Indonesia’s New Trademark Law – An Overview of the Changes

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The Indonesian Parliament approved amendments to the country’s Trademark Law on October 27, updating Trademark Law No. 15, which had been in force since 2001. The amended Trademark Law has now entered into force—it took effect on November 28, 2016—introducing a number of significant changes that refine current practices, add new features, and clarify certain provisions.

Some of the major changes include provisions designed to speed up the examination process. The new law also increases criminal penalties and provides more clarity on preliminary injunctions, both of which will help lead to better enforcement.

Another change relating to the transfer of “associated marks” may be particularly important to international rights holders who need to transfer registrations to business partners.

**Publication and Substantive Examination.**
Under the new Trademark Law, trademark publications must now take place before the examiner conducts the substantive examination stage, where the distinctiveness and similarity to prior-registered marks are evaluated.

The publication stage is now 2 months, instead of 3 months. It is also the only opportunity for trademark owners to oppose third-party applications prior to registration.

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Trademarks are intellectual property rights granted to owners of original trademarks. A trademark is a word, name, symbol, or design that identifies and distinguishes the goods or services of one party from those of another. Trademark owners have the right to exclusive use of their mark in relation to their goods or services, which means that they can prevent other parties from using the mark in a way that is likely to cause confusion or mistake among consumers. Trademark owners can enforce their rights through legal action, and this is done through proceedings before a court or an administrative body. Trademark infringement occurs when a third party uses a mark in a way that is likely to cause confusion or mistake among consumers, and the infringer can be liable for damages.

**Reducing Backlog.**

One way to reduce the backlog is by using the examination process and reduce the Director General of Intellectual Property's (DGIP) backlog of trademark applications. By publishing an application before it is substantially examined, additional time will be saved. This is in line with Indonesia's move to implement an automated trademark examination system, which will help reduce the backlog and improve examination quality.

Additionally, the DGIP plans to reduce the substantive examination lead time from the current nine months to a maximum of 150 days. Although this is an improvement, it remains to be seen how much this will affect the backlog.

**Maintaining Quality.**

While the push for greater efficiency is laudable, the DGIP plans to maintain a high standard of examination quality. This is important because while examiners are still supposed to reject a bad-faith or confusingly similar trademark application during the substantive examination stage on the same merits, the examiner needs to ensure that the examination is fair and just.

This approach involves ensuring that public complaints are handled appropriately and that examination quality is maintained. This will help deter infringement.

**Bad Faith Refusals.**

Unlike the previous law, the new Trademark Law explicitly allows that a mark should be refused if it is likely to cause confusion or mistake among consumers, and that a mark is similar in its essential part to a registered trademark.

The new law introduces a grace period for registered trademarks, which will allow trademark owners to use their marks without prior registration. However, the grace period will only be extended for a maximum of six months after registration has expired, and a late fee will be payable. This is in line with the international approach to registration renewal.

**Criminal Penalties.**

The amendments also increase the criminal penalties for trademark infringement. For example, the maximum imprisonment term for trademark infringement is increased from five years to 10 years, and the maximum fine is increased from 10 billion rupiah ($1.4 million) to 20 billion rupiah ($2.8 million). These changes will help deter infringement.

**Grace Period for Renewal.**

The new law introduces a grace period for trademark renewal, which will allow trademark owners to renew their trademarks without incurring late fees. This is beneficial to trademark owners, as it provides them with an additional opportunity to update their registrations.

**Nontraditional Marks.**

The new law allows nontraditional marks, including three-dimensional, sound, and hologram marks, to be registered. This is beneficial to trademark owners, as it provides them with additional opportunities to protect their marks.
Although this is a step in the right direction to modernize the law, issues may arise in the submission of sound and hologram specimens. Assessing the distinctiveness of nontraditional marks may also be challenging for examiners, as is the case in other countries.

Consequently, if an applicant has registered a nontraditional mark in another country, the applicant should file a nontraditional trademark application in Indonesia with a corresponding previously accepted registration obtained in other countries.

Association of Marks.

The concept of ‘association of marks’ has been introduced under the new law. Trademark owners are not required to register two or more of their marks in association. However, the law states that, when assigning more than one registration under the same intellectual property owner, the registered marks that have similarities in their essential parts or in their entirety and have similar goods or services can only be assigned when all of the registered marks are transferred to the same party.

The benefit of this is that it ensures the breadth of consumer confusion as to who is the owner of a registered trademark, as a similar mark for similar goods or services cannot be owned by two different entities. This should also help to ensure that consumers do not suffer from vastly different levels of product or service quality rendered by an identical or similar brand.

This provision, however, involves the examiners considering the similarities of the registered marks to be
assigned. As a result, there may be complications in drafting assignment agreements, as the assignor and assignee must ensure that the list of assigned marks is exhaustive to avoid a rejection of the assignment by the examiner.

Another complication may arise in mergers and acquisitions: the assignment change may result in limitations being placed on acquiring or selling parts of a company's business or intellectual assets, as an assignee of registered trademarks must form part of the acquisition.

Preliminary Injunctions.

The law also provides greater details on the steps and procedures to obtain preliminary injunctions from the court. This is a much-needed development, as the previous provisions on preliminary injunctions were so unclear that preliminary injunctions were essentially unenforceable.

Madrid Protocol.

There is a section in the new Trademark Law that refers to applications to register international trademarks under the Madrid Protocol. The section outlines the eligibility of Indonesian individuals or business entities to file an international trademark, and it sets out the criteria that need to be met for a designation to be recognized in Indonesia for overseas trademark applicants. Other provisions on international trademark registration will be released in the future.

Indonesia’s new Trademark Law appears to be a promising step forward in developing clearer and more effective trademark protection and enforcement. It remains to be seen how certain provisions will play out in practice, but in any event, the government has demonstrated its commitment to improving its framework for the registration and protection of intellectual property.