

LEGAL PROTECTION FOR REGISTERED WELL-KNOWN TRADEMARKS AGAINST PASSING-OFF ACTION BASED ON THE DECISION OF THE SUPREME COURT OF THE REPUBLIC OF INDONESIA NUMBER 532 K/PDT.SUS-HKI/2024

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ABSTRACT

A trademark is one of the components of intellectual property rights that needs special attention. Violations or deviant behavior in the field of trademarks will always occur. This is related to fraudulent business behavior that requires competition (competitive) and is profit-oriented, thus opening up the potential for fraudulent or unlawful business activities, and the motivation for someone to commit trademark violations, especially the desire to gain profit in their business practices. The legal consequences for brand hitchhikers in Indonesia according to the Trademark and Geographical Indication Law are that they do not receive legal protection and their registration is canceled and crossed out from the General Register of Trademarks because the act is qualified as containing bad faith and unfair competition.

1. Introduction

This growing economic and trade activity also stems in part from intellectual property products such as creative works, trademarks, and technological discoveries. While a logical consequence of economic liberalization is the implementation of free trade in goods and services between countries without government intervention, this can be justified when it concerns the public interest.

To prevent problems arising from intellectual property rights, particularly in the area of trademarks, by providing legal protection, Indonesia, as a developing country, needs to pay close attention.

Brands also serve as a guarantee of the quality of goods or services being traded, so that consumers are more likely to judge the quality of a good or service based on its brand. This function becomes even more widespread when the use of goods or services with a particular brand is considered prestigious, and



therefore, people are willing to purchase branded goods even at very high prices for various reasons, such as well-known reputations, guaranteed quality, and so on. Therefore, the function of brands as quality assurance becomes even more evident, especially in relation to well-known products.

Brands in the trade of goods or services, as a form of intellectual property, play a crucial role in the smooth flow and growth of trade in goods or services. Brands hold strategic and important value for both producers and consumers. For producers, brands not only differentiate their products from similar products but also build a corporate image, particularly in marketing.

For buyers, brands serve not only as a differentiating element but also as a means of personal identity. People who are accustomed to purchasing goods from a chosen brand prefer to use their chosen brand consistently, for various reasons, such as long-standing familiarity, guaranteed product excellence, and so on. This makes the brand's usefulness as a guarantee of quality even clearer, especially for products with a well-established reputation.

Rigging on a reputation not only harms producers, as the owners and rights holders of a well-known brand, but also harms buyers. Buyers typically consider the brand first when choosing a product or service, and brands with a good reputation typically have similar product advantages. Rigging on a reputation can lead to buyers receiving products of inferior quality, especially if it poses a safety or health hazard. So, by piggybacking on this reputation, two parties are harmed, namely producers or business actors who have well-known brands and buyers as people who use well-known products, besides ultimately creating unhealthy business competition in Indonesia.

2. Research Method

This research is descriptive and analytical, meaning it only describes the object of the problem. Descriptive research skews toward normative juridical research, meaning it starts from the problem by observing the reality on the ground and then connecting it to applicable laws and regulations.

This data collection used library research methods, including scholarly books, laws and regulations, and other documentation such as magazines, the internet, journals, and other theoretical sources related to trademark law.

Data analysis is the process of organizing, sorting, grouping, coding, and categorizing data, then organizing it into a form of data management to identify themes and working hypotheses that are developed into substantive theories. To discover theories from the data, qualitative methods are used, namely research





that refers to legal norms contained in laws and court decisions, as well as norms that exist and develop within society.

3. Results And Discussion

Results

The act of piggybacking on reputation under the Trademark and Geographical Indications Law is classified as a trademark infringement, which is the act of registering a trademark by another party that has a substantially similar or completely similar trademark. This is done in bad faith by the other party with the intention of maximizing personal gain to the detriment of the trademark holder they imitate.

Reputation or goodwill in the business world is seen as key to a company's success or failure. Many businesses strive to gain and maintain their reputation by maintaining product quality and providing first-class service to consumers. Businesses deliberately advertise to build product reputation, introduce new products to the market, and maintain the reputation of existing products.

Brands are crucial in business, advertising, and marketing because the public often associates a positive image of the quality or reputation of goods and services with a particular brand. A brand can be a very valuable commercial asset. Reputation piracy protects brand owners from those who would exploit their success, preventing them from using the brand, packaging, or other indications that might lead consumers to believe their products are manufactured by someone else. Literally, reputation piracy means to deceive, to disappear, thus, reputation piracy means deception, or disappearance. Regarding trademarks, reputation piracy, as a recognized institution in civil law countries, is often defined as the act of using a brand's reputation to maximize profits for the perpetrator.

Trademark infringement occurs by using a brand, logo, and materials that closely resemble those of a genuine, already well-known brand. Using a trademark that is similar to another registered trademark, as well as using the same or similar trademark to a previously recognized brand, thus creating a misperception in the public mind, is one of the legal criteria for reputation piracy. One example of a reputation-piggybacking case is the case of the plaintiff's (Matsunaga Manufacturing CO., LTD.) Stabilizer brand, which is apparently similar to the defendant's (Lie Senihian) Stabilizer brand. Matsunaga Manufacturing CO., LTD., believes its competitor is piggybacking on its reputation by creating a brand similar to/resembling the plaintiff's brand. This is the goal of the reputation-piggybackers: to mislead consumers/the public using





the well-known brand into purchasing products with the brand produced by the reputation-piggybackers.

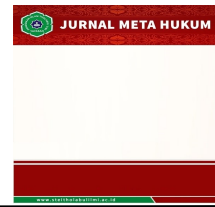
Well-known brands are the object of reputation-piggybacking, both registered and unregistered, because of the reputation or good name within a well-known brand and the reputation of having high quality and economic value. Therefore, well-known brands must be given legal protection from the actions of dishonest and fraudulent producers who use the brand by piggybacking on the reputation of the well-known brand, presenting their products as if they were products of the well-known brand they are piggybacking on.

The Trademark and Geographical Indications Law allows the owner of an original well-known trademark to file a lawsuit to cancel the trademark registration through the Commercial Court, based on Article 4 and Article 6 paragraph (1) letter b of the Trademark and Geographical Indications Law, even if he does not have a trademark registration. For owners of well-known trademarks who do not have a trademark registration, they can file a lawsuit to cancel the registration after submitting an application for registration of their trademark to the Directorate General of Intellectual Property Rights (Article 68 paragraph (2) U of the Trademark and Geographical Indications Law). By submitting an application, the owner of a well-known trademark is deemed to have good faith to comply with applicable regulations by registering and using their trademark in Indonesia.

4. Discussion

The Trademark and Geographical Indications Law in Indonesia equates the registration of trademarks containing elements of overall similarity (identical similarity) with the registration of trademarks containing elements of essentially similarity. The doctrine of trademark registration containing elements of overall similarity (identical similarity) establishes the principle of entirety similarity, which means that one trademark has a complete similarity, encompassing all relevant factors that optimally give rise to the similarity.

The doctrine of identical similarity has a broader and more flexible meaning, meaning that to determine the existence of trademark similarity, not all elements need to be cumulatively identical; rather, only a few relevant elements or factors are similar, so that the two brands being compared appear identical or very similar. Therefore, according to this doctrine, there are differences between one trademark and another, but these differences are not prominent and do not have strong distinguishing power, so that if one trademark is similar, it can be considered identical.



Legal protection based on the first-to-file principle is granted to registered trademark rights holders who act in good faith, both preventively and repressively. Preventive legal protection is provided through trademark registration, and repressive legal protection is provided in the event of trademark infringement through civil lawsuits or criminal prosecution, reducing the possibility of alternative resolution outside the courts.

Trademark registration must be based on good faith and honesty on the part of the trademark registrant, who registers their trademark without any ulterior motive to piggyback on or undermine another's trademark for maximum economic gain.

Good faith in trademark registration encompasses a subjective understanding, where the trademark registrant must have a good and honest intention to register their trademark solely to protect the trademark from fraudulent acts by other parties. Therefore, it can be said that in the case of trademark registration, the trademark registrant's good faith, both subjectively and objectively, must comply with applicable laws and regulations in the trademark sector, without any ulterior motive to counterfeit another's trademark or exploit another's substantially identical or identical trademark to maximize economic gain and harm previously registered well-known brands.

Bad faith in a trademark registration must be rejected because it constitutes a fraudulent act by an individual, several individuals collectively, or a legal entity that harms the owner of a previously registered trademark. Such fraudulent acts by trademark registrants in bad faith are not permitted under the basic principles of trademark registration in Indonesia.

Trademarks must be registered in good faith. This means that if someone attempts to register a trademark knowingly belongs to another person or is similar to that person's trademark, the trademark cannot be registered. The requirement of good faith also means that to be registered, a trademark must be used or intended for use in the trade of goods and/or services as stipulated in Article 74 paragraph (1) of the Trademark and Geographical Indications Law, which states, "The trademark must not be used for 3 (three) consecutive years in the trade of goods and/or services from the date of registration or last use, unless there is a reason acceptable to the Directorate General." and Article 21 paragraph (3) of the Trademark and Geographical Indications Law, which states, "A trademark cannot be registered based on an application filed by an applicant acting in bad faith."

A trademark filed in Indonesia by someone who does not intend to use the trademark and whose purpose is to prevent another party from entering the local market or hinder competitors from expanding their business network





cannot be registered in Indonesia. Trademark registration must be bona fide, or carried out in good faith. Its use or the intention to use it must also be in good faith.

Bad faith in trademark registration will also arise if someone has used a trademark in a previous period but chooses not to register the trademark. If the person can prove that they have used the trademark even though they have not register then the attempt to register the brand by another person can be prevented by calling the attempt bad faith.

Based on the foregoing, bad faith is one of the reasons for trademark cancellation, making it crucial to have legal protection for well-known, registered trademarks. The need for legal protection for trademarks has grown rapidly following numerous fraudulent practices, including piracy and imitation. Furthermore, with the advancement of trade and improved transportation systems, and the expansion of product sales, the market has expanded.

Legal protection for registered trademark owners/holders against the actions of other parties acting in bad faith by exploiting the reputation of their registered trademark is stipulated in the Trademark and Geographical Indications Law. In principle, the legal protection afforded to registered trademark owners/holders is protection from other parties who intentionally exploit the reputation of a previously registered and well-known trademark for their own personal gain by registering a trademark that is substantially similar or completely similar to the existing trademark.

Regarding the procedure for canceling a registered trademark, Article 79 of the Trademark and Geographical Indications Law states that the Directorate General of Intellectual Property Rights shall remove the trademark from the general register of trademarks, noting the reasons and date of cancellation, and notifying the trademark owner or their attorney in writing.

The notification letter must clearly state the reasons for the cancellation and confirm that, as of the date of the deletion from the general register of trademarks, the trademark certificate is declared invalid. This deletion must be announced in the official trademark gazette. The cancellation and removal of a registered trademark from the general register of trademarks entails the termination of legal protection for the trademark.

Article 77 of the Trademark and Geographical Indications Law states that, in addition to the reasons mentioned above, a collective trademark may also be filed with the Commercial Court if the use of the collective trademark violates the provisions of Article 68 of the Trademark and Geographical Indications Law, which stipulates the requirements for collective trademark registration.



A lawsuit for cancellation may be filed, subject to a time limit, if the trademark in question conflicts with religious morality, decency, or public order. A lawsuit for cancellation of a trademark registration can only be filed in the Commercial Court at the District Court where the trademark was registered within 5 (five) years from the date of registration of the trademark in accordance with the provisions of Article 77 paragraph (1) of the Trademark and Geographical Indications Law. Furthermore, Article 77 paragraph (2) of the Trademark and Geographical Indications Law states that a lawsuit for cancellation of a registered trademark can be filed without a time limit if there is an element of bad faith and/or the trademark in question is contrary to state ideology, laws and regulations, morality, religion, decency, or public order.

A trademark holder or license holder discovers that their trademark is being used by another person, then the trademark holder or license holder has the right to file a lawsuit with the Court. The lawsuit in question concerns the trademark, whether regarding who has the right to file a trademark application or regarding the status as the first inventor of the trademark or regarding the validity or invalidity of the transfer of trademark rights to another person through inheritance, gift, will, or agreement as mentioned by them, then that person can file a lawsuit to sue the other person in the Commercial Court.

Compensation can also take the form of material and immaterial damages. Material damages are tangible losses that can be measured in money. For example, the use of a trademark by an unauthorized party causes fewer products to be sold, with consumers purchasing counterfeit products produced by the unauthorized party. This leads to a large quantity of goods with the same trademark circulating in the market.

Immaterial damages are claims for damages caused by unauthorized use of a trademark, resulting in moral harm to the authorized party. For example, if the unauthorized party produces goods of low quality, this results in consumers avoiding products produced by the trademark owner.

5. Conclusion

The legal criteria for reputation-rigging as an act of trademark infringement include registering a trademark containing elements of substantial similarity or overall similarity in bad faith, with the aim of misleading the public into purchasing the brand's products and obtaining maximum personal gain, at the expense of the registered trademark holder's already well-known economic interests. Marks that have substantial similarity apply to the same type of goods and to different types of goods if the brand is already well-known.



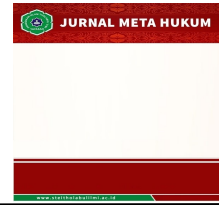


Legal protection for trademark owners for reputation-rigging is that they will not receive legal protection and their registration will be cancelled and removed from the General Register of Trademarks because such acts are classified as containing bad faith and unfair competition. The Directorate of Trademarks generally rejects trademark registration applications containing elements of substantial similarity or overall similarity to previously registered and well-known marks.

The judge's legal consideration in Supreme Court Decision Number 532 K/Pdt.Sus-HKI/2024 is that the defendant acted in bad faith, thus providing grounds for trademark cancellation. It was proven that a trademark could not be registered based on an application filed by an applicant acting in bad faith. This served as the plaintiff's basis for filing the lawsuit. The panel of judges, in its legal reasoning, found that the defendant acted in bad faith and therefore the trademark should be revoked from the General Register of Trademarks.

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