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## Recordation of IP License Agreements in Indonesia: Analysis of the New Regulations

Indonesia has set out, for the first time, regulations on the procedures to record license agreements for trademarks, patents, copyright, and industrial designs. Although there was previously a requirement to record license agreements, recordation was not actually possible in practice due to a lack of implementing regulations and guidelines.

### Past Practices

In the past, instead of recording IP license agreements, trademark owners would file their license agreements to obtain an official stamp on the documents as evidence of good faith. Trademark owners went ahead with filing their license agreements, despite the fact that it was unclear whether or not they were enforceable against third parties. Filing a license agreement, however, was not considered as official recordation, because the process should have involved:

- ▶ making a request to record a license agreement at the Directorate General of Intellectual Property (DGIP);
- ▶ paying the prescribed fees; and
- ▶ obtaining an examination of the application to record the license agreement.

An IP license agreement would only be considered as officially recorded if these steps were properly taken and successfully fulfilled, but this was not previously possible due to a lack of implemented regulations and guidelines.

### New Ministerial Regulation

In an effort to curb these problems, on February 24, 2016, the Ministry of Law and Human Rights issued a Ministerial Regulation on the Requirements and Procedures for Recordation of Intellectual Property License Agreements (Ministerial Regulation). This is an important development, because without recordation, license holders do not have the right to enforce their IP rights under a license agreement against infringers.

In fact, IP license agreements that are not recorded are not recognized by any third party. For example, a licensee's use of a registered mark under an unrecorded license agreement is not considered as actual "use" by the IP owner. This can lead to the cancellation of the trademark's registration based on non-use (after three consecutive years), even if the mark was used by a non-recorded licensee.

Under the Ministerial Regulation, a recorded IP license agreement will be valid across the entire territory of the Republic of Indonesia, unless agreed otherwise, for a period of five years. Although the licensor and licensee may agree on a

longer term of validity, recordation of the license agreement would only be valid for five years, and it must not exceed the term of protection of the concerned intellectual property. Recordation can be extended, subject to the payment of fees in accordance with the provisions of applicable laws.

In addition to licensing whole trademark registrations, it is possible to license part of the goods or services of a registration. It is also not mandatory for a licensor to grant an exclusive license to only one licensee—the licensor may continue to use the licensed IP or grant additional licenses to other parties, unless agreed otherwise. Sublicenses by licensees are also permitted.

### Requirements and Procedures

The Ministerial Regulation introduces a number of requirements and procedures for the recordation of IP license agreements. Recordation can be done either electronically through the DGIP's official website or by submitting a hard copy version of the required documents to the DGIP.

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In addition to the basic documents that are required, such as a power of attorney and a copy of the IP registration certificate, a copy or proof of the license agreement must also be submitted to the DGIP. In interpreting a "copy or proof" of the license agreement, it is presumed that a short-form license agreement can be submitted instead of a copy of the original license agreement, in order to maintain party confidentiality and reduce translation costs. A short-form license agreement should be submitted in both English and Bahasa Indonesia, because under the law, Bahasa Indonesia is the official language for transactions and commercial documents.

Under the Ministerial Regulation, the DGIP will examine each recordation application to determine the completeness of the required documents within ten working days after an application is filed. At this point, it is unknown whether the DGIP would be able to complete the examination within the stipulated period of ten days, because for other types of recordation such as Recordal of Assignment or Recordal of Name/Address Change, it normally takes the DGIP more than one year to issue a Certificate of Recordal.

After examining a recordation application, if the DGIP determines that the required documents are complete, the Minister will record the license agreement in the General Register for each respective type of IP. On the other hand, if certain required documents are missing, the application will be returned to the applicant to provide the required documents within a prescribed period. If the deadline is not met, the recordation will be abandoned. It is, however, possible to re-file the application to record the license agreement, but this comes with prescribed official fees.

Registrants who submitted a license agreement to the DGIP prior to the Ministerial Regulation's enactment should re-file their agreement in accordance with the new requirements and procedures. This will ensure greater legal certainty and the recognition of license agreements by third parties. 🏠