

Application of the Dilution Doctrine in Trademark Registration as Legal Protection for Trademarks in Indonesia

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Abstract. *This research examines and analyzes the concept and regulation of the trademark dilution doctrine, which has long developed in the United States, as a form of legal comparison, as well as the implementation of the dilution doctrine in the substantive examination of trademark registration in Indonesia. The research method used is normative juridical research employing statutory, conceptual, comparative, and case study approaches. This study uses secondary data in the form of primary, secondary, and tertiary legal materials, which are then qualitatively analyzed. Data collection techniques involve literature study by tracing widely published written information. The results of this study show that trademark violations in Indonesia are dominated by imitation marks, thereby requiring legal reform in trademark law through the adoption of the dilution doctrine similar to that of the United States. Article 21 paragraph (1)(c) of the Indonesian Trademark and Geographical Indication Law mandates the application of the dilution doctrine, although it does not explicitly regulate it. This indicates that Indonesia has the potential to implement the dilution doctrine. However, the significant differences between the United States and Indonesia make full implementation of the doctrine difficult. One of the main challenges in implementing the dilution doctrine is the communal character of Indonesian society. When analyzed using Jeremy Bentham's Utilitarianism Theory, the result shows that implementing the dilution doctrine would produce greater pain for Indonesia. Therefore, adjustments and legal formulations are needed to accommodate the interests of all parties, including clear and detailed regulations that govern dispute resolution and evidentiary standards in court. The implementation of the dilution doctrine in substantive examination also needs to be tightened to reduce future trademark disputes.*

Keywords: *Comparison; Dilution; Doctrine; Examination; Trademark.*

1. INTRODUCTION

Trading and business activities require trademarks, which serve as distinguishing signs that allow consumers to differentiate one product from another, whether similar or not (Enny Mirfa 2016:71). Trademarks function as identifiers of origin, quality, and price differentiation (Anugraheni 2014:209). In Indonesia, trademarks are protected under the Directorate General of Intellectual Property (DJKI) of the Ministry of Law and Human Rights, forming part of the broader Intellectual Property (IP) regime alongside copyrights, patents, industrial designs, and trade secrets (Istiqmalia & Iwan 2021:408). However, current market dynamics feature numerous unfair business practices, notably the exploitation of well-known marks through *passing off*, where an infringer presents its goods as if originating from a reputable brand, causing public confusion (Hasibuan et al. 2022:335). Famous trademarks are especially vulnerable, as free riders attempt to capitalize on established goodwill without building reputation themselves (Khotimah & Rani 2022:411). Data from DJKI and the United States Trade Representative shows that Indonesia remains under the Priority Watch List due to significant IP violations reported between 2019 and 2022, with state losses attributed to IP infringement estimated at IDR 291 trillion between 2015 and 2020.

Judicial records similarly indicate the prevalence of disputes involving well-known marks: from 2019 to 2023, 95 trademark-related decisions were issued by Indonesian courts, with more than 50% involving famous marks. Between 2016 and mid-2017, the Supreme Court issued 32 decisions, 9 of which related to dilution (Roisah & Setyono 2019:306). Trademark law recognizes the doctrine of dilution, intended to protect famous marks from commercial uses that weaken their uniqueness or damage their reputation. Dilution defined as the blurring or tarnishment of a famous mark's distinctiveness (Black's Law Dictionary in Roisah & Setyono 2019:304) applies to marks that are widely recognized based on public knowledge, use, promotion, registration, and reputation (Lobo & Wauran 2021:75). Although Indonesia implicitly references dilution in Article 21(1)(c) of the Trademark and Geographical Indications Law (Law No. 20/2016), the statute does not explicitly define anti-dilution protection, making practical application difficult.

The doctrine originated in Germany in 1924 and developed further in the United States after Frank I. Schechter introduced dilution theory in *The Rational Basis of Trademark Protection* (Vuk 1997:863). Schechter emphasized that trademarks serve not merely as consumer information tools but as "silent salesmen," linking producer reputation directly to consumers. The U.S. later codified dilution through the Trademark Dilution Revision Act (TDRA) of 2006, recognizing two forms: blurring and tarnishment (Roisah & Setyono 2019:305). Blurring weakens a mark's distinctiveness, as illustrated in *Louis Vuitton v. Haute Diggity Dog*, where "Chewy Vuiton" diluted the prestige of the original luxury brand (Lou 2024:47–48). Tarnishment involves negative associations, exemplified in *Hormel Foods v. Jim Henson Productions*, where the character "Spa'am" suggested damaging links to the SPAM meat product (Macias & Cervino 2017:347).

Several factors promote the exploitation of famous marks. Economically, high trademark reputation increases goodwill an intangible but valuable asset influencing firm performance (Permatasari & Ratnaningsih 2023:2052). Culturally, consumer preferences often prioritize social status over authenticity, encouraging widespread use of counterfeit or imitation goods (Khotimah & Rani 2022:414–416). Legally, the Trademark Law lacks explicit definitions of famous marks and passing off, creating uncertainty and

inconsistent judicial decisions (Khotimah & Rani 2022:417). Institutionally, weaknesses in DJKI's substantive examination allow confusingly similar marks to pass registration despite Article 21's prohibitions (Khotimah & Rani 2022:418).

A recent example is the dispute between the German PUMA brand and an Indonesian PUMA insect repellent manufacturer (Decision No. 16/Pdt.Sus-HKI/Merek/2023/PN Niaga Jkt.Pst.). Despite differences in product classes, the Indonesian mark's approval caused significant confusion due to visual similarity and overlapping aesthetic product lines. The absence of clear dilution regulations prolonged litigation and hindered judicial reasoning.

Dilution is essential not for consumer protection but for safeguarding the unique, persuasive value of trademarks as property (Kim 2001:722–723). While DJKI conducts preventive programs such as the SPPBKI initiative to reduce IP violations, internal preventive mechanisms especially incorporating dilution standards into substantive examination remain lacking. Article 21(1)(c)'s vague reference to "certain requirements" for famous marks remains undefined, producing a regulatory vacuum with substantial practical consequences.

This legal gap underscores the need to incorporate dilution doctrine into trademark examination procedures. Doing so would reduce the registration of potentially infringing marks, alleviate judicial burdens, and support fair competition. Examining the established U.S. framework provides insight into how dilution could be integrated into Indonesian law while considering domestic challenges and practical feasibility.

2. RESEARCH METHODS

This study employs a normative or doctrinal legal research method, emphasizing law as a set of norms functioning as behavioral guidelines within society (Ishaq 2017:66). According to Soerjono Soekanto and Sri Mamudji, normative legal research relies solely on library materials or secondary data (Soekanto & Mamudji 2009:13–14). Several research approaches are used to address the legal issues examined, namely the statutory approach, conceptual approach, case approach, and comparative approach (Muhaimin 2020:55–57). The statutory approach is conducted by reviewing all regulations related to the research problem; the conceptual approach examines relevant legal doctrines to develop definitions, concepts, and principles; the case approach analyzes judicial decisions related to trademark dilution; and the comparative approach compares Indonesian law with foreign legal systems to identify similarities and differences (Marzuki 2017:93–95).

The study relies on secondary data consisting of primary, secondary, and tertiary legal materials (Ishaq 2017:68). Primary legal materials include the 1945 Constitution, Law No. 20/2016 on Trademarks and Geographical Indications, Minister of Law and Human Rights Regulation No. 67/2016 on Trademark Registration, the Paris Convention, TRIPs Agreement, the Trademark Dilution Revision Act of 2006, and the Lanham Act. Secondary legal materials cover books on trademark protection and dilution doctrine, national and international journals, articles, judicial decisions, as well as official information from the Directorate General of Intellectual Property such as modules and annual reports. Tertiary materials include dictionaries, encyclopedias, and cumulative indexes that provide clarification and reference for primary and secondary sources.

Data collection is carried out through library research by examining widely published written legal materials (Ishaq 2017:68). The collected data are analyzed qualitatively through systematic interpretation of concepts, theories, statutes, doctrines, expert opinions, and the researcher's analytical reasoning (Marzuki 2017:93–95).

3. RESULTS AND DISCUSSION

3.1. The Concept and Regulation of the Trademark Dilution Doctrine in the United States

Trademark infringement generally arises when another party, whether or not they have registered their mark, uses a well-known registered trademark in a way that obscures the origin of goods and creates potential consumer confusion. The United States, which pays significant attention to trademark law, regulates this through the Lanham Act, and later sharpened the scope of infringement through the Trademark Dilution Revision Act of 2006 (TDRA). Dilution differs fundamentally from ordinary infringement because it does not require proof of a likelihood of confusion; instead, it focuses on the harm caused to a famous mark's reputation.

1. The Concept of the Dilution Doctrine in the United States

Frank Schechter is widely regarded as the founder of dilution theory, especially through his 1927 article *The Rational Basis of Trademark Protection*. His earlier historical critique of early-twentieth-century trademark law emphasized its inability to keep pace with modern commerce after the Industrial Revolution. Schechter viewed dilution as the gradual "whittling away" or dispersion of a mark's identity and selling power through its use on unrelated goods. This "whittling down," even without consumer confusion, was a harm requiring legal protection. According to him, preserving a mark's uniqueness was the only rational basis for trademark protection (Paul Edward Kim, 724–725).

Black's Law Dictionary defines dilution as a reduction in the value distinctiveness or uniqueness—of a famous mark through *blurring* or *tarnishment*, even without considering confusion or unfair competition (Yenny Laidy et al., 1667). INTA similarly defines dilution as unauthorized use of a unique mark that blurs its distinctiveness or tarnishes its reputation, even absent confusion (Yenny Laidy et al., 1668). Thus, dilution refers to the erosion of a famous mark's ability to identify a unique source.

The Federal Trademark Dilution Act of 1995 (FTDA) first provided a federal definition, later revised by the TDRA (2006), which classifies dilution into blurring and tarnishment (Jadranka Dabovic Anastasovska & Zdraveva, 265).

a. Blurring

Section 2(2)(b) TDRA defines dilution by blurring as an association arising from similarity between a mark and a famous mark that impairs the latter's distinctiveness. Courts may consider: (i) degree of similarity, (ii) inherent or acquired distinctiveness, (iii) extent of substantially exclusive use, (iv) degree of recognition, (v) intent to associate, and (vi) actual association.

b. Tarnishment

Section 2(2)(c) defines tarnishment as an association arising from similarity that harms the reputation of the famous mark.

Dilution does not only cause material loss but also cognitive burdens on consumers. When confronted with two unrelated uses of the same mark, consumers experience processing difficulty that weakens mental associations with the famous brand. For example, when Brooklyn residents encountered a micro-bar called “Apple,” the association between “Apple” and the tech company became diluted, slowing consumer recognition and undermining the famous mark’s established associations (Barton Beebe et al., 614).

TDRA Section 2(3) provides exceptions where dilution is not actionable, such as fair use (nominative or descriptive), comparative advertising, parody, commentary, news reporting, and noncommercial use. Lanham Act §43(c)(2) further states that owners of famous marks are entitled primarily to injunctive relief unless the defendant acted willfully, in which case monetary remedies may also apply.

International law likewise protects famous marks. First, under Article 6 bis (1) of the Paris Convention, member states must refuse or cancel registration of marks that reproduce or imitate well-known marks for identical or similar goods, if likely to cause confusion. Second, Article 4(1)(b) of the Joint Recommendation on Well-Known Marks (JRWKM) extends protection to different goods/services if (i) the use suggests a connection and harms interests, (ii) weakens the distinctive character, or (iii) takes unfair advantage of the famous mark. Third, TRIPS Article 16(3) applies Paris 6bis mutatis mutandis to non-similar goods if the use indicates a connection and likely harms the famous mark. These developments form the basis of anti-dilution law globally. However, not all countries including Indonesia have fully or explicitly adopted detailed anti-dilution provisions.

2. Regulation and Implementation of the Dilution Doctrine in the United States

In Indonesia, dilution appears only implicitly in Article 21(1)(c) of the Trademark Law (UU MIG), which protects famous marks for dissimilar goods when meeting unspecified “certain requirements.” The absence of clear criteria causes interpretive inconsistency and practical difficulty for regulators.

In contrast, U.S. law expressly recognizes dilution as independent trademark infringement. Courts, however, are divided on the evidentiary burden in blurring cases. Most courts hold that plaintiffs need only prove that consumers associate the defendant’s mark with the famous mark (Beebe et al., 616). Under this majority approach, mere association suffices; proof of actual loss or diminished distinctiveness is unnecessary. Other courts require evidence of actual impairment of distinctiveness, implying a higher causation standard.

Scholars propose two empirical requirements for courts evaluating blurring: (a) Proof of harm evidence that association weakens distinctiveness or reputation.

(b) Strength of association testing measurement of consumer perception to determine whether the defendant's mark reduces the mental link between the famous mark and its established attributes. Yet, this method is ineffective for marks with extremely strong recognition, which may show resistance to dilution effects.

Despite empirical challenges, dilution remains actionable, not because of quantifiable economic loss but because it prevents unauthorized free-riding on the fame of a well-known mark.

3.2. Implementation of the Trademark Dilution Doctrine in the Substantive Examination of Trademark Registration in Indonesia

The implementation of the trademark dilution doctrine in the substantive examination of trademark registration in Indonesia remains limited due to the absence of explicit regulatory provisions governing dilution in the Trademark and Geographical Indication Law (Law No. 20/2016). Substantive examination conducted by the Directorate General of Intellectual Property (DJKI) primarily relies on the standard criteria of "similarity in essence," "similarity as a whole," and "bad faith," which correspond to the likelihood-of-confusion test rather than the independent doctrine of dilution known in the United States under the Lanham Act and the Trademark Dilution Revision Act of 2006 (TDRA). In contrast, dilution doctrine evaluates harm to the distinctiveness or reputation of a famous trademark, regardless of consumer confusion or similarity of goods, and is divided into blurring and tarnishment.

Indonesian substantive examination is structured to ensure that a trademark application does not violate prior registered marks, focusing on visual, phonetic, and conceptual similarity. This method aligns with civil law principles prioritizing codified norms but fails to accommodate cases where a mark may weaken the uniqueness or image of a famous mark without causing confusion. In the United States, dilution is actionable even when the goods or services are entirely unrelated; for example, using a highly distinctive mark like "Google" for unrelated goods could be rejected solely due to its capacity to erode distinctiveness. This principle forms a core difference between Indonesia's system and the American model (TDRA 2006).

Although Indonesia's Law No. 20/2016 provides rudimentary protection for well-known marks across classes through Article 21(1)(b), the provision is tied to similarity and does not address reputational harm or distinctiveness dilution. This structure means that DJKI can only refuse applications if the degree of similarity is substantial enough to meet the legal threshold of confusion or imitation. The law does not empower examiners to reject marks that merely create associative links capable of blurring or tarnishing a famous mark. As a result, Indonesia's system inadvertently allows registration of marks that might dilute famous trademarks in the international sense, especially when used for unrelated goods.

The lack of explicit dilution provisions also produces practical challenges for examiners. Without technical guidelines that incorporate dilution standards such as degree of fame, association strength, or harm to distinctiveness examiners cannot uniformly assess cases involving potential dilution. While DJKI's Examination Manual lists detailed criteria for assessing similarity, it lacks any doctrinal guidance on dilution, leading to inconsistent decisions when dealing with imitation of well-known marks. Consequently, some

trademark applicants are able to register marks that evoke famous marks for unrelated goods, weakening trademark protection and increasing future dispute risks.

One of the main issues in implementing dilution in the Indonesian substantive examination process is the heavy reliance on *bad faith* as the basis for rejection when examining imitation of well-known trademarks. Unlike dilution doctrine, which is objective and focuses on harm to the mark's distinctiveness or reputation, a bad-faith determination requires subjective proof of the applicant's intention, making it far more difficult to enforce. The standard of proof for bad faith in Indonesia demands evidence demonstrating intentional copying, benefiting from another mark's reputation, or mala fide conduct. This requirement often creates evidentiary challenges that would not exist under a pure dilution framework.

Internationally, the protection of famous marks has evolved toward a cross-class model, emphasizing the safeguarding of distinctiveness and reputation as essential intellectual property values. Agreements such as the Paris Convention and TRIPs encourage member states to provide extended protection to well-known marks, including protection against dilution-like harm. Indonesia is a party to both instruments, indicating that the adoption of dilution principles would be consistent with its international obligations. However, because Indonesia adheres to the civil law tradition, changes must be codified clearly in legislation to avoid ambiguity and ensure enforceability. Without explicit statutory recognition of dilution, DJKI's authority remains constrained.

Another complication arises from Indonesia's socio-economic and cultural context. The communal nature of Indonesian society, combined with lower public awareness regarding trademark distinctiveness, makes dilution a concept that may be perceived as overly protective of corporate interests. Jeremy Bentham's utilitarian analysis suggests that a law must promote the greatest happiness for the greatest number. Strict enforcement of dilution, particularly blurring and tarnishment, may disproportionately restrict smaller businesses attempting to adopt marks perceived as attractive or marketable, thereby generating greater societal "pain" than "pleasure." This analysis implies that any integration of dilution doctrine into Indonesian law must be carefully balanced to avoid excessive burdens on micro and small enterprises while still enhancing protection for well-known marks.

The absence of dilution doctrine also results in increased trademark disputes. Many trademark conflicts arise from registrations that mimic well-known marks in unrelated sectors cases that would typically be resolved at the examination stage under a dilution framework. Without dilution-based rejection grounds, such disputes often escalate into litigation, which is costly, time-consuming, and inefficient. Strengthening substantive examination through dilution principles could significantly reduce trademark conflict rates and enhance legal certainty for brand owners.

In order to integrate dilution doctrine into Indonesia's substantive examination process, the legal framework must undergo reform. The Trademark Law must explicitly define dilution, including blurring and tarnishment, followed by establishing measurable indicators for examiners. These indicators could include: (1) level of fame of the senior mark; (2) degree of similarity or association created; (3) potential harm to distinctiveness; (4) potential damage to reputation; and (5) evidence of public association. Such criteria would align with international best practices and ensure

examiner consistency. Additionally, the Examination Manual should be updated to include structural guidelines for assessing dilution.

Regulatory reform must also include procedural provisions governing dispute resolution and evidentiary standards for dilution claims. A clear procedural framework would reduce ambiguity, prevent inconsistent court decisions, and strengthen Indonesia's position in global intellectual property protection. Ultimately, integrating dilution doctrine into substantive examination will enhance trademark protection, reduce the risk of reputation damage, and promote fair competition in the market.

In conclusion, the implementation of the dilution doctrine in Indonesia's substantive trademark examination remains limited due to the absence of explicit statutory basis, lack of evaluative indicators, reliance on bad-faith assessment, and differences in legal tradition compared to jurisdictions like the United States. To improve trademark protection and align with global standards, Indonesia must incorporate explicit dilution provisions into the Trademark Law, develop clear examination guidelines, and establish a balanced regulatory framework that considers both legal certainty and economic realities. Such reforms would significantly strengthen Indonesia's trademark system and address the increasing challenges posed by globalization and digital commerce.

4. CONCLUSION

In conclusion, the two discussions collectively demonstrate that the application of the trademark dilution doctrine remains crucial for strengthening substantive examination and enhancing legal certainty in Indonesia's trademark registration system. The evolution of the doctrine in the United States shows how dilution particularly blurring and tarnishment serves to protect famous marks beyond the traditional likelihood-of-confusion test, ensuring that a mark's distinctiveness and reputation are preserved from gradual appropriation by unrelated parties. Meanwhile, the Indonesian context reveals that although elements resembling dilution are implicitly recognized within the criteria of similarity, reputation, and bad faith under the Trademark Law, the absence of an explicit doctrinal framework leads to inconsistencies in administrative examination and judicial interpretation. These gaps result in varying thresholds for assessing fame, inconsistent evaluation of economic harm, and limited preventive protection for well-known marks. Therefore, the synthesis of both analyses indicates the urgent need for clearer normative formulation, standardized evidentiary parameters, and harmonized guidelines that integrate dilution-based considerations into trademark examination in Indonesia, ensuring that protection of famous marks becomes more coherent, predictable, and aligned with international best practices.

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