

The Legal Protection of Commercial Marks Based on the First to File Principle in Act No. 20 of 2016

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Abstract.

In this day and age, business competition is very tight, therefore, to support increased sales in a business field, a brand is needed. Brands are very influential on the sale of a product, the more well-known a brand is, the easier the brand can be absorbed by the public. Many companies engaged in the cosmetics sector are competing to raise their trademark names so that they are better known among the public, but the more intense business competition in the cosmetic sector, the more legal issues and individuals who want to find opportunities to imitate other trademarks that already well-known so that their products are quickly remembered and known by the public. This case often occurs in the field of Intellectual Property Rights or IPR, especially in the field of Brands, as in the case of MS Glow and PS Glow. The mark itself has been protected in Act No. 20 of 2016 concerning marks and geographical indications. The first to file principle is applied in this trademark law to prevent parties from wanting to take advantage of the existing big brands. How the Trademark Law protects the MS Glow Brand from the owner of the legal brand so that it is not copied by others attracts the attention of the author to discuss this matter.

Keywords: Brands; Cosmetics; Property; Right.

1. Introduction

The cosmetic business, or what we usually know as the beauty product business, is a business that makes cosmetics or skin care a part of selling its products. We can usually find well-known brands like Ponds, Loreal, and so on. This business itself in Indonesia is an interesting business to pursue because this business sells basic needs where the buyers will need these products every day, especially consumers who are taking care of their skin, so what is included in the Cosmetics business are all businesses that place products beauty products as the main axis.

The cosmetics business sector is a business sector that is continuously growing in Indonesia, this is accompanied by an increase in the population in Indonesia, the volume of demand for beauty products will increase, people in Indonesia themselves tend to like skin care products, especially at affordable prices, this causes many emerging new cosmetic brands that are ready to meet consumption needs in Indonesia. The increasing number of new beauty product brands in Indonesia has led to a higher level of competition where each of these product brands must have strong fundamentals in order to survive in Indonesia with a similar business business.

Brand registration itself is one of the ways to strengthen the fundamentals of the cosmetic company so that it can survive in business competition, at first a brand is just a sign so that consumers can differentiate goods/services from one another, because using a brand can make it easier and faster for consumers to remember an item/service. This is why the brand is not just a sign, but a lifestyle.¹ Consumers place this brand as a lifestyle because they have a sense of pride in being able to buy products from that brand. If viewed philosophically, a brand can build a good and bad image as part of the company's good will. David A.Aaker said "nothing is more emotional than a brand within an organization", this indicates how close the relationship between a brand and the business world is.² Without a brand, it will be difficult for consumers to differentiate between the products and services of each company. Own brand can also be used as a means of promotion, with a brand, entrepreneurs can promote their products to the fullest.

Apart from that, having a brand on goods and services can also prevent other people from cheating. Brands can minimize fraud in the beauty product business. Trademarks in Indonesia are protected by Act No. 20 of 2016 concerning Marks and Geographical Indications or commonly known as the Trademark Law. According to Article 1 paragraph 1 of the Trademark Law, a brand itself is defined as a sign that can be displayed graphically in the form of an image, logo, name, word, letter, number, color arrangement, in the form of 2 (two) dimensions and/or 3 (three) dimensions, sounds, holograms, or a combination of 2 (two) or more of these elements to differentiate goods and/or services produced by persons or legal entities in trading activities of goods and/or services. While Susanto AB defines a brand as a name or symbol associated with a product or service and creates a psychological meaning or association. He explained that a product is an item made by a factory, but what consumers actually buy is the

¹Venantia Sri Hadiarianti, (2019), *Memahami Hukum Atas Karya Intelektual*, Jakarta: Penerbit Unika Atma Jaya, p.51

²Davis A.Aker, "Brand Portofolio Strategy: Creating Relevance Differentiation, Energy, Leverage, Clarity", Free Press, 2004, by Roy Goni

brand³. This brand also actually has economic value, where the economic value attached to the brand gives rise to a conception of wealth (property), because of this this brand needs to be given legal protection and rights for the owner so that the owner can maintain the existence of the brand for anyone who uses the brand without permission.⁴ Before getting protection for the brand, of course the owner must register the mark first.

Disputes over trademark rights themselves often occur in Indonesia, where if there is a well-known brand that can sell high-volume products and has a big name, it makes it vulnerable to being imitated by others where that person hopes to follow the success of the brand he is imitating. However, this can result in losses to the original brand owner, because people can be fooled when they want to buy genuine products from that brand. The loss in question can be in the form of material loss or immaterial loss. As happened in the MS GLOW beauty product business case with PS GLOW beauty products, where MS GLOW, owned by skipper 99, had registered the brand first, but the Surabaya District Court issued a decision number 2/Pdt.Sus-HKI/Merek/2022/PN Niaga Sby, where in this case PS GLOW won the dispute that occurred. This case attracts the attention of the author to analyze how a brand obtains its commercial value according to the law and the extent to which the principle of first to file is applied in the judge's considerations in resolving this case. There are several previous studies that have themes that are similar to this research, but in this journal it mainly discusses the first to file principle.

2. Research Methods

This study uses a normative juridical research approach in which in this case the author conducts research using theories, theories, and existing laws and regulations as a case analysis. The research that focuses on the application of positive legal principles and norms to study cases.⁵ The library research is used as a data collection technique, namely by obtaining legal materials found in libraries and other places that have data sources and serve as a reference for research data.⁶

³AB Susanto, Himawan Wijanarko, (2008), *“Power Banding: Membangun Merk Unggu dan Organisasi Pendukungnya”*, Jakarta : Mizan Pustaka, p.5-6

⁴Venantia Sri Hadiaranti, *Konsep Dasar Pemberian Hak dan Perlindungan Hukum Hak Kekayaan Intelektual”*, *Gloria Yuris*, Vol 8, No. 2, 2008, p. 6

⁵Johnny Ibrahim, (2006), *Teori dan Metodologi Penelitian Hukum Normatif*, Malang: Bayumedia Publishing, p.295.

⁶Zainuddin Ali, (2010), *Metode Penelitian Hukum*, Jakarta: Sinar Grafika, p. 225

3. Results and Discussion

3.1. Trademark value in law

The basis that makes a brand can be used as a business arises from the conception of thinking that a brand is an intellectual property right in the industrial sector. Mark as a right that arises or is born because of the intellectual abilities possessed by humans, where through thought, energy, and time is able to create a copyrighted work that has economic value, because of that basic concept, this Mark needs legal protection. The existence of legal protection for legal brand owners is intended to provide exclusive rights in the sense that it is only specific to the brand owner (exclusive right) so that other parties cannot use the same or similar mark to his own so that the original brand owner does not suffer losses the act of imitating the mark, whether for the same or nearly the same goods or services. This special right tends to be monopoly, meaning that only the owner of the mark can use it. The right holder can use the mark, but with the limitations set forth in the law governing the use of the mark, while at the same time prohibiting other parties from using the mark without receiving prior permission from the rightful owner.⁷

The Trademark Law also explains that in Article 1 paragraph (18) the permission granted by the owner of the mark to another person is in the form of a license. A license is a permit granted by a registered Mark owner to another party based on a written agreement in accordance with laws and regulations to use a registered Mark. With the existence of this article, making a brand an object created by the human mind can be used as a business. The other party can give a royalty to the legal brand owner so that he can use the mark without harming the legitimate brand owner.

The legitimate trademark owner, also known as the licensor, has the advantage of significant economic benefits, whereas the licensee has the opposite advantage. In this way, Johannes Even Simamora emphasized that freedom of contract is very important in supporting the interests of economic actors. Johannes Even Simamora's opinion was inspired by Atiyah's opinion and said that the contents of the contract could be related to economic exchanges in general, which became the basis for creating legal instruments to regulate exchanges while providing protection to those involved.⁸ As one of the substantive rights, trademark rights also include duplicate rights. In addition to economic rights that can provide benefits in the form of royalties, there are also moral rights. These

⁷Agung Sujatmiko. *Aspek Yuridis Lisensi Merek dan Persaingan Usaha*. Jurnal Hukum Pro Justitia. 2008. Vol. 26 No.2.

⁸Yohanes Sogar Simamora, (2005), *Prinsip Hukum Kontrak Dalam Pengadaan Barang Dan Jasaoleh Pemerintah*, Disertasi, Program Pascasarjana Universitas Airlangga, Surabaya, p.33.

rights always belong to their owners. Economic rights can also be transferred or assigned to other people, so that other people can also receive economic benefits as recipients of the transfer of rights. The economic benefits obtained by licensees do not have to cost a lot, they can use brands that already exist and are known by consumers, making it easier and faster to get consumers, and other benefits. There is also marketing. The principle of mutual benefit is deeply rooted in brand licensing agreements, as both parties, the giver and receiver, benefit financially. It is as stated by Theofransus Litaay.⁹

Even though there are laws and theories that regulate and say that a mark is an intellectual property owned by humans, there are still a number of cases where many people imitate several well-known brands without entering into an agreement or permission with the legal brand owner. The purpose of these brand imitators to impersonate brands is none other than because by not making an agreement with the brand owner, they feel free from the burden of paying royalties to legitimate brand owners. Of course this is very detrimental to brand owners who have struggled to build the good name of their cosmetic company in an instant being imitated by irresponsible elements. In addition to legal brand owners being harmed, consumers who have been loyal to buy even the original brand will be disappointed because they only get imitation products from legitimate brands. This is what we can find in the case of the MS GLOW company owned by skipper 99.

3.2. The use of the first to file principle for the MS GLOW Brand and its sanctions

The war for the MS Glow trademark started when the owner of MS Glow, namely Shandy Purnasari, asked Septia to cooperate in terms of the MS Glow beauty product business, who was nothing but the owner of PS GLOW, where Shandy immediately offered one of his factories. But in the end Septia launched her own beauty cosmetic product called PS GLOW, where PS is an abbreviation of Putra Siregar, whose name was known as PS STORE, a well-known mobile phone shop. The launch of PS GLOW did not involve shandy or MS Glow in terms of their collaboration. In this case, Shandy objected because PS GLOW has a similar trademark with MS GLOW along with its logo where MS GLOW was present earlier than PS GLOW. Shandy, who did not accept this, immediately filed a lawsuit against the Medan PN Niaga to cancel the registration of the PS Glow brand because it had a similar brand name and logo to MS Glow. The Medan District Court granted Shandy's claim by issuing decision number 2/Pdt.Sus-HKI/Merek/2022/PN Niaga Mdn. The decision stated that Shandy Purnamasari

⁹Theofransus Litaay, "Intellectual Property Rights Protection in the EuropeanCommunity/Union", *Jurnal Hukum Bisnis*, Vol 26, No. 1, 2007

was the owner of the exclusive rights to the MS GLOW brand and stated that the owner of PS GLOW in bad faith imitated or plagiarized the MS GLOW trademark.

Shandy, as the owner of the MS GLOW exclusive rights, not only sued Septia to court, he also reported Septia's actions to Bareskrim with the registration number LP/B/484/VII//2021/SPKT/BARESKRIMPOLRI. The report was based on the fact that Septia had committed a crime related to a trademark violation, article 100 of the Trademark Law, as well as a crime related to trade secrets, article 17 jucto article 13 of the Secret Law 30 of 2000 concerning trade secrets.

Septia, as the owner of the PS Glow trademark, then mediated with Shandy, but the mediation that was carried out by both parties did not produce results, so Septia's party filed a lawsuit at the Surabaya District Court. PS Glowpin filed a lawsuit on April 12, 2022 with case number 2/Pdt.Sus-HKI/Merek/2022/PN Niaga Sby. The Surabaya District Court further determined that Septia was the owner of the exclusive rights to the PS GLOW trademark and stated that MS Glow had to stop selling MS GLOW products and ordered the defendant to pay compensation in the amount of RP 37.9 billion rupiah. Until now, the case that occurred between the two parties has not been resolved until MS GLOW has filed an appeal because Shandy, as the exclusive rights owner of MS Glow, has registered the brand first.

In the decision of the Surabaya district court which made the judge's consideration in favor of ps glow in this case because MS Glow registered its brand in class 32, namely beverage products in the form of tea, while ps glow registered its brand which entered class 3, namely cosmetic products. This of course raises legal issues.

From this case, we can see how important trademark registration is. In order to obtain rights to a trademark, the trademark owner must register the mark. Registration of the mark is a means for the mark to obtain legal legal protection for the mark owner. Registering a mark here is an initiative of the owner, who is aware of the importance of legal protection for the mark he creates. As stated above, the right to a brand is born when the owner registers it at the Trademark Office. So the nature of registering rights to a mark is an obligation that must be carried out by the owner if he wants to receive legal protection. The mechanism for registering rights to the mark is in accordance with the constitutive system (first to file principle) adopted by the Trademark Law.¹⁰ where according to the first to file principle, whoever registers first is the exclusive rights holder of the mark, but in the judge's decision in the ps glow case against MS Glow, the first to

¹⁰Fajar Nurcahya Dwi Putra, Perlindungan Hukum Bagi Pemegang Hak Atas Merek Terhadap Perbuatan Pelanggaran Merek, *Jurnal Ilmu Hukum*, Mimbar Keadilan edisi January-June 2014, p. 104

file principle is only limited to the classes of trademarks registered, for example products class 3 concerning cosmetics, if another party registers a similar brand but with a different class group, the judge justifies this.

The Trademark Law also explains the terms and conditions for Mark Registration in Article 20. In order for the Mark to be registered by the owner, the Mark cannot be the same as a previously registered Mark, nor does it have any distinguishing features from other Marks which have been registered beforehand. In the case experienced by Shandy, he registered his trademark under the name MS Glow first compared to Septia with the trademark PS Glow.

Previously, it should be noted that the forerunner to the creation of Trademark Protection was the Paris Union Convention for the Protection of Industrial Property, which was the first agreement to discuss intellectual property rights in Paris in 1883, when trademark protection began to be regulated internationally. This agreement is an international agreement in the field of intellectual property rights and is very important in the world.¹¹ The Paris Convention contains the protection of well-known marks and unfair business competition for intellectual property. Apart from that, there is also the World Intellectual Property Organization or WIPO which has the task of disseminating IPR protection throughout the world. Legal protection of marks really needs to be done considering the growing development of the world of trade business, it is increasingly vulnerable and opens up many loopholes for unscrupulous persons to commit trademark violations. The Indonesian government itself is aware of this and includes Indonesia in the WTO agreement, namely the Agreement on Establishing the World Trade Organization, with Act No. 7 of 1994, it is necessary to adjust national regulations regarding marks with what has been accepted within the framework of the Uruguay Agreement. Trade Related Aspects of Intellectual Property Right Including Trade in Counterfeit Good or also known as TRIPS namely, Intellectual property rights, including trade in counterfeit goods related to trade. Therefore, Act No. 19 of 1992 concerning Mark must be completed and amended (State Gazette of 1992 Number 81 TLN Number 3490). This became a reality with the passage of the DPR Law on March 21, 1997 concerning changes to Marks.¹²

Legal protection for brands can be carried out in civil or criminal ways, this protection is carried out by giving legal sanctions, both civil and criminal, to anyone who violates trademark rights that have been registered by the owner. If it is violated, the legal owner of the mark gets legal protection for violation of

¹¹Oka Saidin, (1995), *Aspek Hukum Hak Kekayaan Intelektual*, PT. Raja Grafindo Persada, Jakarta, p. 7

¹²Sudargo Gautama and Rizawanto Winata. (1997), *Pembaharuan Hukum Merek Indonesia*. Cet. I. Citra Aditya Bakti. Bandung, p. 40.

rights to the mark either in the form of a claim for compensation or termination of all actions related to the use of a registered mark or based on criminal lawsuits through law enforcement officials. The owner of a valid registered mark also has the right to apply for cancellation of mark registration of the mark he owns if there are other people who wish to register a mark similar to his own which has been registered.

Apart from that, the Trademark Law also regulates in Article 28, whereby registered marks receive legal protection for a period of ten (10) years from the date of receipt and the period of protection can be extended. In article 28 we can mean that the protection provided by the Trademark Law is only for a period of 10 years, but the owner of a legitimate mark can still extend the period of legal protection by submitting an application for protection on the same mark. Apart from being regulated in the trademark law, brand violations can also be subject to criminal, civil and administrative sanctions. Therefore, it is not only the Trademark Law that provides sanctions, but other laws that also provide legal protection.

Civil law protection is provided to legitimate trademark owners. If the trademark rights are held, the brand owner gets legal protection under the Indonesian trademark legal system. This means that if a brand is violated, the brand owner can file a civil lawsuit against other parties who violate the mark. Pursuant to Article 76, Paragraphs 1 and 2 of the Trademark Law, a lawsuit that aims to compensate for losses or end all lawsuits related to the use of the mark will be filed with the Commercial Court.

Not only civil sanctions but criminal sanctions also play a role in protecting registered brands. Regarding criminal legal protection, this is contained in Articles 90, 91 and 94 of the Trademark Law. Section 90 of the Trademark Law usually provides for prison terms of up to five years and/or fines of up to one billion rupiah or services produced and/or traded. Section 91, on the other hand, imposes penalties of up to four years and/or up to a fine of eight hundred million rupiah for services produced and/or traded. Furthermore, Article 94 stipulates a prison sentence of not more than one year or a fine of not more than two hundred million rupiah. These crimes are contained in Article 90 and Article 91. Even if the difference is small, a fine may still be imposed.¹³

¹³Public Relations Bureau, Directorate General of Intellectual Property. (2020, December 15) DJKI Declares P21 Case of Alleged Infringement of the Registered Mark "Orchard Collection" of the Ministry of Law and Human Rights, accessed on September 27,2022

4. Conclusion

Basically, a brand is something that can be used as an intellectual property right because a brand is also born from a person's mind. Trademarks that have been registered as intellectual property rights mean that the mark itself has economic value. This economic value is a license, where licenses can be traded to other people, by paying or buying a license, that person can use the brand from the owner of the exclusive rights legally. By purchasing a dining license, the parties benefit economically. In the case of MS Glow vs PS Glow, MS Glow had already registered the brand before PS Glow, but the Surabaya District Court still won PS Glow in the case. The mark itself has received protection by the state, namely with Act No. 20 of 2016, where in this case there is a first to file principle which makes a mark that has been registered beforehand a brand that gets protection, but in this case the Surabaya district court won Ps Glow with the reason that even though MS Glow registered the brand first, MS Glow registered her product in the health drink category, not in the cosmetic and drug class.

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