

BAD FAITH AS A REASON FOR CANCELLATION OF TRADEMARKS REGISTERED MORE THAN FIVE YEARS ACCORDING TO LAW NUMBER 20 OF 2016

Henni Wijayanti^{1*}, Dhiya Salma^{2}**

^{1,2}*Universitas Muhammadiyah Jakarta*

* henniw2015@gmail.com ** Dhiyasalma@gmail.com

ABSTRACT

According to Article 77 paragraph (2) of Law Number 20 of 2016 concerning Trademarks and Geographical Indications (UU MIG), a trademark cancellation lawsuit must be filed within five years from the date of trademark registration. Recently, a notable case involving the Cheong Kwan Jang trademark saw conflicting decisions from the Central Jakarta Commercial Court and the Supreme Court. Initially, the Central Jakarta Commercial Court rejected the application for cancellation of the Cheong Kwan Jang trademark filed by Korean Ginseng Corp. The court's reasoning was based on the inability of Korean Ginseng Corp. However, the Supreme Court, in its Decision Number 345 K/Pdt.Sus-HKI/2021, took a different stance and granted the request for cancellation of the mark that had been registered by PT. Mitra Sentosa International for more than five years. The basis for this decision was that the registration of the mark was deemed to have been done in bad faith, as outlined in Article 20 paragraph (3) of the MIG Law. Therefore, according to Article 77 paragraph (2) of the MIG Law, the brand could be canceled indefinitely, even though the five-year limit had passed. This study employs normative legal research, analyzing secondary data such as the Commercial Court Decision Number 15/Pdt.Sus/Merek/2020/PN.Niaga.Jkt.Pst and Supreme Court Decision Number 345 K/Pdt.Sus-HKI/2021, alongside relevant laws and regulations. The aim is to understand the reasons for the Commercial Court's rejection and whether the Supreme Court's decision aligns with the provisions of Article 77 of Law No. 20 of 2016.

Keywords: *bad faith, known brand, trademark cancellation*

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INTRODUCTION

The trademark registration system in Indonesia, namely first to file, is often misused by people to register a mark that is similar to a mark that is well known abroad but has not been registered in Indonesia (Saidin, 2004). So that by registering these well-known brands and selling similar products, consumers can be deceived because consumers will think that the products sold under these brands are the same as well-known brand products. Hitching a ride with a reputation is the right term to define the situation. In general, the targets of these individuals are well-known brands that have long built a reputation and trust in the community (Rizkia & Fardiansyah, 2022).

Article 83 of Law Number 20 of 2016 concerning Trademarks and Geographical Indications regulates the procedure for claiming Mark cancellation, which states that a Mark owner can file a lawsuit against a party who without rights has used his trademark and/or used a brand that is similar in whole or basically with his brand (Mardianto, 2010; Shaleh & Trisnabilah, 2020). Furthermore, in Article 77 of the Law on Trademarks and Geographical Indications, it is stated that a lawsuit for cancellation of a registered mark can only be filed no later than 5 years after the registration of a Mark, with the exception stipulated in paragraph (2) of the said Article, namely if a Mark is proven to have been registered in bad faith (Saputra & Marlyna, 2023). good, contrary to morality, laws and regulations, religion, state ideology, decency, and

public order, then an application for annulment can be submitted without any time limit (Faulika Irtiyah, 2021; Prasomya & Santoso, 2022).

As in the case of canceling the CheongKwanJang brand owned by Korea Ginseng Corp which was decided by decision Number 15/Pdt.Sus/Merek/2020/ PN.Niaga.Jkt.Pst and Supreme Court Decision Number 345 K/Pdt.Sus-HKI/2021(Far-Far, 2013; Stanley et al., 2020).

Korea Ginseng Corp, a company in South Korea, has sued PT. Mitra Sentosa International and the Government of the Republic of Indonesia cq Ministry of Law and Human Rights R.I cq Directorate General of Intellectual Property cq Directorate of Marks and Geographical Indications as co-defendants because the Cheong Kwan Jang Mark with No. registration IDM000425154 registered by PT. Mitra Sentosa International on September 25 2014 to protect class 5 goods by type of goods; health supplements, ginseng extract in the form of powder, liquid, capsule, and tablet, have similarities in substance and/or in whole with the brand owned by the Plaintiff (Rifai, 2017).

The Cheong Kwan Jang brand is a trademark owned by the Plaintiff since 1899 and has been registered in more than 40 countries so it is included as a well-known mark (Prasomya & Santoso, 2022b). On February 9, 2015, when Plaintiff registered his trademark in Indonesia, it was discovered that Defendant had registered a trademark that was similar in terms of wording, pronunciation, and color to Plaintiff's brand (Herviandi et al., 2017). It is suspected that the trademark registration was filed based on bad faith because the Cheong Kwan Jang mark was registered following the fame of the Plaintiff's mark by using the same wording and pronunciation as the Plaintiff's trademark.

The problems to be discussed in this study are as follows:

1. What is the reason for the Central Jakarta Commercial Court rejecting the application for cancellation of the Cheong Kwan Jang brand filed by Korean Ginseng Corp.?
2. Is the cancellation of the Cheong Kwan Jang brand by the Supreme Court by the provisions of Article 77 of Law No. 20 of 2016?

METHOD

The research method used in this study is normative juridical research, namely by conducting a normative study of the Commercial Court Decision Number 15/Pdt.Sus/Merek/2020/PN.Niaga.Jkt.Pst and the Supreme Court Decision Number 345 K/Pdt.Sus -HKI/2021, laws and regulations in the field of Marks and related literature.

RESULTS AND DISCUSSION

Trademark according to Law no. 20 of 2016 concerning Brands and Geographical Indications

A trademark is one of the intellectual property rights that plays an important role in the trading of goods or services because apart from being a means of promotion, the mark also guarantees the quality of the product. According to Muhammad Djumhana and R. Djubaedillah ((Djumhana & Djubaedillah, 1993) Intellectual Property Rights are defined as rights originating from human creations that are presented to society in various forms and have values and benefits to support human life, and have economic value.

Article 1 point 1 Law no. 20 of 2016 states that a brand is a sign that can be displayed graphically in the form of an image, logo, name, or color arrangement in 2 (two) dimensions and or 3 (three) dimensions, sound, hologram, or a combination of 2 (two) or more these elements are to differentiate goods and/or services produced by persons or legal entities in trading activities of goods and/or services.

Brands can be distinguished into three types based on the reputation and fame of a brand, namely:

1. An ordinary brand is a brand that does not have a high reputation. This "ordinary" brand is considered to lack a symbolic radiance of lifestyle in terms of usage and technology. able to form layers of markets and users.
2. A well-known brand is a brand that has a high reputation. This brand has a stunning and attractive radiant power so that the types of goods under the brand immediately create a touch of familiarity and mythical context for all levels of consumers.
3. Well-known brand is a brand that is so well-known throughout the world that it causes its reputation to be classified as a world aristocratic brand (Harahap, 1996).

Registration of a brand is a requirement for the birth of a mark so based on the Constitutive Principle, whoever registers the mark for the first time is the person who has the right to own the mark (first to file principle). Mark owners for a period of 10 (ten) years and can be extended rights to the mark, which is an exclusive right granted by the State to registered mark owners for a certain period by using the mark themselves or giving permission to other parties to use it.

Legal protection for trademarks in Indonesia is carried out with a constitutive system, which means that trademark rights will arise if there is registration or commonly referred to as first to file. Therefore, every trademark owner who has been registered has the right to obtain said trademark protection. (Lindsey et al., 2006)

According to Article 21 paragraph (1) the application is rejected if the mark has similarities in substance or its entirety with:

1. registered mark belonging to another party or applied in advance by another party for similar goods and/or services;
2. Famous brand owned by another party for similar goods and/or services;
3. Well-known marks belonging to other parties for goods and/or services that are not of the same type that meet certain requirements; or
4. registered Geographical Indication.

Furthermore, according to paragraph (3) a trademark application is also rejected if it is filed by an applicant with bad intentions.

The state provides trademark protection only if it is registered at the request of a good faith brand owner, which means having honest intentions and not having the intention to deceive other people's marks. The Trademark Law uses the First to File System principle, which means that only trademarks registered by owners with good intentions will be protected by law. According to Supramono (2008) brand owners with good intentions are those who are honest and have no intention of copying other people's brands. Understanding other people's brands is limited only to brands that are already known by the public.

Fraudulent acts in registering a mark in bad faith are contrary to the basic principles of registering a mark in Indonesia, which can be classified into three types namely; First, imitating

a registered brand that is well-known and valuable in the market. Second, pursuing personal gain by deliberately competing with the registered mark without regard to the harm caused to the owner of the brand being imitated. Third, violating the basic principles of proper and unlawful trademark registration by obtaining personal gain and harming previously registered marks that are already well-known and valuable in the market (Lindsey et al., 2006).

Marks that have been registered by individuals or legal entities can be canceled if there is an element of bad faith. (Murjiyanto, 2018) A registered mark, according to Article 77 of Law no. 20 of 2016 on the mark can be canceled to terminate the protection of the mark, provided that the application for cancellation is made within 5 years from the date of registration of the mark. However, in paragraph 2 it is stipulated that cancellation can be made indefinitely if there is an element of bad faith, and/or the mark in question is contrary to state ideology, laws and regulations, religious morality, decency, and public order.

Cancellation of a Mark is an action to cancel or abolish a registered mark so that the mark is no longer registered from the General Register of Marks. As a result, the Marks that were abolished no longer receive legal protection from the State through the Mark Law. A trademark cancellation lawsuit is a lawsuit filed by a third party to cancel a registered mark (Madi, 2010).

Judgments of the Commercial Court Judge Rejected the Application for Cancellation of the Brand CHEONG KWAN JANG

In Decision No.15/Pdt-Sus-Merek/2020/PN.Niaga.Jkt.Pst, the Judge at the Commercial Court ruled that Korean Ginseng Corp (Plaintiff) is not the owner of the well-known Mark of the CheongKwanJang Brand. This also makes PT Mitra Sentosa Internasional (Defendant) the legal owner of the Cheong Kwan Jang Mark in Indonesia.

In his consideration, the judge stated that the argument put forward by Plaintiff stating that Defendant was the owner of the Mark in bad faith had no legal basis. This was because the judge considered that the Plaintiff at trial did not attach proof of ownership of the original certificates of registration of the CheongKwanJang Mark from various countries. So it is not proven that the plaintiff is the owner of a well-known mark and the first registrant of the mark.

In this case, the Judge focused on proving the owner of a well-known mark through ownership of certificates and proof of registration of the Cheong Kwang Jang Mark from various countries and did not consider other aspects that could show the Plaintiff as the owner of a well-known mark.

In his legal considerations, the judge stated that the plaintiff was not the owner of a well-known mark because he could not show the original certificate of registration of the CheongKwanJang mark in other countries. To determine whether a Mark is a well-known Mark, Indonesia has determined several criteria regulated in Article 18 paragraph (3) of the Regulation of the Minister of Law and Human Rights No. 67 of 2016 concerning Mark Registration which includes:

1. The level of public knowledge or recognition of said Mark in the field of business concerned as a well-known Mark;
2. Sales volume of goods and/or services and profits derived from the use of the said mark by the owner;
3. The market share controlled by the Mark about the distribution of goods and/or services in the community;

4. Area coverage of Mark usage;
5. Term of use of the Mark;
6. Brand intensity and promotion, including the investment value used for the promotion;
7. Mark Registration or application for Mark registration in other countries;
8. The success rate of law enforcement in the field of Marks, particularly regarding the recognition of said Marks as well-known Marks by authorized institutions; or.
9. The value attached to the Mark is obtained due to the reputation and guarantee of the quality of goods and/or services protected by the Mark.

Based on this and by 21 paragraph (1) letter b. The Judge of the Commercial Court may order an independent institution to survey the popularity of the CheongKwanJang Mark. Evidence of the popularity of the CheongKwanJang Mark owned by the Korean company Gingseng Corp can result in a lawsuit for cancellation of the Cheong Kwan Jang Mark being granted by the Judge because the Cheong Kwan Jang Mark registered by PT Mitra Sentosa Internasional is suspected of imitating a well-known mark. In this case, the Commercial Court Judge did not order an independent institution to carry out research and immediately stated that the Cheong Kwan Jang Mark was not a well-known Mark and the Defendant was not a Mark owner with bad intentions.

Based on this, Decision No.15/Pdt-Sus-Merek/2020/PN.Niaga.Jkt.Pst is not by the perspective of Article 77 and the elucidation of Article 21 paragraph (1) letter b of Law no. 20 of 2016 concerning Brands and Geographical Indications.

Reasons for Cancellation of the Cheong Kwan Jang Mark by the Supreme Court

According to Article 77 paragraph (1) of Law No. 20 of 2016 concerning Marks and Geographical Indications, a Mark can only be canceled no later than 5 (five) years from the date of registration of the Mark. However, if there is an element of bad faith, and/or the mark in question is contrary to state ideology, laws and regulations, morality, religion, decency, and public order, the registered mark may be canceled indefinitely.

The fact that the Directorate General of Intellectual Property does not yet have a list of well-known marks as stated by the expert witness Sumardi Partoredjo, S.H., M.H in the trial at the Commercial Court, makes Indonesia still easy to take advantage of by unscrupulous individuals who wish to take personal advantage by registering well-known marks. abroad and sell products with the same class of goods in Indonesia.

The granting of Korea Ginseng Corp's cassation request through Supreme Court Decision Number 345K/Pdt-Sus-HKI/2021 has legal consequences for PT. Mitra Sentosa Internasional, that the registration of the Cheong Kwan Jang Mark is declared null and void. Considering that the mark has been registered for more than five years in Indonesia, by the provisions of Article 77 paragraph (2) of the Law on Trademarks and Geographical Indications, one of the elements mentioned in the article must be fulfilled.

In its legal considerations, the panel of judges of the Supreme Court argued that the Respondent for cassation was a Mark registrant in bad faith because in registering his Mark he had the intention to imitate, plagiarize, or follow another party's Mark for the benefit of his business so that it could create conditions of unfair business competition, outwit, or mislead

consumers. The judge's considerations stating that the Respondent for Cassation fulfilled the elements of bad faith were stated as follows:

1. Intention to imitate: In one of his considerations the Judge stated that "...so it should be suspected that before the Defendant registered his Mark, he already knew the Plaintiff's Mark and brand recognition." The legal fact that CheongKwanJang is a brand that has been known in the world since 1899 and PT Mitra Sentosa Internasional registered the Cheong Kwan Jang Mark in 2014 in the same class of goods, it is reasonable to suspect that the Defendant already knew the Mark owned by Korea Ginseng Corp, so that it can be said that There is an element of imitation.
2. Intention to plagiarize: The judge stated that the Cheong Kwan Jang Mark which was registered as the property of PT Mitra Sentosa Internasional had similarities in principle and its entirety with the Plaintiff's "Cheongkwanjang" Mark, in terms of the similarities in letters, the similarities in the sound of speech and the only difference being the writing using capital letters and there are spaces in each word so that it becomes 3 words (CHEONG - KWAN - JANG). The word 'having similarities in its entirety' means that Defendant's Mark has similarities with Plaintiff's Mark so that the element of intention to plagiarize is fulfilled.
3. Intention to follow another party's Mark for the sake of his business: The judge stated that Defendant was engaged in the same line of business as Plaintiff's, and Plaintiff's Mark had been circulating and was known in several countries, including Singapore and Indonesia. This means that for the smooth running of his business, Defendant plagiarized a Mark that is well known in several countries so that people think that the "Cheong Kwan Jang" product sold by Defendant is the same as Plaintiff's "CheongKwanJang" Mark.
4. Generates unfair business competition, deceives consumers, and misleads consumers: In his considerations, the Judge thought that with the same Mark and Defendant engaged in the same business sector as Plaintiff which is well known in several countries such as Korea, and Singapore, this could lead to conditions of unfair business competition which tends to confuse consumers and aims to mislead consumers.

Based on these matters, it can be concluded that Defendant complied with all the elements of bad faith stated in the elucidation of Article 21 paragraph (3) of the Law on Trademarks and Geographical Indications.

Apart from being a Mark registrant in bad faith, the panel of Judges also stated that the Defendant's brand of cassation, namely the Cheong Kwan Jang Mark, violated the applicable laws and regulations. Laws and regulations that conflict with the registration of the Cheong Kwan Jang Mark owned by PT. Sentosa International Partners are as follows:

1. Article 20 letter c Law No. 20 of 2016 concerning Marks and Geographical Indications: The Respondent's Mark of Cassation contains elements that can mislead the public about the origin, quality, type, and so on. This was also taken into consideration by the panel of judges of the Supreme Court with the phrase "...tends to confuse consumers and aims to outwit or mislead the public."
2. Article 21 paragraph (1) letter b Law No. 20 of 2016 concerning Marks and Geographical Indications: In that Article, it is stated that a Mark application will be rejected if it has similarities in principle or in whole with a well-known Mark belonging

to another party for similar goods or services. This was also taken into consideration by the panel of judges of the Supreme Court with the phrase "...the Cheong Kwan Jang Brand has similarities in its essence and its entirety with the CheongKwanJang Mark in terms of the similarities in letters, the similarities in the sound of speech"

3. Article 19 paragraph (1) of Law no. 67 of 2016 concerning Trademark Registration: The article explains that an application for a Mark is rejected if it is similar in principle or its entirety to a well-known Mark.
4. Article 16 Trade Related Intellectual Property Aspect ratified by Indonesia with Law no. 7 of 1994 concerning Ratification of the Agreement Establishing the World Trade Organization: The regulation explains that the owner of a registered trademark will have the exclusive right to prevent third parties who do not have the owner's approval from using it. This means that members of the WTO (World Trade Organization) must protect Mark owners from third parties who use the Mark without rights.

From the explanation above, it can be seen that the reason for receiving the application for cancellation of the Mark submitted by Korea Ginseng Corp even though the Cheong Kwan Jang Mark has been registered for more than five years is that the Cassation Respondent is proven to be the trademark applicant with bad faith and the Mark proposed by the Cassation Respondent is proven to be contrary to applicable laws and regulations.

The brand "Cheong Kwan Jang" owned by the Respondent for Cassation was proven to fulfill elements of bad faith and contravene statutory regulations. In this way, according to Article 77 paragraph (2) of the Law on Trademarks and Geographical Indications, said Mark can be canceled without a time limit.

CONCLUSION

The reasons the Central Jakarta Commercial Court through Decision No.15/Pdt-Sus-Merek/2020/PN.Niaga.Jkt.Pst rejected the application for cancellation of the "Cheong Kwan Jang" brand owned by PT Mitra Sentosa Internasional by Korea Gingseng Corp. is that there is no proof of ownership of the CheongKwanJang Mark registration certificate from other countries so that it does not meet the elements of a well-known mark. Based on the explanation of Article 21 paragraph (1) letter b of Law No. 20 of 2016 concerning Trademarks and Geographical Indications, judges can order an independent institution to survey the fame of a Mark.

The reason for the Supreme Court canceling the application for cancellation of the Cheong Kwan Jang Mark which has been registered for more than five years is because it is proven that in the registration of the Mark there are elements of the registration of the Mark with bad faith as stated in the Elucidation of Article 20 paragraph (3) of the Law No. 20 of 2016 concerning Trademarks and Geographical Indications, namely the intention to imitate, the intention to copy, the intention to follow another party's Mark for the benefit of their business and cause unfair business competition, outwit and mislead consumers. In addition, the judge stated that the Cheong Kwan Jang Mark was contrary to the applicable laws and regulations, namely Article 20 letter c; Article 21 paragraph (1) letter b Law No. 20 of 2016 concerning Marks and Geographical Indications, Article 19 paragraph (1) PP No. 67 of 2016 concerning Mark Registration and Article 16 Trade Related Intellectual Property Aspect which was ratified by

Indonesia with Law no. 7 of 1994 concerning Ratification of the Agreement Establishing the World Trade Organization (Agreement on the Formation of the World Trade Organization).

In this case, the Directorate of Marks receiving Mark registration should be more careful and thorough in carrying out substantive checks, especially in seeking information regarding data on marks registered in various countries in the world and making efforts to have a database of well-known marks that can be accessed by the public.

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