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From magic charms to symbols of wealth: Well-known trade marks in Indonesia

Christoph Antons¹

1. Introduction: Trademark laws in the postcolonial context of developing countries

Different from articles that focus in particular on the protection of foreign well-known trade marks in Indonesia,² this chapter will also examine famous local brands in their socio-economic context. The role of trade marks according to intellectual property textbooks is to signify the origin of goods or services, the quality of the product, to advertise it and to provide consumers with information about the product.³ We can detect some significant differences in these roles, however, if we examine trade marks in the context of young post-colonial nation states. Such differences have much to do with the nature of the local economy, with the role of foreign corporations and the attempt to strengthen and build up domestic enterprises.⁴ In the immediate post-colonial period, this leads to a tension between the continuing trading interests of the departing colonial power and new nationalist governments.⁵ In countries with peaceful decolonisation processes, these tensions are to some extent dissolved via foreign investment laws into arrangements where local companies are allowed to share in the continuing domestic operation of a former colonial trading company.⁶

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² Christoph Antons, 'The recognition and protection of well-known trade marks in Indonesia', *Journal of Intellectual Property Law and Practice*, pp.

³ Jill McKeough, Andrew Stewart and Philip Griffith, *Intellectual Property in Australia*, 3rd ed., Chatswood: Lexis Nexis Butterworth, 2004, p. 498.

⁴ Christoph Antons, 'Japan as a Model? Comparing Law and Development in Japan, Singapore and Indonesia', in: Christoph Antons (ed.), *Law and Development in East and Southeast Asia*, London and New York: RoutledgeCurzon, 2003; O.D. Corpuz, *An Economic History of the Philippines*, pp. 257-261.

⁵ See for example Richard Robison, *Indonesia: The Rise of Capital*, North Sydney: Allen & Unwin, 1986, chapter 2; Amando Doronila, *The State, Economic Transformation and Political Change in the Philippines, 1946-1972*, Singapore-Oxford-New York 1992, chapter 3; Anne Booth, *The Indonesian Economy in the Nineteenth and Twentieth Centuries: A History of Missed Opportunities*, Houndmills-London: Macmillan Press, 1998, pp. 313-314.

⁶ On Malaysia's policies on gaining independence see C. Mary Turnbull, *A Short History of Malaysia, Singapore and Brunei*, Stanmore-North Melbourne: Cassell Australia, 1980, pp. 246-247; Jomo K.S. and Chang Yii Tan, 'The Political Economy of Post-colonial Transformation', in: Jomo K.S. with Wong Sau Ngan (eds.), *Law, Institutions and Malaysian Economic Development*, Singapore: NUS Press, 2008, pp. 23-27; Jomo K.S.,

However, in those countries where decolonisation occurred after an armed struggle, foreign trading interests and intellectual property often were simply nationalised and taken over by local companies, operated privately or by branches of the national government.⁷ The latter scenario applies to Indonesia, where the Dutch colonial power granted independence only after an armed struggle lasting from Indonesia's declaration of independence in 1945 to 1949. Although Dutch enterprises were initially allowed to continue their operations in Indonesia, tensions between Indonesia and the Netherlands grew again at the end of the 1950s over the remaining Dutch territory in West New Guinea.⁸ As a result, there were spontaneous takeovers of Dutch companies by workers and unions at the end of 1957, which subsequently came under the supervision of the Indonesian military and were endorsed by Parliament a year later.⁹ The Ministry of Justice ordered the expulsion of 46,000 Dutch citizens and a large number of Dutch enterprises were expropriated and transformed into state corporations. The Indonesian government then simply nationalised the remaining Dutch trading interests in the country.¹⁰ Foreign trade marks associated with Dutch colonial companies were discontinued and replaced with new national names or symbols. One of the Dutch trade marks affected by this development was the beer brand Heineken. In 1936, Heineken had become a majority shareholder in Indonesia's first brewery established in 1929, after which the company changed its name into Heineken Nederlands Indische Bierbrouwerijen Maatschappij.¹¹ As other Dutch companies, the brewery was nationalised in 1957 and the name changed into Perusahaan Bir Bintang. After the change of government in Indonesia and the introduction of the Foreign Capital Investment Law of 1967¹², Heineken returned to Indonesia to become a joint venture partner in Multi Bintang Indonesia, after which the beer was named 'Bir Bintang Baru' (the new Bintang),¹³ today one of Indonesia's most popular beers.

'Investment and Technology Policy: Government Intervention, Regulation and Incentives', in: Jomo K.S. with Wong Sau Ngan (eds.), pp. 178-179.

⁷⁷ As to the different post-colonial policy approaches in various parts of Southeast Asia, see Norman G. Owen, 'Economic and Social Change', in: Nicholas Tarling (ed.), *The Cambridge History of Southeast Asia, Volume Two: The nineteenth and twentieth centuries*, Cambridge: Cambridge University Press, pp. 497-499

⁸ Ricklefs, p. 291, 305.

⁹ Ricklefs, pp. 316-317

¹⁰ Robison, pp. 62-63, 71-78; Ricklefs, *A History of Modern Indonesia*, 3rd ed., Stanford: Stanford University Press, 2001, pp. 316-317; Booth, 64-65

¹¹ http://www.birbintang.co.id/en/inside_beer_history.htm (accessed 21 May 2005)

¹² Christoph Antons, 'Japan as a Model? – Law and Development in Japan, Singapore and Indonesia', in: Christoph Antons (ed.), *Law and Development in East and Southeast Asia*, p. 234.

¹³ <http://www.birbintang.co.id>, above note; http://www.multibintang.co.id/about_us_cp.htm (accessed 21 May 2011); see also the history of Heineken at

2. The emergence of local well-known brands in Indonesia

Governments of newly independent countries with a history like that of Indonesia probably prefer a completely new beginning for domestic commerce and related laws like intellectual property law rather than to continue the colonial administration of the system.¹⁴ But such a completely new beginning is usually not possible, because trade has to continue and it takes time to draft new laws.¹⁵ Therefore, a residue of the colonial period also continues in particular within those local businesses that were able to achieve a relatively prominent role during colonial times. Here, it is important to understand the social and economic stratification of Indonesian society during colonial rule. The Dutch had administered so-called interpersonal or intergroup laws that kept the various population groups in the colony apart from each other and that gave them varying degrees of access to trade and to commercial law.¹⁶ Only the Europeans and people legally “equalised” with Europeans were fully subjected to Dutch laws. Indonesians on average were subjected to their own various customary laws and to Islamic law, if they were Muslims. This, the lack of access to capital and foreign trading networks, largely confined them to a role in farming and small scale artisan production of batik and other crafts.¹⁷

In between the European trading houses, on the one hand, and a predominantly farming oriented local population on the other hand, were the trading interests of people that the Dutch called the “foreign orientals”, a group that included Chinese, Arab and Indian traders

<http://www.heinekeninternational.com/content/live/files/downloads/History%20of%20Heineken.pdf>
(accessed 21 May 2011).

¹⁴ On attempts to rid the Indonesian legal system of Dutch influence during the years of the Sukarno presidency, see Sudargo Gautama, ‘Legal Developments in Independent Indonesia (1945-1970)’, *LAWASIA*, December 1970, 157-170 ; Daniel Lev, ‘The Lady and the Banyan Tree: Civil-Law Change in Indonesia’, *The American Journal of Comparative Law*, Vol. 14, 1965, 282-307; Sudargo Gautama and Robert N. Hornick, *An Introduction to Indonesian Law: Unity in Diversity*, Bandung: Penerbit Alumni, 1983, pp. 181-187; Soetandyo Wignjosoebroto, *Dari Hukum Kolonial ke Hukum Nasional: Dinamika Sosial-Politik dalam Perkembangan Hukum di Indonesia*, Jakarta: PT RajaGrafindo Persada, 1994, chapter 10.

¹⁵ Gautama and Hornick, pp. 181-182; Christoph Antons, ‘Legal Culture and History of Law in Asia’, in: Christopher Heath (ed.), *Intellectual Property Law in Asia*, London: Kluwer Law International, 2003, pp. 20-21

¹⁶ The classical and most detailed source on this subject matter is Sudargo Gautama, *Hukum Antargolongan: Suatu Pengantar*, 11th ed., Jakarta: PT Ichtiar Baru Van Hoeve. See also Sudargo Gautama and Robert N. Hornick, chapter 1; Christoph Antons, ‘Ethnicity, Law and Development in Southeast Asia’, in: Frans Hüsken and Dick van der Meij (eds.), *Reading Asia: New Research in Asian Studies*, Richmond, Surrey: Curzon, 2001, pp. 3-28.

¹⁷ Robison, pp. 23-27

and traders from elsewhere in Asia.¹⁸ These traders played a role in particular in the intermediate trade between Dutch companies and the population in the interior and rural parts of the colony.¹⁹ After the departure of the colonial powers, such Chinese and Arab owned companies stayed. They became an important part of the Indonesian economy and remain nowadays the main remaining link to colonial era trade. Since the days of the colony, they manufacture and trade in local products such as traditional medicine, crafts, tobacco, food and beverages.

Some of the most famous companies and oldest trade marks in Indonesia today are to be found in the industrial production of jamu, traditional Indonesian medicine used as household remedies for common ailments such as influenza, as beauty products and for energy drinks. Among the oldest trade mark in this field is “Nyonya Meneer”, a company set up by women of mixed Chinese and Indonesian descent, called Peranakan in the Malay speaking countries, in 1918.²⁰ Not only did these Peranakan Chinese have easier access to Western commerce and to capital because of their legal status as foreign orientals, but they also had access to traditional remedies and recipes from their Indonesian mothers.²¹ These different influences are visible from the Nyonya Meneer trade mark, which reveals the identity of the owner: “Nyonya” is a term for a Peranakan woman. “Meneer” is often misunderstood as referring to the Dutch word for “Mister”, but the website of the company explains that it in fact refers to her first name derived from the Javanese word for “crushed rice”. Successful jamu companies owned by ethnic Indonesians emerged after independence. They took a different approach from peranakan companies by focusing in particular on cosmetics and by stressing their descent from royal Javanese households, who in Java are the guardians and owners of the most highly regarded jamu recipes. The most famous company and trade mark in this field is Mustika Ratu, a company founded by a granddaughter of the Sultan of Surakarta in Central

¹⁸ Charles A. Coppel, ‘The Indonesian Chinese as ‘Foreign Orientals’ in the Netherlands Indies’, in: Timothy Lindsey (ed.), *Indonesia: Law and Society*, Leichhardt: Federation Press 1999, pp. 33-41; Christoph Antons, ‘The history of intellectual property law in Indonesia: From colonial to national law’, *International Review of Industrial Property and Copyright Law*, 1990;

¹⁹ Robison, pp. 19-21

²⁰ For a detailed history of this company see Asih Sumardono, Tities Ahayuningtyas, Nunung Husnul Chatimah and Indriaty, *Perjalanan Panjang Usaha Nyonya Meneer*, Jakarta: PT Grasindo, 2002.

²¹ Onghokham, ‘Beberapa Aspek Agama Cina’, pp. 41 and 144.

Java. Again, the trade mark reveals the identity of the owner, as “Ratu” is the Indonesian word for “Queen”.²²

A further aspect that is important in understanding well-known trade marks and trade marks more generally in Indonesia, is the relative simplicity of local marks, the initial absence of sophisticated marketing techniques and the restrictions in the use of symbols in a society that wants to break away from a colonial past and that wants to return to some form of pre-colonial identity. The lack of access Indonesians had to modern forms of commerce and law during colonial times was mentioned earlier. Those Indonesian companies that started afresh after independence, therefore, had to establish their businesses in an environment in which modern marketing companies were not yet existing, prospective consumers were neither rich nor particularly demanding with regards to the sophistication of the products and in which the use of many foreign symbols and words was politically inappropriate, because they were tainted by their association with the colonial period. Not surprisingly, Indonesians turned in their trade mark symbolism to mysticism or to the pre-colonial past. The first group of such locally established marks may be regarded as good luck charms for their owners. They use, for example, symbols that a spiritual adviser or practitioner of Javanese mysticism recommends as most likely bringing luck to the business. Indonesian trade marks that appear odd or little related to the product they are advertising sometimes have such origins. Examples are the most well-known cigarette brands with strange names and symbols such as “salt storehouse” (Gudang Garam), “root” (Bentoel) or “needle” (Djarum). In a case in the early 1980s, the Indonesian Supreme Court had to decide on the likelihood of deception between the “Golden Rabbit-Goat Trade Mark”, the “Golden Rabbit-Deer Trade Mark” and the “Goat-Ant Trade Mark”.²³

Such trade marks are frequently owned by Indonesians of Chinese descent, who also use lucky numbers, sometimes in a Chinese dialect, for their trade marks. Indonesia’s oldest

²² For more details on these and other jamu companies, see Christoph Antons and Rosy Antons-Sutanto, ‘Traditional Medicine and Intellectual Property Rights: A Case Study of the Indonesian *jamu* industry’, in: Christoph Antons (ed.), *Traditional Knowledge, Traditional Cultural Expressions and Intellectual Property Law in the Asia-Pacific Region*, Alphen aan den Rijn: Kluwer Law International, 2009, pp. 363-384.

²³ Supreme Court, 2391K/Sip/79 of 31 August 1983, as reported in Christoph Antons, *Intellectual Property Law in Indonesia*, London: Kluwer Law International, 2000, pp. 230-231.

cigarette brand Djie Sam Soe (the “2-3-4” brand) is an example. This trade mark is famous for *kretek* cigarettes, the popular and traditional Indonesian cigarettes that mix tobacco with cloves. The first Djie Sam Soe was created in Surabaya in 1913 by Liem Seeng Tee, a Chinese migrant from Fujian province, who was also the founder of PT HM Sampoerna Tbk, now one of the major cigarette manufacturers in Indonesia. “2-3-4” adds up to his lucky number 9 and it uses 9 stars on its logo. In fact, so strong is the belief in the magic of number 9 that in its production in Sampoerna House Surabaya, PT Sampoerna employs exactly 234 workers.²⁴

Many other companies use names and characters from ancient Javanese mythology and from *wayang*, the Javanese shadow play based on epical stories, such as the *Mahabharata* or *Ramayana*. Frequently used for trade marks are, for example, the names of Arjuna and Bima, two heroes of the Mahabharata. Another very popular choice is the more local shadow play character of Semar. Typical Indonesian symbols such as the Javanese dagger, the *keris*, are also common. Two of the most famous batik brands in Indonesia today are “Batik Keris” and “Batik Semar”.²⁵ However, because such names and symbols are so widely used, they often have little distinctive quality as trade marks.

The story is not much different with other well-known Indonesian trade marks that do not refer to symbolism based on tradition or mythology. They were also often established at a time when sophisticated marketing concepts were not yet available on the Indonesian market and part of their success is their simplicity. There are many examples for very simple trade marks that have become very successful. One of the biggest success stories in the food industry is a brand of instant noodles, simply called “Supermie”. “Mie” refers to “bakmi”, the word for noodle and “super” is an indicator of the quality promised to a consumer. The most successful local Indonesian beverage is bottled Javanese tea. The company that developed this concept markets the drink under the trade mark “teh botol”, which means “tea bottle” in Indonesian. Further, a successful cigarette brand uses the word “Sampoerna”, which means

²⁴ On the history of this trade mark, see ‘Djie Sam Soe’, http://id.wikipedia.org/w/index.php?title=Dji_Sam_Soe (accessed 22 May 2011).

²⁵ Batik Semar is produced since 1947, see ‘Sejarah Batik Semar’, <http://www.batik-semar.com/profile/PROFILE-INDO.php> (accessed 22 May 2011).

“perfect”. Finally, the first successful brand of bottled water was put onto the market under the trade mark “Aqua”. In view of the simplicity of these marks, it is not surprising, that many of their owners initially had to wage court battles against competitors that were seeking cancellation of their marks because of lack of distinctiveness. They succeeded, however, in establishing their brands, often relying on an old principle from Dutch trade mark law (“het woord is merk geworden”)²⁶ and arguing acquired distinctiveness because of continuous and widespread use in trade.²⁷ Once the trade mark was established on this basis, many of these companies took successful legal action to have their marks recognised as well-known and thereby acquire enhanced protection against local competitors.²⁸

3. The arrival of foreign well-known marks during the period of the ‘New Order’ government

The immediate post-colonial period with its anti-colonialism and heightened nationalism came to an end in the mid-1960s, when Indonesia’s first President Sukarno was replaced by former General Suharto’s military backed government, which is widely known in Indonesia as the ‘New Order’ government. The new government initiated a radical break with Sukarno’s anti-Western policies and opened the country to foreign investment. With the Western businesses that were attracted to the populous Indonesian market came their brands

²⁶ “the word has become a trade mark”

²⁷ The principle “het woord is merk geworden” was applied in several cases as early as 1938 by the *Raad van Justitie Batavia*, see Sudargo Gautama, *Hukum Merek Indonesia*, 2nd ed., Bandung: Penerbit Alumni, 1986, pp. 31-32. Acquired distinctiveness was successfully argued in the *Supermi* case, District Court of Central Jakarta, No. 904/1970 of 30 January 1971, in Sudargo Gautama and Rizawanto Winata, *Himpunan Keputusan Merek Dagang*, Bandung: Penerbit Alumni, 1987, pp. 57-62; in the case of the cigarette brand “555”, District Court of Central Jakarta, No. 323/1968 G. of 22 July 1969, in Direktorat Jenderal Hukum dan Perundang-undangan Departemen Kehakiman, *Keputusan-keputusan Pengadilan tentang Sengketa Merek 1964-1970*, pp. 51-55; for the zip-fastener brand “YKK”, Supreme Court No. 217K/Sip/1972 of 30 October 1972, in Sudargo Gautama and Rizawanto Winata, pp. 41-48; by a trade mark named “jempol” (thumb), Supreme Court No. 178K/Sip/1973 of 9 April 1973, in Sudargo Gautama and Rizawanto Winata, pp. 63-75; by “Kraft”, District Court of Central Jakarta, No. 281/1956 G. of 9 January 1957; and by the bottled water brand “Aqua”, Supreme Court No. 757K/Pdt/1989 of 30 March 1992, in Sudargo Gautama, *Himpunan Jurisprudensi Indonesia yang penting untuk praktek sehari-hari (Landmark Decisions) berikut komentar*, Volume 5, Bandung: Penerbit Alumni, 1993. See also Christoph Antons, *Intellectual Property Law in Indonesia*, pp. 224-228.

²⁸ Supreme Court No. 217K/Sip/1972 of 30 October 1972, ‘YKK’, above note; Commercial Court Central Jakarta No. 56/Merek/2002/PN.Niaga.Jkt.Pst of 4 March 2003, ‘Aqua’, in Tim Redaksi Tatanusa (eds.), *Himpunan Putusan-putusan Pengadilan Niaga dalam Perkara Merek*, Volume 3, Jakarta: PT Tatanusa, 2004, pp. 403-430.

and marketing strategies. They encountered, however, a rather basic trade mark law from 1961 that was largely a translation of the former Dutch colonial law of 1912 and in which the right to a mark was based on first use, whereas registration provided only rebuttable evidence of first use and the right to a mark. Abuse of the system via token sales was common. Especially foreign companies also became the victims of a parasitic ‘trade in marks’ by so-called ‘trade mark entrepreneurs’, who registered whole portfolios of foreign trade marks that were not yet represented on the Indonesian market in their own names. In the booming economic climate of the 1970s and 1980s, it was only a question of time until at least some of these foreign trade mark owners would decide to extend their operations to Indonesia. Once they were setting up their offices in Jakarta, they were soon to discover that their trade marks were already registered in the name of an Indonesian owner. With no real intention to use the mark, however, the Indonesian owner usually could be easily persuaded against payment of a fee to abandon the mark. In the early 1990s, the prices for such buy-back arrangements reportedly ranged from US\$10,000 to US\$100,000 depending on the fame of the mark.²⁹

Many foreign well-known trade marks thus entered the Indonesian market in the late 1960s and early 1970s. At the same time and in a rather disturbing development for local Chinese businesses, the new government initially took a hostile attitude to expressions of Chinese identity and the use of the Chinese language. After a coup attempt in 1965, the Indonesian Communist Party, allegedly with backing from mainland China, was held responsible. However, Indonesians of Chinese descent were targeted, too. Chinese language schools were closed down and citizens of Chinese descent were asked to assimilate and to change their names to Indonesian names.³⁰ As a result of this development, trade marks that used Chinese language, names or symbols or originated in China could be prohibited from registration as marks that were contravening the public order. This happened, for example, in the ‘Flying Wheel’ case with regards to a trade mark that was initially registered by a company from

²⁹ Aries Margono, G. Sugrahetty, Siti Nurbaiti and Indrawan, ‘Menyapu Mafia Pedagang Merek’, *Tempo*, 1 August 1992, pp. 38-39; Peter Rouse and Didi Dermawan, ‘Indonesia: A Fresh Look at the Protection and Enforcement of Trademarks, Part 2: Enforcement’, *Trademark World*, June 1991, p. 25. See also Christoph Antons, ‘The Protection of Well-known Marks in Indonesia’, in Christopher Heath and Kung-Chung Liu (eds.), *The Protection of Well-known Marks in Asia*, London: Kluwer Law International, 2000, pp. 199-201; Christoph Antons, ‘Recognition and protection of well-known trade marks in Indonesia’, above note, pp. 185-186; Christoph Antons, *Intellectual Property Law in Indonesia*, above note, p. 269.

³⁰ J.A.C. Mackie, ‘Anti-Chinese Outbreaks in Indonesia, 1959-1968’, in J.A.C. Mackie, *The Chinese in Indonesia*, pp. 111-128.

Shanghai.³¹ After Indonesia and the People's Republic of China resumed their diplomatic relationship in 1990, trade marks using Chinese characters could again be registered like any other foreign trade mark in Indonesia.³² Nevertheless, it is probably safe to assume that many trade marks using Chinese language or symbols would have been affected during the earlier period.

4. Recognition of well-known trade marks in Indonesian courts and in legislative reforms

A break-through, especially for foreign owners of well-known trade marks, came with the “Tancho” decision of the Supreme Court in 1972, which cancelled the local registration of a Japanese trade mark in Indonesia.³³ The Supreme Court declared that first use in Indonesia, which under the first-to-use system at the time was decisive for the trade mark right, had to be “first use in good faith”. As a consequence, the registration of the mark by an Indonesian joint venture partner that suspiciously used the trade name Tokyo Osaka Co. and had tried to pass off locally made products as foreign had to be cancelled for lack of good faith. During the 1980s, use and registration in bad faith became one of the best arguments for owners of well-known marks to achieve the cancellation of competing registrations.³⁴

Indonesian trade mark law changed from the first user system to a ‘first-to-file’ system with the Trade Marks Act of 1992, which came into force in 1993 and was revised in 1997. The new laws and several accompanying government decrees with specific relevance for well-known trade marks brought an increasingly clear protection for well-known marks, as long as

³¹ District Court of Central Jakarta, No. 33/1972 G. of 3 October 1973, in: Direktorat Jenderal Hukum dan Perundang-undangan Departemen Kehakiman, *Keputusan-keputusan Pengadilan tentang Sengketa Merek 1971-1977*, pp. 117-129.

³² Christoph Antons, *Intellectual Property Law in Indonesia*, above note, pp. 220-221.

³³ Supreme Court No. 677K/Sip/1972 of 13 December 1972, in Sudargo Gautama and Rizawanto Winata, above note, pp. 1-23.

³⁴ See for example District Court of Central Jakarta No. 205/1980 G. of 18 November 1980, “Bata”, in: Gautama and Winata, pp. 109-115; No. 353/1980 G. of 3 February 1981, “Seven Up”, in: Gautama and Winata, pp. 243-251; No. 542/1980 G. of 21 August 1981, “Dunhill”, in: Gautama and Winata, pp. 97-108; Supreme Court No. 1269K/Pdt/1984 of 15 January 1986, “Hitachi”, in: *Yurisprudensi Indonesia*, Vol. 1, Jakarta: PT Ichtiar Baru Van Hoeve, 1989, pp. 16-23.

they were used for identical or similar goods or services.³⁵ The situation has remained ambiguous, however, for dissimilar goods or services. Article 6(1)(b) of the current law of 2001 clearly protects well-known trade marks for goods and/or services of the same kind and Article 6(2) offers the same protection for dissimilar goods in accordance with a Government Regulation. This Government Regulation, however, has never been issued, so that in relation to dissimilar goods, well-known trade marks remain unprotected. So far, the government has left it to the courts to decide about the issue.

The most straightforward cancellation cases for the courts related to well-known marks are of course those where the competing mark is used for goods or services of the same kind.

However, it can be observed that in cases where bad faith of the competitor in registering the mark is argued in addition to the well-known character of the mark, many courts avoid the decision about the well-known mark and cancel the competing registration on the basis of the bad faith argument.³⁶ A further reason why bad faith is so commonly argued is that it allows the courts to ignore time bars for cancellation claims that would otherwise apply.

Cancellation claims actually have to be made within five years after the registration of a mark (Article 69(1) Trade Marks Act). The time bar does not apply, however, for claims to cancel registrations in conflict with religious morality, decency and public security (Article 69(2)).

An explanatory memorandum of the Indonesian government accompanying the provision points out that an incidence of bad faith is included in the understanding of that which conflicts with public security. This has become a convenient argument in many Commercial Court cases to ignore the time bar,³⁷ especially after the Supreme Court has accepted this approach.³⁸

³⁵ Christoph Antons, *Intellectual Property Law in Indonesia*, pp. 244-246.

³⁶ Commercial Court Central Jakarta No. 11/Merek/2001/PN.Niaga.Jkt.Pst of 26 March 2002, 'Santa Barbara Polo & Racquet Club', in Tim Redaksi Tatanusa, *Himpunan Putusan-putusan Pengadilan Niaga dalam Perkara Merek*, Vol. 2, Jakarta: PT Tatanusa, 2002, pp. 1-19. For further examples see Christoph Antons, 'The recognition and protection of well-known trade marks in Indonesia', above note, p. 189, footnote 22. The requirement that an applicant for registration must not be acting in bad faith is now to be found in Article 4 of the current Indonesian Trade Marks Act, see Christoph Antons, 'The recognition and protection', pp. 188-189.

³⁷ See for example Commercial Court of Central Jakarta, No. 35/Merek/2002/PN.Niaga.Jkt. Pst of 17 September 2002, 'Cesare Paciotti', in: Tim Redaksi Tatanusa, *Himpunan Putusan-putusan Pengadilan Niaga*, Vol. 3, above note, pp. 283-318. For further examples see Christoph Antons, 'The recognition and protection of well-known trade marks in Indonesia', above note, p. 190, footnote 29.

³⁸ See for example Supreme Court No. 09K/N/HaKI/2002 of 7 August 2002, 'Polo', in: Tim Redaksi Tatanusa (eds.), *Himpunan Putusan-putusan Mahkamah Agung dalam Perkara HaKI*, Vol. 1, Jakarta: PT Tatanusa, 2003.

The courts have much greater difficulties with cases involving use of the well-known trade mark for dissimilar goods or services. Such use is very common in a society, in which foreign products are regarded as exotic and famous foreign brands become symbols and synonyms for luxury and quality as well as for the wealth and success of the individual consumer using the brand. The passing off of local products as foreign occurs at the high end of the market, but also at the lower end on village markets and in rural settings. Here, the foreign flavour is often more important than an accurate depiction of the “real thing” and imitators create this flavour in particular by copying the get up and packaging of the famous brand. Depending on whether the get up is part of the trade mark or not, it can be used in assessing deceptive similarity.³⁹ In case of slavish copying of get up and packaging that is not part of the trade mark, Dutch colonial courts applied the tort of wrongful harm (*onrechtmatige daad*) and this approach has occasionally been adopted in Indonesian courts.⁴⁰

Legal action based on the Trade Marks Act is largely confined to claims for the cancellation of infringing registrations, because the courts have shown a great reluctance to grant injunctions or to award damages.⁴¹ In cases concerning claims for cancellation of infringing registrations of well-known trade marks for dissimilar goods, the courts can no longer avoid the decision about the well-known character of the mark. In the case of Swiss watch manufacturer *Audemars Piguet*,⁴² the court decided on the well-known character of the mark by using criteria listed in an explanatory memorandum of the Indonesian government

For further examples see Christoph Antons, ‘The recognition and protection of well-known trade marks in Indonesia’, above note, p. 190, footnote 30.

³⁹ See for example Supreme Court No. 1596K/Pdt/1983 of 19 January 1985, ‘Crocodile’, in Team Kompilasi Yurisprudensi Mahkamah Agung R.I. (eds.), *Konsep Yurisprudensi Indonesia (Gaya Baru)*, Vol. 1, 1987. For further examples see Antons, *Intellectual Property Law in Indonesia*, p. 236, footnotes 125, 126 and 127.

⁴⁰ District Court of Central Jakarta, 333/1972 G. of 13 March 1973, ‘Fortuna’, in Direktorat Jenderal Hukum dan Perundang-undangan Departemen Kehakiman (eds.), *Keputusan-keputusan Pengadilan tentang Sengketa Merek 1971-1977*, Jakarta 1981, pp. 92-100.

⁴¹ Christoph Antons, ‘The recognition and protection of well-known trade marks in Indonesia’, p. 193; Christoph Antons, ‘Specialised Intellectual Property Courts in Southeast Asia’, in Annette Kur, Stefan Luginbühl and Eskil Waage (eds.), *‘...und sie bewegt sich doch!’ – Patent Law on the Move*, Cologne-Berlin-Munich: Carl Heymanns Verlag, 2005. For the historical reasons for this reluctance see Christoph Antons, ‘Patent enforcement in Indonesia’, in Reto Hilty and Kung-Chung Liu (eds.), *The Enforcement of Patents: Comparing the Asian, European and American Experiences*, Alphen aan den Rijn: Kluwer Law International 2011 (in print).

⁴² Commercial Court Central Jakarta No. 06/Merek/2001/PN.NIAGA.JKT.PST of 27 February 2002, in Tim Redaksi Tatanusa (eds.), *Himpunan Putusan-putusan Pengadilan Niaga dalam Perkara Merek*, Vol. 1, Jakarta: PT Tatanusa, 2002, pp. 131-154

accompanying the provision on well-known marks (Article 6(1)(b)). The criteria are knowledge of the public about the mark in the relevant branch of enterprise, reputation because of unceasing promotion, investment in several countries and proof of registration in several countries. The court then overcame the hurdle that the mark was used for dissimilar goods by pointing to Article 16(3) of the WTO-TRIPS Agreement with its provision that Article 5bis Paris Convention was to be applied, *mutatis mutandis*, to dissimilar goods or services, “provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.” Finally, the court reconnected the argument derived from TRIPS again with the established jurisprudence that registrations applied for in bad faith had to be cancelled and decided that this was the case here, where the registration aimed at making a connection with a foreign well-known trade mark. This approach has since been used in a majority of cases.⁴³ A variation of this line of argument was developed in the case of *Morgan*, in which the Commercial Court decided that the lack of Government Regulation to provide the details for well-known trade marks and dissimilar goods meant that there was a legal void (*kekosongan hukum*) which had to be filled by turning to Article 16(3) TRIPS directly. It was then no longer necessary to discuss the bad faith of the owner of the competing registration.⁴⁴ In the case of ‘Aqua’, which in Indonesia is often used as a generic word for bottled water, the Commercial Court decided about the well-known character of the mark based on its widespread notoriety at the national level.⁴⁵ A rather straightforward case in the eyes of the courts is further were the well-known trade mark constitutes at the same

⁴³ For more recent decisions, see Commercial Court Central Jakarta, No. 20/Merek/2005/PN.Niaga.Jkt.Pst of 28 July 2005, ‘Superboy’ and Commercial Court Central Jakarta No. 21/Merek/2005/PN.Niaga.Jkt.Pst of 28 July 2005, ‘Superman’, in Tim Redaksi Tatanusa (eds.), *Himpunan Putusan-putusan Pengadilan Niaga dalam Perkara Merek*, Vol. 11, Jakarta: PT Tatanusa, 2008, pp. 287-306 and pp. 307-325; Commercial Court Central Jakarta No. 53/Merek/2005/PN.Niaga.Jkt.Pst of 12 December 2005, ‘Breadstory’ and Commercial Court No. 59/Merek/2005/PN.Niaga.Jkt.Pst of 30 January 2006, ‘Longchamp’, both in Tim Redaksi Tatanusa (eds.), *Himpunan Putusan-putusan dalam Perkara Merek*, Vol. 13, Jakarta: PT Tatanusa, 2008, pp. 87-113 and 163-194. For further examples of similar decisions, see Antons, ‘The recognition and protection of well-known trade marks’, p. 189, footnote 26.

⁴⁴ Commercial Court Central Jakarta No. 09/Merek/2001/PN.Niaga.Jkt.Pst of 12 March 2002, ‘Morgan’, in Tim Redaksi Tatanusa (eds.), *Himpunan Putusan-putusan Pengadilan Niaga dalam Perkara Merek*, Vol. 1, above note, pp. 237-256. For further examples of this line of argument see Antons, ‘The recognition and protection of well-known trade marks’, above note, p. 190, footnote 37.

⁴⁵ Commercial Court Central Jakarta No. 56/Merek/2002/PN.Niaga.Jkt.Pst of 4 March 2003, ‘Aqua’, in Tim Redaksi Tatanusa, *Himpunan Putusan-putusan Pengadilan Niaga*, Vol. 3, above note, pp. 403-430.

time the trade name of the claimant, as this further enhances the argument that the competing registration was obtained in bad faith.⁴⁶

5. Conclusion

Owners of well-known trade marks, therefore, can finally be relatively sure that the Indonesian courts will protect their trade marks.⁴⁷ However, in spite of the existence of domestic well-known marks, cases that come before the courts concern mainly foreign companies operating in Indonesia.⁴⁸ One reason for this could be that many Indonesian trade marks are relatively strong marks with a well-established reputation, because they are for products that are rather unique to a regional market, such as *kretek* cigarettes or *jamu*. Strong marks for such products may have few competitors in the minds of Indonesian consumers, who will prefer the quality that the brand seeks to guarantee. Seen from this angle, defending well-known marks may be a problem encountered predominantly by foreigners.

However, the criteria of international fame that the courts now routinely apply in assessing the character of a mark as well-known also seem to apply in a more straightforward manner to foreign brands. Typical Indonesian products such as *jamu* or *kretek* may be consumed by millions of people, but, depending on the size of the company, the owners of relevant brands may not always be able to show investment and registration in many different countries. The courts have used other criteria in such cases to protect the locally well-known mark. The

⁴⁶ Commercial Court Central Jakarta No. 033/Merek/2003/PN.Niaga.Jkt.Pst of 22 July 2003, 'Ferragamo', in: Tim Redaksi Tatanusa (eds.), *Himpunan Putusan-putusan Pengadilan Niaga dalam Perkara Merek*, Vol. 5, Jakarta: PT Tatanusa, 2005, pp. 307-324; Commercial Court Central Jakarta No. 43/Merek/2005/PN.Niaga.Jkt.Pst and No 44/Merek/2005/PN.Niaga.Jkt.Pst of 28 November 2005, 'Cesare Paciotti', in Tim Redaksi Tatanusa (eds.), *Himpunan Putusan-putusan Pengadilan Niaga dalam Perkara Merek*, Vol. 12, Jakarta: PT Tatanusa, 2008, pp. 249-272 and 273-291.

⁴⁷ For a controversial decision see Christoph Antons, 'Indonesia', in: Paul Goldstein and Joseph Straus (eds.), *Intellectual Property in Asia: Law, Economics, History and Politics*, Berlin-Heidelberg: Springer, 2009, pp. 106-107.

⁴⁸ Two cases on well-known trade marks involving local companies concerned trade marks discussed in the first part of this chapter such as 'Aqua', above note, and 'Mustika Ratu', Commercial Court Central Jakarta No. 57/Merek/2003/PN.Niaga.Jkt.Pst of 23 October 2003, in Tim Redaksi Tatanusa (eds.), *Himpunan Putusan-putusan Pengadilan Niaga dalam Perkara Merek*, Vol. 6, Jakarta: PT Tatanusa, 2005, pp. 293-334.

regulation of well-known marks is a good example of a famous feature of the Indonesian legal system that more controversial details of the law are often left open in the actual legislation to be filled in at a later stage via Governmental Regulations and other subsidiary type of regulation.⁴⁹ In the past, this approach to law making has often allowed the Indonesian government to meet international demands for new legislation, while retaining time and flexibility to work on the fine tuning. However, if there is no follow up within a reasonable period of time, then cases related to the gaps in the legislation inevitably end up in the courts or in administrative agencies. Indonesia is a civil law country and its judges and administrators tend to stay close to the letter of the law and related government guidelines. For new procedural features of the current IP laws such as injunctions, a lack of guidelines for judges has meant that they are not applied.⁵⁰ For the problem area of well-known trade marks used for dissimilar goods, the courts are now routinely applying government guidelines that make it relatively easy for brands registered and promoted in many countries to pass the test. This could become problematic, if too many brands are granted this rather exceptional status, which under the ‘bad faith’ test almost certainly leads to the further conclusion that a competing registration is infringing. In view of this very strong position for well-known brands, a mechanical application of the criteria must be avoided and the long promised government regulation of the matter would be helpful.

⁴⁹ Christoph Antons, ‘Law Reform in the ‘Developmental States’ of East and Southeast Asia’: From the Asian Crisis to September 11, 2001 and Beyond’, in: Christoph Antons and Volkmar Gessner (eds.), *Globalisation and Resistance: Law Reform in Asia since the Crisis*, Oxford and Portland, Oregon: Hart Publishing, 2007, pp. 90-92. For the difficulties of judicial review of such regulations, see Simon Butt and Tim Lindsey, ‘The people’s prosperity? Indonesian constitutional interpretation, economic reform and globalization’, in: John Gillespie and Randall Peerenboom (eds.), *Regulation in Asia: Pushing back on globalization*, London-New York: Routledge, 2009, pp. 274-275.

⁵⁰ Djamal, *Hukum Acara Hak Kekayaan Intelektual (HKI) di Indonesia*, Bandung: Pustaka Reka Cipta 2009, p. 121; A. Suryadhi, ‘MA Terbitkan Peraturan Penyitaan Sepihak untuk Kasus HKI’, *Arsip Berita*, 16 December 2009, <http://www.dgip.go.id>.