

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, like physical assets, can generate profits for a business but also risk being stolen or unlawfully used by others. The full protection of a business’ intellectual property rights is therefore an essential step to legally ensure that entrepreneurs and businesses can maximize the value of their IP.

This handbook provides 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

This brief guide reviews the key legal requirements related to trademarks, patents, simple patents (utility models), industrial designs, and copyrights.

Trademarks

— Definition

What is a trademark?

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

To be acceptable in Indonesia, a 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 trademarks need to be registered?

A trademark must be registered with the Directorate General of Intellectual Property (DGIP) to obtain exclusive rights to use it.

What types of marks can be registered?

A marks can be registered if:

- 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 (such as "TASTY" for food products or "The Best Cuisine" for restaurant services).
- It is not similar in its basic elements or identical to other prior trademarks, well-known marks, or well-known geographical indications.

- It is not similar to the name of a well-known individuals, photograph, or names of another party's corporate body, unless there is written authorization from the relevant party.
- It is not similar to the name, abbreviated name, flag, symbol, or emblem of a country or national or international agency, unless there is written authorization from the relevant party.
- It is not similar to the official sign or seal used by a country or state agency, unless there is written authorization from the relevant party.
- It is not misleading regarding the origin, quality, type, size, kind, or intended use of the applied-for goods or services.

How long does registration take?

Assuming that the application process runs smoothly, a trademark will be registered approximately 18–24 months after submitting an application. But if there are any objections from the Trademark Office or oppositions from any third party, the process will take longer.

How long does a trademark registration last?

A trademark registration expires ten years from the original filing date. Owners can apply to the DGIP for renewal up to six months prior to the expiration date. Owners can also apply for renewal up to six months after the expiration date but will need to pay a fine. If a trademark registration is not renewed within the prescribed period, it will be withdrawn.

Can a mark be canceled if it's not used in Indonesia?

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

Can a trademark be licensed in Indonesia?

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

For a license agreement to be enforceable against or legally recognized by third parties, it must be recorded 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.

However, Indonesia itself does not have a register of well-known trademarks. There is no mechanism or system for recording a trademark as well-known.

Since Indonesia has a first-to-file system, it is still necessary to obtain exclusive rights to use a well-known mark by registering it with the DGIP.

If a third party imitates or copies a well-known mark, the mark owner can file a cancellation action with the Commercial Court based on bad faith or the well-known status of the mark.

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

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

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

— Enforcement

What remedies are available to enforce trademark rights in Indonesia?

Proprietors of a registered mark may file a lawsuit with the Commercial Court against any third party who is using that registered mark. The suit can seek compensation and termination of all acts related to the use of the registered mark.

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

Owners of registered trademarks can also pursue criminal charges for infringement of the trademark by filing a complaint with the police, who will investigate and take enforcement actions, if necessary.

If any third party is found guilty of using a mark identical to a registered mark, they are subject to penalties including fines of up to IDR 2 billion (approximately USD 130,000 as of November 2023) 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 or imprisonment for up to four years.

Any individual who trades infringing goods is subject to penalties including fines of up to IDR 200 million (approximately USD 13,000) 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.** A patent can be obtained for an invention that is novel, involves an inventive step, and can be applied in industry. This form of protection is available for both products and processes.
- **Simple Patents.** If an invention is new and industrially applicable but 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?

Inventions cannot be patented in Indonesia if they are:

- 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 or surgery methods that are applied to human beings 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?

To have exclusive rights over an invention, the proprietor must file an application for registration with the DGIP.

What is the scope of protection for a patent?

A patent certificate grants the exclusive right to exploit the patent and prohibit any other party who, without consent, makes, uses, sells, imports, rents out, delivers, or supplies for sale or rental or delivery of the patented product. Holders of patents that cover a process, rather than a product can enforce their 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?

For simple patents, the registration process can take approximately three years. For patents, it can take approximately three to five years from filing 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, protection begins from the filing date and cannot be extended. Annual annuity payments are required to keep a patent valid.

How can a granted patent be maintained?

Holders of a patent or simple patent need to pay annuity fees throughout the term of protection.

The first annuity fee payment (back annuity) must be made within six months of the date of the patent or simple patent grant, and will include the fees from the year of the application to the current year, as well as the following year. Subsequent payments are due annually, one month prior to the anniversary of the filing date.

Failure to pay annuity fee will result in the patent or simple patent being canceled. A grace period for the annuity can be requested in writing in the seven working days before the deadline to pay the annuity. Payments are doubled during the grace period.

Can a patent be licensed in Indonesia?

Yes. The patent license agreement must be in writing and must be recorded and published with the DGIP in order to have legal effect on any third party.

— Enforcement

How can patent rights be enforced in Indonesia?

Patent owners can bring criminal charges against anyone who, without consent, makes, uses, sells, imports, rents out, delivers, or makes available for sale or rental or delivery of the patented products or products resulting from the patented process.

Unauthorized use of a patent can lead to a maximum fine of IDR 1 billion (approximately USD 65,000 as of November 2023) and imprisonment for up to four years. For infringement of simple patents, the maximum penalties are a fine of IDR 500 million (approximately USD 32,000) and imprisonment for up to two years.

Are there any limitations on the ability to enforce rights?

The law allows exceptions to the above penalties if the unauthorized use of a patent involves the following:

- The importation 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 protected by a patent in Indonesia within the 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 expires.

What actions do patent holders need to take to enforce their 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, holders can also pursue civil action against an infringer to request compensation for actual damages and legal fees.

Industrial Design

— Definition

What is an industrial design?

In Indonesia, an industrial design is “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 an 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.” Industrial design applications can be submitted 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, an application to protect the design of a motorcycle would seek industrial design protection for every component and creation of the motorcycle, including the shape, handles, seating, configuration, line or color composition, and so forth.

2. Partial Design

Partial design applications are filed to seek protection for only some parts of the creation applied in a product as one industrial design. For example, a partial design application could 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, an industrial design application could seek to protect a household

goods set, comprising a sofa, a bed set, a dining table set, pots and pans, and more.

If the examiner determines that a design application cannot be classified as having “unity,” the application will need to be divided into divisional applications.

— Protection

What are the requirements to protect a design?

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

Is industrial design registration mandatory?

Industrial design registration with the DGIP is mandatory in order to obtain exclusive rights over an industrial design.

What is the scope of protection for a design?

An industrial design certificate confers the exclusive right to exploit the industrial design and prohibit others who, without consent, make, use, sell, import, export, 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?

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

Can an industrial design be licensed in Indonesia?

Yes. The process for licensing an industrial design is the same as the process for patents. Completed, written license agreement are deemed valid between the two parties but must be recorded and published with the DGIP to be enforceable against third parties.

— Enforcement

How can industrial design rights be enforced in Indonesia?

Industrial design owners can bring criminal charges against anyone who, without consent, makes, uses, sells, imports, exports, or distributes the 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 19,000 as of November 2023), imprisonment for up to four years, or both.

A criminal action can be initiated by filing a complaint with the responsible authorities. Civil actions can also be brought against an infringer to seek compensation for damages resulting from 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 arises automatically upon creation of a work that shows originality in the fields of science, arts, and literature.

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

- Books, computer programs, pamphlets, typographical arrangements of published works, and all other written works;
- Sermons, lectures, addresses, and other works of utterance;
- Visual aids made for educational and scientific purposes;
- Songs or music with or without lyrics;
- Dramas, musical dramas, dances, choreographic works, puppet shows, and pantomimes;
- All forms of art, such as paintings, drawings, engravings, calligraphy, carvings, sculptures, collages, and applied arts;
- Architecture;
- Maps;
- Batik art;
- Photography;
- Cinematographic works; and
- Translations, interpretations, adaptations, anthologies, databases, and other works resulting from a change 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 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?

Copyright holders have exclusive rights to:

- Make and sell copies or reproductions of the work (including, in general, electronic copies);
- Import and export the work;
- Create derivative works (adaptation creation);
- Display the work in public; and
- Sell or transfer the exclusive rights to others.

Do copyrights need to be registered?

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 national 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.

In addition to this protection, copyrights can also be recorded with the DGIP. This can be useful in establishing *prima facie* evidence when enforcing a copyright in Indonesia.

How can a copyright license agreement be recorded?

Although the Copyright Law states that recordation is not a requirement to obtain copyrights or related rights, recordation of a copyright license agreement requires proof of copyright ownership in the form of copyright certificate. Therefore, parties who intend to file a copyright license agreement in Indonesia pertaining to a copyright work that has not yet been recorded should record the work with the DGIP. With the tools now provided by the DGIP, this is a fast and relatively simple process that can be handled even on the same day as submitting the license recordation application.

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 copyrights be enforced in Indonesia?

Copyright owners can bring criminal charges against an infringer who commits copyright piracy on a commercial scale. The penalties for such infringement include a fine ranging from IDR 100 million to IDR 4 billion (approximately USD 6,400 to USD 256,000 as of November 2023 exchange rates) or imprisonment for one to ten years.

Along with filing lawsuits, copyright owners can also request a provisional decision from the Commercial Court to foreclose, deliver, or stop the announcement or propagation of the work. This can be useful to prevent continued infringement of a copyright, store and secure evidence, and ask the infringer to submit related violating evidence.

Civil action can also be brought to request compensation for actual damages in the following circumstances:

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

Portfolio Management and Commercialization

For companies operating in multiple countries in Southeast Asia, a regional or global portfolio management strategy can yield benefits by centralizing the management of IP assets across multiple jurisdictions. In this way, companies can streamline the process of obtaining and enforcing IP rights, reduce costs, and ensure consistent protection of their IP assets. By considering the legal and cultural differences across different regions, companies can tailor their IP strategy to maximize protection and commercialization opportunities in each market.

Such a comprehensive program would typically include:

- Identification and recordal of IP, both registered and unregistered, and strengthening of legal title to these rights, both in Indonesia and elsewhere;
- Monitoring for third-party activities that could negatively impact your business;
- Monitoring of published trademarks for similar trademarks that could dilute the value of your IP;
- 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;
- Minimization of cost and risk associated with the acquisition, use, and misuse of IP; and
- Checking and managing the validity of your IP.

Another important aspect of regional portfolio management in Southeast Asia is the ability to leverage the benefits of regional trade agreements, such as the ASEAN Free Trade Area and the Trans-Pacific Partnership. Under IP provisions of these agreements, companies may be able to take advantage of streamlined application procedures and enhanced IP enforcement measures. In addition to managing IP portfolios, companies can also use regional commercialization strategies to monetize their IP assets. For

example, licensing IP rights to third parties in different countries can provide a reliable source of revenue, while also allowing companies to expand their reach in new markets. Tilleke & Gibbins' practitioners across Southeast Asia have extensive experience in IP commercialization, including agreements related to franchising, licensing, distributorship, technology transfer, trade secrets, confidentiality, spinoffs, joint ventures, and business collaborations.

Many of the world's leading companies rely on Tilleke & Gibbins to help with the full range of IP matters in Cambodia, Indonesia, Laos, Myanmar, Thailand, and Vietnam—including the prosecution, enforcement, litigation, and commercialization of copyrights, industrial designs, patents, trademarks, and trade secrets. Our IP group includes lawyers and patent agents with backgrounds in chemistry, biology, computer science, food science, materials science, and physics; support personnel including investigators and government/police liaisons; and technical specialists in various scientific fields, on an as-needed basis.

Our clients' success under our guidance has led to global recognition of Tilleke & Gibbins' intellectual property department as a leading intellectual property practice by *Asia IP*, *Asian Legal Business*, *Asialaw Profiles*, *Chambers Asia-Pacific*, *IAM Patent*, *The Legal 500 Asia Pacific*, *Managing Intellectual Property*, *World Trademark Review*, and others.

— Contact

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

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