

# PROTECTION OF TRADEMARK RECORDING RIGHTS FOR TRADEMARK OWNERS OUTSIDE OF INDONESIA.

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## PROTECTION OF TRADEMARK RECORDING RIGHTS FOR TRADEMARK OWNERS OUTSIDE OF INDONESIA.

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### **2** **Abstract**

**Introduction to The Problem:** The Directorate General of Customs and Excise uses the Intellectual Property Rights (IPR) tracking system to monitor IPRs in export and import operations, with the goal of preventing the entrance and exit of fake items while safeguarding authentic products. Article 5 Paragraph (3) of Government Regulation No. 20 of 2017 states that trademark owners who do not have an Indonesian domicile are not allowed to record their intellectual property rights (IPRs) in the same way as those who do.

**Purpose/Objective Study:** The purpose of this research is to understand and analyze the legal provision of Article 5 Paragraph (3) of Government Regulation No. 20 of 2017 regarding the recording of IPR for trademark owners who are not domiciled in Indonesia and to reconstruct the legal regulations related to the recording of IPR for trademark owners who are not domiciled in Indonesia.

**Design/Methodology/Approach:** This research uses a normative juridical method with legislative approach and comparative approach methods. Primary, secondary, and tertiary legal materials obtained by the author will be analyzed using grammatical interpretation, systematic interpretation, and comparative interpretation methods.

**Findings:** Based on the results of the discussion in this research, it can be concluded that Article 5 Paragraph (3) of Government Regulation No. 20 of 2017 regarding the recording of IPR is not in line with the principle of national treatment, which instead leads to discrimination because it does not provide an opportunity for trademark



Andi Rafif Adyatma(1), Dr. Tomy Michael, SH, MH (2)

owner. When it comes to filing their intellectual property rights (IPRs) at the Directorate General of Customs and Excise, owners who do not have their domicile in Indonesia will be treated in a same manner. Thus, the revision that the author may suggest is to include a phrase that gives trademark owners who do not have Indonesian residence the ability to register their intellectual property rights (IPRs) to the terms of Article 5 Paragraph (3) of Government Regulation No. 20 of 2017.

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### Introduction

With the current development of globalization, it's challenging for any country to be self-sufficient solely from its own production. This has led to the increasing expansion of international trade through imports and exports, especially with the growing global population diversifying human needs. The rapid growth of international trade is also facilitated by advancements in information technology and transportation, making it easier to market products across national borders. Recently, international trade has been accompanied by imported goods categorized as counterfeit, resulting in losses for trademark holders, consumers, and countries.

According to the latest data from the Indonesian Anti-Counterfeiting Society (MIAP) study titled "Economic Impacts of Counterfeiting and Piracy in Indonesia, 2020," counterfeit practices or products protected by IPR have significantly increased. The study reveals that the economic losses in 2020 amounted to Rp 291 trillion. This represents a considerable increase from the total economic losses in a similar study conducted in 2015, which amounted to Rp 65.1 trillion, and in 2010, which amounted to Rp 37 trillion. The economic losses caused by the circulation of counterfeit products exceed Rp 291 trillion in nominal value, with tax losses amounting to Rp 967 billion and more than 2 million job opportunities lost (Aditya, 2021).

Indonesia generally adopts a constitutive system where new trademarks receive legal protection only after registration (first to file). However, the first-to-file system, in the author's opinion, does not provide legal certainty for well-known (foreign) trademark holders. In trademark registration, trademarks that are similar in essence or entirely to well-known trademarks should be rejected by the Trademark Office. Building a brand to have distinctive value is not easy, as it requires efforts in the form of creativity, time, and funds. Therefore, individuals who invest efforts in building a brand need protection (Wauran, 2017).

Trademark, as one form of intellectual property in the context of trading goods/services, holds significant importance in providing distinct characteristics to describe the goods/services offered to consumers. Trademarks have high value in

**Justitia Jurnal Hukum, Vol, No, Years, Page**

*Protection of brand recording rights for foreign mark owners*

conducting business operations. They can also be considered the soul that brings a product to life by demonstrating a strong identity and influencing consumers' perceptions and preferences towards a product offered by a business entity. Initially, trademarks were used in trade as ownership marks for specific goods/services. This was evidenced by various livestock bearing special marks (logos and numbers) attached to their bodies, as well as various special marks on goods transported by sea to facilitate identification. Furthermore, in the 20th century, the existence of trademarks, initially used as indicators of origin, shifted towards being a valuable asset of intellectual property. Thus, this shift in the function of trademarks enables various legal protection efforts for trademarks owned by trademark holders or licensees (Bayanillah, 2019).

A trademark is a visual representation, such as a picture, logo, name, word, letter, number, color arrangement, or combination of these elements, that is used to differentiate goods and/or services produced by individuals or legal entities in the trade of goods and/or services, as defined by Article 1 paragraph 1 of Law Number 20 of 2016 concerning Trademarks and Geographical Indications. In accordance with the Trademark Law, trademarks that are legally protected are those that have been registered via authorized parties in the official General Trademark List (DUM). The state, acting as the regulatory authority, grants registered trademark owners exclusive rights, thereby indicating their authority. The owner of a registered trademark is granted exclusive rights, which are facilitated by the issuance of a certificate. This certificate allows the owner to use the trademark or authorize others to use it for a certain duration, as recorded on the General Trademark List (Sulaiman, 2020).

A number of regulatory modifications pertaining to trademarks suggest that Indonesian trademark protection legislation is continually improving, taking into consideration the dynamics of the world's communities. Practically speaking, Indonesia's trademark registration procedure is organized according to a "constitutive system." In this system, in order for a trademark to be recognised and legally protected, its owner must register it via a trademark registration application. This constitutive system, which is popularly known in legal academia as the "first to file" principle, holds that the person who has lawfully registered a trademark with the Ministry of Law and Human Rights' Directorate General of Intellectual Property is the legitimate owner of that trademark (Kumahwardhana, 2023).

In summary, under the trademark registration system according to the first-to-file principle, individuals or legal organizations filing a trademark for the first time are entitled to that trademark. Although Indonesia implements a comprehensive trademark registration system in practice, owners of well-known trademarks that are not registered in Indonesia nonetheless enjoy legal protection. This is because

Andi Rafif Adyatma(1), Dr. To<sup>38</sup> Michael, SH, MH (2)

Indonesia has accepted the Paris Convention and the TRIPS Agreement. The adoption of the Paris Convention on the Protection of Intellectual Property (IP) offers an important foundation for its member nations to mutually recognize each other's IP protection. Meanwhile, the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement overseen by the WTO provides basic criteria for the protection and enforcement of intellectual property rights, including patents, trademarks, copyrights, and others (Felano, 2021).

A key component of trademark law is the protection of well-known trademarks. Preventive legal protection measures and repressive legal protection methods are the two types of legal protection available in Indonesia. In order to avoid problems, preventive legal protection measures provide legal subjects the chance to voice concerns or views prior to a government decision being final. The government's ability to make discretionary decisions is greatly enhanced by this preventative legal safeguard, which encourages careful decision-making. Still, there isn't a formal law pertaining to preventative legal protection in Indonesia (Maharani, 2020).

The legal protection provided by the Trademark Law to well-known trademarks recognizes the success of trademark owners in creating an exclusive image of their products obtained through extensive promotion or direct sales of their products. The imitation of well-known trademarks is fundamentally motivated by bad faith, exploiting the fame of another's trademark to gain profit. This action can cause losses for the owners of well-known trademarks as there is a possibility of reduced product sales due to some consumers switching to similar-looking brands. These losses also lead to unhealthy business competition, deceiving or misleading consumers (Wibipratama, D. I., Santoso, B., & Saptono, H. 2022).

The Paris Convention for the Protection of Industrial Property 1967 (Article 6 bis paragraph 1) and the TRIPs Agreement (Trade-Related Aspects of Intellectual Property Rights) (Article 16 paragraphs 2 and 3) contain legal principles for the protection of well-known trademarks (foreign) in international legal regulations. Every member countries is required by international law to implement TRIPs into its own national intellectual property laws. Furthermore, while examining trademarks for registration, trademark offices must follow the concept of diligence and take into account the interests of other parties, which may include denying trademark applications that are essentially identical to others (Lobo et al., 2021). A nation's capacity to apply international law domestically does not always end if its constitution lacks clear principles outlining the place of international law in the domestic legal system (Melatyugra, 2015).

The international legal regime on intellectual property rights (IPR) cannot be effective without transformation into national law. Conversely, national legal regimes

*Protection of brand recording rights for foreign mark owners*

must also adhere to the principles of the international legal regime on IPR to ensure uniformity in IPR regulation. Cases of well-known trademarks include the case of Pierre Cardin Trademark vs. Alexander Satryo Wibowo with Decision Number 557 K/Pdt.S-HKI/2015, and the case of Prada S.A. Trademark vs. PT. Manggala Putra Perkasa with Decision Number 449 K/Pdt.Sus-HKI/2014, where the judge ruled in favor of the applicant who registered the well-known trademark in Indonesia with bad faith. These cases illustrate that the protection of foreign well-known trademarks in Indonesia still does not provide legal certainty for trademark holders as it should (Lobo, et. al., 2021).

Indonesia has recognised TRIPs as a result of being one of the WTO members, which means that well-known trademarks are protected. It is impossible to divorce Indonesia's acceptance of the WTO from this recognition. Besides being governed by the TRIPs Agreement, famous trademarks are also subject to regulations under the Paris Convention. Trademarks that are well-known in a nation even if they are not registered or used there are protected under the Paris Convention if third parties: 1) register or use the same or a similar trademark; and/or 2) utilise the same or a similar trademark in an unfair competitive way. For TRIPs to occur, misunderstanding must exist (Wauran, 2017).

To establish confusion, courts examine factors such as the similarity of trademarks, the nature of goods, services, or businesses. The TRIPs Agreement essentially serves as a bridge to fill the gap regarding the regulation of IPR in countries because IPR, as part of Property Law, is a domain of national law as it follows the principle of territoriality. Compliance of a country with international law leads the country to the next stage, which is how the country can utilize international law domestically (Melatyugra, 2015).

The theory of Internationalism provides a more adequate solution for countries like Indonesia that have limitations in the constitution to use international law proportionally (Melatyugra, 2015). Regulations regarding well-known trademarks in TRIPs and the Paris Convention prohibit the use of trademarks that are similar in essence or entirely to well-known trademarks that cause confusion among the public. International agreements can be interpreted as the most important source of law today (Sefriani, 2018). In other words, if the constitution itself recognizes international law as a source of law, then TRIPs as one of the international agreements should also be considered as a source of law by member states (Sefriani, 2018).

Research on well-known trademarks has also been written by Titon Slamet Kurnia in his book titled "Legal Protection for Well-Known Trademarks in Indonesia Post-TRIPs Agreement." The author discusses international regulations on IPR and

Andi Rafif Adyatma(1), Dr. Tommy Michael, SH, MH (2)

the protection of well-known trademarks in Indonesia, as well as the legal protection principles for well-known trademarks in Indonesia.

The protection of intellectual property rights (IPRs) has become a top priority for the government due to the quick expansion of free trade and the growing number of trade agreements that Indonesia has ratified. The Minister of Finance Regulation (PMK) Number 40 of 2018 is one of the IPR protection policies that the government, via Customs, has published as an expression of its commitment to restrict the import and export of items that violate intellectual property rights. As per this legislation, if products are registered in the Customs record system, Customs is authorised to stop items suspected of violating copyrights and trademarks. According to the United States Trade Representative (USTR), it is hoped that this regulation will improve Customs' oversight of intellectual property rights, resulting in Indonesia's removal from the Priority Watch List (PWL), or the list of nations judged to be indifferent to safeguarding and enforcing goods suspected of violating intellectual property rights.

The public needs to be aware of the importance of IPR protection. Currently, there are 25 IPRs registered with Customs, and this number still needs to be increased. Therefore, in conjunction with World IPR Day, which falls on April 26, Customs continues to urge the public, especially rights owners or holders, to participate in IPR enforcement. This can be done by registering IPR goods such as trademarks and copyrights in the Customs recordation system. Recordation or registration is done by submitting an application by the rights owner or holder to Customs through the CEISA HKI system (accessed through the customer.beacukai.go.id service portal). Recordation applications will be decided upon acceptance or rejection after the validation process with the Directorate General of Intellectual Property (DJKI) database and meeting the formal and material requirements stipulated in PMK 40 of 2018. The recordation or registration database submitted by the rights owners or holders will be used by Customs in supervising imported or exported goods suspected of infringing IPR. Supervision can be carried out by Customs officers through the collection of data and intelligence information, physical examination of goods, document research, and IPR recording (beacukai.go.id, 2022).

Recordations the process of inputting IPR data into the customs database owned by Customs is. The benefits of recording IPR data are effective and efficient prevention before counterfeit goods enter the domestic market. Additionally, this recording is beneficial for protecting the business processes of rights holders and increasing the trust of investors, both domestic and foreign (Althalif, 2024).

The Directorate General of Customs and Excise uses a system called "Recording IPR" to keep an eye on intellectual property rights during the import and export of commodities in order to stop the entrance and departure of counterfeit items while safeguarding authentic goods. However, according per Violita, T. K.

Justitia Jurnal Hukum, Vol, No, Years, Page

(2020), trademark owners who are not domiciled in Indonesia are not permitted to take out IPR recording, as per Article 5 Paragraph (3) of Government Regulation No. 20 of 2017.

Drawing on the aforementioned assertions, the author of this paper examines how foreign trademark owners might safeguard their trademark recording rights. The purpose of this study is to comprehend and examine how Indonesia protects foreign trademark owners' rights to trademark registration.

## Method

This research uses a normative juridical method with legislative assessment and comparative approaches. This method utilizes secondary data and/or secondary legal materials such as articles, news, and journals to understand and clarify the research being conducted. (Putri et al., 2020) the author will be explained using grammatical interpretation, systematic interpretation, and comparative interpretation.

This research was conducted at the Universitas 17 Agustus 1945 Surabaya with the following methods:

- a. The researcher tries to understand the research subject based on the researcher's perspective. (Yunarsih, 2020)
- b. Researchers use data in daily activities that have been collected and then interpreted by looking at the existing conditions. (Saragih & Michael, 2023)

## Discussion and Results

### 1. General Definition of Trademarks

Article 1 Paragraph (1) of the Trademark Law defines a trademark as a sign that can be used to distinguish goods and/or services produced by individuals or legal entities in trade activities. This can be done graphically by displaying the sign as a picture, logo, name, word, letter, number, arrangement of colors, sound, hologram, or a combination of two or more of these elements. Trademarks are specifically recognized in the business and industrial sector as visual signals that serve as identities, identifiers, or differentiators of products in the marketplace. (Lobo and others, 2021:73) A trademark consists of many components, as stated in the definition above: a) a symbol; b) having distinctive power; and c) being utilized in the trade of products and services. If a mark has the ability to effectively differentiate products or services supplied by one firm from those of other companies, it is said to have significant distinguishing power (capable of differentiating), as stated by Lobo et al. (2021:73).

According to Article 1 Paragraph 1 of Law No. 20 of 2016, also known as the Trademark Law, a trademark is a visual representation such as a picture, logo, name,

<sup>19</sup> *Rafif Adyatma(1), Dr. Tommy Michael, SH, MH (2)*

word, letter, number, arrangement of colors, or a combination of these elements. It can also be in the form of sound, hologram, or a combination of these elements. The purpose of a trademark is to distinguish goods and/or services produced by individuals or legal entities in trade activities.

## 2. Foreign Trademarks as Part of Intellectual Property Rights

The jurisprudence of the Supreme Court of Indonesia No. 1486 K/Pst/1991 issued November 28, 1995, specifically defines the legal conditions as follows: "A trademark is included in the Well-Known Mark principle, which signifies that the trademark has spread beyond regional limits and even to transnational boundaries. Therefore, if it is demonstrated that a trademark has been registered in numerous countries globally, then it qualifies as a well-known mark since it has spread beyond the limits of its place of origin." Meanwhile, China, as one of the WTO member nations, adopted the Regulations on Determination and Protection of Well-Known Trademarks, then named Order No. 5, which establishes the definition of a well-known mark as follows: According to Article 2 of Order 5, a well-known mark is defined as a mark that is widely recognized by the relevant segments of the public and has a relatively high reputation in China. A well-known mark is a mark that is widely acknowledged by the relevant parts of the public and enjoys a significant reputation in China. (Lobo, et al., 2021).

Indonesia adopts a constitutive system where the first-to-file principle is applied, which means that protection is granted to the person who first registers their trademark (Wauran, 2017). Trademark rights are granted to registered trademarks, meaning that to obtain trademark rights, the trademark owner must register their trademark with the Trademark Office. Legal protection in a constitutive system or first-to-file system is based on the first registrant who acts in good faith. Trademark registration serves specific purposes, including protecting trademark owners, protecting consumers, protecting society through the prevention and combating of unfair competition. In the case of trademark registration, the application for trademark registration may be rejected if it is based on bad faith. However, unregistered trademarks receive protection as long as they are well-known trademarks, and if they are not well-known trademarks, their protection commitment is actualized in the form of providing an opportunity to file an objection (Soelistyo, 2017).

## 3. Preventive Protection of Foreign Trademarks by the Registration Office

### a. Registration as a Preventive Mechanism

The adoption of the first-to-file principle in Indonesia demonstrates the importance of the role of trademark registration offices in providing certainty

*Protection of brand recording rights for foreign mark owners* and legal<sup>12</sup> protection to trademark owners. Based on this principle, anyone wishing to have rights to a trademark must register the relevant trademark (Sugiarti, 2016).

Preventive trademark protection, namely<sup>26</sup> preventing trademark infringement through advice to trademark owners to register their trademarks to obtain legal protection. Preventive protection aims to minimize the chances of trademark infringement. This step focuses on monitoring trademark usage, protecting the exclusive rights of trademark holders of well-known trademarks, and urging trademark owners to register their trademarks for protection. According to the Trademark Law, registration grants exclusive rights to the trademark owner to prevent others from marketing identical or similar products using the same trademark or confusing trademarks. Without trademark registration, competitors can exploit the same or similar trademarks to market their products, thereby reducing the company's profits and damaging its reputation if the quality of the competitor's products is lower, especially if the company has a well-known trademark<sup>18</sup> (Nurhidayati, 2017).

Preventive legal protection is provided through trademark registration. In fact, there is no obligation for someone to register their trademark, but if they want legal protection, the trademark in question must be registered first. Trademark rights are based on the first use of that trademark, and registration is considered by the law as the first use. Trademarks are registered to obtain a legal basis for rights and legal protection by having the authority to prevent others from using the same or confusingly similar trademarks (Soelistyo, 2017). Regarding the provisions of the Madrid Protocol, which have facilitated the registration of trademarks (including well-known trademarks) in several countries at once, it will certainly facilitate trademarks from other countries, both famous and not famous, to be registered in Indonesia. However, it is still possible for well-known trademarks not to register in Indonesia. In practice, this still creates confusion about the legal status of well-known trademarks that are not registered (further discussed in the next section). However, the Madrid Protocol is a very important breakthrough in making registration an action to prevent trademark infringement. Thus, it can be said that registration is a form of preventive trademark protection. (Lobo, et. al., 2021)

b. Principle of Precision by Trademark Registration Office

The legal protection that trademark holders and owners get from trademark registration organizations is emphasized by the constitutive framework that Indonesian trademark law has established. Many good

*Andi Rafif Adyatma(1), Dr. Tomy Michael, SH, MH (2)*

governance guidelines are used while evaluating applications for trademark registration. This is so because one of the processes in the government's administration is the review of applications for trademark registration, which ends with the issuing of a certificate as proof of trademark registration.

The General Principle of Good Governance, or GPGG for short, is a principle that governs how government officials use their authority to make decisions and/or take actions in the administration of the government. It is outlined in Law No. 30 of 2014's Article 1 number 17. By prohibiting the registration of trademarks in bad faith or by unapproved parties that are almost or exactly the same as international trademarks, GPGG serves to provide well-known trademark owners legal protection (Lobo, et al., 2021).

The principle of precision encompasses provisions pertaining to the Trademark Office's examination of trademarks intended for registration, as well as considerations for third parties' interests (such as the right of third parties to appeal and the fact that a trademark registration cannot be accepted or rejected if it is substantially identical to another party). In order for a trademark to be eligible for registration, it has to possess a characteristic that sets it apart from other trademarks. This feature should ideally mirror the product's originality and distinctiveness (Perdana, 2017).

#### 4. Foreign Trademarks Not Registered Still Receive Protection

In the world of commerce, there are many foreign trademarks that have not been registered in Indonesia. Many unscrupulous entrepreneurs bring home foreign trademarks to register and use them in Indonesia, so when the original trademark owners come to register, they are forced to be disappointed because their trademarks have been usurped by others in Indonesia without permission. Annotations made by Prof. Asikin Kusumah Atmadja in the Woodstock & Snoopy case (MARI Decision No. 1272K/PDT/1984) state that "Legally, in accordance with good commercial morals, traders must refrain from any attempt to ride on the fame of other people's trademarks (national/foreign), Despite the fact that the brand is not registered in Indonesia or that it is a foreign trademark that has not entered the country" (Soelistyo, 2017).

Law No. 20 of 2016 has regulated legal protection for trademark holders, but the author believes it still insufficiently protects famous foreign trademark holders from trademark violations committed by parties with bad intentions. This can be seen from the principle of registration in the Trademark Law, namely the first to file principle, where trademarks are protected if they are registered in the general trademark list. This principle is then followed by judges in making their decisions, so famous foreign trademarks that are not yet registered are not protected in Indonesia.

Detailed regulations regarding the treatment of famous foreign trademarks are not

*Protection of brand recording rights for foreign mark owners*

found. However, Indonesia, as one of the member countries participating in the WTO, protects famous trademarks as a consequence of recognizing TRIPs.

Article 3 paragraph (1) of TRIPs obliges each member country to provide protection without discrimination in the field of IP to other member countries. Based on the principle of National Treatment, citizens of other member countries must be recognized as legal subjects who meet the criteria for acquiring rights as determined by the Paris Convention (Jened, 2015).<sup>43</sup> In addition to TRIPs, famous trademarks are also regulated in the Paris Convention. Article 6 bis of the Paris Convention provides protection to famous trademark owners to reject or cancel registrations and prohibit the use of trademarks that are reproductions, imitations, or translations that may cause confusion. Meanwhile, Article 16 paragraph (1) of TRIPs requires the occurrence of confusion (likelihood of confusion), which is essentially a condition for trademark infringement. (Lobo, et. al., 2021)

Supreme Court of the Republic of Indonesia Jurisprudence Number 3485 K/pdt/1992 dated September 20, 1995, provides criteria "That in the Paris Convention it has also been implied to all participants to provide the same treatment in order to protect famous trademarks from wherever they originate, because Indonesia itself is a participant and has ratified the results of the Paris Convention even without reserve and therefore the results of the Paris Convention must be obeyed". Legal protection for famous trademarks is a cross-border issue because it no longer concerns the interests of one country within its jurisdiction.

The Trademark Law's Article 76 paragraph (2) provides protection for unregistered trademarks. Owners of unregistered trademarks are protected by Article<sup>46</sup> paragraph (2), which allows them to initiate litigation for cancellation after filing an application to<sup>3</sup> the minister in accordance with Articles 20 and/or 21 of the Trademark Law. Article 83 paragraph (2) of the Trademark Law regulates trademark protection in the form of litigation for trademark infringement, in addition to the legal protection afforded to owners of unregistered trademarks to file cancellation proceedings as controlled in Article 76 paragraph (2). Registered trademark owners and renowned trademark owners have the option to bring claims under Article 83 paragraph (2) for damages and/or to stop using their trademarks against third parties who use trademarks without permission that are almost or exactly the same as well-known trademarks. (Lobo and others, 2021).

In essence, famous trademarks bring about cross-border legal protection<sup>7</sup> dimensions that are indeed inevitable (Kurnia, 2011). Anyone who registers a trademark that is similar to a famous trademark has undoubtedly acted<sup>7</sup> in bad faith to exploit the fame of that famous trademark (passing off). Riding on the fame<sup>1</sup> of someone else's trademark, especially a famous trademark, is an act of bad faith and

*Andi Rafif Adyatma(1), Dr. Tommy Michael, SH, MH (2)*

against the law, so the court can cancel its registration. In this regard, registering a trademark with bad faith is one of the biggest obstacles for trademarks and famous trademark owners. The Paris Convention requires member countries to reject or cancel registrations and prohibit the use of trademarks that are replicas of famous trademarks (Soelistyo, 2017).

#### 5. Protection of Trademark Recording Rights for Foreign Trademark Owners

Generally speaking, the MIG Law's Article 1 Number 5 states that the owner of a trademark has the exclusive right to use it themselves or to authorize others to use it for a certain amount of time, as long as the state grants that owner's authorization.

The essence of trademark protection is geographical. For a trademark to be granted legal protection in Indonesia, it is necessary to register it with the Directorate General of Intellectual Property Indonesia. In essence, trademarks provide owners of trademark rights legal protection. Article 3 of the MIG Law, which says that trademark rights are acquired upon registration, confirms this. Therefore, just because a foreign corporation has registered a trademark in its home nation, it does not automatically follow that the same trademark has been registered in Indonesia.

The Directorate General of Customs and Excise uses a system for recording intellectual property rights in export and import operations in order to monitor intellectual property rights, stop the entrance and departure of counterfeit items, and safeguard real products. Nonetheless, as per the provisions of Government Regulation No. 20 of 2017, trademark holders who do not have their residence in Indonesia are prohibited from engaging in Intellectual Property Recording, in contrast to those who do. This study aims to reconstruct legal regulations regarding intellectual property recording for trademark owners who are not Indonesian citizens, as well as to ascertain and carry out a juridical analysis of Government Regulation No. 20 of 2017's Article 5 paragraph (3) regarding such recording. This study employs a comparative, legislative, and normative legal methodology. The author will use grammatical interpretation, systematic interpretation, and comparative interpretation techniques to assess primary, secondary, and tertiary legal sources that were gathered. Based on the findings of this study's discussion, it can be concluded that Government Regulation No. 20 of 2017's Article 5 paragraph (3) regarding Intellectual Property Recording violates the principle of national treatment and instead leads to discrimination by denying trademark owners residing outside of Indonesia the same opportunities to be treated fairly when it comes to conducting Intellectual Property Recording at the Directorate General of Customs and Excise. Therefore, the revision that the author might suggest is to include a language that gives trademark owners

**1**

**Justitia Jurnal Hukum, Vol, No, Years, Page**

*Protection of brand recording rights for foreign mark owners*  
who do not have Indonesian residence to the Government Regulation No. 20 of 2017's Article 5 paragraph (3), allowing them to conduct Intellectual Property Recording.

As for trademark recording (recordation), it is required that the Right Holder be a Business Entity domiciled in Indonesia due to the following aspects (beacukai.go.id, 2022):

1. In the initial draft in the preparation of Government Regulation 20 of 2017, what was required was a Legal Entity domiciled in Indonesia. However, in subsequent discussions, it was refined to just require a Business Entity.
2. To facilitate good coordination between the Right Holder and the Directorate General of Customs and Excise and related Agencies, given the rigidity of time and crucial points in the time span for prevention and suspension.
3. The Directorate General of Customs and Excise also wants to obtain detailed and accurate data in the recordation process (including sensitive and confidential company data) that can only be obtained directly from the Right Holder/Examiner during interviews in the recordation process.
4. The requirement for operational cost assurance, the Right Holder must provide assurance in the form of Customs Bonds or Bank Guarantees. If the operational cost assurance must be liquidated and is insufficient to pay, the shortfall will be charged to the Right Holder.

#### 6. Legal Protection for Foreign Trademark Holders

One of the products of the Uruguay Round of talks is the TRIPs agreement (Trade Related Aspects of Intellectual Property Rights), which is part of the World Trade Organization (WTO) establishing agreement and protects trademarks held by foreigners. Due to their economic worth in indicating the caliber of products or services in commerce and setting them apart from comparable goods and services held by third parties, trademarks must have legal protection (Rasyid et al., 2017).

Following the ratification of the WTO establishment Convention, which includes provisions on TRIPs, amendments were made to Law Number 19 of 1992, replaced by Law Number 14 of 1997, and subsequently by Trademark Law Number 15 of 2001. This was done in consideration of Indonesia's ratification of international conventions, highlighting the importance of trademarks, especially in maintaining fair competition (Rasyid, et al., 2017).

A trademark receives legal protection upon registration with the Directorate General of Intellectual Property Rights. This means that for individuals or legal entities seeking legal protection for their trademark, registration is mandatory. However, for trademarks owned by foreigners, legal protection is still provided even if the trademark is not registered locally. Foreign trademarks have priority rights,

*Andi Rafif Adyatma(1), Dr. Tomy Michael, SH, MH (2)*

meaning they are prioritized in trademark registration in the destination country. Therefore, if a foreigner applies for trademark registration in Indonesia, the date of receipt in the country of origin serves as the priority date for registration in the destination country. This is done to protect foreign trademarks from counterfeiting and infringement by local businesses.

Indonesian trademark law follows a constitutive system, meaning rights to a trademark arise from registration. Therefore, companies are required to register their trademarks with the Directorate General of Intellectual Property Rights before use (Ditjen HKI).

Article 3 of Trademark Law 2001 states that trademark rights are exclusive rights granted by the state to the registered trademark owner for a specific period. This exclusive right allows the registered trademark owner to prohibit others from using the trademark within the territory of the Republic of Indonesia. Until registered, trademark rights do not have legal force.

Trademark registration not only grants exclusive rights but also aims to prevent unauthorized use by others. It protects trademark owners from piracy. Article 4(1) of Trademark Law Number 15 of 2001 obliges trademark registrants to act in good faith and prohibits the registration of trademarks containing piracy, imitation, or similarity to other registered trademarks. If bad faith is discovered during registration examination, registration must be rejected. However, if good faith is found during substantive examination, registration is granted, and under Article 62 of Trademark Law 2001, the trademark owner may request the cancellation of registration.

The legal protection of foreign trademarks, particularly well-known trademarks, is not clearly regulated in the 2001 Trademark Law, nor does it define well-known trademarks. However, according to Minister of Justice Decision Number M.03-144.02 of 1991, a well-known trademark is generally recognized and used in trade by an individual or legal entity in Indonesia or other countries. This legal recognition acknowledges the existence of well-known trademarks within Indonesia's territory and globally (Rasyid, et al., 2017).

To provide certainty and legal protection for foreign trademark owners, the following efforts are needed:

1. Preventive Measures

The goal of preventive measures is to reduce the likelihood of trademark infringement. This includes keeping an eye on how trademarks are being used, defending the exclusive rights of foreign trademark owners, and encouraging trademark owners to register their marks in order to secure them. Foreign trademark holders are granted preferential treatment, which enables them to submit trademark registration applications utilizing their priority rights within six

*Protection of brand recording rights for foreign mark owners*  
months of the first application being received by a member of the World Trade Organization, a nation that is a party to the Paris Convention for the Protection of Industrial Property, or another country. Preventive measures need to take a number of things into account.

## 2. Repressive Measures

Repressive measures are taken to address or mitigate trademark infringement incidents. Legal protection is provided when trademark rights are violated, involving the judiciary and law enforcement agencies such as the police and prosecutors. Foreign trademark holders, even if not registered, have exceptions to seek legal protection against trademark infringement through cancellation lawsuits or criminal prosecution. Cancellation lawsuits are filed after another foreign trademark owner applies for trademark registration. Additionally, if a registered trademark is found to be substantially similar to a foreign trademark, the Directorate General will reject the extension of its registration.

Clear and stringent sanctions are necessary for local businesses using foreign trademarks without permission to ensure legal protection for foreign trademark owners registered in Indonesia. Sanctions may include imprisonment for up to five years and/or fines of up to Rp. 1,000,000,000,- according to Article 90 of Law Number 15 of 2001. Violations of Articles 90 to 93 are considered prosecutable offenses, meaning legal action will only be taken upon a complaint from the trademark owner, leading to investigation and imposition of sanctions.

## Conclusion

Drawing conclusions from the study's discussion, it can be said that Government Regulation No. 20 of 2017's Article 5 Paragraph (3) regarding Intellectual Property Recording violates the principle of national treatment, resulting in discrimination instead. This is because it denies trademark owners residing outside of Indonesia the same opportunities to receive equitable treatment when it comes to Intellectual Property Recording at the Directorate General of Customs and Excise. Therefore, the author's reconstruction would include a section allowing trademark owners who do not have their legal residence in Indonesia to undertake intellectual property recording to Article 5 Paragraph (3) of Government Regulation No. 20 of 2017.

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