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Amid the increasing awareness of the significance of intellectual property (IP) in today's digital economy, we have seen some promising developments in Indonesia's IP regulatory framework.

Within two years, the government has passed new pieces of legislation for copyright, patent, and most recently trademark protection. Although the mechanisms of IP enforcement, legal enforcement and border customs protection system remain difficult, the new legislation has been much-welcomed among Indonesia's IP players.

The 2016 Trademark and Geographical Indications Law includes various specific provisions on geographical indications. Much has been talked about the new provisions and changes in the law. This article will instead focus on some of the possible practical implications resulting from the changes, particularly the ones affecting well-known trademark protections against bad-faith registrations and trademark squatters.

Despite many positives, unfortunately the new law retains some of the flaws from the previous law, which may perpetuate or even worsen the recurring issues of bad-faith registrations and trademark squatting, to the detriment of brand owners and the trademark-protection system in Indonesia.

The 2016 law simplifies the requirements and procedures of trademark registration by providing that a trademark application will be granted a filing date once all the minimum requirements (i.e. complete application form, mark label, and proof of fee payment) are met.

The application will then qualify for publication in the trademark gazette for two months. A written opposition (on relevant grounds under the law) may be raised during the publication period, after which the application proceeds to the substantive examination stage.

This is a significant procedural change and in theory may speed up the registration process. However, this can also create some practical issues and unwanted implications that may aggravate the issues of bad-faith registrations and trademark squatting.

Apparently the first stage of application only boils down to formalities and there may be little or no checks on the substance of the application or whether or not it is made with a bona fide intent to use the mark in commerce. Again, while this simplified process benefits legitimate applicants, trademark squatters may also come out of the woodwork to exploit it, resulting in more bad-faith registrations, which in turn compounds the Directorate General of Intellectual Property's backlog and effectively blocks bona fide registrations.

Consequently, trademark owners must now routinely monitor the trademark gazette for any potentially offending application and respond accordingly through either opposition or engaging in litigation.

In IP law, well-known trademarks generally enjoy broader protection covering not only identical goods/services (e.g. infringing use of the Rolex trademark in timepiece products) but may also extend to dissimilar goods/services (e.g. infringing use of the Rolex trademark beyond timepiece products, for instance, in home appliances).

Previous Indonesian trademark laws contain no clear guidelines on the protection of well-known brands for dissimilar goods as this was passed on to a separate government regulation. The regulation was never issued and the resulting gap has led to some inconsistent court decisions involving trademark disputes in the past (for example, see the IKEA v. IKEMA and BABY DIOR cases).

Fortunately, the law now clearly states that similarity (either in essence or in whole) to well-known trademarks for dissimilar goods/services is one of the grounds for refusal, whereas previously the law merely stated that registration refusal might also extend to dissimilar goods/services (subject to certain conditions).

Note that the new law still requires certain conditions to be met, and similarly passes on the matter to a yet to be issued implementing regulation. This implementing regulation is key since it will govern matters related to bad-faith registration based on similarities to registered trademarks or well-known trademarks.

Otherwise, we will have no clear guideline governing the protection of well-known brands of dissimilar goods/services apart from Article 16(3) of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), leaving their fate for the most part at the court's discretion.

Another problematic provision is the article concerning mark removal due to non-use. The 2016 law mainly rehashes the provisions of the old law, stating that "removal of mark from the marks registry may be done if a mark has not been used for three consecutive years in commerce since the date of registration or last use." This particular wording is vague, and as evidenced by several inconsistent court precedents over non-use cases, this may cause further uncertainties and frivolous legal threats against brand owners (see "IKEA verdict, another bad sign for intellectual property rights", The Jakarta Post, Mar. 4, 2016).

The 2016 law now allows new applications for generic names derived from "genericized" registered marks (marks that have become generic descriptors of the class of goods [e.g. aspirin, escalator] over time through usage and hence become unprotected), provided that the applicant adds a distinguishing element to it.

As a comparison, in the US for instance, the parameters for "genericness" have been well-established through numerous case precedents. Further, under the US law a registered mark may be canceled due to "genericide," but it does not instantly turn a brand registrable for other parties.

By contrast, apparently the new law does not require a cancellation proceeding prior to registration of "genericized" marks. The law also contains no further parameters or guidelines on how and when a mark becomes generic despite the lack of precedents from Indonesian case law. This could attract an influx of new applications over names derived from famous brands perceived (at least in the applicant's mind) as generic. Brand owners must then also prepare to defend their trademarks and oppose any offending application.

Many famous brands — both local and foreign — have been widely used by the general public in Indonesia over time to describe certain classes of goods (ranging from foods to electronics) which in turn may expose the brands to "genericide," and further seen as "up for grabs" for registration by the public.

Thus, brand owners here — particularly famous brands — must now actively develop the means or enhance the existing measures to educate the public and consumers (a la Lego or Xerox) to prevent their trademark from becoming generic.

The 2016 law features many long-awaited improvements that may enhance the regulatory framework for trademark prosecution and protection particularly for new burgeoning businesses thanks to a simpler registration and publication process, among other things. However, there remain some flaws that if left unchecked may perpetuate the issues of bad-faith registrations and trademark squatting. Given the remaining regulatory gap, as well as new potential challenges and burdens for trademark owners posed by the new law, protecting trademarks in Indonesia remains a challenging affair.

In this light, brand owners now need to devise extra measures and crank up their IP asset protection and management system in Indonesia to keep their trademark legally healthy, lest they find themselves on the wrong side of the law or even losing their brands altogether.

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