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## Intellectual Property Rights: Government's Amendment to Marks Law Finalized

### Overview

Law No. 15 of 2001 on Marks ("Marks Law"), which among other things regulates trademarks and service marks in Indonesia, will be overhauled in the near future. The government's initiative to remodel the Law was part of the 2010 - 2014 National Legislation Program. Though an amendment to the Marks Law was not a '2010 Priority' on the legislative agenda, a draft amendment, 'the Marks Bill,' is essentially finished and will be submitted to the House of Representatives ('DPR') for discussion and enactment.

Didik Taryadi of the Directorate General of Intellectual Property Rights (and also a drafter of the proposed Marks Bill) told *hukumonline* in a phone interview on Thursday (15/4) that the current Marks Bill has completed inter-departmental discussions, and is now being harmonized with the broader regulatory framework by the Directorate General of Regulations. After that, it will be dispatched to the DPR.

The latest draft of the Marks Bill was circulated on March 2010, and it contains many points of divergence from the current Marks Law, indicating substantial overhaul. Of particular significance is the broadening definition of 'marks,' simplification of marks registration, adoption of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks ("the Madrid Protocol"), and strengthening of sanctions.

This Indonesian Law Digest will discuss those aforementioned features of the Marks Bill, with attention to implementation and implications for various interests.

### Purpose

The Preamble of the Bill explicitly posits that the existing Marks Law is insufficient to meet the situational demands of the current developmental context both internationally and domestically in Indonesia. Modification of the 'umbrella' Law

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is intended to bring the regulatory framework as a whole up to speed with the current situation, rather than a series of lower-level regulations that address acute issues in a reactionary manner.

## Expanding the Definition of Marks

In the regulatory sense, 'Marks' include trademarks, service marks, and collective marks: they are licensed intellectual property, and can correspond to goods or services. At the practical level, they include 'traditional signs,' such as pictures, names, words, letters, numbers, colors, or combinations of such. Article 1 (1) of the Marks Bill, however, will also add new dimensions, including 'forms,' sounds, holograms, and even scents into the traditional definition of 'marks'.

## Process for Mark Registration Simplified

The Marks Bill streamlines the 'mark' registration process using such methods as easing the registration requirements, reducing the number of registration stages, and shortening the timeframe for the process of the whole. Although the Marks Law was similarly intended to streamline the registration process when it replaced the marks regime governed by Law No. 19 of 1992, as amended by Law No. 14 of 1997, implementation of that Law saw the opposite effect; protest about the registration process was plentiful.

### **Filing Date**

Registration of a mark is an involved process with many requirements. They include: an application form, sample of the mark intended for registration, invoice of the application payment, copy of the Power of Attorney (if a representative is used), and a written agreement signed by the applicants (if the applying party consists of more than one person).

After the requirements are completed, the Directorate General of Intellectual Property Rights will review the application, and possibly issue a 'Filing Date' to indicate that the application is complete with all supporting documentation and can be forwarded on to the next stage.

Since the Filing Date is the critical prerequisite to subsequent procedures, the Marks Bill also provides for a more flexible initial application with less requirements to at least obtain the Filing Date for the application itself. In that process, the applicant must only fulfill the basic 'minimum requirements' to receive a Filing Date: (1) application form; (2) sample of the mark; (3) payment invoice. The Directorate General officials can use those as the basis for issuing a Filing Date, and remaining requirements - if any - can be completed later.

### **Removing the Substantive Re-Examination Process**

As the Marks Law sets out, after a Filing Date is issued, a Substantive Examination will be conducted within 9 months of the application being given; this is the point where it is decided whether to approve or deny the application for a mark. If the mark is approved, it will be disclosed to the public, which can provide inputs and ask for a Re-Examination.

In implementation, many judged that process to be time-consuming and redundant, and for that reason, the amendment proposed by the Marks Bill is to publicly disclose a mark application before the Substantive Examination, so that the Examiners may incorporate public inputs but contain the process to a single, more efficient examination stage.

### **Expediting the Substantive Examination Process**

Whereas the Marks Law instructed that the Substantive Examination process begin within 30 days of a Filing Date, and end within 9 months of the Filing Date, the amendment contained in the Marks Bill reduces the time period to 6 months.

## Extending the Protection of Registered Marks

According to Articles 28 and 35 of the Marks Law, any marks successfully registered will be protected for 10 years, and this can be extended every 10 years. Those provisions require the mark-holder to apply for extension at least 12 months prior to the 10-year protection period ends. Article 37 (1) of the Marks Law strictly provides that failure to apply for extension within 12 months will result in the application being denied, thus leaving the mark(s) unprotected.

The Marks Bill adds a degree of leniency. First, it halves the requirement for extension applications to 6 months. Second, Article 32 (4) of the draft Marks Bill allows mark-holders to even apply for extension up to 6 months *after* the expiry of the mark, but at the cost of a fine for the lateness.

## Adopting the Madrid Protocol: A Good Plan or a Bad One?

Indonesia is not yet a signatory to the Madrid Protocol, but as the country moves to better align itself with the global economy, it is likely that the integrated international mark registration system will be incorporated into domestic law in the near future. Indeed, the Marks Bill contains a provision allowing for that very possibility.

Article 48 of the Marks Bill provides legal basis for the Madrid Protocol, simply stating that an international marks registration application can be requested on the basis of the Madrid Protocol, and that the procedure to do so will be dictated by subsequent Government Regulation.

In effect, the Madrid Protocol offers a standardized, integrated system for mark registration: the effect is that registration of a mark in one member-state is analogous to registration of a mark in another member-state. An Indonesian exporter may thus register their mark with the Indonesian Directorate General of Intellectual Property Rights and thus have the mark synonymously registered in the United States, for example.

This is more efficient than the alternative (i.e., the current situation), where exporters must register in each and every country separately in order to have their marks protected.

Intellectual Property Rights Consultants have been largely opposed to the move, due to the fact that a more streamlined, integrated international system would essentially undercut the demand for their professions. If Indonesia is a member to the Madrid Protocol, and applicants can simply register marks in their home country and have them be protected automatically in Indonesia, there is no longer a necessity for Consultant intermediaries.

## Sanctions

The Marks Bill stipulates stringent criminal penalties for any individuals infringing the provisions of the Bill. Criminal penalties include imprisonment for up to 5 years, and fines up to a maximum of IDR 2.5 billion.

## Conclusion

The Marks Bill was clearly designed to streamline the mark registration process in Indonesia. It also accommodates the demand to diversify the definition of 'marks'. Significantly, the Bill creates space for incorporation of the Madrid Protocol into Indonesia's regulatory framework on intellectual property rights relating to marks.

Many may welcome these changes, but 'there are always two sides to every coin'. The affordance made for the Madrid Protocol has created angst in the Intellectual Property Consultant population, as they perceive it as a threat to their core business activities.

The issues will be discussed further when the government delivers the Bill to the DPR for discussion and enactment, an expectation for 2011. Whether the provisions of this Bill remain intact after DPR scrutiny - only time will tell. 