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## LEGAL PROTECTION AGAINST BRAND PASSING OFF DUE TO VIOLATIONS BY BUSINESS ACTORS IN INDONESIA

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### ABSTRACT

Intellectual Property is the result of someone's creation through their intellectual abilities. Copyrighted works can be in the form of inventions, written works and works of an artistic nature, symbols, names, images and designs which are generally used in trading activities. Intellectual Property can also be defined as ownership of ideas or information which are categorized as intangible objects as a result of someone's intellectual creativity which has economic value to own, use and prohibit the use of the idea or information in question. Legal protection for business actors who misuse the Passing Off Mark in Indonesia is carried out based on the principle that anyone who objects to a Mark which is deemed to have been registered illegally/in bad faith, can file a lawsuit for Mark cancellation. This principle is considered to fulfill a sense of justice, because it provides an opportunity to the party who first becomes the brand owner.

### KEY WORDS

Legal research, rights protection, brand.

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One of the intellectual property rights that is the object of the transaction is the right to brand names for certain goods. Trademark rights for certain goods have economic value that can be bought and sold, so it is not uncommon for trademarks to be misused by certain people to gain profits that are detrimental to the trademark owner. Misuse of Brands, such as counterfeiting Brands, and stealing other people's Brands, which harms the Brand owner, is basically an unlawful act regulated in criminal law regulations.

One of the acts of trademark infringement that is the focus of this study is the usurpation of someone else's trademark, which is known as passing off. Brand raiding is generally carried out on well-known brands originating from abroad, because these brands generally have high economic value and competitive selling power, so that brand raiders gain big profits. Value according to Boone & Kurt is the consumer's perception of the balance between the positive characteristics of a good or service and its price. However, on the other hand, trademark infringement (passing off) is very detrimental to the owner or holder of the trademark, and other parties (Tomy Michael, 2023). In this regard, clarity is needed regarding legal protection for the owners of trademarks that are stolen or falsified.

The Trademark Law in Indonesia has eliminated the constitutional rights of parallel import business actors (*Parallel Importers*) to obtain the same position and rights before the law as mandated by the Constitution in Article 28 point (d) of the 1945 Constitution of the Republic of Indonesia, which is formulated: (1) Every person has the right to recognition, guarantees, protection and fair legal certainty as well as equal treatment before the law. The elimination of the rights of parallel importers in the Trademark Law is deemed unfair to parallel importers and other parties who suffer losses. Because when parallel importers buy directly from the original brand owner, they can actually be prosecuted legally by the



perpetrator of passing off the brand. In this regard, it is deemed necessary to conduct a study regarding the legal protection of parallel import business actors for passing off marks. The problem formulation taken is legal protection for parallel import business actors for brands resulting from passing off in Indonesia based on the principle of justice.

## METHODS OF RESEARCH

This research is normative legal research (Rizaldi et al., 2022).

## RESULTS AND DISCUSSION

### Philosophy of Legal Protection for Brand Owners/holders Due to Passing Off

A trademark has the quality of being a movable object (*zaak*) and the method of acquiring ownership rights (*bezit*) is based on recognition which requires that the object controlled by the beziter is an object without owner (*res nullius*), as intended in Article 519 of the Civil Code. Specifically regarding bezit on movable objects, the principle in Article 1977 of the Civil Code applies, which states "for movable objects which do not consist of interest or receivables which do not have to be paid to the bearer, whoever controls them is deemed to be the owner." This means that whoever fixes a movable object will immediately be free from the demands of the owner (*eigenaar*).

According to the *eigendomstheorie* of Maijers, whoever commits a movable object, then he is also an *eigenaar*, whereas according to the *legitimatietheorie* of Scholten, whoever encumbers a movable object in good faith, then he will be safe and impressive as an *eigenaar*. Article 530 of the Civil Code and Article 532 of the Civil Code are exceptions to Article 1977 of the Civil Code, so that the *bezitter* does not obtain legal protection for property obtained from the *bezitter* of goods that are known not to be his. In this regard, a trademark obtained through *passing off* (brand usurpation) is not a property right (*eigendom*) obtained through *bezit*, so there is no legal protection for the perpetrator of *passing off* without bad intentions (*te kwader trouw*), but he must return it. Pay the loss, or replace the price if the object cannot be returned as intended in Article 579 of the Civil Code.

*Passing off is an unlawful act.* *Passing Off* is a term used for trademark infringement, which is carried out by someone who has no rights by registering someone else's trademark as their right without the permission of the trademark owner. For countries that adhere to the constitutive principle (*first to file*), such as Indonesia, the owner of a *passing off* Mark will be given rights by the Government if the registered Mark is not listed in the general register of Marks, and the original Mark owner does not submit an objection. In this way, the Intellectual Property Rights over the Brand resulting from passing off will be legitimized as Intellectual Property belonging to the person passing off. The purpose of *passing off* is to obtain trade monopoly rights on goods from abroad with a certain brand that are imported by many importers (*parallel import*) and traded in the territory of the country where goods with the passing off brand are traded.

*Juridical Problems of Legal Protection of Passing Off Brand Holders.* Acquisition of a Trademark through *passing off*, or based on the first to file principle adopted in Trademark registration system in Trademark Law provides law for the holder, as long as there is no objection from the original Mark owner, and it is not registered in the general register of Trademarks in Indonesia. In this regard, the owner of trademark resulting from *passing off* without permission can file a lawsuit against other people, especially perpetrators of *parallel imports*, such as *criminalizing parallel* importers on the basis of violation of trademark rights as stated in Article 100 the Trademark Law. Trademark holders resulting from passing off can assume that *parallel importers* who purchase goods produced as a result of passing off are a form of violation of elements in the provisions of criminal law, civil law, business competition law and trademark law as regulated in the Trademark Law. .

The absence of clear rules relating to the position of parallel import business actors regarding passing off marks causes the panel of judges' decision ratio to vary greatly in deciding on brand dispute violations and brand crimes. This can be seen from the *Supreme*



Court's decision in case no.1533 K/PID.SUS/2017 (Argeville), so that the decision does not fulfill a sense of justice and is not in accordance with the objectives of the law, namely legal benefits. *Ratio Decidendi* Panel of Judges in case no. 366 K/Pdt.Sus-HKI/2014 (Wong Lo Kiat) and Wong Lao Ji) has not fulfilled justice and legal certainty and only fulfills the aim of legal benefit. In case No. 49 PK/Pdt.Sus-HKI/2018 (Piere Caredin) *Ratio Decidendi* the Panel of Judges has fulfilled all legal objectives (Justice, Certainty and Benefits). In the Decision of case No. 264 K/Pdt.Sus-HKI/2015 (IKEA) *Ratio Decidendi*, the Panel of Judges clearly does not reflect the achievement of the objectives of Justice and Legal Certainty because it misuses the legal principles of *Ius Curia Novit/Curia Novit Jus and ignores the facts expressed by the judge members, thus giving birth to a Split Decision*. The *Ratio Decidendi* of the Panel of Judges in case No. 68/Pdt.Sus-Merek/2019(Predator) has fulfilled the legal objectives(Justice, Certainty and Benefits), while the analysis of the *Ratio Decidendi* of the Panel of Judges in case No. 29/Pdt.Sus/Merek/2019 has fulfilled the three legal objectives as stated by Gustav Radburch, namely Justice, Certainty and Benefit.

As a comparison regarding Intellectual Property Rights law in the event of *Passing Off*, this can be done by examining the provisions in the *Langham Act* (USA) and the *Singapore Trade Act* (Singapore) regarding the right to file a trademark cancellation lawsuit, allowing any interested party to be able to file a trademark cancellation lawsuit, especially against the party passing off the Mark. The problem with the Trademark Law is that it only gives rights to brand owners and interested parties. However, it is not explained who the interested parties are. In this regard, it is deemed necessary to expand the meaning of "Interested Party" in Article 76 paragraph (1) of the Trademark Law by expanding the meaning of "Interested Party", with the following details: (a) Registered Mark Owner, (b) Prosecutors, (c) Foundations/institutions in the consumer sector, (d) Religious councils/institutions, and (e) Any person who has been harmed and/or has an interest in the Mark due to a lawsuit or is threatened with sanctions based on Article 100 paragraph (1), (2) or Article 102 of the Trademark Law.

*Legal Protection for Passing Off Brand Owners.* Regarding legal protection, Fitzgerald explains: "that the laws to integrate and coordinate various interests in society by limiting the variety of interests such as in a traffic interest, the protection of these interests can only be done by limiting the interest on the others" (J.P. Fitzgerald 1966). Legal protection for trademarks due to trademark infringement has actually been carried out for a long time. In Indonesia, protection for intellectual property rights is further expanded, covering all works arising from intellectual activities in the world of industry, science, written or artistic works, including: Copyright, Patents, Trademarks, Geographical Indications (IG), Designs Industry, Trade Secrets, Plant Variety Protection and Integrated Circuit Layout Design (Koo, 2023).

Legal protection for brand owners in Indonesia has actually been implemented since the enactment of Law Number 15 of 2001 which was later replaced by Law Number 20 of 2016 concerning Trademarks (Trademark Law). However, this legal protection cannot be carried out properly, because substantially the Trademark Law does not regulate trademark infringement, the Trademark Law in Indonesia does not yet provide protection for the owner/holder of a Trademark that has been appropriated by someone else.

One of the brands that are very easy to imitate or counterfeit, even passing off, is a brand or trade name (*trade mark*). In Indonesia, trademarks are regulated in the Trademark and Indication Law. Brand rights play a very important role in goods and services trade activities, considering that brands as a reflection of the reputation of products and/or services are the main aspect that greatly influences consumers' decisions to make purchases.

Regarding trademark rights violations in Indonesia, the Trademark Law actually provides hope for everyone to resolve trademark issues in Indonesia. Apart from that, it is also a legal means to end acts of trademark infringement that are detrimental to the owner/holder of the trademark. The application of the constitutional principle (*first to file*) and the principle of good faith in trademark registration is actually carried out well and correctly, so that the Trademark Law is expected to be a solution and precedent for protecting all economic actors in Indonesia and can create a climate of business competition healthy one (Yuliani, 2016).



If you pay attention to the Trademark Law, legal protection for the rights to a Trademark will only be obtained after the Mark application is registered and the Mark is declared registered (in the General Register of Trademarks of the Republic of Indonesia). This is in accordance with the provisions contained in Article 3 of the Trademark Law, a form of legal protection for Trademarks given to register Trademark Owners/ Holders. If you pay attention to the provisions of Article 16 paragraph (1) of the Trademark Law, legal protection for Trademark owners/holders is preventive legal protection. The preventive legal protection provided by the Trademark Law to brand owners/holders can be understood through the provisions of Article 16 paragraph (1) of the Trademark Law, which is formulated: "Within the announcement period as intended in Article 14, each party may submit an objection individually. written to the Minister regarding the application concerned with a fee" (*J.1 On Law in Its Relation to Various Beings - Montesquieu, n.d.*).

In civil law, a lawsuit for cancellation of a trademark obtained through passing off can be carried out on the basis of Article 76 of the Trademark Law. However, Article 76 of the Trademark Law cannot be effectively used by any party who is the target of a claim or suit against the Mark Owner passing off, because the Trademark Law places restrictions on parties who can file a claim for cancellation of the Mark, namely only the original Trademark Owner (*in abroad*), prosecutors, foundations/institutions in the consumer sector, and religious assemblies/institutions which in Article 76 of the Marek Law are referred to as "interested parties".

Legal problems regarding legal protection for trademark holders resulting from passing off, especially in civil law, are related to Article 76 of the Trademark Law. Because the provisions of Article 76 theoretically conflict with the principle of equal status (treatment) before the law (*equality before the law*) as a form of equality of human rights before the law which is protected by the Constitution as expressly detailed in Article 27 of the Constitution of the Unitary State of the Republic Indonesia 1945. In relation to several problems regarding the misuse of *passing off* marks in relation to Article 76 of the Mark Law, the focus of the research covers two issues, namely: formulated as follows: 1) Characteristics of *Passing Off* in the Mark legal system in Indonesia and 2) Legal protection business actors for misuse of the *Passing Off Mark* (Dwi Saputra & Ramlan, 2021).

Based on the analysis of the problem regarding the act of passing off to obtain trademark rights belonging to another person, an argument can be put forward that the act or act of passing off according to Indonesian civil law fulfills all the qualifications and elements of an Unlawful Act (PMH) (*Onrechmatigedaad*). Apart from that, it also fulfills the elements contained in the Indonesian Criminal Code, namely those contained in Article 382 bis concerning fraudulent competition and Article 263 of the Criminal Code relating to the making of false statements that give rise to rights. The *passing off* characteristic also violates the law regulated in the Business Competition Law (UU No. 5 of 1999), and is also contrary to Article 19 letter (a) of the Business Competition Law.

## CONCLUSION

Legal protection for business actors who misuse the Passing Off Mark in Indonesia is carried out based on the principle that anyone who objects to a Mark which is deemed to have been registered illegally/in bad faith, can file a lawsuit for Mark cancellation. This principle is considered to fulfill a sense of justice, because it provides an opportunity to the party who first becomes the brand owner. Because a brand is the result of a creation based on the creativity and innovation of the owner or creator of the brand which must be respected, so that it cannot simply be taken over by someone else without permission. Legal protection for business actors for misuse of *passing off* marks, namely by adopting the rules in the Singapore Trade Act and the Lanham Act as a reconstruction of Article 76 paragraph (1) of the Trademark Law, namely anyone who objects to a mark which is deemed to have been registered illegally or in bad faith can file a trademark cancellation lawsuit to bring about changes to norms. The right to sue is based on the existence of legal rights as the owner of the Mark, namely obtained through registration.



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