

ANALYSIS OF THE REGISTRATION OF A LEGAL ENTITY NAME SUBSTANTIALLY SIMILAR TO THE REGISTERED TRADEMARK "CHANTIQUE"

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Received 30 Sep 2024 • Revised 27 Oct 2024 • Accepted 30 Nov 2024

Abstract

Over time, trademarks have come to play a significant role in businesses established by entrepreneurs. A trademark is defined as a graphical representation that can take the form of a logo, number, or letter. The presence of a trademark in a business provides a guarantee of quality and adds unique value that attracts consumers. However, it is not uncommon for other business actors to imitate trademarks in order to reap substantial benefits. Such actions are deemed unlawful as they harm other entrepreneurs striving to develop their businesses, thereby necessitating legal protection for the affected business actors. The type of research used is normative juridical research. Normative juridical research utilizes secondary data sources as well as legal book. The normative juridical research method is a legal research approach based on legal literature, legal books, and secondary data. Legal protection for trademarks is outlined in Law Number 20 of 2016 on Trademarks and Geographical Indications. According to this regulation, the process of registering a trademark must meet several requirements: it must possess distinctiveness, comply with statutory regulations, be publicly owned, and bear no direct relation to the goods or services being registered. These requirements must be fulfilled by entrepreneurs who wish to register their trademarks. Moreover, Indonesia adheres to a constitutive trademark registration system, where the individual with full rights to a trademark is the one who first registers it commonly referred to as the "first to file" principle. The purpose of this study is to examine the regulations and legal protections for legal entities that bear similarities to a registered trademark.

Keywords: Legal Protection, Registration System, Trademark

INTRODUCTION

Intellectual Property Rights (IPR) is a concept closely tied to economic aspects, particularly in its association with the commercialization of intellectual creations. Fundamentally, IPR aims to provide economic benefits to rights holders. This concept is inseparable from the background of the Trade-Related Aspects of Intellectual Property Rights (TRIPs) agreement, an international treaty focusing on trade-related aspects of IPR protection. The TRIPs agreement emerged as a response to differing interests between developed and developing countries. In the 1970s, developing countries initiated the New International Economic Order (NIEO), an effort to create mechanisms that would facilitate technology transfer from developed to developing countries. One of the strategies proposed by developing countries within this framework was to reduce the level of IPR protection in their regions. However, this proposal was rejected by developed countries, which were concerned about the lack of protection for their technology and innovations in developing nations (UNCTAD-ICTSD, 2005:2).

After Indonesia ratified the TRIPs Agreement through the mechanism of the World Trade Organization (WTO), the legal protection system for IPR in Indonesia underwent significant transformation. This transformation occurred not only in the paradigm shift from a local-national approach to a global-international perspective but also in the substantive laws adopted. Indonesia's IPR protection system began to align with the minimum standards set by the TRIPs Agreement. Furthermore, this protection became increasingly tied to aspects of global trade. These changes are a direct consequence of implementing international agreements closely related to IPR issues.

IPR are rights arising from human intellectual capabilities. IPR is inherently exclusive and exists within the domain of technological life. The most critical aspect of intellectual property rights is that the creations stem from human ideas and concepts. These rights can be upheld as long as the individual retains their entitlement. One significant branch of IPR is trademarks. The implementation of trademark protection was first introduced in England, adopted from France in 1857, with specific regulations established, including the Paris Convention. This convention has been widely ratified by both developed and developing countries. Trademarks are one of the prominent types of intellectual property rights (Purwaningsih, 2005). In general, trademarks are regulated under Law Number 20 of 2016. According to this regulation, a trademark is defined as a sign presented graphically, which may include images, logos, or names in the form of letters and numbers. Article 2 Paragraph (2) of Law Number 20 of 2016 classifies trademarks into two categories: trademarks for goods and trademarks for services. A trademark for goods is used for goods traded by business actors or legal entities, whereas a trademark for services is used for services offered by a business actor.

Trademarks are generally used by business actors to establish their businesses with a legal entity. According to Salim HS, a legal entity is defined as a group of individuals with a specific purpose, accompanied by the ownership of assets, rights, and obligations, governed through a clear organizational structure. In other words, a legal entity is a systematically organized entity designed to achieve predetermined goals while possessing the legal capacity to act as a legitimate party in legal relations. One example of a legal entity is a limited liability company, which is a legal entity formed based on an agreement among parties who mutually consent to establish a business entity (Raharjo, 2009). A limited liability company is a legal entity established based on an agreement between parties who agree to form a business entity. This type of company aims to conduct business activities using capital divided into shares. Essentially, a trademark serves several primary functions in a business, including (Purwaningsih, 2005):

1. As a Differentiator, a trademark is used to distinguish one product from another, ensuring that each product has a unique identity in the marketplace.
2. As a Form of Identity or Reputation, products that bear a trademark establish a specific reputation that reflects the identity of the business owner or enterprise behind the product.
3. As a Driver of Industry Growth, a trademark contributes to building a reputation that can enhance the growth of an industry through investments from both domestic and international sources.

A trademark is a key aspect of IPR, specifically as part of Industrial Property Rights. A trademark adds value to products, whether goods or services, and its position is heavily influenced by the quality produced by the company. Trademarks also play a crucial role in advertising and marketing, as consumers often associate the image, quality, or reputation of a product or service with a particular

brand. However, trademark abuse is common, where well-known trademarks are often counterfeited or exploited by businesses to capitalize on the brand's popularity. This misuse harms the legitimate trademark owners, leading to a loss of market share and damage to the reputation built with considerable effort and expense. Additionally, consumers become victims because the products they purchase do not meet the expectations or quality associated with the trademark (Sudaryat et al., 2010).

According to Law No. 20 of 2016, trademark registration can be carried out in two ways: the general method and the priority right method. The key difference between the general method and the priority right method is that if the trademark has never been registered, the registration process is considered a general method. However, if the trademark to be registered in Indonesia is already registered in another country, this is considered a priority right registration. The general application for trademark registration is submitted in writing to the Ministry, using the Indonesian language. According to Article 7, Paragraph 1 of Law No. 20 of 2016, several details must be included in the application, such as:

1. The date, month, and year of the application.
2. The full name, nationality, and address of the applicant.
3. The full name and address of the attorney, if the application is made through a representative.
4. Details about the color, if the trademark contains color elements.
5. The name of the country and the date of the first application, if the application is based on a priority right.

The requirements for submitting a trademark registration application with a priority right must also comply with the same provisions as those for a general application.

According to Article 9 of the 2016 Trademark Law, there are specific requirements for submitting a trademark registration application with a priority right. The application must be submitted no later than six months from the date of the first trademark registration application in a foreign country that is a member of the Paris Convention for the Protection of Industrial Property or the World Trade Organization. Another requirement is that the trademark registration application with a priority right must be accompanied by proof of the priority right, which must be translated into Indonesian. If the proof is not submitted within three months, the application will be processed as a regular registration application (Supramono, 2008). However, before the copyright regulations were enacted, there was a principle of automatic protection, where there was no obligation to register a work (Djumhana & Djubaedillah, 2014).

Currently, violations of trademarks are commonly found, often carried out by business actors to achieve personal gains. A notable example of a trademark infringement case is found in Decision Number 3/Pdt.Sus-HKI-Merek/2024/PN.Niaga.Smg. This decision involved a dispute between PT. Vitragraha Interia as the plaintiff and PT. Chantique Inti Decor as the defendant. PT. Vitragraha claimed to be the first user and registrant of the "Chantique" trademark on June 15, 2011, and argued that PT. Chantique had harmed its business. However, the defendant, PT. Chantique, had established its business in 2004 and used the trademark as an identity and quality assurance to attract foreign investors. Both companies made claims to the trademark, leading to a trademark infringement. Under Law No. 20 of 2016, both parties meet the requirements as they have registered their trademarks. Initially, the defendant did not consider there to be a trademark violation because the plaintiff did not object when the trademark was published.

In the current business world, competition between businesses is common and natural, as business owners make various efforts to attract consumer attention to their products. However, actions taken by business actors that harm others are considered unfair and illegal. In the business world, trademarks are crucial for entrepreneurs because a trademark represents the identity of a business that has been established. However, in an effort to attract consumer attention, business actors often engage in harmful actions, such as imitating already registered trademarks. Trademark imitation is typically carried out on well-established trademarks, deliberately used as a business strategy to gain large-scale consumer attention.

M. Yahya Harahap states that overall similarity encompasses all elements of a trademark. This aligns with the doctrine of "entirely similar," meaning that all elements of both trademarks are similar to determine whether a trademark has a substantial similarity with another trademark, the two trademarks can be compared directly (side-by-side). This method allows for an assessment of the overall appearance of the trademarks, with particular emphasis on the prominent and dominant elements that serve as the main determinants in evaluating any similarity. Additionally, this comparison method also aims to detect any bad faith in the trademark registration, which can be identified through deceptively similar trademarks. Similarity occurs when a trademark is designed in such a way that it appears almost identical to another, leading the public to perceive the two trademarks as identical or originating from the same company. Bad faith refers to actions driven by dishonest intent. If, after comparison, a trademark does not show any significant differences, it can be said that the two trademarks are similar, and the registration of that trademark may be rejected or canceled (Soelistyo, 2017).

Based on Article 76, paragraph (1), letter (b) of Law No. 20 of 2016, the owner of a registered trademark has the right to file a lawsuit against another party that unlawfully uses the trademark. The usage referred to includes trademarks that are substantially or entirely similar to the registered trademark, particularly when the use is for similar goods or services. The purpose of the lawsuit is to stop any activities related to the unauthorized use of the trademark. In this regard, the resolution of the lawsuit falls under the authority of the Commercial Court. Trademark rights are classified as property rights, meaning they are attached to a specific object or thing. Due to the nature of property rights, the trademark owner has the authority to defend the right against anyone who violates it. This article also regulates two types of claims that can be filed in the lawsuit: claims for compensation and requests to stop the unauthorized use of the trademark. The compensation requested must be measurable or financially assessable in order to be pursued in the legal process.

RESEARCH METHOD

The type of research used is normative juridical research. Normative juridical research utilizes secondary data sources as well as legal books (Matheus & Gunadi, 2024). The normative juridical research method is a legal research approach based on legal literature, legal books, and secondary data (Soekanto & Mamudji, 2006). In normative juridical research, the legal materials that will be used include legal theories, legal concepts, legal principles, and regulations relevant to the topic being studied by the researcher. The primary focus of this research is to thoroughly examine the registration of legal entity names that bear substantial similarity to already registered trademarks. The researcher will employ statutory and case-based approaches, enabling the integration of existing legal norms with emerging legal issues, thereby producing a comprehensive analysis grounded in a robust legal framework.

RESULTS AND DISCUSSION

The Regulation Regarding the Registration of a Legal Entity That Bears Substantial Similarity to an Already Registered Trademark

According to R. Subekti, a legal entity is a subject of law that acts as the holder of rights and obligations within the legal system (Info Hukum, 2024). This means that a legal entity has the capacity to carry out various legal actions to achieve certain goals set by its management, which is the organization or internal structure that oversees the legal entity. These goals are designed for the collective benefit of all members within the legal entity. As a legal entity, every legal action taken by its management or organs is considered legally valid. However, if the actions of the organs or members of the legal entity result in mistakes and cause harm to others, the legal entity itself can be held legally accountable. In this case, the legal entity is responsible for repairing or compensating for the damage caused by those actions. One example of such a legal entity is a Limited Liability Company.

A Limited Liability Company is one of the most commonly used and favored forms of business legal entity. Its popularity is driven by various advantages, including a clear legal structure, legal protection for shareholders, and flexibility in managing business operations. Law No. 40 of 2007 on Limited Liability Companies provides an official definition of a Limited Liability Company, stating that it

is a legal entity formed based on an agreement with the purpose of conducting business activities. The company's capital is divided into shares, and its operations must comply with the requirements set out in this law and its implementing regulations. As a legal entity, a Limited Liability Company has a key feature of a clear separation between the company's assets and the personal wealth of its shareholders. The capital structure, divided into shares, makes it easier for investors to participate and determine their ownership stakes in the company. Additionally, the formation and operation of a Limited Liability Company must adhere to various legal provisions set forth in the law and its implementing regulations, ensuring that the entity operates lawfully and in accordance with good corporate governance principles.

Based on Article 5 of Government Regulation No. 43 of 2011 on the Procedure for the Registration and Use of Limited Liability Company Names, there are certain requirements that must be met for the name of a Limited Liability Company to be registered with the Directorate General of Legal Administrative Affairs Online, including the following:

- a. It has not been lawfully used by another company or is not identical in essence to the name of another company;
- b. It is written in Latin letters;
- c. It does not contradict public order and/or decency;
- d. It is not the same as or similar to the name of a state institution, government institution, or international organization, unless authorized by the respective institution;
- e. It does not consist of numbers or a combination of numbers, letters, or a series of letters that do not form a word;
- f. It does not have the meaning of a company, legal entity, or civil partnership;
- g. It does not solely use the purpose and objectives as well as the business activities as the company name; and
- h. It is in accordance with the purpose and objectives, as well as business activities of the company, if the purpose and objectives or business activities will be used as part of the company name.

The stages of registering a Limited Liability Company based on Article 7 of Law Number 40 of 2007 concerning Limited Liability Companies are as follows:

a. Preparation Stage

The initial stage involves consultations with relevant parties to obtain information about the requirements and procedures for establishing a Limited Liability Company. Additionally, the Limited Liability Company establishment form must be completed with accurate and complete data. If the PT is being established through a third party or legal consultant, a power of attorney document must also be prepared as proof of delegation of authority.

b. Document and Limited Liability Company Name Examination

After all the initial documents are prepared, an examination of the submitted forms and power of attorney is conducted. At this stage, the proposed name of the Limited Liability Company is also examined to ensure it does not conflict with the name of another previously registered Limited Liability Company. This is important to ensure the proposed name is approved and not rejected.

c. Limited Liability Company Name Registration and Approval

The name of the Limited Liability Company that passes the examination will be registered for approval by the Ministry of Law and Human Rights. This process ensures that the company name is officially recorded in the system and cannot be used by others

d. Drafting the Company's Articles of Association

Next, the company's articles of association are drafted. The articles contain provisions regarding the organizational structure, company objectives, authorized capital, as well as the rights and obligations of the shareholders. The draft articles of association can be prepared by the company owner or an official notary if agreed upon in the Limited Liability Company information meeting

e. Deed of Establishment Before a Notary

After the articles of association are agreed upon, the Deed of Establishment is drawn up before an authorized notary. This deed is an official document stating that the company has been formed in accordance with the applicable legal procedures.

f. Registration with the Ministry of Law and Human Rights

The signed deed of establishment is submitted to the Ministry of Law and Human Rights to obtain a Decree stating that the Limited Liability Company is legally recognized as a business entity in the form of a legal entity.

g. Tax Identification Number Application

After obtaining legal entity status, the Limited Liability Company is required to obtain a Tax Identification Number. A registration application is submitted to the Head of the Tax Service Office based on the company's domicile. This Tax Identification Number is required for the company's tax compliance.

h. Business Identification Number Application through Online Single Submission Risk-Based Approach

To obtain a business license, the Limited Liability Company must apply for a Business Identification Number through the Online Single Submission Risk-Based Approach system. The Business Identification Number serves as the company's official identity, which includes various basic permits, such as location permits, environmental permits, and business licenses.

i. Business and Operational License Processing

The final stage involves obtaining business and operational licenses. These documents are necessary for the Limited Liability Company to officially begin its business operations and comply with the law. These licenses often include commercial permits relevant to the type of business run by the Limited Liability Company.

A Limited Liability Company often uses trademarks in its business activities to sell goods or services with the goal of attracting consumers. Goods are products used in everyday life, while services are forms of assistance provided by individuals to the public. In this case, a trademark functions as an identity for the business activities related to those goods or services. However, to use the trademark, the Limited Liability Company, as a legal entity, must register the trademark that will be used in carrying out its business activities. The registration of a trademark aims to provide certainty that the registrant is considered the first owner unless proven otherwise. In the case of trademark registration, not all trademarks can be registered with the Directorate General of Intellectual Property, because according to Article 20, no trademark can be registered if:

- a. It contradicts the state ideology, laws and regulations, morality, religion, decency, or public order;
- b. It is identical to, related to, or mentions goods and/or services for which registration is requested;
- c. It contains elements that could mislead the public about the origin, quality, type, size, variety, or intended use of the goods and/or services for which registration is requested, or is the name of a protected plant variety for goods and/or services of a similar kind;
- d. It contains information that does not reflect the quality, characteristics, or benefits of the goods and/or services produced.

Based on Article 21 Paragraph (1), a trademark application will also be rejected if the trademark is identical in principle or in its entirety with:

- a. A well-known trademark owned by another party for similar goods and/or services;
- b. A registered trademark owned by another party or applied for by another party first for similar goods and/or services;
- c. A well-known trademark owned by another party for goods and/or services that are not similar but meet certain criteria; or
- d. A registered Geographical Indication.

Meanwhile, Article 21 Paragraph (2) explains that a trademark application will be rejected if the trademark:

- a. is identical to or resembles the name or abbreviation of the name of a famous person, a photograph, or the name of a legal entity owned by another party, except with written consent from the rightful owner;
- b. is a replica or resembles the name or abbreviation of the name, flag, emblem, or symbol of a country, or a national or international institution, except with written consent from the authorized party; or
- c. is a replica or resembles a sign, seal, or official stamp used by the government or a government institution, except with written consent from the authorized party.

If someone has successfully registered a trademark and obtained a certificate as proof of ownership, then other parties do not have the right to use that trademark, especially for similar goods. This trademark right is exclusive, meaning it is a right granted by the state to the owner to use the trademark themselves or to grant permission to others to use it. This exclusive right can only be obtained through the mandatory registration process (Sujatmiko, 2011). Registering a trademark with the Directorate General of Intellectual Property not only aims to ensure legal certainty for the trademark holder but also to affirm the producer's responsibility for the quality of the goods being traded. This is crucial in building consumer trust in the value of the product (Kusuma & Sudantra, 2017).

A Limited Liability Company is a legal entity that has the right to register a trademark and obtain rights to that trademark. However, it is important to understand that, according to Article 3 of Law Number 20 of 2016 and Article 1 Paragraph (3) of the Regulation of the Minister of Law and Human Rights Number 67 of 2016 concerning Trademark Registration, a company's name does not automatically grant rights to the trademark. To obtain legal protection for the trademark, the name must first be officially registered. In registering its trademark, the company must take the following steps:

- a. Trademark Search on the Official Website

The first step is to conduct a trademark search on the official website www.dgip.go.id. This is aimed at ensuring that the trademark to be registered does not have any similarity, either in whole or in essence, with any other trademark that has already been registered. Indonesia follows the "first to file" principle, meaning that protection is only granted to the party that first registers their trademark officially.

- b. Completing Administrative Requirements

The Limited Liability Company must fulfill a number of administrative requirements for the trademark registration process, including:

- 1) A photocopy of the Deed of Establishment of the company that has been legalized by a notary (including any amendments, if applicable).
- 2) A photocopy of the Director's Identity Card.
- 3) A trademark label, which is the logo or design of the trademark in a maximum size of 9 x 9 cm and a minimum size of 2 x 2 cm.
- 4) A Trademark Registration Application Form, containing the director's personal information, company email, and must be affixed with a stamp, signed by the director, and stamped by the company. A Trademark Registration Statement Form, which declares that the applicant is the legitimate owner of the trademark and that the trademark does not imitate another party's trademark. This form must also be affixed with a stamp, signed by the director, and stamped by the company.

- c. Registration Process at the Directorate General of Intellectual Property

After the administrative requirements are met, the documents must be submitted in both hardcopy and softcopy formats. The softcopy will be input and verified by the relevant authorities at Dirjen HKI. If the documents are complete, the applicant will receive a billing number to make a payment for the Non-Tax State Revenue fees. The Non-Tax State Revenue fee is regulated based on Government Regulation Number 28 of 2019 regarding the Types and Tariffs of Non-Tax State Revenue applicable at the Ministry of Law and Human Rights. More information about these tariffs can be accessed through the official website www.dgip.go.id/tarif-merek.

A trademark is a form of identity for a business established by the entrepreneur. Molengraaf expressed his opinion on trademarks, stating that a trademark is a projection of a certain type of goods and a guarantee of the quality of those goods. Starting from this definition, a trademark gained recognition from the Paris Convention and the Lisbon Agreement in 1958 regarding trademarks. Following that, Indonesia acknowledged this in Law Number 19 of 1992 concerning trademarks, which has since been revised and is now governed by Law Number 20 of 2016 (Djumhana & Djubaedillah, 2014). The trademark used by a business operator must have distinctiveness from other trademarks that have already been used and registered. Therefore, the distinctiveness of a trademark is a requirement that makes the trademark a strength for the products produced by a business entity (Mirfa, 2016).

Based on Article 4 of Law Number 20 of 2016, the elements that are prohibited when registering a trademark are:

- 1) Not in accordance with existing laws and regulations
- 2) Lacking distinctiveness
- 3) Being part of the public domain
- 4) Related to the goods for which registration is being applied

Furthermore, the parties allowed to submit a trademark registration application are as follows:

- 1) Individual
- 2) Association
- 3) Legal Entity such as CV, Partnership, and Corporation

Suryodiningrat argues that the global trademark registration system has four types, as follows (Mirfa, 2016):

- 1) A trademark registered without prior examination, so the registration is based solely on the fulfillment of the application requirements by the business operator.
- 2) A trademark registration process that includes an examination, followed by publication at a trademark registration office, allowing third parties the opportunity to raise objections to the trademark.
- 3) A registration process with provisional publication.
- 4) A trademark registration process that includes prior publication regarding other trademarks that have similarities.

Trademark registration in Indonesia currently adopts a constitutive system, meaning that registration is required for the trademark to receive legal protection. This system is commonly referred to as "First to File," where the first person to file for a trademark registration is considered the rightful owner of that trademark. However, if the trademark is considered well-known and has not yet been registered in Indonesia, it will still receive legal protection in accordance with the Paris Convention and the TRIPS Agreement. The implementation of the "First to File" system offers several benefits, including providing legal certainty for the trademark owner who has registered the trademark and facilitating the process of proving ownership based on existing facts.

Initially, Indonesia's trademark registration system followed a declarative system, where legal protection was granted to the first user of a registered trademark. However, this system had a legal gap. If another party could provide sufficient evidence that they were the first user or rightful owner of the registered trademark, the registration could be canceled. As a result, the declarative system was replaced by the constitutive system, where trademark registration is mandatory to obtain legal rights over the trademark, based on the existing facts. This change was made to ensure greater legal certainty and protect the rights of the rightful trademark owner.

Based on the provisions of Law Number 20 of 2016, the procedure for registering a trademark is as follows: The trademark application can be submitted by the Applicant or their representative to the Minister, either electronically or non-electronically, using the Indonesian language. The application must include several key pieces of information, such as the date, month, and year of the application, the full name, nationality, and address of the Applicant. If the application is made through a representative, the full name and address of the representative must also be provided. If the trademark involves color elements, these colors must be specified. If the application uses Priority

Rights, the country and date of the initial trademark application must be stated. In addition, the class of goods and/or services, as well as a description of the types of goods and/or services involved, must also be provided.

The application must be signed by the Applicant or their representative, and must include a trademark label corresponding to the class of goods and/or services. If the trademark is in the form of a three-dimensional shape, the attached label must reflect the characteristics of the trademark. If the trademark is a sound, the attached label must include notations and a sound recording. Additionally, the Applicant must attach a statement of ownership for the trademark being applied for. If the application is made by multiple applicants who have joint rights to the trademark, the names of all applicants must be listed, and one address must be chosen as the applicant's address. The application must also be signed by one of the applicants, with the written consent of the other applicants attached. For applications involving foreign applicants or foreign legal entities residing outside Indonesia, the application must be submitted through a representative. The power of attorney must be signed by all parties with rights to the trademark. If the application covers more than one class of goods and/or services, all the classes being requested must be stated in one application. Applicants residing outside Indonesia must select a representative's address as their legal domicile in Indonesia.

Based on Article 1, Paragraph (5) of Law No. 20 of 2016, a trademark is defined as an exclusive right granted by the state to the owner of the trademark who has registered their trademark (Gunawati, 2015). The trademark granted must be given to the applicant who acts in good faith when registering the trademark, honestly and appropriately, without any hidden intent to steal the trademark from other business actors (Hasyim, 2014). A trademark has a protection period that needs to be extended in accordance with Articles 35 to 40 of Law Number 20 of 2016. The protection period is counted for ten years from the date the trademark is registered. If the trademark owner wishes to extend the protection, it can be done for the same period of time (Soenandar, 2007). In accordance with the procedure for the trademark renewal application, it must be submitted within a period of 6 months before the protection period expires. The renewal process must also be accompanied by the requirements that have been fulfilled by the trademark owner, as follows:

1. The trademark is still in use until the trademark renewal period.
2. The goods listed in the trademark certificate are still being produced and sold.

In the case of trademark registration and the registration of a limited liability company, there is a distinction: trademark registration applies to goods or services being traded, while the registration of a limited liability company is done to provide an identity to the company as a legal entity. Therefore, both serve the same function of obtaining legal certainty, but they have different objectives. However, both trademark registration and limited liability company registration are obligations when conducting business activities.

Legal Protection for a Legal Entity That Bears a Resemblance to a Registered Trademark

a. Form Of Legal Protection for Legal Entities

Legal protection refers to systematic efforts made to ensure that every individual, especially those who have suffered harm or violation of their rights, receives appropriate defense under the law. This protection aims to safeguard human rights so that every person can enjoy the legitimate rights granted by the state. In this context, legal protection includes actions taken by law enforcement authorities to ensure that every citizen is protected from threats or disturbances that may endanger their security, both physically and mentally. According to Muchsin, legal protection is the effort made to safeguard the rights of individuals or legal entities through the application of applicable laws and regulations. The implementation of this protection is ensured by the enforcement of legal sanctions that are coercive in nature. In the context of protection for legal entities, it can be divided into two main categories, namely (Muchsin, 2003):

1) Preventive Legal Protection

This type of protection is provided by the government with the aim of preventing violations or criminal acts before they occur. In this case, the government issues various regulations and legal provisions that serve as guidelines and clear boundaries for society, so

they can fulfill their obligations without violating the established rules. This protection provides direction and prevention by offering a proper understanding of rights and obligations through existing regulations.

2) Repressive Legal Protection

This type of legal protection is provided after a violation or legal dispute has occurred. Repressive protection focuses on the imposition of sanctions or punishments on those who have violated the law. Sanctions may include fines, imprisonment, or other additional forms of punishment. The purpose of repressive protection is to deter offenders and uphold justice in accordance with the applicable laws.

In this case, legal protection is provided to every individual and legal entity whose rights have been violated. A legal violation in the context of a civil legal entity refers to an act that contradicts the applicable legal provisions, which ultimately causes harm to another party.

b. Forms Of Legal Protection for Trademarks

According to Article 35 of Law Number 20 of 2016, the exclusive rights to a trademark are protected legally for 10 years from the date of receipt. A registered trademark can be used according to the class under which it is registered. If the products and/or services related to the trademark or its associated entity wish to expand their sales scope, the trademark can be re-registered under the appropriate class that aligns with the new market where the trademark is to be sold.

The exclusive right is one form of legal protection for trademarks that have been registered with the Directorate General of Intellectual Property, ensuring that registered trademarks are protected from infringement by other parties under Articles 20 and 21 of Law Number 20 of 2016. On the other hand, the legal protection of a registered trademark in Indonesia operates under a "first to file" registration system. If another party registers a trademark application that is similar in its essential elements, the examiner will reject the trademark application as an interpretation of the exclusive legal protection granted to the already registered trademark.

When correlating the legal protection of a Legal Entity with Registered Trademarks, there are similarities in the regulations. For instance, the name of a Legal Entity cannot be the same as another registered Legal Entity, and this can be checked through the DITJEN AHU website. Similarly, a trademark cannot be registered if it is substantially similar to an already registered trademark. However, if a Legal Entity wants to register a trademark that is identical to its own registered Legal Entity name, this is more likely to be approved by the examiner due to the correlation with Article 21, Paragraph (2) letter a of Law Number 20 of 2016, which states that a trademark will be rejected if it is identical or similar to the name or abbreviation of a Legal Entity owned by another party.

On the other hand, if a Legal Entity attempts to register a name that is similar to an already registered trademark, it is considered a legal violation. According to the regulations on trademarks in Law Number 20 of 2016, the process of registering a trademark must fulfill certain requirements, such as having distinctiveness to differentiate the product from others, not being a generic term, and complying with applicable laws. Indonesia's registration system still follows the "first to file" principle, meaning that the first person to register the trademark is entitled to the exclusive rights to it. Regarding the registration of a Legal Entity, such as a Limited Liability Company, the process is governed by Law Number 40 of 2007 concerning Limited Liability Companies, which regulates how the name of the company can be registered and the necessary steps for its legal establishment.

c. Forms of Legal Violations

In the context of a trademark, legal violations committed by a legal entity often occur due to bad faith from a business actor towards a certain trademark. A legal violation in the context of a civil legal entity refers to an act that contradicts the applicable legal rules, which ultimately causes harm to another party. There are several forms of trademark violations, including:

1) Unauthorized trademark infringement

This violation occurs when someone registers a trademark that is similar, either in whole or in part, to a famous foreign trademark in their own name and then trades under it. When the

original owner of the famous trademark seeks to enter the Indonesian market or partner with local entrepreneurs, such as through a licensing agreement, they will face difficulties because the trademark has already been illegally registered. These unauthorized registrants typically do not actively use the trademark, thus not contributing to national economic development. On the contrary, this action hinders investment and production.

2) Unauthorized trademark registration with use

In this case, the violator not only registers a trademark they do not own but also uses it on products they manufacture. This is considered fraud against consumers regarding the source and quality of the goods. As a result, the original trademark owner is harmed because their trademark is used on low-quality products, damaging their brand image. The products produced by the infringer are often used for different product classes, further confusing consumers.

3) Unauthorized use of a trademark

This type of infringement is similar to the two forms of violations above, but in this case, the infringer tries to replicate the product to be identical to the original. In this situation, both the trademark owner and the consumers suffer significant harm.

Intellectual Property Rights in Indonesia, including trademark rights, serve as a form of protection whereby the owner of a registered trademark is granted an exclusive right to the trademark. This right allows the owner to use the trademark in the sale of goods and services and grants the right to license others to use it. Trademark registration provides protection against infringement, such as when others attempt to imitate the trademark in use. Trademark rights are outlined in Law Number 20 of 2016.

According to the Regulation of the Minister of Law and Human Rights Number 67 of 2017, the process of registering a trademark with the Directorate General of Law and Intellectual Property involves several stages. Trademark rights are exclusive rights granted by the state to the owner of a registered trademark for a specified period. The trademark owner has the right to use the trademark or grant a license to others to use it. The rights granted can be exercised once the trademark is registered and has passed through several stages, including the formal check stage, public announcement, substantive examination, and obtaining approval from the Minister of Law and Human Rights for the issuance of the trademark certificate.

Trademark violations often occur due to the function of trademarks as an identity for products or services that have built a reputation, as well as a guarantee of the quality of goods. This is driven by the economic value attached to trademarks, especially well-known trademarks. Famous trademarks become targets for infringement because of the reputation they hold. According to Adi Supanto, the Head of the Legal Services and Trademark Appeal Commission, there are several reasons that drive certain parties to infringe on someone else's trademark, including (Lindsey et al., 2011):

- 1) They want to gain quick and certain profits, as the trademark they copy is usually a popular one in the market.
- 2) They are reluctant to face the risk of losses if they have to create a new brand and make it popular, due to the high costs of advertising and promotion required.
- 3) The profit from selling counterfeit goods is much higher than from original goods, as the infringer does not need to spend on research and development, advertising, promotion, or taxes, allowing them to offer lower prices to traders.

The main objective of trademark infringement is to obtain easy profits by copying or counterfeiting a well-known trademark. This practice not only harms producers and consumers but also negatively affects the country as a whole. Law Number 20 of 2016 regulates preventive legal protection, as outlined in Articles 20 and 21, Paragraphs (1), (2), and (3). These articles state that a trademark cannot be registered or will be rejected if:

- 1) Contradicts the state ideology, laws, morals, religion, decency, or public order; is too similar to or merely describes the goods/services being registered;
- 2) Contains elements that could mislead the public regarding the origin, quality, type, or purpose of the goods or services being registered;
- 3) Is the name of a protected plant variety for similar goods/services;

- 4) Does not align with the quality, benefits, or properties of the goods/services;
- 5) Lacks distinctiveness;
- 6) Is a common name or symbol;
- 7) The application will also be rejected if the trademark is identical or similar to an already registered trademark owned by another party for similar goods or services, or has been registered earlier by another party;
- 8) Is similar to a famous trademark owned by another party, whether for similar or dissimilar goods or services, provided it meets certain requirements;
- 9) Is related to a registered geographical indication;
- 10) The application will be rejected if the trademark resembles the name, abbreviation, photo, or legal entity name of a famous person without written consent; imitates the flag, emblem, or symbol of a state or international institution without permission; or
- 11) Resembles an official government seal or stamp; and
- 12) The application will be rejected if filed in bad faith.

Reviewed According to Law Number 20 Of 2016

a. Main Case

- 1) Considering that in its counterclaim, the Counterclaim Plaintiff alleges that the Counterclaim Defendant has registered the trademark "CHANTIQUE" in bad faith by imitating the name of the Counterclaim Plaintiff's legal entity, PT CHANTIQUE Inti Dekor, and therefore requests the cancellation of the "CHANTIQUE" trademark owned by the Counterclaim Defendant;
- 2) Considering that the considerations made in the conventional lawsuit are mutatis mutandis taken into account in the consideration of this counterclaim;
- 3) Considering that after reviewing the arguments in the counterclaim, the panel of judges finds that the Counterclaim Plaintiff's counterclaim has confused the title of the lawsuit regarding trademark registration with a lawsuit concerning the registration of a legal entity;
- 4) Considering that the registration of PT CHANTIQUE Inti Dekor as a legal entity is distinct from trademark registration; a legal entity is a subject of law with rights and obligations, and its establishment is subject to the Law on Limited Liability Companies, whereas trademark rights are governed by Law No. 20 of 2016 on Trademarks and Geographical Indications. Therefore, trademark rights are proprietary rights that can be owned by both individual persons (*natuurlijkepersoon*) and legal entities (*rechtspersoon*);
- 5) Considering that the counterclaim, which mixes the original lawsuit (in the convention) with the title concerning trademark rights and the counterclaim with the title concerning the legal entity's name, is, in the panel's view, an inconsistent or vague claim;
- 6) Considering that since the Counterclaim Plaintiff's lawsuit is declared vague, the panel is unable to examine the case based on such a vague claim.

Considering that a vague lawsuit is considered formally defective and, therefore, must be legally declared inadmissible.

Based on the case at hand, it can be concluded that imitation of a trademark that bears substantial similarity to an existing one constitutes a violation of the legal provisions outlined in Law Number 20 of 2016. This infringement includes acts of using or registering a trademark that closely resembles another party's mark without authorization, potentially harming the original trademark owner and causing confusion among consumers. However, in this particular case, the court declared that the plaintiff's lawsuit was vague or failed to meet the formal requirements necessary for legal proceedings. Consequently, the plaintiff's claim was deemed inadmissible by the court. This decision highlights the importance of clarity and precision in drafting lawsuits, including the presentation of facts, evidence, and legal arguments, to ensure they can be properly adjudicated in court.

Legal Protection in the Review Of This Case

Repressive legal protection is regulated under Article 100 Paragraphs (1) and (2) of Law Number 20 of 2016, which specifies criminal sanctions for individuals who, without authorization, use

a trademark that is similar to a registered trademark. Additionally, Article 83 Paragraph (1) provides a mechanism for lawsuits by the owner or licensee of a registered trademark against unauthorized parties who use a similar trademark without permission. Such lawsuits may include claims for damages and demands for the cessation of the use of the infringing trademark.

Trademark violations often cause significant losses to trademark owners, which is why trademark disputes can be resolved through criminal proceedings. Article 103 of Law Number 20 of 2016 of the Republic of Indonesia states that the criminal acts regulated in Articles 100 to 102 are categorized as complaint-based offenses. This means that criminal prosecution or investigation can only proceed if there is a formal complaint from the trademark owner who suffers harm due to infringement. Without such a complaint, law enforcement authorities will not initiate an investigation. Legal protection for trademark holders is not limited to registration but also includes claims for compensation, lawsuits for cancellation of trademark registration, and criminal actions through law enforcement. Dispute resolution can be pursued through judicial means (litigation), involving claims for damages and orders to cease production, use, sale, or distribution of infringing goods. Alternatively, disputes can be resolved out of court (non-litigation) through arbitration or Alternative Dispute Resolution (ADR), including negotiation, mediation, and conciliation (Matheus, 2021). Two types of lawsuits that can be filed are Trademark Cancellation Lawsuits and Trademark Deletion Lawsuits. These legal remedies aim to protect the rights and interests of trademark owners while ensuring compliance with applicable laws.

Article 9 of the Paris Convention also stipulates that goods bearing illegally used trademarks owned by nationals of Convention member states may be seized upon importation into another member state. In such cases, goods infringing on trademark or trade name rights will be seized upon entry into a member state where the trademark is legally protected, or at the very least, their importation will be prohibited. Similar actions may also be taken if there are indications of fraud regarding the origin of the goods or the identity of the manufacturer or seller. In Indonesia, customs law provides a mechanism for trademark protection. Law Number 10 of 1995, as amended by Law Number 17 of 2006 on Customs, includes provisions prohibiting the import or export of goods that infringe intellectual property rights. The Directorate General of Customs and Excise is responsible for supervising the flow of goods entering and exiting the customs area and for collecting customs duties. Although the customs authority has the power to oversee the movement of goods concerning intellectual property rights violations, rights owners or holders may request the district court with jurisdiction over the relevant customs area to issue a written order to Customs and Excise officials. This order serves to strengthen the enforcement of intellectual property protection at the customs level.

CONCLUSION

The registration of a legal entity name that resembles an already registered trademark is considered a legal violation. In accordance with the provisions on trademarks stipulated in Law Number 20 of 2016, the trademark registration process must meet certain requirements, such as possessing distinctiveness to differentiate the registered product from others, not being public property, and complying with applicable laws and regulations. Indonesia adheres to a "first-to-file" system, granting trademark rights to the first party who successfully registers the trademark. Meanwhile, the registration process for a legal entity, such as a Limited Liability Company, is governed by the provisions of Law Number 40 of 2007 on Limited Liability Companies. There is a fundamental difference in the objectives and focus of trademark registration and Limited Liability Company registration. Trademark registration aims to provide legal protection for specific goods or services traded in the market, establishing the trademark as an identity that distinguishes those goods or services from others. In contrast, Limited Liability Company registration aims to provide an official identity for the company as a legal entity, enabling it to hold rights and obligations under applicable laws. Despite their differences in specific purposes, both trademark registration and Limited Liability Company registration share a common function: to provide legal certainty to the registered entity. This ensures a stable legal framework for business actors and society at large. Furthermore, both

processes are essential obligations for business actors, forming a fundamental part of sound business governance practices.

Legal protection refers to systematic efforts to ensure that every individual, particularly those who experience harm or infringement of rights, receives appropriate legal redress. In cases of trademark infringement committed by a legal entity through imitation of a registered trademark to gain profit, legal protection to prevent such violations is stipulated in Articles 20 and 21 of Law Number 20 of 2016. These provisions essentially state that trademark registration applications will be rejected if they do not meet the specified requirements, such as the necessity of possessing distinctiveness. Furthermore, Articles 100 Paragraphs (1) and (2) outline criminal sanctions for individuals who use a trademark without the rights or permission of the respective trademark owner. In the case of Decision Number 3/Pdt.Sus-HKI-Merek/2024/PN.Niaga.Smg, the plaintiff's lawsuit was declared vague. This was because there was a discrepancy between the registration of the legal entity and the trademark registration in the lawsuit filed, leading the panel of judges to reject the plaintiff's claim. The purpose of this study is to examine the regulations and legal protections for legal entities that bear similarities to a registered trademark.

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