



Trademarks Protection and Anti-Counterfeiting Strategies in Indonesia

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Australia* | China | Hong Kong | India* | Indonesia | Philippines | Russia | Saudi Arabia* | Thailand | UAE | UK | USA* | Vietnam
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Scope of discussion

What can and should be
protected?
What are common issues in
prosecution?
Legal Risks?

How to deal with
counterfeits or look-alikes?
Warning letters/civil
litigation/criminal raids?

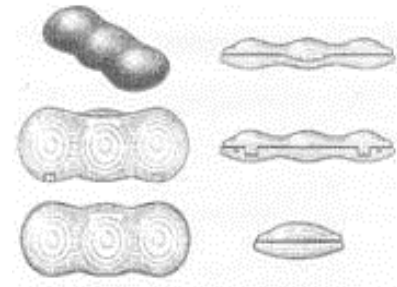
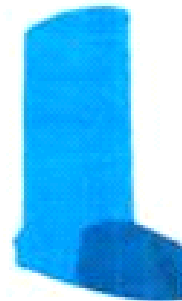
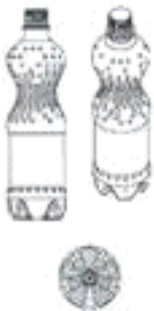
Trademarks



Trademarks Law No. 15 of 2001

Article 1.1 - Definition of trademark

Any sign in the form of a picture (logo), name, word, letters, numbers, composition of colors, or a combination of these elements used in trade to distinguish the goods and services of one trader from those of another.



Trademarks Law No. 15 of 2001

A trademark shall **not** be registered if:

Article 4:

The application was in bad faith.

Article 5:

It contains any of the following elements:

- a. is against the prevailing laws and regulations, religious morality, decency or public order;*
- b. is not distinctive;*
- c. has become a public domain; or*
- d. is a description or related to goods or services being applied for registration.*

Article 6 (1):

- a. it has similarity in principle or in entirety to the trademark owned by another party that has been registered before for goods and/or services of the same type.*
- b. it has similarity in principle or in entirety to an already well-known trademark owned by another party for goods and/or services of the same type.*
- c. it has similarity in principle or in entirety to a well-known geographical indication*

Trademarks Law No. 15 of 2001

Article 6 (2):

The provision as referred to in paragraph (1) b also applicable to goods and/or services which are not of the same type, provided that it fulfils certain conditions that will be further regulated by Government Regulation.

Article 6 (3):

An application for registration of a Mark shall also be refused by the Directorate General if:

- a. It constitutes or resembles with the name of a legal entity belonging to another party, except with a written consent of the entitled party;
- b. It constitutes an imitation or resembles with a name or abbreviation of a name, flag or coat of arms or a symbol, or an emblem of a state, or of a national or international institution, except with a written consent of the competent authority;
- c. It constitutes an imitation or resembles with an official sign or seal or stamp used by a state or government institution, except with a written consent of the competent authority.

Descriptive Trademarks

Low threshold for descriptiveness, important to search.



for 'coffee'



for 'sugar'

(Gulaku means 'my sugar' in Indonesian Language)



for 'soaps and medicated soaps'

DEEPCLEAN

for 'skin care products
and cleaning preparations'

Trademarks – key points



- First to file principle
- Multi-class applications
- Importance of searches
- Trademark piracy common
- Letter of consent not accepted
- Useful resources – www.dgip.go.id & www.pom.go.id
- Consider label marks as unfair competition laws weak

Test for similarity of marks

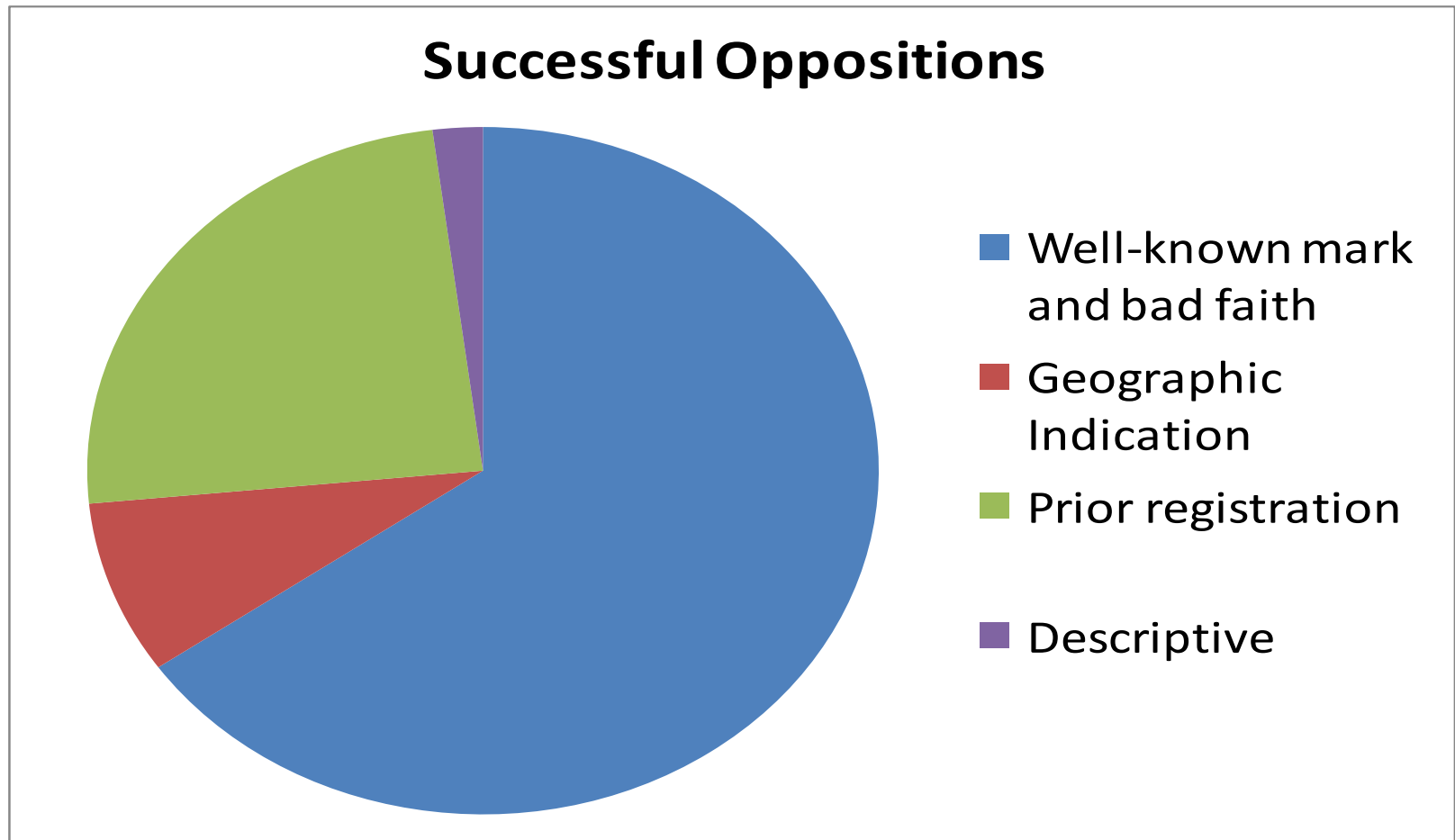
Elucidation to Article 6 of Trademarks Law

Similarity in principle means similarity contributed by significant elements between one Trademark and another Trademark, that may give an impression of a similarity in regards of shape, placement, writing style, or a combination of elements or similarity in the pronunciation contained in the concerned trademarks.

Recent Supreme Court Decisions on Similar Marks

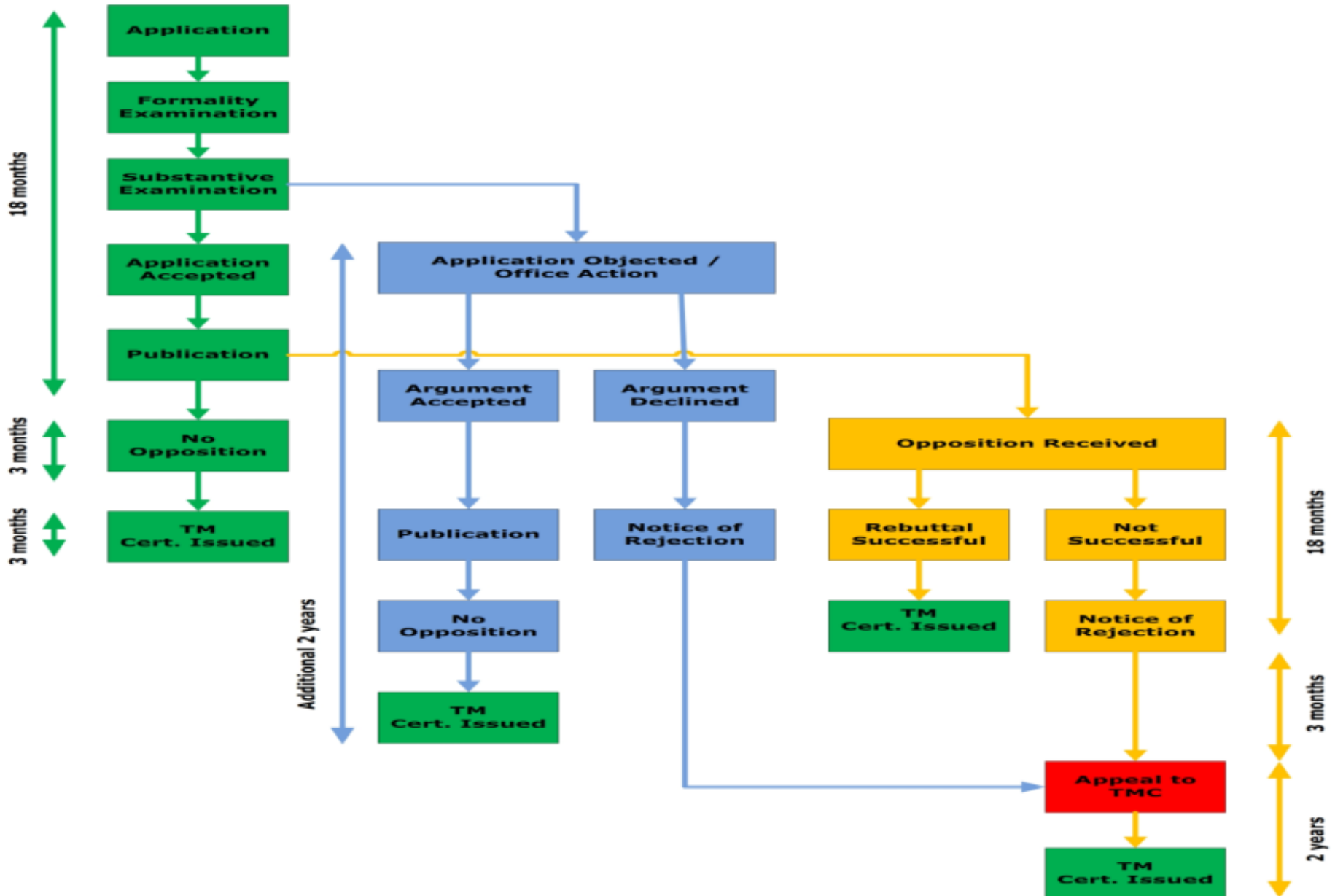
Case Number	Plaintiff's Mark	Defendant's Mark
Toyota Jidosha Kabushiki Kaisha (Plaintiff) vs Effendi Fermanto (Defendant) 161 K/Pdt.Sus/2012		
Steve Erwin Wijaya (Plaintiff) vs PT. Garuda Food Putra Putri Jaya (Defendant) 366 K/Pdt.Sus/2012		
Wavin, B.V. (Plaintiff) vs Burhan Teguh (Defendant) 367 K/Pdt.Sus/2012		
Lukmin Eryan (Plaintiff) vs PT. Best Mega Industri (Defendant) 399 K/Pdt.Sus/2012		

Oppositions grounds – Article 4, 5 and 6











* 50 Decisions from 2008 - 2012

Trademarks – prosecution timeline



Trademarks Piracy - Recent Court Decisions

Case Number	Plaintiff's Mark	Defendant's Mark
Richemont International S.A vs Hartafadjaja Mulia/ Hartafa Djaja Mulia 762 K/Pdt.Sus/2012		 in classes 25, 35
CBS Interactive Inc. vs Lie Jong Wei (Jong Wei Rusli) 696 K/Pdt.Sus/2011		 in classes 9, 35, 42
Las Vegas Sands Corporation vs PT. Agung Wahana Indonesia 800 K/Pdt.Sus/2011		 in class 41, 43, 44
Diageo Ireland vs Alexander 54/MERЕК/2010/PN.NIAGA .JKT.PST		 in class 25

Trademarks – Revocation action for non-use

Article 61 (2)

A trademark may be deleted if


a. The trademark has not been used for 3 (three) consecutive years in the trade of goods from the date of registration or from the date of last use; or

b. The trademark is not used for the kind of goods for which the application for registration was filed, including the use of the mark which is not in accordance with the registered mark.

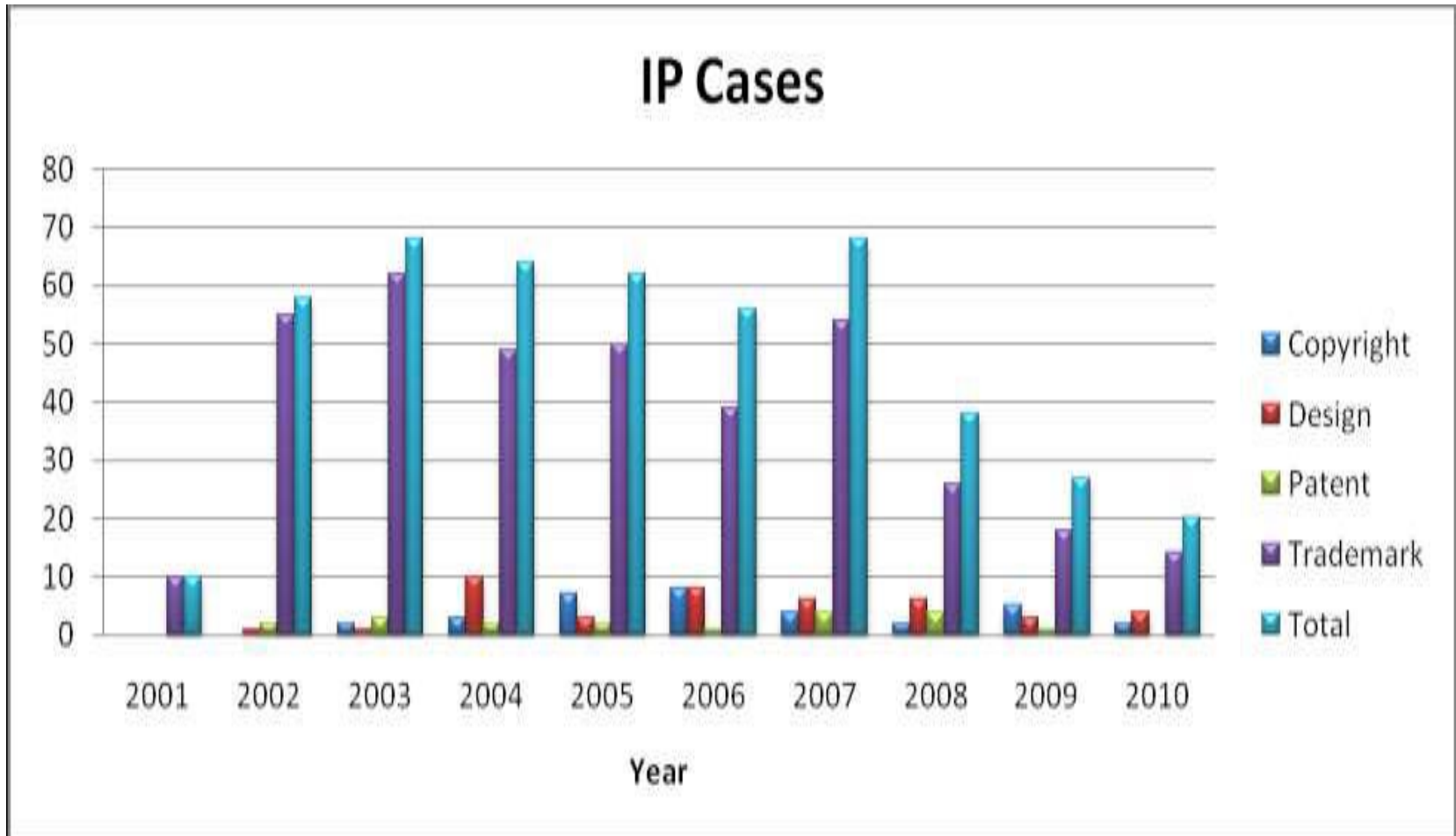
Trademarks – Revocation action for non-use

- The plaintiff has the burden of proving non-use
- Verifying non-use is difficult because there is no pre-trial discovery and the defendant is not required to submit any records to the court
- Independent market survey is usually recommended
- There is also the risk of the defendant manufacturing evidence of use – particularly where the defendant is a local party

Supreme Court Decision on Non-use

Case Number	Trademark to be Deleted	Evidence Submitted
HTC Corporation vs Vincent Siswanto 135 PK/Pdt.Sus/2009	 in class 9 for phone, mobile phone and interphone	<ol style="list-style-type: none">1. No product registration issued by Ministry of Telecommunication2. Witness statements from dealers in Indonesia

Commercial Court cases



Trademark infringement – civil remedies

Article 76 of Trade Mark Law:

(1) The owner of a registered Trade Mark may file a lawsuit against any other party who without the right thereto has used a Trademark that is similar in principle or in entirety for the goods and services of the same type in the form of:

- a claim for damages; and/or*
- the termination of all acts relating to the use of the Trade Mark.*

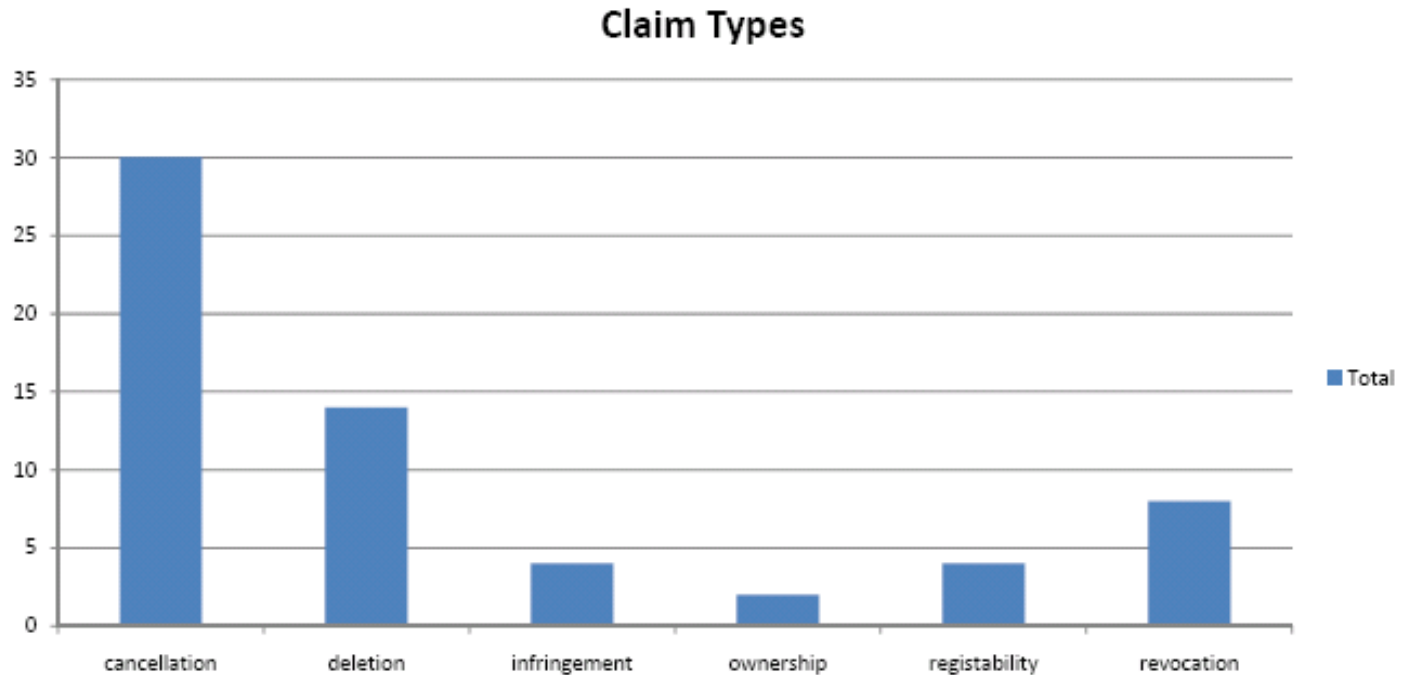
(2) The lawsuit as described in paragraph (1) shall be filed at the Commercial Court.

Trademark infringement – civil remedies

Article 78 of the Trade Marks Law

- (1) Pending the completion of the process and to prevent a bigger loss, the judge may at a request thereof by the owner of the Trademark or the Licensee as the plaintiff order the defender to stop the production, distribution and/or trading of the goods or services in which the Trademark has been used without the right thereto.*
- (2) If the defender is also required to surrender the goods in which the Trademark has been used without the right thereto, the judge may order that the surrender of the goods or the value of the goods be made after the decision of the court has become permanently valid.*

Types of claims



Notes

- Cancellation and deletion = trademarks
- Revocation = patent and designs

Commercial Court timeline

Activity	Time
File pleading	Week 1 - 4
First hearing – defendant’s appearance	
Second hearing – defendant’s response	
Third hearing – plaintiff’s counter-argument	
Fourth hearing – defendant’s 2 nd response	Week 5 - 8
Fifth hearing – plaintiff’s evidence	
Sixth hearing – defendant’s evidence	
Seventh hearing – plaintiff and defendant’s closing arguments	
Decision	3 months from pleading submission (extendable to 1 month)

Trademark infringement – civil remedies

- Permanent infringement injunctions granted
- Damages usually nominal
- Legal costs not recoverable
- First instance decision in about 4 months
- Appeal to Supreme Court (kasasi) and further judicial review (Peninjauan kembali) before different panel of Supreme Court
- Uncertainty of litigation

Provisional Order

Supreme Court Decree 5/2012 in July 2012 sets out

Rules and Procedure for Interim Injunctions - **Article 1:**

Provisional Order is the Order issued by the court to be obeyed by all related parties based on the request filed by a Plaintiff based on the violation of rights on Industrial Design, Patent, Trade Mark and Copyright, for:

- a. preventing goods which allegedly infringing Intellectual Property Rights in trade channels.*
- b. securing and preventing the omission of the evidence by the infringer.*
- c. Stopping the infringement in order to prevent a greater loss.*

Provisional Order

Article 2

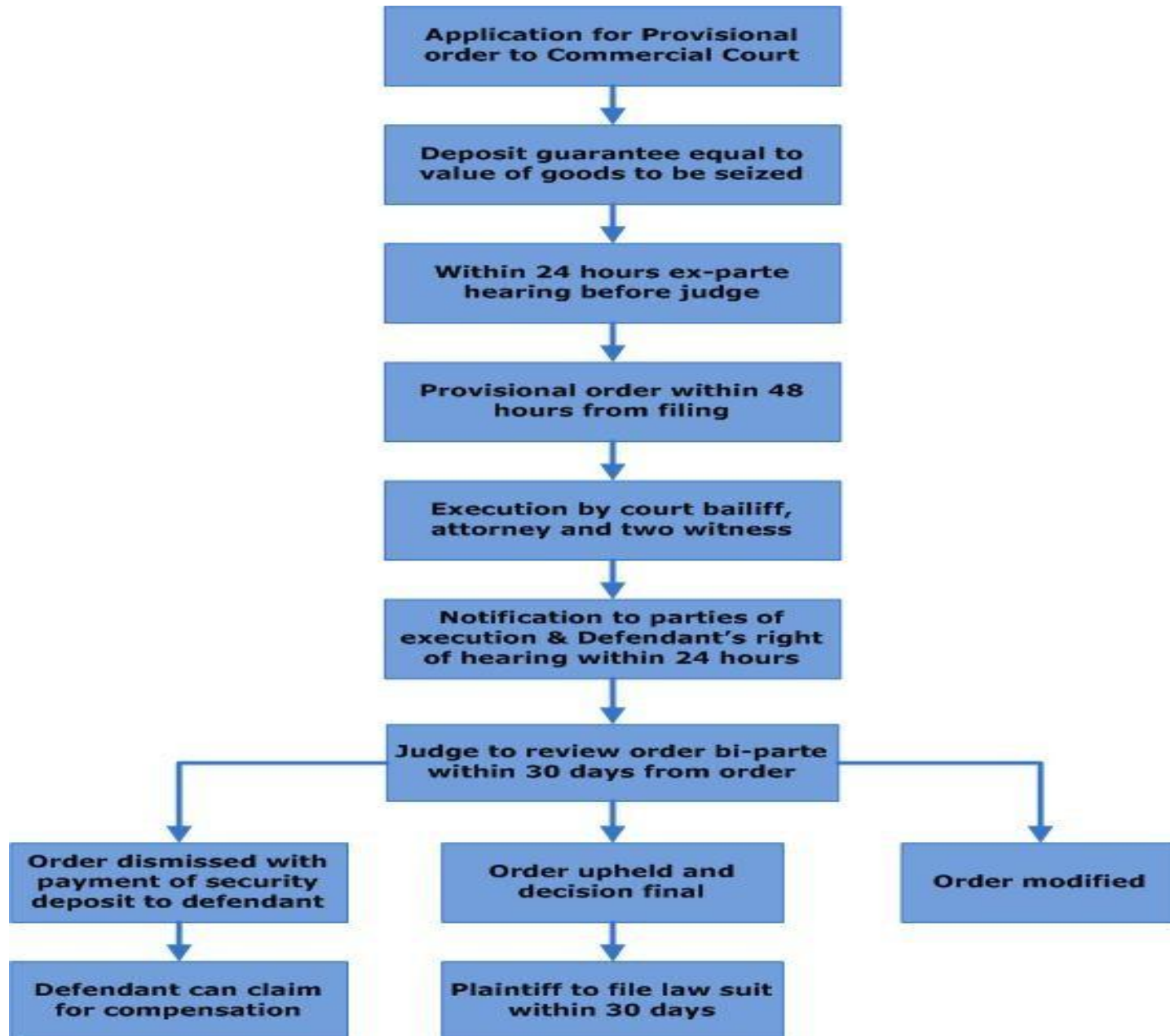
Application filed with the following conditions:

- a. Attaching the evidence of the rights owner or holder
- b. Attaching the evidence showing the strong initial indication of the rights violation
- c. A clear description on the goods and/or documents that is sought for, searched for, collected and secured for verification purposes
- d. Giving the security deposit in form of cash or bank guarantee that is equal to the value of goods subjected for the provisional order

Article 3 (3)

The application consists of the reasons for filing the application, including the concerns that the party who allegedly conducted the infringement may eliminate the evidence

Provisional Order



Criminal sanctions

Article 90

Anyone who willfully without the right thereto uses a Trademark that is similar in entirety to a registered Trademark owned by another party for the same type of goods and/or services produced and/or traded shall be subject to a maximum imprisonment of five (5) years and/or a maximum fine of one billion rupiah (Rp.1,000,000,000.00).

Article 91

Anyone who willfully without the right thereto uses a Trademark that is similar in principle to a registered Trademark owned by another party for the same type of goods and/or services produced and/or traded shall be subject to a maximum imprisonment of four (4) years and/or a maximum fine of eight hundred million rupiah (Rp.800,000,000.00).

Criminal sanctions

Article 94

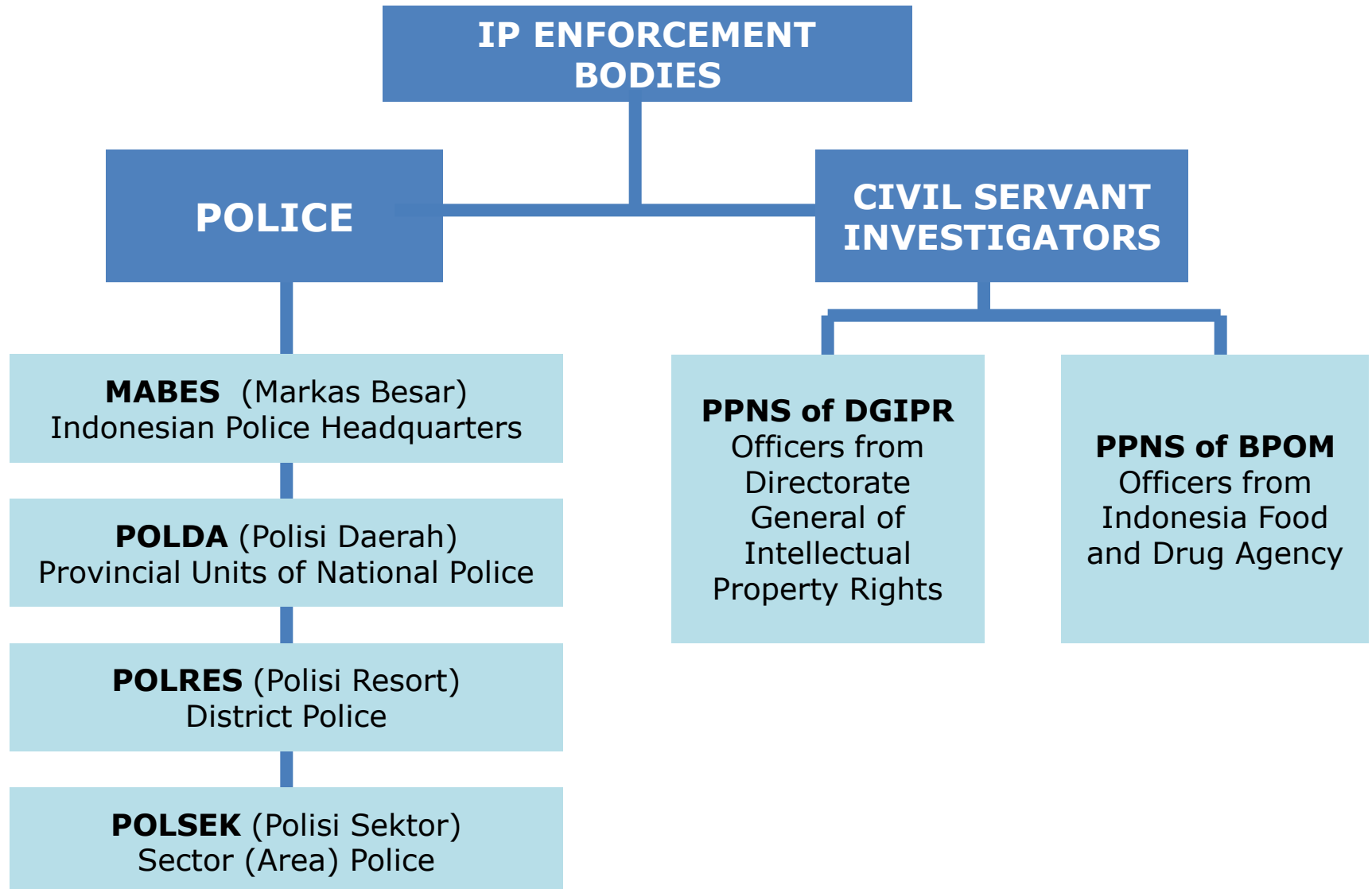
(1) Anyone who trade goods and/or services who know or should know that such goods and/or services are the products of violations as provided in Article 90, Article 91, Article 92 and Article 93 shall be subject a maximum imprisonment of one (1) year and/or a maximum fine of two hundred million rupiah (Rp.200,000,000.00).

(2) The act as described in paragraph (1) shall be a crime.

Criminal sanctions

Nature of infringement	Legal basis	Punishment
Manufacture (using identical mark)	Article 90 – <i>"uses a trade mark that is same in entirety to a registered trade mark"</i>	Imprisonment for a max. period of 5 years and/or a fine of a max amount of Rp1,000,000,000.00 (one billion rupiah)
Manufacture (using mark that is <i>similar in principle</i> – not necessarily identical)	Article 91 – <i>"uses a trade mark that is similar in principle to a registered trade mark"</i>	Imprisonment for a maximum period of 4 years and/or a fine of a max amount of Rp800,000,000.00 (eight hundred million rupiah)
Selling or advertising counterfeit goods	<p>Article 94 ; <i>"..trade in goods that is known or should have known that the goods are produced in violation of Article 90 or Article 91.."</i></p> <p>Advertising counterfeit goods is arguably a trade activity.</p>	Imprisonment for maximum period of 1 year and/or a fine of a max amount of Rp200,000,000.00 (two hundred million rupiah)

Raids



PPNS

- **Article 89 (1)**
- *In addition to investigating officer at the State Police of the Republic of Indonesia, certain civil servants at the Director General shall be granted special authority as investigators as referred to in Law No. 8 of 1981 on Criminal Procedure to conduct an investigation of criminal offences in the field of Trademarks.*

PPNS

Article 89 (2) – *The civil servant investigator is authorized to:*

- a. Conduct examination of the truth of reports or information relating to criminal offences in the field of trademarks;*
- b. conduct examination of persons suspected of committing criminal offences....;*
- c. Collect information and evidence from persons suspected of committing offences.....;*
- d. Inspect locations on which evidence, books, records and other documents can be found, as well as to confiscate materials and goods resulting from infringements;*
- e. Request expert assistance in scope of carrying out duties of investigation of criminal offences in the field of trademarks.*

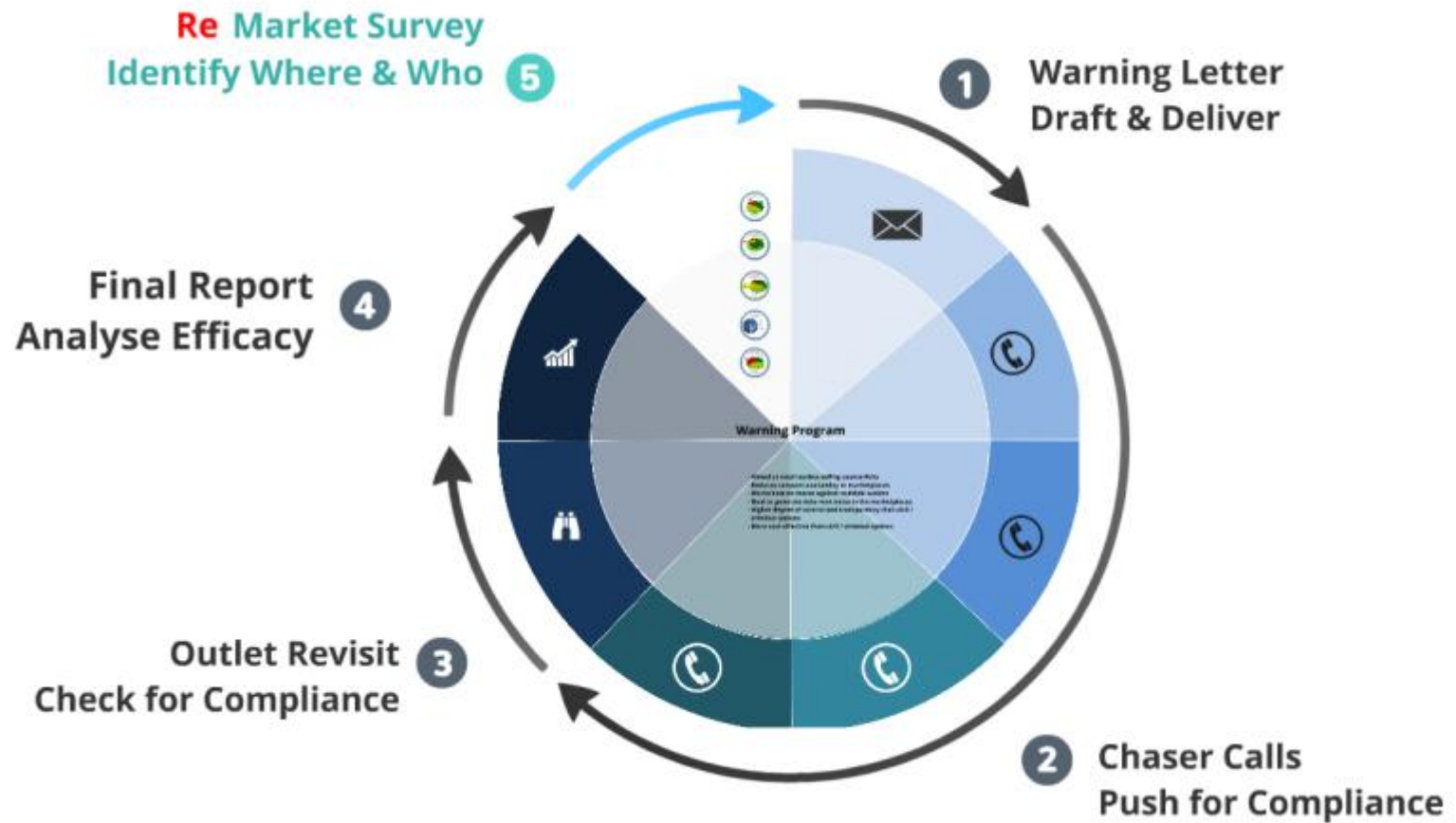
Post raid issues

- Settlement negotiations preferred
- Public apology is key
- Damages
- Criminal prosecution – not advised because of long delay and ineffective

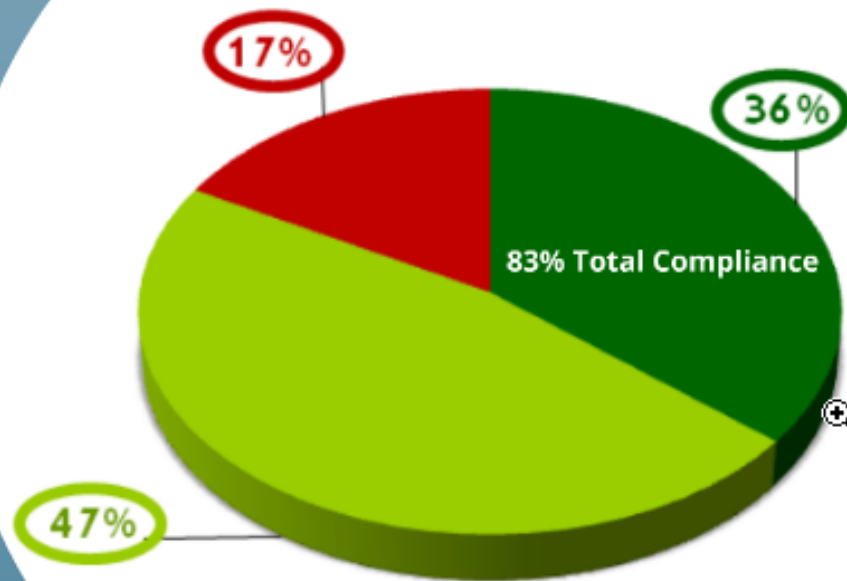
33



Warning letter program

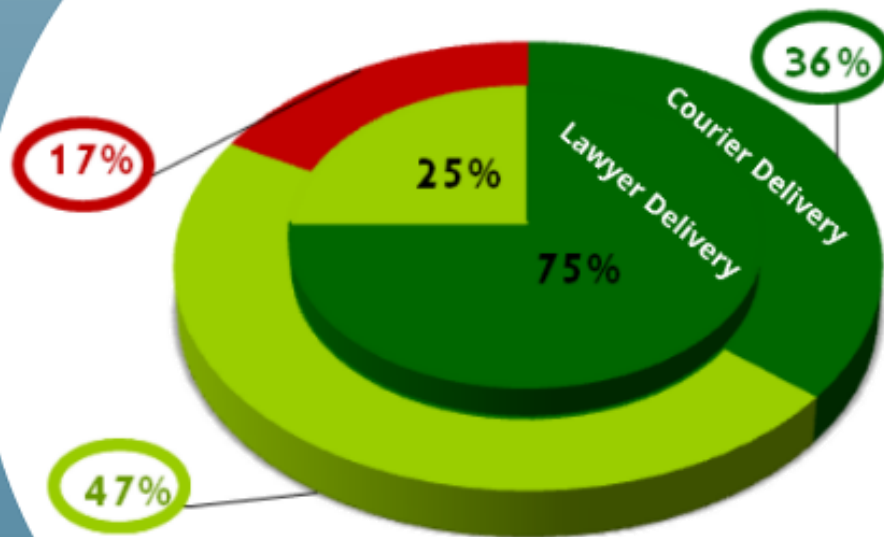


Warning Program 2012 Compliance Rates



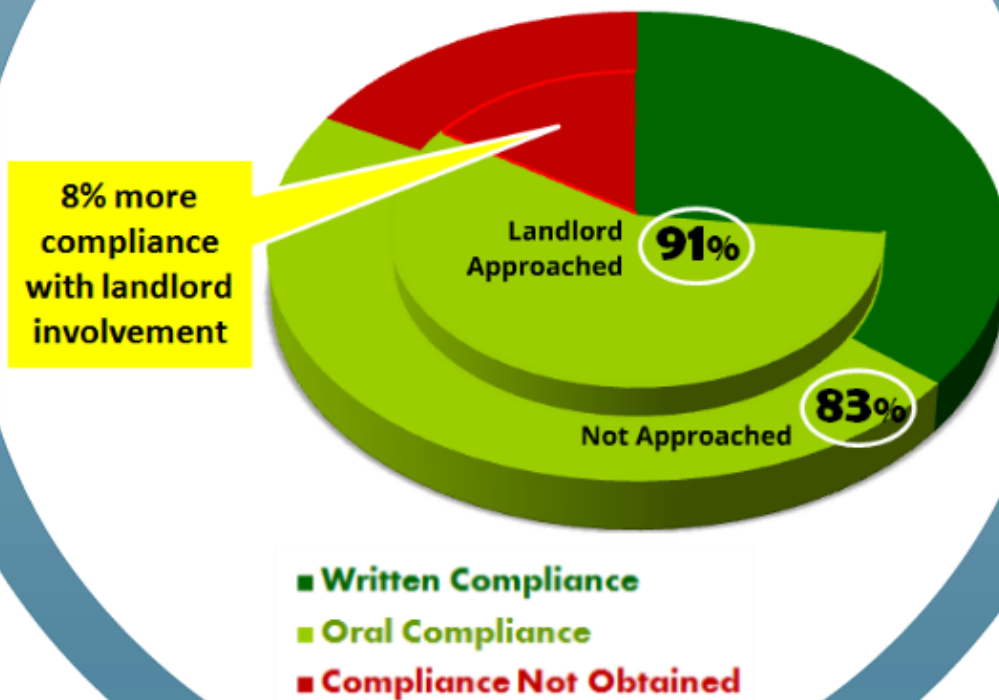
- Written Compliance
- Oral Compliance
- Compliance Not Obtained

Warning Program Lawyer vs Courier Delivery 2012



- Written Compliance
- Oral Compliance
- Compliance Not Obtained

Warning Program With & Without Landlord 2012



Warning Program – Outcome Example

20 outlets have signed undertaking to comply

5 outlets have verbally agreed to comply

3 outlets refuse to comply

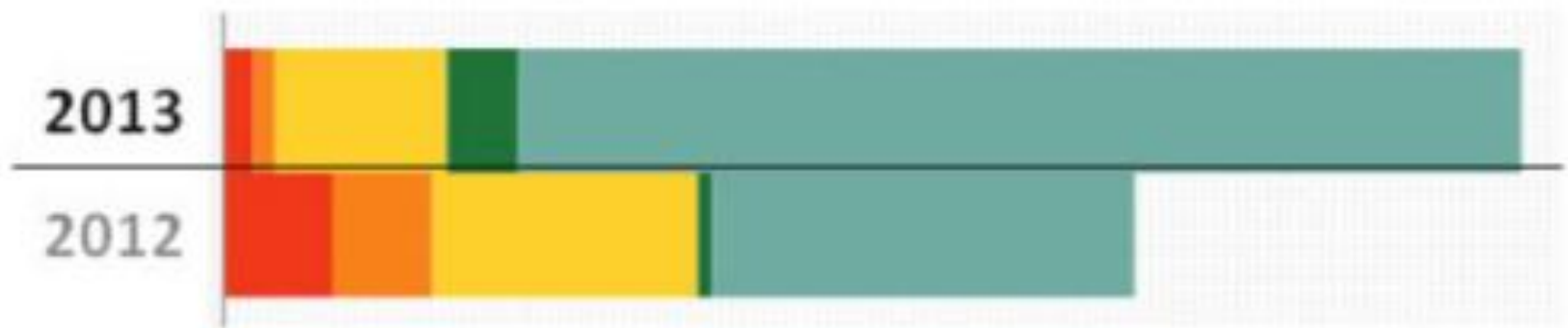
1 closed down



7 malls in key Jakarta regions now actioned against, 6 mall operators have issued warnings to tenants against counterfeits

Warning Program – A Year Later

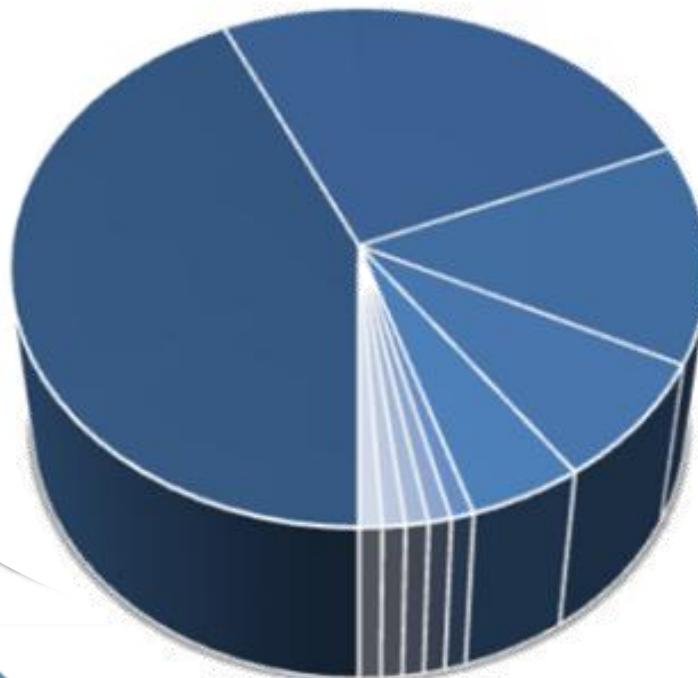
2013-since-2012 Comparison



Green : Genuine

Red / Yellow : Volume of Counterfeits

Warning Program 2012 By Industry



- 44 - Apparel & Luxury Goods
- 26 - IT & Electronic
- 14 - Automotive
- 8 - Food & Beverage
- 5 - Services
- 1 - Personal Care
- 1 - Media / Software
- 1 - Pharmaceutical
- 1 - Industrial & Commercial
- 1 - Housewares

Unfair competition law

Article 1365 of the Civil Code

Any unlawful act that has caused damage to another person, shall require the person whose wrongful act has caused such damage, to cover the damage.

- a civil tortious right to damages if can show a prior unlawful act.

Unfair competition law

Article 382 bis of the Penal Code

Any person who, in order to establish, to retain or to expand the sale of his trade or business or those of the trade or business of another, commits a fraudulent act of misleading the public or a certain person, shall, if therefore some loss for his competitors or competitors of the other person may arise, be guilty of unfair competition, and be punished by a maximum imprisonment of one year and four months or a maximum fine of thirteen thousand five hundred rupiahs.

- a criminal provision and need to show fraud. Copying alone insufficient to show fraud.

Customs Law No. 10 of 1995 (as amended in 1996)

Article 62

- The detention of imported or exported goods may also be executed by the Customs Official in his official capacity if there is strong evidence that such goods are originated from violation against or violate trademarks or copyrights.

Article 64 (1)

- The control of imported or exported goods suspected as a result of violations against intellectual property rights, other than the trademarks and the copyrights as stipulated in this law, shall be regulated with the Government Regulation.

Customs

- **Supreme Court Regulation No. 4 of 2012** finally issued on 30 July 2012
- No recordal system exists and no ex parte seizures can be made.
- To preserve the temporary detention, the IP holder must file a full civil action for infringement.
- Legal costs are not recoverable

Customs

- Costs relating to the seizure must be borne by the applicant, in cash or bank guarantee
- If an order is granted, a security deposit equal to the value of goods must be paid
- Detailed clear information on the import consignment must be provided, which is very difficult in most import cases

Indonesia Reform

- Challenging legal environment
- USTR 301 Priority Watch List for many years
- Can be expensive and difficult to enforce
- No certainty due to corruption issues
- Aggressive and comprehensive filing strategy cheaper in the long run
- Be prepared to appeal

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IP Komodo

From the islands of Indonesia, the IP Komodo prowls South East Asia and beyond looking for succulent morsels of intellectual property news with the aim of to raising awareness of South East Asia's IP issues to help people understand this diverse region's IP complexities.

Powered by Rouse, the emerging markets IP firm. www.rouse.com

Wednesday, May 15, 2013

The counterfeit medicines landscape in Indonesia



The Jakarta Post reported recently that Indonesia remains a counterfeit medicines hotspot. Distribution is though both the Internet and also in pharmacies. "It is believed that these counterfeit drugs enter the pharmacies through freelance drugs salespeople," said Indonesian Pharmacists Association (IAI) secretary-general Nurul Falah.

Research sponsored by Pfizer in the capital and surrounding cities as well as East Java and North Sumatra showed the wide availability of counterfeits. It focused on Pfizer's drug sildenafil (an erectile dysfunction drug usually sold as Viagra,) They analysed sales at drugstores, pharmacies, sidewalk stalls and via the Internet. Of 518 tablets found in 157 outlets some 45 % turned out to be counterfeit. They also identified Jakarta's Pramuka Market a well known source of fake drugs.

This is consistent with IP Komodo's understanding. Counterfeit pharmaceuticals are either made locally or sometimes imported; distribution is via wholesale markets like Pasar Pramuka, then through roving salesmen, on motorbikes, who sell their wares to pharmacies and medicine shops throughout cities. Despite being a regulated industry pharmacies themselves do not always observe rules, such as

Articles on IP in South East Asia

- [Pharmaceutical Trademarks 2010 – Vietnam](#)
- [Preventing Trade Name Infringement in Vietnam](#)
- [Scotch Whisky Becomes Vietnam's Third Foreign GI](#)
- [New Vietnam IP Enforcement Procedures](#)
- [Patenting strategy in South East Asia](#)
- [Well-known trade mark protection in Indonesia](#)
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- [Diageo win Indonesian trademark case](#)
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