

The Legal Protection of Well-Known Service Trademark (The Case of Inter-Continental Vs The Intercontinental)

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Abstract

The competition in the field of international services has increased the potential for copyright infringement of well-known service marks. Accordingly, it is necessary to examine the criteria for well-known service marks and legal protection to protect the trademarks' copyright. This paper analyzes the criteria for well-known service marks according to the instruments of international law and national law. Besides, this study aims to investigate the forms of well-known service mark violations and the efforts to recover the trademarks. The method employed in this study was normative legal research. That method was used since this thesis examined the norms in the laws and regulations as well as the judgments relating to the trademarks to find the law against the issue addressed by utilizing statute approach and conceptual approach. In the case of INTER-CONTINENTAL v. the intercontinental, the trademark violation occurred was brand dilution. The parties in the INTER-CONTINENTAL v. Intercontinental case could resolve their dispute through alternative dispute resolution in the form of mediation, conciliation, or arbitration. In addition, the act of trademarks counterfeiting and piracy may be subjected to criminal sanctions according to the provisions of the applicable Trademark Law. The infringement of trademark copyrights is a detrimental act for the trademark's legal owner. The settlement of trademark infringement can be conducted through criminal channels and alternative dispute resolution by mediation, conciliation, or arbitration.

Keywords: *well-known service mark, criteria, forms of violation, and recovery efforts.*

Introduction

The development of global trade causes an urgency for international brand protection. 1,2. Nowadays, the brand forms a business strategy tool in order to win a very competitive competition. 3. The use of well-known service marks in trade has the potential to ease someone with bad intentions to market their products. It is caused by the fact that well-known brands have gained recognition and trust from consumers since they were known to have high-quality standards. To gain profits quickly, a person can imitate, profiteer, or even counterfeit the famous brands, which certainly causes harm to legitimate brand owners, consumers, and even

the State 4. One of the notorious cases is the intercontinental brand plagiarism, which is the legally valid property of the INTER-CONTINENTALS HOTELS CORPORATION based in the United States. INTER-CONTINENTALS HOTELS CORPORATION as a plaintiff sued for violations committed by PT. Lippo Karawaci as a defendant for using the intercontinental trademark without the owner's permission, as well as the Government of Indonesia, in this case, the Ministry of Law and Human Rights and the Directorate General of Intellectual Property Rights (Directorate of Trademarks) 5. This study discusses two important issues, i.e., identifying the criteria of famous service marks and analyzing the violations of famous service marks along with the recovery efforts. Methods

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Results and Discussion

Famous Service Mark Criteria According to International Law Instruments

TRIPs (Agreement on Trade-Related Aspects of Intellectual Property Right) is a more recent regulation related to brand protection. To implement the TRIPs agreement and concurrently develop national laws on IPR, Indonesia is currently preparing the regulations on IPR. The trademark law has changed several times since it was first enacted in 2001. At present, the applicable law is Law No. 20 of 2016 concerning Marks and Geographical Indications, namely the 2016 Trademark Law. TRIPs contain three main issues. First, it contains general rules and basic principles as guidance to the WTO member countries. Second, it contains the standards regarding the administration, use, and scope of each IPR mentioned in TRIPs. Third, it contains provisions relating to the WTO member countries' obligations to carry out law enforcement on IPR and legal remedies that can be taken to protect and maintain IPR (Ramli, 2000). TRIPs as an international agreement has relevance to agreements and other international conventions on IPR (Usman, 2015).

According to Article 16 paragraph (1) of the TRIPs, the Brand Owner is obliged to register his mark in the territory of the participating country if he wants to acquire exclusive rights. Exclusive rights give rise to monopoly rights over a trademark. Thus, it can be stated that the existence of these rights emerges a legal monopoly. Trademark adheres to the territorial principle, which implies that brand protection only applies in the country where the application for the mark is submitted and granted. To obtain brand protection in the Indonesian jurisdiction, the trademark owner must submit a trademark application in Indonesia⁶. The regulation on the famous mark stated in the TRIPs Agreement is a continuation of the regulation from the Paris Convention. The INTER-CONTINENTAL brand is a service brand that is engaged in hospitality owned by multinational companies and is registered in more than one hundred countries in the world, including Indonesia. Legally, the INTER-CONTINENTAL brand should have fulfilled the criteria of a famous mark. Due to INTER-CONTINENTAL's large investments in various countries in the hospitality sector since 1949, the brand should have been known by the public at large in various countries, especially in the relevant field of hospitality services.

Famous Mark Criteria According to National Legal Instruments

The registration of Intercontinental Trademark owned by the Defendant should be denied by the reasons contained in article 21 paragraph (1) of the 2016 Trademark Law because the intercontinental trademark has similarities in basics or on the whole with the Plaintiff's trademark, i.e., the INTER-CONTINENTAL. Hence, it can give the impression that the Defendant and the Plaintiff have a relationship, attributed to the similarity. According to Rahmi Jened in *Buku Hukum Merek Dalam Era Global dan Integrasi Ekonomi*, the reasons for rejection in article 21 paragraph (1) of the 2016 Trademark Law are the relative grounds⁷. Therefore, the Defendant's trademark rejection reasons should be based on relative grounds.

The Plaintiff's trademark has been registered at one hundred countries in the world. The Plaintiff's trademark has been registered in one hundred countries in the world. INTERCONTINENTAL Plaintiff's Trademark should have fulfilled the criteria of a famous mark. According to Law No. 15/2001 or 2016 Trademark Law, the definitions of famous mark are not clearly stated, but in the Elucidation chapter of Article 21 Paragraph (1) Letter b of the 2016 Trademark Law, famous mark must be considered or can be marked with a. the basis of public knowledge about the brand; b. the brand's reputation is obtained through intensive and extensive promotion; c. trademark registration is carried out in several countries and d. the company's investment in other countries.

Concerning the INTER-CONTINENTAL against PT. LIPPO Karawaci case, the Plaintiff's Trademark, INTER-CONTINENTAL, has been registered in one hundred (100) countries in the world, including Indonesia, and historically the Plaintiff's famous service mark has existed and been traded since 1949. The Plaintiff proved it with the evidence basis, i.e., a copy of the registration mark certificate from twenty-nine (29) countries, including Indonesia. In business, to create markets in various parts of the world requires capital, a very large amount of investment, and a long period. Thus, a famous mark must be protected. In this case, it is necessary to prove whether the Plaintiff's trademark is a well-known mark or a famous mark. Famous mark is considered a higher reputation than a well-known mark since it is in a superlative form and it is the highest level of the famous brand based on the word meaning⁷⁻⁹. Famous mark requires at least registration of a mark in

its own origin country.

The Forms of Violations and Recovery Efforts for Trademark Violations

Famous brands are prone to trademark violations, such as counterfeiting and piracy^{10,11}. In principle, trademark violations are based on bad faith from the violation perpetrators¹². Article 41 of the TRIPs states that: "Members shall ensure that enforcement procedures as specified in this Part are available under their laws so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. Based on the above provisions, TRIPs requires that there is a rapid recovery effort for a trademark violation as well as a good preventive effort.¹³ Strictly stated in Article 41, TRIPs mentions the examples of violations in general, which is Trademarks Infringements.

Furthermore, brand infringement can be in the form of a Passing Off, which occurs when someone sells a product as if it were a product of the famous brand and has a good reputation, or at least allude a relationship that confuses the community, which those gives a loss to the real brand owner¹⁴. The Second is Dilution. Dilution is a weakening or reducing the ability of a famous brand to distinguish goods and services without paying attention to any confounding similarities, so the consumer will not be confused in distinguishing a product even though the brand name is the same^{15,16}. Therefore, the distinguishing and unique characteristics of the brand are reduced by the brand similarity and likeness in principle. Dilution damages the reputation of famous brands through these actions. The Third is Counterfeiting and Brand Piracy. Counterfeiting and brand piracy can be detrimental to many parties ranging from the community, brand owners, and also the state which loses the revenue from the sales tax sector while the pirated goods are sold without tax. The consumers as users will be aggrieved due to those actions. (Agung Sujatmiko a, 2008).

The Recovery Efforts for Famous Trademark Violations

Concerning the INTER-CONTINENTAL against PT. LIPPO Karawaci case, the violation occurred was brand dilution. Even though dilution does not confuse because it only weakens the brand, but it is a violation

of the famous brand owner's exclusive rights. Therefore, the famous brand owner suffers a loss¹⁸. Furthermore, in the Elucidation Chapter Article 76 of the 2016 Trademark Law, it is stated that the parties that can file a trademark cancellation claim are: Concerned parties are parties who legally have personal interests that are legally recognized. Anyone with interest in intellectual property, such as the right to the brand and the right to use the brand, prosecutors, foundations/agencies, religious assemblies/institutions. b. The trademark owner who is unregistered after submitting an application for trademark registration in good faith to the Directorate General of Intellectual Property or the owner of a well-known mark yet it is unregistered.

After taking legal action against the cancellation, the Plaintiff's claim was rejected by the *judex factie* judicial panel of the Central Jakarta Commercial Court. In its decision, the *judex factie* assembly rejected the Plaintiff's claim in its entirety. In its legal considerations, the *judex factie* panel believed that the Defendant and Defendant's trademarks were dissimilar because of the capital letters used and writing differences. Hence, the similarity element was essentially unproven, so the Defendant's trademark rights were legal. According to the article 78 provisions of the 2016 Trademark Law, to the Commercial Court decision, only the appeal may be submitted. Therefore, the Plaintiff filed an appeal to the Supreme Court. The Plaintiff's appeal request was granted partially by the Supreme Court which stated emphatically that the Plaintiff's trademark was classified as a famous mark category, so it was also protected for non-similar goods. The *judex juris* of Panel of Judges canceled the *judex factie* decision and stated that the Defendant's trademark in the form of speech or voice said essentially resembled the Defendant's trademark, so it had to be canceled.

Based on the provisions of article 85 of the 2016 Trademark Law, a civil action is filed with the Commercial Court, where the Defendant's law or the offender domiciles (*actor sequitur forum rei*). However, if the Defendant is abroad, the lawsuit is filed in the Central Jakarta Commercial court. The provisions regarding the right to file a lawsuit by the owner and/or holders of license over mark are regulated in Article 83 of the 2016 Trademark Law that the registered Trademark Owner and/or Holders of License Over Mark can file a lawsuit for violation against another party without the right to use a Trademark that has similarities in basics or on a whole for similar goods or services in the form of

compensation of damaged (damages), and/or termination of all acts related to the use of the Trademark.

IPR criminal provisions on trademarks are in Article 61 of TRIPs. The violation of a famous service mark may be subjected to criminal sanctions if the violation is carried out by brand counterfeiting or brand piracy. Brand counterfeiting here is undertaken by faking existing brands, which can create an impression on the public as if the counterfeited goods are the same as the original goods that are using famous brands to related institutions 19. Article 100 of paragraph (1) of the 2016 Trademark Law states that any person who without the right to use the Mark as a whole in its entirety with another party's registered Marks for similar goods and/or services that are produced and/or traded, is convicted with a maximum criminal imprisonment of 5 (five) years and/or a criminal fine with no more than Rp. 2,000,000,000.00 (two billion rupiah). This provision provides strict sanctions for the perpetrators of counterfeiting brands. Furthermore, in Article 100 of Paragraph (2) of the 2016 Trademark Law states that "Every Person who without the right to use the Mark which has the similarities in principle with a registered Mark that belongs to another party for similar goods and/or services that are produced and/or traded, is convicted to a maximum criminal imprisonment of 4 (four) years and/or a maximum fine of Rp. 2,000,000,000.00 (two billion rupiah). " This provision provides strict sanctions for perpetrators of brand piracy. According to Rahmi Jened 72, the terminology of brand piracy in TRIPs is translated as similarity in principle in the 2016 Trademark Law, so that anyone who commits brand piracy may be subject to criminal sanctions according to the provisions of article 100 of paragraph (1) of the 2016 Trademark Law. Article 93 of the 2016 Trademark Law which regulates that in addition to taking civil actions, the parties can also settle the disputes in article 83 of the 2016 Trademark Law through Arbitration or Alternative Dispute Resolution. Based on these provisions, then in the case of INTER-CONTINENTAL v. the intercontinental can be resolved through alternative dispute resolution (amicable settlement), where the parties voluntarily agree on a collective agreement (party autonomy principle) to settle the disputes outside the court. According to the elucidation Chapter of Article 93 of the 2016 Trademark Law, the forms of alternative dispute resolution include negotiation, mediation, conciliation, as well as other means chosen by the parties ^{11,20}but the regulation of domain name crimes is not regulated in the ITE Law

as mandated in the academic draft of the ITE Bill. The absence of regulation of domain name norm in the ITE Law creates problems with registrant of domain name (registrant).

Conclusion

In the case of INTER-CONTINENTAL v. the intercontinental, the trademark violations occurred are brand dilution. The parties in the INTER-CONTINENTAL v. Intercontinental case can resolve their dispute through alternative dispute resolution in the form of mediation or arbitration. In addition, counterfeiting and trademark piracy may be subject to criminal sanctions according to the provisions of the applicable Trademark Law.

Conflict of Interest: There is no conflict of interest

Source of Funding: This study is self-funded

Ethical Clearance: This study was approved by the Ethical Commission of Law Research, Faculty of Law, Universitas Airlangga.

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