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Hungary

### 1 Should I apply to an ordinary civil court or to a specialised court (for example an employment labour court)?

Under the Act on the Organisation and Administration of Courts, only one type of specialised court operates in Hungary: the administrative and labour courts dealing with labour and administrative matters. Matters other than labour and administrative matters are dealt with by ordinary courts.

Unless otherwise provided by law, an administrative dispute is adjudicated in an administrative court action. An administrative dispute is concerned with the lawfulness of an administrative body's act or failure to act, the purpose or effect of which is to alter the legal situation of an entity governed or affected by administrative law. Disputes relating to public service relationships and administrative contracts are also administrative disputes.

An administrative case is adjudicated at first instance by an administrative and labour court or, in the cases specified by law, a regional court (*törvényszék*) or the Curia of Hungary (*Kúria*).

The jurisdiction of administrative and labour courts covers administrative court actions and other administrative court procedures where jurisdiction is not conferred upon regional courts or the Curia of Hungary by law.

Unless otherwise provided by law, regional courts have jurisdiction over cases relating to the administrative activities of independent regulatory bodies, autonomous state administration bodies and government offices under the act on central state administration bodies, the railway administration body, the aviation authority and the Hungarian National Bank, except for cases relating to public service relationships.

Regional courts decide in procedures for the designation of administrative bodies, in court procedures relating to the exercise of the right of assembly, in actions relating to access to classified data and in legal disputes concerning statutory professional bodies.

The Curia of Hungary has jurisdiction for procedures for the assessment of conflict between a local government decree and other legislation, procedures concerning a local government's failure to comply with its obligation to legislate, and procedures for the establishment of procedural means to resolve a constitutional complaint.

Labour law actions include actions arising from legal relationships established under the Act on the Labour Code, employment in the public sector, service relationships, except as provided in law, participation in public employment schemes, labour contracts concluded under the Act on Sports, apprenticeship contracts concluded in vocational training, student internship contracts under the Act on National Higher Education, work relationships established with social cooperatives or employment cooperatives by the members of such cooperatives, and actions brought for the enforcement of other claims under labour law, as specified in the Act on the Labour Code. A labour law action remains as such even if there is a change in the person of any party due to assignment, assumption of debt, succession of employer, or change in the person of the employer. If an employee has a pecuniary claim against an insolvent employer, arising from a claim under employment law and related to the assets forming part of the insolvency estate, and it is disputed by the insolvency administrator, the employee may bring a labour law action against the employer after the commencement of the insolvency procedure.

### 2 Where the ordinary civil courts have jurisdiction (i.e. these are the courts which have responsibility for such cases) how can I find out which one I should apply to?

#### 2.1 Is there a distinction between lower and higher ordinary civil courts (for example district courts as lower courts and regional courts as higher courts) and if so which one is competent for my case?

Pursuant to the Act on the Organisation and Administration of Courts, first-instance judgments are passed by district courts (*jársbíróság*) and regional courts. Regional courts adjudicate at first instance in cases where jurisdiction is not conferred upon district courts by law. District courts have jurisdiction over the following:

(a) actions relating to property rights where the value of the property does not exceed HUF 30 million or it is not possible to determine the value of the claim based on a property right, except for

(aa) actions relating to copyright, neighbouring rights and industrial property rights,

(ab) actions brought for the payment of damages related to the exercise of official authority, and of restitution awards,

(ac) actions brought on grounds of public interest,

(ad) actions relating to the creation and lawful operation of a legal person,

(ae) disputes between legal persons and their current or former members, and disputes between current or former members, arising from their membership relations,

(b) actions relating to personal status,

(c) enforcement actions.

Regional courts adjudicate not only at first instance but also at second instance, namely in respect of appeals against decisions issued by district courts and administrative and labour courts.

Regional courts of appeal (*ítélőtábla*) decide on applications for legal remedy against decisions by regional courts, and deal with other cases falling within their jurisdiction.

The supreme court of Hungary is the Curia of Hungary. In the cases specified by legislation, the Curia decides on applications for legal remedy against decisions by regional courts and regional courts of appeal, adjudicates on applications for judicial review, decides on conflicts between local government decrees and other legislation and repeals such decrees where necessary, establishes any failure of local governments to meet their statutory obligation to legislate, and deals with other cases falling within its jurisdiction.

#### 2.2 Territorial jurisdiction (is the court of city/town A or of city/town B competent for my case?)

##### 2.2.1 The basic rule of territorial jurisdiction

The court with jurisdiction over the defendant's place of residence has jurisdiction in all cases where no other court has exclusive jurisdiction.

If the defendant does not have a place of residence in Hungary, jurisdiction is governed by the defendant's place of stay in Hungary. If the defendant's place of stay is unknown or is abroad, his or her last place of residence in Hungary will be taken into account. If this cannot be determined or if the defendant did not have one, jurisdiction will be established on the basis of the plaintiff's place of residence in Hungary or, failing this, his or her place of stay in Hungary. If the plaintiff is not a natural person, jurisdiction will be determined by reference to its seat in Hungary.

If the defendant's place of work is not the same as his or her place of residence, the court will, at the request of the defendant submitted as part of his or her written statement of defence at the latest, transfer the case for hearing and adjudication to the court with jurisdiction over the place of work.

If an action is brought against a person that is not a natural person, general jurisdiction depends not only on the seat of that person but also on the place of operation of the body or organisational unit entitled to represent it and acting in the legal dispute. In case of doubt, the place of business must be regarded as the seat. If the seat of a non-natural person is in Budapest but its operations extend to the territory of Pest County, the court that has jurisdiction over Pest County will deal with the case.

If a non-natural person does not have a seat in Hungary, jurisdiction with respect to actions brought by a Hungarian plaintiff that is not a natural person will be determined by reference to the plaintiff's seat or place of operation. If the plaintiff is a Hungarian natural person, jurisdiction will be established either at the place of residence of the plaintiff or, failing that, his or her place of stay.

### **2.2.2 Exceptions to the basic rule**

#### **2.2.2.1 When can I choose between the court in the place where the defendant lives (court determined by the application of the basic rule) and another court?**

In the absence of a court with exclusive jurisdiction, the plaintiff may choose to bring an action before a court other than the one having general jurisdiction in respect of the defendant. More specifically, an action for imposing a maintenance obligation prescribed by law may be brought before the court having jurisdiction over the claimant's place of residence; an action related to the ownership or possession of immovable property, or to a right in rem in immovable property, may be brought before the court having jurisdiction over the place where the immovable property is located; an action for enforcing a contractual claim may be brought before the court having jurisdiction over the place where the transaction was concluded or where the service is to be delivered; an action for enforcing a consumer's contractual claim against an undertaking may be brought before the court having jurisdiction over the plaintiff's place of residence in Hungary or, failing this, his or her place of stay in Hungary; and an action in respect of non-contractual liability may be brought before the court having jurisdiction over the geographical location where the damage was caused or occurred.

If there is no court with exclusive jurisdiction in a property dispute, jurisdiction also lies with the court in whose area of jurisdiction the defendant is staying for a foreseeably long period (e.g. as an employee or student). Jurisdiction cannot be established on these grounds in the case of defendants who do not have the capacity to act in a lawsuit.

A property-related legal action against a foreign person that is not a natural person may also be brought before the court having jurisdiction over the place of residence of the person entrusted with managing the affairs of the foreign non-natural person. The court competent for the seat of the Hungarian branch or commercial agency of the foreign non-natural person also has jurisdiction for such property disputes.

Joint action may be brought against a secondary obligor and a principal obligor before the court having jurisdiction on any grounds for the action against the principal obligor.

Jurisdiction for an action brought for placement under guardianship also lies with the court in whose area of jurisdiction the defendant has accommodation in a residential social institution or receives in-patient care over a long period of time, or habitually resides.

In matrimonial matters, the court of the last common habitual residence of the spouses also has jurisdiction.

Actions brought for the establishment of parentage, settling the exercise of parental custody, the placement of a child with a third party, the termination of parental custody, the termination of adoption or the maintenance of a minor child may also be initiated at the court with jurisdiction over the place of residence or place of stay of the minor child involved.

#### **2.2.2.2 When do I have to choose a court other than that in the place where the defendant lives (court determined by the application of the basic rule)?**

When legislation provides that a specific court shall have exclusive jurisdiction in the case. This applies, for example, in the cases below.

Unless otherwise provided by law, a binding legal act of the European Union or an international convention, the court of the defendant's place of residence in Hungary has exclusive jurisdiction for actions brought by an undertaking against a consumer for the enforcement of a claim arising from a contractual relationship. If the defendant does not have a place of residence in Hungary, exclusive jurisdiction is governed by the defendant's place of stay in Hungary. If the defendant's place of stay is unknown or is abroad, his or her last place of residence in Hungary will be the reference criterion. If this cannot be determined, jurisdiction must be established according to the general rules.

If an injured person may, pursuant to a legal provision related to liability insurance contracts, also claim damages or restitution from a third party other than the person that caused the damage, the action brought against the third party falls within the exclusive jurisdiction of the court of the plaintiff's place of residence in Hungary, unless otherwise provided by law, a binding legal act of the European Union or an international convention. If the plaintiff does not have a place of residence in Hungary, the court of the plaintiff's place of stay in Hungary will exercise exclusive jurisdiction. If the plaintiff is not a natural person, the court with exclusive jurisdiction will be determined by reference to its seat in Hungary. If the plaintiff does not have a place of residence, a place of stay or a seat in Hungary, jurisdiction must be established according to the general rules.

An action brought for the termination or restriction of enforcement falls within the exclusive jurisdiction of the district court which ordered the enforcement. If the enforcement was not ordered by a district court, jurisdiction lies with the district court of the place of residence of the debtor.

A replevin action (for the release of property wrongfully seized) falls within the exclusive jurisdiction of the district court in whose area of jurisdiction the seizure took place.

An action for permission to participate in an enforcement procedure falls within the exclusive jurisdiction of the court which dismissed the request of the pledgee in the judicial enforcement procedure.

An action brought to change the decision of a local government clerk on a possessory matter falls within the exclusive jurisdiction of the court of the seat of the local government clerk adopting the possessory decision.

#### **2.2.2.3 Can the parties themselves attribute jurisdiction to a court that would not be competent otherwise?**

In matters relating to property, the parties may attribute jurisdiction to a particular court to settle their current dispute or any future dispute which may arise from a particular legal relationship, unless the law provides otherwise. A choice-of-court agreement may be made in writing, orally with written confirmation, in a form consonant with the business practices developed between the parties, or, in the case of international trade, in a form consonant with the customary trade practices that are known or should be known to the parties and that are generally known and regularly used in the given field by parties entering into an agreement of this nature.

In cases where legislation provides for the exclusive jurisdiction of a particular court, jurisdiction may not be attributed to another court. The chosen court has exclusive jurisdiction unless otherwise provided by law or agreed by the parties. A choice-of-court agreement applies to legal successors. The choice of jurisdiction may not be such as to prevent consumers from enforcing contractual claims against an undertaking before the court of the consumer's place of residence in Hungary or, failing this, the consumer's place of stay in Hungary.

In matters relating to property, the parties may not attribute jurisdiction for their legal disputes or any future dispute arising from a particular legal relationship to the Budapest-Capital Regional Court or to the Budapest Environs Regional Court in cases where regional courts have jurisdiction, or to the Pest Central District Court in cases where district courts have jurisdiction.

### **3 Where specialised courts have jurisdiction how can I find out which one I have to address?**

Administrative and labour courts are the only specialised courts in Hungary.

Labour law actions are basically governed by the general rules of jurisdiction described in point 2.2.1. An employee bringing action may choose between the court having general jurisdiction over the defendant and the administrative and labour court having jurisdiction over the employee's own place of residence or, failing this, place of stay in Hungary, or the administrative and labour court having jurisdiction over the place where the employee worked or has been working for a long period of time. If a co-litigant or claim falls within the jurisdiction of a court having jurisdiction for labour law actions, while another co-litigant or claim falls within the jurisdiction of a district court or regional court, the action will fall within the jurisdiction of the labour court, provided that legislation permits the joinder of parties or the joinder of claims.

Administrative actions must be brought before the court in whose area of jurisdiction the administrative activity subject to the dispute was performed, unless the exclusive jurisdiction of another court is established by law. If the administrative act under dispute was performed in procedures of more than one instance, the case falls within the territorial jurisdiction of the court of the place where the administrative act was performed at first instance.

In the case of rights, obligations and legal relationships related to immovable property, the place of performance of the administrative activity is the place where the immovable property is located. In the case of the notification or authorisation of an activity, it is the place where the activity is pursued or intended to be pursued. Except in the aforementioned two cases, the place of performance of the administrative activity of a regional state administration body with national jurisdiction is the plaintiff's place of residence or place of stay or, for legal persons and entities without legal personality, the seat of the entity or, failing this, the seat of the administrative body. Pest County is the place of performance of administrative activities performed at the seat of a state administration body which has its seat in Budapest but whose jurisdiction primarily covers Pest county or a part of it. In cases of failure to act, the place of the performance of the administrative activity is the seat of the administrative body, except in the first three cases specified above.

Certain administrative and labour courts have territorial jurisdiction for a specified region. These are the Budapest-Capital Administrative and Labour Court, the Budapest Environs Administrative and Labour Court, the Administrative and Labour Court of Debrecen, the Administrative and Labour Court of Győr, the Administrative and Labour Court of Miskolc, the Administrative and Labour Court of Pécs, the Administrative and Labour Court of Szeged, the Administrative and Labour Court of Veszprém.

Jurisdiction for actions relating to social security, social or child protection benefits and benefits or support provided by the state employment service lies with the administrative and labour court with jurisdiction over the plaintiff's place of residence or, if the plaintiff is a legal person or an entity without legal personality, the plaintiff's seat or, failing this, the seat of the administrative body.

Actions relating to administrative contracts must be brought before the regional court in whose area of jurisdiction the contract was concluded. The court having jurisdiction on any grounds over the principal obligor will have jurisdiction over the claim against the secondary obligor.

If the administrative activity was performed abroad, the action falls within the exclusive jurisdiction of the Budapest-Capital Administrative and Labour Court. Unless otherwise provided by law, parties to an administrative contract may adopt an individually negotiated choice-of-court clause, in which they attribute jurisdiction over any future legal dispute arising between them in connection with the administrative contract to an administrative and labour court with territorial jurisdiction for a specified region. Unless otherwise provided by law or agreed by the parties, the chosen court will have exclusive jurisdiction for all actions relating to the administrative contract. The choice-of-court agreement will also apply to legal successors.

In cases where legislation provides for the exclusive jurisdiction of a particular court, jurisdiction may not be attributed to another court.

The parties may not attribute jurisdiction for their future disputes arising from the administrative contract to the Budapest-Capital Administrative and Labour Court.

Actions relating to public service relationships must be brought before the court with territorial jurisdiction for the place where the work was performed. If the plaintiff is a natural person, the action may also be brought before the court having jurisdiction over the plaintiff's place of residence.

The Budapest-Capital Regional Court has exclusive jurisdiction for appeals against the decisions of administrative and labour courts and for actions falling within the jurisdiction of regional courts.

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