountancy). We endeavour to *cooperate actively* with the various policies related to intellectual property. In these efforts we rely on the government office status of the HPO and its related "*mandate*" strengthened by statutory declaration. In this respect the Hungarian Council for the Protection of Intellectual Property can also play a decisive role.

By enhancing our co-operation with the other central state administrative organs we intend to achieve, in the shortest time possible, that the *HPO be actually involved*, in accordance with the legal provisions, in the preparation of, and commenting on, *without exception* all pieces of legislation that may concern intellectual property protection.



New models of design protection

In 2009, on the basis of the impact assessments carried out, we will come to a decision whether we should initiate to switch from the *ex officio* substantive examination of designs in design applications to a *simplified and faster registration system*, also applied by the Community design office, the OHIM, along with an optional search service.

By 2010 we will review the utility model protection system, which serves the protection of innovative solutions that do not reach the level of patentable inventions. This survey should cover the actual interests and needs of the domestic SMEs, as well as the relationship between the patent and utility model protection systems.

Renewed *fora* for legal remedy

The elaboration and consideration of the judicial practice are crucial for the HPO, such as the deepening of the on-going *professional dialogue* with the courts concerned.

In order to provide the technical expertise necessary to decide on the legal disputes, we keep on the agenda the initiative to implement a *special assessor* system in the courts.

Quality in the codification

We wish to maintain the recognised high level of the preparation of legislation regulating intellectual property protection. To this end, we will keep on applying the *modern codification methods* based on extensive consultations and detailed impact assessments.

4.2.2. Initiative for, and substantive contribution to, the reform of the European patent system

Accession to the London Agreement

In 2008 we will initiate a social debate and a *governmental decision on the date and the terms of the accession to the London Agreement*. As a result of the accession the whole description of a European patent valid in Hungary would be available in English language, and it would only be the claims defining the extent of protection that would be translated into Hungarian. The translation of the whole text of the patent could only be required in case of a legal dispute.

As the French Parliament has approved the ratification bill, the last obstacle has been removed from the entering into force of the Agreement. The European Commission, according to its Communication on “Enhancing the patent system in Europe” of 2007, forecasts a *30% reduction on the translation costs* of European patents as a result of the Agreement. They expect the improvement of Europe’s competitiveness from this reduc-

tion in costs, despite the fact that the patent holders outside Europe (in the US, Japan and other countries of the Far-East) will also benefit from it.

When acceding to the EPC in 2003, Hungary did not become party to the London Agreement. At various domestic professional circles there are constantly re-opened debates concerning the necessity, the appropriateness and the proper timing of Hungary's accession to the Agreement. During these debates it has been emphasised as an important characteristic of the Agreement that the Hungarian enterprises holding European patents would benefit from the cost reductions made in the Contracting States party to the Agreement even if Hungary did not accede to the Agreement. It has been a useful lesson of the exchanges of views taking place in professional circles so far that there are no constitutional or any other legal obstacles to the accession; the decision should be made carefully taking into consideration primarily the economic (ability to attract investment, promote technology transfer) and other interests.

Patent reform in Europe

We wish to promote the continued reform of the European patent system in harmony with our national interests. Our guiding principles are: cost-effectiveness, equal opportunities, legal certainty and democratic legitimacy. We expect of the reform the strengthening of the competitiveness and innovation capacity of European industry and the improvement of its world economic position.

In compliance with these efforts we

- actively participate in the *establishment* and efficient operation of the EPN;
- contribute to the strengthened *control by Member States* over the operation of the EPO and the democratic legitimacy;
- endorse a more efficient and higher-quality work of the EPO in order to restrain dysfunctional effects (e.g. the so-called trivial patents) and to drastically reduce the processing time;
- facilitate, by means of constructive and flexible attitude, the establishment of a well-balanced relationship between the EU and the European Patent Organisation (among others in the case of patent litigation and the Community patent).

4.2.3. Well-balanced development of the Community protection systems

In accordance with the Government's European policy [Government decision 2147/2007. (VIII. 8.) Korm.] we fully support the well-balanced development of the Community protection systems of the European Union presupposing the substantial involvement of the industrial property infrastructure of Member States. In this spirit we

- initiate steps to set up and get adopted the model for a Community patent that is free of discrimination and relies on the participation of national industrial property offices as well as the *decentralised model for a uniform European patent jurisdiction*;



- promote the harmonious co-operation among the Community and the national trademark and design systems to preserve the preconditions of distortion-free *competition on the single market* and to meet the *special needs of SMEs*;
- prompt the extension, and the making more effective, of the Community protection of geographical indications in order to improve the market chances of *traditional Hungarian products*;
- support the efforts for law harmonisation aiming to make the collective management of copyright and related rights *more transparent*, while taking into account the considerations related to cultural diversity and other cultural policies;
- further European Union initiatives *improving the efficiency of law enforcement*.

4.2.4. Joining global initiatives

It is the duty of the HPO to contribute to the development of the global framework conditions of intellectual property – by performing the professional and government-representing tasks falling upon it. Our proactive professional diplomatic activity performed in the competent international organisations (in particular in the WIPO and the WTO) is focussed on the following:

- improvement of the chances of innovative Hungarian enterprises on foreign markets by promoting the *harmonisation of substantive patent law*;
- contribution to the furtherance of global co-operation among patent authorities and participation in initiatives which are aimed at the development of new models for obtaining international protection (e.g. *Patent Prosecution Highway*, mutual utilisation of search and examination results, PCT reform);
- promotion in the WIPO of the modernisation of the so-called Madrid system for the international registration of trademarks, which is aimed at *streamlining procedures and reducing the costs*;
- stimulation of the *development of the international protection of geographical indications* in WIPO and on the basis of the WTO TRIPS Agreement in order to improve the chances of traditional Hungarian products on foreign markets;
- contribution to the further development of international copyright legislation adjusted to the needs of the *information society*.

4.2.5. European and international projects

The successful implementation of our strategy indispensably requires exploiting, to a maximum extent, the possibilities offered by European and international projects and by various forms of technical co-operation. In the period until 2010, these possibilities can open up before us mainly in the European Union (at the European Commission and at the OHIM), in the European Patent Organisation and in the WIPO. It is an important professional diplomatic objective of ours to *form the conditions of these programmes favourably to us*.

4.2.6. In the region's professional centre

Our ambition is to preserve, and even to *strengthen, our decisive role* in the regional co-operation with the Central European countries. We wish to make the HPO, as the embodiment of professional excellence, one of the intellectual property centres of the region. With this end in view, we perform searches and examinations on the basis of *bilateral* agreements with other national offices and we introduce *regional* industrial property services (by relying on the model of CETMOS, a regional trademark search service operating since the autumn of 2007). These our efforts may be combined with the acquisition by the HPO of the status of a PCT authority (see item 4.1.1).

In order to better enforce common interests, we continue to encourage the co-ordinated action of Central European countries in the European and international fora.

4.3. Innovation support and stimulation of competition

It is widely recognised both in the European Union and the European Patent Organisation that one of the most important missions of the industrial property authorities of the Member States is to encourage innovation and to strengthen competitiveness in Europe by means of intellectual property. Both the patent system in general and the innovation supporting actions of the national offices play a considerable role in the implementation of the so-called Lisbon Strategy of the EU. The common political approach on the Community patent adopted by the EU Council in 2003 took into account this mission of the national industrial property authorities, just as the latest – patent-related – communication of the European Commission which provided for important tasks to promote knowledge transfer and to advise SMEs. The establishment of the EPN in the European Patent Organisation aimed precisely, among others, to develop and deploy the innovation supporting capacities of national offices.

Innovation support by industrial property tools forms an integral part of the Government's STI strategy and of the relevant action plan as well.

In compliance with its previous strategy and with the efforts of the EPO and the European Commission, the HPO started an action programme focussing on four target groups. According to the target groups, this programme is aimed at the following:

- *intensification of the intellectual property activities of SMEs* within the framework of the *VIVACE programme*;
- *cluster formation and technology transfer* in the university, research institute and other knowledge centres;
- enhancement of awareness of the intellectual property system in *governmental and law enforcement authorities' spheres*;
- provision of *information to the public at large* and contacts with industrial property and copyright practitioners.

The specific goals of this pillar of our strategy are connected with the above-mentioned European and national initiatives and at the same time they further the programmes launched on the basis of the HPO's previous strategy. These specific goals are as follows:

- A broader range of industrial property and copyright services shall be evolved by *developing* the HPO's *information and education potential*, and the *character of the Office providing quality services shall be institutionalised*.
- The penetration of industrial property and copyright education shall be increased; for this purpose a requirement-oriented and demand-stimulating *network and an intellectual property knowledge centre* shall be set up.
- The intellectual property aspects shall be more efficiently and widely enforced in the *national institutions* of innovation, research and development.
- We shall participate to an increasing extent in the international *co-operation heightening awareness* of intellectual property protection and *stimulating innovation* by means of bi- and multilateral agreements and tenders.
- As part of the campaign against black economy, the efficient enforcement of intellectual property rights shall be promoted. For this purpose, we shall use a *new type of communication* and shall *institutionalise* and strengthen co-ordination among the respective public and social organisations and enterprises as managing agency of the *National Board Against Counterfeiting*.

4.3.1. Broadened range of services: institutionalised service-providing attitude

Broadening of the range of services

One of the key elements of our strategy is to develop and strengthen the service-providing nature of the Office. This is in compliance with the objectives of the Government programme, according to which the public institutions should operate as “*public utility service providers*” and “*the State should not be an obstacle to, but a helping partner of, our life*”. This approach has long characterised the HPO's information and customer service, professional advisory and board-operating activity and its contacts with civil organisations, professional representatives and customers. In the period ahead us we wish to further widen the range of industrial property and copyright services of the HPO and to institutionalise its service-providing nature by enforcing this approach.

The range of services shall be broadened on the basis of an *assessment of needs* and the *feedback from customers*. The encouragement of domestic propensity for filing applications and the *strengthening of innovation awareness* based on intellectual property shall be put into the focus. The portfolio of services against payment shall be enriched by working out value-added, economy-oriented solutions (e.g. industrial property *diagnosis, valuation of the IP portfolio* of enterprises, *trend analysis*). The utilisation of our existing services shall be monitored, and a modern customer service and *contact management system* shall be introduced in 2009. Our service network shall be developed, mainly with the collaboration of our *market allies having functions similar to those of the Office*. Novel, *selective direct marketing* methods shall be introduced in the period from 2008 to 2010.



Demand-arousing

The effects of our service policy generating *demand-raising and enlarging the circle of customers* shall be strengthened. Our aim is to exert an influence of measurable efficiency on the intellectual property awareness and activity of the target groups of domestic innovation potential. By this we wish to contribute to the realisation of the objective in the Government's *STI strategy*, according to which the number per 1 M inhabitants of European patents granted to Hungarian rightholders should rise from 18.9 in 2005 to 24 by 2010 and to 28 by 2013.

Service packages based on the capacity of our examiners

Taking into account the international and European practice and meeting domestic needs, individual service packages shall be introduced and offered to our customers. It is our objective to offer differentiated services by 2010 both to Hungarian and foreign customers *in at least two languages (Hungarian and English)* with respect to all essential titles of protection.

An important tool in the implementation of our service policy is the capacity of our examiners of critical mass engaged and preserved to perform substantive official tasks and the *official "know-how"* possessed by them. We provide for their use in a systematic, target-oriented and transparent manner by excluding cases of conflicts of interest.

4.3.2. Training expansion from the knowledge centre

E-learning and distance teaching

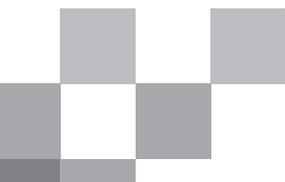
We proceed with the reform of the industrial property training system by extending it to *copyright knowledge* and by *widening the frame of e-learning and distance teaching*.

Adult education

By the end of the strategic period, i.e. 2010, we wish to achieve that *all students graduating from technical or artistic higher education, and the PhD and DLA grantees* should begin their career in the possession of industrial property and copyright knowledge.

Target group-oriented dissemination of knowledge

By operating and developing the industrial property training system, we facilitate for the staff of technology transfer offices of *public research institutes* to obtain the necessary intellectual property knowledge and for domestic innovative enterprises to possess the appropriate intellectual property and innovation managing skills. Tailored training programmes are developed and offered to the *governmental and official sphere*, promoting by this the realisation of intellectual property-related goals laid down in the Government's *STI strategy*.



Workshops and knowledge centre

We encourage the establishment of workshops which are capable of independent activity in European networks, too. In this we rely on the domestic service and information network and on the regional interaction between the higher education, academic and SME sectors. To organisations providing advisory services for enterprises (e.g. chambers) we ensure the so-called *training for multipliers*, in which we offer an innovation-centred intellectual property training programme. This is complemented with short and practical training *tailored to the needs of SMEs*, that applies business approach and didactic methods adjusted to the target group. Our intention is furthermore to also *address the younger age group* (secondary school students, teenagers), for which purpose interactive entertaining, educational materials applying “*edutainment*” methodology are offered on the Internet.

We shall establish a regional knowledge centre co-operating with the EPO and WIPO academies. This centre can meet the needs of the business and public spheres and can professionally assist the HPO in performing its intellectual property-related co-ordinating and other duties.

4.3.3. Intellectual property in the domestic institutions of innovation and research and development

We wish to enforce the intellectual property considerations more effectively and widely in the domestic institutions of innovation and research and development.

Calls for tenders

Through the transparent regulation of R&D&I tenders reflecting IP aspects we wish to achieve by 2008-2009 that the *IP-related costs* (in particular fees for obtaining and maintaining industrial property protection) be qualified *in all the cases as eligible costs*. Our aim is also that experts possessing intellectual property knowledge be also included in the *selection committees*.

Public research institutes

We shall take the initiative of *simplifying the foundation of companies* for the utilisation of the research results of public research institutes by removing unjustified legal and administrative constraints.

In addition to this, we shall urge that public research institutes can *exercise their power of decision* on the utilisation of their intellectual assets without unjustified obligations and restrictions. In the interest of the efficiency of this action, we shall promote the co-operation among technology transfer offices.



Valuation of intellectual assets

Until 2009 we shall develop a generally accepted *methodology* based on international results to *evaluate intellectual assets* created at public research institutes and we shall participate in its introduction.

4.3.4. Enhancement of awareness of the intellectual property system, promotion of innovation

In line with the efforts of European and international organisations, the HPO shall broaden the range of information services and shall develop the transfer and dissemination of knowledge of intellectual property rights. With this objective in view, we shall exploit the possibilities offered by bi- and multilateral agreements and tenders. We shall endeavour to contribute to the establishment of a business environment facilitating the acquisition of protection and the utilisation of protected solutions.

VIVACE and VIVACE+

We shall take advantage of the marketing and dissemination possibilities deriving from the good practice nature of the VIVACE programme recognised at European level. *The programme shall be further developed under the name VIVACE+*. For this, other national and international “best practices” and the national innovation sources shall be used. The programme shall be operated in a network set up by the system’s players (Regional University Knowledge Centre, Regional Innovation Agency, industrial park, etc.).

European projects

We shall participate in projects announced by the European Commission in the intellectual property field. The results of these projects shall also be used in practice in order to stimulate law enforcement and competitiveness.

4.3.5. Counterfeiting in focus

As part of the Government’s campaign against black economy, we shall promote the effective enforcement of intellectual property rights. For this purpose we shall strengthen and institutionalise co-ordination among the respective public and social organisations and enterprises and shall develop a new type of communication. The following can best serve the achievement of our objectives:

- *establishment in 2008 and operation of an advisory and proposal-giving board* of the Government to promote long-range and successful co-operation among public administration bodies and social and economic interest groups;
 - *elaboration (until 2009) and implementation of the national strategy* against counterfeiting;
 - *collection and adaptation of international best practices;*
- 

- improvement of the preparedness of the public organisations concerned by means of *training, database creation and other actions*;
- *initiation of awareness-raising and explanatory programmes and campaigns*, with emphasis, besides the disadvantages caused to rightholders, on the negative social and economic effects that infringements may cause, in particular for consumers or in the field of public security.

4.4. Task-driven, efficient official operation

The status analysis has also pointed out that the HPO produces the necessary resources to perform its basic duties by a self-financing, independent management and can use highly qualified human resources and invaluable information fixed assets and tools in a modern, structured and flexible organisation.

Nevertheless, the implementation of our strategic goals necessitates further development of operation, in harmony with the requirements of the renewed Hungarian public administration and with the best international models. For this, we wish to profit from the institutional knowledge capital and to enrich and use the Office's stock of tools.

Major specific goals connected with the development of the Office's operation are as follows:

- The conditions necessary for the *independent financial* management and *cost-effective* operation of the HPO shall be developed.
- The *adaptive and learning organisational culture* shall be strengthened in the interest of the strategy's success.
- The Office's *knowledge capital* shall be utilised and developed by personal and organisational consciousness.
- The *information and communication* assets shall be managed in a *targeted and co-ordinated* manner.

4.4.1. Independent financial management, cost-saving operation

Self-financing character

Every effort will be made to establish *transparent and calculable relations* with both the central budget and the Ministry of Economy and Transport by preserving the HPO's self-financing character and exercising the budgetary chapter rights.

With the *regular, inflation-indexed revision of the fees for administrative services* making up the majority of the Office's revenues we enforce a fee policy, which strikes a balance between the claim for cost-relatedness and the specific industrial property policy aspects (following European models), has preference for the electronic administration and the proper exercise of customers' rights, encourages the efficient institutional operation and also takes into account, to the necessary extent, the social aspects.



Our intention is to *increasingly involve resources*, which support the basic activities, by resolutely exploiting the possibilities of national, European and international competition systems and technical co-operation and by strongly utilise the project approach. This will also improve the flexibility of the structure of revenues. If necessary, we wish to avail ourselves of the opportunity to *form reserves*.

Effective methods of financial management

An integrated statistical *analysing, monitoring and controlling system* will be set up with IT support. The HPO's movable and immovable property, infrastructural facilities and corporate assets shall be exploited in order to *improve our service capacities*.

4.4.2. Adaptive and learning organisational culture

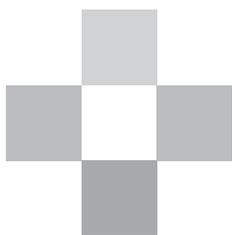
In the interest of efficiency and of the strategy's success, the adaptive and learning organisational culture shall be strengthened in the following fields:

- establishment and operation of project-oriented, horizontal co-operation suitable for quick *reaction* and the management of *complex challenges*, under *unambiguous* regulatory, controlling and responsibility *conditions*;
- enhancement of organisational efficiency by improving the inner decision-making process, the information flow and co-operation between the organisational units and by *strengthening the decision-making responsibility of line managers*;
- establishment and operation of appropriate *monitoring mechanisms* for controlling the execution of tasks.

4.4.3. Utilisation and development of the Office's knowledge capital

It has turned out from the status analysis that the highest value of the HPO is its highly qualified human resources having internationally recognised expertise. This must be preserved and even developed to perform the basic activities and to make a success of the strategy. Having regard to all these, we wish to progress in the following fields (in line with the provisions of the Act on the legal status of civil servants and co-operating with the Government Human Resources Centre):

- enlargement of the yearly HR planning by means of the local adaptation of *mid-term forecasts, education of replacement, training programmes, selection of managers and career management*;
- regular *job revision and modernisation*;
- *development of organisational and managing skills, revision of the unified criteria system and practice of evaluation and assessment*;
- further development of the Office's system of performance and requirements in harmony with the governmental HR policy, introduction of *differentiated indices*;
- development of *knowledge management and motivation tools* indispensable for a knowledge centre.



4.4.4. Management of information and communication assets

It is our ambition to manage our information and communication assets in a targeted and co-ordinated manner. We expect of the Office's information technology, as a basic principle, to be of *service-type, function-oriented and secure*.

Service-oriented information technology

The vision of information technology providing services may be derived from the requirement of an office providing services. On the one hand, this vision calls for the *application of the service approach* to a unit of the organisation. On the other hand, in the course of electronic administration, information technology *comes into the fore from its hitherto supporting role and enters into direct contact* with customers and persons searching for existing rights, which means that today information technology has to provide services directly.

Function-oriented information technology

Information technology must be instrumental in achieving the institutional objectives, in particular in the following fields:

- gradual development of *e-office* administration (particularly with respect to the general electronic document management system);
- modernisation of the Office's *customer relationship management system*;
- development of the *electronic register*;
- steady development of the *IP portal*.

Secure information technology

In order to be safe, information technology must comply with the relevant legislation and the professional standards. Information technology is operated in accordance with standards based on the *principles of quality assurance*. Until 2009 we shall examine the possibility of obtaining an *ISO 27001 information security certificate*.

Other developments

In order to exploit the institutional knowledge base more effectively, we shall further develop the *Office's intranet*.

We shall continue to duly combine the inner, national and international development results, in compliance with the stipulations and tasks outlined by the *e-Government Programme*.

V. REALISATION AND MONITORING

The successful realisation of the HPO's strategy for 2007-2010 depends on the continuous and parallel evaluation of environment and implementation. The *proper consideration of the environment's impacts, the exact identification of strategic interfaces and the keeping in view of the needs of domestic and foreign target groups* interested in intellectual property protection are of theoretical and practical significance. These aspects justified the thorough and circumspect status analysis. Their evaluation and review in the middle of the period, the *change control* is indispensable.

At the same time the tools of the strategic monitoring shall be utilised in order to follow, in their process, the implementation of steps, measures and actions leading to the target status. Here we restrict ourselves to summarising some institutionalised guarantees of this managerial duty.

We wish to display the *correlations of the system of targets and means* from 2008 in the concrete annual plans of measures in two dimensions: for the sake of more effective awareness-raising, a summary action plan with an *extract of the independent patent, trademark, design, copyright or innovation support strategy is prepared for the various target groups*. On the other hand, the *means of necessarily limited range* due to our nature of authority (direct use of regulatory and public policy means, insignificant possession and strong catalysation of supporting means) can be arranged in a relatively simple (diagonal) matrix according to the specific *target character of our strategic pillars*.

The gradualness of the *annual plans of measures* is included, as an operating institution's practice, in the annual *work plan* of the government office, which – in addition to the exact determination of the *chronological order and responsibilities* – has to stand the test of the *effective management* of the given *capacities* of resources and means. In this respect our managing structure relies, in addition to the *traditional directive boards*, on the monitoring work of the *internal professional public* (enlarged conference of directors, professional forum, Intranet) and of *advisory, coordinating organs* (e.g. Hungarian Council for the Protection of Intellectual Property, editorial board of the Gazette, Review and homepage, Quality Management Board, etc.).

The other internal permanent bodies, official task forces under the concerned responsible persons, committees for methodology, information technology or operation support (e.g. for public procurement, education and welfare) are obliged to *create controlled, evaluated and re-adopted conditions* according to their own annual work plans. In all these, the *annual work plans in the various fields* (international co-operation, communication, competitions, inter-institutional network, etc.) serve as a basis for the frame of reference of measurement.



The organisational and individual responsible persons, the time limits, the *performance indicators* (thus almost 100 kinds of institutional indicators) encompass the whole section of implementation from the Office's combined plan of measures to the obligations incorporated in the *system of individual performance measurement*.

As the *publicity of the HPO's strategy is as broad as possible* (homepage, publication, introduction by the management), the *fora of giving account of the results are similar*: the official annual report and the annual issues of the "White paper on the protection of intellectual property" are recognised stages of professional publicity. Our *Internet portal* dedicated to the protection of intellectual property is also a guarantee of *transparency and accountability* by measuring *customer satisfaction* and presenting *impact studies*.

We wish to give proof of the criteria of a *learning organisation* also in the service of the implementation and monitoring of the HPO's strategy: *systems thinking, direction of personal responsibility, enforcement of mental models, ability of team learning*, and as a summary of all these: *creative maintenance of the common vision*.

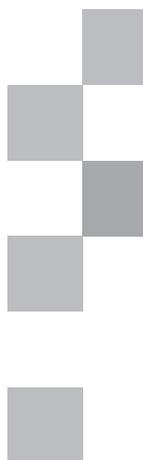
Budapest, December 2007

Dr. Miklós Bendzsel
President



LIST OF ABBREVIATIONS

BEC	Body of Experts on Copyright
CA	Act LXXVI of 1999 on copyright (Copyright Act)
CPVO	Community Plant Variety Office
ENYV	Uniform Record System
EPC	European Patent Convention
EPN	European Patent Network
EPO	European Patent Office / Organisation
OECD	Organisation for Economic Co-operation and Development
OHIM	Office for Harmonization in the Internal Market (Trademarks and Designs)
Patent Act	Act XXXIII of 1995 on the Protection of Inventions by Patents
PCT	Patent Cooperation Treaty
PIPACS	Public Industrial Property Aggregate Collection for Search
STI	Government's Science Technology Innovation Strategy
TRIPS	Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement)
UNESCO	United Nations Educational, Scientific and Cultural Organization
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization



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