Indonesia’s New Trademark Law – An Overview of the Changes

The Indonesian Parliament approved amendments to the country’s Trademark Law on October 27, updating the Trademark Law No. 15, which had been in force since 2001. The amended Trademark Law has now entered into force—it took effect on November 28, 2016—introducing a number of significant changes that refine current practices, add new features, and clarify certain provisions.

Some of the major changes include provisions designed to speed up the examination process. The new Trademark Law requires trademark publications to take place before the examiner conducts the substantive examination stage, where the distinctiveness and similarity to prior-registered marks are evaluated.

Another change relating to the transfer of “associated marks” may be particularly important to international rights holders who need to transfer registrations to business partners.

**Publication and Substantive Examination.**

Under the new Trademark Law, trademark publications must now take place before the examiner conducts the substantive examination stage, where the distinctiveness and similarity to prior-registered marks are evaluated.

The publication stage now lasts for two months, instead of three months. It is also the only opportunity for trademark owners to oppose third-party applications prior to registration.

All trademarks that pass an initial库里aury examination are still subject to third-party objections. This will
Bad Faith Refusals.

Unlike the previous law, the new trademark law explicitly stipulates that bad-faith applications will be rejected. This means that where an examiner concludes that an application is likely to create confusion among the public and/or threaten the health or safety of human lives or the environment, the examiner conducts a substantive examination of the application.

This greater flexibility, allowing a trademark to be registered if there is a likelihood of confusion, is a laudable change, as it provides greater protection to trademark owners and helps deter infringement.

Reducing Backlog.

This has the potential to speed up the examination process and reduce the Directorate General of Intellectual Property's (DGIP) backlog of trademark applications. By publishing an application before it is substantively examined, additional time will be saved as an examination is conducted at an earlier stage.

Additionally, the DGIP plans to reduce the substantive examination lead time from the current nine months to a maximum of 150 days. This is a welcomed change, as it provides greater protection to trademark owners and helps deter infringement.

Maintaining Quality?

While this push for greater efficiency is laudable, the DGIP's new approach to examination subjective discretion, meaning that it is difficult to gauge each examiner's position.

In addition, while examiners are still supposed to reject a bad-faith or confusing similar trademark applications during the substantive examination stage, their conclusions are based on opinions of the applicants, rather than on evidence that proves bad faith. This could possibly lead to a slip in examination quality.

These changes to the law may lead to more applications being filed, but if trademark registrants perceive a vulnerability in the process for reviewing applications, they may begin to rely more on oppositions by trademark owners and increase oppositions generally.

Consequently, it remains to be seen how effective this will be in practice.

Criminal Penalties.

The amendments also increase the criminal penalties for trademark infringement.

The term of imprisonment remains the same, a maximum of five years. But when the infringing goods threaten the health or safety of human lives or the environment, the maximum imprisonment term is doubled to 10 years.

Fines will be much higher in certain instances, such as trademark infringement involving the forgery of a mark. In this case, the maximum fine is 2 billion rupiah ($150,000), up from 1 billion.

This is a laudable change, as it is designed to protect consumers. Again, however, it remains to be seen how effective this will be in practice.

Nontraditional Marks.

The new law introduces a prohibition on trademarks which contain elements that could mislead the public as to its origin, quality, type, size, and intended use of the goods or services.

This is a laudable change, as it provides greater protection to trademark owners and helps deter infringement.

Grace Period for Renewal.

The new law introduces a grace period for trademark renewals, which is a welcomed change, as it provides greater protection to trademark owners and helps deter infringement.

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Nontraditional Marks.

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Although it is a step in the right direction to modernize the law, issues may arise in the submission of sound and hologram specimens. Assessing the distinctiveness of nontraditional marks may also be challenging for examiners, as is the case in other countries.

Consequently, if an applicant has registered a nontraditional mark in another country, the applicant should file a nontraditional trademark application in Indonesia with a corresponding previously accepted registration obtained in other countries.

Association of Marks.

The concept of “association of marks” has been introduced under the new law. Trademark owners are not required to register two or more of their marks in association. However, the law states that, when assigning more than one registration under the same intellectual property owner, the registered marks that have similarities in their essential parts or in their entirety and have similar goods or services can only be assigned when all of the registered marks are transferred to the same party.

The benefit of this is that it ensures the livelihood of consumers believes as to who is the owner of a registered trademark, as a similar mark for similar goods or services cannot be owned by two different entities. This should also help to ensure that consumers do not suffer from vastly different levels of product or service quality rendered by an identical or similar brand.
assigned. As a result, there may be complications in drafting assignment agreements, as the assignor and assignee must ensure that the list of assigned marks is exhaustive to avoid a rejection of the assignment by the examiner.

Another complication may arise in mergers and acquisitions—this assignment change may result in limitations being placed on acquiring or selling parts of a company’s business or intellectual assets, as an assignment of registered trademarks must form part of the deal.

Preliminary Injunctions.

The law also provides greater details on the steps and procedures to obtain preliminary injunctions from the court. This is a much-needed development, as the previous provisions on preliminary injunctions were so unclear that preliminary injunctions were essentially unenforceable.

Madrid Protocol.

There is a section in the new Trademark Law that states that renewal applications to register international trademarks under the Madrid Protocol. The section states that renewal applications for registrants in Indonesia constitutes filing an international trademark, and it sets out the criteria that need to be met for a designation to be recognized as an international trademark applicant.

Other provisions on international trademark registration will be released in the future.

Indonesia’s new Trademark Law appears to be a promising step forward in developing clearer and more effective trademark protection and enforcement. Its commitment to strengthening trademark protection and enforcement is evident in the government’s efforts to demonstrate this commitment to international recognition for the registration and protection of intellectual property.