

October 4, 2011

RE: *PT Bintang Pesona Jagat v PT Karya Tajinan Prima case No. 567/K/Pdt.Sus/2011 jo case No. 03/HKI.MEREK/2011/PN.NIAGA.JKT.PST*

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

The International Trademark Association (INTA) herewith respectfully submits this brief to the Supreme Court of the Republic of Indonesia to assist the Court on issues of trademark law encountered in the present case. 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

The International Trademark Association (INTA) is a not-for-profit membership association dedicated to the support and advancement of trademarks and related intellectual property as elements of fair and effective commerce. INTA is one of the world's leading organizations focused on matters of trademark law and its development. The association has more than 5,900 members consisting of trademark owners, professional firms and academics from more than 190 countries. INTA currently has 56 members in the Republic of Indonesia. The association is global and crosses all industry lines, including manufacturers and retailers in industries ranging from aerospace to consumer goods and services. Its membership and presence spans both developed and developing countries, providing it with a balanced perspective on issues of trademark law.

INTA has expertise in international and national trademark law throughout the world and has participated as *amicus curiae* in over 30 trademark cases of significance across a number of jurisdictions in the last decade before the appellate and superior courts of the United States, the United Kingdom, the European Union, New Zealand and the Supreme Court of Indonesia.¹

INTA respectfully submits this brief in our sincere desire to assist the Court by sharing the experience and expertise of our international membership. INTA believes that this case is significant to the development of Indonesia's trademark law, with regard to the court considering and deciding upon the infringement claim at issue. In particular, INTA believes that the questions of whether it is appropriate for the court to allow a tobacco excise license to determine significant matters of trademark law, and whether a trademark registration is valid when use of the mark is in a form that is a minor variation of the registered mark, are essential to establishing clear and consistent principles of trademark law that are in line with international

¹ 1). *Intel v PT Panggung Electric Corporation (Nos 43 & 44/MEREK/2006/PN.NIAGA.JKT.PST)*, 12 December 2006; 2). *Tungsway Food & Beverage Holdings, Pte Ltd v. PT Istana Pualam Kristal (12/Kas/HKI-Merek/ 2005/PN. Niaga.Jkt Jo No. 68/HKI-Merek/2004/PN.NIAGA/JKT-PST)*, 15 August 2005; 3). *French Connection Ltd v. DB <irchandani (No. 26/Trademark/2004/PN.NIAGA.JKT.PST)*, November 30, 2004; 4). *Davidoff & Cie S.A v. N.V. Sumatra Tobacco Trading Company (53/MEREK/2002/PN.NIAGA .JKT.PST)*, 11 April 2004; 5) *Intel v. Hanitio Luwi (3535k/PDT/2001)*, 23 December 2002; 6.) *Intel v. PT Panggung Electronics Industries (590PK/PDT/2001)*, 10 October 2001.

best practice. INTA, therefore, respectfully requests the honorable Supreme Court to consider its comments and arguments below as an international expert.

2. Summary of the Procedural and General History of the Case

The cassation petitioner, PT Bintang Pesona Jagat (“BPJ”), is a subsidiary of PT Bentoel International Investama Tbk (BINI) and PT Kencana Cipa Batja (KCB). In 2010, BINI was acquired by BAT Plc., and in January 2010, BINI and PT. BAT Indonesia Tbk (BATI) merged with BINI as a surviving company. BAT is an INTA member but as required under our internal recusal policy, has played no role in the drafting of this brief.

BPJ’s Lawsuit against KTP (The Main Lawsuit/Convention)

BPJ, as a registered trademark owner of “NEOMILD” (Reg. No. 503.266 based on Art. 3, Art. 76 of Trademark Law and Official Citation from TMO on similarity), filed a lawsuit against PT Karya Tajinan Prima (“KTP”) for trademark infringement due to KTP’s unauthorized use of the trademark “NEO + Rectangular Device plus MILD” on its cigarette product and packaging.

The usage of the trademark “NEO + Rectangular Device plus MILD” by KTP allegedly caused BPJ damage because of its similarity in pronunciation, for which BPJ filed a lawsuit.

KTP’s Response and Counter Lawsuit against BPJ (Re-Convention)

KTP responded and respectively filed a counter claim lawsuit (re-convention) arguing that BPJ’s trademark “NEOMILD” (Reg. No. 503.266) has not been in use because, in fact, BPJ is using the trademark “neO mild SPECIAL EDITION” instead of “NEOMILD.” KTP argued that BPJ has been inconsistent in using its registered trademark and hence it is subject for deletion.

3. The Decision

In the main lawsuit (Convention), the Commercial Court issued its decision refusing BPJ’s claims to confirm the existence of trademark infringement by KTP because BPJ failed to demonstrate the use of the registered trademark “NEOMILD” for cigarette products and its packaging, but rather only provided evidence of use for the variation, “neO mild SPECIAL EDITION”.

The judges concluded that BPJ failed to meet the requirements set forth in Art. 1 of the Trademark Law, that a mark shall be used in the activities of trade in goods or services.

In the counter lawsuit (RE-CONVENTION), the judges confirmed that BPJ has been inconsistent in using the trademark “NEOMILD” by using a different form from its registered mark. Therefore, the judges instructed the Trademark Office to delete the registered trademark “NEOMILD” from the trademark registry.

Additionally, the court held that KTP had not infringed BPJ’s registered trademark “NEOMILD” because KTP already had approval to sell its products by virtue of its tobacco excise license. In an application for an excise license for cigarettes in Indonesia, an applicant must show that it has a trademark right, by providing the Directorate General of Customs and Excise with (1) a list of owned and valid trademarks and (2) a statement letter that the applicant’s tobacco product does not have similarity, in principle or its entirety, with the trademarks of other tobacco

products. As a result of KTP's submission and the issuance of the license, the court did not consider the issue of trademark infringement at all, thereby effectively holding that the excise license overrode the trademark law.

4. The Laws

The relevant provisions of Law No. 15 of 2001 Relating to Trademarks ("the Law") pertaining to the trademark infringement and non-use are as follows:

a. Art. 3 Trademark Law No. 15 of 2001;

The right to a mark is the exclusive right granted by the State to the owner of a mark which is registered in the General Register of Marks for a certain period of time, to himself use said mark or to grant permission to another party to use it;

b. Art. 76 par 1 and 2 of Trademark Law No. 15 of 2001, on Settlement of the Dispute on Trademark Infringement Lawsuit;

Par 1: The owner of a registered trademark may file a lawsuit against an unauthorized party for using a trademark having similarity in principle or its entirety for the similar kind of goods and services, in the form of:

- a. claim for compensation, and/or;
- b. the termination of all acts that are related with the use of the relevant mark.

c. Art. 61 par 2 letters A and B of Trademark Law No. 15 of 2001, a registered trademark can be subject for deletion if:

Letter A: The trademark has not been used for 3 consecutive years in trade of goods and/or services from the date of registration or of the last use, except there is an excuse which is acceptable to the TMO; OR

Letter B: The trademark is used for the kind of goods and/or services which is not pursuant to the kind of goods or services for which the trademark application was filed, *including the use of trademark which is not in accordance with the registered trademark.*

The elucidation of Art. 61 par 2 letter A of Trademark Law No. 15 of 2001 states: "The date of last use is the use of the mark on the production of the goods or services which are traded. The moment of last use is counted from the date of last use even though the relevant goods are still circulated in the society."

The elucidation of Art. 61 par 2 letter B of Trademark Law No. 15 of 2001 states that: "Inconsistency in using the trademark shall mean *inconsistency in writing the wording of the trademark or the letter or inconsistency in using different color.*"

5. Application of Article 3 in light of International Principles on Trademark Infringement

The international principles and yardsticks governing the rights of the owner of a registered trademark to take action for the unauthorized use of the same or similar trademark for the same or similar goods/services are well settled. As a member of the Paris Convention for the Protection of Industrial Property and a signatory to the World Trademark Organization's

Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS Agreement”), Indonesia has an international obligation to rationally apply and give effect to these principles.

Art. 16 of the TRIPS Agreement provides as follows:

“1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.”

Article 41 of the TRIPS Agreement provides that member countries must ensure that their trademark enforcement procedures ensure effective action against infringement, including expeditious remedies.

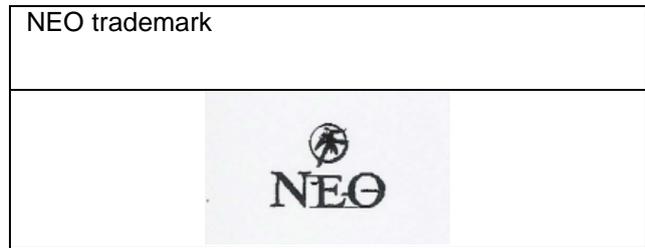
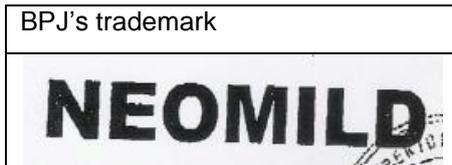
Art. 41 reads:

“1. Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringement...”

Regarding Trademark Infringement:

INTA is particularly concerned by the Commercial Court’s apparent abdication in reviewing the similarity of KTP’s mark with BPJ’s registered mark, by solely relying upon the existence of an excise license, thereby effectively denying BPJ the rights entitled by Article 16 and 41 of TRIPS. By relying on the excise license the Commercial Court did not provide BPJ with an effective enforcement procedure (TRIPS Article 41) to protect against infringement by a third party of a registered trademark (TRIPS Article 16).

The reliance by the Commercial Court on the excise license and its failure to conduct an infringement analysis effectively means the excise license overrode the trademark law on this trademark infringement case.



6. Minor Variations on a Registered Trademark

INTA is particularly concerned by the Commercial Court's decision to invalidate BPJ's registered trademark without providing any analysis on the standards for variations in use from that which is registered. As a result, the decision can be read as holding that any variation from the registered mark is invalid. Such a conclusion would be a violation of Indonesia's obligations under the Paris Convention.

Article 5C(2) of the Paris Convention provides that:

Use of a trademark by the proprietor in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered ... shall not entail invalidation of the registration and shall not diminish the protection granted to the mark.

INTA takes no position on the comparison between the registered trademark 'NEOMILD' and the trademark used, "neO MILD SPECIAL EDITION" and would only argue that the court had an obligation to abide by the Paris Convention and undertake a reasoned analysis as to whether or not BPJ's trademark altered "the distinctive character of the mark in the form in which it was registered."

7. Conclusion

The trademark law exists to protect the rights of trademark owners and should be applied by the Indonesian courts irrespective of whether the allegedly infringing product has been approved for sale.

The practical effect of abdication by the court of its responsibility to consider the trademark law is that a party such as KTP can gain approval to sell its products by virtue of an excise license, the consequences of which would be to protect that party from a trademark infringement claim regardless of its merits. In effect, the excise license would override the trademark law, even where the Directorate of Customs and Excise performs no infringement analysis under the trademark law.

INTA is also concerned by the court's decision to invalidate the NEOMILD trademark registration based on the fact that BPJ had not used that exact mark, though it had used the mark "neO mild SPECIAL EDITION." By not applying the law under Article 5C(2) of the Paris Convention and not providing any rationale for the invalidation of the trademark beyond simply the fact that the two marks are different, the precedent set by the court leaves all trademark owners in Indonesia that use minor variations on their registered trademarks open to actions for invalidation and infringement.

INTA respectfully places before the Indonesian courts these international obligations, norms and practices.

INTA hopes that by submitting this amicus brief in its capacity as amicus curiae, it will be able to assist the Supreme Court in developing consistent guidelines to reduce the number of similar cases and to ensure that the lower courts provide priority to and correctly implement Article 76 on Trademark Infringement and Article 61 letter B on Minor Variation on Registered Trademark, in a manner consistent with international standards.

Sincerely,

Alan C. Drewsen
Executive Director