

EXISTENCE OF THE BRAND LAW NO. 20 OF 2016 IN PROVIDING LEGAL PROTECTION TO THE OWNERS OF REGISTERED BRANDS

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ABSTRACT

Act No. 20 of 2016 on Brand still has weaknesses and has not been able to provide maximum legal protection to owners of registered Trademarks. In the old Brand Law No. 15 of 2001 The articles which should have been preserved are already regulated, but the practice is much detrimental to the owner of the Registered Trademark. Because Trademark Owners are registering later, even though the registered Trademark meets the criteria of the Article to be rejected, but in reality many are approved. Why in Act No. 20 of 2016 The article is listed again. Legal protection that has not been maximally can be seen from the number of Brands that have similarity in essence or overall with a brand that has been registered first, pass the registration and get the Certificate of Trademark. Based on that background, the researcher wanted to study the existence of Act No. 20 of 2016 in providing legal protection to Registered Brand Owners.

Keywords: Existence, Act No.20 of 2016, Protection, Registered Brand Owners.

A. Background

Intellectual Property Rights (IPR) is an intellectual property protected by law. Everybody is obliged to respect the intellectual property rights of others. Intellectual Property Rights in this case is a Brand rights, which should not be used by others without permission, except as otherwise provided by law.

Brand, as we know today, has been used since hundreds of years to give an indication of the products produced with the intent to show the origin of the goods.

Brand as part of Intellectual Property Rights is instrumental in the trade of goods and services, both nationally and internationally. It serves as a major differentiator that distinguishes the goods or services from similar kinds of companies. Brand is also a guarantee of the quality of the goods or services traded so that people are more likely to judge the quality of a product based on its brand. This function is more widespread when the use of goods or services with a particular brand is a prestige and, therefore, people are willing to buy branded goods even with a relatively high price.

Brand in commerce also has a dual function as a means of competition and monopoly tool.¹

As a means of competition, it is associated with marketing activities that is also called as a promotional tool. By promoting a brand, it is expected to increase the turnover of the goods or services in both short and long term. Brand is also a means of monopoly because it is the right of individuals and a monopoly right for its owner. It means that the brand owner reserves the right to exclude others from using or wearing the brand in the trading of the goods, or granting permission to others to use the brand.

The brand defined here is "the sign that can be displayed graphically in the form of images, names, words, letters, numbers, color composition, in the form of 2 (two) and/ or 3 (three) dimensions, sound, hologram or a combination of the two elements having distinguishing features and used in the trading of goods or services."²

Registered brand owners or employers normally try to prevent others from using their brands because, by using the brand, the registered brand owners will acquire good reputation and the confidence of consumers and be able to establish a link between the reputation and the brand that has been used on a regular basis. It certainly requires a sacrifice of time, effort and money.³

Right to brand is an exclusive right granted by the state to registered brand owners, in the General Register of Brand, for a specific time period using the brand, or to permit anyone else to use it.⁴

¹ Adrianus Meliala, 1993, *Praktis Bisnis Curang (Unfair Business Practice)*, Pustaka Sinar Harapan, Jakarta, page 90.

² Act Number 20 of 2016 on Brand and Geographical Indications, CV. Novindo Pusaka Mandiri, Jakarta, 2001, page 142.

³ Tim Lindsey, Eddy D. Simon, Tommy S.U., 2002, *Hak Kekayaan Intelektual Suatu Pengantar (Introduction to Intellectual Property Rights)*, PT. Alumni, Bandung, page 131.

⁴ Act Number 20 of 2016, *Ibid*

Because the right to brand is a special exclusive rights, the right is granted by the State to the owners of registered brand when requested, and it will automatically be attached to the brand once registered.

The main function of granting the special privilege is to provide legal protection from unfair practices of others and also to foster clean free trade based on fair and honest competition. Therefore, the special or exclusive rights to a brand here means the right to give legal protection to the owner of a registered brand, and the owner is the only one entitled to use, and it prohibits anyone to own and use it.

Registered brands require a great attention from the government to provide legal protection as well as the legal protection to the public over the goods/ services that use a brand in order not to be fooled by the other brands that may mislead about the origin and quality of the goods attached with the brand.

Recently, business strategy does not only solve the problem of how to market a product or service properly or to determine the quality with an appropriate standard, but it is also on how a brand of goods or services can be protected from other competitors. Therefore, competition in business does not only seek how to capture consumers, but it also competes to immediately file a brand registration for each product or service.

It proves that brands require legal protection from being easily imitated by others. The one used as the basis for brand protection law in Indonesia is regulated in Act No. 20 of 2016 on Brand replaced by the Brand Law No. 15 of 2001.

The need for the legal protection of brands is growing rapidly as more people do impersonation. Moreover, after the worlds of trading and transport are increasingly advanced and getting better with the promotion, the areas for marketing of goods are wider.¹

This legal protection should be provided, especially for registered brand owners. Juridical guarantee is needed to prevent violations of the rights to brand that has filed the registration. In practice, in world of trade, the infringement of registered brand is still found even though the brand owners had registered their brands to the Directorate General of Intellectual Property.

The other legal protection is also provided in accordance with the provisions stipulated in Act No. 20 of 2016 on Brands and Geographical Indications, which states that the granting of rights to the holders of registered brands whose rights are violated can do a lawsuit against the offender of the right to brand either in criminal or civil law.

The clauses contained in Act No. 20 of 2016 are supposed to be able to provide legal protection to the owners of registered brands, and it has also been included in Act No. 15 of 2001. However, in practice, the Articles of Act No. 15 of 2001 have not been able to provide maximal legal protection. It is proven that many brands on the market have similarities in principle or in whole with the brands that have already been registered in advance, and the Directorate General of Intellectual Property approved them. Why are the articles in Act No. 20 of 2016 still used and only changed the number?

From here, it can be seen that the existence or whereabouts of the Brand Law No. 20 2016 is still a flaw or not maximized. On the other hand, Article 6 of Act No. 15 of 2001 and Act No. 20 of 2016 on brand rule that: "brands that have similarity in principle or in whole with a brand that has been registered beforehand have **to be rejected**". Therefore, it must not be approved and given a certificate, and the registered brand owners do not have to file a lawsuit because of the imitation of their brands.

Case Example:

The brand dispute of Ener Joss versus Extra Joss. They obviously have similarities in essence to the brand of EXTRA JOSS. The party of EXTRA JOSS as the applicant party had won the case by the Decision of the Commercial Court in Central Jakarta District Court. In the Final Appeal, ENER JOSS won, but finally on the Judicial Review, Extra Joss won.

The other example:

Gudang Garam vs Gudang Baru. For this case, Gudang Garam won at the Commercial Court but at the level of Cassation, Gudang Garam was defeated.

From the examples, it can be seen that the newly registered brands which clearly have similarities in principle, but they were registered by the Directorate General of Intellectual Property. According to the law, it must be rejected. The article in Act No. 15 of 2001 has already existed and have not been up to provide legal protection. In the recent law, Act No. 20 of 2016, the article is still included.

Based on the background, it is reasonable that the researchers wanted to examine and analyze on "**Existence of Brand Law No. 20 2016 in Providing Legal Protection to Registered Brand Owners**".

B. Problem Formulation

Based on the background mentioned above, the writers wanted to study:

How is the Existence of Brand Law No. 20 of 2016 in providing legal protection to registered brand owners?

¹ Muhamad Djumhana, 2014, *Hak Milik Intelektual, Sejarah, Teori, dan Praktiknya Di Indonesia (Intellectual Property Rights, History, Theory, and Practice in Indonesia)*, PT. Citra Aditya Bakti, Bandung, p. 207.

C. Discussion

Existence of Brand Law No. 20 of 2016 in providing legal protection to registered brand owners

Brand is a sign that identifies the goods or services in which the use of the brand is intended to distinguish the goods or services produced by one party to another party. In this case, the brand is an individual right²

As an individual right, brand is a monopoly right for its owner. It means that brand owner has the right to exclude others from using or wearing the brand in the trading of goods and/ or services, or granting permission to others to use the brand. The way occurs through a brand license agreement with the return in the form of payment of royalties.

The function of brand, other than an identity/ symbol indicating the origin of the goods or services originates from a particular party. Brand also has a function to show the quality of goods or services. Brand is closely related to reputation. Building a brand into the brand image of consumers is not easy. It will take much time and cost; for example, the promotion cost is very expensive.

Brand is also one of company's assets, as well as other assets. Through brand, it will determine company income. Hence, the reputation of brand should always be kept and maintained.³

The need to protect the rights to brand becomes very important when, in the practice of the trade in goods or services, the infringement in the field of brand is encountered and detrimental to all parties, not only the brand owner has the right, the consumers as the users of goods or services also have the rights. Indonesian experience in brand management is actually the longest compared to the other types of intellectual property rights because the Brand Law has existed since 1961 under Act No. 21 of 1961. However, despite the longest experience in brand management, the problems that arise on brand have never been resolved.

Brand infringement cases still occurred in the practice of trade in goods and services. Most violations or ongoing brand dispute were in the lawsuit against the registration and use of brand without rights. A party always expressed that he deserves more to the right to a brand, and the other party was considered unlawful.

The types of violations against the right to brand that often occurred were:⁴

- a. The use of the brands that have similarities entirely to the Registered Brands owned by others.
- b. The use of the brands that have similarities in principle with a Registered Brand owned by others.
- c. Trading goods and/ or services known/ should be known to use a Registered Brand owned by others without the right (brand infringement crimes).
- d. The use of a sign which has similarities as the whole to the geographical indications of others.
- e. The use of a sign that has a similarity in principle to the geographical indications of others.
- f. The use of protected sign by an indication of origin in the goods or services, so as to trick or mislead the public on the origin of the goods or services.

Based on the above description, it can be seen that the need to protect the rights to brand becomes very important. Therefore, the legal protection to registered brand owners here is only granted by the state if requested by the owner. The owners may be a person, a few people together, or can also be a legal entity.

If brand owners have not registered their brands, the brands must be filed for the brand registration application in advance to the Directorate General of Intellectual Property, the Ministry of Justice and Human Rights. It must be performed by brand owners with good intention. The last element is very important and need to be considered because the absence of earlier elements can be the basis for the Directorate General of Intellectual Property not to register or to refuse registration, or delete a registration, or for the other party to file a lawsuit deletion or cancellation of the brand concerned.

Legal protection is applicable to the brand owners who have already registered and evidenced by a certificate of registration. If people want to enjoy the economic benefits of the rights to brand of others, they must obtain the permission of the entitled person.

Legal protection is an effort that is regulated by law in order to prevent violations of the rights to brand by unauthorized people. If there is a violation, the offenders should be prosecuted and they will be sentenced in accordance with the provisions of law in

² T. Didik Taryadi, 2004, *Pentingnya Perlindungan Merek Bagi Pembangunan Ekonomi, Sosialisasi Pemahaman dan Pengetahuan HKI (The Importance of Brand Protection For Economic Development, Dissemination, Understanding and Knowledge of Intellectual Property Right)*, the Directorate of Brand, the Directorate General of Intellectual Property Rights, the Ministry of Justice and Human Rights of Republic of Indonesia, p. 1.

³ Ibid things 1-2.

⁴ Abdul Kadir Muhammad, *Assessment of Economic Law of Intellectual Property Rights*, PT. Citra Aditya Bakti, Bandung, 2001, p. 228.

the field of the violated right to brand. The law in the field of brand rights violations regulate the types of violations as well as the penalties, both in civil and criminal laws.

In Indonesia the legal protection system of the brand in national law is the basis of support for the law protection system agreed upon by the international convention. Such support is an adaptation of national law to international conventions. Thus there will be equal legal protection between the signatories state of international conventions on intellectual property. Since Indonesia has not been considered to have intellectual property laws during the Djuanda Cabinet, Indonesia has withdrew from the Bern Convention, and has just returned became a signatory member in 1997.

From the legal protection system metioned above, the subjects of law which need legal protection, that is the owner or the rights holder. They need to get legal protection from the protective object of the brand. Legal protection of registered trademark owners can be done by :

1. Registration of the rights to the brand

According to the provision of Law No. 20 Year 2016, each brand is required to be registered. Registration that meets the legal requirements constitutes acknowledgement and justification of a person's brand, as evidenced by the registration certificate, thereby obtaining legal protection. This registration is called a constitutive system. Which means the right to a person's brand can only be recognized and protected by law when it is registered. Unregistered means no acknowledgement, thereby no legal protection.

The use of a constitutive system that aims to ensure legal certainty is accompanied by provisions that ensure aspects of justice such as establishment of brand appeal commissions, the possibility of bringing an indefinite lawsuit through the Central Jakarta district court, but also through other state courts which will be gradually adopted. In addition, it is possible to file a lawsuit through the State Administrative Court.

In fact, during the announcement of the brand registration request is made possible by the unregistered brand owner who has been using as the first user to file an objection. As a state participating in the Paris Convention For The Protection of Industrial Property 1883, this law also regulates the registration of the brand by exercising the priority rights set forth in the convention.

2. Determination periode of protection

According to the provisions of Law no. 20 Year 2016 on Brands and Geographical Indications, each brand determined its protection period. Accordingly during the protection period, the relevant brand may not be used by other parties without the permission of the owner / holder. The protection period of the brand is determined for 10 (ten) years and may be renewed upon the application owner of the brand. Extension shall be made every time for the same period (Article 35 paragraph 1 and 2).

3. Prosecution and recovery

Any breach of the brand will harm the owner / holder and / or the public interests / state. The offender of violation must be acted upon and recover the damages suffered by the owner / right holder or state. Such action and recovery is governed by the Brand Law No. 20 Year 2016. Including if the Registered Brand has an equation in its entirety or in whole with the Registered Brand first, then the offender may be subject to repression and recovery.

There are three possible action of repression and recovery, which are:

- a. Civilized in the form of a lawsuit :
 - 1) Compensation of offenders,
 - 2) Termination of offense
 - 3) Confiscation of offenses goods for destruction
- b. Criminal in the form of prosecution :
 - 1) A maximum sentence of 5 years imprisonment and / or
 - 2) Penalties fine at most 1 billion rupiah and
 - 3) The deprivation of the goods used to commit the crime to be destroyed.
- c. Administratively in the form of action:
 - 1) Suspention SIUP/ revocation,
 - 2) Payment of unpaid taxes / duties and
 - 3) Re export of offenses goods

The motivation of a violation against the rights to brand was usually to benefit easily in a relatively quick time, to try to imitate or fake the brands which are well known in the community. The effect was a tendency for particular traders/ businessmen to take profit by piggybacking on Famous Brands in any unlawful manner. Such actions can be detrimental to the community, producers, consumers, and the state.

It was justified by Parlugutan Lubis, the official of the Directorate General of Intellectual Property who stated:

"Violations in the field of brand is generally the unauthorized use of famous brands or the imitation of famous brands with the aim to facilitate marketing. It was done mostly for the sake of short interest, but it is very detrimental to consumers".

Based on these reasons, the legal protection to the owners of registered brands is needed for 3 (three) purposes:⁵

- a. To ensure the legal certainty for brand inventors, brand owners, or the holder of brand rights;
- b. To prevent violations and crimes of the rights to brand so that justice can be given to the beneficiaries;
- c. To deliver benefits to the community so that more people are encouraged to create and take care of the brand registration for their businesses.

In addition, the Brand Office as the place for brand registration will help brand holders to prove their rights by providing all administrative support required for proving a registered brand. The evidences include the documents related to the completeness of registration, for example: brand ownership letter, letter of application for brand registration, brand descriptions, and others related to the registered brand.⁶

Therefore, not all brand registration application is accepted. The application for brand registration must be rejected when the brand:

- a. has the similarity in principle or entirely with a brand owned by other parties who have registered in advance for the same kind of goods and/ or services;
- b. has the similarity in principle or entirely with well-known brands owned by other parties for the same kind of goods and/ or services;
- c. has the similarity in principle or entirely with geographical indications which have already been known.

It is as stated in Article 21 of Act No. 20 of 2016 on Brands and Geographical Indications. Therefore, the brand law has clearly set about the brand that should be rejected by the Director General of Intellectual Property. However, the reality in the field shows that many brands which meet one of the paragraphs contained in the article then applied the registration to the Directorate General of Intellectual Property and were finally approved and certified.

What is the meaning of the similarity of the whole or substantially? In the explanation, it is stated that the definition of the similarity of the whole or substantially is the same impression, such as, in the form, way of placement, or a combination of the elements and rhyme words contained in the brands concerned.

According to the jurisprudence of the Supreme Court of the Republic of Indonesia, to establish a similarity entirely or substantially between one brand to another one, the brand in question should be considered a single entity without breaking up the parts of the brand.

The Example of a Case:

The brand dispute of Ener Joss versus Extra Joss. They obviously have similarities in essence to the brand of EXTRA JOSS. The party of EXTRA JOSS as the applicant party had won the case by the Decision of the Commercial Court in Central Jakarta District Court. In the Final Appeal, ENER JOSS won, but finally on the Judicial Review, Extra Joss won.

The decree shows that the owner of the brand of Extra Joss has obtained appropriate legal protection set out in the Law because *Extra Joss* is the one who registered for the first time and it won in the level of Judicial Review. However, *Extra Joss* actually did not have to file a lawsuit, if, at the beginning of the registration of *Ener Joss*, the Directorate General of Intellectual Property Rights had refused the registration because it principally was the same as *Extra Joss*.

The article regulating this matter in Act No. 15 of 2001 has been set up and not maximally provide legal protection. It was proven that the registrant had to first file a new lawsuit, and then he won. Today, in Act No. 20 of 2016, the article is still included or reused.

The Other Example:

Gudang Garam vs *Gudang Baru*. For this case, *Gudang Garam* won at the Commercial Court but at the level of Cassation, *Gudang Garam* was defeated.

Concerning the cases, Act No. 15 of 2001 has not provided maximum legal protection to the brand owners who have registered their brands. The brand of *Gudang Baru* has all the elements of similarity in principle (the shape and composition of the letters, writing style, spelling, speech sounds, color composition and position of picture or painting). The similarities are in the types, production, and class of goods or services; the similarities of region or company segment; the similarities of method and usage behavior; the similarities of the maintenance method; the similarities in marketing channels to the brand of *Gudang Garam*, but even *Gudang Baru* won.

⁵ Ok Saidin, 1995, *Legal Aspects of Intellectual Property Rights (Intellectual Property Right)*, PT. King Grafindo Persada, Jakarta, p.89.

⁶http://www.educationalwriting.net/resource_center/Thesis/Writing/pemegang.hak_top_brands.htm, accessed on August 29, 2012 tanggal

There are many more cases of brands with similarity in principle or in whole with registered brands which were approved by the Director General of Intellectual Property and got the certificate. On the other hand, the Brand Law No. 15 of 2001 has clearly set the articles. When there were brands that met one of the criteria in Article 6, they should be rejected. The old laws have long been proven not to protect Registered Brand Owners maximally, and it means that the new law of Act No. 20 of 2016 has not been able to protect maximally because the article that should have been in the reconstruction is still be reused.

Based on the cases, Registered Trademark Owners felt that by registering their brands for the first time to the Directorate General of Intellectual Property, it is not the guarantee that they will get special exclusive rights. If the special rights really exist, it means that Registered Brand Owners will get legal protection, have the since and monopoly rights. It also means that by signing up for the first time, the brands will get legal protection. They are the only people entitled to use the brands and reserves the right to prohibit others to wear or have the brands without the permission of the brand owners.

Even under Article 4 of the Brand Law No. 15 of 2001 which is now regulated in Article 21 paragraph (3) of Act No. 20 of 2016, it also explicitly states that: "brand cannot be registered on the basis of a petition filed by an applicant with bad will". The criteria of goodwill is even unclear because some define that all brand owners of brands that have already wanted to register their brands, both the owner of the brand who first register and those who register next though their brands have similarities in principle or in whole, are all applicants with goodwill.

The statement is not true. Even the people who register the brands that clearly have similarities in principle or in whole with the brands that have been registered might not say that the applicants have bad will.

They all show that the existence or presence of the Brand Law No. 20 of 2016 was also not able to provide maximal or effective legal protection to Registered Brand Owners.

D. Closing Conclusion

The existence or existence of Brand Law No. 20 Year 2016 in providing legal protection to Registered Brand Owners, has not been effective or maximal yet. Because of the Articles contain in the Brand Law No. 20 Year 2016 has also been included in the old Brand Law that is Law No. 15 of 2001. Thus the Article has been proven yet to provide maximum legal protection against the registered Brand owner, should the articles have been reconstructed not included in Law No. 20 Year 2016.

So that the first owner of the registered Brand still have a sense of misunderstanding The brand will be emulated by others like the case of Gudang Garam Brand, Extra Joss Brand, Gucci Brand and many more. In the Old Laws those brands are emulated by others and all of them are approved and issued certificates. Though the brands should be rejected. In Law Brand No.20 of 2016 The articles are listed again, so it is possible that the same mistake is repeated.

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