



**International Trademark Association**

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

Regarding: French Connection Ltd. v D.B. Mirchandani, Supreme Court of the Republic of Indonesia, Case No.26/Trademark/2004/PN.NIAGA.JKT.PST:

The International Trademark Association (INTA) respectfully submits herewith this brief to the Indonesian Supreme Court in order to assist on issues of registration of marks in bad faith, a major issue in this conflict. INTA respectfully requests the 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 126-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 4,500 members in more than 180 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 thirty-three (33) 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.<sup>1</sup> INTA presents itself as a “friend of the Court” in this matter.

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<sup>1</sup> *Davidoff & Cie S.A. v. N.V. Sumatra Tobacco Trading Company (Indonesian Supreme Court); 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); Glaxo Wellcome Limited v. Dowelhurst Limited and Swingward Limited (European Court of Justice); Ikea Inter-Systems Inc. v. Beijing Cinet Co Ltd. (Beijing High Court); Libertel Groep B.V. v. Benelux Merkenbureau (European Court of Justice); McDonald’s Corporation v. DAX Properties CC and JoBurgers Drive Inn Restaurants (PTY) Limited (Supreme Court of South Africa); Heublein Inc. v. Appeals Chamber of Rospatent (Moscow City Court, Russia); Playboy Enterprises Inc. v. Netscape Communications Corporation (United States Supreme Court) and Playboy Enterprises Inc. v. Excite Inc. (United States Supreme Court); TraFFix Devices, Inc. v. Marketing Displays, Inc. (United States Supreme Court).*

INTA members are interested in the development of clear and consistent principles of trademark and unfair competition laws around the world. INTA actively participates in all trademark-related proposals at the World Intellectual Property Organization (WIPO) and has been an official non-governmental observer to WIPO since 1979. 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 respectfully submits herewith 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 protection of trademarks against bad faith registration. INTA, therefore, respectfully requests the Honorable Supreme Court to consider INTA's comments and arguments below as an international expert.

## **2. INTA's Expertise in Relation to Bad Faith Registration**

INTA is dedicated to the protection of trademark rights throughout the world. It has incorporated provisions for protection of marks from bad faith registration in its various Resolutions and Guidelines.

INTA vigorously supports and encourages protection of marks against bad faith registration and has laid down "***Model Law Guidelines – A Report on Consensus Points for Trademark Laws***" containing clear provisions against bad faith registration. The relevant portions of the same are reproduced herein below:

### **Proposal 4.2:**

*There should be an express presumption of registrability irrespective of the nature of the goods or services (including retail store services) to which the mark is to be applied, but a mark should not be registrable by the applicant to the extent that:*

*4.2.8 it would be confusingly similar to a prior application or registration (with the test to be likelihood of actual confusion);*

*4.2.10 registration of the mark would otherwise amount to a misappropriation by fraud or other bad faith means;*

**Proposal 1.4:**

*The use must be bona fide use in the course of trade for the goods or services in respect of which the mark has been registered.*

**Rationale:**

The intention is that only genuine, commercial use should be sufficient to sustain a trademark registration and that bad faith and token use should not be adequate to sustain a trademark registration.

Besides the above, Proposal 2.2 of the said guidelines provides that registration of a mark can be validly contested on the basis of bad faith even after the expiration of 5 years, which is the time limit set for other grounds.

**3. Summary of Procedural and General History of the Case**

French Connection Ltd. (“French Connection” hereinafter), the appellant herein, is a company incorporated in 1969 under the Laws of the United Kingdom. French Connection is the registered owner of the trademark FCUK (acronym for “French Connection United Kingdom”) in 28 countries. It has pending applications in various other countries. It is an international wholesaler and retailer of branded fashion clothing and accessories etc.

D.B.Mirchandani (“Mirchandani” hereinafter), the respondent herein, is the registrant of the trademark “FCUK” in Indonesia (no. 469404) in relation to all kinds of clothing. The application for the registration of the mark was filed on January 18, 2000.

On May 26, 2004, French Connection Ltd. filed to cancel Mirchandani’s registration in the Central Jakarta Commercial Court. While registration in bad faith was one of the grounds for seeking cancellation, it was not the main focus of French Connection’s argument, which relied on the well-known status of the mark.

On August 19, 2004, the Central Jakarta Commercial Court gave a decision against French Connection on the following grounds:

1. FCUK was not well known in Indonesia at the relevant time i.e. January 2000
2. Accordingly, Mirchandani did not act in bad faith

On September 7, 2004, French Connection filed an appeal in the Supreme Court of Indonesia.

#### 4. International Principles on Bad Faith

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 marks against bad faith registrations.

It is an internationally accepted principle that the registrant of the marks has to be a bona fide owner and should apply for the same for bona fide use only. Such principle has been incorporated in almost all the local legislations of many countries, including that of Indonesia.

INTA had assisted in the framing of the Uniform Dispute Resolution Policy ("UDRP") approved by Internet Corporation for Assigned Names and Numbers ("ICANN"). The same is used by WIPO for the resolution of domain name disputes. The policy contains provisions concerning bad faith registration of domain names and the same principles being general and universal in nature may also be applied in determining issues relating to bad faith registrations of trademarks. The relevant provisions state as follows:

##### **“ Policy 4. Mandatory Administrative Proceeding.**

This Paragraph sets forth the type of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative-dispute-resolution service providers listed at <http://www.icann.org/dndr/udrp/approved-providers.htm> (each, a "Provider").

- a. **Applicable Disputes.** You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that
  - (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and
  - (ii) you have no rights or legitimate interests in respect of the domain name; and
  - (iii) your domain name has been registered and is being used in **bad faith**.

In the administrative proceeding, the complainant must prove that each of these three elements is present.

- b. **Evidence of Registration and Use in Bad Faith.** For the purposes of Paragraph 4(a)(iii), the following circumstances, in particular but without limitation, if found by the Panel to be

present, shall be evidence of the registration and use of a domain name in bad faith:

- (i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or
- (ii) *you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or*
- (iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or
- (iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location.”

As can be seen from the above, a pattern of registering many other marks is evidence of bad faith registration; so is the use of a domain name when a domain is registered to prevent the owner of the trademark or service mark from including the mark in a corresponding domain name.

Two Administrative WIPO Panel Decisions enunciating the same laws are cited herein below:

1. Bellevue Square Managers, Inc. v. Redmond Web and Branden F. Mouton (Case No. D2000-56)
2. Toyota Jidosha Kabushiki d/b/a Toyota Motor Corporation v. S & S Enterprises Ltd. (Case No. D2000-0802)

In both the above cases, it was held that bad faith by the respondents was evidenced by their registration of multiple domain names, all of which were identical or confusingly similar to previously registered and/or pending marks. The same was taken note of while deciding these matters in favor of the complainants.

The Indonesian law is very clear with respect to registration of marks in bad faith. The three (3) relevant Articles are as follows:

Article 4, Law No. 15 year 2001 states: “Mark cannot be registered by application of applicant in bad faith”.

The explanatory notes state 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.”*

Law No. 14 year 1997 on the Revision of Law No. 19 year 1992 on Mark, number 1 letter c, states: “Protection of well-known marks based on the consideration that well-known mark falsification belonging to other party with malevolence, especially to gain opportunity to benefit other mark’s fame, therefore also do not deserve legal protection.”

Article 6 Paragraph (1) letter b Law No. 15 year 2001 states: “Application must be denied by the General Directorate if the Mark has basic or entire similarity with a well-known Mark belonging to other party for goods and/ or services alike.”

According to the decision of the Commercial Court, “principally the three trademark laws mentioned above are not different from one another because all three forbid trademark registration application by the applicant with malevolence (all regulated in Article 4)”. An unofficial English translation of the relevant transitional provisions of the Indonesian Trademark Law 2001 is set out below. Article 97 is relevant regarding cancellation of trademarks.

## “CHAPTER XV

### TRANSITIONAL PROVISION

#### Article 96

- (1) Any application for extension of the protection period of a registered Trademark, registration of assignment of right, registration of change of name and/or address, request for deletion or cancellation of a Trademark registration, filed under Law No. 19 of 1992, as amended by Law No. 14 of 1997 on Trademarks, but still pending on the date this Law comes into effect, shall be settled based on the provisions of the law.

- (2) All Trademarks registered under Law No. 19 of 1992 as amended by Law No. 14 of 1997 on Trademark and still valid at the time of signing of this Law shall be declared as still valid under this Law for the remaining period of its registration.

#### Article 97

The Trademarks as referred to in Article 96 paragraph (2) may still be claimed for cancellation to the Commercial Court as referred to in Article 68, based on the reasons stated in Articles 4, 5 and 6.

#### Article 98

A Trademark dispute still in process with the court at the time this Law is enacted shall be processed based on Law No. 19 of 1992, as amended by Law No. 14 of 1997 on Trademarks, until a valid and binding judgment is passed.

#### Article 99

All implementing regulations drawn up based on Law No. 19 of 1992, as amended by Law No. 14 of 1997, on Trademarks, existing on the date this Law is enacted shall be declared as still valid to the extent not contrary to or not yet replaced by new regulations based on this Law.

### CHAPTER XVI

#### CLOSING PROVISIONS

#### Article 100

With the enactment of this Law, Law No. 19 of 1992, as amended by Law No. 14 of 1997 on Trademarks, is declared as no longer valid.

#### Article 101

This Law shall take effect on the date stipulated.

In order that everyone may take cognizance of it, it is hereby ordered that this Law be promulgated by insertion in the Statute Book of the Republic of Indonesia.”

The above laws are not exhaustive. In some cases, all the laws may be relevant. In other cases, some or none of the laws may be relevant. In such circumstances, the determination of whether a mark is registered in bad faith or not shall be based on additional laws and factors that are not listed above. Any relevant circumstances may be taken into account and any information may be considered.

## 5. Protection against Bad Faith Registration

Bad faith is an important consideration while assessing competing interests in a mark. The criterion for judging "bad faith" is whether or not an application for registration is free from any intent to imitate or profit from the reputation of an existing mark. In this context the question that arises is whether the inspiration to register an existing mark (onshore or offshore) in itself (as an imitation) implies bad intent.

In one of such cases regarding the MORGAN trademark registered in the name of Morgan S.A., France, the MORGAN trademark was registered at the Directorate General of Intellectual Property (DGIP) in Indonesia for goods in class 25, while the defendant had two earlier registrations for the Morgan trademark respectively for goods in classes 10 and 14. The dispute focused on whether the plaintiff Morgan S.A. was entitled to sue for cancellation of the existing registrations in the defendant's name for goods in classes 10 and 14. Notwithstanding that no government regulation as yet existed determining the conditions for cancellation of a registration for different goods, the Commercial Court (CC) applied the TRIPS rule that the existence of an indication that the products of the owner of the infringing mark may be confused as to originate from the legitimate owner of the mark justifies a cancellation.

A similar problem arose with the marks AUDEMARS PIQUET and AP AUDEMARS PIQUET. The holder of the international mark objected to the extension of an earlier registration of the same mark in the name of a local company. Here also, despite the earlier local registration by the local company, the CC applied the TRIPS rule that the registration of the same mark for different goods is prohibited where confusion could arise as the goods produced by the infringer may be thought by the public to originate from the owner of the international mark.

In the Argentinean *Fromageries Bel S.A. 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.<sup>2</sup> 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.

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 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 mark and the great similarity between the marks. 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

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<sup>2</sup> *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.

confusingly similar to plaintiff's mark."<sup>3</sup> 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."<sup>4</sup>

Another Commercial Court decision 044/HKI-Merek/2002/PN.Niaga.Jkt.Pst throws light on this very important issue. This case involved the trademark VANSON. It was alleged that the defendant (Liem Giok Mui) was aware of the Plaintiff's (Vanson Electronic Ltd's) trademark VANSON before it applied for the trademark in Indonesia. This was demonstrated by showing that the Defendant had sold genuine VANSON products prior to filing its application for the mark. The finding of bad faith was based on the fact that the Plaintiff showed that the Defendant had an awareness of the mark prior to filing his application. This was upheld by the Supreme Court in the Cassation Appeal No.07 K/N/HAKI/2003. Additionally, the First Instance Court noted, *inter alia*, that use of a foreign word by a local company may in itself be an indication of bad faith.

## **6. Application of the above principles to the instant case**

The court failed in this case to consider the issue of imitation, which is in general evidence of bad faith. INTA requests that the Honorable 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 protection against "bad faith" registration of trademarks.

Under the Indonesian law, the mark does not have to be well-known and famous to come under the ambit of protection offered against bad faith registration. The Commercial Court failed to appreciate this distinction.

While the laws go one step further to protect well-known and famous marks, there is no requirement for a mark to be well-known and famous to be protected from bad faith registration.

The Central Jakarta Commercial Court observed that the mark FCUK was not well-known in Indonesia in January 2000. Hence the Court concluded that the respondent did not register the mark in bad faith.

However, as bad faith does not require the mark to be well-known, the Court should have looked at the evidence of bad faith to consider whether the mark was registered by the respondent in bad faith. Some of the facts which the Commercial Court of Central Jakarta should have taken into account while arriving at a judicial pronouncement and which

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<sup>3</sup> Mostert, *Famous and Well-Known Marks: An International Analysis*, p. 38.

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

merit this Honorable Court's kind attention and consideration include, but are not limited to, the following:

1. French Connection has a pending application for the mark FCUK in Class 9 since March 4, 1998 in Indonesia. This is approximately 2 years before the filing of the application for registration by Mirchandani on January 18, 2000.
2. Mirchandani and his family have various international famous marks like FERRETTI, GAULTIER, HERMES, SBARRO, POLO SPORT DENIM, and POLO DENIM (a total of approximately 59 marks, readily identifiable and available) registered in their names.
3. Mirchandani has no reason for registering such a trademark. It is neither the acronym for his company, nor a recognized word in the English language. It is a coined word.
4. Mirchandani did not place on record any evidence of actual sales made under the mark.
5. The registration of another mark FRENCH CONNECTION in the name of another member, S.T. Mirchandani, of Mirchandani's immediate family, was annulled by another Commercial Court of Central Jakarta on the same day the Commercial Court decision on this case was issued.

Based on these facts, the Court had a basis to cancel the registration under Article 4, Law No. 15 year 2001, but did not do so solely because it had concluded that the FCUK mark was not well-known and linked this to a determination that there was no bad faith.

This basis of protection against bad faith registration of a mark regardless of its fame is acknowledged in TRIPS and would be one which would result in the laws of Indonesia complying with this international standard.

The fact that the mark has been copied may also be evidence that there was benefit to the registrant in obtaining a registration for the FCUK mark, and as it was acknowledged that the mark was in use in some parts of the world, the mark was known. While the issue of whether the mark is well-known is a matter for the Supreme Court, if it were concluded by the Court that the mark was well-known, Article 6 Paragraph (1) letter b Law No. 15 year 2001 would apply. This is consistent with INTA's long-held position that well-known marks should be protected.

7. **Conclusion**

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 against registrations in bad faith.