

( 3 ) その他資料 ( カントリーレポート原本 )

SOME LEGAL ASPECT IN ENFORCING IPR LAW IN INDONESIA  
( COUNTRY REPORT)

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I. PREFACE

Intellectual Property are works resulting from intellectual capacity of man with creative efforts. Those works cover science, literature, art, technology etc. which have economic value. Those works must be protected by the state to avoid being abused for economic gain illegally which causes damages to the owner of the exclusive right, more over due to the rapid development in economy, information/ communication, transportation, technology domestically and internationally. Protection for IPR must be increased to create conducive atmosphere to develop a courage to work which is much needed for our national development to achieve just and prosperous society based on Pancasila ( National Ideology ) and 1945 Constitution.

In order to achieve that expectation , Indonesia have participated and signed agreement on Trade Related Aspect of Intellectual Property Right including Trade in Counterfeit Goods /TRIPS which is part of the agreement establishing the world trade organization which was ratified with law No. 7 year 1994, consequently Indonesia is obligated to harmonize its law to be in line with TRIPS. Showing its commitment in law enforcement in the area of IPR both for the sake of national and international interest. The government of Republic of Indonesia as executive body with the cooperation of Parliament as Legislator have enacted constitutes/law of IPR both by revising the existing law concern or formulating and promulgating a new one, in term they are not governed by law yet previously. At present we do have some constitutes/ law governing IPR as follows:

- Law no.30 year 2000 on Trade Secret ,
- Law no.31 year 2000 on Industrial Design,
- Law no.32 year 2000 on Layout Designs of Integrated Circuits,
- Law no.14 year 2001 on Patent,
- Law no.15 year 2001 on Trade Mark,
- Law No.19 year 2002 on Copy Right

In this report we confine on law no.19 year 2002 on Copy Right , law no.14 year 2001 on Patent and law no.15 year 2001 on Trade Mark, which the last two mentioned law above commenced to be effectively applied on August 2001 and most intellectual cases goes to the Commercial Court involving trade mark , patent, and copy right.

Learning the number of law we have regarding intellectual property right and their substantive matters, they are adequate to be implemented to protect the exclusive right of the intellectual property owner, for instance in hearing the trade mark and patent cases time framing is stipulated both in the level of commercial court and supreme court / cassation e.g.; the decision of the cancellation of trade mark case must be rendered by the commercial court 90 days at the latest after the claim is filled and can be extended 30 (thirty) days at the latest up on the approval of the supreme court chief justice ( vide article 80 (8) law no.15 year 2001 on Trade Mark), where as in patent case it must be rendered by the Commercial court in 180 ( one hundred and eighty ) days at the latest after the date of the claim is filed (vide article 121 (2) law no.14 year 2001 on Patent ). Copy right case must be rendered by commercial court in 90 ( ninety ) days since the filing of the claim in Commercial Court and it can be extended 30 ( thirty) days at the latest up on the approval of Supreme Court Chief Justice.

The decision of the cassation of trade mark and copy right cases shall be made at the latest 90 ( ninety) days after the date on which the Supreme Court received the request of appeal (vide article 83 (9) law no.15 year 2001 on Trade Mark and article 64 (3) law no.19 year 2002 on Copy Right ), where as the decision of patent case shall be made at latest 180 ( one hundred and eighty ) days after the date on which the Supreme Court received the request of appeal ( vide article 123 (9) law no.14 year 2001 on Patent ).

The limitation of time ( time framing ) in handling the case, is hopefully meant that intellectual property cases can be completed in a expeditious manner ( speedy process ) so it will not harm the parties since the nature of IPR is involving commercial matter which need speedy process. In addition trade mark and patent law stipulate on injunction and there are great change regarding to criminalization due to the diversion of common criminal act to the criminal act based on warrant complaint in all IPR law except on copy right law which maintain the previous existing system on penalty.

Although we have adequate IPR law, but unfortunately in reality there are many violation and infringement against the law concerned, the indication of this situation, Indonesia is being listed by the USTR as priority watch list and some justice seekers are not satisfied due to the enforcement of IPR law. Based on those above atmosphere, we have to acknowledged that in enforcing IPR law we do have obstacles involving one among those obstacles is law enforcer, including judiciary and its apparatus . In the other hand we

do appreciate that some/many court decisions on IPR have brought justice. Those situation must be overcome since it may influence Indonesia's image as state based on law in managing the supremacy of law and it can discourage the spirit to work and to boost investment . Based on those mentioned above the judicial body must take essential steps in the area of ;

- law
- human resources
- institutional/organizational matters

Recruitment of judges who hear IPR cases must be accurately done and those who are selected and appointed must satisfy the high qualification and have educational background on IPR, with those qualification and educational background less disparity and inconsistency is highly expected in hearing the case.

Regarding to institutional and organizational matters by the issuance of presidential decree No.97 year ..... recently we established 4 more commercial courts across Indonesia e.g.: Commercial Court of Makasar , Commercial Court of Medan, Commercial Court of Surabaya and Commercial Court of Semarang which were officially inaugurated /opened. By doing so now entirely we have 5 (five) commercial court , one was previously established in district court of central Jakarta. The establishment of those above mentioned commercial courts is meant to help justice seekers/ the parties to bring their case to the nearest commercial court which have the jurisdiction to hear IPR cases except trade secret case which goes to the general/district court jurisdiction. Appointing specialized justices in the supreme court is basically designated to create specialization and by doing so hopefully inconsistency in the area of civil cases are avoidable. The same treatment is applied in recruiting commercial court judges . They are trained in a certain period of time before appointed and assigned in the commercial court. After they are on duty, maintaining their integrity and professionalism, they are periodically trained through in house training both domestically and a broad. It is important to bear in mind that sustainable and well organized scheme and pattern of promotion and tour of duty of commercial judges is considerable.

## II. CRIMINAL ACTION AS COMPLAINT WARRANT AND DUALISM SYSTEM IN ENFORCING IPR LAW.

Criminal provision in the law No. 30 year 2000 on Trade Secret article 17 (2), law no. 31 year 2000 on Industrial Design article 54 (3), law No 32 year 2000 on layout design of integrated circuits article 43 (3), law No 14 year 2001 on Patent article 133 and law No 15 year 2001 on Trade Mark article 95 state that criminal action on those mentioned law are categorized as complaint warrant where as such thing is differently stipulated in the law

no. 19 year 2002 on copy right which state the act as common offence which shall be investigated and prosecuted although there is no report / complaint from the effected party / victim. (vide chapter XIII article 72 – 73 law no. 19 year 2002 on copy right). The different treatment / measures applied to copy right law on criminal provision with the opinion that large number of violation and infringement against copy right occur and can be barely seen.

Change of criminal provision to be complaint warrant is not indication that we have less commitment to tackle violation/ infringement against IPR. The change of criminal provision is merely realistic response to our real situation in Indonesia regarding to IPR enforcement. These mentioned bellow are some reason why the criminal provision are designated as complaint warrant:

1. IPR including industrial design and others are private right, and the right holder whose right are protected against violation / infringement and the doers is imposed penalty.
2. IPR is part of business which bring the parties involve to have contractual relationship among them .
3. In common crime / not based on complaint warrant basically amicable settlement is not allowed although most parties involve come from private sectors.
4. In criminal provision based on complaint warrant only the effected party/victim can stop the investigation/prosecution. The law enforcer/ police do not know or are deemed not knowing that crime is committed if there is no victim report formally filed.
5. Being a common crime in criminal provision of IPR bears burden if up on the commission of a crime repressive measures is not taken.

The criminal provision with complaint warrant system provide the effected party whose right is violated / infringed an option whether to take legal action through civil or criminal procedure or take both of them at once and the option taken depend on the expectation to be achieved. The option given by the system mentioned above can also prevent the unexpected result / implication caused by dualism jurisdiction in enforcing the law on IPR cases.

It is necessary to notice that there is a dualism in enforcing the law on IPR cases due to the fact that civil IPR cases go to the commercial court as first instance court and the effected / losing party may file an appeal for cassation directly to the supreme court and the effected party in the appeal / cassation are allowed to do an extraordinary remedy / civil review to the supreme court. All civil IPR cases both in the level of commercial court and supreme court are heard by specialized judges and justices, in the other hand criminal cases

which relate to IPR go to the each general court jurisdiction in which the loco / place of the offence is committed and the effected party up on the district court decision may file and appeal to the high court and up on the high court verdict the effected party may file and appeal for cassation to the supreme court and up on the supreme court's award, remedy of review is available in the supreme court. In enforcing criminal law on IPR in all levels, the cases are not heard by specialized judges and justices. That dual system above theoretically and potentially might bring different and contrary result / decision between civil case and criminal case when the parties take legal action both through civil and criminal procedure at once. Up to now within the period of 2002 until May 2005 supreme court has rendered approximately 132 civil IPR cases which comprising of 113 trade mark cases, 4 copy right cases, 10 industrial design cases, and 6 patent cases where as in the same period in the area of criminal IPR cases Supreme Court has rendered approximately 44 cases only.

Although most criminal provision of our new law of IPR based on complaint warrant but penalty which can be imposed both on imprisonment and fine are severe enough compared to their predecessor, hopefully these will bring deterrent effect. These mention bellow are some of the penalty concern e.g.: law No 14 year 2001 says:

Article 130: any person who deliberately and without right infringes the right of Patent Holder by committing any of the act as referred to in article 16 shall be sentenced to imprisonment of at most 4(four) years and / or a fine of at most Rp. 500,000,000.00 ( Five hundred millions Rupiah).

Article 131: any person who deliberately and without right infringes the right of simple patent holder by committing any of the act as referred to in article 16 shall be sentenced to imprisonment of at most 2 (two) years and/ or a fine of at most Rp 250,000,000.00 ( Two hundred and fifty millions Rupiah).

Article 132: any person who deliberately fails to fulfill the obligation as referred to in article 25 paragraph (3), article 40, and article 41 shall be sentenced to imprisonment of at most 2 (two) years :

Where as law No 15 year 2001 chapter XIV on Trade Mark stipulate as follows:

Article 90: any person who deliberately without right uses a mark which is identical to a registered mark of another party for the same kind of goods and / or services produced and / or traded shall be sentenced to imprisonment for a maximum period of 5(five) years and/ or a fine of a maximum amount of Rp1,000,000,000,000.00 (one billions Rupiah).

Article 91: any person who deliberately without right uses a mark which is similar in its essential part to a registered mark of another party for the same kind of goods and / or services produced and / or traded shall be sentenced to imprisonment for a maximum period of 4 (four) years and/or a fine of maximum amount of Rp 800,000,000.00 (Eight hundred millions Rupiah).

Article 92 paragraph (1): any person who deliberately and without right uses a mark which is identical to a geographical indication of another party for the same kind of registered goods shall be sentenced to imprisonment for maximum period of 5 (five) years and / or a fine of a maximum amount of Rp1,000,000,000,000.00 ( one billions Rupiah).

Article 92 paragraph (2): any person who deliberately and without right uses a mark which is similar in its essential part to geographical indication of another party for the same kind of registered goods shall be sentenced to imprisonment for maximum period of 4 (four) years and / or a fine of a maximum amount of Rp 800,000,000.00 (eight hundred millions Rupiah).

Article 92 paragraph (3): the representation of actual origin of goods which result from an infringement or words which indicate that the goods concern are the imitation of registered goods and protected under geographical indication shall not prejudice the applicability of provisions referred to in paragraph (1) and Paragraph (2).

Article 93: any person who deliberately and without right uses a sign which is protected under sources of indication on goods or services that are likely to deceive or mislead people as to the origin of the goods or services concerned shall be sentenced imprisonment for maximum period of 4 (four) years and / or a fine of maximum amount of Rp 800,000,000.00 (eight hundred millions Rupiah).

Article 94 paragraph (1): any person who trades goods and / or services that are known or shall be known that the goods and / or services resulted from the infringement to in article 90, 91, 92,93 shall be sentenced to imprisonment for a maximum period of 1 (one) year and a fine of maximum amount of Rp 200,000,000.00 (two hundred millions Rupiah).

Article 94 paragraph (2): the criminal offences as referred to in paragraph (1) shall be infringement.

Article 95: the criminal offences referred to in article 90,91,92,93, and 94 shall be offence that warrant complaint.

Over viewing those above criminal provisions, the court decision must be able to cause deterrent effect so it can convey repressive and preventive measured at once. In reality some people do find that some court decision on IPR are not satisfactory which some reasons as follows:

1. Slight punishment on imprisonment and a fine which bring no deterrent effect ,
2. Evidences / devices which were used in committing the crime returned to the defendant based on the court decision and consequently those devices might be reused to recommit the same crime,
3. Probation which is considered unjust and bring no deterrent effect

Realizing those problems, Supreme Court has made effort to improve the quality of court's decision in all level by strengthening human resources capacity building of judges and justices through training, workshop, seminar, etc.

Despite of those Supreme Court's effort we do still have some obstacle due to the provision stipulated in article 30 law no. 14 year 1985 which is revised by the law no. 5 year 2004, mainly says as follows , in cassation the Supreme Court shall overrule decision from all courts on the grounds that the courts :

1. Did not have jurisdiction or transgressed the limits of its jurisdiction ,
2. Mistakenly applied or evaded the law that is in effect
3. Neglected to fulfill the conditions required by law and such failure threatens to revoke the decision .

Learning those article above, it can be interpreted that the Supreme Court has no power to annul /overrule court decision of the lower level merely with the reason that such decision is too slight. We conclude that the term of penalty can not be a single reason for the Supreme Court to annul or overrule lower court's decision, except the penalty is imposed not sufficiently considered or lack of legal reasoning to support the award .

The law enforcement of IPR does attract International attention, since any country which successfully enforce the law it will influence its economic development. It is important to bear in mind this is one of essential factors taken in to account by domestic and foreign investor.

### **III. IMMEDIATE INJUNCTION AND SOME PROSEDURIAL PROBLEM DAMAGES AND METHOD OF ASSESING TO ACCOUNT AMOUNT OF DAMAGES.**

When dispute settlement and litigation of IPR go to commercial court jurisdiction, it bring complicated problems to implement the law.

Penetapan sementara Pengadilan here in after called immediate injunction is a new institution/ practice in our court which is adopted from article 50 TRIPS section 3 stipulates provisional measures, legal practice which exists and develops in many Anglo Saxon countries.

Learning the immediate injunction stipulated in chapter XIII, article 125 to article 128 law no.14 year 2001 on Patent and chapter XII , article 85 to article 88 law no.15 year 2001 on Trade Mark and chapter XI article 67 to article 70 law no.19 year 2002 on Copy Right, mainly they have similarity with injunction derived from the case Anton Piller Order ( Anton Piller KG versus manufacturing processes Ltd 1976 ) regarding to Anton Piller Order, which is a court order issued by a judge up on the request filed by the owner of Intellectual Property , whose right is being infringed , in which the judge of the commercial court order the infringer to allow the attorney of right holder or a neutral third party (independent solicitor ) to enter the infringer premises to investigate and/or to keep and prevent the elimination of evidence. The order of the commercial court judge is ex parte which is swiftly taken and to protect the exclusive right holder ( prompt and effective measure ).

Some requirement to request Anton Piller Order are among others :

- The applicant is the legitimate of IPR holder by enclosing evidence on the ownership of IPR,
- The applicant must be able to prove that the infringer has done unlawful act to infringe IPR and there is strong indication that the infringer will destroy and hide/conceal the evidence,
- The applicant must be able to prove that if judge order on immediate injunction is not issued it will cause irreparable damages to the right holder.

The problem in implementing immediate commercial court injunction is that there is no adequate procedural law since the existing law doesn't stipulate it in detail, e.g. : Patent Law and Trade mark law summarily stipulated that provision concerned. The immediate injunction is requested by the applicant before he files/lodges the main case to the commercial court. The ground of the request is prima facie evidence that violation/infringement is eminent and law suit has not been filed yet in a certain commercial court. Code of Indonesian's civil procedural law ( HIR /RBG ) stipulate decision of "provisi " which can only requested after the party has filed law suit in the court referred to in article 186 HIR HIR and article 191 Rbg. Court decision of "provisi " based on HIR is clearly different compared to immediate injunction /provisional measures based on IPR Law.

Article 85 law no.15 year 2001 says as follows :

“ On the basis of an adequate evidence, the party whose right have been infringed may request to judge at the commercial court to issue a immediate injunction regarding :

- The prevention of entry of goods allegedly resulted infringing the right on mark,
- The keeping of evidence relating the infringement of relevant mark.

The application of immediate injunction is carried out with intention of the right holder to prevent the continuation of the infringement by the doers. The right holder of mark may file application to commercial court by attaching evidence on the ownership of mark. Pima facie evidence indicating that infringement is eminent, document of goods and security deposit which is equivalent to the value of the goods of which the request is sought as stipulated in article 86 law no.15 year 2001. Immediate injunction can also be requested to the commercial court to prevent goods which is suspected infringing other right entering the channel of market including importation.

Regarding to immediate injunction article 125 law no.14 year 2001 says as follows :  
“ Up on the request of the party who might have suffered due to the implementation of Patent”

The commercial court may issue immediate injunction that is effective :

- Preventing the continuation of infringement on the Patent and the right pertaining to the Patent, particularly to prevent the entry of products allegedly infringing the patent and the right pertaining to the patent in to the channel of trade including importation,
- Keeping the evidence relating to the infringement of patent and the rights pertaining to the patent in order to prevent the elimination of evidence.
- Requesting the party who might have suffered to provide evidence that the party is truly entitled to the patent and the right pertaining to the patent and that such right are being infringed .

Immediate injunction issued by commercial court based on Paten Law and Copy Law don't require the applicant to provide security deposit but article 128 law no.14 year 2001 on Patent further stipulates : where a immediate injunction is cancelled, the party who might have suffered, may file claim against the party who requested the immediate injunction for damages he got due to the injunction. By learning the above statement it can be interpreted that the effected party should take legal action to get compensation up on the damages he might have suffered caused by the immediate injunction.

A lot of problems might emerge in implementing immediate injunction which is issued by the commercial court, among others are : who has the power to execute the injunction, court clerk or bailiff or others and how it is carried out. The execution of the immediate injunction by nature is much different compared to the execution of

confiscation relate to common private/civil cases because IPR cases involve business activities which might influence the company and its employee concerned. Considering those circumstances the term of immediate injunction is limited to 30 ( thirty ) days at the latest as of the date of issuance of the relevant court order ( vide article 87 of Trade Mark Law and article 127 of Patent Law ), after the elapsing time that term a judge at commercial court who has examined the relevant case shall decide whether to reaffirm, amend or cancel the immediate injunction question emerges whether the immediate injunction can be challenge to higher court. The elucidation of trade mark law mention that immediate injunction is final and binding , in term no remedy/challenge is available , both appeal to the high court and supreme Court is not allowed where as Patent law doesn't say explicitly that the order of commercial court/immediate injunction is final and binding , but logically the immediate injunction is not subject to remedy/challenge because it exist only for 30 ( thirty) days. Anyhow lack of provision on how to conduct immediate injunction may cause implication due to article 30 law no.14 year 1985 which was revised by law no.5 year 2004 on Supreme Court mainly says that any court decisions and decrees are subject to appeal for cassation to the Supreme Court .Realizing that immediate injunction is not sufficiently stipulated, consequently it is difficult to conduct /execute . So any stake holder and competent authorities s hall discuss and share their contribution. Lack of regulation in procedural law theoretically can be overcome by issuing Supreme Court regulation ( PERMA) du to article 79 law no.14 year 2004, says as follows :  
“ The Supreme Court can regulate in more detail matters that are necessary for the smooth execution of justice when there are found matters not yet sufficiently regulated in the law “

The other important thing to do is comparative study to countries which successfully applied the relevant immediate injunction e.g. : United State of America who succeeded in implementing immediate injunction on the case which involve NBA basket ball games.

In case the immediate injunction is cancelled by a judge at commercial court which relates to damages, mark law mainly says that the security deposit automatically paid to effected party. The problem arise when the amount of damages is bigger than the security deposit, who determine the amount of damages and how to execute. All of those above problems are not sufficiently regulated by the law which potentially bear problems related to procedural law which must be clearly regulated ( due process of law ). A part of that, method of assessing to count the amount of damages in enforcing IPR law is a complicated matter potentially as well bear problem to implement. Now days method of assessing to count the amount of damages which is used by the Supreme Court to grant plaintiff's demand on damages is that the plaintiff must be able to reveal and prove the amount of damages sought ( based on Indonesian Civil C of procedural law /HIR ). It seems that method of assessing to count the amount of damages are not sufficiently

regulated by IPR law, including article 76 law no.15 year 2001 and its elucidation does not stipulate sufficiently such issue, so comparative study to other country's practice and system is needed .

A part of those mentioned above we do have basic problem in enforcing IPR law which relate to procedural law regarding to private /civil IPR cases especially chapter on dispute settlement in which both law no.14 year 2001 on Patent and law no.15 year 2001 on Trade Mark do not stipulate remedy of extra ordinary appeal/civil review to the Supreme Court which emerges question of law whether it is allowed to file civil review or not . By applying law no.14 year 1985 which was revised by law no.5 year 2004 on Supreme Court , extra ordinary appeal of civil review to the Supreme Court is allowed . Further question a rise on the time framing allocating to hear the civil review cases since law no.14 year 1985 which was revised on law no.5 year 2004 doesn't mention any time framing to hear the civil review cases.

Being not limited in hearing the civil review cases in term of unlimited time budgeting to the process will cause the achievement of the speedy process can not be reached as exercised in the level of first instance court and cassation. Article 122 law no.14 year 2001 on Patent says as follows : “ Up on the decision of the commercial court as referred to in article 121 (3) may only be filed or a cassation “ This is in line with the provision stipulated in article 82 law no.15 year 2001 on Trade Mark which is says as follows : “ Up on the decision of the commercial court as referred to in article 80 ( 8) may only be filed a cassation”.

Those two articles above of law on Trade Mark and Patent have shown us that the two have formulation of sentence: “ May only be filed a cassation”. The word “ may only” means or indicates that there is restriction to have remedy up on the commercial court decision that the single remedy provided is appeal for cassation to the Supreme Court. Based on the above interpretation civil review should have not been allowed, but for the sake of legal certainty clear and definite provision is necessary to be provided. In solving those above issue, the Supreme Court as the apex of all court in Indonesia should take a firm position whether to allow civil review on IPR cases or not to give legal certainty to the public and the lower court.

The question of law on the issue has been overcome by practice of the Indonesian law enforcement in which the Supreme Court has allowed extra ordinary remedy of civil review on IPR cases with the application of article 23 law no.4 year 2004 on Judiciary Power which stipulates that up on the court decision which attained permanent legal force can be brought for civil review. The effected party may file civil review to the Supreme Court although the existing law on IPR concern don't mention any word of civil review as

an extra ordinary remedy, The Supreme Court will hear and decide any civil review filed to him on the ground of law no.14 year 1985 as it was revised by law no.5 year 2005.

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