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## CLIENT UPDATE

### 23 JANUARY 2017

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#### INTELLECTUAL PROPERTY

# New Trademarks Law Enhances Indonesia's Intellectual Property Regime

#### A. Introduction

The House of Representatives (“DPR”) enacted the Trademarks Bill into law on 27 October 2016. The new legislation (the “**2016 Trademarks Law**”)<sup>i</sup> had long been anticipated as it relates to the requirement under the ASEAN Economic Community (“AEC”) accords for all ASEAN member countries to implement the 1989 Protocol to the Madrid Agreement Concerning the International Registration of Marks.

The new legislation is aimed at encouraging local businesses to broaden their markets, both locally and overseas, supported by the availability of immediate and effective legal protection. It provides a trademark owner with the option of filing a trademark through a foreign country’s trademark office (“**International Bureau**”), in accordance with the Madrid Protocol. It further modifies the trademark process and introduces the possibility of engaging independent experts to conduct the trademark examination process, a concept that was first introduced in the new Patents Law, which was enacted on 27 July 2016.<sup>ii</sup>

#### B. Background

The history of trademark regulation in Indonesia can be traced back to the colonial period, when the *Reglement Industriele Eigendom* of 1912 was applicable, which covered the use of company marks. Following independence, Law No. 21 of 1961 on Company Trademarks and Commercial Trademarks (**1961 Trademarks Law**) was enacted to replace the colonial era legislation. The 1961 Trademarks Law was the first intellectual property legislation in the country aimed at protecting consumers against counterfeit products. Its date of promulgation (11 November 1961) is now marked each year as National Intellectual Property Day.

On 10 May 1979, Indonesia ratified the Paris Convention for the Protection of Industrial Property, through Presidential Decree No. 24 of 1979. However, Indonesia entered a number of reservations related to the scope of industrial property, national treatment, patent regulation, industrial design regulation, trademark regulation, special national industrial property services, and disputes between member states.

On 28 August 1992, the DPR enacted Law No. 19 of 1992 on Trademarks to replace the 1961 Trademarks Law. Then, on 15 April 1994, Indonesia agreed to sign the Agreement on Trade-Related Aspects of Intellectual Property Rights (“**TRIPS Agreement**”). Thereafter, with Indonesia now being a World Trade Organization member, the DPR enacted Law No. 15 of 2001 on Trademarks (**2001 Trademarks Law**) in 2001 so as to bring Indonesia’s laws and regulations related to intellectual property into line with the TRIPS Agreement.

Following the enactment of the 2001 Trademarks Law, the number of trademark applications increased significantly. However, not all interests were capable of being accommodated by the legislation, and with the AEC accords requiring the harmonization of the intellectual property regimes of each Asean member state, it became apparent that new trademark legislation would be necessary.

#### C. Significant Changes under the 2016 Trademarks Law

The following are the key changes brought about by the 2016 Trademarks Law.

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##### 1. Expanded Scope of Trademark

In line with international developments, the 2016 Trademarks Law provides protection to both conventional and non-conventional trademarks, including both visible and non-visible elements. The protection of non-conventional trademarks was first introduced under the Singapore Treaty on Trademarks, which was ratified by over 40 countries, including the Benelux organization for intellectual property.<sup>iii</sup> In line with this, the definition of “trademark” under the 2016 Trademarks Law has been broadened to also include non-conventional elements such as two- or three-dimensional forms, sounds and holograms, and any combination of such features. While the Directorate General of Intellectual Property (“DGIP”) has typically accepted all visual trademark applications that are relatively easy to compare, a potential challenge for the 2016 Trademarks Law is the provision of effective protection to sounds and holograms, elements that are still uncommon in Indonesia.

##### 2. Accelerated and Online Trademark Registration

Another significant change under the 2016 Trademarks Law pertains to the trademark registration process, which has now been accelerated. The previous trademark application process would begin only after the DGIP assessed the completeness of the administrative submissions, which would be followed by a substantive examination by an examiner for a prescribed period of nine months. If the application was not rejected or was not subject to comments by the examiner, the DGIP would then publish the trademark application in the Trademark Gazette, which would be followed by a three-month public review process. If no opposition was filed by a third party within 30 days from the date of expiry of the announcement period, the DGIP would then issue the trademark certificate. In theory, the trademark registration process took approximately 12-18 months, but in practice it could take more than 24 months due to the huge backlog of applications in the DGIP.

By contrast, under the 2016 Trademarks Law, the trademark registration process begins with the filing of a trademark application with the DGIP. Upon receipt of the application, the DGIP will conduct an administrative examination process. If the application is accepted, it will be published (for potential opposition) in the Official Gazette of Intellectual Property 15 days after the filing date. There then follows a period of two months, known as the announcement period, which is intended to allow third parties to file oppositions. If no opposition is filed by a third party within 30 days of the date of expiry of the announcement period, the trademark application will be further processed through the conducting of a substantive examination by the examiner. This examination should be completed within five months, at the latest. Upon completion of the examination, the DGIP will then issue the trademark certificate.

The 2016 Trademarks Law also allows a trademark application to be submitted online. The new system officially became operational in the last week of December 2016. However, we would expect that it may take a couple of months for it to become fully functional.

Overall, the trademark registration process under the 2016 Trademarks Law should theoretically take about eight months, although in practice it is almost inevitable that the process will take much longer due to the backlog of applications in the DGIP.

##### 3. Registered Generic Trademark May Also Be Registered By Third Party

The 2016 Trademarks Law introduces a new rule on generic trademarks that have been registered with the DGIP’s General Registry. A generic trademark is a trademark that has become the generic reference for and/or association to a particular product or service. Under the previous legislation, a generic trademark owner is the sole owner of such trademark. With the enactment of the 2016 Trademarks Law, any party can register a generic trademark as long as it incorporates additional words as distinguishing features. Such provision eliminates the possibility of dominance of a trademark that may in the future become generically known as the name of a particular product or service.

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##### 4. **International Trademark Registration**

The 2016 Trademarks Law recognizes two types of international trademark registration application:

- a. an application originating from Indonesia to an International Bureau through the DGIP; or
- b. an application addressed to Indonesia as the receiving office from an International Bureau.

To be able to file an application in Indonesia for the international registration of a trademark, the applicant either must have applied for registration of the trademark in Indonesia or already owns the trademark in Indonesia. Further provisions on the international registration of trademarks under the Madrid Protocol are to be provided for by way of Government Regulation.

##### 5. **More Comprehensive Provisions on Geographical Indications and Designations of Origin**

One of the key changes in the 2016 Trademarks Law is the provision of more comprehensive protection for geographical indications and designations of origin. These cover:

- a. requirements for foreign geographical indication applications;
- b. requirements of geographical indications;
- c. substantive examination of geographical indication applications;
- d. deletion of a registered geographical indication based on a review by a geographical indication expert;
- e. lawsuits and violations of geographical indications; and
- f. development and supervision of geographical indications.

##### 6. **Miscellaneous**

Other important changes introduced by the 2016 Trademarks Law include:

- a. For a registered trademark for which a trademark certificate has been issued, the owner or its representative must claim the certificate from the DGIP within 18 months from the date of issuance, or else the trademark will be deemed to have been withdrawn;
- b. The renewal period starts six months from the expiration date and ends 6 months after the expiration date. A rejection of a renewal application may now be appealed to the Trademark Appeals Committee;
- c. A trademark assignment may be processed as part of the trademark application process;
- d. The penalty for an infringement of a trademark has been doubled to IDR 2 billion.

##### 7. **Higher Fees**

It is important to note that the fees charged for a number of intellectual property registration processes have been significantly increased by Government Regulation No. 45 of 2016,<sup>iv</sup> which entered into effect in November 2016. For instance, (i) the official fee for a trademark registration (by manual means) has doubled to IDR 2 million (but there is no longer a limit on the number of classes of goods and services that may be covered by the trademark registration), while the official fee for an online application is IDR 1.8 million; and (ii) the official fee for a trademark renewal has doubled to IDR 4 million, if the renewal is processed after the expiry of the trademark certificate. If renewal is applied for prior to expiry, the fee is IDR 2.5 million.

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##### D. AHP Commentary

With the entry into force of the 2016 Trademarks Law, the registration process should be quicker and more effective than was heretofore the case. While the recognition of non-conventional trademarks will pose challenges for DGIP officials, it should encourage local SMEs to be more creative when designing their trademarks.

The 2016 Trademarks Law also provides better protection to local communities that have products that could benefit from geographical indication protection. Such protection for products that are uniquely local would place them in a stronger position when competing against similar products from other ASEAN member countries.

In conclusion, for the 2016 Trademarks Law to be effective, it will need to be supported by the necessary implementing regulations, particularly regulations defining the criteria for well-known trademarks and international registration.

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- i. *Undang-undang No. 20/2016 tentang Merek dan Indikasi Geografis*
- ii. *Undang-undang No. 13/2016 tentang Paten*
- iii. *Singapore Treaty on the Law of Trademarks at the World Intellectual Property Organization (WIPO), [http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty\\_id=30](http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=30), (accessed 1 November 2016).*
- iv. *Peraturan Pemerintah No. 45/2016 tentang Perubahan Kedua atas Peraturan Pemerintah No. 45/2014 tentang Jenis dan Tarif atas Jenis Penerimaan Negara Bukan Pajak yang Berlaku pada Kementerian Hukum dan Hak Asasi Manusia.*

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### ***ASEAN Economic Community Portal***

With the launch of the ASEAN Economic Community (“AEC”) in December 2015, businesses looking to tap the opportunities presented by the integrated markets of the AEC can now get help a click away. Rajah & Tann Asia, United Overseas Bank and RSM Chio Lim Stone Forest, have teamed up to launch “Business in ASEAN”, a portal that provides companies with a single platform that helps businesses navigate the complexities of setting up operations in ASEAN.

By tapping into the professional knowledge and resources of the three organisations through this portal, small- and medium-sized enterprises across the 10-member economic grouping can equip themselves with the tools and know-how to navigate ASEAN’s business landscape. Of particular interest to businesses is the “Ask a Question” feature of the portal which enables companies to pose questions to the three organisations which have an extensive network in the region. The portal can be accessed at <http://www.businessinasean.com/>.

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