

Tilleke & Gibbins

Intellectual Property in Indonesia

Registration

Protection

Commercialization



Overview

IP Rights

What is intellectual property?

Intellectual Property involves “creations of the mind,” according to the World Intellectual Property Organization. Examples of intellectual property include inventions, books, works of art, designs, symbols, and more. As businesses and technologies advance, new types of intellectual property are being recognized, such as geographical indications, sound trademarks, three-dimensional trademarks, and holograms.

Intellectual assets, as much as physical assets, hold the potential to generate profits for your business, as well as the risk of being stolen or unlawfully used by others. The full protection of your intellectual property rights is therefore an essential step to legally ensure that you can maximize the value of your IP.

This handbook is intended to provide you with a brief introduction to IP registration, protection, and commercialization in Indonesia.

What are the main types of IP that can be protected in Indonesia?

Indonesian law provides protection for:

- ▶ Trademarks
- ▶ Patents
- ▶ Industrial designs
- ▶ Copyrights
- ▶ Geographical indications
- ▶ Trade secrets

In the following pages, we will review the key legal requirements related to trademarks, patents, simple patents (utility models), industrial designs, and copyrights.

Trademark

Definition

What is a trademark?

A trademark is a distinguishable and unique sign that is used in the trade of goods and/or services, in order to indicate the source and origin of the goods and/or services.

In order to be acceptable in Indonesia, your trademark must be in the form of a picture, a name, a word, letter(s), number(s), figure(s), a composition of colors, a three-dimensional representation, a sound, a hologram, or a combination of these elements.

Protection

Do I need to register my trademark?

You will obtain the exclusive right to use your trademark only if you register it with the Directorate General of Intellectual Property (DGIP).

What types of marks can be registered?

Your trademark application will be approved for registration if it meets the following criteria:

- ▶ It is filed in good faith.
- ▶ It is not against the prevailing law, morality, religion, decency, and public order.
- ▶ It is distinguishable.
- ▶ It is not public property.

- ▶ It is not descriptive of the applied-for goods or services. Some examples of descriptive trademarks include “TASTY” being used with food products or “The Best Cuisine” being used with restaurant services.
- ▶ It does not have similarity in the basic element to and is not identical with other prior trademarks, well-known marks, or well-known geographical indications.
- ▶ It is not similar to the names of well-known individuals, photographs, or the names of other parties’ corporate body, except with written approval from the authorized parties.
- ▶ It is not similar to the name, abbreviated name, flag, symbol, or emblem of countries or national or international agencies, except with written approval from the authorized parties.
- ▶ It is not similar to the official sign or seal used by countries or state agencies, except with written approval from the authorized parties.
- ▶ It is not misleading regarding its origin, quality, type, size, kind, or intended use of the goods and/or services applied for registration.

How long does it take to obtain registration?

Assuming that the application process runs smoothly, your trademark will be registered approximately 20-24 months after you submit your application. But if there are any objections from the Trademark Office or oppositions from any third party, the process will be prolonged.

How long will my trademark registration last?

Your trademark registration will expire ten years from your original filing date. You can apply to the DGIP for renewal within six months prior to the expiration date, or you can apply within six months after the expiration date, but you will need to pay a fine. If you do not renew your trademark registration within the prescribed period, your registration will be automatically withdrawn.

Will my mark be cancelled if I don't use it in Indonesia?

The DGIP may delete your mark at its own discretion, or any third party may submit a cancellation action through the Commercial Court if your trademark is not used within three consecutive years from the registration date, or if it has been used with goods or services other than those covered by the registration. The plaintiff will have the burden of proof to show that you have not used the mark.

Can my trademark be licensed in Indonesia?

A registered trademark can be licensed in Indonesia for either some or all of the goods or services.

In order for your license agreement to be enforceable against or legally recognized by third parties, you need to record it with the DGIP.

Are well-known marks protected in Indonesia?

Indonesia is a member of the Paris Convention and is thus obligated to provide protection for well-known marks.

Since Indonesia has a first-to-file system, however, you still need to obtain your exclusive right to use your well-known mark by registering your trademark with the DGIP.

If you own a well-known mark and a third party imitates or copies your mark, you can file a cancellation action based on bad faith and/or the well-known status of the mark to the Commercial Court.

What are the criteria for a well-known mark in Indonesia?

To be considered well known, your trademark must fulfill the following criteria:

- ▶ The public in the related field must have knowledge of your mark;
- ▶ The mark must have developed a well-known reputation due to extensive and intensive promotions;
- ▶ You must have invested in the mark in various countries worldwide; and
- ▶ You must have registered the trademark in various countries worldwide.

Enforcement

What remedies are available to enforce my trademark rights in Indonesia?

As the proprietor of a registered mark, you may file a lawsuit with the Commercial Court against any third party who is using your registered mark. In your suit, you can claim for compensation and/or the termination of all acts that are related to the use of your registered mark.

A licensee of your registered mark may also file a lawsuit against an infringing trademark, subject to the license agreement having been recorded with the DGIP.

If you wish to pursue criminal charges for infringement of your registered trademark, you or your licensee can file a complaint to the police. The police will then carry out an investigation and take further actions, if necessary, to enforce your trademark.

If any third party is found guilty of using a mark identical to your registered mark, they are subject to penalties including fines of up to IDR 2 billion (approximately USD 150,000 based on January 2017 exchange rates) or imprisonment for up to five years.

If the mark is similar in the basic elements, the infringer is subject to penalties including fines of up to IDR 2 billion (approximately USD 150,000) or imprisonment for up to four years.

Any individual who trades the infringing goods as explained above would be subject to penalties including fines of up to IDR 200 million (approximately USD 15,000) or imprisonment for up to one year.

Patent

Definition

What can be protected under Indonesian patent law?

There are two types of protection for technical inventions under Indonesian patent law: patents and simple patents (utility models).

- ▶ **Patents.** You can obtain a patent for your invention if it is novel, it involves an inventive step, and it can be applied in industry. This form of protection is available for both products and processes.
- ▶ **Simple Patents.** If your invention is new and industrially applicable, but it does not involve an inventive step, it may be eligible for protection as a simple patent (utility model). This type of protection applies to products, apparatuses, and processes.

Indonesian patent law defines an invention as “an inventor’s idea that is poured into an activity of solving a specific problem in the field of technology, either in the form of a product or process, or an improvement and development of a product or a process.”

Are there any types of inventions that cannot be patented?

Your invention will not be eligible for patenting in Indonesia if it falls into any of the following categories:

- ▶ Processes or products whose publication and use or implementation contravenes the prevailing rules and regulations, religious morality, public order, or ethics;
- ▶ Examinations, treatments, and medical care and/or surgery methods, which are applied on human beings and/or animals;

- ▶ Scientific theories and mathematical formulas; and
- ▶ All living creatures (except microorganisms) and any biological processes considered essential in producing plants or animals (except nonbiological processes or microbiological processes).

Protection

Is patent registration mandatory?

In order to have exclusive rights over your invention, you need to file an application for registration with the DGIP.

What is the scope of protection for my patent?

If you hold a patent certificate, you will have the exclusive right to exploit your patent and prohibit any other party who, without your consent, makes, uses, sells, imports, rents out, delivers, or supplies for sale or rental or delivery your patented product. If your patent covers a process, rather than a product, you can enforce your rights against anyone who uses the patented production process to make products and commits any of the other activities listed above.

How long does registration take?

If you are seeking to protect a simple patent, the registration process can take approximately three years. For a patent, it can take approximately three to five years from when you file a request for substantive examination.

How long does a patent registration last?

The standard term of protection is 20 years for a patent and 10 years for a simple patent. In both cases, your protection will begin from the filing date and cannot be extended. To keep the patent valid, you need to make annuity payments each year.

How can I maintain my granted patent?

As the holder of a patent or simple patent, you need to pay annuity fees throughout the term of protection.

Your first annuity fee payment (back annuity) must be made within six months from the date of grant. At that time, you will need to pay the fees from the year of the application to the current year, as well as the following year. You will need to make all subsequent payments annually, one month prior to the anniversary of your filing date.

If you fail to make annuity fee payments, your patent or simple patent will be cancelled. A grace period for the annuity can be requested in writing within seven working days before the deadline to pay the annuity. There is a 100 percent surcharge for payments during the grace period.

Can my patent be licensed in Indonesia?

You may grant a license for your patent to another person pursuant to a license agreement. It is necessary for you and your licensee to make the patent license agreement in writing. The license agreement shall be valid between you and the licensee, as agreed. According to Indonesian patent law, for the license agreement to have legal effect toward any third party, you need to record and publish it at the DGIP, with the payment of a fee.

How can I enforce my patent rights in Indonesia?

As a patent owner, you can bring criminal charges against anyone who, without your consent, makes, uses, sells, imports, rents out, delivers, or makes available for sale or rental or delivery your patented products or any products resulting from your patented process.

Unauthorized use of a patent can lead to a maximum fine of IDR 1 billion (approximately USD 75,000 based on January 2017 exchange rates) and imprisonment for up to four years. For infringement of simple patents, the maximum penalties are a fine of IDR 500 million (approximately USD 37,500) and imprisonment for up to two years.

Are there any limitations on my ability to enforce my rights?

The law allows exceptions to the above penalties if the unauthorized use of your patent is carried out under the following circumstances:

- ▶ The importing of a pharmaceutical product, protected by a patent in Indonesia and sold in another country by the rightful patent holder, under the condition that the product is imported in accordance with existing laws and regulations.
- ▶ The manufacturing of a pharmaceutical product which is protected by a patent in Indonesia within five years before the patent expires, if the manufacturing is for the purpose of processing a permit and to obtain market authorization to sell the product after the patent has expired.

What actions do I need to take to enforce my patent rights?

Criminal actions for intellectual property infringement in Indonesia are based solely on complaints. In order to take action, the party who suffers from the infringement must lodge a complaint with the relevant authorities.

In addition to criminal actions, you also have the option of pursuing a civil action against an infringer to request compensation for actual damages and legal fees.

Industrial Design

Definition

What is an industrial design?

Indonesian industrial design law defines an industrial design as “a creation on the shape, configuration, or the composition of lines or colors, or lines and colors, or the combination thereof in a three or two dimensional form which gives aesthetic impression and can be realized in a three or two dimensional pattern and used to produce a product, goods or an industrial commodity and a handicraft.”

You can submit an industrial design application for:

1. One Product

This kind of application is filed for the whole creation applied in a product as one industrial design or a unity of product and components of a product that create an industrial design. For example, if you apply to protect the design of a motorcycle, you would be seeking industrial design protection for every component and creation of the motorcycle, including the shape, handles, seating, configuration, line and/or color compositions, and so forth.

2. Partial Design

A partial design application is filed to seek protection for only some parts of the creation applied in a product as one industrial design. For example, you may wish to seek protection for only certain parts of a motorcycle, like the design of the rearview mirror, tires, saddle, or rim.

3. Set of Products

An application can also be filed for several products and industrial designs that constitute a “unity” of an industrial design, or that have the same class. For example, you could file an industrial design application to protect a housewares set, comprising a sofa, a bed set, a dining table set, pots and pans, and more.

Please note that it depends solely on the Examiner’s discretion to determine if your design application is classified as having “unity.” If not, the Examiner will instruct for your application to be divided into divisional applications.

Protection

What are the requirements to protect my design?

To be eligible for industrial design protection, your industrial design must (1) be new/novel, (2) have aesthetic value, and (3) be capable of industrial application.

Is industrial design registration mandatory?

In order to have exclusive rights over your industrial design, you need to file an application for registration with the DGIP.

What is the scope of protection for my design?

If you hold an industrial design certificate, you will have the exclusive right to exploit your industrial design and to prohibit others who, without your consent, make, use, sell, import, export, and/or distribute the products that have been granted the right to the industrial design.

How long does registration take?

The registration process for an industrial design may take one-and-a-half to two years from the date of filing.

How long does an industrial design registration last?

Your industrial design registration will have a maximum lifespan of ten years. The protection is counted from the filing date and cannot be extended.

Can my industrial design be licensed in Indonesia?

The process for licensing an industrial design is the same as the process for patents. After you and your licensee have completed a written license agreement, it will be deemed valid between the two parties. But for it to be enforceable against third parties, you need to record and publish your license agreement at the DGIP. This involves paying a fee.

Enforcement

How can I enforce my industrial design rights in Indonesia?

As an industrial design owner, you can bring criminal charges against anyone who, without your consent, makes, uses, sells, imports, exports, and/or distributes your products that have been granted the right of the industrial design.

Unauthorized use of an industrial design can lead to a maximum fine of IDR 300 million (approximately USD 22,500 based on January 2017 exchange rates) and/or imprisonment for up to four years.

To initiate a criminal action, you need to file a complaint with the responsible authorities. You can also bring a civil action against an infringer to seek compensation for damages you have suffered as a result of the infringement.

Copyright

Definition

What is a copyright?

“Copyright” means the exclusive right of an author or a copyright holder to publish or reproduce their work. This right is granted automatically when you create a work that shows originality in the fields of science, arts, and literature.

Your work can be protected by copyright if it falls into one of the following categories:

- a. Books, computer programs, pamphlets, typographical arrangements of published works, and all other written works;
- b. Sermons, lectures, addresses, and other works of utterance;
- c. Visual aids made for educational and scientific purposes;
- d. Songs or music with or without lyrics;
- e. Dramas, musical dramas, dances, choreographic works, puppet shows, and pantomimes;
- f. All forms of art, such as paintings, drawings, engravings, calligraphy, carvings, sculptures, collages, and applied arts;
- g. Architecture;
- h. Maps;
- i. Batik art;
- j. Photography;
- k. Cinematographic works; and
- l. Translations, interpretations, adaptations, anthologies, databases, and other works as a result of changing of form of mode.

Copyright protection does not extend to:

- ▶ Any result of open meetings of state institutions;
- ▶ Laws and regulations;
- ▶ State addresses or government official speeches;
- ▶ Court decisions and judicial orders; or
- ▶ Decisions made by arbitration boards or of other similar agencies.

Indonesian copyright law also extends protection to related rights. Examples of related rights include the exclusive right for a performer to reproduce or to broadcast his or her performances or for a broadcasting company to produce, reproduce, or broadcast its broadcasting works.

Protection

How are copyrights protected in Indonesia?

When you own a copyright, you enjoy the exclusive rights to:

- ▶ Make a copy or a reproduction of a work and sell such copies (including, in general, an electronic copy);
- ▶ Import and export the work;
- ▶ Create derivative works (adapt creation);
- ▶ Display the work in public; and
- ▶ Sell or transfer the exclusive rights to others.

Do I need to register my copyright?

Copyright protection is automatic, since Indonesia is a member of the Berne Convention for the Protection of Literary and Artistic Works. The work of a foreign national will be automatically protected in Indonesia if he or she is a member of a country that is a member of the Berne Convention, or if his or her work has been first published in a Berne Convention member country.

Although this protection is automatic, you also have the option of recording your copyright with the DGIP. You may wish to pursue recordation as it can be useful as *prima facie* evidence when enforcing your copyright in Indonesia.

How long does copyright protection last?

The term for copyright protection varies depending on the nature of the work. For most types of works, copyright protection continues for the lifetime of the author, plus an additional 70 years after the author's death. In the case of a work being owned by a legal entity, copyright protection continues for the lifetime of the author, plus an additional 50 years. This term of protection applies to books, works of art, songs and music, architecture, maps, translations, and many other works.

When these types of works are jointly owned by two or more persons, the copyright will be valid for the life of the longest-surviving author and will remain in force for 70 years after the death of the longest-surviving author.

Copyright protection lasts for 70 years from the first publication for the following:

- a. Computer programs;
- b. Cinematographic works;
- c. Photographic works;
- d. Databases; and
- e. Works resulting from adaptations.

Copyright on typographical arrangements of a published work is valid for 70 years as of the first publication of the work.

Are there limitations and exceptions to copyrights?

Indonesian copyright law provides an exception for infringement of copyright for:

- ▶ Publication or reproduction of the symbol of the state and the national anthem in accordance with their original nature;
- ▶ Publication or reproduction of anything published by or on behalf of the government, except if the copyright is declared to be protected by law or regulation or by a statement on the work itself or at the time the work is published; or
- ▶ Repetition, either in whole or in part, of news from a news agency, broadcasting organization, newspaper, or any other resources, provided that the source has been fully cited.

In addition, the following acts shall not be deemed as copyright infringement, provided that the sources are fully cited:

- ▶ The use of a work of another party for the purpose of education, research, scientific thesis, report writing, criticizing, or reviewing an issue, provided that it does not prejudice the normal interests of the author;
- ▶ The excerpt of a work of another party, in whole or in part, for the purposes of advocacy within or outside the court;
- ▶ The excerpt of a work of another party, in whole or in part, for the purposes of:
 - (i) lectures of which the purpose is solely for education and science; or
 - (ii) free-of-charge exhibitions or performances, provided that they do not prejudice the normal interests of the author.
- ▶ Reproduction of a scientific, artistic, and literary work in Braille for the purposes of the blind, unless such reproduction is of a commercial purpose;

- ▶ Limited reproduction of a work other than computer programs limited by using any means whatsoever or by employing a similar process by a public library, scientific or educational institution, and documentation center of noncommercial nature, solely for the purpose of conducting their activities;
- ▶ Modification of any architectural works, such as building construction, based on consideration of technical implementation; and
- ▶ Making of a back-up copy of a computer program by the owner of the computer, solely for his or her own use.

Enforcement

How can I enforce my copyright in Indonesia?

As a copyright owner, you can bring criminal charges against an infringer who commits copyright piracy on a commercial scale. The penalties for such infringements include a fine ranging from IDR 100 million to IDR 4 billion (approximately USD 7,500 to USD 300,000 based on January 2017 exchange rates) or imprisonment of one to ten years.

Simultaneously with the filing of lawsuits, you can also request a provisional decision from the Commercial Court, which can foreclose, deliver, or stop the announcements or the propagation of the work being violated. This can be useful to prevent the continued infringement of your copyright, store and secure evidence, and ask the infringer to submit related violating evidence.

You may also bring a civil action to request compensation for actual damages in the following circumstances:

- ▶ Your name, as the creator of the work, is absent or eliminated;
- ▶ Your work has been recognized as the work of a third party;
- ▶ The title of your work has been replaced or altered; and
- ▶ The contents of your work have been changed.

Intellectual Asset Management

IAM Program

How can I make the best use of my IP?

We recommend that you put in place an intellectual property asset management program (IAM program). An IAM program is designed to help your company establish systems and business processes that will enable you to manage your intellectual property as creatively and as efficiently as possible, so that you can spend more time managing your other assets. Tilleke & Gibbins' IP asset management program will help you:

- ▶ Maximize the value of your company's IP; and
- ▶ Derive a competitive advantage from your IP, and, ultimately, increase your company's value.

What does an IAM program involve?

Large companies that choose to proceed with their own internal IAM programs, particularly after the acquisition of new portfolios or under the terms of a licensing transaction, will often call upon their external IP lawyers to assist them in the development process. Not only can we undertake this role, but our IAM programs are made up of specific modules, which are fully integratable into any preexisting IAM programs. Companies decide, usually in discussions with us, which particular modules will be of most relevance and benefit to them. In summary, the key drivers for IAM programs are:

- ▶ The identification and recordal of IP, both registered and unregistered, and the strengthening of legal title to these rights, both in Indonesia and elsewhere;
- ▶ The monitoring of third-party activities for actions that could negatively impact your business;
- ▶ The monitoring of published trademarks for similar trademarks that have been applied for by third parties which could dilute the value of your IP;
- ▶ The development of systems to ensure that IP is relevant to your business, that it is properly protected and managed, and that maximum commercial advantage is being derived from it;
- ▶ The minimization of cost and risk associated with the acquisition, use, and misuse of IP; and
- ▶ The checking and managing of the validity of your IP.

How will such a program benefit my company?

Our aim is to ensure that you truly own the IP that will give you a competitive advantage and distinguish you from your competitors, that you are able to enforce those rights quickly and cost-effectively should others misappropriate them, and that at every level you are extracting maximum value from your IP.

Tilleke & Gibbins

About

Tilleke & Gibbins has a leading Southeast Asia intellectual property practice. From our offices in Bangkok, Hanoi, Ho Chi Minh City, Jakarta, Phnom Penh, Vientiane, and Yangon, we help creators strategically position, protect, and profit from their valuable intellectual assets.

Our Jakarta office, which operates as a dedicated intellectual property agency, represents clients across the full range of intellectual property matters in Indonesia. Through our on-the-ground team, we deliver the highest standards of efficiency, while ensuring that you receive the same level of high-quality IP services you have come to expect from Tilleke & Gibbins.

Tilleke & Gibbins' success on our clients' behalf has led to global recognition of our firm as an IP leader by prominent publications such as Chambers Asia-Pacific, *The Legal 500 Asia Pacific*, *Managing Intellectual Property*, *World Trademark Review*, *Asialaw Profiles*, *Asia IP*, *Asian Legal Business*, and others.



Tilleke & Gibbins

Contact

To learn more about how we can help you position, protect, and profit from your intellectual assets, please contact:

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