

Legal Protection against Unregistered Marks and Unfair Competition Practices (Comparative Study of Indonesia and the United States)



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ABSTRACT: Business competition cannot be avoided any more if you decide to be involved in the business sector. However, business competition is only sometimes carried out automatically, fair and healthy. There are still many business actors who compete unfairly by justifying any means to be able to maintain their business. One is for brands prone to piracy, which are identification marks of a product/service. Therefore, legal protection of brands needs to be done to obtain legal certainty. The research method used in this paper is normative legal research, which is carried out by studying literature using secondary data to solve existing problems. In Indonesia, legal protection for marks can obtain legal certainty if they are successfully registered with the Director General of Intellectual Property Rights (HKI) using the first-to-file principle regulated in the Law on Trademarks and Geographical Indications. It differs slightly from the US trademark protection system, which uses the principle of use in commerce and requires the trademark owner to register the trademark with the United States Patent and Trademark Office (USPTO) under the Lanham Act.

KEYWORDS: Brands, Lanham Act, Unfair Competition, Legal Protection, Intellectual Property Rights, UPSTO

I. INTRODUCTION

Law is needed to regulate social life in all aspects, be it social, political, or cultural life, as well as its role in economic development, which includes the business world in it.¹ In the business world, various aspects are involved, one of which is legal protection which is very important to pay attention to for the continuity of its business because business competition is undoubtedly unavoidable. Brand plays a vital role in the business world, which functions as the identity of a product or service. The brand for manufacturers is an image and a good name for the company; it is also part of the business strategy. No producer does not use a brand as an identity for the goods they produce or the services they provide. The identity embodied in the brand is both an identifier and a differentiator between the brand of a particular company and the brands of other companies.²

As we all know, a mark is a type of intellectual property right closely related to the business world because it is used as an identification and a differentiator for a product/service to be offered. Intellectual property rights are a natural right to fundamental rights owned by a person related to human intellectuals, so they must be respected and appreciated by other humans. A person who has put his effort into creating something has a natural right to control everything he has created.³

Using a brand is vital for businesses or potential consumers to recognize a product/service more efficiently. Therefore, legal protection is needed that can guarantee that the exclusive rights to use the mark is not misused by irresponsible parties such as brand piracy and can be said to want to take shortcuts regardless of those who have taken great pains to start their business until the public knows the brand. Meanwhile, consumers who have already chosen a product or service that suits their taste may be fooled because the product being imitated has a different quality than the original product, simply because the brand is not registered. Unfortunately, there are still many business actors who have not registered their trademarks at the Director General of

¹ Fadhilah, Meita. 2019. *Law Enforcement of Unfair Business Competition by the Commission for the Supervision of Business Competition (KPPU) in the Extraterritorial Framework*. Yuridika Insights Vol. 3, p. 2

² Arifin, Zaenal, Muhammad Iqbal. 2020. *Legal Protection of Unregistered Marks*. Ius Constituendum, Vol.5, p.49

³ Gultom, Meli Hertati. 2018. *Legal Protection for Registered Mark Rights Holders Against Trademark Violations*. Warta Darmawangsa, Vol. 56, p. 2

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Intellectual Property Rights (HKI) due to various factors, including the lack of awareness among business actors of the importance of obtaining legal protection for their brands in order to obtain legal certainty before the occurrence of disputes over the use of marks, limited funds for registering marks, or due to obstruction of administrative requirements stipulated in the Trademarks and Geographical Indications Law regarding mark registration. It must be watched out for business actors who want to maintain their business to remain successful, given that the competition in the business world is absolute and inevitable.

Competition is a natural part of life and business. In the principles of the business world, efforts to obtain the maximum profit is reasonable behaviour, as long as this behaviour does not lead to monopolistic practices and unfair business competition.⁴ However, not all competition in the business world is healthy. Fair competition can encourage innovation, improve the quality of products and services, and benefit consumers and society. However, unfair competition can harm businesses, consumers and society. An unfair competition system can occur when a business uses unfair tactics in competing, such as copying brands, stealing ideas, or imitating other business strategies. Therefore, legal protection for unregistered brands is vital to prevent unfair competition practices. However, exclusive rights to business actors to use their mark can only be granted if registered successfully. It is explicitly regulated in Article 3 of the Law on Trademarks and Geographical Indications, which states that "rights to a mark are obtained after the mark is registered".

It should be noted that Indonesia and the United States have both ratified the TRIP Agreement, which is an agreement regarding aspects of intellectual property rights related to trade and the Paris Convention for the Protection of Industrial Property⁵. This is interesting to note regarding the implementation of protection of intellectual property rights, both in Indonesia and the United States which have both ratified these two agreements.

Departing from this, the author wants to examine further the fate of business actors whose trademarks are not registered in Indonesia if there is a violation of the use of trademarks and/or services that harms them materially and/or immaterially and wants to know how the trademark protection system is regulated in the United States, including unregistered marks in it, which are capitalist countries and, of course, use many marks to carry out their business activities.

Problem Statement

The formulation of the problems that arise from the description of the background above is as follows:

1. How is the legal protection provided to business actors for brands not registered in Indonesia?
2. How is the trademark protection system regulated in the United States?

Research purposes

The purpose of conducting research in writing this law is as follows:

1. To understand how legal protection is provided for business actors for brands that are not registered in Indonesia;
2. To understand how the trademark protection system is regulated in the United States.

II. RESEARCH METHODS

Legal research in English is known as legal research / legal method. Abdulkadir Muhammad explained that legal research is an activity to re-examine legal concepts, legal facts, and existing legal systems to be developed, improved, and modified according to the needs of society. Furthermore, legal research also seeks to explore, seek, and find new values that are beneficial to human welfare as a result of scientific and technological developments⁶. The research approach method used in this writing is a qualitative approach, which in this study emphasizes more on analyzing techniques in depth on existing problems and is descriptive.

Furthermore, the method used in this paper is normative/doctrinal legal research, where in this research, the problems are studied using literature studies by collecting as much secondary data as possible to answer existing problems. Surjono Sukanto explained further that normative legal research includes research on legal principles, legal systematics, level of legal synchronization, legal history, and comparative law⁷.

⁴ Mantili, Rai et al. 2016. *Problems in Enforcing Business Competition Laws in Indonesia in the Context of Creating Legal Certainty*. Padjadjaran Journal of Legal Studies, Vol.3, p. 117

⁵ Steven, Yudhi Priyo Amboro. 2015. *Juridical Review of Brand Rights Protection in a Comparative Perspective of Indonesian and United States Laws*. Journal of Judicial Review, Vol. 17, p. 49

⁶ Abdulkadir Muhammad, 2004, *Law and Legal Research*, Bandung: Citra Aditya Bakti.

⁷ Soekanto, Soejono, 2005, *Introduction to Legal Research*, Jakarta: UI-PRESS

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III. DISCUSSION

1. Legal Protection of Unregistered Marks in Indonesia

Trademark rights protection in Indonesia implements a first-to-file system, which means that the right to use a mark goes to those who first register their mark with the Directorate General of Intellectual Property Rights (Dirjen HKI). It is implicitly agreed in Article 3 of the Law on Trademarks and Geographical Indications, which states that "rights to a mark are obtained after the mark is registered". If there is a dispute over the use of the mark, which in this case has harmed the business actor whose mark has not been registered, then he must be able to prove that the registered mark has at least violated the conditions set out in Articles 20 to 21 of a quo Law. or Article 21 of the Marks and Geographical Indications Act shall be deleted, null, and void.

However, the problem here is when those who incidentally are brand "hijackers" manage to register their trademark beforehand from the original owner due to various factors, so the burden of proof that must be carried out will become more difficult considering the provisions of trademark registration which are pretty detailed and challenging. It is in line with what has been regulated in Article 76 Paragraph (2) of the Law on Trademarks and Geographical Indications, which states that the owner of a mark that is not registered can file a claim for cancellation of a registered mark based on the reasons referred to in Article 20 and/or Article 21 in this Law after applying to the Minister." As for what is meant by the owner of an unregistered brand is the owner of a good faith brand whose brand is not registered or the owner of a well-known brand whose brand is not registered.

Judging from these provisions, it can be seen that legal protection for owners of unregistered marks who feel their rights have been aggrieved is complicated because the burden of proof lies entirely with the trademark owner whose rights feel aggrieved. If someone cannot prove that he/she is the first brand user, they have to accept defeat by being broadminded because the right to use the mark entirely belongs to those who successfully register their mark for the first time and are proven not to have violated the provisions of Articles 20 and/or 21 of the Law on Trademarks and Geographical Indications. The proof in question is in the form of the availability of sales invoices, proof of purchase, or other evidence showing that irresponsible persons use the mark exclusively. Based on this, business actors who until now have not registered their brands are expected to be aware of their status, which is relatively weak in front of the law if in the future there is a dispute over brand rights so that preventive measures are the best options that should be rethought to do.

2. Trademark Protection in the United States

They referred to the Lanham Act, a trademark law in the United States. The trademark protection system in the United States has the same principles as the system in force in Indonesia. Legal certainty, the exclusive right of business actors to protect their trademark rights, will be fully obtained after being registered with the authorized institution, namely the United States Patent and Trademark Office (USPTO). USPTO is an agency within the United States Department of Commerce that issues patents to inventors and inventions, trademark registrations for products and/or services, and intellectual property identification. Furthermore, USPTO has a mechanism to assist the registration process in which there are 2 (two) registration systems in the Lanham Act, namely principal registration (principal Register), which is a registration intended for all rights provided for in the Lanham Act and supplementary registration (Supplemental Register) which is a registration for those who cannot be registered with the principal⁸.

However, unregistered marks may also be protected in the United States. Unregistered trademark protection is based on a "common mark" or "common trademark." This concept refers to a mark that has become common or commonly used by the public to identify specific products or services and, therefore, cannot be protected as a registered mark. Protection of unregistered marks is guaranteed under the Lanham Act. This Act protects brand owners from unfair competition, including misleading or confusing use of a mark or use of a mark that causes damage to the brand's reputation.

Even though unregistered marks do not have the exclusive right to use the mark, brand owners can still take legal action to protect their mark from unauthorized use. Owners of unregistered brands may also use legal action known as "claim tortious interference." This action can be taken when another party uses the brand owner's mark for unauthorized purposes or is detrimental to the brand owner. Tortious interference claims can result in significant damages for infringers of the mark, including damages and termination of use of the mark. The use of marks in the United States uses the principle of use in commerce, which means that only registered marks are given the right to trade⁹

Trademarks do not have to be registered if they are not used for commercial purposes. If the brand owner wants to use his brand for business activities, the brand owner must register his brand with USPTO before it is used as an official trademark to be commercialized. Considering that the United States itself is a capitalist country which is very prone to unfair competition,

⁸ Pakpahan, Yohan Prawira. 2021. *Legal Protection for Unregistered Mark Owners in terms of the "Use In Commerce" Principle*. *Dialogia Iuridica*, Vol. 12, p. 27

⁹ *Ibid*, p.27

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trademark registration is the most appropriate step to take as the best form of prevention to protect the exclusive rights arising from the registration of trademarks, both moral rights and economic rights.

IV. CONCLUSION

1. Conclusion

Based on the description of the discussion above, it can be concluded as follows:

1. Legal protection regarding trademark rights in Indonesia has been regulated in Law Number 20 of 2016 Concerning Trademarks and Geographical Indications, a legal umbrella for business actors to enjoy exclusive rights in the form of moral and economic rights after the mark has been successfully registered. This law provides relief for owners of unregistered marks whose rights feel aggrieved by applying the form of a claim for cancellation of a registered mark based on the reasons referred to in Article 20 and/or Article 21 in this Law after applying to the Minister accompanied by solid evidence.

2. Trademark protection in the United States is based on the Lanham Act, which is a trademark law in which it is regulated that trademark registration is mandatory if it is to be used for commercial purposes at the United States Patent and Trademark Office (USPTO) by adhering to the principle of use in commerce. As for unregistered brand owners who feel their rights have been harmed because they are being used by other parties who are not responsible, such as brand piracy, they can take legal action called "claim tortious interference." This action can be taken when another party uses the brand owner's mark illegally. Or to the detriment of the brand owner. Claim tortious interference can significantly harm the brand offender, including compensation for damage and termination of use of the mark.

2. Recommendations and Suggestions

Based on the explanation above, the recommendations or suggestions that the author can provide regarding the legal protection of unregistered brands that are closely related to unfair competition in Indonesia are to overcome unfair competition that occurs; the government also needs to increase supervision of trademark violations that are not registered and impose strict sanctions on violators. In addition, the government can also increase cooperation with other stakeholders, such as business associations and non-governmental organizations, to increase awareness of the importance of trademark registration and promote sound business practices.

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