

Legal protection of trademark in Indonesia: A review on its current legislation development

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Abstract

Trademarks play an important role in the current international trade and market-oriented economies. Current trade and market system allows manufacturers to offer consumers a wide range of goods in the same category. For this reasons, the competing goods must be labeled with a trademark. Trademark counterfeiting has become a global phenomena, including in Indonesia. Towards this end, Indonesia is taking many strategic and practical steps to eradicate trademark counterfeiting including enacting Law No. 15 of 2001 on Marks. This paper examines the development of law concerning mark in Indonesia, including procedure of trademark registration and scope of trademark legal protection under current legislation adopted. The results would provide more understnading pertaining to trademark protection and the development of law concerning marks in Indonesia.

Keywords: trademark protection, Indonesia, law concerning mark

1. Introduction

Trademarks, usually imprinted on product or on its packaging, are any signs that can be used to identify products available in the marketplace. Through trademarks, consumers can easily recognize a particular product offered by a company. Currently, Indonesia has the latest law concerning mark, namely Law No. 15 of 2001 on Marks (hereafter LCM 2001). LCM 2001 is promulgated in 2001 shortly after the Indonesian government ratified the Convention on the Establishment of the World Trade Organization (WTO). LCM 2001 replaces Law No. 14 of 1997 on the Amendment of Law No. 19 of 1992 on Marks.

As soon LCM 2001 applies, the government takes corrective actions towards the regulations and provisions related to trademark. This actions allow the government to provide better services for producers to develop their business and obtain a legal protection on their trademarks. The enactment of LCM 2001 is able to prevent the emerged of unfair competition; presuming that trademark has a capability to distinguish the origin and quality of products. As stipulated in paragraph (a) of preamble of LCM 2001, "that in the era of global trade and in line with the international conventions that have been ratified by Indonesia, the role of Mark has become more important, particularly in safeguarding a fair business competition" (LCM 2001).

Article 1 (1) of LCM 2001 defines mark as "a sign in the form of a picture, name, word, letters, figures, composition of colors, or combination of said elements, having distinguishing features and used in the activities of trade in goods or services" (LCM 2001). As the definition implies, the sign element of a trademark must have a capability to distinguish the goods or services offered by a given enterprise from those offered by another. The following are the types of signs that may serve as a trademark: words, letters and numerals, devices, colored marks, three dimensional signs, audible signs, olfactory marks, and other signs (Biljani, 2002).

Following to WIPO (2004), there are two requirements that a sign contributing a trademark must fulfill. The first requirement is concerned with to the basic function of a

trademark, namely its capability to distinguish the goods or services offered by a given enterprise from those offered by another. The second requirement is concerned with lack of distinctiveness and violates public order or morality. This is in line with provision stipulated in Article 15(1) of the TRIPS Agreement, namely, trademark should be "capable of distinguishing the goods or services of one undertaking from those of other undertakings" (TRIPs). In other words, a trademark should be distinctive (TRIPs). As stipulated in Article 5 of LCM 2001, a trademark shall not be registered if it contains one the following elements ^[1] contradicting with the prevailing rules and regulation, morality of religion, or public order, ^[2] having no distinguishing features, ^[3] having become public property, or ^[4] constituting information or related to the goods or services for which registration is requested (LCM, 2001).

Article 3 of LCM 2001 states that "the right to a Mark is the exclusive right granted by the State to the owner of a Mark which is registered in the General Register of Marks for a certain period of time, to himself use said Mark or to grant permission to another party to use it" (LCM, 2001). In contrast to copyright, trademark should be registered in advance in the General Register Merek (Ashidate, 2007). To obtain a legal protection on the right to trademark, producers is required to submit a trademark registration to the Directorate-General. LCM 2001 adopts "first to file" principle. Based on these principles, producers that wants to own the right to trademark must register their trademark in question (Deyes, 2010). This paper aims to review the development of legislation concerning trademark in Indonesia, particularly LCM 2001. This iclude, for example, understanding the provisions contained in LCM 2001.

2. Procedure of mark registration

Trademark registration aims to obtain legal certainty and legal protection on trademark right. Application of trademark registration is submitted to the Directorate General of Intellectual Property Rights. The directorate is a government agency assigned to register trademark registration applied by

the mark owner (Saidin, 2007). Mark registration is submitted in compliance with the requirements as set by Law No. 15 of 2001 on Mark. There are two system adopted in mark registration: declarative and constitutive system. Law No. 15 of 2001 adopts a constitutive system, just like the previous legislations: Law No. 19 of 1992 and Law No. 14 of 1997. This is a fundamental change in the trademark law in Indonesia (Firmansyah, 2011)

Trademark registration is also intended to provide a recognition that the registrant is recognized as the first user until someone else proves otherwise. No trademark rights without trademark registration. This is what brings more certainty. A person who can prove that he/she has registered a trademark and was given a Mark Certificate, then other people cannot use the mark concerned. Other people are not entitled to use the same mark for the similar goods. Therefore, constitutive system provides more legal certainty and legal protection (Gautama and Winata, 1993).

Referring to Article 3 of Law No. 15 of 2001 on Mark, it is clear that a mark is an exclusive right granted by the State to the owner of a registered mark. Article 3 of Law No. 15 of 2001 on Mark emphasizes that the right to a mark is arise due to the presence of registration; not because of the first use. This shows that the law adopts a constitutive system and ensures the realization of legal certainty. Only the person enrolled as the owner of a mark can use or give others the right to use (Muhamad and Djubaedillah, 2003). The wording of Article 3 of the Law is as follows.

“The right to a Mark is the exclusive right granted by the State to the owner of a Mark which is registered in the General Register of Marks for a certain period of time, to himself use said Mark or to grant permission to another party to use it” (LCM 2001).

Furthermore, Article 4 of Law No. 15 of 2001 on Mark stipulates also that “A Mark shall not be registered on the basis of an Application by an Applicant having bad faith”. Based on this provision, it could be stated that although Law No. 15 of 2001 on Mark adopts constitutive system, it basically remains aims to protect an applicant having good faith.

The requirements and procedure of mark registration are as follows. Article 7 (1) stipulates that an application is submitted in writing in the Indonesian language at the Directorate General by stating ^[1] the date, month, and year, ^[2] complete name, nationality, and address of the applicant, ^[3] complete name and address of the proxy; if the application is submitted through a proxy, ^[4] colors; if the mark applied for registration uses color elements, ^[5] country and submission date of the first application; if the application is submitted with priority right.

Article 7 (2) set out that the application shall be signed by the applicant or his proxy. Article 7 (3) specifies that the applicant may comprise of a person, several persons jointly together, or a legal entity; and Article 7 (4) states that the application shall be furnished the receipt of payment of fee. Furthermore, Article 7 (5) stipulates that if the application is submitted by more than one person that is jointly entitled to the mark, the name of the persons shall be included by choosing one address as their address.

Article 7 (6) prescribes that in the case of the application as referred to in Article 7 (5), the application shall be signed by one of the applicants entitled to the mark and be furnished

with a written consent from them. After that, Article 7 (7) establish that if the application as referred to in Article 7 (5) is submitted through a Proxy, the power of attorney for this purpose must be signed by all parties entitled to the relevant mark. Article 7 (8) determines that the Proxy as referred to in Article 7 (7) shall be a Consultant of Intellectual Property Rights. Finally, Article 7 (9) assigns that further provisions regarding the requirements for the appointment as a Consultant of Intellectual Property Rights shall be regulated by Government Regulation whilst the procedure of appointment shall be regulated by Presidential Decree (Astriani and Rezki, 2009).

3. Development of Law concerning Trade mark

In Indonesia, law concerning trademark protection begins in 1961, or 16 years after Indonesia's independence. This is marked by the enactment of Law No. 21 of 1961 on Corporate and Commerce Trademark. Law No. 21 of 1961 is a renewal of the Reglement Industriele Eigendom Kolonien 1912. As such, the provisions contained in Law No. 21 of 1961 is primarily a transformation form of the provisions stipulated in the provisions concerning industrial trademark of 1912 legacy of Dutch colonial (Gautama and Winata, 1993).

Law No. 21 of 1961 adopts a declarative registration. According to the provisions contained in Article 2 paragraph (1) of the Law, the legal protection is granted to the first user of a certain mark. Under this declarative system, trademark registration is only a conjecture as the first user. That is, if in the future there is evidence that other party is the first user, the first registration of the mark is no longer protected by law. Many experts consider that this declarative system does not provide a legal certainty. Consequently, Law No. 21 of 1961 was later replaced by Law No. 19 of 1992, promulgated in 1992 and came into force in 1993 (Firmansyah, 2011).

In line with the development of mark at the international level, law concerning trademark protection in Indonesia was revised by the enactment of Law No. 14 of 1997 on the Amendment of Law No. 19 of 1992 on Marks. Therefore, Law No. 14 of 1997 merely supplement, add, and amend provisions stipulated in Law No. 19 of 1992. Furthermore, in line with the international conventions that have been ratified by Indonesia, the government Indonesia renew its law concerning mark in 2001 by enacting Law No. 15 of 2001 on Marks. Law No. 15 of 2001 replaced Law No. 19 of 1992 and Law No. 14 of 1997. Law No. 15 of 2001 on Marks applies today (Saidin, 2007).

There are two considerations behind the passage of legislation no 15 of 2001. First, a mark has become more important role in the era of global trade, particularly in safeguarding a fair business competition; and second, there is a need for a more comprehensive legislation concerning mark to provide improved services for the public.

General provisions stipulated in Law No. 15 of 2001 on Marks among others, are as follows:

1. Article 1 (1) provides a definion concerning mark as “a sign in the form of a picture, name, word, letters, figures, composition of colors, or combination of said elements, having distinguishing features and used in the activities of trade in goods or services” (LCM 2001).
2. Article 1 (2) provides a definion concerning trade mark as “a mark that is used on goods traded by a person or by

several persons jointly or a legal entity to distinguish the goods from other goods of the same kind” (LCM 2001).

3. Article 1 (3) provides a definition concerning service mark as “a mark that is used for services traded by a person or by several persons jointly or a legal entity to distinguish the services from other services of the same kind” (LCM 2001).
4. Article 1 (4) provides a definition concerning collective mark as “a mark that is used on goods and/or services having the same characteristics that are traded jointly by several persons or legal entities to distinguish the goods and/or services from others of the same kind” (LCM 2001).

4. The Substance of Articles Stipulated in Law No. 15 of 2001 on Mark

Law No. 15 of 2001 on Mark adopts a comprehensive approach to address various aspects of mark.

a) Chapter 1 (General Provisions)

Chapter 1 consists of one article (Article 1) comprising of 15 paragraphs. This chapter describes the definitions of terms related to mark which are applicable in this law. For example, Article 1 paragraph 15 defines a trademark as “a sign in the form of a picture, name, word, letters, figures, composition of colors, or combination of said elements, having distinguishing features and used in the activities of trade in goods or services” (LCM 2001).

b) Chapter 2 (Scope of Marks)

This chapter comprises of five articles: article 2 to article 6. This chapter describes a description pertaining to scope of marks in general and marks that cannot be registered and marks that are rejected. For example, Article 2 stipulates that “the right to a Mark is the exclusive right granted by the State to the owner of a Mark which is registered in the General Register of Marks for a certain period of time, to himself use said Mark or to grant permission to another party to use it” (LCM 2001).

c) Chapter 3 (Application for Registration of Mark)

This chapter consists of 11 articles: article 7 to article 17. This chapter contains provisions concerning requirements and procedure of filing, application for registration of mark with priority right, examination on the completeness of requirements for registration of mark, and period of receipt of an application for registration of mark. For example, Article 11 states that “an Application with a Priority Right shall be filed within a period of 6 (six) months at the latest, commencing from the first Filing date of the Application in another country, which is a member of the Paris Convention for the Protection of Industrial Property or a member of the World Trade Organization” (LCM 2001).

d) Chapter 4 (Registration of Marks)

Chapter four contains 22 articles: article 18 to article 39. This chapter comprises of a description pertaining to substantive examination, announcement of application, and objection and rebuttal. This chapter is also concerned with re-examination, period of protection of registered marks, and appeal petitions. Lastly, this chapter concerns the mark appeal commission, extension of period of protection of a registered mark, and

change of name and/or address of a registered mark owner. For example, it is stipulated in Article 18 that “the Directorate General shall conduct a substantive examination of an Application within a period of 30 (thirty) days at the latest from the Filing Date” (LCM 2001).

e) Chapter 5 (Transfer of Rights of a Registered Mark)

Chapter five contains 10 articles: article 40 to article 49. This chapter comprises of a description concerning transfer of rights and licensing. For example, Article 40 describes that the rights to registered Mark may be transferred by inheritance, testament, donation, agreement, or other reasons recognized by law. Meanwhile, article 41 stipulates that ^[1] “a transfer of right to a registered Mark may be accompanied by the transfer of good will, reputation or other things related to the Mark” and ^[2] “the right on a registered service Mark that cannot be separated from the ability, quality, or skills of the party rendering the service can be transferred provided that there is a guaranty on the quality of service to be rendered” (LCM 2001).

f) Chapter 6 (Collective Marks)

Chapter six contains six articles: article 50 to article 55. This chapter comprises of a description concerning collective marks. For example, Article 57 describes that “an application for registration of a trade Mark or a Service Mark as a Collective Mark shall only be accepted if it is clearly stated in the application that the Mark would be used as a Collective Mark”. It is also stated that “in additional to a affirmation on the use of Collective Mark, the Application must be accompanied by a copy to the regulation on the use of said Mark as a Collective Mark, signed by all relevant Mark owners (LCM 2001).

g) Chapter 7 (Geographical Indications and Source of Origin)

Chapter seven contains five articles: article 56 to article 60. This chapter comprises of a description concerning geographical indications and source of origin. For example, Article 56 stipulates that “geographical indication shall be protected as a sign which indicates the place of origin of goods, which due to its geographical environment factors, including the factor of the nature, the people or the combination of the two factors, gives a specific characteristics and quality on the goods produced therein” (LCM 2001).

h) Chapter 8 (Deletion and Cancellation of Registration of a Mark)

Chapter eight contains 12 articles: article 61 to article 72. This chapter comprises of provisions pertaining deletion and cancellation of registration of a mark. For example, Article 61 stipulates that ^[1] “the deletion of Mark registration may be made by the Directorate General either at its own initiative or at the request of the owner of the Mark concerned and ^[2] “the deletion may be made if the Mark has not been used for 3 (three) consecutive years in trade of goods and/or services from the date of registration or of the last use, or the Mark is used for the kind of goods and/or services, which is not in pursuant to the kind of goods, or services for which the Mark Application for registration was filed, including the use of Mark, which is not in accordance with the registered Mark (LCM 2001).

i) Chapter 9 (Administration of Marks)

Chapter nine contains two articles: article 73 to article 74. This chapter is concerned with administration of marks. In this perspective, it is stipulated in this chapter that ^[1] “the directorate general shall conduct the administration of marks as regulated under this law” and ^[2] “the directorate general shall implement a national network system of mark documentation and information, which is capable of providing information to the public as widely as possible” (LCM 2001).

j) Chapter 10 (Fees)

Chapter 10 consists of one article (i.e., Article 75) comprising of three paragraphs. In particular, it is stipulated that “a fee shall be paid upon the filing of an Application or a request for the renewal of a Mark, a request for excerpt of the General Register of Marks, a request for the recording of the transfer of right, a request for the amendment of name and/or address of owner of a registered Mark, a request for the recording of a Licensing agreement, a request for the objection on an Application, a request for an appeal petition, and other matters regulated in this Law” (LCM 2001).

k) Chapter 11 (Settlement of Disputes)

This chapter consists of nine articles: article 76 to article 84. This chapter contains provisions concerning lawsuit against trademark infringement, procedure of a lawsuit at the commercial court, cassation, and alternatives of dispute settlement. For example, Article 76 states that ^[1] “the owner of a registered Mark may file a lawsuit against any other party that unlawfully uses his Mark for goods and services which has similarity in its essential part or its entirety with his Mark, in the form of claim for compensation, and/or the termination of all acts that are related with the use of the relevant Mark” and ^[2] “the lawsuit shall be submitted to the commercial Court” (LCM 2001).

l) Chapter 12 (Provisional Decision by the Court)

Chapter four contains four articles: article 85 to article 88. This chapter comprises of a description pertaining to provisional decision by the court. For example, it is stipulated in Article 85 that “on the basis of an adequate evidence, the party whose rights have been infringed may request to the judge at the Commercial Court to issue a provisional decision regarding ^[1] the prevention of entry of goods allegedly resulted infringing the right on Mark and ^[2] the keeping of evidence relating the infringement of relevant Mark” (LCM 2001).

m) Chapter 13 (Investigation)

Chapter 10 consists of one article (Article 89) comprising of four paragraphs. In particular, it is stipulated that “in addition to investigation officers at the State Police of the Republic of Indonesia, certain civil servants at the Directorate General shall be granted special authority as investigators to conduct an investigation of criminal offices in the field of Marks” (LCM 2001).

n) Chapter 14 (Criminal Provisions)

Chapter six contains six articles: article 90 to article 95. This chapter comprises of a description concerning criminal provisions. For example, Article 57 describes that “any person who deliberately and without right uses a Mark which is

similar in its entirety to a registered Mark of another party for the same kind of goods and/or services produced and/or traded shall be sentenced to imprisonment for a maximum period of 5 (five) years and/or a fine of a maximum amount of IDR. 1,000,000,000,00 (one billion rupiahs)” (LCM 2001).

o) Chapter 15 (Transitional Provisions)

Chapter seven contains four articles: article 96 to article 99. This chapter comprises of a description concerning transitional provisions. For example, it is stipulated in Article 96 that “any Application, the extension of the protection period of a registered Mark, the recordation of the transfer of right, the recordation of the change of name and address, the request for the deletion or the cancellation or a registered Mark that has been filed on the basis of Law No.19 of 1992 regarding TradeMarks as amended by Law No.14 of 1997 however has not been finished on the date of effect of this Law, shall be finished in accordance with the provisions under said Law” (LCM 2001).

p) Chapter 16 (Closing Provisions)

Chapter nine contains two articles: article 100 and article 101. This chapter is concerned with closing provisions. It is stipulated in this chapter that ^[1] “upon the effectiveness of this Law, Law No.19 of 1992 as amended by Law No.14 of 1997 regarding mark shall be declared to no longer be valid” and ^[2] “this Law shall take effect on the date of its enactment” (LCM 2001).

5. Conclusion

Trademarks play an important role in the current international trade and market-oriented economies. Trademark is a unique sign that have a capability to distinguish the goods or services offered by a given enterprise from those offered by another. Trademarks comprises of more than words or logos. It may include three dimensional symbols; even it may consist of colors, sounds and scents. Trademarks should have a capability to allow consumers to seek particular origin of products or services. Manufacturers utilises trademarks to construct and maintain its distinct identity and reputation, and to construct and maintain trust and loyalty of their business partners and consumers. Meanwhile, consumers utilize trademarks as a guidance that will enable them to make their choice between the various goods or services available on the market. Trademarks are valuable asset in the current global economy. Trademarks enable manufacturers as the owner of the trademark to increase a company’s value to potential investors and to have a competitive advantage on the market.

Trademark is one form of intellectual property which is protected by the law on marks in Indonesia. Since the Indonesia government ratified the Convention on the Establishment of World Trade Organization (WTO), the government has improved its various laws and regulations on intellectual property rights, including the law concerning marks. In 2001 the government passed Law No. 15 of 2001 on Marks to replace Law No. 14 of 1997 on the Amendment of Law No. 19 of 1992 on Marks. These changes aim to accommodate some aspects of the TRIPS Agreement that have not been published in Law No. 14 of 1997 on Marks.

The enactment of Law No. 15 of 2001 on Marks reflect a new era of business in Indonesia. The enactment of the law has encourage domestic manufacturers to introduce their products

identity to the consumers. Through their trademark, producers seek to reflect quality and origin of the products they sell. For producers, having trademark certificate will allow them to conduct business more easily because they can provide evidence that they are the owner the right to trademark they use. In addition, by having trademark certificate, they can sue another party who produce or sell products under the same trademark. Trademark certificate is an evidence that a certain trademark has been registered in the General Register of Trademarks. Law No. 15 of 2001 on Marks provides exclusive rights to the owner of registered trademark. This exclusive rights provide a legal protection to the trademark they use. This exclusive rights to prohibit another party to use the trademark having the same image or writing on their product or its packaging. Law No. 15 of 2001 does not provide a legal protection for an unregistered trademark. Thus, the owner of unregistered trademark cannot take legal action or lawsuit against a third party who falsify their trademark.

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