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## Indonesia Issues Regulation for Recordal of IP License Agreements

On July 27, 2018, the Indonesian government enacted Government Regulation No. 36 of 2018 on the Recordal of Intellectual Property License Agreements (GR No. 36/2018). This is the first government regulation ever issued in Indonesia on the procedures for recording license agreements for copyright and related rights, patents, trademarks, industrial designs, layout designs of integrated circuits, trade secrets, and plant varieties.

### Requirements for License Agreements

For a license agreement to be eligible for recordal, GR No. 36/2018 sets out the following general requirements:

- ▶ The licensor may not grant a license to the licensee if the terms of protection have lapsed or the IP registration is withdrawn.
- ▶ The license agreement must be written, and in Indonesian.
- ▶ The license agreement cannot include provisions that:
  - Harm Indonesia's economy or national interests;
  - Hamper the ability of Indonesians to transfer, control, or develop technology;
  - Result in unfair business competition; or
  - Conflict with prevailing laws, religion, morality, and public order.

Additionally, the license agreement must contain the following information:

- ▶ Date and place of execution of the license agreement;
- ▶ Information regarding the licensor and the licensee;
- ▶ Object of the license agreement;
- ▶ Type of license (exclusive, non-exclusive, or sublicense);
- ▶ Duration of the license agreement;
- ▶ Applicable territory; and
- ▶ Information on the party responsible for any patent annuity payment.

To avoid disclosing confidential information, it is advisable to submit a short-form license agreement containing only the aforementioned requirements, rather than the full license agreement between the parties.

### Application Process

An application for recordal can be filed by the licensor, the licensee, or a proxy. The application must include:

- ▶ A copy of the license agreement;
- ▶ An official excerpt of the valid IP registration certificate, or proof of ownership of the IP;
- ▶ Power of attorney (if the application is submitted by a proxy); and
- ▶ Receipt of payment of the official fee for recordal.

For license agreements related to copyright and related rights, Article 9 of GR No. 36/2018 specifies that if there are multiple titles or creations with the same licensor/licensee, all of the works may be included in one application for recordal.

After submission of the application, an examiner will review the application to verify that all required documents have been submitted. If the application is complete, the examiner will inspect the correctness of the documents within five days of submission. If it is determined that the documents do not meet the requirements, the examiner will issue a written notice to the applicant. The applicant must then provide the requested documents or otherwise rectify any shortcomings within 30 business days after the notice is received. Failure to do so will lead to withdrawal of the application.

Once the examiner determines that the application is complete, a letter of recordal of the license agreement will be issued within two days. The license agreement will be recorded with the relevant IP registry and the recordal will be published in the relevant official gazette.

### Validity, Amendment, and Revocation

A recordal of a license agreement is valid for the same term specified in the license agreement itself. At the expiration of this term, the applicant may re-apply for recordal. If there is an amendment to the license agreement, the licensor or the licensee may apply for recordal of the amended license agreement. The amendment will be recorded and published, just as the original.

A recordal of a license agreement may be revoked by an agreement between the licensor and licensee or based on a judicial decision.

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### Other Issues

Under Article 15(4) of GR No. 36/2018, if a license agreement is not recorded and published, it will have no legal implications toward a third party. Thus, prior to commencing any legal action against a third party, IP holders are strongly advised to first confirm that the license agreement was properly recorded.

While the new regulation marks a positive advance in the protection and enforcement of IP in Indonesia, rights holders should note that, to date, the Directorate General of Intellectual Property has not yet fully implemented the steps of notifying the applicant of the recordal of the license agreement and publication in the official gazette. 🚧