



# Well-known Mark Overseas Legal Protection and Local Brands in Trademark Rights Violations

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## Abstract

Brand rights relating to the Law Number 20 of 2016 concerning Trademark Rights and Geographical Indications, it can be concluded that those who are entitled to legal protection for trademark disputes are the users and the first registrant of the brand used. Brand is one form of Intellectual Property Rights (IPR) that is used to recognize and differentiate products or services. However, brands are very vulnerable to being copied by irresponsible parties. The imitation of the brand has an impact on material and non-material losses. The perpetrators of brand rights violations, especially for brands that are at a well-known level, brand rights holders can make legal safeguards regulated in the Law Number 15 of 2001 concerning Trademarks which are changed to the Law Number 20 of 2016 concerning Trademarks and Indications Geographical. One of the legal efforts applied is through arbitration or alternative dispute resolution. The step resulted in a decision that was the termination of all actions related to the use of the imitated brand.

**Keyword:** legal protection, brand rights, famous brands

## INTRODUCTION

In the world of trade, the brand as one form of IPR that has been used hundreds of years ago and has an important role because the brand is used to distinguish the origin of goods and services. Brands are also used in the world of advertising and marketing because the public often associates an image, the quality and reputation of goods and services with a particular brand. A brand can be a valuable commercial asset and often brands make the price of a product expensive and even more valuable than that company. In Indonesia, the brand law changing and adding to the Trademark Law in such a way since the Law Number 21 of 1961 was later amended by the Law Number 12 of 1992, and then amended again by the Law No. 15 of 2001, the last Act Number 20 of 2016 concerning brands and geographical indications, proving that the role of brands is very important. More flexible arrangements are needed along with the rapid development of the business world. Brand is form of a prestige. For certain circles, a person's prestige lies in the goods used or services used. The reason often asked is for quality, bonafide, or investment. Sometimes brands become a lifestyle. Brands can make someone become confident or even determine their social class.

Using items that are well-known brands is a matter for consumers' pride, especially if these items are genuine products that are hard to come by and reach most by consumers. The variety of product brands offered by producers to consumers makes consumers faced with a variety of choices, depending on the purchasing power or ability of consumers. Middle-class people who don't want to miss using famous brand goods buy fake goods. Although the items are fake, imitation and of low quality, it doesn't matter if they can buy them.

Adequate legal protection for well-known brands, most of which are well-known brands from abroad, is absolutely necessary, without prejudice to both indigenous entrepreneurs who have the same brand and famous brands who use it in good faith, but to maintain a good balance of brand owners well-known at home and abroad, it is also necessary to formulate the criteria of a well-known "local" brand that is a well-known brand that develops in a particular area or region or a well-known brand that is in a country.

Brands can be a company asset if the product or service produced by using the brand successfully becomes an item or service that is widely used by the community. Therefore, from that the relevant brand will be a “keyword” for people who will buy goods / services.<sup>1</sup> Brands are the only way to create and maintain *goodwill* in the eyes of consumers in foreign markets. Brands are a symbol for traders to expand and maintain their markets abroad. *Goodwill* of a product or service is invaluable in expanding the market.<sup>2</sup>

A brand of goods or services that can be accepted by the wider community requires a long journey. A company must strive in order to make their brand can be accepted by the community, for which efforts are made to keep the quality of the goods or services of the brand in a standard quality, expand the distribution network and be able to meet market needs. If these conditions can be maintained by the company, the brand can become a “spirit” of the production of goods or services. As a “spirit” brand production symbolizes product quality, as well as being a guarantee and reputation of goods or services in the activity of trading goods or services when traded.<sup>3</sup>

The incident with a local businessman in Indonesia, Pierre Cardin, is a well-known fashion designer from France who uses his name in a variety of fashion products. His legal team once filed a lawsuit against Alexander Satrio Wibowo who was a local businessman from Indonesia. At the first court, the panel of judges rejected the lawsuit filed by Pierre Cardin. One reason was that the panel of judges acknowledged Alexander’s Pierre Cardin brand which had been registered on July 29, 1977.

The case is not stopping there, Pierre Cardin continued the case until the Cassation level. However, this effort again ran aground. It was further confirmed by the Supreme Court in the case verdict Number 557/K/Pdt.Sus-HKI / 2015 that Alexander as the owner of the local Pierre Cardin brand had a difference in its products. “The respondent has a distinction by always including the words Product by PT. Warehouse Rejeki as a differentiator, in addition to other information as an Indonesian product. Thus, to strengthen the rationale that the brand does not compensate for the fame of other brands,” said the judgment of the cassation assembly.

Based on the background written above, here are some research questions can be taken as follows: What is the legal protection for owners of local brands and well-known brands from overseas? What efforts or defenses can be made if there is a violation of brand rights?

## RESEARCH METHODS

The research method used in this study is normative juridical research, the approach taken based on the main legal material by examining theories, concepts, principles of law and legislation relating to this research or library research is a research which studies document studies, namely using various secondary data such as legislations, court decisions, legal theories, and can be the opinions of experts.

This study provides data on the main topics studied and provides an overview of the object of research to strengthen existing theories, describe the norms of a brand contained in the Law Number 20 of 2016 concerning brands and geographical indications.

## RESEARCH AND ANALYSIS RESULTS

### Legal protection for owners of local brands and well-known brands from overseas

In article 1 point 1 of the Law Number 20 of 2016 concerning Trademarks and Geographical Indications a brand definition is given, namely Trademark is a sign that can be displayed graphically in the form of images, logos, names, words, letters, numbers, arrangement of colors, in the form of 2 ( two) dimensions and / or 3 (three) dimensions, sounds, holograms, or a combination of 2 (two) or more of these elements to distinguish goods and / or services produced by a person or legal entity in the activity of trading goods and / or services.<sup>4</sup> Besides according to juridical boundaries, some experts also give their opinions about brands, namely:

**H.M.N. Purwo Sutjipto, S.H.**, provides a definition that, a Brand is a sign, by which a certain object is personalized, so that it can be distinguished from other similar objects.

**Prof. R. Soekardono, SH**, provides that, Trademark is a sign (Java: siri or tengger) by which a certain

1 Trisno Raharjo, Analisis Terhadap Pertimbangan Hukum Hakim dalam Putusan-Putusan Perkara Merek Terkenal di Indonesia, Laporan Penelitian, Yogyakarta, UMY, 1999, page. 1

2 Muhamad Djumhana dan R. Djubaedillah, Hak Milik Intelektual, Teori dan Prakteknya di Indonesia, Citra Aditya Bakti, Bandung, 1997, page. 60

3 Insan Budi Maulana, Sukses Bisnis Melalui Merek, Paten dan Hak Cipta, Citra Aditya Bakti, Bandung, 1997, page 60

4 Republik Indonesia, Undang-Undang Nomor 20 Tahun 2016, tentang Hak Merek dan Indikasi Geografis

item is assigned, where it is necessary to also substitute the origin of goods or guarantee the quality of goods in comparison with similar items made or traded by other company people or agencies.

**Essel R. Dillavou**, a United States expert, as quoted by Daritan Pratasius, explained while commenting that, There is no complete definition that can be given for a trademark, in general is a symbol, symbol, sign, word or order of words in the form and used by an entrepreneur or distributor to signify goods in particular, and no one else has the legal right to use the design or the *trade mark* indicates authenticity yet now it is used as an advertising mechanism.<sup>5</sup>

It is similar to copyright and patents and other intellectual property rights, brand rights are also part of intellectual rights, then specifically regarding brand rights is explicitly referred to as immaterial objects in consideration of the Law Number 20 of 2016 concerning Trademarks and Geographical Indications of parts weighing items a, which reads:

“Whereas in the era of global trade, in line with the international conventions that have been ratified by Indonesia, the role of Brands and Geographical Indications is very important, especially in maintaining fair trade, justice, consumer protection, and protection of Micro, Small and Medium Enterprises and local industries.”<sup>6</sup>

The brand of similar product or service can be distinguished from its origin, quality and guarantee that the product is original. Sometimes what makes the price of a product expensive is not the product, but the brand. A brand is something that is affixed to or attached to a product, but it is not the type of product itself. Brands may only give satisfaction to buyers, their material objects can be enjoyed. The brand itself turns out to be just an immaterial object that cannot provide anything physically, this is what proves that the brand is an immaterial property rights. The absolute condition of a brand that must be fulfilled by every person or legal entity who wants to use a brand, so that the brand can be accepted and used as a brand or trade mark, an absolute requirement that must be fulfilled is that the brand must have sufficient differentiation power. In other words, words that are used must be such that they have enough power to differentiate the products produced by a company or commercial goods (trade) or services from the production of a person with goods or services produced by another person. Because of the brand, the goods or services produced are differentiated.

Indonesian brand law adheres to a “first to file” system, so that those who register for the first time are entitled to ownership of a brand. In order for these brands to be protected by law, especially brand law in Indonesia, the trademark must be enrolled to the Ministry of Justice and Human Rights - Directorate General of Intellectual Property Rights so that they are registered in the General Register of Brands and the actual brand owner will get a brand certificate as a sign proof of ownership / rights to the product trademark. If they are not register it, then the actual brand owner will find it difficult to prove his rights if one day the brand is used by another party or sued by another party.<sup>7</sup>

The criteria for well-known brands are not only based on public knowledge, the determination is also based on the reputation of the brand concerned that has been obtained because of the promotion carried out by the owner, accompanied by proof of registration of the mark in several countries if this exists. In practice, it can be witnessed in court cases that in order to prove the applicant’s argument has a famous brand (*bekende merken*), then one of the evidentiary tools used is to submit to the court evidence “registration” on a “worldwide” brand.<sup>8</sup> The criteria of well-known brands based on international regulations are only guidelines because basically every country has its own regulations regarding famous brands.

That the incident with a local Indonesian businessman is one of the reprimands of ownership of the brand from French Piere Cardin, although in fact it has no similarities, we can see that the brand’s reputation and fame can be divided into three types, *normal marks*, famous brands (*well known marks*), and famous brands (*famous marks*). Ordinary brand is a brand that is classified as not having a high reputation, its characteristics are less giving a symbol of lifestyle, consumer society often assesses as low-quality goods or services, brands are often considered not to have drawing power that can give a touch of familiarity and the power of a mythical myth to the consumer community, and does not form the market and user layers. A high reputation brand / famous for having stunning and attractive emission power, so that any type of item under the brand immediately gives a touch of familiarity and a touch of myth to all levels of consumers. The best brand is a brand that because of its development has been widely known throughout the world, and has a reputation that can be classified as

5 Hery Firmansyah, *Perlindungan Hukum Terhadap Merek*, (Jakarta Selatan: Pustaka Yustisia), 2011, page.5

6 Republik Indonesia, Undang-Undang Nomor 20 Tahun 2016 tentang Hak Merek dan Indikasi Geografis butir a

7 Yayuk Sugiarti, *Perlindungan Merek Bagi Pemegang Hak Merek Ditinjau Dari Undang-Undang Nomor 15 Tahun 2001 tentang Merek*, Jurnal Universitas Wiraraja Sumenep

8 Sudargo Gautama dan Rizawanto Winata, *Pembaharuan Hukum Merek Indonesia Dalam Rangka WTO TRIPs*, 1997, Bandung, PT. Citra Aditya Bakti, page.57

“the world’s aristocratic brand”.<sup>9</sup>

Adequate legal protection for well-known brands, most of which are well-known brands from abroad, but do not deny that there must be protection for domestic brands as happened in the Cardin case, which so far have no domestic / domestic brand owners. from France, but Alexanter Satryo Wibowo also always used PT. Gudang Rejeki as its supplier and was registered on July 29, 1977, so there was no intention of local brand owners not to ride the famous brand Piere Gardin from abroad.

Protection of well-known brands is also regulated in Chapter XX of the international agreement on WIPO (World Intellectual Property Organization) and the development of well-known brands recognized in the United States, United Kingdom, Australia. Traders have an interest in protecting their products through legislation against brand violations or turning their goods or services into something more valuable with. One of the difficulties that arises from the provisions of the brand law is that there are no clear guidelines for determining the criteria for famous brands. Besides the Law Number 20 of 2016 concerning brands and geographical indications in CHAPTER XV dispute resolution article 83 paragraph 1 which reads:

“Registered brand owners and / or registered trademark licensees can file claims against other parties who use the brand without rights that have similarities in principle or in whole for similar goods and / or services in the form of: compensation claims and / or termination of all acts that relating to the use of the brand.”

### **Efforts or Advances that Can Be Done When Violations of Ownership of Brand Rights Occur**

Robert S Smith puts forward a theory relating to the guarantee of the protection of the brand of goods and its processes.<sup>10</sup> A brand presents a protection function as an investment from the brand owner in good faith, and serves consumers with an easy sign of the source and quality of the manufactured goods from that brand label. Guaranteed authenticity of manufactured goods from brand owners with good intentions is a promotion to eliminate doubts from consumers. Thus, brand protection is the main function of buying counterfeit goods.

Many countries protect well-known brands that are not registered in accordance with their international obligations under the Paris Convention for the Protection of Intellectual Property and Agreement TRIPs. Agreement on Trade-Related Aspect of Intellectual Property Right (TRIPs Agreement) is an international agreement regarding trade aspects of intellectual property, including counterfeit goods. Based on Article 16 paragraph 2 of the TRIPs Agreement, brand fame can be measured based on knowledge of the brand. Knowledge of the brand is measured based on public knowledge and promotion carried out intensively both through mass media and electronics. Whereas article 16 paragraph 3 provides legal protection for well-known brands for non-similar goods or services. Article 16 paragraph 3 of the TRIPs Agreement stipulates that Article 6 bus of the Paris Convention (1967) applies to goods or services that are not similar to goods or services for which a trademark is registered, insofar as the use of the relevant trademark for said goods or services is improper will give an indication of the relationship between the item or service and the owner of the registered trademark concerned. Based on Article 16 paragraph 3 of the TRIPs Agreement, this provision is an extension of the legal protection of well-known brands that regulate goods or services which are not similar by basing the criteria on the appearance of a close relationship between the goods using the brand and the producer, and if the use or registration by another person for non-similar goods can harm the interests of the famous brand owner. While the legal protection of well-known brands according to national regulations on brands is regulated in the Regulations of Industrile Eigendom 1912, Minister of the Republic of Indonesia’s Decree No. M-03-HC.02.01 1991, the Republic of Indonesia Supreme Court Jurisprudence Number 022 / K / N / HaKI / 2002, the Law Number 20 Year 2016 concerning brands and Geographical Indications.<sup>11</sup>

If at the moment, it is occurred that there is counterfeiting or violating the Trademark Law, there will be consequences, such as abolishment or must be prepared if later there will be a trademark cancellation claim filed in the Commercial Court. Sanctions for offenders in the field of brands, according to the Law Number 20 Year 2016 Article 100 concerning brands and geographical indications, namely:

(1) Anyone who without rights uses the same Mark in its entirety with a registered Mark owned by another party for similar goods and / or services produced and / or traded, shall be punished with imprisonment

9 Ridwan Khairandy, *Perlindungan Hukum Merek Terkenal di Indonesia*, Seminar Nasional Perlindungan Hukum Merek dalam Era Persaingan Pasar Global, Fakultas Hukum Universitas Islam Indonesia, Yogyakarta, 1999, page.4

10 Effendy Hasibuan, *Perlindungan Merek Studi Putusan Pengadilan Indonesia dan Amerika Serikat*, Jakarta, Fakultas Hukum Universitas Indonesia, 2003, page. 18

11 Dr. Dewi Sulistianingsih, *Menyongsong Era Baru Merek dan Indikasi Geografis*, Semarang, Fakultas Hukum UNNES, 2017, pp. 98-99

of a maximum of 5 (five) years and / or criminal a maximum fine of Rp.2,000,000,000.00 (two billion rupiahs);

(2) Anyone who without rights uses a Mark that has the same equality with registered trademarks of other parties for similar goods and / or services produced and / or traded, shall be punished with imprisonment for a maximum of 4 (four) years and / or a maximum fine of Rp.2,000,000,000.00 (two billion rupiahs);

(3) Anyone who violates the provisions referred to in paragraph 1 and paragraph 2, whose types of goods result in health problems, environmental disturbances, and / or human deaths, shall be punished with imprisonment for a maximum of 10 (ten) years and / or the most fine lots of IDR 5,000,000,000.00 (five billion rupiahs).<sup>12</sup>

The nature of the offense of criminal offenses in the field of trademark is the offense of criminal acts which are criminal offenses. If later there are objections to the trademark registration application, the petition is submitted in writing in the Indonesian language by the applicant for typing 3 (three) copies stating the brand name, date, and brand registration number, number and announcement date Official Serial Brand News A which contains the announcement of the trademark registration application for which the objection is requested. The applicant must attach a special power of attorney, if the application is submitted through a power of attorney and proof of payment for the application fee.

The application of the Constitutive System in the Trademark Law is limited to creating entrepreneurship which concerns the interests of mere civil rights, especially the interests of Brand owners. It is time for Indonesia to implement a constitutive system strictly and consistently by eliminating the exclusion provisions that still provide protection to unregistered trademark owners. In addition, the adoption of a constitutive system should not be limited in creating obligations that are civil rights only, but also of the public interest, by giving sanctions to brand owners who have used but not registered their trademarks.<sup>13</sup>

Depending on the description in the case of an Indonesian businessman with a brand of Piere Cardin which is considered to be similar to a French designer, the judge is correct if he does not grant his claim because Alexander has a distinctive brand and does not support the name of PT. Gudang Rejeki in each product. However, if there is not good faith, the judge will also take an action according to the rules because the judge here is neutral and gives the decision as it should. Other legal safeguards are also regulated in the Law No. 20 of 2016 concerning Trademark and Geographical Indication of Article 93 that: "In addition to settlement of the claim as referred to in article 83, the parties can resolve the dispute through arbitration or alternative dispute resolution". Basically, arbitration and alternative dispute resolution refer to the Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution (Arbitration Law). Arbitration is a way of resolving a civil dispute outside the general court based on an arbitration agreement made in writing by the parties to the dispute. So, the selection of arbitration as a dispute settlement is based on an agreement made by the parties. This Arbitration Agreement can be made before the dispute occurs (*arbitration clause*) or made after the dispute occurs (*submission clause*). If the parties wants to settle a brand dispute through arbitration, then the parties must make a written agreement or agreement to choose arbitration as a forum for dispute resolution firstly. This agreement can be made before or after the dispute occurs. This is in accordance with the principle of arbitration contained in the Arbitration Act, in which the arbitration of a dispute settlement is based on an arbitration agreement. Thus, in the case of brand disputes, the parties may choose arbitration as a forum for dispute resolution.

## CONCLUSION

In Article 1 point 1 of Law Number 20 of 2016 concerning Trademarks and Geographical Indications, brand resolution is given, namely Trademark which can contain graphic images, logos, names, words, letters, numbers, arrangement of colors, in the form of 2 (two) dimensions and/or 3 (three) dimensions, sounds, holograms, or a combination of 2 (two) or more inappropriate to differentiate goods and / or services obtained by a person or related body in the activity of trading goods and / or services. The criterion of a well-known brand is not only based on the knowledge of the general public, but also based on brand valuations that have been obtained from promotions carried out by its owners, adequate legal protection for well-known brands, which offer popular brands from abroad that do not deny Piere Cardin Domestic / domestic brand owners have no intention of using this French brand that Alexanter Satryo Wibowo also needs to use the name PT. Gudang Rejeki as its supplier and has made a request on July 29, 1977.

12 Republik Indonesia, Undang-Undang Nomor 20 Tahun 2016 tentang *Hak Merek dan Indikasi Geografis*, pasal 100

13 R. Murjiyanto, 2017, Konsep Kepemilikan Hak Atas Merek di Indonesia (Studi Pergeseran Sistem "Deklaratif" ke dalam Sistem "Konstitutif"), Jurnal Hukum Ius Quia Iustum

2. The nature of the offense of brand crime is an offense that commits an offense to a complaint. Law enforcement for the making of the law Number 20 of 2016 concerning Trademarks and Geographical Article Indications 93 says: "In addition to approving the lawsuit approved in article 83, the parties may complete the agreement through arbitration or an alternative to support the dispute". Basically, arbitration and alternatives are approved by the Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution (Arbitration Law).

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