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# INTELLECTUAL PROPERTY RIGHTS ENFORCEMENT MANUAL FOR INDONESIA

## ABOUT BRITCHAM INDONESIA

The British Chamber of Commerce in Indonesia (BritCham) has represented business for 40 years and builds on a British business presence that extends more than a hundred years. Over those years, we have had the pleasure of welcoming the most influential politicians, business leaders, world commentators, renowned experts in various fields and academicians as guests to over various forums. Last year, we hosted more than one hundred events that provided broad platforms for business development amongst our members.

Working in partnership with the British Embassy and the British Council, whose senior representatives sit on our Board of Management, BritCham is committed to support all stages of business development right from their inception in Indonesia.

To our members and a wider business community, we represent an independent and reliable source of information on issues. This covers politics, current affairs, security, health, inside-track analysis from our business sector groups, advocacy, personal and social development. In addition, the Chamber provides tremendous media opportunities for promoting and advertising to a dynamic business community.

Although British in name, our BritCham community is far from exclusively British. The integrity of the BritCham brand attracts members, sponsors and advertisers with roots from all over the globe and most pleasingly, from our host country, Indonesia. Indeed, through the establishment of Britain in South East Asia (BiSEA), opportunities are expanding in a regional context.

We proudly remain the only foreign business group with a community portfolio, Giving Kids a Sporting Chance-now in its 12<sup>th</sup> year.

We are delighted to have just established the **BritCham Education Centre** sitting within the BritCham Executive Office. This new unit offers a holistic solution bringing together Indonesian nationals looking to the UK for their education, formal education providers and blue-chip employers seeking the best returning talent. BritCham has put together an inaugural panel of British Universities whose employability ratings cover subject areas aligned with national goals and talent gaps.

Whether you are an SME in the UK looking at opportunities in Indonesia or an established business here, we strongly advocate that the only way to truly appreciate the value of membership is to take the first step and join our dynamic international business community.

This Manual was developed under the Financial Sector and Intellectual Property (FSIP) programme, a component of the ASEAN Economic Reform Programme funded by the United Kingdom's cross government Prosperity Fund.<sup>1</sup> The Manual was created and coordinated by UK headquartered IP firm Rouse's<sup>2</sup> Indonesia office, in conjunction with PwC, as the FSIP Programme manager. The Manual is for informational purposes only and the views, recommendations and contents of this Manual do not necessarily represent or are not necessarily endorsed by BritCham Indonesia, PwC or Rouse. So, users of this Manual should take local legal advice on specific IP cases.

General information on BritCham appears online at the ASEAN Website: <https://britcham.or.id>

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<sup>1</sup> <https://www.gov.uk/government/collections/cross-government-prosperity-fund-programmes>

<sup>2</sup> For more about Rouse see [www.rouse.com](http://www.rouse.com)

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## 1. INTRODUCTION

The South-East Asia Financial Sector and Intellectual Property (FSIP) Programme was launched in 2018, under the UK Government Prosperity Fund Programme. The FSIP Programme aims to address market inefficiencies and weaknesses that impede South-East Asia's inclusive economic growth. The key objectives of the project are to strengthen the overall business environment as a key enabler for inclusive economic growth which can provide significant positive impact on poverty and inequality across six SE Asian countries including Indonesia. Overall, the project aims to address barriers to growth by improving the global business environment, strengthening government institutions, and encouraging greater global private investment, particularly in developing SE Asian countries. Stronger, more productive SE Asian economies provide greater trade opportunities for international and UK businesses.

One of the work streams under the FSIP programme is the Intellectual Property (IP) work stream. In many developing countries, market failures and weaknesses typically manifest a range of IP challenges. These include lower quantities and weaker quality of IP created as well as insufficiently strong legal remedies to protect and enforce IP (e.g. through civil court, administrative and criminal IP protection systems). IP system transparency is a challenge in any developing country when the IP systems are not well-tested, clear, and robust. A large informal economy magnifies IP problems.

Through the FSIP Programme, the UK Government is working with the Government of Indonesia in strengthening legal certainty for its IP owners, ensuring that IP acts as a catalyst for innovation and creativity to support economic growth by providing technical advice and capacity building in relation to legal, practical and enforcement issues. The FSIP Programme can help build trade links through IP with UK, other businesses and IP organisations.

IP enforcement remains a business concern in Indonesia. The inadequacy of IP enforcement information and resulting lack of transparency is a barrier for foreign investors. One of the projects under the FSIP Programme aims to address the lack of adequate IP enforcement information through an IP enforcement Manual. This Manual on IP enforcement in Indonesia has been developed for businesses operating in or planning to expand into Indonesia. It is published by the British Chamber of Commerce, Indonesia and aims to provide foreign businesses with a picture of how the IP enforcement system works in Indonesia. It includes details of the laws and regulations as well as the IP enforcement procedures in Indonesia. It uses a definition of enforcement that parallels the World Trade Organisation's Trade Related Aspects of Intellectual Property (TRIPS) Agreement. This means it focuses on trade mark and copyright enforcement procedures – which in common parlance means trade mark counterfeiting and copyright piracy. The types of enforcement systems used to deal with these two issues are most commonly criminal, administrative, including Customs, as well as the civil courts. Other forms of IP exist (e.g. patents, designs) but their enforcement is more usually limited to or appropriate for civil court systems only.

The FSIP has a parallel focus on Gender and Social Inclusion, so FSIP considers how IP and IP enforcement interacts with this. There has been very little study of this issue but this Manual includes some preliminary analysis and data.

The Manual is up to date as of April 30<sup>th</sup>, 2020. The Manual is for informational purposes only so users of this Manual should take local legal advice on specific IP cases.

## 2. OVERVIEW OF INDONESIA'S LEGAL AND IP SYSTEM

Businesses including foreign investors need to engage with legal systems for many reasons. It is especially challenging for foreign businesses to engage with complex, unfamiliar foreign legal systems. Therefore, simpler judicial procedures, efficient enforcement systems and clear and effective legal remedies are needed. The protection of IP is a particularly challenging and technical area. It usually requires a blend of civil court remedies (e.g. to claim damages), criminal procedures (e.g. to stop counterfeiting), and administrative remedies (e.g. Customs IP border protection systems).

IP must be recognized and protected first. This usually means registering trade marks, designs, and patents at the government IP office or providing protection for unregistered rights like copyrights and trade secrets under international treaties. Indonesia has relatively well-established systems to do this. But mere registration of IP is not a business goal. What matters is how businesses can make use of their IP commercially, and whether a country provides a system for IP protection and enforcement and how effective that is. IP enforcement systems are a subset of a country's legal system. It is therefore necessary for foreign businesses to understand the strength and independence of a country's legal system before looking at how well the IP enforcement procedures operate.

Indonesia's legal system draws on traditional/customary/adat law, Islamic law (sharia) and Dutch colonial law (a constitutional system) and then, post-independence, additional laws were laid on top of these. This created a complex plural legal system. Since then several reforms have been undertaken to improve the quality of the legal system. It is an ongoing challenge for the government to upgrade the legal system.

Indonesia is a civil law country based on a Constitution. This means Parliament makes all the laws; there is no common law. Government and Ministries can make regulations and there are subsidiary rules below that. The Supreme Court is the highest court above the high courts and then the district courts. There are a number of specialist courts such as the Commercial Courts that hear Bankruptcy and IP cases. Indonesian courts use a non-adversarial system with Judges having a proactive role in cases.

Lawyers or Advocates can be engaged to handle legal issues and the legal profession is governed by the Advocates Law and the bar association called PERADI<sup>3</sup>.

Indonesia like many developing countries faces various challenges with its legal system. The World Justice Project Rule of Law Index 2020 ranks Indonesia 59/128.<sup>4</sup> The areas it identifies most in terms of legal weakness in Indonesia include the Civil Justice system, Criminal Justice system and Corruption. The Ease of Doing Business index by the World Bank Group ranks Indonesia 73/190<sup>5</sup> with legal issues being one of the biggest challenges. Transparency International placed Indonesia at a rank of 85/180 countries in its Corruption Perceptions Index for 2019. It noted in the Report that despite a very slight improvement in Indonesia's score, it continues to struggle to tackle corruption. It reported corruption in all branches of government – including IP and the legal system.<sup>6</sup>

### IP system

IP is a technical area of law. While many general lawyers do practice IP law, in many countries there is a separate IP profession. In Indonesia, IP Consultants are lawyers who advise on and register IP. AKHKI (Indonesian Intellectual Property Association) is the IP law profession's industry association<sup>7</sup> in Indonesia.

<sup>3</sup> <https://www.peradi.or.id/>

<sup>4</sup> [https://worldjusticeproject.org/sites/default/files/documents/WJP-ROLI-2020-Online\\_0.pdf](https://worldjusticeproject.org/sites/default/files/documents/WJP-ROLI-2020-Online_0.pdf)

<sup>5</sup> <https://www.doingbusiness.org/en/data/exploreeconomies/indonesia>

<sup>6</sup> [https://www.transparency.org/files/content/pages/2019\\_CPI\\_Report\\_EN.pdf](https://www.transparency.org/files/content/pages/2019_CPI_Report_EN.pdf)

<sup>7</sup> <https://akhki.or.id/>

IP systems can be broken into three components:

- Registration and protection system. This refers to the registration system operated by the Directorate General of Intellectual Property (DGIP), a department at the Ministry of Law & Human Rights. At DGIP one can register trade marks, designs and patents and there is also a voluntary Copyright recordal system. DGIP also has various policy functions.
- Commercialisation of IP. This typically means IP contracts such as licenses, assignments, and other commercial agreement involving IP.
- Enforcement through the civil and criminal courts and administrative routes.

DGIP's role is generally to manage the registration systems, but they also have an enforcement function. However, it has a limited role with the courts.

In addition to the technical nature of IP, issues that arise in IP registration and protection, deployment of IP assets through contracts as well as the enforcement of IP make it a complex area for the novice. Typically, specialist external IP attorneys assist businesses in all aspects. Many larger corporations have specialist in house IP attorneys.

In recent years, Indonesia's IP system has undergone a number of improvements. The amendment of the IP laws is the major reason for this. IP is governed by individual laws which cover Trade marks, Designs, Patents, Copyright, Trade Secrets and so on.

The EU Commission's Report on the protection and enforcement of IP rights in third countries 2020<sup>8</sup> cites Indonesia as a Priority 2 country, due to concerns in the area of IP protection and enforcement such as high levels of trade mark counterfeiting and copyright piracy, lack of customs IP protection, weak civil court enforcement systems and a lack of dedicated criminal IP enforcement units. Indonesia remains on the US Government's Priority Watch List under the 2020 USTR Special 301 Report.<sup>9</sup> The main concerns regarding Indonesia's IP regime (trade mark and copyright) were:

- lack of effective IP protection and enforcement including insufficient enforcement coordination amongst agencies.
- widespread copyright piracy and trade mark counterfeiting
- lack of coordination in IP enforcement efforts
- insufficient deterrent-level penalties for IP infringement in physical and online markets.

There is a large proportion of locally made counterfeits. Research in Indonesia commissioned by a local anti-counterfeiting group MIAP (Indonesian Society against Counterfeiting) to LPEM University of Indonesia in 2014, reported the impact of IP infringement in Indonesia as Rp65.09tn (US\$5bn), especially in five industries including fashion, culinary, pharmacy, cosmetics, and software<sup>10</sup>.

### IP Laws and Regulations – WTO TRIPS Compliance

The WTO's agreement on TRIPS has been in force since 1995 and is a comprehensive multilateral agreement on IP. The TRIPS Agreement introduced global minimum standards for protecting and enforcing nearly all forms of IP rights. The Agreement requires all WTO members, with few exceptions, to adapt their laws to the minimum standards of IP rights protection. In addition, the TRIPS Agreement also introduced detailed obligations for enforcement of IP rights.

Indonesia signed the TRIPS in 1996, and 4 years later in 2000 most, but not all its IP laws were amended to comply with the WTO TRIPS Agreement. As remaining gaps were exposed, further legal amendments were proposed, and between 2014 and 2018 further law changes were made. These changes were reflected in Indonesia's improved score in the US Chamber International IP Index from

<sup>8</sup> [https://trade.ec.europa.eu/doclib/docs/2020/january/tradoc\\_158561.pdf](https://trade.ec.europa.eu/doclib/docs/2020/january/tradoc_158561.pdf)

<sup>9</sup> [https://ustr.gov/sites/default/files/2020\\_Special\\_301\\_Report.pdf](https://ustr.gov/sites/default/files/2020_Special_301_Report.pdf)

<sup>10</sup> Economic Impact of Counterfeiting in Indonesia, T Peneliti, E Mardanugraha, S Wardhani, B Ismayadi, D Bergkamp & B Yappy, 2014, [https://miap.or.id/wp-content/uploads/2014\\_Laporan-Akhir-Bahasa-Indonesia\\_2.pdf](https://miap.or.id/wp-content/uploads/2014_Laporan-Akhir-Bahasa-Indonesia_2.pdf)



9.64 in 2017 to 12.87 in 2019 and 15.12 in 2020, ranking 46<sup>th</sup> on the US Chamber's International IP Index.<sup>11</sup>

A number of bilateral negotiations include further proposed IP reforms. Negotiations for an EU-Indonesia free trade agreement were launched in July 2016 which includes an extensive IP chapter. The Regional Comprehensive Economic Partnership (RCEP) which all ASEAN members will advocate further IP reforms. The ASEAN IP Rights Action Plan 2016-2025 sets out the regional grouping's own IP harmonisation plans and includes a specific chapter in IP enforcement.

### **IP enforcement reform**

IP laws in Indonesia have all been amended in the last decade. The government acknowledged the weaknesses in the criminal IP enforcement system in 2011, when it completed the establishment of a second IP investigation and enforcement route, establishing the IP Office's PPNS team (the Civil Service Investigation Office) as an alternative to the police. The PPNS team is intended to be a more user-friendly alternative than the police for criminal complaints. It is possible for IP owners to contact them directly for IP enforcement, without detailed knowledge of legal procedures. Civil Court cases are increasingly common for IP disputes, with over 50 per year occurring. A new Customs system was established in 2018 to enable border interception of counterfeit and pirated goods, although this is not open to foreign IP owners without a subsidiary in Indonesia.

### **FSIP is supporting several IP enforcement initiatives:**

- Improvement of the system for tackling counterfeit goods online, including transparent and more advanced systems for IP owners and E-commerce platforms to remove counterfeit goods sales from digital channels of trade
- Opening the Customs IP system to all foreign companies
- Creating a national IP enforcement coordination function in the Indonesian government
- ASEAN's IP Action plan 2016-2025 contains an initiative to help ASEAN countries including Indonesia to collect and publish IP enforcement case data

<sup>11</sup> <https://www.theglobalipcenter.com/ipindex2020-details/?country=id>

### 3. IP ENFORCEMENT MANUAL- INDONESIA

#### 3.1 The IP Enforcement System and the WTO TRIPS Regime

Indonesia is a civil law country therefore, written laws set out all the rules and procedures for IP enforcement. As a WTO TRIPS member, Indonesia commits to providing enforcement measures<sup>12</sup>. These comprise:

- civil remedies, including judicial procedures, evidence rules, injunctions, damages, other remedies, information to rights holder and right of indemnification to defendants, as well as provisional measures (preliminary injunctions and search and seizure orders);
- criminal remedies, at least for wilful trade mark counterfeiting or copyright piracy on a commercial scale
- suspension of release by customs authorities

**Commentary:** *The TRIPS Agreement covers many forms of IP; however, the most commonly used IP enforcement procedures are for trade marks and copyrights. The illegal acts that trade mark and copyright enforcement procedures cover are commonly called counterfeiting and piracy respectively. Trade mark and copyright enforcement procedures generally include criminal, civil, customs and administrative remedies.*

#### 3.2 Trade Mark and Copyright Protection

Trade marks must be registered at the Directorate General of Intellectual Property (DGIP) to be protected, under Law No. 20 of 2016 (Trade Mark Law). There is no protection for unregistered trade marks. Under the Madrid Protocol, Indonesia accepts trade mark applications under the international registration system.

Copyright protects a wide range of creative works under the Copyright Law No. 28 of 2014 (Copyright Law). It confers the exclusive economic right to conduct and control those activities in relation to the author or owner's works as well as moral rights. Copyright is protected upon creation of the copyright work. There is a voluntary recordal system for certain copyrights at DGIP, but this confers no legal advantage for enforcement. It may assist practically to have all the copyright data already approved and the copyright data in local bahasa language.

**Commentary:** *The Trade Mark Law is now largely TRIPS compliant. A few problems remain with its implementation. These include recognition of well-known marks, slow application pendency (there is a backlog at DGIP), preventing bad faith trade mark squatters and taking effective enforcement actions.*

*The Copyright law is generally TRIPS compliant. There are few complaints about it in the context of Indonesia's economic development. Most foreign creative industry complaints relate to practical implementation and enforcement. There is scope to modernize the Copyright law especially in the digital space. Indonesia intends to develop this area so improvements could drive new economic benefits in the creative sector.*

#### 3.3. Criminal IP Enforcement

Trade mark and copyright infringements are 'complaint-based' crimes. This means the IP owner must file a formal complaint with the police before any action can be taken. IP crimes are brought to the criminal courts either by filing a police complaint; or by filing a complaint through the IP Office's investigation team PPNS. In both cases they can summon, investigate, and secure evidence (and in

<sup>12</sup> Part III of TRIPS - Articles 41-61



the police's case arrest); however, in each case, a file must be passed to the Prosecutor who then takes over and decides whether to prosecute in the criminal courts.

**Commentary:** *While the police have taken successful criminal raid actions, often in practice however, criminal enforcement is difficult due to various factors such as a lack of transparency in police procedures. Therefore, few cases reach the prosecution stage. Most cases cease to proceed after the investigation phase due to various reasons including lack of resources, focus on technicalities and corruption.<sup>13</sup> IP crimes, like many commercial crimes, are not prioritized by the government.*

### 3.3.1 Criminal acts defined in the Trade Mark Law

Trade mark infringement occurs when an infringer does any of the acts defined in Article 100 and 102 of the Trade Mark Law. These broadly cover applying an infringing trade mark and selling goods under an infringing trade mark.

- Article 100 (1): unlawful use of trade marks, identical (similar in its entirety) to registered trade marks of other parties for goods of the same kind.
- Article 100 (2): unlawful use of trade marks, similar (in principal) to registered trade marks of other parties for goods of the same kind.
- Article 100 (3): an infringer whose goods could threaten human health, the environment, and/or cause death in humans.
- Article 102: trading in goods which are known to be or reasonably suspected to be counterfeit goods.

### 3.3.2 Criminal procedure for Trade Mark infringement

Article 103 states that criminal offences in Article 100 to Article 102 constitute complaint-based offences. Trade mark owners are required to file a complaint before any action is taken against the infringement.

Criminal trade mark cases may be filed with the Police or DGIP's Civil Service Investigation Office (PPNS)<sup>14</sup>. Trade mark owners also have the option to use alternate dispute resolution mechanism such as mediation, negotiation as well as concilitation before decide to proceed to the prosecution phase.

#### 3.3.1.1 Police and the PPNS

Article 1 (1) and Article 6 of the Criminal Procedure Code defines an Investigator as an official of the National Police or the PPNS, who by law are granted special authority to conduct an investigation.

Article 99 empowers the investigating officers of National Police and the PPNS to investigate criminal offences for trade mark infringement. The investigators have authority to:

- conduct examination on the accuracy of the report or information in relation to the criminal acts;
- conduct examination to any person allegedly committing criminal acts;
- request information and evidence from any person in relation to criminal acts;
- conduct examination on bookkeeping, records, and other documents in relation to criminal acts;
- search and conduct examination in places allegedly having evidence, bookkeeping, records, and other documents in relation to the criminal acts;
- confiscate infringing materials and goods as evidence in criminal acts;
- request expert statements in the implementation of their duties to investigate the criminal acts;
- request assistance from relevant institutions to arrest, detent, set a wanted list, and prevent the perpetrator from doing the criminal act; and

<sup>13</sup> <https://jakartaglobe.id/context/indonesian-police-fifth-corrupt-institution-country-transparency-international>

<sup>14</sup> Penyidik Pegawai Negeri Sipil

- dismiss investigation if there is no sufficient evidence for conviction of the criminal acts in the field of Trade marks.

The PPNS must notify the commencement of investigations to the public prosecutor with a copy to the investigator officers of the National Police. The results of investigation carried out by the PPNS are forwarded to the public prosecutor through the investigating officers of the National Police.

**Commentary:** *The PPNS was set up in March 2011 to supplement the police units in carrying out enforcement. However, they are under resourced to effectively undertake anti-piracy and anti-counterfeit measures. The total number of raids by the PPNS each year is approximately thirty (30) cases. IP raids are generally more expensive in Indonesia as compared to other countries in the SE Asian region. This is because there is a protracted process requiring various interviews with witnesses, as well as formal consultations and statements from the IP Office on the infringement. When a raid does happen, IP owners have on occasions been able to reach settlements that may include some of the following:*

- *destruction of the infringing goods*
- *signed undertakings from the infringer*
- *a public apology by the infringer (cost borne by infringer, where possible); and*
- *damages.*

*Concerns related to the destruction of infringing or allegedly infringing goods have been reported, that counterfeit and pirated goods are often not destroyed by the enforcement authorities and find their way back to the market. On other occasions, destruction procedures take too long or may be dissuasively expensive for IP owners.<sup>15</sup>*

*Several dozen criminal raids do happen each year; so, despite the challenges it may be effective in bringing a specific infringement to an end once the raid is carried out.*

### 3.3.1.2 Criminal prosecution of Trade Mark crimes

The Criminal Procedure Code outlines the duties of the investigator which includes:

- Preparing a report on the implementation of measures as intended in article
- The investigator shall hand over the dossier of the case to the public prosecutor

The handing over of the dossier may have several stages. At the first stage the investigator delivers the case dossier to the public prosecutor. If the public prosecutor considers it complete, the investigator transfers responsibility of the suspect and evidence materials to the public prosecutor to file the case in the court. In some cases, the dossier is incomplete so is returned for more investigations. After completion it is to be returned to the public prosecutor to decide whether the dossier has met requirements for transfer to the court.

\*The criminal procedure for trade mark infringement has been described by way of a flowchart in Annex 1A of this Chapter.

### 3.3.1.3 Criminal penalties for Trade Mark infringement

The criminal court judge may order the following penalties. In practice judges may award penalties lower than this in most cases.

- Under Article 100 (1) any person who unlawfully uses trade marks that are identical (similar in its entirety) to registered trade marks of other parties for goods of the same kind shall be sentenced to imprisonment of up to five years and/or fine up to Rp2,000,000,000.
- Under Article 100 (2) any person who unlawfully uses trade marks of similar nature (in principal) to registered trade marks of other parties for goods of the same kind shall be sentenced to imprisonment for up to four years and/or fine up to Rp2,000,000,000.

<sup>15</sup> [https://trade.ec.europa.eu/doclib/docs/2020/january/tradoc\\_158561.pdf](https://trade.ec.europa.eu/doclib/docs/2020/january/tradoc_158561.pdf)

- Under Article 100(3) an infringer per Article 100 (1) and (2) whose goods could threaten human health, the environment, and/or cause death in humans shall be sentenced to imprisonment for a maximum period of ten years and/or a fine of a maximum amount of Rp5,000,000,000.
- Under Article 102 any person trading in goods which are known to be or reasonably suspected to be counterfeit goods shall be sentenced to imprisonment for a maximum period of one year or a fine of a maximum amount of Rp200,000,000.

**Commentary:** Indonesia's IP laws provide for substantial maximum fines and prison sentences. However, in practice, only minor fines are given for IP crimes, and there is still a lack of consistency in sentencing for IP offences. This is usually considered an obstacle to creating an effective deterrent environment. In practice only a few cases each year reach this stage.

### 3.3.1.4 Defences to Trade Mark infringement

Indonesia's Trade Mark Law contains no specific defences. The closest to a defence would be under Article 102, where trading in counterfeit goods requires the prosecutor to prove that the trader knew or reasonably suspected the goods were counterfeit.

### 3.3.2 Criminal acts defined in the Copyright Law

Criminal offenses for copyright or related rights infringement are laid down under Article 112 to 120 of the Copyright Act. These are separated into differently defined categories of infringing criminal acts.

3.3.2.1	<b>Rights management information and technological circumvention</b>	<p>Article 112 contains two unlawful acts in relation to rights management information and technological circumvention measures for commercial use:</p> <ul style="list-style-type: none"> <li>▪ Unlawfully removing, changing or damaging copyright management information and copyright electronic information (defined under Article 7(3)) that are owned by the Author and/or</li> <li>▪ Damaging, destroying, eliminating, or disabling the function of technological protection measures (defined in Article 52) used as a safeguard for the works or related rights products</li> </ul>
3.3.2.2	<b>Economic rights infringement</b>	<p>The Copyright Law sets out different criminal offences for each of the different economic rights.</p> <p>Article 113 (1) sets out one criminal offence in relation to the economic rights of the author or the copyright holder:</p> <ul style="list-style-type: none"> <li>▪ the right to rental</li> </ul> <p>Article 113 (2) sets out 4 criminal offences in relation to the economic rights of the author or the copyright holder:</p> <ul style="list-style-type: none"> <li>▪ translation</li> <li>▪ adaptation, arrangement, or transformation</li> <li>▪ performance</li> <li>▪ communication</li> </ul> <p>Article 113 (3) sets out 4 criminal offences in relation to the Economic Rights of the Author or the Copyright holder:</p> <ul style="list-style-type: none"> <li>▪ publication</li> <li>▪ reproduction</li> </ul>

		<ul style="list-style-type: none"> <li>▪ distribution</li> <li>▪ publication</li> </ul> <p>Article 113 (4) sets out an aggravated infringement offence of intentional piracy.</p>
3.3.2.3	<b>Landlord liability- Sale of copyright infringing goods on landlord premises</b>	Article 114 provides a criminal offence for those managing business premises where the owner deliberately and knowingly allows the sale and/or duplication of goods resulting into infringement of copyright and/or related rights in the premises that they manage (as set out in Article 10).
3.3.2.4	<b>Infringement of publicity/advertising rights</b>	Article 115 provides that where persons are portrayed in publicity/advertising images (as set out in Article 12), the commercial use, reproduction, publication, distribution or communication of their image rights for the purposes of advertising or publication in electronics and non-electronic media is an offence.
3.3.2.5	<b>Infringement of Performers rights</b>	<p>Article 116 sets out criminal offences in relation to the economic rights of performers for commercial use:</p> <ul style="list-style-type: none"> <li>▪ Article 116 (1) prohibits unauthorised rental to the public of fixations of performances [(defined in Article 23(2)(e)).</li> <li>▪ Article 116 (2) prohibits unauthorised broadcasting or communication of performances, fixation of unfixed performances, or making available of the fixation of performances to the public [defined in Article 23(2) (a) (b) and (f)].</li> <li>▪ Article 116 (3) prohibits unauthorised reproduction or fixation of performances [defined in Article 23(2) (c) and (d)].</li> <li>▪ Article 116(4) provides an aggravated infringement offence of intentional piracy.</li> </ul>
3.3.2.6	<b>Infringement of phonogram/sound recording rights of Producers</b>	<p>Article 117 sets out criminal offences in relation to the economic rights of producers of phonogram/sound recordings for commercial use.</p> <ul style="list-style-type: none"> <li>▪ Article 117 (1) prohibits unauthorised rental of phonograms [defined in Article 24(2)(c)]</li> <li>▪ Article 117 (2) prohibits unauthorised reproduction, distribution and making available by wire or wireless to the public [defined in Article 24(2) (a) (b) and (d)]</li> <li>▪ Article 117(3) provides an aggravated infringement offence of intentional piracy.</li> </ul>
3.3.2.7	<b>Infringement of Broadcast rights</b>	<p>Article 118 sets out criminal offences in relation to the economic rights of broadcasters.</p> <ul style="list-style-type: none"> <li>▪ Article 118 (1) prohibits unauthorised rebroadcasting, communication, fixation or reproduction of a broadcast [defined in Article 25(2) (a) (b) (c) and (d)].</li> <li>▪ Article 118 (2) provides an aggravated infringement offence of intentional piracy.</li> </ul>
3.3.2.8	<b>Collective Management Organization (CMO) offences</b>	Under Article 119 any unlicensed CMO [(defined in Article 88 (3)] seeking to collect royalties commits an offence.

**Commentary:** Copyright crimes are classified by the nature of the copyright work infringed and the type of owner. The rights of copyright owners and authors, as well as broadcasters, performers, sound recording producers are covered. There is a narrow right of publicity for famous persons.

### 3.3.3 Criminal procedure for copyright crimes

Article 120 states that criminal offences in Article 112 to Article 119 constitute complaint-based offences. Copyright owners are required to file a complaint before any action is taken against the infringement.

Criminal copyright cases may be filed with the Police or PPNS (at the IP owner's choice). The copyrights owners are obligated to use alternate dispute resolution mechanism such as mediation, negotiation as well as conciliation. They can only proceed to the prosecution phase provided that the alternate dispute resolution mechanism failed.

**Commentary:** Until 2012 Copyright crimes could be investigated by the police automatically. The amended Copyright Law changed this, to combat a concern that uncertain cases could lead to investigations by the police without copyright owner's support.

### 3.3.4 Police and PPNS

Article 1 (1) and Article 6 of the Criminal Procedure Code defines an investigator as an official of the National Police or the PPNS, who by law are granted special authority to conduct an investigation.

Article 110 of the Copyright Law empowers the investigating officers of National Police and/or the PPNS to investigate criminal offences for copyright infringement. The investigators have authority to conduct:

- verification of the accuracy of the reports or information in relation to criminal offenses;
- examination of persons or legal entities allegedly committing criminal offenses;
- soliciting information and evidence from persons or legal entities in relation to criminal offenses;
- examination of books, records and other documents relating to criminal offenses;
- searching and examination of premises that are alleged contain evidence, bookkeeping, records and other documents relating to criminal offenses;
- confiscation and/or termination of circulation upon the permission of the court of materials and goods resulting from the offenses that may be used as evidence in a criminal case in the field of copyright and related rights in accordance with the Code of Criminal Procedure;
- request expert depositions in performing the tasks of criminal investigations;
- request for assistance from relevant institutions to arrests, detent, set a wanted list, prevent and deter against perpetrators of criminal offenses; and
- termination of the investigation if there is no sufficient evidence of criminal activity.

The PPNS must notify the commencement of investigation to the public prosecutor with a copy to the investigating officers of the National Police. The results of investigation carried out by the PPNS are forwarded to the public prosecutor through the investigating officers of the National Police.

Note: Article 95(4) requires mediation prior to criminal copyright action, with an exception in cases of Piracy.

### 3.3.5 Criminal Prosecution of copyright crimes

Criminal prosecution for copyright is the same as trade marks – please refer to section 3.3.1.2 above.

\*The criminal procedure copyright infringement has been described by way of a flowchart in Annex 1B of this Chapter.



### 3.3.6 Criminal Penalties for copyright infringement

The criminal court judge may order the following penalties. In practice judges may award penalties lower than this in most cases.

- Article 112: Any person who unlawfully causes removal of copyrights management information and/or technological circumvention offences shall be sentenced to imprisonment for up to two years and/or a fine up to Rp300,000,000.
- Article 113 economic offences vary depending on the type of offence:
  - Rental offences in Article 113 (1): A person shall be sentenced to imprisonment for up to one year and/or a fine up to Rp100,000,000.
  - Translation, adaptation, arrangement, or transformation, performance or communication offences in Article 113 (2): A person shall be sentenced to imprisonment for up to three years and/or a fine up to Rp500,000,000.
  - Publication, reproduction, distribution or publication offences in Article 113 (3): A person shall be sentenced to imprisonment for up to four years and/or a fine up to Rp1,000,000,000
  - Piracy offences in Article 113 (4): A person shall be sentenced to imprisonment for up to ten years and/or a fine up to Rp4,000,000,000.
  - Article 114 on Landlord offences: A person shall be sentenced to a fine up to Rp100,000,000.
  - Article 115 on Publicity/advertising rights offences: A person shall be sentenced to a fine up to Rp500,000,000.
- Article 116 Performers rights offences vary depending on the type of offence:
  - Rental offences in Article 116 (1): A person shall be sentenced to imprisonment for up to one year and/or a fine up to Rp100,000,000.
  - Broadcasting or Communication and fixation or making available offences in Article 116 (2): A person shall be sentenced to imprisonment for up to three years and/or a fine up to Rp500,000,000.
  - Unauthorised reproduction or fixation offences in Article 116 (3): A person shall be sentenced to imprisonment for up to four years and/or a fine up to Rp1,000,000,000.
  - Piracy offences in Article 116 (4): A person shall be sentenced to imprisonment for up to ten years and/or a fine up to Rp4,000,000,000.
- Article 117 Sound recording rights offences vary depending on the type of offence:
  - Rental offences in Article 117 (1): A person shall be sentenced to imprisonment for up to one year and/or a fine up to Rp100,000,000.
  - Unauthorised reproduction, distribution and making available offences in Article 117 (2): A person shall be sentenced to imprisonment for up to four years and/or a fine up to Rp1,000,000,000.
  - Piracy offences in Article 117 (3): A person shall be sentenced to imprisonment for up to ten years and/or a fine up to Rp4,000,000,000.
- Article 118 Broadcast offences vary depending on the type of offence:
  - Unauthorised rebroadcasting, communication, fixation or reproduction offences in Article 118 (1): A person shall be sentenced to imprisonment for up to four years and/or a fine up to Rp1,000,000,000.
  - Piracy offences in Article 118 (2): A person shall be sentenced to imprisonment for up to ten years and/or a fine up to Rp4,000,000,000.
- Article 119 on CMO offences: A person shall be sentenced to imprisonment for up to four years and/or a fine up to Rp1,000,000,000.



### 3.3.7 Defences/exceptions: acts not considered as copyright infringement

Under Article 43 'acts' that are not considered as copyright infringement include:

- Publication, distribution, communication, and/or reproduction of state emblems and national anthem in accordance with their original nature;
- Publication, distribution, communication, and/or reproduction executed by or on behalf of the government in certain circumstances;
- Taking of actual news, either in whole or in part from a news agency, broadcaster, newspaper or other similar sources provided that the source is fully cited;
- Production and distribution of copyrighted content through information technology and communication media for non-commercial use which either provides a benefit to the Author or he expresses no objection.
- Reproduction, publication, and/or distribution of portraits of the president, vice president, former presidents, former vice presidents, national heroes, heads of state institutions, heads of ministries/non-ministerial government agencies, and/or the heads of regions taking into account the dignity and appropriateness thereof.

**Commentary:** Indonesia's IP laws make provision for substantial maximum fines and prison sentences. However, in practice, only minor fines are given for IP crimes, and there is still a lack of consistency in sentencing for IP offences. This is usually considered an obstacle to creating an effective deterrent environment. In practice only a few cases each year reach this stage.

The EU Commission Report for Indonesia reports that Indonesia does not have a dedicated IP crime unit, trained, and equipped to deal with online copyright infringements, in particular, illegal cam-cording and live streaming piracy.<sup>16</sup>

### 3.4. Civil IP Enforcement

Indonesia has a three-tiered civil court system, District Courts at the first level (located in each city/regency), High Court at the appellate level (located in each province), and the Supreme Court (located in Jakarta). IP civil disputes such as trade mark and copyright are under the jurisdiction of Commercial Courts. A Commercial Court which is a special chamber at the first instance level handles matters concerning bankruptcies, bank liquidations and IP.

Currently there are five (5) Commercial Courts in Indonesia, with legal jurisdictions according to President Decree No. 97 of 1999 as follows:

Commercial Court	Province
Central Jakarta	Jakarta Special Region, West Java, Lampung, South Sumatera, West Kalimantan
Surabaya	East Java, South Kalimantan, Central Kalimantan, East Kalimantan, Bali, West Nusa Tenggara, East Nusa Tenggara
Semarang	Central Java and Yogyakarta Special Region
Medan	North Sumatera, Riau, West Sumatera, Bengkulu, Jambi, Aceh Special Region
Makassar (f.k.a. Ujung Pandang)	South Sulawesi, Southeast Sulawesi, Central Sulawesi, North Sulawesi, Maluku, Irian Jaya

IP infringement lawsuits addressed to the Chief Justice of the Commercial Court are heard in the jurisdiction where the defendant resides or is domiciled, except in a case where one of the parties

<sup>16</sup> [https://trade.ec.europa.eu/doclib/docs/2020/january/tradoc\\_158561.pdf](https://trade.ec.europa.eu/doclib/docs/2020/january/tradoc_158561.pdf)

resides outside Indonesia, then the lawsuit is addressed to the Chief Justice of the Commercial Court of Central Jakarta.

**Commentary:** Most civil claims about IP are heard by the Central Jakarta Commercial Court which handles around 50 IP cases per year. Surabaya and Medan Commercial Courts hear a few cases each year. However, a great deal of the cases are about Trade Mark Office registration related issues. Civil IP infringement cases number around 10 each year. Cases heard by the Commercial Courts are generally regarded as satisfactory especially in Jakarta. The lack of timely publication of Commercial Court decisions is a problem. Appeals go to the Supreme Court in many cases; decisions there are published more quickly. Civil IP cases are unusually fast in Indonesia, typically lasting 3 months. Because civil litigation is more expensive than relying on public authorities for IP enforcement, it is usually only appropriate against larger defendants.

### 3.4.1 Trade Mark and Copyright Civil Case Rules

#### 3.4.1.1 Rules for civil IP cases

The Trade Mark Law and Copyright Law both set out the procedures to file a civil lawsuit in the commercial court. They cover matters such as how to file a case, the timetable, deadlines, decision structure and the appeal procedures.

The Civil Procedure Law<sup>17</sup> also applies to cases in the Commercial Courts. The Trade Mark and Copyright Laws are termed 'special laws' so have priority, but where they are silent on an issue, provisions of the Civil Procedure Law apply.

Therefore, Civil cases in Indonesia are governed by three group of rules:

- The law under which the case is filed – the Trade Mark Law or the Copyright Law.
- The Rules of court as provided under the Civil Procedure Law
- There are Supreme Court regulations which cover certain detailed rules relating to trade mark and copyright cases.

### 3.4.2 Trade Mark infringement

#### 3.4.2.1 Registered Trade Mark infringement

Article 83(1) entitles the registered trade mark owner to file a lawsuit with the Commercial Court against anyone who unlawfully uses a trade mark that is similar to or identical for similar kinds of goods and/or services and request a:

- claim for damages; and/or
- cessation of all acts related to the use of trade mark, including production, distribution, and/or trade in the goods and/or services which use the said Mark without the right thereto.

#### 3.4.2.2. Well known Trade Mark infringement

In Article 83(2) a special additional right is given to file a lawsuit to the owner of an unregistered well-known trade mark based on a court decision.

### 3.4.3 Copyright infringement

Copyright disputes can be filed in the commercial court by authors, related rights owners, authors and heirs. The basis for copyright civil court cases includes:

- Infringement of copyright and related rights

<sup>17</sup> Hukum Acara Perdata

- Cases of Piracy
- Cancellation of copyrights recoded with DGIP
- Moral rights violations

Note that cases may also be resolved by arbitration or alternative dispute resolution. All cases must undergo a mediation opportunity during the case.

Article 96 of the Copyright Law entitles a copyright owner to claim damages in the event of loss of Economic Rights of the Author, Copyright holder and/or Related rights holder.

### 3.4.4 Civil IP remedies in Trade Mark and copyright cases

This section covers specific IP remedies required by the TRIPs agreement. It is beyond the scope of this IP enforcement manual to cover every kind of civil law procedure that might be possible in an IP case.

### 3.4.5 Injunctions and preliminary injunctions

The Trade Mark Law contains two provisions. First, under Article 83(1) (b) the trade mark owner plaintiff can request cessation of all infringing acts. Second, under Article 84 the trade mark owner can seek an injunction to prevent further loss, cease all production, distribution, and/or trade of the goods and/or services of that Mark unlawfully.

The Copyright Law contains 2 provisions. First, under Article 99 (3), a copyrights/related rights holder may request for an interlocutory injunction to cease copyright infringing activities. Second, Article 106 provides for an injunction to prevent further loss or prohibit the act of infringement.

Supreme Court Regulation No. 5 of 2012 on Provisional Decisions set out rules for Preliminary Injunctions and these were adopted into the Copyright Law in 2014 and Trade Mark Law in 2016. Detailed procedures on filing a request, submitting evidence of IP ownership, details of the infringement, details of the IP owner are provided. The case is assigned to a Judge and should be heard within 4 days (2 days for Head of Commercial Court to assign case to judge, 2 days for assigned judge to decide). There is confidentiality in these proceedings up to the time the provisional decision is issued. Failure to comply with a Provisional Decision can be a criminal offence. After the provisional decision is executed there are *inter partes* hearings at which the evidence is taken and testimony is heard, then the judge may either confirm the provisional decision or revoke it. This must be completed within 30 days.

**Commentary:** *Although theoretically available preliminary injunctions and search and orders are practically difficult and given the speed of a case generally may not be necessary. One case has been reported as having involved a preliminary injunction but this was rejected upon appeal.*

### 3.4.6 Damages

Both the Trade Mark Law and Copyright Law contain provisions entitling the winning parties to damages.

The Trade Mark Law contains no detailed rules on calculation or payment of damages.

The Copyright Law contains several references to damages. It defines damages as arising from economic loss. Payments must be made within 6 months of the court decision. In some cases, it can comprise the income from infringement.

**Commentary:** *Both the Trade Mark and Copyright Law provide for final relief in the form of damages. Principles for calculating damages are not well established and the outcome of damages claims are uncertain, with some divergence in different courts' calculations. In a few cases large damages have been awarded, while the same level of preparation might result in*

*minimal award in another case. In civil litigation, each party effectively bears its own legal costs.*

### 3.4.7 Other remedies

This refers to two remedies, one being disposal of infringing goods outside the channels of commerce and another being the seizure of tools and materials to create infringing goods.

The Trade Mark Law Article 84 (2) provides that a judge may order that the surrender of infringing goods or the value of the goods.

Under Article 99 (3) of the Copyright Law, a copyright owner can request a decision to seize infringing works and tools to produce them.

### 3.4.8 Right of Information

This refers to judicial orders, that the infringer disclose the identity of third persons involved in the production and distribution of infringing goods. No specific provisions in the Trade Mark Law or Copyright Law exist.

### 3.4.9 Indemnification of Defendant

This refer to protecting defendants from abuse by excessively aggressive Plaintiffs.

The Trade Mark Law and Copyright Law provide the right to damages and right to claim over the bond furnished by the plaintiff in the event that the interlocutory injunction is discharged following *inter parte* hearing. This is covered in Article 109(5) of the Copyright Law and Article 97(5) of the Trade Mark Law.

### 3.4.10 Provisional measures

Preliminary injunctions are described in section 3.4.4 above. However other provisional orders can be made.

Under Article 94 of the Trade Mark Law, a trade mark owner may request a judge of the Commercial Court to issue a provisional decision to:

- prevent alleged import of infringing goods entering the market;
- seize evidence relevant to the trade mark infringement;
- secure and prevent the loss of evidence by infringer; and/or
- prohibit the act of infringement to prevent greater damages

Under Article 106 of the Copyright Law, a copyright owner can request a provisional decision to

- prevent alleged import of copyright infringing goods entering the market;
- seize evidence relevant to the copyright infringement;
- secure and prevent the loss of evidence by infringer; and/or
- prohibit the act of infringement to prevent greater damages

Supreme Court Regulation No. 5 of 2012 on Provisional Decisions set out rules for Preliminary Injunctions and these were adopted into the Copyright Law in 2014 and Trade Mark Law in 2016. Detailed procedures on filing a request, submitting evidence of IP ownership, details of the infringement, details of the IP owner are provided. The case is assigned to a Judge and should be heard within 2 days. There is confidentiality in these proceedings up to the time the provisional decision is issued. Failure to comply with a Provisional Decision can be a criminal offence. After the

provisional decision is executed there are *inter partes* hearings at which the evidence and testimony is heard then the judge may either confirm the provisional decision or revoke it. This must be completed within 30 days.

### 3.5. Digital IP Infringement of Trade Marks and Copyrights

Indonesia seeks to transform itself into a digital economy. Online e-commerce is a huge part of the digital economy. Online sales are booming<sup>18</sup>. Digital IP infringement is therefore now a business concern. This means both sale of counterfeit trade marked goods (e.g. apparel, household products, foods and medicines) and pirate copyrighted goods (e.g. music, software, films).

This section sets out the possible violations that relate to traders online, as well as online intermediaries at a civil or criminal level. This manual uses the term ISP to denote digital businesses such as e-commerce platforms, social media platforms and digital content providers that provide copyright works and trade marked goods. It doesn't apply to internet access providers and other internet companies.

**Commentary:** *Indonesia chose to mainly regulate infringement on the internet outside the IP laws. Two other laws provide remedies through subsidiary regulations. This has created a complex overlap of rules. New regulations are expected and therefore, the position will likely change in the near future.*

#### 3.5.1 Trade Mark violations

The Trade Marks Law contains no specific provisions on e-commerce digital infringement. Cases over online trade mark infringements follow regimes established under the Trade Law (Law No. 7 of 2014) and Electronic Information and Transactions (EIT) Law, (Law No. 11 of 2008) both of which regulate online commerce and infringement through the following:

- Ministry of Communications and Informatics Circular 5 of 2016 under the EIT Law
- Ministry of Trade regulation 80 of 2019 under the Trade Law

The Indonesian government is working on new regulations that are hoped to unify or more clearly regulate these two different systems.

**Commentary:** *Indonesia does not have a complete e-commerce trade mark regime. There is no system for ISP injunctions. Most commonly Circular No 5 of 2016 is relied upon to operate a takedown system under which IP owners can send a notice to ISPs and ISPs are obliged to remove IP infringements and manage content on their systems, or risk sanctions. This works effectively enough for individual trade mark violations. However, it is not helpful for aggravated violations such as repeat or large-scale online infringers, disputes with platforms or obtain data on infringers. It is hoped the new proposed government regulations will improve the legal regime.*

#### 3.5.2 Copyright violations

The Copyright Law has a narrow remedy for online copyright infringements only. This is a 'no-fault' type site/content blocking system under Articles 55-56 of the Copyright Law. This provides a system for blocking of access to infringing internet content by the Ministry of Communication and Informatics (KOMINFO). It is further regulated by a Joint Regulation of the Ministry of Law and Human Rights and Ministry of Communication and Informatics No. 14 of 2015 / No. 26 of 2015.<sup>19</sup> Complaints must be reported to the Ministry of Law and Human Rights through the DGIP. With sufficient evidence, the DGIP may recommend KOMINFO to block access to the infringing content. Pursuant to DGIP's

<sup>18</sup> <https://www.statista.com/statistics/280925/e-commerce-revenue-forecast-in-indonesia/>

<sup>19</sup> [http://www.bentoelgroup.com/group/sites/bat\\_a4sg96.nsf/vwPagesWebLive/DO9T5K4G/\\$FILE/medMDA7TGDV.pdf?openelement](http://www.bentoelgroup.com/group/sites/bat_a4sg96.nsf/vwPagesWebLive/DO9T5K4G/$FILE/medMDA7TGDV.pdf?openelement)



recommendations, KOMINFO may block such content that infringes Copyrights and/or Related Rights in the electronic system or render the electronic system services inaccessible.

In addition, the regimes established under the Trade Law and EIT Law apply, both of which regulate online commerce and infringement through the following:

- Ministry of Communications and Informatics Circular 5 of 2016 under the EIT Law
- Ministry of Trade regulation 80 of 2019 under the Trade Law

The Indonesian government is working on new regulations that are hoped to unify or more clearly regulate these two different systems and link the Copyright law remedy.

**Commentary:** Indonesia does not have a complete e-commerce copyright regime. In practice copyright owners do not use the systems under the Trade law or EIT law, but instead cases of widespread copyright infringement for films and music have led to site blocking by KOMINFO under the Joint Regulation No. 14 of 2015 / No. 26 of 2015. While some copyright industries support the site blocking system established by the KOMINFO, there are complaints that it is slow and cumbersome and that infringers in the past just domain hopped so reopened the next day on a new one. There is also no ISP injunction system.

### 3.6. IP Enforcement by Customs Authorities at the Border

Indonesia has established two mechanisms for IP enforcement by Customs Authorities at the border, judicial and ex-officio (recordal and seizure system).

The recordal and seizure system for IP infringements at the borders is the main one IP owners prefer to use. Government Regulation No. 20 of 2017 controls imports/exports of goods resulting from IP infringement. It implements Law No. 17 of 2006 (Amending Law No. 10 of 1995 on Customs). The Ministry of Finance then passed the Implementing Regulation No. 40 of 2018 on Recordation, Detention, Guarantee, Temporary Suspension, Monitoring and Evaluation for Controlling Import and Export of Goods Suspected of IP Infringement ('Regulation'), to set out the procedures for customs recordal and seizures for border enforcement of IP rights (trade marks and copyright only) in Indonesia.

**Commentary:** The recordation system is the tool that can be utilized by Customs Authorities to enforce IP under the ex-officio mechanism. The system involves an IP database in which copyright and trade mark owners can record their IP. They must submit an application and various data.

It is a requirement that IP owners have an established legal entity in Indonesia to use the recordal system. In practice only those large companies with local operating subsidiaries can use this system; even then it may be difficult as they will need someone in the subsidiary with IP responsibility.

In addition to trade mark certificates or copyright information and information about the genuine goods, the application must include legal documents relating to the company, authorized importer/exporter information and a statement of liability from the IP owner.

IP owner must also appoint an Examiner who can verify genuine products and who understands distribution and trade marking of such genuine products. Once the application is submitted, Customs will review the application and approve/reject the application within 30 days. The record is valid for one year and is renewable.

#### 3.6.1 Suspension of Goods and Suspension Order

Customs Authority has the right to suspend the release of imported or exported goods suspected of infringing copyright and trade mark. Customs will then notify the IP owner/holder of such suspension,



the IP owner/holder will need to send confirmation of its decision to either apply to Commercial Court within two days for a suspension order or other legal action to Customs. Article 10 of the Regulation also provides for 'Restraint' of goods of imported or exported suspected infringing goods. The IPR owner or its proxy must provide to Customs a bank or insurance guarantee (as an Operational Cost Guarantee) of IDR100M (approx. USD7200) which is valid for 60 days. The application to the Commercial Court must be made in the jurisdiction of the port where the goods were seized.

### 3.6.2 Examination of suspended goods

After receiving the suspension order, Customs will detain the goods for ten working days. The IP owner/holder and/or its representative must send request for examination schedule to Customs to examine the detained goods which will be attended by all related parties, including the Examiner. The request must be submitted at maximum two working days after Customs received the detention order. If more time is required, the IP owner/holder can apply to for extension of detention to Commercial Court for a maximum of ten business days.

### 3.6.3 Legal action/settlement

After the ten working days detention period, should the goods be proven to infringe IP and there be no settlement, the IP owner/holder can take further legal action which could mean either civil or criminal action or settlement.

\*The Recordal process for trade marks and/or copyright has been described in Annex 2 of this chapter.

**Commentary:** Few seizures have occurred yet as the system is new. IP owners need to plan how to use the system to ensure that they are not caught out by the potential complexities, such as the bank or insurance guarantee and the need to bring a legal action, which is necessary after the seizure.

## 3.7. Administrative IP Enforcement

Indonesia does not use administrative remedies. Trade mark and copyright infringement is either criminal or civil.

## 3.8. Other Enforcement Issues

### 3.8.1 Alternate Dispute Resolution

Article 93 of the Trade Mark Law allows civil trade mark infringement disputes to be settled through an arbitration or an alternative dispute resolution. This is defined in the Elucidation to the Trade Mark Law as negotiation, mediation, conciliation, and other means selected by the parties.

Article 95 of the Copyrights Law allows dispute settlement through alternative dispute resolution, arbitration or courts. In addition, where the parties are in Indonesia settlement of disputes through mediation is allowed.

### 3.8.2 Warning letters and settlements

Many IP disputes are resolved by issuing a warning letter, and the IP owner and the alleged infringer resolve the dispute. Settlement Agreements and Undertakings can be used to reach a resolution.

**Commentary:** Given the enforcement challenges in Indonesia, self-help remedies are commonly used. Warning letters should be considered as good option, especially when the infringer is a legitimate business. These can be expanded into entire programs against large scale infringement.

*Negotiation and settlement of IP infringement cases by IP lawyers is a common strategy.*

## 4. GENDER EQUALITY SOCIAL INCLUSION (GESI) AND IP ENFORCEMENT

The Prosperity Fund aims to promote gender diversity and social inclusion through all of its programs. FSIP has undertaken research into the intersection of GESI and IP enforcement. This is a complex area, because the IP sector covers most of an economy and IP enforcement is a tiny component.

There is a general lack of information and data on how women and other marginalised groups intersect with IP and specifically IP enforcement. This is partly due to a lack of gender and SI-disaggregated data collected by regulatory and monitoring bodies. At a theoretical level, IP itself (which comprises of laws/regulations and intangible assets in the form of IP, which are typically used by businesses) ought to be gender neutral. However, the way IP is created, handled and commercialised leads to interaction with humans, which is where gender risks lie. Added to that, IP and the IP system operate in a wider business and legal world where a multitude of other factors contribute to gender disparities, which therefore, impact IP.

The theoretical neutrality of IP might itself be an opportunity for women to innovate and create, own and commercialise more IP.<sup>20</sup> However against this are strong general societal norms such as latent gender bias<sup>21</sup>, gender stereotypes<sup>22</sup>, weak labour force participation<sup>23</sup>, weak ownership of productive assets, more limited management leadership positions.<sup>24</sup>

There is some very limited data to measure women's contributions in IPRs, such as trade marks and copyright. In some IP areas women tend to do better – creative, craft, branding and marketing for example. These are sectors where SMEs are prevalent, and women own higher proportions of small businesses.<sup>25</sup> Against this is poor female participation in science, technology, engineering and mathematics (STEM) sectors leading to fewer scientific advances by women and therefore less patenting. Female scientists and engineers are less than half as likely to obtain a patent for their research as their male colleagues, both in academic and industrial settings.<sup>26</sup> The clear conclusion is that the IP gender disparity is towards technology-based IP such as patents whereas copyright and brands appear to have more female participation.

IP is handled in legal, government and related systems. In theory, a legal system is gender neutral, but in practice it is often not.<sup>27</sup> However, although IP is often handled separately (e.g. IP Office, IP Courts etc), the general legal system does have an overriding influence over IP handling. Women and other marginalised groups may face particular barriers in accessing IP remedies and the resources to hire IP advisors or work with government authorities.

<sup>20</sup> How IP Rights Empower Women, Lorenzo Montanari, 2018,

<https://www.forbes.com/sites/lorenzomontanari/2018/04/26/how-ip-rights-empower-women/#13a782e96e73>.

<sup>21</sup> Bridging the gender gap in IP, D Burk, 2018, [https://www.wipo.int/wipo\\_magazine/en/2018/02/article\\_0001.html](https://www.wipo.int/wipo_magazine/en/2018/02/article_0001.html).

<sup>22</sup> Data on Gender Equality, OECD, 2018, <http://www.oecd.org/gender/data/entrenched-social-norms-prevent-the-equal-distribution-of-caring-responsibilities-between-men-and-women.htm>.

<sup>23</sup> Gender Inequality Index by UNDP 2018

<sup>24</sup> Baird, M., and Ford (2017)

<sup>25</sup> World Bank (2016)

<sup>26</sup> Bridging the Gender Gap in Intellectual Property, Dan Burk, 2018,

[https://www.wipo.int/wipo\\_magazine/en/2018/02/article\\_0001.html](https://www.wipo.int/wipo_magazine/en/2018/02/article_0001.html).

<sup>27</sup> Gender Stereotypes in Laws and Court Decisions in SEA, UN Women, 2016, <http://www2.unwomen.org/-/media/field%20office%20eseasia/docs/publications/2016/04/gender%20stereotypes%202.pdf?la=en&vs=3217>.

It is generally true that more women work in the informal economy, which is where fake goods are found. Rouse's observations from over 20 years of market surveys of IP infringing activities in Indonesia confirms more women are employed than men (at least in client-facing retail roles) in informal subsectors for most categories of infringing consumer goods and piracy goods. It is apparent that the informal economy is a negative driver in Indonesia however, most government policies these days are aimed at growing the legitimate economy, which is growing at a very fast pace. So, the negative impacts to women who might lose jobs in the counterfeiting and piracy space could be offset by the formal economy growing in a space where women thrive e.g. creative sectors.

IP commercialization is the business end, where women work with IP. Female IP creators/entrepreneurs are therefore important role models (WIPO uses an example of Indonesian businesswoman Helianti Hilman, whose strong trade mark strategy is helping promote her "Javara" brand.) The concept that more working women drive national economic improvements is well established<sup>28</sup>.

Another area to consider is female participation in the IP profession – that is IP managers, lawyers and those running IP. In trade marks it is broadly even (global brand law organisation INTA membership estimates). There is no central global copyright data. There is research on private practice IP lawyers<sup>29</sup> but the issues there are more related to the national legal profession rather than IP.

A separate element is pay disparity, for which we cannot find any clear data. Another area is gender equality in IP workplaces. WIPO (UN agency responsible for IP) has a policy on gender and IP. This policy focuses on gender equality at WIPO<sup>30</sup>. Enquiries with IP stakeholders in Indonesia show that there is some awareness and initiatives on gender-related issues, but these are often not specific to IP and are often ad-hoc.

Social Inclusion is the second area the FSIP Programme supports. IP tends to drive business, employment, and stronger middle-class growth. However, the benefits for the lower socio-economic population are less clear. There are barriers to entry into protecting IP – first understanding it and second, the cost of creating and protecting or securing IP and starting a business to commercialise IP. In effect IP benefits only accrue above a certain social economic level. Government policy can alleviate this by lowering costs and providing grants. But there is still a fundamental education requirement and costs to securing and using IP.

In developing countries poorer citizens don't have the capital or infrastructure to break into IP; instead the benefits they are able to obtain are through their labour and natural resources. This is exaggerated in countries with physically remote areas like Indonesia. The exception is areas of rich local knowledge<sup>31</sup>. This includes biological resources, traditional knowledge and cultural expressions. These are often not commercialised or given much value<sup>32</sup>. Many marginalised groups may face particular barriers in accessing IP remedies and the resources to hire IP advisors or work with government authorities.

It is hoped that by publishing the above, improvements can be made in these areas in the future.

<sup>28</sup> Facts and Figures: Economic Empowerment, UN Women, 2018, <http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures>.

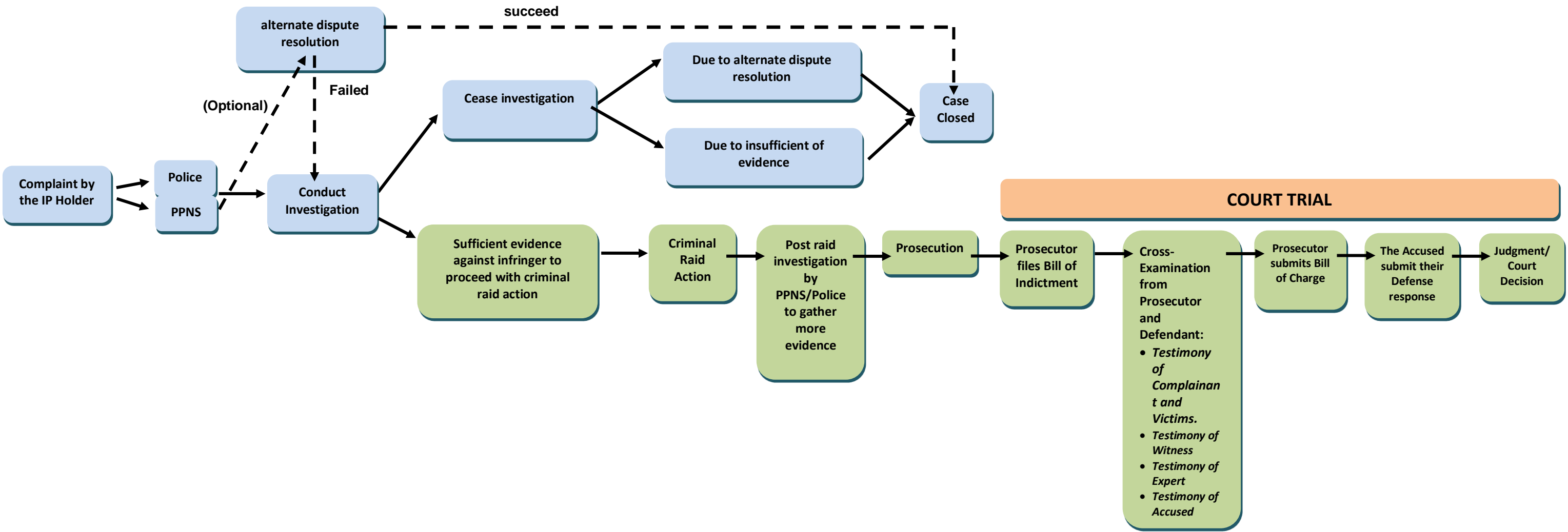
<sup>29</sup> An Essay on Women and Intellectual Property Law: The Challenges Faced by Female Attorneys Pursuing Career in Intellectual Property, K Hagen, 1999, <https://digitalcommons.law.scu.edu/cgi/viewcontent.cgi?article=1243&context=chtlj>.

<sup>30</sup> WIPO Policy on Gender Equality. WIPO, 2014, <https://www.ipo.org/wp-content/uploads/2018/10/IPO-Gender-Pay-Gaps-White-Paper-final.pdf>.

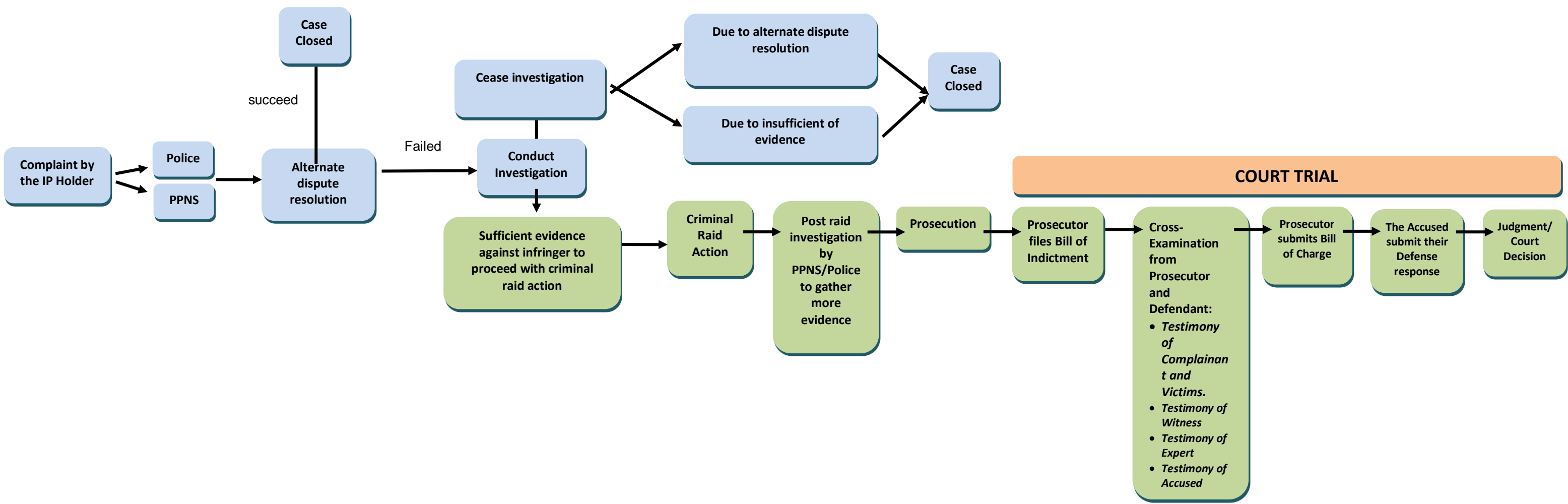
<sup>31</sup> WIPO-UNEP Study on the Role of IPR in the sharing of benefits arising from the use of Biological Resources and Associated Traditional Knowledge, WIPO & UNEP, 2004, [https://www.wipo.int/edocs/pubdocs/en/tk/769/wipo\\_pub\\_769.pdf](https://www.wipo.int/edocs/pubdocs/en/tk/769/wipo_pub_769.pdf).

<sup>32</sup> Protecting Indigenous Knowledge Using IPR Law: The Masakhane Pelargonium Case Z Nokwanda Msomi & S Matthews, 2015, [https://www.researchgate.net/profile/Sally\\_Matthews/publication/305754768\\_Protecting\\_Indigenous\\_Knowledge\\_Using\\_Intellectual\\_Property\\_Rights\\_Law\\_The\\_Masakhane\\_Pelargonium\\_Case/links/579f35f708ae802facbea304/PROTECTING-INDIGENOUS-KNOWLEDGE-USING-INTELLECTUAL-PROPERTY-RIGHTS-LAW-THE-MASAKHANE-PELARGONIUM-CASE.pdf?origin=publication\\_detail](https://www.researchgate.net/profile/Sally_Matthews/publication/305754768_Protecting_Indigenous_Knowledge_Using_Intellectual_Property_Rights_Law_The_Masakhane_Pelargonium_Case/links/579f35f708ae802facbea304/PROTECTING-INDIGENOUS-KNOWLEDGE-USING-INTELLECTUAL-PROPERTY-RIGHTS-LAW-THE-MASAKHANE-PELARGONIUM-CASE.pdf?origin=publication_detail).

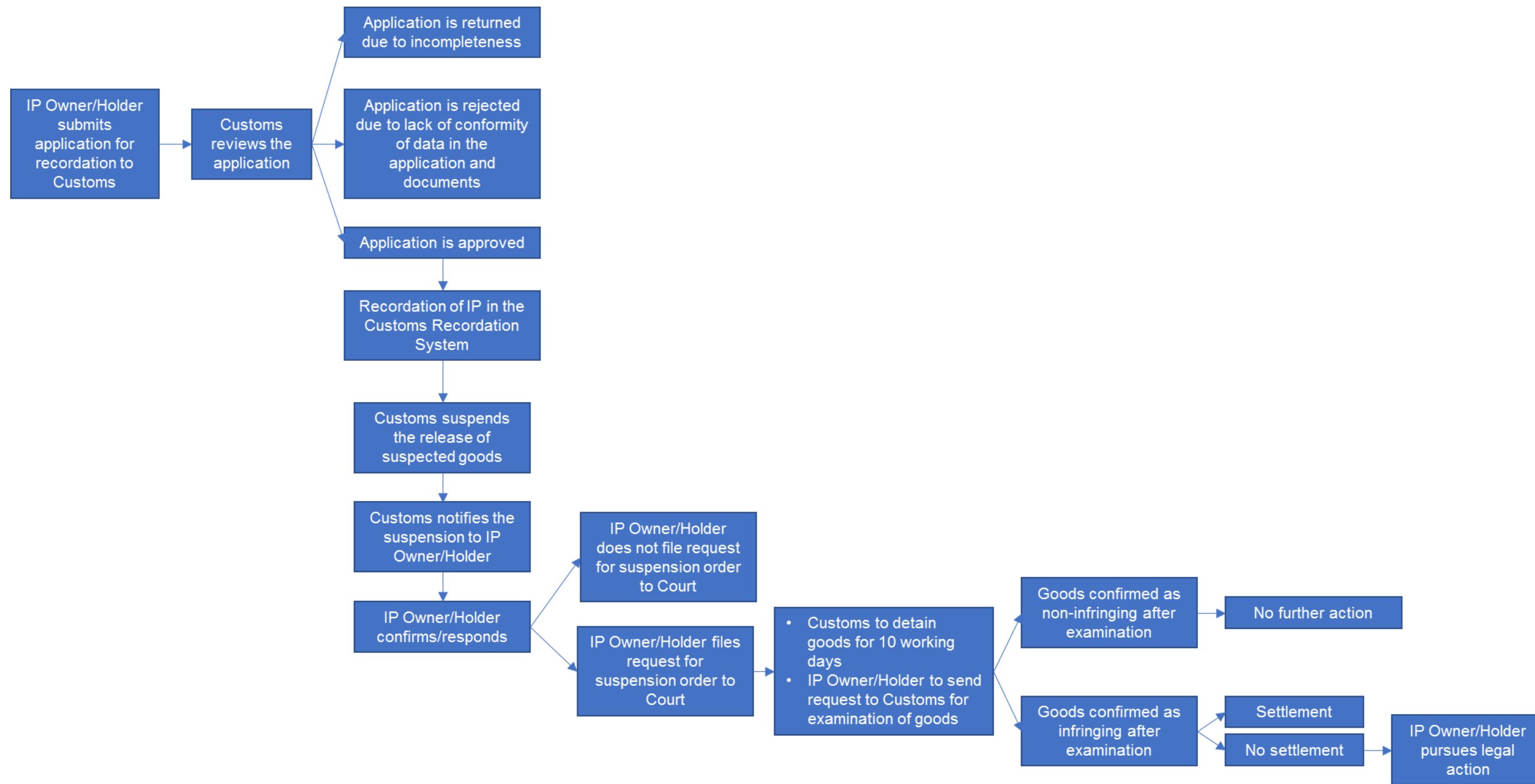
ANNEX 1A: FLOWCHART FOR CRIMINAL PROCEDURE FOR TRADE MARKS



ANNEX 1B: FLOWCHART FOR CRIMINAL PROCEDURE FOR COPYRIGHTS



## ANNEX 2: FLOWCHART ON CUSTOMS RECORDATION PROCESS





**ANNEX 3: CONTACT DETAILS OF INTELLECTUAL PROPERTY ENFORCEMENT BODIES IN INDONESIA**

AGENCY	CONTACT DETAILS: ADDRESS	WEBSITE
Directorate General of Intellectual Property	Address: Jl. H. R. Rasuna Said No.kav 8-9, RT.16, Kuningan, Kuningan Tim., Kota Jakarta Selatan, Daerah Khusus Ibukota Jakarta 12940 Ph: (021)50810300	<a href="https://www.dgip.go.id/">https://www.dgip.go.id/</a>
Directorate General of Customs and Excise	Jl. Jend. Ahmad Yani By Pass, RT.12/RW.5, Rawamangun, Kec. Pulo Gadung, Kota Jakarta Timur, Daerah Khusus Ibukota Jakarta 13230	<a href="http://www.beacukai.go.id/">http://www.beacukai.go.id/</a>