



International Trademark Association

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To the Chief of the Supreme Court of the Republic of Indonesia:

Regarding: Davidoff & Cie S.A. v. N.V. Sumatra Tobacco Trading Company,
Supreme Court of the Republic of Indonesia Case Number:
53/MEREK/2002/PN.NIAGA.JKT.PST

The International Trademark Association (INTA) herewith respectfully submits this brief to the Indonesian Supreme Court in order to assist on issues of well-known mark registration and protection, one of the major issues in this conflict. INTA respectfully asks this honorable Supreme Court to consider the content of this brief when taking its position on this case.

1 Identity and Expertise of INTA

INTA is a 125-year-old not-for-profit organization dedicated to the support and advancement of trademarks and related intellectual property concepts as essential elements of trade and commerce. INTA has over 4000 members in 160 countries. The association is global and crosses all industry lines, including manufacturers and retailers in industries ranging from aerospace to consumer goods. INTA currently has twenty-seven (27) members in the Republic of Indonesia.

Since 1916, INTA has acted in the capacity of advisor and has appeared as *amicus curiae* (“friend of the Court”) in several jurisdictions.¹ INTA presents itself as a “friend of the Court” in this matter.

¹ *Prefel S.A. v. Jae Ik Choi* (Korean Supreme Court); *Prefel S.A. v. Fahmi Babra* (Indonesian Supreme Court); *Intel v. Panggung Electronics* (Indonesian Supreme Court); *Intel v. Hanitio Luwi* (Indonesian Supreme Court); *Ikea Inter-Systems Inc. v. Beijing Cinet Co Ltd.* (Beijing High Court); *Glaxo Wellcome Limited v. Dowelhurst Limited and Swingward Limited* (European Court of Justice); *Libertel Groep B.V. v. Benelux Merkenbureau* (European Court of Justice); *Shield Mark v. J. Kist* (European Court of Justice); *MacDonald’s Corporation v. DAX Properties CC and JoBurgers Drive Inn Restaurants (PTY) Limited* (Supreme Court of South Africa); *Heublein Inc. v. Appeals Chamber*

INTA members are interested in the development of clear and consistent principles of trademark and unfair competition laws around the world. INTA has been an official non-governmental observer to the World Intellectual Property Organization (WIPO) since 1979, and actively participates in all WIPO trademark-related proposals. INTA has influenced WIPO trademark initiatives such as the Trademark Law Treaty and is active in other international arenas including the Asia Pacific Economic Cooperation Forum (APEC), the Association of Southeast Asia Nations (ASEAN), the European Union (EU) and the World Trade Organization (WTO). INTA's membership is varied and extensive and it is a balanced and reliable representative body. INTA's international membership enables it to bring a global approach to the issues at stake.

INTA herewith respectfully submits this brief in the hope that it may assist the Court by sharing the experience of this international group of trademark owners and practitioners. INTA believes that this case is significant to the development of international trademark law, particularly with regard to the issue of well-known trademark protection. INTA, therefore, respectfully requests this honourable Supreme Court to consider its comments and arguments below as an international expert.

2 INTA's Expertise in Relation to Well-Known Marks

INTA is dedicated to the protection of trademark rights throughout the world. The concept of well-known mark was created to protect trademark owners and the public from third parties who trade off the goodwill of marks created by others in countries where simply registering a mark gives it protection under the country's trademark laws.

Since the first WIPO meeting in November of 1995 that discussed the need to clarify, consolidate, and supplement the existing international standards of the protection of well-known marks under the Paris Convention and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), INTA has played an important role in the development of the WIPO Model Provisions for the Protection of Well-Known Marks. INTA not only participated since 1995 in the deliberations of the WIPO Standing Committee on Trademarks, but also provided WIPO with criteria to be considered when determining what constitutes a "well-known mark."

Thus, on September 18, 1996, INTA's Board of Directors adopted a resolution endorsing:

- (1) protection of well-known marks, whether or not a mark is used or registered in a jurisdiction, if such mark has sufficient local reputation; and

of Rospatent (Moscow City Court, Russia); *Traffix Devices, Inc. v. Mktg. Displays, Inc.* (United States Supreme Court); *Taylor Corporation v. Sigma Chi Fraternity and Sigma Chi Corporation* (United States Court of Appeals for the Eleventh Circuit); *Moseley v. V Secret Catalogue, Inc.* (United States Supreme Court); *Dastar Corporation v. Twentieth Century Fox Film Corporation, SFM Entertainment LLC and New Line Home Video, Inc.* (United States Supreme Court).

(2) a list of fame factors as criteria for establishing a “well-known” mark.

INTA also recommended that the element of bad faith be an important consideration in conjunction with remedies concerning infringement of well-known marks.

In September 1999, WIPO formally issued its *Joint Recommendation concerning the provisions for the Protection of Well-known Marks*. This recommendation, adopted by the WIPO General Assembly and the Assembly of the Paris Union, was an attempt to provide a worldwide standard on how to implement the requirements under Article 6 *bis* of the Paris Convention and Article 16 of the TRIPS Agreement.

Given that the WIPO provisions were consistent with the INTA policy as set forth in the 1996 INTA Board Resolution mentioned above, and provided specific direction to countries needing to improve protection for well-known marks, INTA’s Board of Directors adopted another resolution on well-known marks supporting the WIPO provisions. INTA’s resolution endorses protection of well-known marks without requiring registration and/or actual use in the form of sales of goods and services bearing the mark in the jurisdiction in question if such mark has sufficient local reputation to be considered a well-known mark.

3. Summary of Procedural and General History of the Case

Davidoff & Cie S.A. (Davidoff S.A.), the plaintiff herein, is a member of the Davidoff Group. The late Zino Davidoff founded this company in 1911 in Geneva, Switzerland. Davidoff S.A. is the registered owner of the trademark DAVIDOFF in relation to tobacco products in all trademark registers of the world except in Indonesia.

Sumatra Tobacco Trading Company (STTC), the defendant herein, is an Indonesian cigarette manufacturer. The defendant company is believed to be controlled by Mr Sendi Bingei, a former employee of Reemtsma Cigarettenfabriken GmbH (Reemtsma). Reemtsma has a worldwide and exclusive license for manufacturing DAVIDOFF cigarettes. The Indonesian Trademark Office is also a co-defendant.

STTC is the registrant of three trademarks (Nos. 276068, 304906 and 304907) that contain the name DAVIDOFF in respect of tobacco products in Indonesia. The applications were first filed by Davidoff Comercio e Industria Ltda (Davidoff Ltda), a Brazilian company. STTC later bought the marks from Davidoff Ltda.

On October 31, 2002, Davidoff S.A. filed to cancel STTC’s registrations in the Central Jakarta Commercial Court on the following grounds:

1. DAVIDOFF is a well-known mark.
2. STTC registered the marks in bad faith.

On February 3, 2003, the Central Jakarta Commercial Court gave a decision against Davidoff S.A. on the following grounds:

1. The mark DAVIDOFF was not well known in Indonesia at the relevant time.
2. STTC did not act in bad faith.
3. The cancellation action, consequently, was time barred.

On February 21, 2003 Davidoff S.A. filed an appeal in the Supreme Court of Indonesia. It is currently awaiting allocation of a case number by the Supreme Court.

4. International principles on well-known marks

a. Principles of well-known mark protection

The main international rules on the protection of well-known mark are contained in the Paris Convention for the Protection of Industrial Property and in the TRIPS Agreement. Indonesia has acceded to both. These two treaties set out several basic rules on well-known marks. The Paris Convention states in Article 6 bis inter alia:

The countries of the Union undertake...to cancel the registration...of a trademark which constitutes a reproduction...liable to create confusion, of a mark considered by the competent authority of the country of registration... to be well known in that country...and used for identical or similar goods.

This general statement was later supplemented by Article 16(2) of the TRIPS Agreement, which states the following:

In determining whether a mark is well known, Members shall take into account the knowledge of the trademark in the relevant sector of the public, including knowledge in the member state concerned, which has been obtained as a result of promotion of the trademark.

Over the years the following overriding rules and standards for protection of well-known marks have arisen from the interpretation of treaties such as the Paris Convention and the TRIPS Agreement.

?? No need to show use or registration within a jurisdiction

Protection of well-known marks is to be based on reputation alone and not on registration or use of the mark in the country in question. In the modern age of mass communications and marketing it is very common for a mark to develop a reputation before products have even been widely sold under a mark. Consumers who have access to international publications, the Internet, cable and satellite television are often familiar with well-known trademarks regardless of the actual volume of sales.

Furthermore, some well-known brands are sold in small quantities and in a limited number of countries in order to preserve the brand owners' exclusivity on specific markets. A clear example might be FERRARI, a trademark that many people have heard of through widespread promotion and long use, yet only a very small number of FERRARI cars is sold worldwide.

?? Reputation within the relevant trade and consumer groups

When determining whether or not a trademark is well known, only the relevant sector of the public needs to be considered. Whether or not the general public is familiar with the mark is not determinative. The relevant sector of customers is determinative; it may include actual or potential consumers, those involved in the channels of distribution and business circles dealing with the products sold under the mark. Marks may be very well known in a certain restricted field of trade and less known to the general public. It is, therefore, important in each case to initially identify the relevant sector of the public.

?? Bad Faith

Bad faith is an important element to consider when assessing competing interests to a mark. Inconsistent application of rules for protection of well-known marks has fostered public deception and represents an obstacle for well-known marks holders. This threatens investment and honest trade.

To comply with their international obligations, many countries, including the United States of America, Brazil and Canada have developed a series of factors to determine whether or not a mark is well known. In countries such as India, Colombia, France, Mexico, Peru and the United Kingdom, case law has developed such rules. Other countries like China and Japan have adopted regulations on well-known marks.

b. Factors to determine whether or not a mark is well known

The 1999 *WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks* contains a series of factors to be considered in determining whether a mark is well known:

?? The degree of knowledge or recognition of the mark in the relevant sector of the public. Recognition by the relevant consumers of a mark is the fundamental test for determining whether or not a mark is well known. The definition of relevant consumers is set out above. This test can be conducted in a number of ways through consumer surveys, opinion polls, media and press coverage about a brand as well as sales figures and marketing data. However, the evidence is not to be restricted to sales volume and proof of use, because well-known mark protection is about protection of the brand's reputation, not the local sales.

?? The duration, extent and geographical area of any use of the mark. The long historical use of a mark increases the likelihood that it has become well known.

Advertising and promotion pieces may show use. Use may also include use on the Internet. Use in neighbouring countries, or in countries with a close connection also has some relevance. However, there is no requirement to prove use in the country in question (here Indonesia).

- ?? **The duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies.** Copies of advertising and promotional materials are relevant pieces of evidence. This element is very important because a mark can become well known through advertising and promotion, even when it is not yet used or registered in a country. Indian courts have developed a number of rules to cover cases in which evidence of reputation abroad may have spilled over into another country through advertisement or other forms of commercial contact.²
- ?? **The duration and geographical area of any registrations or applications, to the extent that they reflect use.** The number of registrations worldwide is certainly relevant, to the extent that it shows probable exploitation and use of the mark.
- ?? **The record of successful enforcement of rights in the mark,** in particular the instances where the trademark was recognized as well known by competent authorities. Other countries having declared the mark well known or courts having extended protection to it could clearly indicate that the mark is well known in those countries.

The above factors are not exhaustive; they are simply guidelines to assist the relevant authorities to determine whether or not a mark is well known. In some cases all the factors may be relevant. In other cases some or none of the factors may be relevant. In such circumstances, the determination of whether a mark is well known or not shall be based on additional factors that are not listed above. Any relevant circumstances may be taken into account and any information may be considered.

5. Protection of Well-Known Mark and Bad Faith

a. Bad faith is an important element to consider when assessing competing interest in a mark

As defined in G.H.C. Bodenhausen's *Guide to the Application of the Paris Convention for Protection of Industrial Property*, "bad faith will normally exist when the person who

² See the Indian cases of *Allergan Inc. v. Milment Oftho Industries*, AIR 1998 Cal 261 (DB) *N. R. Dongre v. Whirlpool Corpn.* AIR 1995 Del 300 affirmed in appeal by the Supreme Court; (1996) 5 SCC 714; and *J.N. Nichol (Vinto) Ltd. v. Rose and Thistle*, 1994 PTC 83 (Cal) (DB) also *Caterpillar Inc. V. Jorange*, AIR 1998 Mad 171 (DB).

registers or uses the conflicting mark knew of the well-known mark and presumably intended to profit from the possible confusion between that mark and the one he has registered or used.”³ “Bad faith refers to the intent of the defendant to trade upon the reputation of a famous or well-known mark by adopting a similar mark.”⁴

Courts in jurisdictions around the world have endorsed the principle that bad faith is an important element to consider in assessing parties’ competing interests in a trademark. The Indonesian Supreme Court found in the *Alfred Dunhill v. The Heirs of Moedjianto Widjadja*⁵ case that “bad faith” could be inferred from the similarity of the defendants’ marks to the plaintiff’s well-known mark, DUNHILL. The Supreme Court held that the plaintiff was the owner of the well-known mark DUNHILL and that he therefore had a monopoly over the use of the mark in Indonesia. The Court held that the defendants’ marks were similar in principle to the plaintiff’s marks and that, on the basis of the similarity, the defendants’ marks had to be cancelled.

In the Hong Kong *Ten-Ichi* case,⁶ the Court held that: “all plaintiffs wish to do is to exploit their legitimate business interests which have been accumulated over the years and which have achieved a high standard of international reputation. They therefore would be prevented from opening a restaurant here apparently on the basis that the defendants have quite deliberately stolen their name and their description; in our judgement, it defies common sense for me to say that the genuine interest of the plaintiff should be prejudiced in that way.”

In the Argentinean *Fromageries Bel SA v. Ivaldi, Enrique* case, the Supreme Court decided to cancel the local registration of the mark VACA QUE RIE (confusingly similar to the French trademark LA VACHE QUI RIT) for cheese products, which had been obtained more than 30 years earlier by the local defendant in Argentina.⁷ The Court inferred from the fact that the defendant copied the plaintiff’s mark that it must have had knowledge of the plaintiff’s mark. The prior knowledge of the well-known mark constituted a sufficient basis for the Court’s decision in favor of Fromageries Bel S.A.

One of the most difficult questions to answer is how a court can assess the presence of bad faith. Although intent is subjective, it can be inferred, as highlighted by the courts’ decisions above, from the defendant’s conduct and circumstantial evidence. Courts have looked at circumstances such as the access that the defendant has to a well-known mark and the great similarity between the well-known mark and the defendant’s mark. Dr. Frederick W. Mostert explains how “the inference drawn from such circumstances is even more compelling when the defendant had the freedom to choose from a wide variety of other possible marks but just happened to choose a mark confusingly similar to

³ *Guide to the Application of the Paris Convention for Protection of Industrial Property* p. 93.

⁴ Frederick W. Mostert, *Famous and Well-Known Marks: An International Analysis*, Butterworths, p. 35.

⁵ *Alfred Dunhill v. the Heirs of Moedjianto Widjadja*, Supreme Court Reconsideration case, 585/PK/Pdt/1995 dated 30/8/1999.

⁶ *Ten-Ichi Co LTD v. Jancar Ltd.* (1990) FSR 151, (1989) 2 HKC 330, see Mostert, *Famous and Well-Known Marks: An International Analysis*, p. 36.

⁷ *Fromageries Bel SA v. Ivaldi, Enrique, La Ley* (Supreme Court, Federal Chamber Buenos Aires, 26 June 1963), reported by Mostert in *Famous and Well-Known Marks: An International Analysis*, p. 45 footnote 59.

plaintiff's mark.”⁸ The circumstances are even more convincing when a defendant adopts a trademark that is identical to an inherently distinctive mark such as fanciful, arbitrary and coined trademarks because an inherently distinctive mark is “a business symbol which is so distinctive in and of itself that legal protection is granted immediately upon adoption and use.”⁹

b. No time limitation in case of bad faith registration

According to international principles, the exclusive right conferred by registration is not circumscribed by limitation of time under certain circumstances. The Paris Convention states in Article 6bis (2) (3) that:

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time limit shall be fixed for requesting the cancellation of the prohibition of the use of marks registered or used in bad faith.

The WIPO recommendations state in Articles 4 (5) and 4 (6) that:

(5) [No Time Limit in Case of Registration or Use in Bad Faith (a) Notwithstanding paragraph (3), a Member State may not prescribe any time limit for requesting the invalidation of the registration of a mark which is in conflict with a well-known mark of the conflicting mark was registered in bad faith.

(b) notwithstanding paragraph (4), a Member State may not prescribe any time limit for requesting the prohibition of the use of mark which is in conflict with a well-known mark if the conflicting mark was used in bad faith.

(c) In determining bad faith for the purposes of this paragraph, the competent authority shall take into consideration whether the person who obtained the registration of or used the mark which is in conflict with a well-known mark had, at the time when the mark was used or registered, or the application for its registration was filed, knowledge of, or reason to know of, the well-known mark.

(6) [No Time Limit in Case of Registration Without Use] Notwithstanding paragraph (3), a Member State may not prescribe any time limit for requesting the invalidation of the registration of a mark which is in conflict with a well-known mark, if that mark was registered, but never used.

⁸ Mostert, *Famous and Well-Known Marks: An International Analysis*, p. 38.

⁹ Definition from Vol. 4, *McCarthy on Trademarks and Unfair Competition*, J. Thomas McCarthy (4th Edition 2002) §16:3.

In fact, the new Indonesian Trademark Law, under Article 69 (2),¹⁰ clearly states that if a trademark registration is against public order, which includes bad faith, the limitation period of five years provided in Article 69 (1) does not apply. Therefore, in cases of bad faith and particularly for well-known marks, the time limit for cancellation does not apply.

By advocating consideration of the element of bad faith when determining protection of a well-known mark, as highlighted in the *1999 WIPO Joint Recommendation*, INTA is seeking to alert courts to the importance of assessing the intent and motivation of trademark registrants when attempting to identify and fight trademark piracy.

6. Application of the above principles to the instant case

As a member of the Paris Convention for the Protection of Industrial Property and a signatory to the World Trade Organization's TRIPS Agreement, Indonesia has an international obligation to protect well-known marks.

The court failed in this case to consider the issue of imitation, which is in general evidence of bad faith. INTA requests that the Supreme Court consider the element of "bad faith" in this case. INTA would like to point out that the Indonesian Trademark Law provides a legal basis for well-known mark protection against "bad faith."

Article 4 of the Indonesian Trademark law states that "*a trademark shall not be registered on an application made by an Applicant with bad faith*" and further states in the explanatory notes that: "*An Applicant with good faith shall be the applicant who registers his or her trademark properly and fairly, without any intentions to get a free ride, imitate or copy the fame of other's trademark for his or her business that causes a loss to the other party, or that creates the condition of unfair competition, deceiving and misleading consumers. Example, the 'A' trademark that has become widely well known to the public for many years, is imitated in such a way that it has a similarity in principle or in entirety to the 'A' trademark. This is an example of bad faith of the imitator, as it at least indicates an element of deliberateness in imitating such a well-known trademark.*"

In addition, the Central Jakarta Commercial Court decided in this case that the mark was not well known because it was not used in Indonesia. INTA believes that such a conclusion is inconsistent with the international principles cited above. A mark with a reputation must be protected regardless of the actual use of this mark in Indonesia. By

¹⁰ New Trademark Law of Indonesia (Number 15 of 2001), Article 69 reads as follows:

- "(1) A complaint for a cancellation of a Trademark registration may only be made in a period of five (5) years as from the date of the Trademark registration.
- (2) A complaint for a cancellation may be made beyond the time limit if the Trademark is against the religious morality, decency, or public order."

Under Elucidation of Law of the Republic of Indonesia, "Against public order includes bad faith."

requiring use in Indonesia, the Court excludes any existence of spillover reputation, effects of TV, print and/or other media on the trademark reputation.

Indonesia's courts have handled many cases of bad-faith registrations of well-known marks. Cases in which well-known trademark holders have suffered from bad faith registration of their internationally famous marks include, but are not limited to: Gianni Versace Spa v. Ricky Tan; Alfred Dunhill Limited v. Muljati Kusnadi and others; Nike International Ltd v. Lucas Sasmito; and Intel v. PT Panggung Electronic Industries.

In some of those cases, this honourable Court has held in favour of the internationally well-known mark holder and in others, there has been inconsistent application of the relevant international principles of well-known mark protection. There are many pending cases¹¹ that would benefit from a more consistent application of such principles. Many companies with pending cases are INTA members. INTA hopes that by submitting this brief in its capacity of *amicus curiae*, it will be able to assist the Supreme Court in developing some consistent guidelines to reduce the number of similar cases and to ensure that the lower courts correctly implement the international standards for well-known marks protection.

7. Conclusion

INTA hopes this brief will assist the Court to better understand and implement the various accepted rules on well-known marks.

INTA reiterates that use or registration in Indonesia should not have been a requirement to determine whether or not the mark was well known. Two elements should have been closely considered:

1. Knowledge of the relevant public
2. Bad faith element

WIPO guidelines offer the clearest set of factors to assess whether or not a mark is well known. Therefore INTA believes that following these guidelines will help the Court make a consistent assessment in this case.

Sincerely,

¹¹ *Intel v. Hanitio Luwi; Roberta Di Camerino v. Muljati Kusanadi; Cone Mills v. Rudy Stephen; Glaxo v. PT Kalbe Pharma; Jaguar Cars v. MMJ; Montblanc v. Sepia Products.*