

INDONESIA IP: MOVING TOWA

WITH THE FORMATION OF THE ASEAN ECONOMIC COMMUNITY SLATED FOR LATE 2015, ASEAN MEMBERS ARE SEEKING TO MODERNISE THEIR IP REGIMES TO MEET KEY OBJECTIVES SET OUT IN THE ASEAN INTELLECTUAL PROPERTY RIGHTS ACTION PLAN. INDONESIA, ASEAN'S LARGEST ECONOMY AND MOST POPULOUS COUNTRY, HAS BEEN CRITICISED FOR ITS WEAK IP REGIME AND ITS RELATIVELY TOOTHLESS ENFORCEMENT EFFORTS. THE COUNTRY IS TAKING MAJOR STRIDES TO DISPEL THOSE VIEWS BY AMENDING ITS COPYRIGHT LAW, TABLING SIGNIFICANT CHANGES TO ITS TRADEMARK LAW AND RAMPING UP ITS ENFORCEMENT ACTIVITY. **KANISHK VERGHESE** REPORTS

ASEAN's 10 member nations are set to form the ASEAN Economic Community (AEC), a single harmonised market similar to the European Union, by the end of 2015. According to the ASEAN Intellectual Property Rights Action Plan 2011-2015, AEC members are required to modernise their IP regimes and accede to the Madrid Protocol, a filing treaty for the international registration of trademarks.

Indonesia stands as ASEAN's most populous country and largest economy. However, its murky intellectual property laws and low levels of enforcement activity have put the country's IP regime under the microscope. Despite these concerns, Indonesia is ASEAN's top filer of patent and trademark applications. Furthermore, according to the World Economic Forum's 2014-2015 Global Competitiveness Report, Indonesia ranked 43 out of 144 countries for IP protection in the Global Competitiveness Index, 12 places higher than in the previous year. Most im-

portantly, the Indonesian government is taking major steps to boost its IP regime by enacting a new Copyright law in September last year and tabling a draft amendment to its Trademark law. The new laws are aimed at offering further protection for IP owners and harmonising Indonesia's IP regulations to comply with international standards.

THE TRADEMARK BLUEPRINT

The draft trademark law, which is expected to be approved this year, provides protection for non-traditional marks including 3-D, hologram, sound and smell marks, and includes changes to the trademark renewal process, as well as clearer guidelines on preparing requests for preliminary injunctions. Furthermore, the draft law seeks to change the trademark application procedure by requiring that a three-month publication stage, during which any third parties who object to a trademark application can file an opposition, take place prior to the examiner conducting a substantive examina-



RDS THE AEC



An aerial view of the business district in Jakarta. REUTERS/Beawiharta

tion. Under the current law, the substantive examination is conducted before the publication period. The proposed change is aimed at lessening the burden on examiners and reducing the Indonesian Directorate General of Intellectual Property Rights' (DGIP) trademark application backlog. The proposed new procedure is expected to shorten the timeframe for the substantive examinations of trademark application filings from a maximum of nine months to a maximum of six months, putting Indonesia in line with trademark application systems internationally. "The backlog that the Trademark Office is facing is largely because they currently do examinations before the publication stage. By changing the procedure to have



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Somboon Earterasurun, Tilleke & Gibbins

the publication stage first, it may help the examiners sort all the confusingly similar trademarks with the public's help through oppositions, and gives greater reference for the Trademark Office to examine the applications," says Daru Lukiantono, a partner at Hadiputranto, Hadinoto & Partners in Jakarta. Lukiantono also notes that the proposed amendment is a familiar one, as Indonesia's trademark law prior to 2001 required the publication stage of a trademark application to take place before the examination period.

SHIFTING THE BURDEN

However, the proposed change to the trademark filing procedure has its drawbacks.

Lawyers say that under the new method, the burden has been shifted onto the IP owner to monitor third-party applications and file an opposition in time. "If the IP owner fails to file the opposition within the publication period, they have to rest all their chances in the hands of the examiner," says Somboon Earterasurun, director of Tilleke & Gibbins' Jakarta office, which opened in September 2013. If an IP owner misses the window to file an opposition and the examiner approves the trademark application, then the only way to invalidate or cancel the approved trademark is to go through Indonesia's commercial court. "Most IP owners do not favour court litigation because it is a lengthy and costly process. With that in mind, it is relatively difficult to have a registered trademark cancelled or invalidated in Indonesia," claims Earterasurun.

Furthermore, the change in the trademark application procedure could indirectly attract more bad-faith applications

in Indonesia, where trademark squatting is already rampant. Earterasurun advises trademark owners to closely and actively monitor trademark applications in order to file oppositions during the three-month window. "The main concern is to file the opposition in time and to get the market intelligence to get that source of information," he says.

For his part, Ilya Umanskiy, Associate Managing Director of the security risk management team at Kroll, a risk consulting firm, suggests several other steps that IP owners can take to minimise risk and protect their IP portfolios. "Start by creating proper controls within management structures, understanding and prioritising IP assets in all forms, continuously educating and monitoring activities of employees and third parties, setting up robust and organisation-wide incident reporting and management mechanisms, and building formal liaisons with peer organisations and government agencies," he says.

INDONESIA'S NEW COPYRIGHT LAW

On Sep. 16 last year, Indonesia passed a new Copyright law aimed at boosting the efficiency and effectiveness of Indonesia's copyright system, protecting copyright owners and ensuring the country's compliance with ratified international treaties.

Some key changes in the law include a longer period of protection for most types of copyright works from 50 years to 70 years after the death of the author, and harsher penalties and criminal sanctions for copyright infringement. The new provision regarding security interests over copyrights is also notable, says Lukiantono. "Copyrights can now be put under security interests in a loan agreement, for example. In the years to come, copyright owners will think this will help them commercialise their copyrighted works in the future," he says.

Perhaps the most noteworthy change is the introduction of landlord liability. Under the new law, organisers of commercial premises, such as retail stores and shops, are prohibited from allowing the sale, distribution and/or reproduction of copyrighted works. "The new copyright law is a definitive positive sign for Indonesia because we now have things

like landlord liability, which has never been introduced in any other IP law before," says Earterasurun. "Landlord liability will be a very good and useful mechanism for enforcement of the copyright law. Hopefully, this kind of momentum and landlord liability will be introduced in the current proposed trademark and patent laws as well," he adds.

Indonesia's new copyright law is a promising step towards improving Indonesia's IP landscape. While some lawyers note that the wording of the law could be more specific and that some provisions in the law are too general, many agree that the key to successfully implementing this law lies heavily on the implemented regulations to be issued by the Ministry, which will ensure that all mechanisms introduced under the law can function properly. However, some lawyers and IP owners have noted that implementation guidelines can often take a long time to see the light of day, which creates a lot of uncertainty as to how certain provisions in the law will be applied. The onus now lies on the government and the IP authorities to ensure that implementation regulations are released in a timely manner. **ALB**



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INDONESIA ON TRACK?

One of the key motivations behind revising the trademark law is to enhance Indonesia’s IP regime to comply with international standards, and to recognise the country’s accession to the Madrid Protocol by the end of 2015. As it stands, Singapore, Vietnam and the Philippines are the only three ASEAN members to have acceded to the Madrid Protocol. A new provision in Indonesia’s draft trademark law briefly mentions the application for registration of international trademarks under the Madrid Protocol. While the provision recognises that the Madrid Protocol route is applicable, IP owners still have to wait for further implementation regulations detailing the process for filing a trademark under the new system, lawyers say. However, new implementation regulations have yet to be discussed or announced. Given this information, will Indonesia be able to meet its IP-related goals set out by the AEC by the end of 2015? Technically, it can, says Earterasarun. “The trademark law can be passed in 2015, and the Madrid Protocol will be applicable. But this doesn’t necessarily mean that an applicant will be able to file an international application through the Madrid route this year, because imple-

mented regulations need to be issued first,” says Earterasarun.

Lukiantono agrees: “The most important changes in the draft law are the protection of non-traditional marks and Indonesia’s accession to the Madrid Protocol. However, it is more a matter of implementation, and whether the Trademark Office is ready and able to handle these changes.”

ADDRESSING CONCERNS

While Indonesia’s IP legislation is starting to fall into place, the country continues to grapple with a lack of enforcement activity and endemic corruption. “The short to medium-term effects of the new legislation are likely to be limited because of Indonesia’s on-going challenges with governance, corruption and organised crime. The challenge lies in the ability to consistently implement and enforce desired controls as it takes time to engrain a different – more cognisant and compliant – culture,” says Umanskiy. In an article written by Nick Redfearn, a partner and deputy CEO of Rouse, he says that police statistics show that only a few hundred IP violation cases a year are brought in Indonesia, compared to the thousands of cases brought in the Philippines and Thailand.

Some steps have been taken to alleviate these problems. The DGIP issued regulations last July to tackle corruption issues, and has voiced its intention to introduce new IP enforcement measures this year. In addition, the proposed new trademark law features increased penalties and tougher criminal sanctions against trademark infringers and counterfeiters.

Despite a few speed bumps, Indonesia seems on track to meet its IP goals by the end of 2015. For his part, Lukiantono says the DGIP has to commit if they want to achieve the AEC’s goals. “The IP office has to be ready if they want to be a part of this, and they need to be able to keep up with the other ASEAN countries. I think they can if they want to. It is a matter of preparing professionally and having the necessary training before the end of 2015,” he says. IP practitioners note that the election of Indonesia’s new President Joko Widodo last October heralds a positive sign for the country’s economy and IP industry. With a new copyright law in place and a revised trademark law in the works, coupled with the government’s support and increased enforcement efforts, the future of Indonesia’s IP industry looks promising as the country moves towards a new era. **ALB**