

INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE

2001 SPECIAL 301 REPORT

HUNGARY

EXECUTIVE SUMMARY

Hungary has made great strides in modernizing its copyright legal regime over the past several years. However, the copyright industries report mixed results at best, with on-the-ground enforcement operations in a market that could otherwise sustain good growth. That's because of the ongoing problem of prosecutorial delays, the ineffectiveness in moving criminal cases forward, and poor border enforcement. The growth of Internet piracy operating from within Hungary has hurt all of the copyright industries inside and outside the country so enforcement efforts need to concentrate on this form of piracy.

In the 1990s, Hungary made significant reforms to its copyright law. In June 1999, Hungary enacted major revisions to the Law that took effect on September 1, 1999. The revisions were aimed at completing Hungary's bilateral commitments with the United States and its eventual membership in the European Union, as well as to comply with the WTO TRIPS substantive copyright obligations. Included in the 1999 amendments package were provisions to implement Hungary's obligations under the two new WIPO copyright treaties (the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty). In fact, Hungary had already acceded to the WCT and WPPT in 1998, becoming one of the first countries in the world to do so.

While the 1999 legislative package of copyright amendments was lauded by the IIPA and its members for the substantive copyright changes, the amendments package was missing several important elements pertaining to copyright enforcement, especially civil and criminal code measures. In 2000, as in years past, the copyright industries experienced prosecutorial enforcement problems even as there remained relatively good police cooperation. The police conduct raids and seizures, but criminal enforcement breaks down at the prosecution and sentencing stages. Prosecution of infringement cases is slow, and the sentences imposed have not been at levels sufficient to deter piracy, especially to combat the sophisticated optical media and other piracy operations in Hungary, including Internet piracy.

Hungary needs fully to comply with its TRIPS Agreement enforcement obligations by fixing its criminal enforcement problems, including the need to impose deterrent penalties. To ensure that Hungary takes the appropriate steps to fix these problems, IIPA recommends that Hungary remain on the Watch List in 2001. We also do so to urge adoption of the necessary legislative reforms in the criminal enforcement system.

ESTIMATED TRADE LOSSES DUE TO PIRACY
(in millions of U.S. dollars)
and LEVELS OF PIRACY: 1995 - 2000

INDUSTRY	2000		1999		1998		1997		1996		1995	
	Loss	Level	Loss	Level	Loss	Level	Loss	Level	Loss	Level	Loss	Level
Motion Pictures	18.0	40%	22.0	40%	19.0	40%	18.0	40%	26.0	60%	26.0	60%
Sound Recordings / Musical Compositions	3.0	20%	4.0	20%	7.0	20%	7.0	20%	7.0	23%	6.5	23%
Business Software Applications* ¹	21.0	50%	30.1	52%	30.8	57%	19.6	58%	32.9	71%	41.8	73%
Entertainment Software ²	9.6	86%	NA	NA	13.2	75%	NA	NA	NA	NA	12.0	64%
Books	4.0	NA	4.0	NA	4.0	NA	4.5	NA	4.5	NA	5.0	NA
TOTALS	55.6		60.1³		74.0		49.1		70.4		91.3	

COPYRIGHT PIRACY

For a country with a well developed legal system like Hungary, piracy remains moderately high, and contributes to the overall regional piracy problem due to poor border enforcement. The problem of optical media production and distribution in this region continues to grow. Hungary continues to face the importation of pirate CDs, primarily music CDs being produced in and imported from Ukraine. However, the nature of other pirated material in Hungary is changing somewhat from years past. Although CDs from Ukraine can still be found in Hungary, the flow of lower quality musical cassettes and CDs from Romania and Bulgaria have lessened; these are being replaced by CD-R pirate materials due to the relatively low prices of CD burners and blank CDs.

In years past, there was evidence of the production of pirate materials by CD plants in Hungary being exported to other Central and Eastern European countries as a result of poor optical media production control systems and lax border enforcement. Last year, the Business Software Alliance (BSA) reported that one of its investigations revealed that a Hungarian plant had manufactured stampers containing unlicensed business software and shipped them to the Ukraine, where they were used to manufacture disks ultimately seized in a raid conducted by Moscow police. However, both the recording industry and the software industry now report improvements in Hungary and neither consider Hungary to be a major producer of counterfeit CDs nor a producer of infringing stampers, used to produce disks in Hungary or elsewhere. So this problem, at least for now, has abated, even though optical media regulations were never adopted.

¹BSA loss numbers for 2000 are preliminary. In IIPA's February 2000 Special 301 submission, BSA's 1999 loss and level figures were not available. These numbers were finalized in mid-2000, and are reflected above.

² IDSA estimates for 2000 are preliminary.

³IIPA reported overall losses to the copyright industries at \$30+ million in 1999. This number was adjusted upward to reflect the change in the BSA number in its mid-2000 adjustments.

For the Motion Picture Association (MPA) in 2000, the leading audiovisual piracy concern in Hungary is the high level of back-to-back copying of videos in small rental retail shops. Illicit copying and distribution are also being conducted in private residences, which are relatively secure from the threat of police searches.

Local television and cable companies regularly transmit titles to which they do not have broadcast or retransmission rights. Also, some pirate videocassettes are used for broadcast purposes by the television and cable companies. The level of unauthorized programming is estimated to be 45%; overall cable piracy rates have jumped from 40% in 1999 to an estimated 60% in 2000. The proliferation of pirate smart cards and cable/satellite decoders is also a serious issue, as levels of pay-TV signal theft are now at an estimated 60% level.

Pirates are also beginning to use the Internet to market their wares. Pirate VCDs and CD burners are starting to appear in Hungary, so this could be a problem for the sale of material via the Internet not only in Hungary but abroad. The 1999 Copyright Act amendments included important anticircumvention provisions as well as sanctions for signal theft.

Annual losses to the U.S. motion picture industry due to audiovisual piracy in Hungary are estimated to be more than \$18 million in 2000.

For the recording industry, as noted, Ukraine became the main source of pirated musical CDs entering Hungary once the flow from Bulgaria subsided when production there was halted a few years ago. There are still Ukrainian imports in Hungary, but fewer than there were last year. However, there are now more home-copied CDs appearing in markets and shops alike due in part to the falling prices of CD writers and recordable compact disks (CD-R).

As has been true for several years, the International Federation of the Phonographic Industry (IFPI) reports that one of the greatest threats to piracy in Hungary is ineffective border control. The border enforcement is ineffective because Hungarian Customs Law does not allow for the seizure of goods in transit, even pirate and counterfeit goods infringing intellectual property laws.

Internet piracy and MP-3 CDs continue to be a growing problem in Hungary. The recording industry and business software industry have, to date, received good cooperation in Hungary from Internet service operators, and the new treaty ratification and legislation should improve the remedial situation. But this is a serious situation that needs to be addressed by the courts and enforcement officials; so far there have not been any criminal cases concluded. The BSA reports that police cooperated on three separate raids in 2000 involving Internet resellers of infringing software. On October 13, 2000, the police raided a reseller and found 600 CDs worth U.S.\$ 9,000. This raid led to a second one, where police seized an additional 1000 CDs. Finally, on November 27, 2000 the police raided an Internet reseller and seized 10,000 illegal CDs. The cases are now with Hungarian prosecutors.

In the 1999 amendments, Hungary addressed the long-standing problem of protection for pre-existing sound recordings (pre-1974 recordings). The failure to take action for many years permitted back-catalog material to accumulate in Hungary even as this material was illegal in neighboring countries. Starting on September 1, 1999, when the new law went into force, a one year sell-off period for such material in existing stock was adopted; now that that period has ended, Hungarian police and enforcement officials must work with the recording industry to sweep this material off of the streets, and out of kiosks, flea markets, and retail stores so that it does not interfere with the market for legitimate product.

According to a 1976 customs decree, sound recordings could not be cleared without the relevant certification from the author's society and MAHASZ, the local recording industry association. Because of this clearance system, the import of illegal sound recordings has been significantly reduced and parallel imports stopped. Unfortunately, revisions to the customs code in 1996 eliminated the provision regarding the clearance of sound recordings. As noted, effective border enforcement is badly needed to prevent an influx of pirated materials. The level of audio piracy in Hungary remained at 20%. Estimated losses due to the piracy of sound recordings and music dropped to \$3 million in 2000. This drop was due in large part to an overall decline in the Hungarian market for sound recordings, and in part to the correction of the back-catalog problem, which has already seen some improvement as a result of the legislative fix in 1999.

The BSA was generally pleased by a number of encouraging signs indicating that Hungarian authorities were taking IP protection seriously, from the police to the judges. In 2000, a number of high-profile raids involving large corporate end-users occurred; there were four favorable civil court judgements, one before the Supreme Court, and some cases that proceeded more quickly than anticipated.

The predominant concerns for the software industry are threefold: (1) no *ex parte* search authority for right holders; (2) generally slow criminal and civil proceedings; and (3) inadequate sanctions proffered in many cases. According to the BSA, the average duration of proceedings for a first-level decision was between a year and 14 months for civil or criminal claims; and, they report that the sentences imposed in criminal cases generally involved modest fines and suspended sentences that do not deter piracy.

In 2000, the BSA lost an estimated \$21 million in Hungary; the piracy rate was estimated to be 50%.

The interactive entertainment industry still experiences high levels of piracy. While there have been some improvements controlling large-scale commercial optical disk production in Hungary, the Interactive Digital Software Association (IDSA) reports that the marketplace has seen an increase in the number of gold (recordable) disks produced there, meaning that there are more personal or small shop copies being made for distribution in Hungary, often by syndicates, that is, linked operations of burners, advertisers and those who deliver these materials. And far worse, there are large numbers of gold disks being produced and offered for sale via the Internet and through the mail. Some console material is imported from other countries as well, notably Russia and elsewhere in the region. All of these activities make it extremely difficult for entertainment software publishers to sell legitimate product. The industry is working with police and customs officials hoping to commence criminal cases against the syndicates in the near future to improve the climate for legitimate businesses.

Until last year, there was a large number of entertainment software disks made in Hungary (at the Videotone plant, the only optical media production plant in Hungary) and confiscated in other countries, including Israel, Poland, Germany and the Czech Republic. However, after a highly successful raid undertaken at that CD manufacturing plant in cooperation with other copyright industries, the plant operations there have significantly improved, and there have been no additional reports on entertainment software production problems in 2000.

The IDSA estimates that (according to its preliminary figures) trade losses due to piracy of entertainment software in Hungary in 2000 were \$9.6 million, and the level of piracy was at 86%.

The book publishers (Association of American Publishers, AAP) report no improvements in the Hungarian book marketplace in 2000. Piracy of educational texts, in particular the unauthorized photocopying of this material, continues to be a problem. Estimated losses to U.S. publishers were \$4.0 million in 2000, the same as it has been since 1998.

COPYRIGHT ENFORCEMENT

Criminal Enforcement

The ongoing high levels of piracy in Hungary are the result of the copyright industries' inability to get effective criminal enforcement. As they have for many years, the copyright industries continue to report good police cooperation conducting raids and seizing infringing product. However, the system breaks down after that, namely due to prosecutorial delays and the failure to impose deterrent penalties for those few criminal cases that do reach the judgment stage. The court system is overloaded with a large number of cases, and this contributes to delays in resolving pending copyright cases.

The criminal code is good but needs improvement. In May 1993, the Hungarian Criminal Code was amended to provide higher penalties for copyright infringement, including fines of up to 3.6 million Forints (U.S.\$38,000) and jail sentences of up to five years. In January 2000 further amendments to the Criminal Code increased the maximum jail sentence to eight years for some IPR offenses (such as piracy), with additional increases for other activities (such as two years for signal theft).

In addition, the 1999 Copyright Law amendments amended a 1994 Hungarian Law on Enforcement of Judicial Decisions to establish a special streamlined procedure for the enforcement of judicial decisions in all IPR infringement cases. While IIPA lauded these legislative efforts last year as a good first step, there have been no reports on the actual in-use progress of these new procedures.

As they have in years past, audiovisual antipiracy efforts in Hungary have been conducted by the police throughout the country in cooperation with ASVA, the local antipiracy organization. ASVA continues to report excellent cooperation with the police. Enforcement against duplication facilities in private homes, however, remains difficult. Searches of homes are based on "probable cause" but are undertaken on a very stringent standard which requires testimony from witnesses and documentation establishing that business activity is being carried out on the premises. Evidence of pirate cassettes and duplication equipment has proven insufficient in the past (with pirates claiming successfully that such material is for personal use). Hungarian police have been active in a number of raids and seizures but there are reports of "tip-offs" in smaller communities.

In August 2000, a video pirate was sentenced to 15 months' imprisonment. Unfortunately, even with the new laws and this one successful case, MPA reports that prosecutorial indifference remains a major impediment to combating piracy. In 221 raids conducted through the third quarter of 2000, ASVA reported the seizure of 3,952 pirate videocassettes, down considerably from 1999. ASVA initiated 168 new criminal actions in 2000 and 230 new investigations, both through the end of the third quarter of the year.

Enforcement against recording and music piracy, including production, importation and distribution of unauthorized back-catalog recordings, remained a significant problem for 2000. The 1999 amendments finally fixed the problem of back-catalog recordings, but the one-year sell-off provisions extended the inability to fully address the problem until late in 2000 and it will now take some time to get these illegal materials out of the marketplace. There are also fears that some pirates will try to export the back-catalog material to other markets unless the material is seized or stopped at the border. The recording industry reports limited enforcement measures undertaken against piracy in 2000. The Hungarian police did work cooperatively with the recording industry, but Hungarian authorities need to step up their enforcement activities. Prosecutorial delays and the failure of the Hungarian courts to impose deterrent penalties continue to hamper effective enforcement.

The BSA reported that police cooperation for crimes involving software infringement improved in 2000, with greater police involvement in conducting raids. Delays after raids have taken place still remain a significant problem. Police conducted 11 end-user raids, and seven reseller raids, in 2000 throughout Hungary, including raids in Budapest, Dabas, Szentendre, and Eger. Although other countries in the region performed more raids in 2000, the Hungarian end-user raids were typically large-scale raids. They included raids against one very important Budapest software publisher, one major computer firm, a games developer, a paper factory and one of Hungary's largest pharmaceutical firms. The reseller raids involved more significant hard-disk loaders. About half of these raids led to an indictment, which is a very poor rate and of concern to the software industry. Unfortunately, after an initial raid, in a number of cases, there was no additional action taken for a significant amount of time. For example, one software case that commenced with an important raid in November 2000 has seen no further action as of February 2001, while the police await an expert report.

The software industry reports that prosecutions, even those that did obtain final court adjudication, generally secured sentences involving probation and small fines. The average sentence was between one and twelve months suspended, and the software industry reports no fine above U.S.\$ 1,000; obviously, these are not deterrent penalties to commercial piracy. A Dabas court, for instance, sentenced a reseller to a twelve-month suspended sentence and no fine, despite the reseller causing approximately U.S.\$ 15,000 in damage.

Border Enforcement

Hungary adopted Customs legislation in 1997 in order to meet its TRIPS obligations (Decree No. 128/1997). The Hungarian government reports that this decree applies to both the exportation and importation of infringing goods. The copyright industries remain concerned about its effective enforcement in practice. Because of the ease in which pirated product, particularly pirated digital product (CDs and the like), is imported into and exported from Hungary, it is critical that Hungary's border enforcement system improve.

The entertainment software industry reported that in 2000, as in 1999, they were able to work with Customs officials to seize infringing product at the border. The industry is hoping to participate in additional training and cooperative meetings with Customs officials in 2000 to further improve the enforcement situation at the border.

As noted above, a 1976 decree ruled that sound recordings could not clear Customs without a certification from the author's society and MAHASZ, the local recording industry association. This clearance system significantly reduced the import of illegal sound recordings

and stopped the importation of parallel goods. Unfortunately, revisions to the code in 1996 eliminated the provision. Now, Customs authorities have difficulties distinguishing between legal and illegal products. Since Hungary is both a market and a transit country for pirated optical disks and Hungarian customs rules are not working, revisions to the customs rules must be fixed immediately to stop the cross-border trade in illegal products.

Civil Enforcement

There are still no provisions in the Hungarian law that can grant effective civil *ex parte* search orders. The 1999 copyright law amendments did not change the Copyright Act because Hungarian authorities insisted that such provisions already existed in the civil code. Since the 1999 revisions made no changes, the industry tried to use the provisions found in the Hungarian civil code even though these are not specifically intended to address IP crimes. These provisions are set out at articles 207-209 of the Civil Procedure Act, and permit the procurement of "preliminary evidence" before the commencement of an action. This uncertain and imprecise tool did not prove effective. After testing these old provisions, the software industry is convinced that new provisions are needed to obtain civil *ex parte* searches in practice. To date, the software industry has had one application for preliminary evidence refused by a Hungarian court. In a second case, a court order appearing to permit a civil search was shown to be unenforceable after the target refused to permit entry by an independent expert, leaving no recourse for rightholders, and a criminal raid was then undertaken.

While testing the purported civil *ex parte* provisions of Hungarian law, the BSA managed to achieve some positive civil litigation results in 2000, as they did in 1999. For example, the BSA prevailed in one civil claim against a large end-user, and received the full amount of the claim plus 20% interest. The court entered this judgment a remarkable four months after the initial raid. In another proceeding, the Hungarian Supreme Court ruled in favor of the software publisher in a case that the defendant had appealed. As for criminal proceedings, delay remains a concern. The software industry continues to find that cases take approximately one year on average to reach an initial court hearing, and then a further year on appeal.

Protection and Enforcement Obligations

Hungary currently participates in the U.S. Generalized System of Preferences (GSP) program, which offers duty-free imports of certain products into the U.S. from developing countries. In order to qualify for such unilaterally granted trade preferences, the U.S. Trade Representative must be satisfied that the country meets certain discretionary criteria including whether it provides "adequate and effective protection of intellectual property rights . . ." At the same time that Hungary caused millions of dollars of losses to the U.S. due to piracy, it imported \$304.3 million worth of products without duty, or over 16.1% of its total imports into the U.S. in 1999 (the last full year of available GSP statistics). Hungary should not continue to expect such favorable treatment at this level if it is not providing adequate and effective protection and enforcement of copyright material.

LEGAL REFORM AND RELATED ISSUES

Copyright Law

On June 22, 1999, Hungary adopted amendments to its copyright law; the provisions entered into force on September 1, 1999. The new law, Act No. LXXVI of 1999, was aimed at bringing Hungarian law into compliance with numerous bilateral, regional and multilateral obligations. On September 24, 1993, the U.S. and Hungary entered into a comprehensive bilateral Intellectual Property Rights Agreement, which obligated Hungary to make significant and important improvements in their copyright laws. The 1999 amendments were also aimed at implementing most, if not all, of the provisions of TRIPS and the European Union Directives (including software, rental/lending, satellite, duration and databases), plus the new WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty.

In 1994 and 1996, Hungary amended its copyright law in light of the WTO TRIPS Agreement and the 1993 Bilateral Intellectual Property Rights Agreement with the U.S. The 1994 amendments (Act VII, entry into force July 1, 1994) extended terms of protection and expanded the scope of protection for producers of sound recordings, performers and broadcasters.

On a positive note, Hungary ratified both of the WIPO treaties, the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty, in October 1998. It deposited its instruments of accession with WIPO in Geneva on November 27, 1998. And in June 1999, in the copyright law amendments, it adopted provisions that, *inter alia*, implemented the two new digital treaty obligations. These developments are all very laudable, undertaken by the Hungarian government to lay the legal framework to combat digital piracy.

In sum, the 1999 amendments addressed the following major issues:

- Full retroactivity for sound recordings was provided, in compliance with the TRIPS Agreement. The 1994 amendments had failed to extend the term of protection for sound recording released prior to July 1, 1974 (twenty years prior to the effective date of the 1994 amendments). As a transition matter, the 1999 amendments provided for a one-year sell-off of existing stock that ended on September 1, 2000. Hungary is also obligated under TRIPS (articles 9 and 12) and Berne (Article 18) clearly to provide such protection for pre-existing foreign works as well. To date, there have been no judicial decisions, but the Hungarian government has assured the U.S. government and IIPA members that such protection is afforded by the existing Hungarian copyright law.
- Exceptions to the exclusive rights of copyright owners were narrowed to comply with the TRIPS Agreement. The 1999 copyright law also established a private copying levy; this provision came into force on September 1, 1999 (the exceptions are the provisions in Articles 21 and 22 relating to devices used for reprography which came into force on September 1, 2000). The Hungarian government should be urged to limit the private copying exception to ensure that it does not extend to digital copying of works or sound recordings. Nor should any private copying exception interfere with the ability of rightholders to protect their works and sound recordings using technological protection measures.
- Communist-era provisions that prevented employers from exercising all economic rights with respect to software created by employees were eliminated. Employers are now able to exercise all economic rights for software created by employees in certain circumstances,

and economic rights are fully transferable (assignable). The law's old provisions of fixed royalty rates in favor of author/employees were removed. The old provisions had acted to discourage foreign and local investment in software development and publishing and inappropriately interfered with the marketplace.

- Protection for encrypted signal was adopted, prohibiting the unauthorized retransmission of signals, and prohibiting the manufacture, distribution, possession, sale, rental and use of unauthorized descrambling devices.

However, the 1999 amendments did not solve the following matters that have been highlighted in previous filings by the IIPA:

- Civil *ex parte* search procedures are still not clearly available as required for Hungary to meet its TRIPS obligations (Article 50). Hungary is required to provide this expeditious remedy to prevent infringements as an effective tool against end-user software piracy in particular. For years, the Hungarian government has argued that this remedy is available under existing law; however, these provisions have not proven as reliable and effective as officials have claimed it to be, and further amendment to the law and/or its implementation in the copyright act are needed to create an effective and streamlined process, as has been promised by the Hungarian government for several years.
- The law currently does not include a presumption of ownership of rights in sound recordings.
- The law currently does not have provisions for the calculation of damages; the Act only refers to general civil law rules on damages, which will not help to adequately compensate copyright owners or producers of sound recordings for infringements.
- The compulsory license for cable retransmissions of copyrighted works was not eliminated. It should be deleted or amended to comply with international treaty obligations, or, at the very least, implemented in full compliance with these obligations.
- Amendments to the Customs and criminal codes to comply with TRIPS to improve border enforcement were not adopted.

In January 1996, the copyright law was amended by the Law on Television and Radio (the "media law") with respect to the broadcasting compulsory license; it entered into force on February 1, 1996. This law requires compliance with copyright as a condition for obtaining and maintaining broadcast licenses and is an important tool in the fight against broadcast piracy.

However, this 1996 law revised, but did not eliminate, the unfair compulsory license that exists for cable retransmissions and certain satellite signals of copyrighted works. The 1996 law eliminated the compulsory license with respect to broadcasters, but not for original rightholders (by amending but not eliminating Article 50G). IIPA had hoped that the 1999 amendments would eliminate the compulsory license altogether because it unfairly allows satellite signals and audiovisual programming to be cable retransmitted without the consent of authors. Unfortunately, this did not happen. Under Section 28(2) of 1999 Copyright Act, cable and pay service operators are authorized to retransmit any film or program received in Hungary. Authorization from the right holder is considered "granted" if the company performing the retransmission has paid a stated fee to ARTISJUS, the state copyright-collecting society. In accordance with the provision of the copyright act, the collected fees are shared, unless otherwise agreed to by the affected parties, among the groups and in the specific proportions as set out in the law.

It should be noted that the European Union Cable and Satellite Directive requires that rightholders have the right to freely negotiate agreements providing for the retransmission by cable of their works. The Hungarian law as drafted precludes free negotiation by effectively setting a tariff rate. The Directive also requires that rightholders have the right to grant or refuse authorization to a cable operator for a cable retransmission thorough a collecting society, a provision not satisfied by the current Hungarian law. Moreover, imposition of a compulsory license for satellite retransmissions is problematic in view of the EU Directive's requirement that states ensure that right holders authorize satellite communications of their works only by agreement.

Criminal Code

In January 2000, Hungary amended its criminal code, increasing the maximum jail sentence to eight years and making signal theft a criminal offense that carries a maximum sentence of two years. The criminal code provisions should improve enforcement if they utilized; also added into the Code were provisions to improve the evidentiary presumptions of copyright ownership. Improvements for border enforcement are still needed.

Government Software Management

The software industry was very pleased when in 1999, sections of the Hungarian government voluntarily engaged in a software management, i.e., legalization program, to ensure that only licensed software was in use. In August 1999, officials in the Hungarian Prime Minister's office disclosed to the industry that that the ministry had legalized its software, and had issued a detailed decree within the ministry in doing so. Under the terms of the decree, the ministry adopted a procurement plan to avoid unlicensed software use. Representatives of that office agreed to move to extend the legalization beyond their ministry. In 2000, the Ministry of Finance issued a similar decree, which applied both within the ministry and to all of its subsidiary offices. By these actions, the Hungarian government has shown that it wants to cooperate with the software industry.