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Taking Action Against Trademark Infringement in Indonesia

Indonesia uses a “first-to-file” system, under which trademark owners must register their trademarks before they are able to take action against infringers for trademark infringement. The earlier your trademarks are registered and the wider their scope of protection, the better chance you have to exercise your rights and protect your intellectual property (IP).

As a trademark owner facing infringement of your IP rights in Indonesia, there are a number of important considerations to be aware of, and you have various means of recourse available to you.

Due Diligence

Before taking legal action against infringers for trademark infringement, you should conduct due diligence on your own IP rights to ensure that infringers are unable to make a counterclaim or revoke registrations of your IP.

To conduct due diligence on your own IP rights, you should ensure that the following factors have been adequately addressed:

- ▶ Ensure that your IP rights are valid
- ▶ Verify the ownership over your IP rights
- ▶ Investigate the actual use of your IP in the market and secure all relevant documents
- ▶ Review local compliance requirements (e.g., all agreements in Indonesia must be accompanied by a translation into Bahasa Indonesia; otherwise, the agreement may be unenforceable)
- ▶ Determine whether there are any third-party rights attached to your IP (e.g., licenses or franchises)
- ▶ Ascertain whether there are any existing or upcoming rules or legislation that could impair your IP rights (e.g., unfair competition law, consumer protection law, etc.)
- ▶ Seek the advice of local counsel to conduct your IP due diligence

Preliminary Measures

In practice, it is often preferable to reach a settlement with an infringer instead of pursuing a legal action, which can be both costly and time-consuming. Settlements generally involve the destruction of the counterfeit goods, an undertaking, and the issuance of a public apology by the infringer.

To successfully reach a settlement with an infringer, you should conduct an investigation to obtain as much information as possible about the infringer and its use of the infringed trademark(s). The investigation can be conducted through investigators at the Directorate General of Intellectual Property (DGIP), but you may consider using private

investigators to ensure that the results of the investigation are reported quickly and kept confidential. If the infringed products relate to food or drugs, you should also conduct a search at the Badan Pengawas Obat dan Makanan, the Indonesian national agency of drug and food control.

Based on the information obtained from the investigation, a warning letter should be drafted and sent to the infringer, stipulating that the infringer should cease the infringing activities. The letter should be written in the Indonesian language, as English is not widely spoken in Indonesia. After the warning letter is sent, it is common to send follow-up letters and hold negotiations with the infringer.

Legal Actions Against Infringers

Criminal prosecution. If you want to pursue a criminal action against an infringer, you must file a formal complaint either with the police or the Directorate General of the DGIP. After the complaint is received, investigators at the DGIP are authorized in the same way as police to conduct an investigation into IP infringement.

Typically, an investigation will lead to a raid. However, due to a backlog of complaints and an inadequate number of investigators, it can take several months before an actual raid takes place.

Civil enforcement. Trademark owners or licensees of a registered trademark can file a civil lawsuit in the Commercial Court against trademark infringers in the form of a claim of compensation and/or a demand to cease all acts related to the unauthorized use of a registered trademark. Licensees, however, must appropriately record their license agreement at the DGIP.

The Commercial Court may order the infringer to surrender the infringing goods and/or order the infringing goods to be valued. This will only happen after the decision of the Court becomes final and legally binding. The decision of the Commercial Court can be appealed to the Supreme Court.

Border measures. Although Indonesia’s Customs Law does not provide customs recordation or temporary suspension orders/injunctions of suspected IP rights infringement for imported or exported goods, recourse may be available under the Supreme Court Rules 2012 on Injunctions and Provisional Measures. Under these rules, you, as the IP owner, may request a warrant from the Commercial Court to temporarily suspend the release of suspected infringing goods.

The period of suspension is ten working days, extendable for another ten working days if an additional warrant is obtained from the Commercial Court. During this time, you must notify the customs official of any legal action taken in order to maintain your rights—otherwise, the customs official may terminate the suspension of goods.

Despite these rules, in practice, it is a challenge to exercise these procedures. Often, there is an insufficient amount of information and supporting evidence on the consigned goods, making it difficult to determine whether the goods are counterfeit products.

Conclusion

There are a variety of options available to IP owners to take action against infringers. But there are always risks involved. You should therefore conduct thorough due diligence on your IP rights before proceeding with legal action against an infringer. 🚫