Trademark Dispute Resolution In The Digital Age From A Civil Law Perspective

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Abstract

The use of a brand when in a trading activity is often classified as unfair competition, in an attempt to gain an advantage by taking advantage of someone else's brand, either by falsifying it in its entirety or only in certain parts, in other words, equality at its core. Many consumers are deceived when buying branded products because of plagiarism in the logo design or product packaging that has been known by the public and is very similar to the original form. There are still many business actors who are dishonest and violate the law. There are business actors who still plagiarize famous brands so that the products they make attract many fans. Therefore, there is a need for healthy competition in trade, so that no party feels disadvantaged in the process of trade, this study adopts the normative juridical method with a legislative approach and conceptual approach. The results showed that disputes related to the sale of counterfeit trademarks can be resolved both through court and out-of-court channels. The actions of sellers of counterfeit goods who trade products without the permission of the brand owner are certainly detrimental to the owner of the brand. In the face of brand infringement disputes, a wise step that brand owners can take is to resolve the issue out of court through mediation. This approach is expected to prevent further losses, especially for brand owners, while maintaining their reputation in the public eye regarding plagiarism issues. However, if mediation does not reach an agreement, the brand owner has the option of filing a lawsuit in the Commercial Court

I. Introduction

The Science and technology continue to develop at an ever-increasing pace in the period of globalization, which increases the demand for products and services. Along with the increasing demand for a business, a business needs to produce high-quality goods in both quantity and quality so that consumers know the goods made by manufacturers, because business competition is increasingly fierce. Branding is very important in helping consumers recognize the products advertised in commercial competition. Brands belong to the category of intellectual property rights (IPR).

Trade requires legal protection, and intellectual property rights play a very important role in achieving these goals.The legal protection in question occurs when the creation of an object requires an identity to be traded in order to maintain the safety of the work produced. Law No. 28 of 2014 on copyright provides protection of intellectual property rights in Indonesia. [1]

The brand can distinguish the products that the merchant sells. Brand is also very important in business competition and can affect the selling price of the product. If the product brand is already known to consumers and is growing in the market, sometimes consumers see a product only based on the brand, because this brings its own satisfaction to consumers, because with the familiarization of a brand, consumers feel that the brand already has its own qualities that make it known to consumers. With this, the emergence of unfair business competition that forces entrepreneurs to compete with well-known brands. If the product does not have a name or brand is difficult to recognize by consumers, therefore, entrepreneurs should register the brand of their products.

Trademarks that already have some differences to obtain the protection of your intellectual property. Trademark terms must have the condition “there is a difference " because it will be used when selling goods and services. In the application for registration of a mark, if it is a mark, it must specify the type of goods registered, while the registration of goods or services is mandatory and mentions the various goods or services registered to obtain protection[2].

The use of a brand when in a trading activity is often classified as unfair competition, in an attempt to gain an advantage by taking advantage of someone else's brand, either by falsifying it in its entirety or only in certain parts, in other words, equality in its essence.[3] Many

[1] Nugraha Pranadita, (2018), Protection Of Intellectual Property Rights. Yogyakarta: Deepublish, P.111.

[2] This is Dharmavati, etc. (2017). Intellectual Property Rights Textbook. Yogyakarta: Deepublish, P. 68.

[3] C.S.T. Kansil, 1997. Intellectual Property Industrial Property And Copyright. Bandung: Sinar

consumers are deceived when buying branded products because of the plagiarism in the logo design or product packaging that has been widely known by the public is very similar to the original form. However, there are still many business actors who are irresponsible and violate the law. Many business actors are still plagiarizing famous brands so that the products they make attract many fans. Therefore, there is a need for healthy competition in trading, provided that no party feels disadvantaged in the trading process. Losses experienced by brand owners in the form of using their famous brands without rights this certainly has an impact on the sales turnover of original brand owners because selling fake brands is much cheaper than original goods so that ordinary people prefer to buy fake goods rather than buying original goods because in terms of price it is much cheaper.[4]

In addition to harming brand owners, consumers will also feel a negative impact when the goods they buy do not meet the quality standards of well-known brands and do not match their expectations. Irresponsible actions of the seller of counterfeit goods can clearly provoke a conflict with the owner of the original brand, given that the process of building a well-known brand requires considerable time and effort. All this highlights how important the existence of a brand is in the world of business and Commerce.[5]

Product packaging receives legal protection based on Law Number 20 of 2016 concerning brands and Geographical Indications. In this case, the product packaging can be registered as a three-dimensional brand. This explanation of the three-dimensional brand is contained in Article 1 Paragraph (1) of the brand law, which defines a brand as a sign that can be displayed graphically. This sign can be an image, logo, name, word, letter, number, arrangement of colors, and can be present in the form of two-dimensional and/or three-dimensional, sound, hologram, or a combination of two or more elements. This brand serves to distinguish goods and/or services produced by individuals or legal entities in trade activities.

Three-dimensional brands in brand law are a relatively new category. Previously, in the brand Law No. 15 of 2001, there was no explanation of the concept of three-dimensional brand. However, In Law Number 20 of 2016 concerning brands and Geographical Indications, recognition of three-dimensional shapes (3D shape), sounds, and holograms is regulated in the definition of "brand" in Article 1 Number (1). This is the basis for the implementation of the protection provided for by this new law, which replaces Law Number 15 of 2001 and establishes protection provisions for the form of product packaging.In this context, there are

Grafika, P. 34

[4] Taufik, Luthfi Al Qarani Muhammad, Marni emmy Mustafa, and Farhana.(2022). "Legal protection of KW goods or brands in Indonesia", Journal OFLEGAL Research 4, No. 1.

[5]Biela, Desy Salsa, and Abraham Ferry Rosando.(2022). "Legal consequences of business actors who violate the right to trademark", Bureaucracy Journal: Indonesia Journal of law Social-Political Governance 2, No. 1.

still many business actors who have not registered beverage product packaging, until now only a few well-known brands have registered their packaging. Many business actors are still less aware of the importance of registering brands and the lack of information received by business actors about beverage packaging registration.

II. Research Method

The research method used in this study is normative legal research. The approach taken focuses on legislation, in particular, the use of legal norms contained in legislation, Court decisions, as well as customary norms in force in society. Subsequently, these norms will be matched to the relevant cases. This study uses qualitative data analysis techniques, where the law will be used as a reference in writing articles. The results of the analysis will be presented qualitatively so that readers can easily understand the message that the author wants to convey.

III. Result and Discussion

Trademark Rights: An Explanation

Trademark rights are one of the important aspects of intellectual property rights (IPR). This right gives its owner exclusive power to use certain marks that distinguish their products or services from those offered by other individuals or companies. In Indonesia, the regulation on trademark rights is enshrined in law Number 20 of 2016 on trademarks and Geographical Indications. The protection provided by this law aims to prevent acts of imitation, misuse or use of registered marks without the permission of the rightful owner.[6] The digital age has brought many advantages to trading activities by providing easier access to global markets. However, while this development has had a positive impact, it also presents new challenges in the protection of brand rights. Some of these challenges include:

1. The spread of counterfeit products is accelerating and expanding thanks to the ease of access and anonymity offered by the internet.
2. Monitoring and enforcing laws related to brand rights violations in the digital world requires more sophisticated technology and resources. Therefore, brand

[6] Zulkifli Makkawaru, 2021, intellectual property rights of copyright, patent and Trademark series.

owners are required to actively monitor various platforms and utilize digital methods in detecting possible violations.

3. Cooperation with digital platforms has a very important role in protecting brand rights. They need to have a firm policy to handle reports of violations of brand rights and carry out the removal of infringing products.[7]

Based on Law No. 20 of 2016, trademark rights provide legal protection against unauthorized use of trademarks. The protection covers various aspects, including:

1. Exclusive rights: the owner of the mark enjoys the exclusive right to use his mark and has the authority to prohibit other parties from using the same or similar mark, especially in the context of similar goods and services.
2. Civil suit: the owner of the mark has the right to file a civil suit against an individual or entity that infringes his or her mark rights, with the aim of seeking redress and stopping the infringing action.
3. Criminal sanctions: violations of trademark rights may be subject to criminal sanctions, which may be fines or imprisonment, depending on the severity of the offense.

The protection of brand rights in today's digital age faces increasingly complex challenges, especially given the rapid development of technology and the increasing activity of electronic commerce. Marketplace platforms, such as Shopee, have become one of the main hubs for online buying and selling transactions. However, the existence of this platform also brings a number of new problems in an effort to protect brand rights. In Indonesia, the legal basis for the protection of trademark rights is regulated by Law No. 19 of 1992, which requires the registration of trademarks. Such registration is very important because only through this step, legal protection of the brand can be obtained. Furthermore, this law was amended by Law Number 15 of 2001, which has been updated through Law Number 20 of 2016 on brands and Geographical Indications. The substantive examination procedure for trademark registration is regulated by Article 20 and Article 21 of Law Number 20 of 2016, as well as Article 108 of Law Number 11 of 2020 concerning job creation (Omnibus Law). In Article 21 paragraph (6), it is explained that if the proposed trademark is similar to a trademark that has been registered, the registration will be rejected. Consequently, Indonesia adheres to a constitutive system, which means that the protection of exclusive rights to the new brand will be granted after the registration process, in accordance with Article 3 of Law Number 20 of 2016.

[7] Z. Arifin and M. Iqbal, "Legal Protection Of Registered Marks, " J. Ius Const., vol. 5, no. 1, p. 47, 2020, doi: 10.26623/jic.v5i1. 2117.

In addition, a number of articles in this law, including Article 20, Article 21, and Article 108 of the Omnibus Law, may be interpreted by judges based on their understanding. In addition, Law No. 28 of 2014 also affirms the prohibition for any individual to make commercial use of, duplicate, publicize, distribute or communicate the portraits he has taken for advertising purposes without the written permission of the subject of the photograph or his heirs. In this regard, it is important for all parties to understand and comply with applicable legal provisions in order to safeguard brand rights, especially in the context of rapidly evolving digital commerce. To ensure that the judge's decision is valid both formally and materially, any court decision must be based on the principles that have been determined in the process of establishing the decision. In the context of civil cases, these principles are provided for in Article 178 of the HIR, Article 189 of the RGB, and Article 50 of Law No. 48 of 2009 on Judicial Power (Mutawakkil and Paresti, 2012). Here are the principles in question:

1. The decision must include clear and detailed grounds and reasons.

   According to this principle, any consideration submitted by a judge when making a decision must include clear and detailed grounds and reasons. A judgment disregarding this provision shall be deemed to have insufficient consideration. Grounds and reasons that can be used as legal considerations can come from:

   a. Certain articles in the legislation;
   b. Customary Law;
   c. Jurisprudence; and
   d. Legal doctrine. The importance of this is explained in Article 50 of Law No. 48 of 2009 on Judicial Power.

2. The decision must not exceed the demands put forward.

   Under Article 178 paragraph (3) HIR, Article 189 paragraph (3) RGB, and Article Rv, the court is prohibited from accepting claims that go beyond what is filed in the lawsuit. This prohibition is known as ultra petitum partium. If a court decision contains elements of an ultra petitum, then it must be considered invalid, even if it was taken by the judge in good faith or in the public interest. Giving a judgment beyond what is presented in the lawsuit can be considered an unlawful act, even if it is done in good faith.

3. The decision must be announced publicly

The principle of open justice for the public, which is applied from the initial stage of the examination until the final decision is handed down, is one of the important aspects of the principle of fair justice. The main purpose of this principle is to ensure that the judicial process takes place in a transparent manner, while protecting against unethical behavior of judicial

officials. Despite various efforts, there are still some challenges faced in enforcing brand rights laws on digital platforms.

1. Regulatory limitations: current regulations are not fully able to accommodate the complexity of digital transactions, so many regulations are still focused on conventional trading.
2. Speed of dissemination of counterfeit products: digital technology enables the rapid and widespread dissemination of counterfeit products, making them difficult to identify and act on in a timely manner.
3. Consumer awareness: there are still many consumers who do not realize the importance of buying genuine products and the negative impact caused by buying counterfeit goods, both in terms of quality and involvement in violations of the law.[8]

Another equally significant implication concerns Indonesia's image within the international community. The restriction of access to constitutional justice based on citizenship status may be viewed as a form of discrimination that contradicts Indonesia's international commitments to human rights protection (Hadiprayitno, 2010). In the context of international relations, these restrictions also potentially affect the investment climate and foreign investors' confidence in Indonesia's legal system. The absence of effective constitutional rights protection mechanisms for foreign nationals may serve as a negative consideration in investment decisions (Wells & Ahmed, 2006). Systemically, legal standing restrictions for foreign nationals create inconsistencies within Indonesia's legal system, as they can be parties in civil proceedings, defendants in criminal courts (and ad hoc tribunals), file for bankruptcy petitions, submit administrative court claims, and even become parties (as divorce petitioners) in religious courts if they are Muslim, yet they lack legal standing as petitioners in constitutional review at the Constitutional Court and their access is restricted.

Trademark Dispute Resolution Through Litigation

The Dispute resolution through litigation is a process carried out through the courts. In this regard, Law Number 20 of 2016 on brands and Geographical Indications plays an important role, since it gives the right to the owner of the brand to sue sellers of counterfeit goods who trade in well-known brands belonging to him. The lawsuit includes not only a claim for damages, but also a request to stop all activities related to the use of the mark. This litigation process is filed in the Commercial Court, in accordance with the provisions of Article 83 paragraph (3) of the law in question. Claims for damages consist of material and immaterial claims. Material losses refer to losses that can be measured and expressed in terms of money.

[8] H. F. Rizkia, Nanda Dwi, (2022), Intellectual Property Rights An Introduction.

Meanwhile, immaterial damages relate to claims for the moral impact suffered by brand owners due to the actions of sellers of counterfeit goods who use their brands without permission.[9]

The trademark owner or licensee of the registered trademark has the right to file a lawsuit with the Commercial Court, which is the competent authority in dealing with trademark disputes. In accordance with Article 84 Paragraph (1) of Law Number 20 of 2016, during the ongoing examination process, the brand owner or licensee may ask the judge to stop the production, circulation, and/or trade of goods and/or services that use the brand without rights, in order to prevent greater losses. If the owners of the registered mark feel that their rights have been violated, they have the right to ask the Commercial Court judge to issue a temporary determination letter. This procedure is provided for in Article 94 of Law Number 20 of 2016 on brands and Geographical Indications. The application for temporary establishment must be submitted in writing to the Commercial Court in the jurisdiction where the violation occurred, and must meet a number of requirements provided for in Article 95. In the application, the owner of the mark is required to attach proof of ownership of the mark, provide a strong initial indication of the violation, as well as include a detailed description of the goods and documents required for proof. In addition, the applicant must also submit a guarantee in the form of money or a bank guarantee equivalent to the value of the goods subject to temporary determination.

After the conditions in Article 95 are met, if the application for provisional determination is rejected, the Commercial Court judge is obliged to notify the applicant and the reason for the refusal. In accordance with the provisions of Article 97 paragraphs (3) and (4), the judge must decide to strengthen or cancel the determination within 30 days after the provisional determination letter is issued. If the application is granted, the security deposit paid will be refunded, the licensor is also entitled to file a lawsuit in accordance with Article 83 on trademark infringement. The applicant may also report the violation to police investigators or authorized civil servants. If the provisional determination is successfully canceled, in accordance with Article 97 paragraph (5), the security deposit will be handed over to the party subject to the determination as a form of compensation. Regarding lawsuits against sellers of counterfeit goods who trade brands, these provisions are stipulated in Article 85 of Law Number 20 of 2016. Under this provision, the hearing of the examination until the verdict must be completed within a maximum of 90 days after the case is received, with the possibility of an extension for 30 days that requires the approval of the Chief Justice. The results of the decision will be presented in a hearing open to the public, and the bailiffs are obliged to inform the parties to the dispute about the results of the decision within 14 days after the verdict is pronounced.

In addition to filing a lawsuit as described earlier, the owner of a well-known brand also has the right to sue for cancellation of the brand. This process is provided for in Article 76 of Law Number 20 of 2016, which states that the owner of a brand that has not been registered

[9]Palendeng, Sonny Engelbert, Merry E. Kalalo, and Deasy Soeikromo. (2021). "The resolution of trademark disputes is associated with the legal certainty of Intellectual Property Rights", Journal of Legal Social Sciences thought and research and its teaching 16, No. 2.

must first apply to the minister, taking into account the reasons provided for in Article 21. Meanwhile, for brands that have been registered, the owner can directly file a cancellation lawsuit in the Commercial Court. In addition, the owner of the mark can also request the removal of the registered mark in accordance with the provisions in Article 72 Paragraphs (1) to (6) of Law Number 20 of 2016. Regarding the decision of the Commercial Court regarding the trademark infringement lawsuit, it is important to note that there is no possibility of appeal; the only legal step that can be taken is to appeal. Provisions regarding Cassation have been regulated in Article 87 of Law No. 20 of 2016, which states that "the decision of the Commercial Court referred to in Article 85 Paragraph (8) can only be submitted to Cassation. "

The procedure for filing a cassation appeal is set out in detail in Article 88, which requires that the application for Cassation be submitted no later than 14 days after the date of notification to the parties concerned. The application must be registered in advance with the clerk of the Commercial Court that decided the lawsuit. The hearing and the decision regarding the Cassation application must be completed within a maximum of 90 days after the Cassation application is received by the Cassation chamber, and the decision will be announced in a hearing open to the public. After the Cassation decision is accepted, the bailiff is obliged to deliver copies of the decision to the parties within 2 days at most.

Non-Litigation Settlement Of Trademark Disputes

The Out-of-court dispute resolution provides a more effective and efficient solution than litigation. This process is regulated in Law No. 30 of 1999 concerning arbitration and Alternative Dispute Resolution. In Article 1 point 10, this law defines what is meant by Alternative Dispute Resolution, which includes various methods described as follows:

a. Negotiation

   Negotiation is an alternative form of Dispute Resolution that aims to resolve problems between the parties to the dispute through deliberation. This process can result in a mutually beneficial agreement for all parties involved. The practice of negotiation is carried out both in a situation of dispute or not, as revealed by Firda Ainun Fadillah.[10]

b. Mediation

   One method of resolution is mediation, in which a third party, called a mediator, is involved to help negotiate and resolve issues between the parties concerned. The legal basis for dispute resolution through mediation is set out in Article 6 of Law Number 30 of 1999. The Mediator plays a role in helping the parties explain their wishes and understand the differences in views that exist.

c. Peace

[10] Fadillah, Firdaas Ainun, and Saskia Amalia Putri.(2021)."Alternative Dispute Resolution and Arbitration: an ethical Literature Review", Imu Journal of Applied Management 2, No. 6.

Furthermore, there is the concept of conciliation, which is an alternative to dispute resolution similar to mediation. In conciliation, the third party involved is called the conciliator, who usually has experience as an arbitrator and is professionally recognized. When both parties have reached an agreement, the results of the agreement will be officially poured, as explained by Marwah M. Diah.[11]

d. Arbitration

Then, arbitration is also an option in dispute resolution, which is regulated in Article 1 Number 1 of Law Number 30 of 1999. Arbitration is conducted by agreement of the parties to the dispute and involves an arbitrator judge. The parties may choose arbitrators as they see fit, provided that the number of arbitrators must be odd. The arbitrators chosen are independent and neutral private judges in the dispute resolution process, as explained by Sulaiman Batubara.

In the context of brand infringement disputes, institutional arbitration offers a more structured approach compared to ad hoc methods. However, for well-known brands, mediation is often a more efficient option because it can save time and costs, compared to litigation in court. The mediation process is expected to satisfy both parties - both well-known brand owners and sellers of counterfeit goods—with its private and confidential nature, thus providing a positive impact for well-known brand owners in resolving the dispute, as stated by Kevien Dicky Aldson.[12]

IV. Conclusion

The act of a fake seller selling counterfeit goods through online media is a serious trademark violation. It is important to follow up on these violations so that they do not become more widespread and harm the entitled parties. Brand owners are the most harmed as a result of this trade in counterfeits. In resolving disputes with sellers of counterfeit goods, brand owners have the option of resolving them through court or alternative out-of-court settlement. The choice of the right finishing method is very influential for the brand owner. One approach that can be taken is through mediation, which is considered more efficient and cost-effective than the litigation process. Mediation is private, so it can save time and is considered mutually beneficial for both parties. However, if mediation seems too onerous for one of the parties to the dispute, the brand owner can file a lawsuit with the Commercial Court to demand a settlement of his trademark infringement. It should be noted that the process of filing a lawsuit in a

[11] Diah, Marwah M.(2008).“Principles and alternative forms of out-of-court dispute resolution”,Journal of Law and community dynamics 5, No. 2.

[12] Aldison, K., Sunarjo, S., & Djaja, H.(2021). Juridical study of well-known brands and legal remedies against their infringement. Journal Of Legal Horizons, 12 (1), 41-50. doi: https://doi.org/10.26905/idjch.v12i1.5723.

commercial court requires considerable costs and time. Given the issue of trademark infringement by sellers of counterfeit goods on the internet, the authors propose that the marketplace platform improve the fraud detection system. This is important to minimize the use of their features by sellers peddling counterfeit goods.

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