

KRS: Aspects start-up companies should take into consideration when choosing their company name (Part One)

When starting a new business, it is exceptionally important to choose a name, brand name with the help of which our business, our price and service could be distinguished by our customers – Dr. Zita Tamás, legal expert at Kovács Réti Szegheő Law Firm draws the attention to this fact. She describes the most important legal things worth noting in her comprehensive two-part summary. Here is part one to read.

The legal expert at Kovács Réti Szegheő Law Firm expressed that in addition to marketing considerations, it is also important to take into account legal requirements, and in particular that we must not infringe the rights of others by the name we have chosen. Namely, by choosing the right name and brand name we can avoid lengthy and costly legal disputes.

Company name in the traditional course of trade identifies our business, and the domain serves as name and link used in the internet traffic for those who are interested in our business, our products and services. The domain name is essentially a trade name using which we are present in the world of the Internet.

The trademark is a distinctive design, graphics or logo that uniquely identifies our products and services to help consumers distinguish them from the products and services of other businesses

The domain name is typically chosen in accordance with the company name, as well as the designation of the products and services desired to be sold. The company name in many instances is identical to the designation of the products and services desired to be sold, and alludes to the activities that the business desires to carry out. *(Dr. Zita Tamás will outline the features of the domain in the second part of this summary to be published soon – the Editor.)*

Special attention should be paid when choosing a proper company name and domain name since it can easily occur that one chooses a designation which already exists and registered by someone else; and in doing so, one infringes the rights of that particular person.

It may entail that sooner or later we would be obliged to change our company name or domain name and face related legal actions which apparently requires costs and presents a disadvantage in the market. By that time, we have most probably invested significant funds to inform our potential customers about our business and our internet access.

Furthermore, it is recommended that the “brand”, the brand name one uses be registered as trademark in order to prevent other products or services of identical or similar designation from appearing in the market in the future, or at least to ensure that in such event one could take an action against third parties based on his trademark.

What should one take into consideration when choosing a company name?

According to the rules governing company registration procedures, the company name must be unambiguously distinct from the designation of other companies registered in Hungary or a designation that has been reserved by the Court of Registration for another business in advance for the purposes of establishing a business or changing the name of a company.



It is no longer a simple task these days, as exceptionally great number of companies operate in Hungary. According to the practice of the courts, company names must be unambiguously distinct from one another and it does not suffice when we only add a simple suffix or a year to the existing name of the company such as “2015”, “Consulting”, “Trading” or ”Hungary”.

It is important to note that this rule also apply when someone would like to mark his own name (for example his surname) in the company name – the legal expert at Kovács Réti Szegheő Law Firm pointed out.

Companies with identical names

Of two or more companies with identical names, the one will have the right to bear a particular company name who was the first to file its application for registration with the Court of Registration or to reserve the company name at the Court of Registration for his future business.

As it is required by the law that company name must be unambiguously distinct from former company names, not only identical but also similar designations must be taken into consideration. In order to ensure the company name chosen for our business, there is an option to request the Court of Registration to reserve the designation one has chosen for a duration of 60 days.

The application for the incorporation of a company must be submitted within such 60-day deadline to the Court of Registration in order to ensure that the name we requested the court to reserve be registered for our company. More designations can also be indicated in the application and their sequence can also be specified. Therefore, this way we can also check in advance whether the Court of Registration deems the designation we have chosen to be capable of being registered.

The procedure for reserving a name is considerably quick since the Court of Registration passes a decision within one business day regarding reserving the name – dr. Zita Tamás stated.

Checking is necessary

However, the registration or reservation of the company name by the Court of Registration does not necessarily guarantee that our company name would not infringe the rights of third parties. It is also possible that the company name we have chosen infringes the trademark of another business. Therefore it is necessary to check it without exception in the public database of trademarks maintained at the Hungarian Intellectual Property Office whether there is a trademark that is identical or confusingly similar to the company name we have chosen.

Namely, the trademark ensures exclusivity for its holder to use the registered designation in respect of the products and services to which the registration refers to. If one desires to carry out such an activity under the chosen company name as may be similar to that the trademark is registered for, using the company name one would infringe the rights of the trademark holder who could bring an action against him on account of trademark infringement.

However, when the chosen company name is registered by the Court of Registration, it will provide protection from other persons to register a trademark in the future that is identical or confusingly similar to that company name in respect of products or services sold under the company name. In order to effectively prevent it, one can oppose in the proceedings aimed at registering the trademark and therefore it is worth monitoring or having the applications for trademarks published by the Hungarian Intellectual Property Office monitored.