



**International Trademark Association**

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

Regarding: *Intel v. Hanitio Luwi, Supreme Court of the Republic of Indonesia*  
*Case number: 3535K/PDT/2001*

The International Trademark Association (INTA) respectfully submits this brief to the Indonesian Supreme Court to assist in the resolution of one of the major issues in this conflict, that is, the protection of a well-known mark against the harm resulting from erosion of the distinctive character of the well-known mark. In particular, INTA would like to comment on the importance of bad faith as a factor in determining that a connection exists in the mind of the public between the goods or services associated with an imitation of a well-known trademark and the owner of the well-known trademark. The owner of the well-known trademark is likely to be damaged by the erosion of the distinctive character of the well-known mark. Therefore, obvious imitation of a well-known mark is contrary to the requirements of the new Indonesian trademark law, in light of Article 16 (3) of the TRIPS Agreement (see note 9 page 5). 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 124-year-old not-for-profit membership organization dedicated to the support and advancement of trademarks and related intellectual property concepts as essential elements of trade and commerce. INTA's membership is varied and extensive and it is a balanced and reliable representative body. With over 4200 members in 160 countries, INTA's international membership enables it to bring a global approach to the issues at stake. The association also crosses all industry lines, including among its members 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.<sup>1</sup> INTA presents itself as a “friend of the Court” in this matter.

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 Asian Nations (ASEAN), the European Union and the World Trade Organization (WTO).

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 honorable Supreme Court to consider its comments and arguments below as an international expert.

## **2-INTA’s Expertise in Relation to Well-Known Marks**

The WIPO meeting of November 1995 first 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). Since that time, INTA has played an important role in the development of the WIPO Model Provisions for the Protection of Well-Known Marks by participating in the deliberations of the WIPO Standing Committee on Trademarks and by providing WIPO with criteria to be considered when determining what constitutes a “well-known mark.”

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
- (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 determining what remedies should be available for the infringement of well-known marks.

In September 1999, WIPO formally issued its *Joint Recommendation Concerning the Provisions for the Protection of Well-known Marks* (Exhibit A, annexed hereto.) This recommendation adopted by the WIPO General Assembly and the Assembly of the Paris Union was an attempt to

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<sup>1</sup> *McDonald’s Corporation v. DAX Properties CC and JoBurgers Drive Inn Restaurants (PTY) Limited, Supreme Court of South Africa (Durban and Coast Local Division)*; *Heublein Inc. v. Appeals Chamber of Rospatent, Moscow City Court, Russia*; *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*; and *Libertel Groep B.V. v. Benelux Merkenbureau (The Netherlands)*; *Playboy Enterprises Inc. v. Netscape Communications Corporation S.Ct. Case No 00-56648* and *Playboy Enterprises Inc. v. Excite Inc. S.Ct. Case No 00-56662 (USA)*; *TraFFix Devices, Inc. v. Marketing Displays, Inc., S.Ct. Case No. 99-1571*.

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**

Intel Corporation is the owner of the trademark INTEL, which has been registered in Indonesia in International Class 9 since 1984. In addition, Intel Corporation has registered in 1994 in Indonesia its INTEL mark in the "dropped-e" logo format. Intel Garment, owned by Hanitio Luwi, is a Jakarta-based company that applied and registered the trademark INTEL JEANS & Design in International Class 25 in 1996. Hanitio Luwi registered the INTEL mark in the identical "dropped e logo" format as the registered INTEL mark owned by Intel Corporation.

In March 2000, Intel Corporation filed suit with the Central Jakarta District Court to cancel Hanitio Luwi's registration. Intel based the suit on the following grounds:

- The defendant's registration infringed its famous trademark INTEL;
- The defendant's use of the INTEL JEANS & Design mark and the Intel Garment Company trade name infringed its well-known mark and company name; and
- The defendant's mark was registered in bad faith as shown by the copying of the "dropped e logo" format.

In September 2000, the Central Jakarta District Court ruled against Intel Corporation on the following grounds:

- The INTEL JEANS & Design mark is not similar to Intel's registered word mark in block letters;
- INTEL is a well-known mark, but only in the field of technology (not clothing);
- The marks are not similar and consumers can distinguish them;
- According to the Indonesian dictionary, the word "intel" is "equivalent to Intelligent" such as with an Intelligence agent, and "there are no strong legal grounds to prohibit other people/legal entities from using the word 'intel.'"

In October 2000, Intel Corporation filed an appeal from this decision before the Indonesian Supreme Court on the following grounds:

- The court should have considered the issue of bad faith, and in particular, the defendant's copying of Intel's well-known trade name and mark in the "dropped e logo" format; and
- The court erred in not providing protection to its well-known mark even for dissimilar goods.

Hanitio Luwi filed its Counter Memorandum of Appeal in December 2000 in order to refute Intel Corporation's arguments. The proceedings in the appeal are complete and the matter is now pending.

#### **4-Protection of Well-Known Marks and Bad Faith**

The lower court in this case held that INTEL is a well-known trademark. Moreover, it is not disputed that defendant, Hanitio Luwi, copied the well-known trademark and logo INTEL. INTA believes that such intentional copying of a well-known mark constitutes “bad faith”. INTA will develop, in its discussion below, what “bad faith” is and why it is important in conflicts involving well-known trademarks.

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 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.”<sup>2</sup> “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.”<sup>3</sup>

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*<sup>4</sup> 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,<sup>5</sup> 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.<sup>6</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. The prior knowledge of the well-known mark constituted a sufficient basis for the Court’s decision in favor of Fromageries Bel SA.

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,

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<sup>2</sup> *Guide to the Application of the Paris Convention for Protection of Industrial Property* p. 93.

<sup>3</sup> Frederick W. Mostert, *Famous and Well-Known Marks: An International Analysis*, Butterworths, p. 35.

<sup>4</sup> *Alfred Dunhill v. the Heirs of Moedjianto Widjadja*, Supreme Court Reconsideration case, 585/PK/Pdt/1995 dated 30/8/1999.

<sup>5</sup> *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.

<sup>6</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.

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 plaintiff's mark."<sup>7</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>8</sup>

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.

### **5- Legal Basis for Well-Known Mark Protection on Dissimilar Goods or Services**

In view of the lower court's holding that INTEL is a well-known trademark, INTA supports the conclusion that the INTEL mark is entitled to protection against the damage which occurs from the "watering down" of the distinctiveness of the INTEL mark. In particular, the obvious imitation of the INTEL mark is evidence of bad faith, and this in turn leads to the inevitable conclusion that the imitation mark will indicate a connection with the owner of the well-known INTEL mark even if the goods are dissimilar. Damage is caused by reason of the erosion of the distinctive character of the well-known INTEL mark.

Compared to other intellectual property laws, trademark law is unique in terms of its flexibility towards the scope of protection. Consequently, as the reputation of a trademark grows, the need for protection of that well-known mark against wrongful imitation also grows. Protection should not be limited to cases of confusion involving the same goods or same class of goods, related goods or services. On the contrary, well-known marks should also be protected for dissimilar goods and services, if such use undermines the distinctiveness of the well-known marks.

Article 16(3) of the TRIPS Agreement<sup>9</sup> provides a legal basis for protection of well-known marks for dissimilar goods or services, if the mark is registered. Protection is guaranteed in relation to dissimilar goods and services under two conditions: the use of a mark on such dissimilar goods and services would indicate a connection with the owner of the registered trademark and the interests of the brand owner would likely be damaged by the use of such mark.

The legal sanctions embodied in Article 6*bis* of the Paris Convention are also to be applied in relation to dissimilar goods and services in accordance with the extended reach made possible by

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<sup>7</sup> Mostert, *Famous and Well-Known Marks: An International Analysis*, p. 38.

<sup>8</sup> Definition from Vol. 4, *McCarthy on Trademarks and Unfair Competition*, J. Thomas McCarthy (4<sup>th</sup> Edition 2002) §16:3.

<sup>9</sup> Article 16(3) of the TRIPS Agreement states that "Article 6 bis of the Paris Convention (1967) shall apply, mutatis mutandis, to goods and services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use."

Article 16(3) of the TRIPS Agreement.<sup>10</sup> INTA fully supports the more defined and comprehensive protection for well-known marks on dissimilar goods and services as provided in the 1999 *WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks*.

The WIPO provisions endorsed by the INTA Board of Directors in 1999 recognize the need to protect well-known marks in the context of dissimilar goods or services. Article 4 of the *WIPO Joint Recommendation* stipulates the conditions under which a mark is deemed to be in conflict with a well-known mark in respect of identical or similar goods and/or services but also covers conflicts with regard to dissimilar goods and services:

*(a) A mark shall be deemed to be in conflict with a well-known mark where that mark, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration, liable to create confusion, of the well-known mark, if the mark, or an essential part thereof, is used, is the subject of an application for registration, or is registered, in respect of goods and/or services which are identical or similar to the goods and/or services to which the well-known mark applies.*

*(b) Irrespective of the goods and/or services for which a mark is used, is the subject of an application for registration, or is registered, that mark shall be deemed to be in conflict with a well-known mark where the mark, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration of the well-known mark, and where at least one of the following conditions is fulfilled:*

*(i) The use of that mark would indicate a connection between the goods and/or services for which the mark is used, is the subject of an application for registration, or is registered, and the owner of the well-known mark, and would be likely to damage his interests;*

*(ii) The use of that mark is likely to impair or dilute in an unfair manner the distinctive character of the well-known mark;*

*(iii) The use of that mark would take unfair advantage of the distinctive character of the well-known mark.*

INTA thus believes that the use of a well-known mark for dissimilar goods and services may harm both the public and trademark owners. Using the mark in the same form could create an illusion that the owner of the well-known mark is involved in the production of such dissimilar goods. This could damage the international reputation and distinctive position of the owner of the well-known mark on the international and Indonesian markets.

## **6- Application of Existing Well-Known Mark Provisions in Indonesia**

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 Indonesian Trademark Law provides a legal basis for well-known mark protection against "bad faith" and use on dissimilar goods and services.

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<sup>10</sup> Mostert, *Famous and Well-Known Marks: An International Analysis*, p. 51.

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, Article 6 of the Indonesian Trademark law provides for protection of well-known marks against a similar mark for similar or dissimilar goods or services:

1- An Application shall be rejected by the Directorate General if the trademark:

- a) has similarity in principle or in entirety to the trademark owned by another party that has been registered before for goods and/or services of the same type.
- b) has similarity in principle or in entirety to an already well-known trademark owned by another party for goods and/or services of the same type.
- c) has similarity in principle or in entirety to a well-known geographical indication.

2 - The provision as described in paragraph (1) item "b" may also apply to goods and/or services that are not of the same type as long as they fulfill particular requirements as may be further provided in a Government Regulation.

Notwithstanding that such a Government Regulation has not been established yet, INTA respectfully suggests that the TRIPS Agreement requires all of its signatories, including Indonesia, to protect well-known marks. Therefore, INTA encourages the Indonesian Supreme Court to give effect to this provision even though the government regulation is pending.

Indonesian courts have handled many cases of pirated 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 *Prefel SA v. Fahmi Babra*.

In some of these cases, this honorable Court has held in favor 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 cases<sup>11</sup> that would benefit from a more consistent application of such principles. INTA hopes that by submitting this brief in its capacity as *amicus curiae*, it will be able to assist this honorable Court to develop 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 mark protection.

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<sup>11</sup> *Roberta Di Camerino v. Muljati Kusnadi*; *Cone Mills v. Rudy Stephen*; *Glaxo v. PT Kalbe Pharma*; *Jaguar Cars v. MMJ*; *Montblanc v. Sepia Products*.

## **7- Conclusion**

INTA offers this brief to assist this honorable Court when considering and implementing the various accepted international standards of well-known marks protection. The element of “bad faith” as stated in the *1999 WIPO Joint Recommendation* is essential to assessing competing interests in a mark and in determining whether piracy of a well-known mark has occurred. The *Joint Recommendation* also offers clear guidelines for protection of well-known marks in cases of dissimilar goods and services as legally provided for by the TRIPS Agreement and the Paris Convention. INTA hopes that the above comments will assist the Court in applying international standards on well-known marks to the present case.