



Legal Protection of Brand Rights Holders for Brands Counterfeiting in E-Commerce in Indonesia

Gede Angga Prawirayuda, I Nyoman Putu Budiarta, Ni Luh Made Mahendrawati

Program Pascasarjana Magister Hukum, Universitas Warmadewa, Denpasar-Indonesia

prawirayuda.official@gmail.com

Published: 15/09/2020

How to cite (in APA style):

Prawirayuda, G. A., Budiarta, I. N. P., & Mahendrawati, N. L. M. (2020). Legal Protection of Brand Rights Holders for Brands Counterfeiting in E-Commerce in Indonesia. *Jurnal Hukum Prasada*, 7(2), 96-101. doi: <https://doi.org/10.22225/jhp.7.2.2301.96-101>

Abstract

The most detrimental thing is the use of domain names on internet networks that often use company name, brand and services without permission from the brand owner. The position of the brand is very important in the world of advertising and marketing. That happens because consumers in choosing a product related to the reputation of a brand, based on a sense of trust in the experience in using products with that brand. Aside from being a differentiator of a product with other products, a brand is also a valuable and commercial asset that has moral rights and economic rights. This study aims to analyse the preventive and repressive legal protection of trademark rights holders in e-commerce transactions. This research was conducted using the normative legal research method. The results of this study indicate that the preventive legal protection of trademark rights holders in e-commerce transactions is to register the trademark. The emphasis on preventive protection in this research is related to guarantees of the exercise of rights for brand rights holders in e-commerce transactions. That the presence of the government by drafting the Electronic Commerce Act and conducting socialization related to the legal protection of the parties in e-commerce is expected to be able to provide legal certainty of legal protection. Repressive legal protection in resolving trademark disputes is expected to create a guarantee for the enforcement of the rights of registered trademark rights holders in e-commerce transactions. Settlement of trademark disputes in e-commerce transactions can be done in 2 (two) ways, namely litigation and non-litigation.

Keyword: Legal Protection; Brand Rights Holders; Brand Counterfeiting; E-Commerce.

INTRODUCTION

The growth and development of usage in the Internet trade sector, has its own consequences for brand protection. The most detrimental thing is the use of domain names on internet networks that often use company names, trademarks and services without permission from the brand rights holders. The position of the brand is very important in the world of advertising and marketing. That happens because consumers in choosing a product consider the reputation of a brand, based on trust in experience in using products with that brand. Aside from being a differentiator of a product with other products, a brand is also a valuable and commercial asset that has moral rights and economic rights. Thus, it becomes commonplace if many business actor focus on selling a brand without being accompanied by the quality of the products it sells. Business actors try to sell the brand so consumers are interested, try and finally believe in the product. Many business actors compete in various ways or efforts to market their own brands even though it will harm competitors or other business actors.

This often happens in the dynamics of electronic commerce or e-commerce in Indonesia which not only harms the consumers themselves but also harms the brand rights

holders in the event of violations in the form of the circulation of counterfeit brands on behalf of their brands. So this will have a direct impact on the image and good name of their brand. And then it can have an impact on material and immaterial losses for the brand rights holders.

Regarding the brand rights holders who have been severely harmed by the circulation of counterfeit brands, it is deemed necessary to have a regulation in the form of a Law on E-commerce which is expected to be able to provide legal protection for brand rights holders over the circulation of counterfeit brands in e-commerce in Indonesia. But until today the Law of the Republic of Indonesia Number 20 of 2016 Regarding Trademarks and Geographical Indications there is no clear regulation regarding legal protection and sanctions against trademark violations, whereas in Law No 7 of 2014 concerning Trade (the Trade Law) it does not regulate much about e-commerce. In the Trade Law in Chapter IX concerning Trade Protection and Safeguard, there is no regulation regarding protection in e-commerce transactions, both legal protection on the consumer side and legal protection on business actors/brand rights holders.

Even the Law of the Republic of Indonesia Number 11 of 2008 concerning Information and Electronic Transactions which is predicted to be able to provide solutions and become guidelines in e-commerce does not at all regulate how legal protection of trademark rights holders, when there is a violation or abuse in the form of counterfeiting of a brand.

Therefore, it is necessary to revise regulations relating to brand protection in e-commerce, namely Law Number 20 of 2016 Regarding Trademark and Geographical Indications, Law No. 7 of 2014 concerning Trade, Law of the Republic of Indonesia Number 11 of 2008 concerning Information and Electronic Transactions. In practice there are so many cases that eventually set a bad precedent for other business actors to falsify the brand without ever having strict sanctions from law enforcement or reprimands from the Indonesian e-commerce association because of the legal vacuum in e-commerce arrangements, especially related to legal protection against business actors in this study are brand rights holders. Thus, this study aims to analyse the preventive and repressive legal protection of trademark rights holders in e-commerce transactions.

METHOD

The research method in this study uses the Juridical-Normative research method. The legal approach, the conceptual approach, the analytical approach, and the philosophical approach are the research approaches used by the researcher. Whereas document study or literature study is a technique used. The technique of collecting legal materials is carried out by an inventory procedure of primary, secondary and tertiary legal materials that are consistent with this study. This research is focused on examining the void of norms of the Republic of Indonesia Law Number 20 of 2016 Regarding Brand and Geographical Indications, Law No. 7 of 2014 concerning Trade, and Law of the Republic of Indonesia Number 11 of 2008 concerning Information and Electronic Transactions.

DISCUSSION

Preventive Legal Protection of Brand Rights Holders in E-Commerce Transactions

Brand Protection Regulation in Indonesia.

Trademark is regulated in Article 1 point 1 of Law Number 20 of 2016 concerning Trademarks and Geographical Indications. In trademarks there is a recognition of the rights to trademarks as stated in Law Number 20 of 2016 concerning Trademarks and Geographical Indications, namely the rights to trademarks granted by the state to the owner Trademarks that are registered for a certain period of time by using the Trademarks themselves or giving permission to other parties to use them. In general, the rights to a trademark can be defined as 'the right that guarantees legal protection to the trademark owner, and is the sole owner who has the right to use and prohibit anyone from owning and using it'.

Thus, the right to a trademark contains two things, first, using the brand itself, and secondly, giving permission to other parties to use the brand. Brand rights are a special right to give respect and incentives for developing intellectual power for healthy competition and public welfare (Firmansyah, 2011).

Regulation of Legal Protection for E-Commerce in Indonesia

The rapid development of information technology requires the existence of a new legal instrument in the trading system in Indonesia. To protect electronic users, the Government of the Republic of Indonesia has issued Law No. 11 of 2008 concerning Information and electronic transactions. This law regulates electronic transactions which according to Article 1 paragraph (2) of the Information and electronic transactions law, electronic transactions are legal acts carried out using computers, computer networks, and / or other electronic media.

Information and electronic transactions law also requires businesses to provide complete and correct information, as regulated in Article 9 of the Information and electronic transactions Law. The law is experiencing an imbalance between the protections of the parties involved in e-commerce. That in Article 28 paragraph (1) of the Information and electronic transactions law only regulates the protection of consumers. Whereas in the Information and electronic transactions law there is no clear regulation regarding legal protection for brand rights holders or business actors who are parties to e-commerce transactions. Thus, although in the Information and electronic transactions law there are several provisions governing problems in e-commerce transactions, but it cannot accommodate all the problems that occur in the practice of e-commerce transactions, especially regarding legal protection for business actors. Regarding the protection of brand in e-commerce transactions, a country should have a legal instrument that can be applied nationally. Brand rights holders in this case require state intervention to influence the behavior of business actors (Goldring, 1996)

Preventive Legal Protection of Brand Rights Holders in E-Commerce Transactions

There are several benefits of brand protection, which are as follows (Kowel, 2017):

- Brands can generate income for companies through licensing, sales, commercialization of protected brands.
- Brands can increase value or collateral in the eyes of investors and financial institutions.
- In the sale or merger of brand assets can significantly increase a company's value.
- Brand increases performance and competitiveness.
- Through brand registration, it helps protect and uphold their rights.

The issue of legal protection for brands has become one of the important aspects in the brand system. A brand is supposed to get protection because it is very detrimental to the brand rights holder if there is an irresponsible party who illegally violates a registered brand. This often happens because there is an assumption that the brand can provide instant profits for irresponsible parties.

Preventing legal protection for brand rights holders in e-commerce transactions is by registering the brand. Brand registration will provide strong protection, especially if it contradicts the act of counterfeiting the brand. The emphasis on preventive protection in this study is related to guarantees of the exercise of rights for brand rights holders in e-commerce transactions. In practice, brand registration in Indonesia follows a first to file system. In this system, registrants are required to register so that a brand get protection. Application of the principle of first to file is considered to be able to create:

- Legal certainty to condition who is the owner of the most important brand to be protected;
- Legal certainty of proof, because it is only based on the fact of registration through a brand certificate. Registration or brand certificate is the only main evidence;
- Realizing the legal conjecture as to who is the most entitled brand owner with certainty,

does not cause controversy between the first registrant and the first user.

Basic Components of the Electronic Commerce Bill

At the present, there is a need for a regulation that further regulates e-commerce that can accommodate legal protection, especially for brand rights holders, this is because there is a vacuum of legal norms related to brand protection in e-commerce in Law Number 20 of 2016 Regarding Trademarks and Indications Geographically, Law Number 7 of 2014 concerning Trade and Law Number 11 of 2008 concerning Information and Electronic Transactions.

The void of legal norms has an impact on the absence of legal protection for brand rights holders in e-commerce related to counterfeiting of brands that occur. The void of legal protection results in brand rights holders not getting legal certainty. Therefore, the need for the government's role to revise the relevant laws or by drafting the Law on Electronic Trade which also covers brand protection so that brand rights holders get legal protection and fair legal certainty.

- Reliability certification as in Law Number 11 of 2008

The rise of counterfeiting actions in e-commerce carried out by business actors occurs because there are legal loopholes related to reliability certification. As according to Article 10 paragraph (2) of Law Number 11 of 2008 that Reliability Certification is intended as evidence that business actors conduct electronic trading legally after going through an assessment and audit of the authorized body.

- E-Contracting

The parties involved in e-commerce can choose the law (contract) that binds the parties in each international transaction as regulated in Article 18 paragraph (1) Chapter IV of Information and electronic transactions Law No. 11 of 2008.

- Electronic Commerce and Consumer Protection Group (E-commerce group or ECCPG)

The Electronic Commerce and Consumer Protection Group (E-commerce group or ECCPG) provides guidelines for businesses in e-commerce transactions in cross-border scopes, namely:

1. Business actors provide full disclosure about a business, its goods and services, and transaction terms and conditions.
2. Business operators establish clear policies regarding cancellation, return of goods purchased by consumers, and refunds.
3. Business actors act according to a fair business case.
4. Business actors carry out a fair process in resolving disputes and getting solutions.

- E-Commerce Business Actors Responsibility for Information

Business actors must provide sufficient and clear information for the interests of consumers in selecting goods. According to [Beales, Craswell, & Salop \(1981\)](#), information responsibilities in e-commerce transactions are divided into 3 parts, namely:

1. Responsibility for Advertising Information on the Internet (Webversiting)
2. Information Responsibility for Electronic Contracts
3. Information Responsibility for Dispute Resolution Efforts

- Arrangements of Obligations, Rights, and Acts that Prohibited for Business actors in the Electronic Commerce Bill

Regulations of obligations, rights and actions prohibited for business actors in the Electronic Commerce Bill are as regulated in Chapter III and Chapter IV of Information and electronic transactions Law No. 11 of 2008. Thus, the Electronic Commerce Bill is accommodated regarding preventive legal protection for brand rights holders in the case of e-commerce.

- Socialization Regarding Legal Protection of the Parties in E-Commerce

In this case the Government should be present in providing legal protection and certainty regarding brands and e-commerce, so that the implementation of rights for the brand rights is guaranteed.

Repressive Legal Protection in Resolving Brand Disputes in E-Commerce Transactions

Repressive legal protection is protection that is done to resolve or overcome an event or incident that has occurred, in the form of a violation of the brand in the form of counterfeiting the brand. In this repressive protection, it is expected that the guarantee of the enforcement of the rights of holders of registered trademark rights in the e-commerce transaction can be realized. Certainly, thus a greater role lies in the judiciary and other law enforcement apparatuses such as the Police, Civil Servants, and the Prosecutor's Office to take action against brand violations.

Resolution of Brand Dispute Civilly

The first step that a registered brand right holder can take is to file a brand lawsuit to the Commercial Court in the jurisdiction of the residence or domicile of the defendant, in this case the party that counterfeiting the brand in e-commerce in the form of a lawsuit for compensation and termination of all acts related to the use that brand.

Resolution of Brand Dispute Criminally

Criminal steps that can be taken by registered trademark holders is by submitting a complaint of counterfeiting the brand to the Indonesian National Police based on CHAPTER XVIII concerning Criminal Provisions in Law of the Republic of Indonesia Number 20 of 2016 Regarding Brand and Geographical Indications regulating criminal sanctions for trademark violations in particular Article 100 of the Trademark Law expressly regulates criminal sanctions for violations of brand, the matter relating to this reseach is the counterfeiting of brand in e-commerce.

Repressive Legal Protection In Resolving Brand Disputes In Non-Litigation E-Commerce Transactions

Alternatif Dispute Resolution (ADR)

- Settlement of trademark disputes through arbitration and alternative dispute resolution is regulated in Law No. 30 of 1999. The law regulates a number of ways to resolve disputes, namely ([Margono, 2004](#)):
- Arbitration, is the settlement of a civil dispute outside the general court based on an arbitration agreement made in writing by the parties to the dispute.
- Consultation, is the process by which a dispute resolution is based on the characteristics of the same relationship between the parties identifying the problem, and the division of responsibilities in the implementation and evaluation of the planned program or strategy.
- Negotiation, is a form of social interaction when the parties involved try to complete each other's different and conflicting goals ([Seng & Lim, 2004](#))
- Mediation, is the process of resolving disputes using a third person, namely the mediator whose main task is to help the parties understand the views of other parties in connection with the disputed problem.
- Conciliation, is the settlement of a dispute by using a conciliator who in this case has the right and authority to submit an argument openly and impartially to the dispute.
- Expert Assessment, is an effort to bring together disputing parties by assessing the subject matter of the dispute carried out by one or several experts in the fields related to the subject matter of the dispute to reach agreement. Among the six ways of resolving disputes outside the court only.

Online Dispute Resolution (ODR)

Resolution of brand disputes through ODR is a way of resolving disputes made

through internet media, in the sense that the resolution process is carried out by parties who are in cross-border areas (borderless) without having to meet face to face (Basarah, 2011)

Basically, ODR is the same as other conventional dispute resolution, the difference lies in the medium that uses Internet media (International Network). ODR is included in ADR, where ADR has 3 (three) types of dispute resolution, namely negotiation, mediation and arbitration (Widnyana, 2014).

CONCLUSION

Preventing legal protection for brand rights holders in e-commerce transactions is by registering the brand. The emphasis on preventive protection in this study is related to guarantees of the exercise of rights for brand rights holders in e-commerce transactions. Currently Indonesia is in a situation that requires a new regulation that specifically regulates e-commerce. New regulations in the form of the Electronic Commerce Bill as legal protection provided by the government with the aim of preventing violations in e-commerce. That the presence of the government by making the Electronic Commerce Bill and conducting socialization related to the legal protection of the parties in e-commerce is expected to be able to provide legal certainty of legal protection.

Repressive legal protection in resolving brand disputes is expected to create a guarantee for the enforcement of the rights of holders of registered brand rights in e-commerce transactions. In resolving brand disputes in e-commerce transactions, it can be done in 2 ways, namely litigation and non-litigation. Resolution of brand disputes by litigation is carried out through civil law, namely through lawsuits to the Commercial Court and criminal channels in the form of offenses against brand counterfeiting. Whereas non-litigation resolution is an option outside the court of law with Alternative Dispute Resolution (ADR) or with Online Dispute Resolution (ODR).

REFERENCES

- Basarah, M. (2011). *Arbitrase tradisional dan modern (online): prosedur alternatif penyelesaian sengketa*. Yogyakarta: Genta Publishing.
- Beales, H., Craswell, R., & Salop, S. C. (1981). The Efficient Regulation of Consumer Information. *The Journal of Law & Economics*, 24(3), 491–539. Retrieved from <https://www.jstor.org/stable/725275>
- Firmansyah, H. (2011). *Perlindungan Hukum Terhadap Merek*. Yogyakarta: Pustaka Yustisia.
- Goldring, J. (1996). Consumer Protection, the Nation, State, Law, Globalization, and Democracy. *Journal of Computer-Mediated Communication*, 2(2), 0–0. <https://doi.org/10.1111/j.1083-6101.1996.tb00057.x>
- Kowel, F. H. (2017). Perlindungan Hukum terhadap Penerima Lisensi Merek di Indonesia. *Lex et Societatis*, V(3), 53–58. Retrieved from <https://ejournal.unsrat.ac.id/index.php/lexetsocietatis/article/view/15575/15113>
- Margono, S. (2004). *ADR (Alternative Dispute Resolution) & Arbitrase: proses pelembeagaan dan Aspek Hukum* (2nd ed.). Bogor: Ghalia Indonesia.
- Seng, T. J., & Lim, E. N. (2004). *Strategies for Effective Cross-Cultural Negotiation: The F.R.A.M.E. Approach*. Singapore: McGraw-Hill Education (Asia). Retrieved from <https://www.amazon.com/Strategies-Effective-Cross-Cultural-Negotiation-F-R/dp/0071234780>
- Widnyana, I. M. (2014). *Alternatif Penyelesaian Sengketa dan Arbitrase*. Jakarta: PT. Fikahati Aneska.