IJLR: International Journal of Law Reconstruction
Volume 8, Number 2, September 2024
DOI: https://dx.doi.org/10.26532/ijlr.v8i2.38068

SUBSTANTIATION OF WELL-KNOWN TRADEMARKS IN INDONESIAN TRADEMARK DISPUTES: LEGAL ANALYSIS AND CASE STUDY

Lu Sudirman
Faculty of Law, Universitas Internasional Batam, Indonesia
lu@uib.ac.id

Hari Sutra Disemadi
Faculty of Law, Universitas Internasional Batam, Indonesia
hari@uib.ac.id

Winda Fitri
Faculty of Law, Universitas Internasional Batam, Indonesia
winda@uib.ac.id

David Tan
Faculty of Law, Universitas Internasional Batam, Indonesia
david@uib.ac.id

Abstract

Trademark protection is important because of its role in representing a brand's integrity. The effort to protect trademark rights is therefore essential in ensuring that the brand's integrity does not suffer any erosion, even if it means going for a lawsuit. This research is conducted to analyze the challenges in pursuing a lawsuit to protect trademark rights, particularly in proving what constitutes a well-known trademark. This research utilized the normative legal research method to analyze the existing positive law in Indonesia, particularly regarding the protection of trademarks. The conceptual analysis supported by the normative research method used in this research found that most of the literature favors the effort to protect trademarks, as it covers a significant portion of a brand's strategy and perception in the public eye. However, the case study found that the reality of this pathway can be difficult, where there is a possibility that a decision can be made not based on a sound ratio decidendi, or even the lack thereof.

Keywords: *Well-Known Trademarks; Trademark Disputes; Case Study; Intellectual Property Rights.*

A. INTRODUCTION

In the rapid advance of globalization, trademarks emerge as pivotal assets underpinning the business sustainability of entities.[1] They serve not

[1] Delfi Aurelia Kuasa, Erni, and Hari Sutra Disemadi, "Urgensi Pendaftaran Merek Bagi Umkm Di Masa Pandemi Covid-19 Di Indonesia," *Jurnal Yustisiabel* 6, no. 1 (2022): 1-23.

merely as identifiers but also as representations of quality and consumer trust. From an even wider point of view, trademarks are also an important part of legal awareness, as the respect that people have for trademarks as intellectual property indicates the status of legal culture in a country.[2] Legal culture is particularly important as it can significantly affect the prevalence of intellectual property rights (IPR) infringements overall, including trademarks, which have fallen victim to many kinds of infringements. Ultimately, the objectives of trademark law, along with its beneficiaries, should guide us to handle injunctions related to trademarks differently compared to those related to intellectual property rights.[3] In Indonesia, legal regulations concerning trademarks are governed by Law Number 20 of 2016 on Trademarks and Geographical Indications (Trademarks and GI Law). This law provides a legal foundation for trademark holders to shield their trademarks from illicit use by others and to resolve any ensuing trademark disputes.[4]

Within the legal context of Indonesia, trademark protection is conferred upon registration. However, legal protection for registered trademarks is not guaranteed; in certain instances, if sufficient reasons are present, trademark registration can be revoked or canceled.[5] This indicates that there could be exploitable legal loopholes within the Indonesian legal system. These loopholes, in turn, can lead to legal disputes between business entities or regarding trademark utilization. Trademark disputes can also happen based on purely civil grounds, such as disagreement or dispute on specific elements of a contract, which is particularly common in the case of trademark switching.[6] On infringement grounds, trademark disputes can happen when a person or a business entity utilizes a registered trademark without the rights holder's permission. This is where well-known trademarks are often abused by an infringer, who without good faith, wants to bring about the benefits to his own business,[7] while risking and potentially destroying the reputation that the

---

[2] Muhammad Deovan Reondy Putra and Hari Sutra Disemadi, "Counterfeit Culture Dalam Perkembangan UMKM: Suatu Kajian Kekayaan Intelektual," *KRTHA BHAYANGKARA* 16, no. 2 (2022): 297–314.

[3] Mark A. Lemley, "Did Ebay Irreparably Injure Trademark Law?," *Notre Dame Law Review* 92, no. 4 (2017): 1795–1814.

[4] Hari Sutra Disemadi, *Mengenal Perlindungan Kekayaan Intelektual Di Indonesia* (Depok: Rajawali Pres, 2023); Khelvin Risandi and Hari Sutra Disemadi, "Pemalsuan Merek Sepatu Di Indonesia: Pengaturan Dan Sanksi?," *Jurnal Komunikasi Hukum (JKH)* 8, no. 2 (2022): 315–326.

[5] Intan Purnamasari, "Perlindungan Hukum Terhadap Merek Terkenal Di Indonesia (Studi Kasus Putusan MA Nomor 264K/PDT.SUS-HKI//2015)," *Jurnal Ilmu Hukum: ALETHEA* 2, no. 1 (2018): 1–16.

[6] Darwance and Sudarto, "The Legal Politic of Regulation for Trademark Registration Systems in Indonesia," *Berumpun: International Journal of Social, Politics, and Humanities* 4, no. 1 (2021): 70–81.

[7] Shujie Feng, "Trademark Trolls in China: Reasons and Solutions of the Serious Market Disturbing Problem," *Tsinghua China Law Review* 11, no. 2 (2019): 257–292.

trademark has. Trademark disputes are common legal issues in business practice. The resolution of trademark disputes mainly revolves around the certainty of legal rights, an essential aspect of trade.[8] Additionally, the resolution of disputes concerning registered and well-known trademarks bears significant implications in actualizing legal protection.[9] Indonesia, as a country with a huge economy and even bigger economic potential, is constantly grappling with this dispute in many of its courts. Various trademark dispute cases in Indonesia have set valuable legal precedents and imparted crucial lessons to business actors and trademark holders on how registered and well-known trademarks are recognized and protected within the Indonesian legal system.

A conceptual understanding of what a trademark essentially is is exhaustively explained by a study conducted by Utama and Masrur, who explained that a trademark is something that is affixed or attached to a product and not the product itself.[10] However, it also detailed that this does not mean consumers who buy the products cannot enjoy a trademark. Therefore, what the consumer really gets from the trademark is a sense of clarity regarding the quality and reputation of the products bought under that trademark. A study conducted by Afif & Heru explored the legal protection for well-known trademarks based on positive law in Indonesia, focusing on the equivalence of fundamental elements in trademark disputes.[11] The study emphasized that the most important element in protecting the rights of trademark holders, including the well-known ones, is the principle of legal certainty.

The legal system itself is made to deliver justice, along with procedural justice as the key antecedent of justice.[12] However, the courts are not run perfectly without mistakes, leading to many undesirable decisions, at least from some perspectives of objective analysis. According to a study by Lunney, a conceptual reason is that courts are bound by their own procedures, which are directed by the parties involved. When presented with a specific legal rule, the parties decide to either abide by or break the rule. They choose whether to litigate or settle the ensuing dispute. Additionally, they decide on the

---

[8] Sonny Engelbert Palendeng, Merry E. Kalalo, and Deasy Soeikromo, "Penyelesaian Sengketa Merek Dagang Dikaitkan Dengan Kepastian Hukum Hak Kekayaan Intelektual," *Supremasi Hukum: Jurnal Penelitian Hukum* XVI, no. 2 (2021): 274–286.

[9] Yusuf Gunawan, "Penyelesaian Sengketa Merek Terdaftar Dan Merek Terkenal Dalam Mewujudkan Perlindungan Hukum," *IBLAM LAW REVIEW* 2, no. 2 (2022): 141–164.

[10] Alvin Mulia Utama and Devica Rully Masrur, "Perlindungan Merek Terkenal Yang Telah Di Daftarkan Di Indonesia Berdasarkan Undang-Undang Nomor 20 Tahun 2016 Tentang Merek Dan Indikasi Geografis," *JCA of Law* 1, no. 1 (2020): 7–16.

[11] Muhamad Shafwan Afif and Heru Sugiyono, "Perlindungan Hukum Bagi Pemegang Merek Terkenal Di Indonesia," *JURNAL USM LAW REVIEW* 4, no. 2 (2021): 565-585.

[12] Tom R. Tyler and Jonathan Jackson, "Popular Legitimacy and the Exercise of Legal Authority: Motivating Compliance, Cooperation, and Engagement," *Psychology, Public Policy, and Law* 20, no. 1 (2014): 78–95.

arguments and theories to present, providing the court with the necessary information to resolve the disagreement.[13]

The literature review above shows a significant research gap, which lies in the lack of exploration of how procedural justice in courts can sometimes undermine the substantive protection of trademarks, particularly in well-known trademark disputes, particularly in Indonesia. This study aims to fill this gap by analyzing Decision Number 9/Pdt.Sus-Merek/2023/PN.Niaga.Jkt.Pst as an important material to be analyzed for the mentioned purposes, with a well-known trademark as the main object of analysis. The analysis is based on *ratio decidendi*, which unravels the underlying principles that guided the court's judgment in this particular trademark dispute, shedding light on how such principles might be applied in future cases within the Indonesian legal framework.

B. RESEARCH METHODS

This research utilized the normative legal research method to analyze the existing positive law in Indonesia,[14] particularly regarding the protection of trademarks. This method is chosen as it can provide a thorough analysis of the relevant legal norms and how those norms interact with the legal issues to be discussed, which is relevant in analyzing a case. To support the analysis, this research employed the case study approach by analyzing a court decision regarding a trademark dispute involving a well-known trademark. The case used in this research was Decision Number 9/Pdt.Sus-Merek/2023/PN.Niaga.Jkt.Pst, which was analyzed according to the theory of *ratio decidendi*, based on the reasonings and arguments used in the court process and the relevant laws and regulations. The relevant laws and regulations used are Law Number 20 of 2016 concerning Trademarks and Geographical Indications, Minister of Law and Human Rights Regulation Number 67 of 2016 concerning Trademark Registration, and Regulation of the Minister of Law and Human Rights Number 12 of 2021 concerning Amendments to Regulation of the Minister of Law and Human Rights Number 67 of 2016 concerning Trademark Registration.

[13] Glynn S. Lunney, "Trademark's Judicial de-Evolution: Why Courts Get Trademark Cases Wrong Repeatedly," *California Law Review* 106, no. 4 (2018): 1195–1276.

[14] Hari Sutra Disemadi, "Lenses of Legal Research: A Descriptive Essay on Legal Research Methodologies," *Journal of Judicial Review* 24, no. 2 (2022): 289–304.

C. RESULTS AND DISCUSSION

1. Trademarks and Its Importance on Branding and Legal Culture

Trademarks play a crucial role in branding by acting as a unique identifier for businesses.[15] They represent the brand's identity, acting as a unique identifier and making a brand easily recognizable to consumers.[16] Trademarks protect commercial signs that identify companies and their products, distinguishing them from others, which is fundamental for building a brand's reputation in a market.[17] Additionally, trademarks are an essential aspect in protecting intangible brand assets while also ensuring a competitive advantage for the brand in the market to protect the brand's interests.[18] A framework presented in one study classifies trademarks into two categories: brand-identification trademarks and brand-association trademarks, suggesting that they are indicators of firm efforts to build brand awareness and associations among consumers.[19] The relatedness of trademarks to product and service innovation is fundamentally intertwined with a brand's strategy, showcasing the importance of trademarks in branding efforts.[20]

The legal culture surrounding trademarks in Indonesia has evolved over the years. The initial Trademark Law of 1885 laid the foundation for trademark regulations in the country, evolving to the current Law Number 20 of 2016 concerning Trademarks and Geographical Indications (Trademark and GI Law). The legal politics of the intellectual property rights legal framework also saw a shift through the ratification of the Paris Convention for the Protection of Industrial Property (Paris Convention 1883), which gave legal protection to well-known marks, even if they were not registered within the Indonesian intellectual property rights system yet.[21] This change created a problematic environment for the Indonesian intellectual property rights system, which is based on its foundational first-to-file system of protection. Therefore, despite the numerous changes brought to the legal framework of trademark protection, Indonesia still faces challenges in defining well-known trademarks and, in the context of trademark disputes, substantiating a well-known

[15] Hari Sutra Disemadi and Wiranto Mustamin, "Pembajakan Merek Dalam Tatanan Hukum Kekayaan Intelektual Di Indonesia," *Jurnal Komunikasi Hukum* 6, no. 1 (2020): 83–94.

[16] Ade Borami Ju and Hari Sutra Disemadi, "Effectiveness of Culinary Industry MSME Brand Protection in Batam City," *Amnesti Jurnal Hukum* 5, no. 1 (2023): 15–32.

[17] Dirk Crass and Franz Schwiebacher, "The Importance of Trademark Protection for Product Differentiation and Innovation," *Economia e Politica Industriale* 44, no. 2 (2017): 199–220.

[18] Alexander Krasnikov and Satish Jayachandran, "Building Brand Assets: The Role of Trademark Rights," *Journal of Marketing Research* 59, no. 5 (2022): 1059–1082.

[19] Alexander Krasnikov, Saurabh Mishra, and David Orozco, "Evaluating the Financial Impact of Branding Using Trademarks: A Framework and Empirical Evidence," *Journal of Marketing* 73, no. 6 (2009): 154–166.

[20] Meindert Flikkema et al., "Trademarks' Relatedness to Product and Service Innovation: A Branding Strategy Approach," *Research Policy* 48, no. 6 (2019): 1340–1353.

[21] Darwance and Sudarto, "The Legal Politic,"

trademark in an Indonesian court of law. This issue makes the enforcement of trademark rights a significant and ever-evolving concern, especially with the rise of globalization and digital technologies, both of which heavily influence the Indonesian economy today.[22] Infringement can lead to civil liability and even criminal sanctions, thus necessitating a robust legal framework for trademark protection to create strong legal protection, according to Article 61 of the TRIPs Agreement.[23]

The legal culture in Indonesia, marked by its evolving trademark laws, is an important part of branding strategies for companies selling and marketing their products/services in Indonesia.[24] The legacy of Dutch law played a substantial role in shaping Indonesia's early trademark regulations, which has since transitioned to a more independent legal framework post-independence and an even more developed system post-reformation. Legal culture plays an important role in an economy as it influences how businesses approach branding, especially in how they register and protect their trademarks to build and maintain their brand reputation.[25] This factor is especially relevant with the advent of online shopping through many e-commerce platforms, where emerging economies have witnessed significant growth with trademark protection as one of its key factors.[26] Trademarks initially served as distinguishing elements for brands, but their function has evolved to represent the brand's reputation through its distinctive image, logos, and other elements.

Generally, branding strategies are significantly influenced by the legal culture surrounding trademarks. Legal culture, in the context of branding, must start from the brand itself by promoting legally responsible behavior to reflect the value of legal culture in a society.[27] The legal framework guides how businesses register and protect their trademarks, which in turn shapes their branding strategies. The success of branding efforts is often reliant on the ability of businesses to secure and enforce their trademark rights, underscoring the close relationship between branding and legal culture.

---

[22] Cita Citrawinda Noerhadi, "Cybercrimes and Alternative Settlement of Intellectual Property (IPR) Disputes in Indonesia," *International Journal of Cyber Criminology* 16, no. 1 (2022): 89–109.

[23] Amol M. Sapatnekar, "Realizing the Reality of Article 61 of TRIPS," *Journal of Intellectual Property Rights* 27, no. 2 (2022): 130–140.

[24] Lidia Kando Br Gea and Hari Sutra Disemadi, "Relation Between The Awarenees of Culinary Msme Actors and Trademark Protection," *Jurnal Supremasi* 12, No. 2 (2022): 1–16.

[25] Anis Mashdurohatun, Gunarto Gunarto, and Lathifah Hanim, "The Urgency of Legal Protection to the Trademarks in the Global Era," *Jurnal Pembaharuan Hukum* 5, no. 3 (2018): 259–276.

[26] James Agarwal and Terry Wu, "Factors Influencing Growth Potential of E-Commerce in Emerging Economies: An Institution-Based N-OLI Framework and Research Propositions," *Thunderbird International Business Review* 57, no. 3 (2015): 197–215.

[27] Yuanqiong He and Kin Keung Lai, "The Effect of Corporate Social Responsibility on Brand Loyalty: The Mediating Role of Brand Image," *Total Quality Management and Business Excellence* 25, no. 3–4 (2014): 249–263.

Furthermore, the protection of trademarks is also important not just as a part of a brand's marketing strategy but also its longevity, by crucially preventing trademark dilution.[28]

The evolving legal culture presents both challenges and opportunities for branding in Indonesia. While the legal framework provides a basis for trademark protection, enforcement can be challenging, necessitating businesses to be proactive in safeguarding their trademarks. On the flip side, a robust legal framework for trademark protection can enhance the credibility and recognition of brands, fostering a conducive environment for branding endeavors while also creating a conducive business atmosphere that fosters creativity and innovation. These developments have made trademarks a trigger for disputes, necessitating a robust legal framework for their protection.

2. Importance of Taking Legal Action Against Intellectual Property Rights Infringements

The enforcement of intellectual property rights laws plays a pivotal role in fostering economic growth, notably through catalyzing productivity spillovers from Foreign Direct Investment (FDI) to domestic firms. A meta-analysis of 49 studies reveals a direct positive impact of public intellectual property rights enforcement strength on horizontal productivity spillovers from inward FDI to domestic firms, despite the fact that it also indicates a negative moderating effect on the relationship between intellectual property rights law protection strength and productivity spillovers to domestic companies.[29] This shows a clear link where both the strength and enforcement of intellectual property rights laws are important for getting the most economic benefits from FDI.

Legal support also theoretically helps the organizational management of a brand, as it provides a strong foundation for legal certainty and deterrence to infringements, which in turn can help increase productivity to attract even more FDI. It has also been underlined that the significance of robust intellectual property rights law protection and enforcement does affect horizontal productivity spillovers from inward FDI to domestic firms in host countries. It was observed that most World Trade Organization (WTO) members adopted strong and rigid intellectual property rights legislation,

[28] Davidson Heath and Christopher Mace, "The Strategic Effects of Trademark Protection," *Review of Financial Studies* 33, no. 4 (2020): 1848–1877. Trademark dilution refers to the erosion of brand value when an imitator or unauthorized entity emerges in the market. It is the biggest negative impact of a trademark rights infringement. See, W. Macías and J. Cerviño, "Trademark Dilution and Its Practical Effect on Purchase Decision," *Spanish Journal of Marketing - ESIC* 21, no. 1 (2017): 1–13.

[29] Danai Christopoulou et al., "IPR Law Protection and Enforcement and the Effect on Horizontal Productivity Spillovers from Inward FDI to Domestic Firms: A Meta-Analysis," *Management International Review* 61, no. 2 (2021): 235–266.

largely driven by external pressures originating from the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement, which, in turn, impacted public intellectual property rights enforcement mechanisms.[30]

The strength and enforcement of intellectual property rights are essential in fostering innovation within a nation.[31] One study posited that a country's capacity to utilize new technology, often referred to as national absorptive capacity, significantly depends on the effect of intellectual property rights on innovation. The research employed various statistical models to account for differences between countries, underscoring the complex nature of creativity and innovation in an economy and how the protection of intellectual property affects it.[32] Trademarks, specifically, have a unique relationship with innovations. Trademarks can play the role of a proxy for innovation.[33] Different than patents and copyrights that can directly influence the culture of innovation, a trademark can only affect innovation when a company that owns that trademark actively tries to innovate. Therefore, the trademark here plays the role of strengthening the 'innovative' identity of a company. On the other hand, when a company is not actively trying to innovate, trademarks have been found to affect innovation, as being 'innovative negatively' is not a part of that company's identity. Furthermore, by looking at intellectual property rights as instruments in promoting innovation, technological progress, and, by extension, economic growth, a legal system needs to facilitate every effort to enforce these benefits fully.

The infringement of intellectual property rights presents a serious threat to innovation.[34] Increased occurrence of intellectual property rights infringement has been found to dissuade companies from maintaining a steady level of product quality to deter the entry of copycats, thereby stagnating innovation.[35] This behavior stifles competitive drive and brand integrity and subsequently lowers the demand for innovative products in the market.

---

30 Christopoulou et al., "IPR Law Protection,"

31 Lu Sudirman and Hari Sutra Disemadi, "The Role of Indonesian Online Marketplace in Intellectual Property Rights Infringements: A Comparative Analysis," *Jurnal Pembaharuan Hukum* 10, no. 1 (2023): 90–103.

32 Saïd Hammami, "The Effect of Intellectual Property Protection on Innovation: Empirical Analysis of Developing Countries Panel," *African Journal of Science, Technology, Innovation and Development* 13, no. 4 (2021): 397–405.

33 Philipp Schautschick and Christine Greenhalgh, "Empirical Studies of Trade Marks – The Existing Economic Literature," *Economics of Innovation and New Technology* 25, no. 4 (2016): 358–390.

34 Hari Sutra Disemadi and Lu Sudirman, "Unleashing Indonesia's Traditional Knowledge: Navigating Legal Challenges in a Changing Landscape," *Al-Risalah: Forum Kajian Hukum dan Sosial Kemasyarakatan* 23, no. 1 (2023): 33–46.

35 Robert G. Bone, "Rights and Remedies in Trademark Law: The Curious Distinction between Trademark Infringement and Unfair Competition," *Texas Law Review* 98, no. Symposium Issue (2020): 1187–1217.

Trademark infringement also presents a significant issue to the connection between competition for innovation, brand integrity, and consumer demand. Due to the fact that trademark infringement can also harm consumers' interests by creating confusion, consumers who realize this will lose trust in a brand's integrity. From this perspective, a trademark serves the function of reducing search costs by providing a dependable indicator that the consumers can reliably take from their previous product experiences.[36]

Additionally, legal frameworks that aim at optimal deterrence of intellectual property rights infringements are necessary. This is because the doctrinal structure of various IP regimes concerning disgorgement can help prevent future infringements from happening. Disgorgement is the remedy aimed at depriving entities who are actively infringing trademark rights and have benefitted from it. This is in line with the findings of a study that outlined the fact that trademark law, among other regimes such as copyright, design patent, and trade secret, is the most consistent when it comes to conventional restitutionary principles as a part of the goal of optimally deterring intellectual property infringement, thereby preserving the sanctity of intellectual property and promoting innovation.[37]

In a scenario where companies engage in open innovation, intellectual property rights protection can, albeit seemingly counterintuitive, play a vital role. On the surface, open innovation, which encourages sharing and collaboration, appears to be at odds with intellectual property rights, which is about protecting and restricting access to certain ideas or information. In open innovations, companies should ensure proper protection before collaborating with outside parties to avoid unwanted sharing of knowledge, typically through the application of intellectual property rights that the company considers vital and not willing to share.[38] It not only prevents misappropriation of innovations but also facilitates the secure sharing of technology and solutions among different entities. This safety net provided by intellectual property rights enables companies to engage in collaborative innovation without the fear of intellectual theft and prevent unwanted leaks of intellectual properties while also accelerating the pace of technological advancements through a conducive environment that fosters innovation and creativity.

Effective, well-designed, and balanced Intellectual Property (IP) systems are known to fuel innovation, growth, and investment. Balance is

[36] Matthew G. Sipe, "A Fragility Theory of Trademark Functionality," *University of Pennsylvania Law Review* 169, no. 6 (2021): 1825–1899.

[37] Pamela Samuelson, John M. Golden, and Mark P. Gergen, "Recalibrating the Disgorgement Remedy in Intellectual Property Cases," *Boston University Law Review* 100, no. 6 (2020): 1999–2083.

[38] Alexander Brem, Petra A Nylund, and Emma L Hitchen, "Open Innovation and Intellectual Property Rights," *Management Decision* 55, no. 6 (2017): 1285–1306.

important in an intellectual property rights system, as intellectual property rights should not be used purely as a tool for monopolizing a market, showing an important link between intellectual property rights protection and the antitrust system. There is a correlation between intellectual property rights and economic development, as intellectual property rights create an enabling environment that fosters innovation and attracts investment.[39] A qualitative study even showed that without a good intellectual property rights system, the development of a bad legal culture could spread not just among companies but also among consumers. When frequently exposed to counterfeit products, consumers may begin to care less about the fact that by buying counterfeit items, they are supporting the culture of intellectual property rights infringements.[40]

However, the discourse around the effort to strengthen intellectual property rights systems in developing countries, along with its impacts, is rather unique. For quite some time, some economic policymakers in developing countries have resisted the pressure to strengthen their intellectual property rights systems and create a rigid intellectual property rights system. They're often supported by the success of high-tech industries in regions like Asia as evidence that maintaining relatively weak intellectual property rights systems during certain stages of economic development could act as an infant industry strategy by creating fewer barriers for entities to enter a certain market. This strategy is thought to foster domestic innovation and technological learning by allowing for a degree of technology replication and modification to adapt to previously known problems.[41] However, it is important to note that this is not a long-term strategy and may vary according to the unique conditions of many developing countries.

In developing countries, balancing the importance of protecting intellectual property rights and fostering innovation is not always an obvious one-way street. In fact, a model developed to illustrate the trade-off between protecting intellectual property rights and allowing some form of imitation from well-known foreign intellectual property rights showed that innovations in a developing country increase with its intellectual property rights, and a balance is essential to foster both domestic innovation and technological learning from abroad. Based on the model, it is observed that tighter intellectual property rights lower real innovation by local firms in developing countries and boost

[39] Nikolaos Papageorgiadis et al., "The Characteristics of Intellectual Property Rights Regimes: How Formal and Informal Institutions Affect Outward FDI Location," *International Business Review* 29, no. 1 (2020): 1–11.

[40] Putra and Disemadi, "Counterfeit Culture."

[41] Lee Branstetter, "Intellectual Property Rights, Innovation and Development: Is Asia Different?," *Millennial Asia* 8, no. 1 (2017): 5–25.

innovation by firms in developed countries but do not necessarily enhance innovation worldwide.[42]

The mentioned issues make it hard for companies to make decisions on whether or not they need to pursue a lawsuit to tackle infringements, which is especially more common in developing countries. Additionally, the illicit nature of intellectual property rights infringements inherently makes them hard to measure.[43] While creating original work can be costly and time-consuming, intellectual property rights infringement might incur relatively few penalties yet result in high profits.

Additionally, some producers have even found ways to increase their counterfeiting quality while still maximizing profits. The digital environment amplifies these challenges due to the rapid increase of online piracy and other related factors, which is now a thriving sector of counterfeiting in and out of itself.[44] The digitalization of copyrighted works, encompassing text, music, and video, has significantly increased the efficiency of unauthorized copying. Available digital technologies make it much easier to copy and share digital content, often without the rightful owner's knowledge or consent.[45] The legal system might not be able to fully adapt to the challenges brought by digital technology like this, making the digital space a rather fertile ground for IPR infringements. This is often described within the concept of regulatory lag, which is a common phenomenon that is brought by disruptions such as digital transformation.

The judicial system's role in adjudicating trademark disputes is essential as it safeguards the rights of trademark holders and ensures that justice is served according to the existing laws. Courts are essential platforms for trademark rights holders to seek help when their rights are infringed, providing a formal setting for the resolution of disputes based on established legal principles and evidence. Through a meticulous examination of trademark infringement cases, courts ascertain the veracity of claims, ensuring that trademark rights are upheld and that infringing parties are held accountable. The adjudication process is designed to be thorough and impartial, thereby providing a fair trial to all parties involved. A fair trial is fundamental as it not only vindicates the rights of trademark holders but also serves as a deterrent

[42] Emmanuelle Auriol, Sara Biancini, and Rodrigo Paillacar, "Universal Intellectual Property Rights: Too Much of a Good Thing?," *International Journal of Industrial Organization* 65 (2019): 51–81.

[43] Suhui Dong, "Study on the Application of Punitive Damages for Copyright Infringement," *Academic Journal of Management and Social Sciences* 3, no. 2 (2023): 127–131.

[44] Zeliha Eser et al., "Counterfeit Supply Chains," *Procedia Economics and Finance* 23 (2015): 412–421.

[45] Ravish Ranjan, "Trademark Infringement Issue in Cyberspace," *Indian Journal of Law and Legal Research* IV, no. VI (2023): 1–14.

to potential infringers, thereby maintaining the integrity of the trademark system.[46]

3. Analysis of Court Decision

Decision Number 9/Pdt.Sus-Merek/2023/PN.Niaga.Jkt.Pst is a court decision of a legal dispute initiated by Jollibee Foods Corporation as the rightful trademark holder of Jollibee, a multi-national food chain. The case was initiated in court after the plaintiff noticed a plastic bag using their registered 'Jollibee' trademark. The plastic bag was even registered by the defendant without the permission of the rightful holder of the 'Jollibee' trademark. The plaintiff demanded that the defendant's trademark be canceled by substantiating the registration of the trademark that has changed throughout the year, with only the combination of letters 'j-o-l-l-i-b-e-e' remaining unchanged. The lawsuit was filed accordingly, as it is supported by Article 76 of Law Number 20 of 2016 concerning Trademark and Geographical Indication (Trademark and GI Law). The plaintiff also accused the defendant of registering their trademark with bad intentions.

In proving that the trademark was indeed a well-known trademark, the plaintiff referred to Article 21 paragraph (1) of Trademark and GI Law and also mistakenly quoted Article 17 paragraph (1) of the Minister of Law and Human Rights Regulation Number 12 of 2021 concerning Amendments to Regulation of the Minister of Law and Human Rights Number 67 of 2016 concerning Trademark Registration (Revised Implementing Regulation of Trademark Law). The latter was mistakenly referred to by the plaintiff because the regulation did not amend Article 17 of the previous regulation. The correct source was Article 17, paragraph (1) of Regulation of the Minister of Law and Human Rights Number 67 of 2016 concerning Trademark Registration (Implementing Regulation of Trademark Law). The article stated that "The assessment of similarities in principle as intended in Article 16 paragraph (2) is carried out by paying attention to similarities caused by the presence of dominant elements between one Mark and another, thereby giving the impression of similarities, whether regarding form, method of placement, method of writing or a combination of these. elements, or similarities in speech sounds, contained in the Mark."

Furthermore, to analyze what constitutes a well-known trademark, plaintiff referred to Article 18 of the Implementing Regulation of Trademark Law, which stated that "In determining the criteria for a Mark as a well-known Mark as intended in paragraph (1), this is done by considering, a) the level of public knowledge or recognition of the Mark in the relevant business field as a

[46] Glynn S. Lunney, Jr., "Trademark Law's De-Evolution: Why Courts Get Trademark Cases Wrong Repeatedly," *California Law Review* 106 (2016): 1195–1276.

well-known Mark; b) the volume of sales of goods and/or services and profits obtained from the use of the mark by the owner; c) the market share controlled by the Mark in relation to the circulation of goods and/or services in society; d) area coverage of the Mark's use; e) the period of use of the Mark; f) Brand intensity and promotion, including the investment value used for such promotion; g) Mark registration or application for Mark registration in other countries; h) the level of success of law enforcement in the field of Marks, particularly regarding the recognition of the Mark as a well-known Mark by the competent authority; or i) the value attached to the Mark is obtained because of the reputation and guarantee of the quality of the goods and/or services protected by the Mark."

Among many important legal precedents brought forth by the plaintiff, the most relevant was the one from 1998: "Permanent Jurisprudence of the Supreme Court of the Republic of Indonesia Number 279 PK/Pdt/1992 dated 6 January 1998, a mark can be considered to be substantially or completely similar to a mark belonging to another party if there are, similarity of form; similarity of composition; similarity of combinations; similarity of elements; sound similarity; phonetic similarity; or similarity in appearance."

Before analyzing the decision, it is important to note that the defendant denied claims made by the plaintiff, and for the bit about bad intention, the defendant, in their exception request, stated the fact that they had registered the trademark according to the existing laws and regulations. This argument holds no significance as, according to the explanation of Article 21 paragraph (3), bad intention in trademark registration is the registration of a trademark with the intention of copying an already existing one. Here, the defendant, instead of defending the creative process behind the trademark, merely referred to the fact the trademark registration had undergone due legal processes.

An interesting analysis from the court came with the substantiation of a well-known trademark. The court implicitly argued that fulfilling the normative elements in Article 21 paragraph (1) letter b, as explained in the explanation of the article, was not sufficient in proving that it is a well-known brand. The court did not provide further details on why it was sufficient, despite the fact that it was perfectly aligned with the existing legal source, Trademark and GI Law. This was also against many precedents, such as: a) Decision Number 55/Brand/2003/PN.Niaga.Jkt.Pst.; b) Decision Number 016/PK/Pdt.sus/2008, which has been strengthened by Supreme Court Cassation Decision Number 02/K/N/HaKI/2007, as well as the Judicial Review Decision of the Supreme Court of the Republic of Indonesia Number 016/PK/pdt.Sus/2008; and c) Decision Number 67/Brand/2003/PN.Niaga.Jkt.Pst, and etc. Furthermore, despite the evidence

of registration in other countries, that court did not consider the evidence as a part of "investment in other countries" as normatively governed by the Trademark and GI Law.

From the perspective of *ratio decidendi*, the absence of further elucidation of this reasoning was deafening, as it was never clear why the judges made that reasoning. Judges then referred to Article 18 paragraph (3) of the Implementing Regulation of Trademark Law, which consists of a longer list of considerations of what constitutes a well-known trademark. However, it is important to note that the list itself was not made as a requirement but rather a mere consideration. Normatively, this is significantly different from what is governed by Trademark and GI Law. Explanation of Article 21 paragraph (1) letter b firmly states that it requires an actual substantiation. Additionally, this reasoning is also against the principle of *lex superior derogate legi inferiori,* which states that legislative regulations that have a lower level in the hierarchy of statutory regulations must not conflict with those that are higher.

Furthermore, the judges also considered the bad faith argument from the plaintiff to be wrong by not even addressing the creative process behind the creation of the disputed trademark, which the defendant has been avoiding in detail. By avoiding any focus on this, the court implicitly considered that the trademark registration had undergone due process of law for it to be registered legally. Again, this was also not supported by *ratio decidendi*, as there was no further elucidation from the judges for this reasoning. The only assumption to be made here is that the judges considered the Trademark Office to be legally infallible by assuming that all registered trademarks must have gone through the perfect, legally undeniable due process of law. *Ratio decidendi* of the judges showed in their decision regarding the bad intention argument, which is based on the argument that the plaintiff never explained when the trademark became well-known, while also going back to the previous argument on Article 18 of the Implementing Trademark Law. However, there is no legal basis that forces the plaintiff to elucidate further when their trademark became well-known. The substantiation effort required by Article 21 paragraph (1) letter b was supposed to serve as telling evidence on when the trademark approximately became well-known. This argument, in the end, was flawed because there is no *ratio decidendi* that the judges could establish further to support their baseless "chronological evidence" reasoning. In the end, the court decided to deny all of the plaintiff's claim in its entirety and punished them to pay for the legal proceeding fees. However, the court paper detailed a contrasting result, where the plaintiff's claim in its entirety was also denied, but the defendant was punished to pay for the legal proceedings

costing nearly two million rupiah. Again, there is no explanation whatsoever for these contradicting results coming from the same legal proceeding.

D. CONCLUSION

This research ultimately found much evidence from the literature that there is a significant need to protect trademarks, even to the extent of pursuing a lawsuit to protect a brand's interests. However, normative analysis based on a case study showed that the reality of pursuing a lawsuit to protect a brand's integrity is risky at best due to the possibility that judges might not always use a sound *ratio decidendi* in their legal thinking process to a decision. The issue of substantiating well-known trademarks is a complex issue due to the existence of the Implementing Regulation of the Trademark Law, which details a list of considerations for determining what a well-known trademark is. This is rather normatively confusing and even contradictory to the nature of the legal norms presented by the relevant provisions, as the exhaustive list in the Implementing Regulation of the Trademark Law serves as considerations, unlike the one found in the Trademark Law. The limitation of this research lies in the fact that there are limited resources regarding the reasonings made by the judges, which were found to be rather confusing. Future research can dive into similar cases involving a well-known trademark to analyze if there are any parallels that could explain some of the reasonings made by the case study analyzed here.

BIBLIOGRAPHY

Journal Articles:

Afif, Muhamad Shafwan, and Heru Sugiyono. "Perlindungan Hukum Bagi Pemegang Merek Terkenal Di Indonesia." *Jurnal USM Law Review* 4, no. 2 (2021): 565-585.

Agarwal, James, and Terry Wu. "Factors Influencing Growth Potential of E-Commerce in Emerging Economies: An Institution-Based N-OLI Framework and Research Propositions." *Thunderbird International Business Review* 57, no. 3 (2015): 197–215.

Auriol, Emmanuelle, Sara Biancini, and Rodrigo Paillacar. "Universal Intellectual Property Rights: Too Much of a Good Thing?" *International Journal of Industrial Organization* 65 (2019): 51–81.

Bone, Robert G. "Rights and Remedies in Trademark Law: The Curious Distinction between Trademark Infringement and Unfair Competition." *Texas Law Review* 98, no. Symposium Issue (2020): 1187–1217.

Branstetter, Lee. "Intellectual Property Rights, Innovation and Development: Is Asia Different?" *Millennial Asia* 8, no. 1 (2017): 5–25.

Brem, Alexander, Petra A Nylund, and Emma L Hitchen. "Open Innovation and Intellectual Property Rights." *Management Decision* 55, no. 6 (2017): 1285–1306.

Christopoulou, Danai, Nikolaos Papageorgiadis, Chengang Wang, and Georgios Magkonis. "IPR Law Protection and Enforcement and the Effect on Horizontal Productivity Spillovers from Inward FDI to Domestic Firms: A Meta-Analysis." *Management International Review* 61, no. 2 (2021): 235–266.

Crass, Dirk, and Franz Schwiebacher. "The Importance of Trademark Protection for Product Differentiation and Innovation." *Economia e Politica Industriale* 44, no. 2 (2017): 199–220.

Darwance, Darwance, and Sudarto Sudarto. "The Legal Politic of Regulation for Trademark Registration Systems in Indonesia." *Berumpun: International Journal of Social, Politics, and Humanities* 4, no. 1 (2021): 70–81.

Disemadi, Hari Sutra. "Lenses of Legal Research: A Descriptive Essay on Legal Research Methodologies." *Journal of Judicial Review* 24, no. 2 (2022): 289–304.

Disemadi, Hari Sutra, and Wiranto Mustamin. "Pembajakan Merek Dalam Tatanan Hukum Kekayaan Intelektual Di Indonesia." *Jurnal Komunikasi Hukum* 6, no. 1 (2020): 83–94.

Disemadi, Hari Sutra, and Lu Sudirman. "Unleashing Indonesia's Traditional Knowledge: Navigating Legal Challenges in a Changing Landscape." *Al-Risalah: Forum Kajian Hukum dan Sosial Kemasyarakatan* 23, no. 1 (2023): 33–46.

Dong, Suhui. "Study on the Application of Punitive Damages for Copyright Infringement." *Academic Journal of Management and Social Sciences* 3, no. 2 (2023): 127–131.

Eser, Zeliha, Bahar Kurtulmusoglu, Adnan Bicaksiz, and Selay Ilgaz Sumer. "Counterfeit Supply Chains." *Procedia Economics and Finance* 23 (2015): 412–421.

Feng, Shujie. "Trademark Trolls in China: Reasons and Solutions of the Serious Market Disturbing Problem." *Tsinghua China Law Review* 11, no. 2 (2019): 257–292.

Flikkema, Meindert, Carolina Castaldi, Ard-Pieter de Man, and Marcel Seip. "Trademarks' Relatedness to Product and Service Innovation: A Branding Strategy Approach." *Research Policy* 48, no. 6 (2019): 1340–1353.

Gea, Lidia Kando Br, and Hari Sutra Disemadi. "Relation Between The Awarenees of Culinary Msme Actors and Trademark Protection." *Jurnal Supremasi* 12, No. 2 (2022): 1–16.

Gunawan, Yusuf. "Penyelesaian Sengketa Merek Terdaftar Dan Merek Terkenal Dalam Mewujudkan Perlindungan Hukum." *IBLAM LAW REVIEW* 2, no. 2 (2022): 141–164.

Hammami, Saïd. "The Effect of Intellectual Property Protection on Innovation: Empirical Analysis of Developing Countries Panel." *African Journal of Science, Technology, Innovation and Development* 13, no. 4 (2021): 397–405.

He, Yuanqiong, and Kin Keung Lai. "The Effect of Corporate Social Responsibility on Brand Loyalty: The Mediating Role of Brand Image." *Total Quality Management and Business Excellence* 25, no. 3–4 (2014): 249–263.

Heath, Davidson, and Christopher Mace. "The Strategic Effects of Trademark Protection." *Review of Financial Studies* 33, no. 4 (2020): 1848–1877.

Ju, Ade Borami, and Hari Sutra Disemadi. "Effectiveness of Culinary Industry MSME Brand Protection in Batam City." *Amnesti Jurnal Hukum* 5, no. 1 (2023): 15–32.

Krasnikov, Alexander, and Satish Jayachandran. "Building Brand Assets: The Role of Trademark Rights." *Journal of Marketing Research* 59, no. 5 (2022): 1059–1082.

Krasnikov, Alexander, Saurabh Mishra, and David Orozco. "Evaluating the Financial Impact of Branding Using Trademarks: A Framework and Empirical Evidence." *Journal of Marketing* 73, no. 6 (2009): 154–166.

Kuasa, Delfi Aurelia, Erni Erni, and Hari Sutra Disemadi. "Urgensi Pendaftaran Merek Bagi Umkm Di Masa Pandemi Covid-19 Di Indonesia." *Jurnal Yustisiabel* 6, no. 1 (2022): 1-23.

Lemley, Mark A. "Did Ebay Irreparably Injure Trademark Law?" *Notre Dame Law Review* 92, no. 4 (2017): 1795–1814.

Lunney, Glynn S. "Trademark's Judicial de-Evolution: Why Courts Get Trademark Cases Wrong Repeatedly." *California Law Review* 106, no. 4 (2018): 1195–1276.

Lunney, Jr., Glynn S. "Trademark Law's De-Evolution: Why Courts Get Trademark Cases Wrong Repeatedly." *California Law Review* 106 (2016): 1195–1276.

Macías, W, and J Cerviño. "Trademark Dilution and Its Practical Effect on Purchase Decision." *Spanish Journal of Marketing - ESIC* 21, no. 1 (2017): 1–13.

Mashdurohatun, Anis, Gunarto Gunarto, and Lathifah Hanim. "The Urgency of Legal Protection to the Trademarks in the Global Era." *Jurnal Pembaharuan Hukum* 5, no. 3 (2018): 259–276.

Noerhadi, Cita Citrawinda. "Cybercrimes and Alternative Settlement of Intellectual Property (IPR) Disputes in Indonesia." *International Journal of Cyber Criminology* 16, no. 1 (2022): 89–109.

Palendeng, Sonny Engelbert, Merry E. Kalalo, and Deasy Soeikromo. "Penyelesaian Sengketa Merek Dagang Dikaitkan Dengan Kepastian Hukum Hak Kekayaan Intelektual." *Supremasi Hukum: Jurnal Penelitian Hukum* XVI, no. 2 (2021): 274–286.

Papageorgiadis, Nikolaos, Frank McDonald, Chengang Wang, and Palitha Konara. "The Characteristics of Intellectual Property Rights Regimes: How Formal and Informal Institutions Affect Outward FDI Location." *International Business Review* 29, no. 1 (2020): 1–11.

Purnamasari, Intan. "Perlindungan Hukum Terhadap Merek Terkenal Di Indonesia (Studi Kasus Putusan MA Nomor 264K/PDT.SUS-HKI//2015)." *Jurnal Ilmu Hukum: ALETHEA* 2, no. 1 (2018): 1–16.

Putra, Muhammad Deovan Reondy, and Hari Sutra Disemadi. "Counterfeit Culture Dalam Perkembangan UMKM: Suatu Kajian Kekayaan Intelektual." *KRTHA BHAYANGKARA* 16, no. 2 (2022): 297–314.

Ranjan, Ravish. "Trademark Infringement Issue in Cyberspace." *Indian Journal of Law and Legal Research* IV, no. VI (2023): 1–14.

Risandi, Khelvin, and Hari Sutra Disemadi. "Pemalsuan Merek Sepatu Di Indonesia: Pengaturan Dan Sanksi?" *Jurnal Komunikasi Hukum (JKH)* 8, no. 2 (2022): 315–326.

Samuelson, Pamela, John M. Golden, and Mark P. Gergen. "Recalibrating the Disgorgement Remedy in Intellectual Property Cases." *Boston University Law Review* 100, no. 6 (2020): 1999–2083.

Sapatnekar, Amol M. "Realizing the Reality of Article 61 of TRIPS." *Journal of Intellectual Property Rights* 27, no. 2 (2022): 130–140.

Schautschick, Philipp, and Christine Greenhalgh. "Empirical Studies of Trade Marks – The Existing Economic Literature." *Economics of Innovation and New Technology* 25, no. 4 (2016): 358–390.

Sipe, Matthew G. "A Fragility Theory of Trademark Functionality." *University of Pennsylvania Law Review* 169, no. 6 (2021): 1825–1899.

Sudirman, Lu, and Hari Sutra Disemadi. "The Role of Indonesian Online Marketplace in Intellectual Property Rights Infringements: A Comparative Analysis." *Jurnal Pembaharuan Hukum* 10, no. 1 (2023): 90–103.

Tyler, Tom R., and Jonathan Jackson. "Popular Legitimacy and the Exercise of Legal Authority: Motivating Compliance, Cooperation, and Engagement." *Psychology, Public Policy, and Law* 20, no. 1 (2014): 78–95.

Utama, Alvin Mulia, and Devica Rully Masrur. "Perlindungan Merek Terkenal Yang Telah Di Daftarkan Di Indonesia Berdasarkan Undang-Undang Nomor 20 Tahun 2016 Tentang Merek Dan Indikasi Geografis." *JCA of Law* 1, no. 1 (2020): 7–16.

Books:

Disemadi, Hari Sutra. *Mengenal Perlindungan Kekayaan Intelektual Di Indonesia*. Depok: Rajawali Pres, 2023.